ARTSTRACK

NO.9

BIANNUAL RESEARCH REPORT | MARCH 2021

ABBREVIATED

BUSINESS
AND ARTS
SOUTH AFRICA

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INTRODUCTION

BACKGROUND

While sport has been the most prominent area for sponsorships by far over the past two decades, growth in the sector has arguably been flat for the past three years. Faced with increased clutter around the most sought-after properties, ongoing media fragmentation, not to mention the mounting pressure on budgets from the economic climate, more and more companies are turning to alternative opportunities which offer value for money solutions, that can achieve a desired impact within their target markets.

All leisure and lifestyle activities are seen as potential sponsorship opportunities in this regard. These include arts, culture, music, the environment, festivals, museums, zoos and other social activities. Music has for years now taken the lead in the entertainment space as a viable alternative to sport. It has significant numbers of followers and high entertainment value. It is also something that consumers feel very emotional about, which allows for that special connection to be created between a brand and its consumers. Media interest, if handled correctly, is also significant.

Historically a lack of proper, detailed information on this market has limited progress with potential sponsors not having information available on the quantification and segmentation of this market to make informed decisions. This is particularly the case for many arts and cultural activities, which as a result often positions the industry as a potential consideration for "CSI funding" rather than commercial sponsorship.

For this reason, BMi launched Music and ArtsTrack in 2001. With much of the South African economy now on 'life support', the need to prove to brands that sponsorship is a sensible spend of marketing budget has therefore never been greater, so demonstrating how they can leverage assets to achieve meaningful impact and measurable results is vital.

NOTE: This report is in essence a database of demographic quantifications and trends. While it lays a solid scientific information platform on which to base selection decisions, it is not meant to formulate a comprehensive strategy for each potential music or arts sponsor.

METHODOLOGY

RESEARCH OBJECTIVES

ArtsTrack aims to evaluate the popularity of music, arts and cultural events, including the quantification and analysis of audience sizes, genres, and other key demographics of those with an interest.

Where applicable, research on the broader arts and entertainment industry has been provided, as well as broader sponsorship association levels of brands that are currently active in this space.

Where applicable, case studies and other relevant comparison with global trends are provided.

RESEARCH METHODOLOGY

This project is based on consumer research amongst a total sample of approximately 3 500 South Africans, aged 15 years and older.

- All interviews were done personally, at the places of living, in the home language of the respondent.
- All respondents were selected at random.
- For each group, an area-stratified probability sample was drawn at random by interviewing every *nth* household, starting on different corners within the different areas. The person interviewed was selected on a random basis, by making use of an adaptation of the Politz Grid.
- A back-check of 25% was conducted as part of quality control measures.
- A structured questionnaire was used. Results were computer-analysed and this report prepared.

The specific sample details will follow.

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BUSINESS AND ARTS SOUTH AFRICA

NATIONAL SAMPLE – BASA ARTSTRACK NO. 9

	TOTAL	BLACK	WHITE	COLOURED	INDIAN/ ASIAN
INTERVIEWS	**2 270**	**983**	**587**	**450**	**250**
GENDER					
Male	49%	49%	50%	49%	51%
Female	51%	51%	50%	51%	49%
AGE:					
15-18	8%	9%	7%	8%	9%
19-24	21%	23%	18%	23%	20%
25-34	27%	28%	25%	26%	26%
35-49	26%	25%	29%	26%	25%
50+	17%	15%	21%	17%	20%

	TOTAL	BLACK	WHITE	COLOURED	INDIAN/ ASIAN
INTERVIEWS	**2 270**	**983**	**587**	**450**	**350**
INCOME					
R0 - R4 999	3%	5%	1%	4%	1%
R5 000 - R7 999	17%	20%	15%	17%	9%
R8 000 - R14 999	24%	29%	20%	19%	19%
R15 000 - R24 999	19%	17%	22%	17%	21%
R25 000 - R39 999	16%	15%	16%	15%	21%
R40 000 - R54 999	10%	6%	10%	14%	17%
R55 000 - R69 999	7%	5%	8%	8%	10%
R70 000+	4%	2%	8%	6%	2%

	TOTAL	BLACK	WHITE	COLOURED	INDIAN/ ASIAN
INTERVIEWS	**2 270**	**983**	**587**	**450**	**350**
REGION					
Bloemfontein	6%	8%	10%	0%	0%
Cape Town	22%	13%	15%	60%	0%
Durban	23%	21%	16%	10%	70%
Johannesburg	24%	27%	28%	10%	30%
Pretoria	14%	15%	16%	13%	0%
Port Elizabeth	12%	16%	15%	7%	0%

VALIDITY AND LIMITATIONS

Market research is not an exact science [in the same way as an audit], but is always subject to statistical margins of error. The prime factors governing the statistical margin of error of sample surveys are the size of the sample and the unanimity of the responses.

The market research techniques employed to complete this report were all done according to accepted practices and norms of the industry.

The statistical margin of error at a 95% confidence level will range from about 2% to 4% on a sample size over 2000. It can be concluded that the results presented in this report are based on samples falling within the above mentioned ranges and, statistically, it can be concluded that the margin of error will be plus or minus 5%, in 95 out of 100 cases. In layman terms, one can be 95% confident that these results are statistically correct.

The ArtsTrack report concentrated historically on the adult market, defined as 19 years and older; but for 2019, this was extended to include a representative sample of 15–18-year-olds.

Before quantifying and segmenting the arts, culture and music market, it is important to analyse the latest available population demographics for South Africa. How many people are there within different segments of the population?

Based on the latest available census figures, the 2019 mid-year population (as defined by this report), can be estimated as shown in the table to follow.

2019 STATISTICS SOUTH AFRICA POPULATION SURVEY – MID-YEAR RESULTS

AGE CATEGORY	BLACK	WHITE	COLOURED	INDIAN/ASIAN	TOTAL
15-25 Years	8,041,857	503,186	837,470	191,675	9,574,187
50+ Years	6,708,643	1,857,044	1,079,802	387,324	10,032,813
< 35 Years	17,399,819	1,078,771	1,697,121	465,011	20,640,722
> 35 Years	15,580,340	2,827,311	2,077,151	750,210	21,235,013
TOTAL (15+)	**32,980,159**	**3,906,082**	**3,774,272**	**1,215,221**	**41,875,735**

AGE CATEGORY	BLACK	WHITE	COLOURED	INDIAN/ASIAN	TOTAL
15- 25 Years	84%	5%	9%	2%	100%
50+ Years	66%	19%	11%	4%	100%
< 35 Years	85%	5%	8%	2%	100%
> 35 Years	73%	13%	10%	4%	100%
TOTAL (15+)	**79%**	**9%**	**9%**	**3%**	**100%**

QUANTIFICATION AND SEGMENTATION OF THE ARTS, CULTURE AND MUSIC MARKET

QUANTIFICATION AND SEGMENTATION OF THE ARTS, CULTURE AND MUSIC MARKET IN SOUTH AFRICA 2020

MUSIC, ARTS & CULTURE UNIVERSE	BLACK	WHITE	COLOURED	INDIAN/ ASIAN	TOTAL
SOUTH AFRICAN POPULATION – 2019 STATS SA	**32,980,159**	**3,906,082**	***3,774,272***	**1,215,221**	**41,875,735**
Percentage of Population who regularly follow Arts & Culture	56%	42%	37%	36%	52%
Numbers Interested in Arts & Culture	18,468,889	1,640,554	1,396,481	437,480	22,060,586
Percentage of Population who regularly listen to Music	72%	58%	57%	57%	69%
Numbers interested in Music	23,745,714	2,265,528	2,151,335	692,676	28,855,253

INTEREST LEVELS IN DIFFERENT ARTS AND CULTURE ACTIVITIES

Respondents were asked the level of interest they have in a list of specific arts and cultural activities.

For quantification purposes, we focus mainly on those ‘extremely interested’, noting that casual interest can however indicate opportunities for future growth for each of the listed arts and cultural segments.

LEVEL OF INTEREST BY ARTS AND CULTURE ACTIVITY – PERCENTAGE OF TOTAL SAMPLE

2020 - TOTAL SAMPLE	EXTREMELY	SOMEWHAT	NEITHER / NOR	NOT REALLY	NOT AT ALL
Music performances (Live events/festivals)	45%	33%	11%	6%	5%
Music programmes (Idols, Voice, etc..)	37%	34%	16%	8%	5%
Theatre	11%	22%	20%	18%	30%
Sculptures/paintings/ photography/exhibitions	10%	19%	21%	16%	34%
Literature/poetry	11%	19%	19%	14%	37%
Crafts	9%	25%	22%	14%	31%
Movies	53%	31%	10%	3%	4%
Dance: traditional	19%	27%	19%	11%	24%
Dance: contemporary	11%	27%	24%	13%	27%
Ballet	5%	11%	19%	17%	49%
Opera	4%	11%	17%	16%	52%
Museums	12%	22%	21%	16%	29%
Arts festivals	19%	29%	21%	12%	20%
Fashion shows	17%	24%	17%	12%	30%
Soap operas	37%	20%	9%	8%	27%

Those who classify themselves as “extremely interested” are considered regular or passionate followers whereas those “somewhat interested” are more likely to have a casual or passing interest only.

TOTAL INTEREST IN MUSIC

LEVEL OF INTEREST BY MUSIC GENRE – RANKING BY GENDER

RANK	ALL MEN	ALL WOMEN	ALL ADULTS
1	Gospel/Religious	Gospel/Religious	Gospel/Religious
2	Rap/Hip-Hop	Rap/Hip-Hop	Rap/Hip-Hop
3	Jazz	Kwaito	Jazz
4	Kwaito	Jazz	Kwaito
5	Pop/Light Rock	Pop/Light Rock	Pop/Light Rock
6	Dance/Rave	Dance/Rave	Dance/Rave
7	Classical	Reggae	Classical
8	Reggae	Contemporary	Reggae
9	Contemporary	Classical	Contemporary
10	Country/Folk	Country/Folk	Country/Folk

LEVEL OF INTEREST BY MUSIC GENRE – RANKING BY AGE GROUP

RANK	< 25 YEARS	25-39 YEARS	40 - 49 YEARS	50 +
1	Gospel/Religious	Gospel/Religious	Gospel/Religious	Gospel/Religious
2	Rap/Hip-Hop	Rap/Hip-Hop	Jazz	Jazz
3	Kwaito	Kwaito	Rap/Hip-Hop	Classical
4	Pop/Light Rock	Jazz	Classical	Pop/Light Rock
5	Dance/Rave	Pop/Light Rock	Kwaito	Kwaito
6	Jazz	Dance/Rave	Pop/Light Rock	Rock/Heavy Metal
7	Classical	Reggae	Reggae	Rap/Hip-Hop
8	Reggae	Classical	Dance/Rave	Reggae
9	Contemporary	Contemporary	Contemporary	Contemporary
10	Rock/Heavy Metal	Rock/Heavy Metal	Rock/Heavy Metal	Dance/Rave

LEVEL OF PASSIONATE/REGULAR INTEREST BY MUSIC GENRE – RANKING BY POPULATION GROUP

RANK	BLACK	WHITE	COLOURED	INDIAN/ASIAN
1	Gospel/Religious	Pop/Light Rock	Gospel/Religious	Gospel/Religious
2	Rap/Hip-Hop	Country/Folk	Jazz	Rap/Hip-Hop
3	Kwaito	Dance/Rave	Rap/Hip-Hop	Pop/Light Rock
4	Jazz	Gospel/Religious	Kwaito	Classical
5	Dance/Rave	Rock/Heavy Metal	Dance/Rave	Contemporary
6	Reggae	Contemporary	Reggae	Country/Folk
7	Pop/Light Rock	Rap/Hip-Hop	Contemporary	Rock/Heavy Metal
8	Classical	Classical	Pop/Light Rock	Dance/Rave
9	Contemporary	Alternative	Country/Folk	Alternative
10	Country/Folk	Jazz	Classical	Reggae

PREFERRED METHODS OF ARTS, CULTURE AND MUSIC CONSUMPTION

Those who indicated that they were somewhat to extremely interested, were then asked a series of additional questions to further understand their preferred ways to follow each specific activity of interest.

PREFERRED METHOD USED TO FOLLOW SPECIFIC ACTIVITIES OF INTEREST – PERCENTAGE BY BLACK POPULATION

Which platform do you use to get the following type of content? [multiple answers allowed]

USE THIS PLATFORM - BLACK	SPORT	MUSIC	MOVIES / SERIES	ARTS & CULTURE	NEWS	LIFESTYLE	RELIGION
TV	94	87	86	**70**	93	74	76
Mobile / Smartphone	25	**59**	17	11	45	19	22
Radio	**40**	**54**	6	16	**55**	10	**35**
Print media	17	10	7	9	34	13	9
Facebook	11	14	8	11	19	19	12
Twitter	6	10	4	4	16	9	4
Instagram	6	9	7	5	13	12	5
YouTube	10	28	14	12	21	15	12
Internet	21	32	16	**17**	34	**20**	17
Netflix	2	3	**20**	2	4	2	0
Showmax	2	2	22	2	2	2	1

PREFERRED METHOD USED TO FOLLOW SPECIFIC ACTIVITIES OF INTEREST – PERCENTAGE BY WHITE, COLOURED AND INDIAN/ASIAN POPULATION

Which platform do you use to get the following type of content? [multiple answers allowed]

USE THIS PLATFORM - WHITE	SPORT	MUSIC	MOVIES / SERIES	ARTS & CULTURE	NEWS	LIFESTYLE	RELIGION
TV	94	59	85	**46**	81	54	51
Mobile / Smartphone	28	**55**	19	12	36	14	12
Radio	26	**55**	4	5	**42**	6	9
Print media	20	7	6	14	30	13	2
Facebook	14	14	7	12	25	**26**	8
Twitter	5	7	2	6	10	7	4
Instagram	4	6	4	8	7	11	4
YouTube	14	**45**	21	10	17	11	8
Internet	16	37	24	15	21	16	13
Netflix	1	4	**33**	3	4	2	0
Showmax	0	1	26	0	1	1	1

IMPACT OF THE COVID-19 PANDEMIC ON THE SECTOR

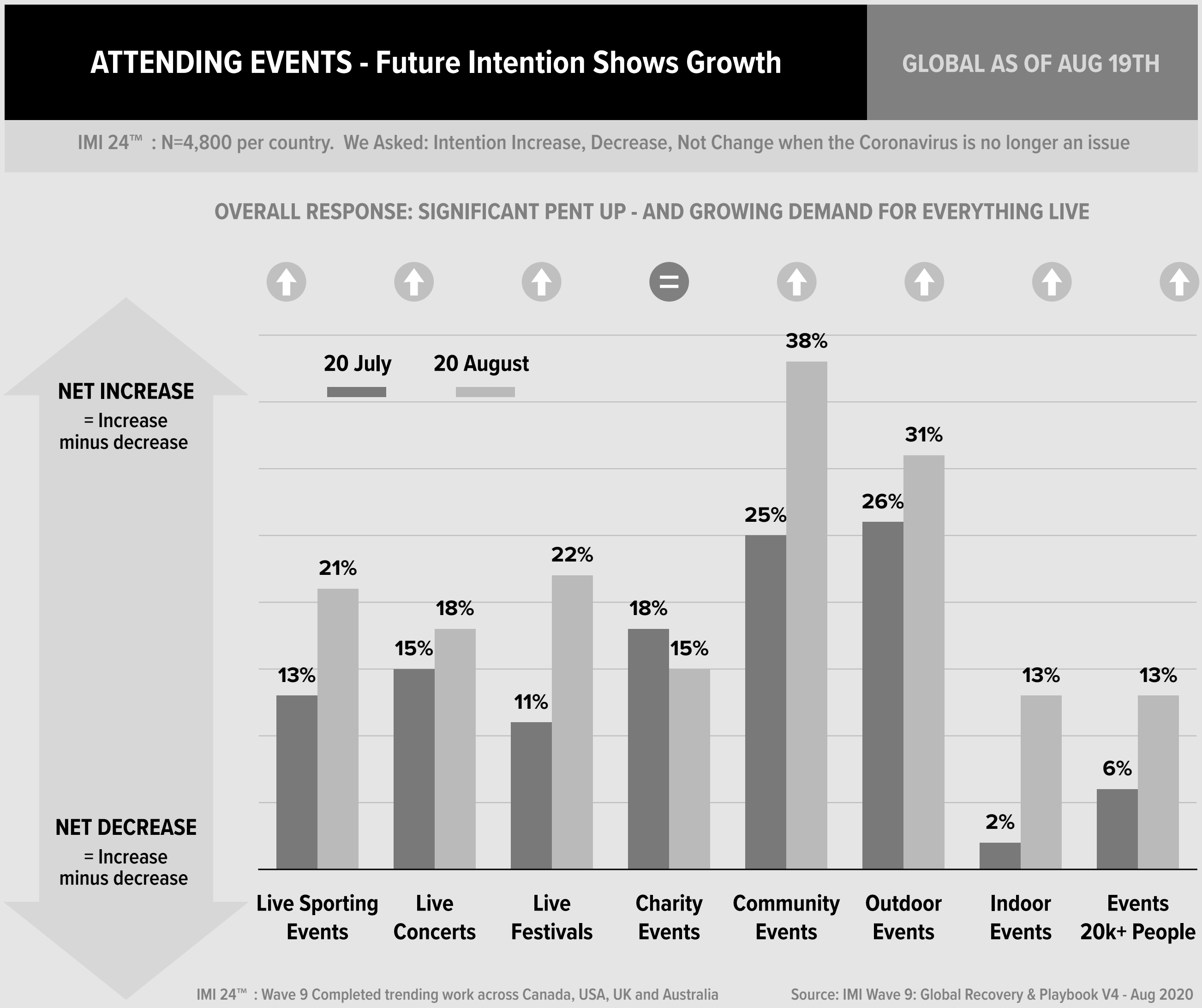
INTEREST IN ALTERNATIVES TO LIVE ENTERTAINMENT RESULTING FROM COVID-19

PREFERRED TYPES OF CONTENT IN THE ABSENCE OF LIVE ENTERTAINMENT - PERCENTAGE OF THOSE EXTREMELY INTERESTED

As a result of the Covid-19 crisis, how interested are you in the following types of content in the absence of live entertainment?

PREFFERED TYPES OF CONTENT - EXTREMELY INTERESTED	BLACK	WHITE	MALE	FEMALE
Celebrity / athlete-led 'at home' content	22	14	22	13
Archive content – full replays	17	12	19	9
Exclusive competitions and giveaways	17	13	18	12
Augmented and Virtual Reality experiences	13	11	15	7
'Best of' social media	**25**	13	22	**14**
Archive content – highlights	24	**16**	**26**	12
Archive content – documentaries / interviews	23	13	22	13
New documentaries / interviews	**28**	**17**	**29**	**16**
Video games and esports	13	14	18	8

IMI INTERNATIONAL SURVEY AUGUST 2020 – FUTURE INTENTIONS TO ATTEND EVENTS



ARTS AND CULTURE RESPONSES TO THE LOCKDOWN

In South Africa, the events and entertainment industry is without doubt one of the most affected, as much of the industry is made up of freelancers who are not able to benefit from UIF. No work, no pay. In the lockdown levels proposed by government, live events could only kick in from level 1 (i.e.: 20 Sept 2020) and even then, with considerable restrictions.

With sport and entertainment largely behind closed doors and the majority of events either postponed indefinitely or cancelled, sadly many sponsorships and their associated activation campaigns have largely been put on ice.

In this lockdown, with no fans at the stadiums, theatres, museums, exhibitions and festivals, and corporate hospitality (as we know it) on the backburner, technology and content delivery have taken centre stage in terms of connecting with consumers and enhancing the fan experience.

As an added consideration for all stakeholders, we are now in an era where a fantastic piece of shareable content is just as likely to come from a brand as it is a media network. There is no reason why that short video featuring a celebrity, artist, musician athlete or team that people are sharing should not be coming from the brands they love.

As the following case studies will demonstrate, digital activations and improved storytelling, largely through increased "remote" access to our artists, celebrities and events, has (to varying degrees) been embraced by pro-active rights-holders keen to retain their existing partners.

Arguably, even for those getting it right, what's still required is a far more collaborative approach involving partnership with all key stakeholders, and ultimately with the end consumer, the loyal fans / audience in mind.

MUSIC RESPONSES TO THE LOCKDOWN

MUSIC STARS PIVOT TO VIRTUAL EVENTS AND DRIVE–IN CONCERTS

As music industry revenues radically shift due to Covid-19 related cancellations and the rescheduling of live touring aspects of the business, musicians have taken advantage of this time to test out various co-production techniques, increase their digital fan engagement practices, and host virtual hangouts and dance-parties.

The latest of these experiments deals explicitly with this gap in the live music sector of the industry. Dubbed "the age of the virtual music festival" by Dazed's Dean Mayo Davies, these events are positioned as the new frontier of the concert-going experience as the promise of virtual reality immersion becomes increasingly accessible.

These virtual music festivals, however, did not begin as a reaction to Covid-19 distancing measures, with some of the earliest examples coming from Berlin underground music collective Boiler Room's collaboration with Google's Daydream VR in 2016.

The interactive potential of these virtual events has continued to expand, with festivals hosted within online video games such as *Minecraft* and *Fortnite*. Open-Pit, a volunteer collective of marketing specialists, graphic designers, coders, and producers, are leaders in this new virtual event planning space.

ARTS, CULTURE AND MUSIC SPONSORSHIP

ESTIMATE OF THE ARTS, CULTURE AND MUSIC SPONSORSHIP MARKET

In many ways, sponsorship mirrors the South African economy, and 2019 was already a tough year for business.

The impact of factors such as politics, the instability of the Rand, load shedding, state capture, corporate governance and alike, have all negatively impacted on economic growth, influenced market confidence and not surprisingly, put significant pressure on corporate spend.

Sports sponsorship is by association also in a state of flux. Traditional sport is under more pressure than ever. In certain key demographics up to 30% fewer people are watching TV – sport included.

According to the 2019 annual BMi SportTrack™ report, sport sponsorship spend in South Africa reached an estimated R5,990 billion in direct spend on rights fees in 2019. Adding an additional R2,621 billion in leverage spend, a total of just over R8,6 billion was invested into the local market. With roughly just 1% growth year on year, the market remained flat with multiple warning signs already surfacing, even prior to the 2020 Covid-19 pandemic.

SOUTH AFRICA SPORT SPONSORSHIP [R MILLIONS]			
YEAR	RIGHTS FEES	LEVERAGING	TOTAL
2010	4 294	2 564	6 878
2015	5 683	2 886	8 569
2016	5 703	2 759	8 462
2017	5 891	2 588	8 479
2018	5 947	2 576	8 523
2019	5 990	2 621	8 611

ISOLATING THE ARTS/CULTURE SPONSORSHIP MARKET

Sponsors invested an estimated R663 million during 2019 across all disciplines within music, arts and culture. Of this, music in all its forms continues to account for more than half (54%) of this total, leaving the remainder for all the other arts and culture genres.

The above figures consist largely of rights fees; which are the funds that are required by the beneficiaries (rights holders) in order to perform their events or tasks. This estimate is therefore directly comparable to the estimated direct sponsorship spend on sport. In addition to rights fees, companies sponsoring sport also spend significant amounts to leverage their sponsorships.

Despite the fact that sport activation budgets have been under increasing pressure - dropping from highs of over 85 cents for each 1 Rand spend on rights fees, down to current levels below 50 cents on average - this is still significantly higher than comparable leverage budgets (30 cents: 1 Rand) usually associated with the arts.

The gap between music and the rest has stabilised somewhat, with movies, reality TV and arts and culture festivals all beginning to offer unique opportunities to cut through the clutter of sport. Soap operas are now also considered a huge potential growth opportunity for brands looking to engage on a daily basis with consistently the largest TV audience in the country.

As a result of Covid-19 and the overnight lockdown on new or live entertainment - inclusive of the closure of production houses, events, festivals, galleries, theatres, concerts and the like, the rise of celebrity activism and the power of their voice to entertain and/or draw attention to a specific cause has never been greater.

To access the full ArtsTrack No. 9, JOIN **BASA**.

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