EXPLORING ALTERNATIVE REVENUE SOURCES THAT CAN BE UTILISED TO IMPROVE ADVERTISING REVENUE AT SABC PUBLIC BROADCASTING RADIO STATIONS

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DECLARATION

I, Alvin Pillay, declare that:

(i)   The research reported in this dissertation, except where otherwise indicated, is my original research.

(ii)   This dissertation was not submitted to any other university for another degree or examination purposes.

(iii)   This dissertation does not contain another persons' data, graphs or other information, unless expressly acknowledged as being sourced from other persons.

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ABSTRACT

This qualitative study explored alternative revenue sources within and outside PBS radio stations that can be utilised to improve revenue generation at South African Broadcasting Corporation (SABC) Public Broadcasting Radio Stations (PBS). PBS radio relies heavily on traditional advertising revenue, sponsorships and TV licence fees, revenue sources are insufficient to sustain public broadcasting radio service in South Africa because funding from the South African Government is limited to specific projects. Public broadcasting radio services in South Africa have to provide content of public value while remaining competitive and profitable.

The SABC is the sole owner of fifteen public broadcasting radio stations, making it one of the dominant media owners in South Africa. SABC owns all public broadcasting radio stations and has the highest audience penetration in South Africa which should translate into receiving the highest revenue share. However, this is not the case. Commercial radio stations earn a bigger percentage of the pie of advertising revenue although PBS radio stations command higher audience penetration.

Semi-structured interviews were conducted with fifteen public broadcasting radio station managers and three senior public broadcasting managers to ascertain what alternative sources within and outside the radio station can help improve the revenue of the radio stations. The analysis of the data collected through interviews identified that there are a number of alternative sources which can assist in improving the revenue of the radio stations. It is therefore time that PBS Radio stations monetise their audience and not

rely heavily on traditional advertising revenue. Six important alternative revenue sources are identified as follows:

- **Radio station events and outside broadcasts:** Revenue generation potential is immense with opportunities for gate-takings, sponsorship and advertising or promotional revenues.

- **Broadcast syndication and sale of content:** Original programming content and popular music genre playlists are sought after by the public or other entities that are prepared to pay for the content.

- **Radio Station Websites:** Opportunities to generate revenue by marketing website opportunities to the public and advertisers.

- **Merchandising:** Radio audiences like to own radio station branded merchandising like t-shirts, caps and jackets which can be made available at radio stations and retail stores for the public to purchase.

- **Cellular or mobile phones:** Mobile phones provide an interactive element to radio campaign advertisements, competitions, and promotions, which should be monetised as an extension to advertisers' radio campaigns.

- **Social Media Platform**s: Radio campaigns are extended to social media platforms like Facebook, LinkedIn, Instagram, Pinterest and Twitter to target a larger audience.

DEDICATION

I dedicate this study to God Almighty for his divine intervention in my research. Also, to my family, especially my darling wife Puven, for her encouragement, patience and assistance; my wonderful daughter Movini and son Sashin for supporting me throughout this journey; my late mum for her divine guidance; my dad for his encouragement; and my mother-in-law for always providing support.

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LIST OF ACRONYMS

ARS: Alternative Revenue Sources

ABC: Australian Broadcasting Corporation

AMPS: All Media Product Survey

ARPANET: The Advanced Research Projects Agency Network

BBC: British Broadcasting Corporation

CAGR: Compound Annual Growth Rate

CBC: Canadian Broadcasting Corporation

CD: Compact Disc

CPB :   Corporation of Public Broadcasters

DLC: Downloadable Content

DNS: Domain Name System

DSL: Digital Subscriber Line

DSTV: Digital Satellite Television

E&M: Entertainment and Media

EASSY: East Africa Submarine Cable System

ICANN: Internet Corporation for Assigned Names and Numbers

ICASA: Independent Communication Authority of South Africa

IETF: Internet Engineering Task Force

LDR: Listener Driven Radio

NHK: Japan Broadcasting Corporation Nippon Hōsō Kyōkai

NPR: National Public Radio

MMS: Multimedia Messaging Service

PB: Public Broadcasting

PBS: Public Broadcasting Services

PBSRS: Public Broadcasting Services Radio Stations

PDF: Portable Document Format

PRI: Public Radio International

PSB: Public Service Broadcasting

PWC: PricewaterhouseCoopers

RAB: Radio Advertising Bureau

RAMS: Radio Audience Measurement Survey

RDI: Réseau de l'information (Canadian Television channel)

SAARF: South African Audience Research Foundation

SABC: South African Broadcasting Corporation

SBS: Sydney Broadcasting Service

SEO: Search Engine Optimisation

SMS: Short Message Service

TCP/IP: Transmission Control Protocol/Internet Protocol

TV: Television

UNESCO: United Nations Educational, Scientific and Cultural Organisation.

WWW: World Wide Web

TABLE OF CONTENTS

CHAPTER 3: ALTERNATIVE REVENUE SOURCES FOR PUBLIC

BROADCASTING RADIO STATIONS

CHAPTER 4: RESEARCH METHODOLOGY

CHAPTER 5: DATA ANALYSIS AND PRESENTATION

CHAPTER 6: CONCLUSIONS AND RECOMMEDATIONS

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The media radio environment in South Africa indicates an extremely competitive environment in respect of audience share and advertising revenue. There are approximately 256 radio stations in South Africa jostling for the same radio advertising share (SAARF, 2014). The radio advertising share for the period January 2014 to December 2014 was R6 billion. Public Broadcasting Services Radio Stations (PBSRS) received approximately R1 billion advertising revenue from the total radio share, while the balance of the advertising share was distributed amongst other commercial radio stations (ACNielsen, 2014).

The SABC is the sole owner of fifteen public broadcasting radio stations, which makes it one of the dominant media players in South Africa (Channel Africa is a PBS radio station and was not included in this study because the station broadcast into Africa). SABC owns all public broadcasting radio stations and boasts the highest audience penetration in South Africa, which should translate into receiving the highest portion of revenue share, but this is not the case (SAARF, 2014).

The SABC are mandated to distribute a unique public value proposition of educating, informing and entertaining all South Africans in 11 languages, utilising 18 radio stations (Commercial and Public Broadcasting radio stations) and five Television channels (SABC, 2014a). This prerequisite is a challenge for SABC public broadcasting radio

stations to be financially sustainable and effectively provide content to the citizens of South Africa.

It was noted in the SABC Corporate Plan 2014-2017 that Radio, is the most accessible and yet the cheapest medium to produce content. Radio occupies an essential place in SABC's unique selling proposition, with a combined radio audience on a weekly basis of more than 28.5 million listeners aged 15 years and older. The SABC has been dominating the radio audience share in South Africa for many years through its fifteen public broadcasting radio services (SABC, 2014a).

SABC's ultimate mandate is by being a national public broadcaster is entrenched in legislation, policies, regulations, licence conditions and codes of conduct, namely the following (SABC,2014a):

- The Constitution of the Republic of South Africa, Act No.108 of 1996;
- The Broadcasting Act, No 4 of 1999, as amended;
- The Independent Communications Authority of South Africa Act 2000, as amended; and
- The Electronic Communication Act, 36 of 2005.

The obligations arising from the South African Broadcasting Act (1999) are embodied in the Independent Communication Authority of South Africa (ICASA) regulations which stipulate the licensing conditions for the SABC's broadcasting services. The Act also includes the Legislative Charter, which mandates the SABC to meet the broadcasting needs of all South Africans. Meeting the broadcasting needs of South Africans is a large

financial cost for the SABC, whereby advertising revenue is utilised to fund broadcasting and the South African government offers little financial support. Therefore, without advertising revenue, sponsorships and licence fees, the SABC will cease to service the South African population (SABC, 2014b).

Advertising income and alternative revenue sources are of primary importance to sustain the SABC public broadcasting radio stations. Public broadcasting radio stations in South Africa that are owned by the SABC include: Umhlobo Wenene FM (isiXhosa), Lesedi FM (Sesotho), Ikwekwezi FM (isiNdebele), Ukhozi FM (isiZulu), Thobela FM (Northern Sotho), Tru FM, Motsweding FM (Setswana), XK FM (San people), Phalaphala FM (tshiVenda), Ligwalagwala FM (SisSwati), Radio 2000, Radio Sonder Grense (Afrikaans), Lotus FM, Munghana Lonene FM (Xitsonga), SAFM and Channel Africa (broadcast into Africa and dependent on government funding and which was not included in this study). The SABC also owns three commercial stations namely, Metro FM, 5FM and Good Hope FM, as well as television channels SABC 1, 2, 3 and SABC News Channel on DSTV and Encore on DSTV (SABC, 2014a).

- **As outlined in the SABC Annual Report (SABC, 2015), the various public broadcasting radio services and their description are as follows:**

Ikwekwezi FM broadcasts to the IsiNdebele community of South Africa. Its programming format is music and talk, which effectively caters to its target market by entertaining and informing them with applicable content.

Lesedi FM is based in the Free State and its language of broadcast is Sesotho. The station caters for its audience through programming and marketing activities that focus on their development.

Ligwalagwala FM broadcasts to the SiSwati-speaking people of South Africa. The station acts as a nation builder, friend and teacher to its audience.

Lotus FM broadcasts to the Indian people of South Africa and the station is based in Kwazulu-Natal. The station caters for three religious groups and accommodates the five Indian languages (Urdu, Gujarati, Tamil, Telegu and Hindi), but broadcasts in English.

Motsweding FM broadcasts to Setswana speaking people. The station is situated in the North West of South Africa.

Munghana Lonene FM studio is in Limpopo Province and broadcasts in Xitsonga. The station includes a mix of information, entertainment and education in its programming content mix.

Phalaphala FM studio is based in the Limpopo Province and its language of broadcast is Tshivenda. The station programming content includes entertainment, education and information that is pertinent to its listeners.

RSG caters for the Afrikaans-speaking people of South Africa and has a national broadcast footprint. Its programming content is to keep its listeners in touch and relevant on various aspects.

SAfm is a radio station that provides news and information and broadcasts in English throughout South Africa by providing programming that appeals to its listeners, who enjoy dialogue.

Thobela FM is situated in Limpopo Province and is the radio station for the Northern Sotho-speaking population. The listeners are respectful and proud of their heritage and culture.

Tru FM is situated in Bisho which is in the Eastern Cape Province. Its primary focus is to cater for the listeners, by providing programming content that is informing, educational and entertaining.

Ukhozi FM studio is based in Durban which is in Kwazulu-Natal. It broadcast in isiZulu nationally and caters for its audience through programming that is entertaining, informative and educational.

Umhlobo Wenene FM studio is based in Port Elizabeth which is in the Eastern Cape and it broadcasts to IsiXhosa-speaking people. The audiences are catered for by means of programming that is entertaining, informative and educational.

X-K FM is a radio station for the San people of Platfontein which is in the Northern Cape. The primary aim of the station is to preserve the Khwe! and Xu! Cultures through developmental and uplifting programmes.

The aforementioned SABC public broadcasting radio stations are funded by a number of revenue sources. The model is a unique hybrid of public funds (government or public funds), TV license fees, sponsorships and commercial advertising income. The SABC's mandate focuses on public broadcasting in the interest of the citizens of South Africa, whereas funding the mandate is predominantly from sources other than public funds (SABC, 2014b). This makes it difficult for the Corporation to be sustainable and competitive, since not all public broadcasting mandated content attracts commercial revenue from advertising and/or sponsorship.

Commercial revenue is the primary enabler of the South African Broadcasting Corporation to meet its mandate to deliver widespread public value. Revenue is generated through the sale of classic advertising, programme and sports sponsorships across SABC Television, radio and website platforms. Television licence fee collection is controlled by the S.A. Broadcasting Act, No 4 of 1999 (Section 27) as amended. The Act indicates that Television licence fees should be used to provide funding for SABC's PBS mandate. A report from the Corporation of Public Broadcasters has identified 14 existing sources from which PBSRS in the United States already draw revenue, namely merchandise licensing, digital online advertising, events, renting donor lists to direct marketers, production services, on-demand distribution, Tower leasing, DVD/CD sales, State government fee for service arrangements, retail product sales, magazine publishing, book publishing, content licensing and mobile applications. This funding

pattern may suggest a new future for SA public radio broadcasting revenues (CPB, 2012).

The existing sources from which that United States radio stations derive revenue can be explored to assist South African Broadcasting radio stations. PBSRS command the highest audience rating in South Africa, which is approximately 59.6% of the total national radio audience (SAARF, 2013). The radio market advertising share in South Africa is about 16% of the total advertising revenue, of which commercial stations receive approximately 82% of the share and Public Broadcasting radio stations receive 16% of the share (ACNielsen, 2014).

The power of Radio in South Africa and indeed across the globe stems from the fact that radio is the medium of choice because no other medium reaches as many people as radio does in a single week. The average South African consumer spends more than 24.71 hours per week listening to the radio (RAB, 2013). It is cumbersome to formulate a perfect system for financing public broadcasting organisations which is ideal. There have been attempts by various countries to proffer several models of public service broadcasting financing, such as the Financing of Public Service Broadcasting (PSB) project in Tezpur, India. Public Broadcasting Services throughout the world are continuously encountering funding crises (Bora, 2011).

1.2 Challenges faced by Public Broadcasting Radio Stations

According to the SABC Corporate plan 2014–2017, PBS Radio Stations command the highest audiences in South Africa. However, revenue realisation does not equate to the audience share. PBS radio stations depend solely on advertising revenue, whilst other sources of advertising are not exploited. PBS radio stations' license conditions stipulate that the station must meet mandated programming deliverables which are sometimes not attractive for advertisers to invest in. Funding from the government is not forth coming to assist PBS radio stations to produce content. Broadcasting in a vernacular language as stipulated by their licence conditions is aimed at niche audiences. This challenge faced by public broadcasting radio stations to meet licence conditions and at the same time remain financially sustainable places significant pressure on the public broadcasting radio station (SABC, 2014b).

1.3 Problem Statement

SABC Public Broadcasting Service Radio Stations (PBSRS) in South Africa are to serve the people of South Africa and the programming content reflects this public service function: education; health; social cohesion; and nation building. According to the SABC (2013), SABC's sources of funding are through TV licence fees (16%) and are largely reliant on advertising revenue for its sustainability. Advertising supplies 84% of public broadcasting radio stations revenue. Dependency on this funding model is too perilous for the survival of the SABC PBS radio stations. The public broadcasting radio stations rely heavily on advertising revenue to sustain their operations, which are not a perfect condition. It was imperative to explore other alternative revenue resources that

will assist in improving public broadcasting radio services advertising revenue (SABC, 2013). The challenges of public broadcasting radio service are to broadcast content that relates to the upliftment of South African citizens; to meet its public service function; and yet remain competitive with audience delivery and revenue delivery (SABC, 2014b).

PBS radio received commercial revenue of approximately one billion rands whilst commercial/private radio stations received advertising revenue of almost R4.9 billion (ACNielsen, 2014). In 2009 the SABC secured a government guaranteed of R1.473 billion to obtain a one billion rand loan from Nedbank to mitigate its financial crisis and the loan was paid in full by March 2013 (SABC, 2014a).

The aforementioned pose an immense risk given that public broadcasting radio services in South Africa are vying only for traditional advertising revenue. Public broadcasting radio service has the potential to realise many other avenues for improving on advertising revenue and these avenues need to be identified and utilised as revenue generating opportunities by the SABC. Therefore, this study was undertaken to explore alternative revenue sources that Public broadcasting radio stations may utilise to improve advertising revenue for the SABC. Public Broadcasting management from the SABC were interviewed which included eighteen PBS radio management and three senior management.

1.4 Aims and Objectives

Taking the market share into consideration for public broadcasting radio stations, this study aims to explore alternative revenue sources that SABC PBSRS might be able to utilise to improve advertising revenue. The study aims to contribute towards improving the market share of the SABC in South Africa through exploring the feasibility of using currently under-utilised sources.

1.4.1 The study objectives

This study is built upon the following objectives:

- Identify alternative revenue generating sources available to PBS radio stations.
- Establish what properties from the alternative sources can yield additional revenue.
- Determine the various ways alternative sources can be utilized by clients.
- Ascertain the advantages of using alternative sources
- How can alternative sources assist advertisers with their radio investments?
- Establish what sort of after-care would be needed by clients after using alternative sources.

1.5 The significance of the study

The study was significant on many fronts, given the ongoing low economic growth rates in South Africa over the past ten years, it is necessary for government agencies that depend to a large extent on government for funding to seek alternative sources of

income that will boost their services and alleviate the pressure on the government purse. The study also has the following significance:

- Findings from this study will significantly assist public broadcasting radio stations not to depend solely on traditional advertising revenue to sustain their business, but to look at alternative revenue sources.

- The findings can also serve as a template for other government agencies seeking to explore alternative sources of funding.

1.6   Limitations of the Study

Given the size of South Africa's media landscape, undertaking research involving all the radio stations will be a costly and time-consuming exercise and near impossible. Thus, this study was limited in scope to PBS radio stations owned by the SABC.

1.7   Delimitation of the Study

Delimitations are aspects that affect the study and the researcher does have some point of control. Delimitations describe the possibilities of the study or create parameters or restrictions for the study (Baron, 2010). Due to a large amount of potential people in the study population, the population involved in this study will focus only on the management of PBS radio stations owned by the SABC. Thus, it is safe to assert that this study only represents portraits of SABC owned stations. It does not claim to have captured and related the entire story about radio stations across South Africa.

Consequently, as is typical with case studies, caution should be exercised in extrapolating and generalising from the findings of the study. Nevertheless, given the in-depth descriptions of the cases treated in this study, it is hoped that many of the results obtained in the research will resonate in similar contexts.

1.8   Outline of study

Chapter 1: Introduction: The chapter highlights the purpose of the study, the background, challenges, research objectives, significance and scope of the study.

Chapter 2: An Overview of public broadcasting radio services: The second chapter provides the background on the landscape of public broadcasting radio services.

Chapter 3: Alternative revenue sources for public broadcasting radio stations: The third chapter looks at the various alternative revenue sources that can be utilised to improve the revenue growth of SABC Public Broadcasting Radio Stations.

Chapter 4: Research Methodology: The research design and methods used are outlined and explained and the; data collection, analyses and delimitations of this study are discussed.

Chapter 5: Data Analysis and Interpretation: The analysis of the data obtained through interviews has been processed into meaningful reporting.

Chapter 6: Conclusions and Recommendations: The final chapter draws the study together by concluding and making recommendations.

1.10 Conclusion

Picard (2006) states that the mechanism of public funding for PBS varies, therefore "additional funds are generated by some broadcasters through commercial activities that include program sales; paid audio and video services; video sales; magazine publishing; concert promotions; and seminars/training".

It is clear from the preceding discussion that Public Broadcasting Radio Stations require additional funding to sustain them in the future. The next chapter provides an overview of PBRS in various countries and their funding mechanisms.

CHAPTER TWO

AN OVERVIEW OF PUBLIC BROADCASTING RADIO SERVICES

2.1   Introduction

The previous chapter discussed the study's background, significance, limitation and delimitation, as well as the statement of the problem upon which the study was predicated. This chapter discusses relevant literature pertaining to public broadcasting radio services globally that will shed more light on the study's objectives.

2.2   Exploring global perspective on public broadcasting

Global perspectives on public broadcasting are explored in various countries that have a PBS system to establish their funding mechanisms. Britain led the way in public broadcasting by establishing, in the 1920s, the BBC organisation which was extensively respected, as a source of reliable information, education and entertainment.   Public broadcasting systems are basically an application of the British Broadcasting Corporation, which was adopted by some countries (BBC, 2015).

Contemporary public broadcastings are usually made up of a mixed commercial system. For example, the Canadian Broadcasting Corporation has constantly depended on assistance from government revenues to an extension of advertising revenue in order to maintain its television operations. This ultimately means it has to be in competition with commercial broadcasters, which effectively dilutes their mandate as authentic public broadcasters (Barsky, 2011).

Prasar Bharati is a public broadcasting service in India that owns both Doordarshan Television Network and All India Radio. The corporation is independent from the Indian Ministry of Information and Broadcasting and the Indian Government. Prasar Bharati originated on the 23rd of November 1997, following a decision by the Indian government that broadcasters owned by the government should be given independence, like the decision taken by other countries. In 1990, an Act was passed by the Indian Parliament that allowed PBS autonomy but this was not brought into effect until the 5th of September 1997 (Bora, 2011).

The Act stipulates that the India Broadcasting Service should be a non-governmental organisation. Effectively, decisions regarding its financing, content decisions and related tasks should be revealed publicly, not exposed by an existing governmental institution but should be done by a non-governmental organisation. This was to ensure that the ruling political party does not use the broadcaster's audience for political gain, which means that it should be controlled solely by an independent board that includes individuals who are concerned and are accountable for a variety of implications of the programmes broadcast (Bora, 2011).

McKinsey, a financial consulting firm, conducted a study that identified four types of funding models that are applicable to public broadcasting services (Bora, 2011):

- The first group of PBS broadcasters that are financed solely or almost purely by revenue that is collected through a license fees system are in countries such as Japan, Norway, Sweden, Australia and Denmark;

- The second group of PBS Broadcasters that are financed through a mixed system are in countries such as Germany, Turkey, Belgium, Netherlands, France, Czech Republic and Italy;

- In the third group of PBS broadcasters, license fees are essential but not primary; these are in countries such as France, Poland, Denmark and South Africa. For these countries, the major source of revenue is either government grants or commercial revenues; and

- Lastly, those who do not collect any license fee but are funded by government grants and/or advertisements only, are countries such as Portugal, Spain and New Zealand.

The challenges faced by Public Broadcasting Services are that they are confronted by the challenge of creating the right mix between commercial revenue and public funding in order to preserve their services to the public. Early choices about establishing public broadcasting services and means to provide funding was undertaken in different settings at different times around the twentieth century. Therefore, it can be concluded that there is no single or related solution existing for funding PBS (Chhetri, 2011).

Historically PBSs throughout the world have been facing stiff competition from commercial counterparts. Compared to other radio sources, PBSs also require finance to implement their services because there is no financial support from government (Chhetri, 2011).

The critical threat is the capabilities of PBS organisations to fulfill their public service arising from increasing challenges being placed on them to be financially viable as an

option to complete government funding, many public broadcasting service institutions now rely on commercial activities, primarily sponsorships and advertisements. However, presently the majority of revenues for sponsorships and advertisements are directed to television (CPB, 2012).

In times of cut-throat competition and pressures to earn serious revenues, the importance of PBSs remains massive, as it holds its ground as the highly authoritative system for 'informing, educating and empowering" the public.

2.3. Global PBS experiences

Public Broadcasting Services systems applicable in different countries are looked at below.

2.3.1 PBS in Europe

PBS in is directly controlled by the government which was in a critical crisis when its integrity was lost, which resulted in a fatal economic deficit. When public funding is exercised to those media as a solution to their economic deficit, then their existence is make-believe (Bora, 2011).

The Internet technologies arrived at a time that opens up new content distribution possibilities when the essential models of PBS are being challenged. The means by PBSs distribute merit goods, like education and culture to the public have changed considerably over the past 10 years. Previously, PBSs did attract a "captive audience"

who had very few substitutes for broadcast entertainment and content-providers were in some instances able to select preferred content acceptable to the listeners (Chhetri, 2011).

The BBC, whose broadcasting in the UK is funded by a licence fee and does not depend on selling advertising time, is most notable for being the first PBS in the United Kingdom. The first BBC director general, Lord Reith, introduced many of the concepts that would afterwards define Public Service Broadcasting in the UK when he adopted the mission to *"inform, educate and entertain"* (Fourie, 2011).

2.3.2 PBS in Japan

The key public broadcaster in Japan is Nippon Hōsō Kyōkai (NHK – Japan Broadcasting Corporation) which was established in 1926 and designed against the BBC public broadcasting model. NHK receives their funding through a "receiving fee" collected from every household, with no commercial advertising and the upholding of a firm independence from political interference. However, a continuous widespread of unpaid receiving fees from many households has led to political and financial concerns (Nakamura, Aramaki and Higashiyama, Ida, 2013).

The circumstances and challenges at NHK are undergoing the transition to Digital Broadcasting. The total revenue for the fiscal year 2009 is 669.9 billion yen (approximately $7.9 billion) and 96% of it, which are 644.2 billion yen (approximately $7.6 billion), comes from receiving fees. NHK are prohibited by law from broadcasting

advertisements and sponsorships. The government subsidies are merely 3.7 billion yen and are issued as support for overseas broadcasting (Nakamura, et al., 2013).

NHK are prohibited from being profitable and scheduling advertisements that are commercially inclined. Anyone receiving NHK content through any equipment should pay a fee to the broadcaster, as this forms a large percentage of their broadcasting income. An annual report published in 1999 reported that NHK's income of 635 billion yen was made up of 98% receiving fees obtained from households (Nakamura et al., 2013).

2.3.3 PBS in Canada

The Canadian Broadcasting Corporation (CBC) is the leading radio and television broadcaster in Canada. CBCs portfolio of television channels are Television de Radio Canada and CBC's Television. The radio stations that CBC also own are Espace Musique, CBC Radio One and Two and Première Chaîne. Adding to their portfolio are a number of cable television services which include two 24-hour TV news channels, CBC News Network and Réseau de l'information (RDI), which broadcast in the official languages of Canada. The television channels are partially commercial advertisement funded in addition to Canadian tax dollars from the government (Mendel, 2011).

The question of whether government funding should be allocated for Canada's public broadcaster is an ongoing situation. The opponent's argue that public money should not be used to fund the CBC but should be put to better use, like funding of social programs and other necessities (Cavender, 2008).

Others have contested that CBC should implement a structure such as collecting a licence fee or relying on offerings from their audiences and viewers, like the Public Broadcasting Services in the United States (Cavender, 2008).

2.3.4 PBS in the United States

In the United States, public broadcasting is almost exclusively decentralized and is not operated by the government. However, it does receive some financial support from the government. The public radio and television channels are owned by municipalities or the state government and non-profit entities or universities which are privately owned entities that receive some funding support from the communities they are based in (Wimmer and Dominick, 2011). Public television and radio stations normally compile their own programming content and buy more programming content from other broadcasters like the International Public Broadcasting Service (PBS), American Public National Public Radio (NPR) and Public Radio International (PRI) (Wimmer and Dominick, 2011).

The funding of program content which has generated possibilities for conflict of interest scenarios, are controlled by strict standards and guidelines outlined by Public Broadcasting Services. PBS systems are given support in the form of public donations which are widely provided to radio and station content production, but authority and decisive changes are impeding the station's priorities (CPB, 2012).

The Corporation for Public Broadcasting (2012) receives almost all of its funding through federal assistance. Approximately 10% of public radio broadcasting and 15% of television broadcasting funds are derived by the appropriation of federal government funding, which is distributed by CPB through a system. The two year advance funding received by CPB comes from the federal appropriation and is apportioned through a fair distribution channel which is authorized in CPB's legislation.

Congressional policymakers are increasingly interested in supporting CPB due to concerns over the federal debt, the role of federal government funding for public radio and television and whether public broadcasting provides a balanced and nuanced direction to covering news of national importance (CPB, 2012).

2.3.5 PBS in Australia

ABC, which is the Australian Broadcasting Corporation, is owned by the government of Australia and is one hundred percent funded by taxpayers. The Special Broadcasting Service (SBS) is a multi-cultural public broadcaster, also based in Australia and only accepts some degree of advertisements and sponsorships (Dawson, 2015).

There are approximately four hundred and forty two radio stations and some community television stations licensed at the end of June 2005 in Australia. Furthermore, there are many community radio stations which are partly funded through federal grants appropriated through the Community Broadcasting Foundation which is sustained mainly by subscriptions, business sponsorships and donations. These are similar to the

Public Broadcasting Services and NPR stations that are situated in the United States (Mcloughlin, 2005).

According to Mcloughlin (2005), the reliable way of distancing from glaring government impedance is to reduce the control of government funding for public broadcasting services by removing broad taxation revenue and bringing back television licence fees. The move by SBS to include advertisements in programming was essentially necessary, given the escalating competition cost in the contemporary media landscape and declining funding to PBS by the federal government of Australia. Only by acquiring continuous funding straight from citizens to the public broadcasting organisations it will circumvent government assistance, which ultimately will make certain that SBS and ABC are not controlled by political demands and pressure.

Former Prime Minister of Australia, Gough Whitlam, abolished the licence fee when he discovered that a built-in flat fee was charged to all households regardless of their income status. This decision lead to political intrusion by noting further cuts in budgets and restrictive arrangements to fund public broadcasting services (Dawson, 2015).

There have been debates on the concept of license fees by Australians but it is difficult to ascertain alternative funding methods to safeguard funding of SBS and ABC while discharging the authority of the government to employ every funding arrangement to force its political will on public service broadcasters. Imposing a PBS levy on the public is probably less burdensome. The level at which the public broadcasting levy would be decided is by determining the funding against absolute operational expenses and

arriving at per income rates secured to inflation, actual GDP or averaged income (Dawson, 2015).

Picard (2006) states that "because of the domestic differences in history, culture and politics among nations, the funding mechanism and sources for PBS vary widely and no ideal form exists because funding must accommodate varying social, cultural, and political realities".

It is quite clear that no country has a clear working PBS funding system that will sustain them in the future. Therefore, alternative revenue sources should be explored to close this gap and make public broadcasters autonomous.

2.4.   The South African Radio Media Landscape

The South African radio media landscape will be discussed in order to obtain an overview of revenue achieved by public broadcasting radio stations. The South African Research Foundation indicated in their survey (April to September 2015) that there a total of 32.6 million South Africans listen to radio and Public broadcasting radio stations have a 59.6% share of this audience (SAARF, 2015).   AC Nielsen reported that, spending in the South African radio industry rose to a staggering R6 billion in 2014, showing a significant increase from the previous years. The report further stated that the public broadcasting radio share was approximately R1 billion, which is approximately 16% of the total radio share in South Africa. The balance of the revenue share is amongst commercial and PBS, with commercial radio stations receiving a larger percentage of the radio revenue share. It is evident from the revenue market share that

PBS radio receives a low percentage of the share although PBS radio commands a higher audience share. Therefore, PBS radio in South Africa should look at alternative revenue sources to improve their advertising revenue (ACNielsen, 2014).

Corporation of Public Broadcasters (CPB), reported that public broadcasters have seen their own budgets ravaged by declining contributions. Also included in this report are that there are 14 existing sources that offered the most realistic opportunities to enhance revenue (CPB, 2012). This report clearly indicates that alternative revenue sources can be explored for Public Broadcasting radio in South Africa. Also, ACNielsen (2014) indicated that Public Broadcasting Radio Stations globally are looking at alternative revenue sources to improve their financial situation.

The difficulty is devising a structure for financing PBS organisations that will be ideal. There were endeavors by many countries to try numerous systems of PBS financing, such as financing the Public Broadcasting Services project in Tezpur, Indian. Public Broadcasting Services all over the world are increasingly facing funding crises (Chhetri, 2011). Communication channels are forever transforming to incorporate additional off air activities and will frequently use radio stations' digital resources, programming content streaming, websites, social media platforms, merchandising, events and loyalty platforms (RAB, 2013).

PWC (2013) reported the following in their South African Entertainment and Media Outlook report for 2013-2017:

- South Africa's radio industry is projected to develop at a composite annual growth rate of 8.8% in the coming 5 years. This is exciting for radio but it does not mean that public broadcasting radio will receive a fair share of the revenue pie. Public broadcasting radio advertising revenue will increase, but it is unclear if the percentage of the market share will increase or decrease. It was therefore of particular interest for public broadcasting radio to look at alternative sources of revenue.

- In terms of advertising revenues, commercial radio stations like 94.7 Highveld Stereo and Jacaranda 94.2 attracted the majority of the revenue in 2012. Overall, there were six privately-owned commercial radio stations and four public broadcasting radio stations in the top 10 of the total radio revenue share in South Africa. This means that commercial radio will continue to attract a larger spend than public broadcasting radio (ACNielsen, 2013).

- Radio is no more a communication platform that is regarded as a one-way communication platform because latest technologies allow broadcasting organisations to deliver more committed listeners to advertisers. Radio audiences do not only passively consume a radio station but contribute actively to programmes through crowdsourcing software like Listener Driven Radio (LDR), whereby the audience participates in programmes through talk shows; minute by minute programming content; phone-in's; and communication on social media platforms

such as Facebook (which has 5.5 million users in South Africa) and Twitter (which has more than 5 million South African users) as reported by Portland (2012). This means new developments for radio in term of monetizing these opportunities as alternative sources of revenue.

The PWC (2013) report also highlights the following that is pertinent to radio and the use of alternative revenue sources:

- Social Media platforms are being integrated with Radio Station Websites which makes it easier for the public to share their stories with radio stations and the station's digital communities. Radio, Websites and Social Media platform integration creates a new dimension to source new revenue opportunities for PBS.

- Sales houses like Media Mark who traditionally offered radio, events and digital advertising platforms, now offer multi-platform converged solutions using radio, digital and event platforms flawlessly. This means that a new alternative for public broadcasters exists to explore these new opportunities and to improve traditional revenue.

- Radio's greatest achievement beyond 2014 will be its ability to collaborate with mobile and digital interfaces. Mobiles are playing a significant role in public broadcasting radio in terms of engagement with audiences and opportunities to obtain new revenue through mobile technology.

With regards to perceptions about broadcasting, a comparative study conducted by Nakamura in India stipulated that the nature of broadcasting differs from country to country and funding models are different in a sense that all countries' funding are derived from different means, for example, government funding, TV licences and alternative revenue sources (Nakamura et al., 2013).

Public service broadcasting encompasses television, radio and other electronic media platforms whose fundamental mandate is to deliver service and value to the public. PBS financing is derived from government and through annual fees charged on receivers or television licence fees. Public broadcasting operates locally or nationally, dependent on the country and the radio station. In a few countries, public service broadcasters are controlled by one organisation. Many other countries have public service broadcasting organisations that broadcast in various official languages or operate in a specific region. At one time, public broadcasting was the only method of broadcasting in the world. The media landscape has now changed with other commercial and community broadcasters obtaining broadcasting licences to compete with PBS for audience and revenue share (Fraser and Estrad, 2001).

Bora (2011) outlined that the primary objective of public broadcasting radio stations are to deliver public service by communicating to and engaging with citizens continuously. "To educate, entertain and inform" was a term developed by the British as a model for public broadcasting which was acknowledged as a universally accepted term. The public broadcasting model includes the following principles which are applicable to most PBS systems:

- Universal geographic accessibility;

- Universal appeal;

- Attention to minorities;

- Contribution to national identity and sense of community;

- Distance from vested interests;

- Direct funding and universality of payment;

- Competition in good programming rather than numbers; and

- Guidelines that liberate rather than restrict.

According to Bora (2011), within public broadcasting, there are two separate views regarding their commercial activity. The first view is that public broadcasting does not compete with commercial broadcasters. The second view is that public broadcasters are in competition in the marketplace with commercial broadcasters. Public broadcasting radio stations in South Africa are in competition with commercial broadcasters regarding advertising spend because they receive limited funding from the government. The SABC depend on advertising revenue and TV licence fees to finance radio stations and television channels. Therefore, looking at alternative revenue sources will assist SABC public broadcasting radio stations to sustain their operations and ultimately achieve autonomy.

Public broadcasters in other countries may or may not be tantamount with government controlled broadcasters. In a few countries like the United Kingdom public broadcasting organisations are not sanctioned by government departments and have their own means of funding and therefore enjoy editorial independence.

2.5   SABC and the challenges of Public Broadcasting

SABC faces many challenges regarding their funding model and relies heavily on traditional advertising revenue to sustain its operation. Being dependent solely on traditional advertising revenue is too risky for the SABC public broadcasting radio station's sustainability (SABC, 2014b).

Radio is inexpensive, portable and accessible to all South Africans citizens. Requiring no literacy, it is the most accessed form of media platform, reaching beyond urban areas deep into the poorest and most distant rural areas. All public broadcasting radio stations in South Africa are owned by the SABC which was established on 1 August 1976 by an Act of Parliament. To reiterate, that SABC's is the largest broadcaster in South Africa and owns eighteen radio stations, fifteen of which are devoted entirely towards public broadcasting service and broadcasting in the eleven official South African languages, taking care of all citizenry. The SABC also owns five television channels which are SABC 1, 2 and 3, SABC News and Encore. Maintenance of such a huge portfolio of radio and TV stations, proving quality broadcast content and ensuring universal access to all South Africans is a huge financial burden (SABC, 2014a).

SABC radio stations are a leading broadcaster in South Africa. South African Audience Research Foundation reported that over 74% of South Africa's radio listener's tune into SABC radio daily. Its television network comprises five television channels and broadcast 24 hours a day that attracts an average of six hundred thousand website visits a month (SAARF, 2013).

SABC PBS radio commands the highest audience rating in South Africa with approximately 59.6% of the total national radio audience (SAARF, 2015). The dominance of radio in South Africa is attributed to the fact that radio is the preferred medium of choice because no other medium reaches as many people as radio does in a single week. The average South African citizen spends more than 24.71 hours per week listening to the radio, according to statistics (RAB, 2013).

The SABC is mandated to deliver public value content for educating, informing and entertaining all South Africans in eleven languages. SABC provides content in all official languages in multiple formats ranging from children's and educational programmes, dramas, documentaries and news. This exceptional delivery position makes the SABC the most trusted broadcast media group in South Africa. The SABC is the only broadcaster providing information, education and entertainment to meet the needs of millions of citizens who depend on its radio services for access to reliable content in a language of their choice (SABC, 2013).

2.6 The SABC's Current Funding Sources

The SABC Corporate Plan 2014-2017 outlines that the SABC is funded from a number of sources. The model adopted is a unique hybrid of public funds (Government or public funds), television licence fees, sponsorships and commercial advertising income. The focus of the SABC's mandate is being a public broadcaster in the interest of the citizens of the country. Their funding of programming mandated content is mainly from sources other than public funds. This makes it tough for the SABC to be financially sustainable and competitive since not all public broadcasting content attracts commercial revenue from advertising or sponsorships. The current model focuses on operational and content

funding, as well as modest funds available to develop infrastructure. Project funding from the Department of Communications is requested on a project-by-project basis (SABC, 2014b).

The limited amounts yielded by these requests have compelled the SABC to use cash flow or short-term operational funds to support all projects, which in the past have resulted in severe liquidity constraints and eventually, taking a loan from Nedbank to sustain its operations. The bulk of the SABC's revenue is derived from advertising. Advertising income is seasonal, peaking annually during the October to December period. Based on the funding structure of the SABC, there appears to be significant pressure on the public broadcaster to concentrate on market share as opposed to the uniqueness of its programmes (SAARF, 2015).

In line with the above, international benchmarks and a climate of growing choice, a successful 21st-century radio public service broadcaster should ensure that it has a stable funding model that enables the broadcaster to defend audience share, influence the market and ensure cash flow and self-sustainability. Proposed funding strategies for SABC Public Broadcasting Radio to remain sustainable and competitive necessitate that the radio station consider alternative funding drawn from a combination of other sources (SAARF, 2015).

Table 2.1 below shows South Africa's revenue share of radio stations from January 2014 to December 2014 (ACNielsen, 2014) and weekly gross listenership (SAARF, 2015).

TABLE 2.1: Revenue and Listenership of Radio Stations in SA

Radio Category	Audience Weekly listenership Apr/Sep 2015	Revenue January to December 2014 '000
PBS Radio	24.6 million	R983,713
Commercial Radio (SABC & Private)	15.8 million	R4,905,317
Community Radio	8.3 million	R161,055
Total All Radio	32.6 million	R6,050,086

Source: (SAARF, 2015) and (ACNielsen, 2014)

The table indicates the revenue share of the various radio categories in South Africa from January to December 2014. The total radio advertising revenue is R6 billion; the commercial radio share is R4.9 billion; the public broadcast radio stations share is R984 million and community radio stations' share is R161 million. The breakdown clearly shows that PBS Radio stations command the highest listenership figure as per the Radio Audience Measurement Survey (RAMS) conducted in April/September 2015, which shows 24.6 million listeners, while commercial stations command the second highest listenership and community radio follows with a lower listenership base. Although PBS radio commands the highest listenership, the advertising revenues are not in proportion. Therefore, PBS Radio stations should look at alternative revenue sources to improve their income.

The SA Broadcasting Act No. 4 of 1999 stipulates that "public services provided by the SABC may obtain revenues from advertising and sponsorships, grants and donations, as well as license fees, levied in respect of persons owning television sets, and may receive grants from the State". Public broadcasting is generally not managed as a commercial organisation, although it has financial and fiduciary duties similar to those of commercial companies. Public broadcasters are progressively beginning to operate well and are regularly successful, like commercial operations. Consequently, public broadcasters are becoming both public and private or commercial broadcasters (Wimmer and Dominick, 2011).

2.7 Conclusion

Various countries' public broadcasting systems were discussed in this chapter. The next chapter focuses on alternative revenue sources that can assist Public Broadcasting Radio Services to improve their alternative revenue generation.

CHAPTER THREE

ALTERNATIVE REVENUE SOURCES FOR PUBLIC BROADCASTING RADIO STATIONS

Chapter two provided an overview of public broadcasting radio services' funding mechanisms in various countries. This chapter focuses on alternative revenue sources that are available for public broadcasting radio stations.

3.1   Breakdown of Funding for the SABC PBS Radio Stations

To reiterate, the SABC currently has a mixed funding model with revenue from advertising, sponsorship and public funding (government allocations and TV licence fee funding). It is, however, predominantly reliant on traditional commercial revenue. Some stakeholders argue that this limits its capacity to fulfill its mandate adequately as certain audiences or genres and formats of programming are not attractive to advertisers, which affect its capacity to provide quality services to all citizens and language groups (SABC, 2014b).

The following is a discussion of the various alternative revenue sources that can assist PBS Radio to improve their revenue generation, apart from traditional advertising revenue.

3.2 Alternative revenue sources

This section of the literature review explores the various alternative revenue sources from which PBS radio stations can derive revenue from and subsequently be less dependent on government funding.

3.2.1 The Internet as a platform for revenue generation (Websites)

"The Internet is a global system of interconnected computer networks that uses the standard Internet protocol suite (TCP/IP) to link many billion devices throughout the world. It is a network that includes millions of private, public, academic, business and government networks on a local to global scope, connected by a large array of electronic, wireless and optical networking technologies. The Internet carries a broad spectrum of information databases and services, such as hypertext documents and applications of the World Wide Web (WWW); the infrastructure to support email; and peer-to-peer networks for file sharing and telephony" (Braden, 1989).

The Internet was started by the United States government in the early 1960s with the idea of assembling tough, fault-free receptive communication through interlinked computers. The UK and France joined the efforts, which led to the primary originator network called the APRANET ("Advanced Research Projects Agency Network") in the US. The interconnection of local academic networks in the 1980s symbolised the start of the transition to the modern Internet. From the early 1990s, the network experienced and maintained a rampant increase as various institutional, mobile computers and personal computers were linked to it (Stewart, 2000).

The Internet has facilitated and expanded new means of individual communication through created forums, social platform networking and instant text messaging. Shopping online has grown immensely for major retailers, small businesses, business to business and other available services on the Internet, which has leveraged supply chains globally. "Only the overarching definitions of the two primary name spaces on the Internet, the Internet Protocol (IP) address and the Domain Name System (DNS), are controlled by a maintainer organisation, the Internet Corporation for Assigned Names and Numbers (ICANN). The technical foundation and standardisation of the core protocols are an activity of the Internet Engineering Task Force (IETF), a non-profit organisation of loosely associated international participants that anyone may associate with by contributing technical expertise" (Hoffman and Harris, 2006).

A report by PWC (2014), regarding South Africa's entertainment and media outlook outlines that consumer spending on the Internet in the next five years will be more than any other media or service spend. South African Internet access is projected to grow in double digits over the forecasted period. Markets in South Africa are forecasted to grow from R24.2 billion to R67.2 billion between 2013 and 2018. A compound annual growth rate (CAGR) of 10.2% is expected in 2018 for the SA entertainment and media market, with exponential growth for Internet spend. Collective revenues from Internet usage and Internet advertising will be approximately R71.6 billion, which is effectively 37.6% of total revenues in South Africa. Internet access through mobile phones will acquire the bulk of revenue, which is an estimated R40 billion during the predicted period. Consumer spending is on the rise for the five years from 2013, which will increase from an estimated R72.8 billion to R128.1 billion. Internet usage in 2018 will make up 52.5% of consumer spend in South Africa (PWC, 2014).

Nevertheless, in terms of advertising and consumer revenues, digital spend is on the rise. Removing Internet access revenues, a healthy growth from digital consumer revenues is still expected to grow from 2.1% in 2013 to 2.7% in 2018. The sixth largest revenue sector is Internet advertising, which I in 2018 will be the fourth largest and that will surpass radio and Newspaper advertising spends. Access to the Internet in the next 5 years will grow at a strong rate, effectively creating additional revenues in comparison to other related media types (PWC, 2014).

According to Bernstein, Anish, Schultz, Carol and Siegel (2015), there are many advantages available for the use of the internet which are:

- reaching a global audience;

- it operates for 24 hours per day;

- relatively inexpensive;

- advertising ones brand or product;

- easy means to distribute product catalogues;

- creating online surveys;

- creating announcements;

- obtaining customer feedback;

- distribution of information;

- multimedia capabilities; and so on.

There are many ways to advertise on websites namely sponsorships, banners, affiliates (based on the concept of an advertiser rewarding a publisher for any business that is brought in), pay per click and other innovative ways (Adjuggler, 2012).

3.2.2 Content Download

Downloadable content (DLC) refers to the process whereby users of the Internet download content for free or pays for the content. Techterms (2016) stipulates that content is something that the users can download for reference purposes or use at a later stage and its benefits are as follows:

- **Listen or view later** – the positive thing about downloading content is that one can listen or view the information later or at leisure.
- **Cost effective** – downloading content is relatively cheap or sometimes bears no cost at all being charged for the downloading of content.
- **Save content that one likes** – content can be saved for reference purposes at a later stage.
- **Use content for other use** – downloaded content can be utilised for other purposes. For example, an editorial can be included in a story that one is compiling.
- **Keep up with the latest information, news, trends and other related information** – content is regularly updated so that one can be informed by up-to-date information in the world.
- **Circulate content** - one can share or circulate content with anyone for example, a video, a song and interesting facts about a certain subject.

The digital website for radio broadcast content Iono.fm are providing the best way to build an online presence and getting radio station content played on mobiles, tablets and desktops. PBS radio station listeners can access content on demand, in ways and places not previously imaginable. Content is uploaded from local and international radio stations and content such as podcasts and audio books are available for people to listen too online by using mobile devices, tablets, laptops or desktops. Content can be downloaded to a device, allowing one to listen even when there is no Internet connection, for example, while commuting; spending time on the beach; standing in queues or walking in the park; and so on (IONO, 2016).

SABC PBS Radio stations have established a partnership with iono.fm to publish content for public consumption. The radio stations share in the revenue split when content is downloaded (IONO, 2016).

3.2.2.1 Types of downloads

A few types of internet download are discussed as follows:

3.2.2.1.1 Music download

'Music download' which are the transfer of music through the Internet onto a device that are capable of decoding and playing it, such as a home computer, laptop, MP3 player or smartphone (Lunden, 2013).

PWC (2014) describes recorded music formats as follows:

- Physical music that is recorded includes any online or retail purchase of albums that are registered; for example CD, music related video recordings and single sound recordings;

- Digital music that is recorded, which comprises the sale of any music licensed and distributed through devices such as tablets, music recorders or players, personal computers and smartphones and which is shared between downloads and streaming; and

- Audio Streaming includes the revenues from subscriptions and advertiser supported streaming platforms. Audio streaming capabilities are normally built into websites.

The PwC Report 2014-2018 further indicates that revenue from physical music sales are anticipated to be R384 million by 2018, which is half of the actual revenue in 2014. On the other hand, the distribution of digital music spend is on a high growth path and it is estimated that in the following 5 years, spending on different music services and formats are expected to increase. It is becoming noticeable that the introduction of digital music services is changing the landscape towards moving away from the physical music formats (PWC, 2014).

Hubdex (2015) outlines the following benefits of music download:

- Shop for music from home using a computer or mobile phone. One does not need to drive to the mall or the local music shop to find preferred music. Now, with Internet access, one can easily download music that one prefers at any time;

- Download one song at a time, instead of the entire album;

- Save money by downloading songs;

- Get all the favourite tunes at affordable prices;

- Listen to the music before downloading and paying for it; and

- Times have changed whereby music is readily available and one does not need to wait for a CD to be posted or go to a music record shop to purchase music.

3.2.2.1.1 Podcast

A podcast is a digital medium that consists of audio, video, digital radio, PDF or ePubfiles which are downloaded through the Internet or online streaming to personal computers or mobile devices. The word "Podcast is a neologism and portmanteau derived from the words 'broadcast' and 'pod' from the success of the iPod, as these podcasts are often accessed on portable players" (Webster, 2012).

Webster (2012) indicates that podcasting is a concentrated medium combining the web, audio and media players (including portable players). This technology has caused a few radio organisations to evaluate their traditional ways and assumptions about their audiences, content consumption and content distribution.

3.2.2.1.2 Vodcast

A video podcast (Vodcast) includes video clips that are uploaded onto the Internet as Vodcasts. Web television series or programs are often distributed on the web as video podcasts. Video podcasts have become enormously popular online and are often shown as short recorded video clips, which are commonly portions of a lengthy video recording. Recorded video clips are being used on reputable websites and increasing numbers of websites are being generated exclusively for hosting video clips and podcasts (Wisegeek, 2014).

The concepts of video podcasting are assisting people to build businesses, specifically in the sales and marketing industry. By utilising video podcasts as a marketing tool, businesses can market their offerings of services and products and maintain their customers in a contemporary and cost-effective way. Previously, large companies had better access to expensive production houses where innovative and quality advertisements were produced. Now any business, immaterial of their size, can produce excellent media with just a video camera, appropriate software and access to the Internet (Watson, 2014).

3.2.3 Social media as a platform for revenue generation

The world has now grown into a global community whereby people around the world can communicate with each other through online social media platforms at any time. Some of the social media platforms that may generate alternative revenue for public broadcasting radio stations in South Africa are explored below:

3.2.3.1 Twitter

Twitter is described as an Internet online digital platform that allows messaging or posts amongst individuals, organisations, institutions and anyone that wants to communicate something of value or just any information. Twitter allows members to send and read short hundred and forty character messages called "tweets". The networking platform quickly obtained international recognition, with just over 100 million users posting 340 million tweets a day in 2012 (Twitter, 2012).

Lifehack (2014) outlines the opportunities to generate revenue using Twitter as follows:

- **Twitter and Crowdsourcing**

  Crowdsourcing is a way of requesting thoughts and offerings from a large group or communities. It is a resourceful way to bring support from associates in order to fund a business, sell a product or idea.

- **Sell products**

  The marketing of products is the effective way to sell the products on Twitter. Therefore, promoting a product on Twitter will allow people to view the product and make decisions to purchase the product instantly.

- **Use sponsored Tweets**

  Sponsored Tweets are ordinary Tweets purchased by advertisers who want to reach a wider group of users or to spark engagement from their existing followers.

- **Discovery of new leads**

  Twitter's great search engine tool allows one to discover prospective customers based on their profiles and what they are Tweeting.

- **Hold a Twitter contest**

  Nothing engages people quite as efficiently as winning a prize.

  The CEO of Zappos.com, Tony Hsieh, outlines the advantages of using Twitter. It was found that it has been a great way to connect on a more personal level with employees and customers and in the long term, Twitter helped to drive repeat customers (Zappos.com, 2016).

It is clear that Twitter can assist in deriving revenue as mentioned. The key is innovative ideas that can be sold to companies to market products on Twitter. Twitter can be used to supplement company's traditional advertising campaigns and assist to reach a wider target market.

3.2.3.2   Facebook

Facebook (2014) indicates that it is a free and a well-known social networking website platform that accepts all registered members to create personalised profiles, post their messages upload any photographs or any video clips/recordings and keep in contact with family and friends.

"The website is available in approximately thirty seven languages and includes some of the following content (Facebook, 2014):

- **The marketplace** which accepts users to publish, respond and read classified advertisements immediately.

- **Groups are created** that allows people who have something in common to find each other and communicate with each other.

- **The Events page** which grants users access to publish events and allows the sending of invitations to guests and keep track of people that will attend the event..

- **Pages for the public** which allow users to generate and advertise a public page that is built around a particular subject which is of mutual interest.

- **The Presence chat technology** which allows members to see which friends are online and available for a chat".

In members' personal profiles on Facebook, there are many important networking elements. Most famous is "the Wall", which is basically a "virtual bulletin board". "Messages posted on a member's Wall can be text, video or photos". Another popular feature is the "virtual Photo Album". Photographs can be uploaded from a personal computer or from a Smartphone. There are no restrictions on the number of photos that can be uploaded. However, Facebook staff will delete unsuitable or copyrighted information (Facebook, 2014).

"Facebook is an online social networking platform headquartered in Menlo Park, California. Facebook was launched on February 4, 2004, by Mark Zuckerberg with his college roommates and fellow Harvard University students Eduardo Saverin, Andrew McCollum, Dustin Moskovitz and Chris Hughes. The founders had originally limited the website's membership to Harvard students but later expanded it to other educational institutes in Boston, Ivy League and Stanford University. Since 2006, anyone who is at least 13 years old is allowed to become a registered user of Facebook, though the age prerequisite may be higher on applicable local laws. The Facebook name was initiated

from a colloquialism for the directory given to it by American university students" (Carlson, 2010).

PWC (2014) reported that with 9.4 million active users in South Africa alone, Facebook has indisputably had an important impact on the South African market. It has become a key participant based on the absolute number of advertisement impressions it serves, which is a direct result of its extensive reputation.

PostPlanner (2013) outlines the benefits of Facebook for businesses as follows:

- Increased exposure to existing and potential customers;
- Can be used to obtain more leads;
- Decreased marketing expenses;
- Reaching a specific target audience to purchase a product;
- Using Facebook insights for more information;
- Building brand loyalty by establishing more friends;
- Increased web traffic continuously;
- Being mobile ready at any time; and
- Spying on competitor's marketing strategies.

It is clear from the above that Facebook is a "one-stop shop" for the sharing of general information with friends and family. It is a platform used to converse and share ideas, ask pertinent questions, make comments on members' statuses, add and update statuses, make new friends, promote businesses or expertise, and much more. It is

difficult to come across a one-stop platform on the Internet of this magnitude that includes all the organization/individual could use.

3.2.3.3 Pinterest

Pinterest indicates that it is "a web and mobile application company which operates an eponymous photo sharing website platform. The website was founded by Ben Silbermann, Paul Sciarra and Evan Sharp. It is managed and controlled by Cold Brew Labs and funded by a small group of entrepreneurs and investors" (Pinterest, 2013).

Pinterest is a free website that requires a user to register before using the facility. "Users can upload, save, sort and manage images known as pins and other media content (videos and images) through collections known as pinboards". Members can view the content of other members' postings on the main page. Users can then save personal pins to one of their boards using the "Pin It" button, with pinboards typically arranged by an essential topic or theme. Users can personalise their experience with Pinterest by pinning anything, creating boards and communicating with other members (Pinterest, 2013).

According to the South African Social Media Landscape 2015 study, Pinterest has the peculiarity, along with Mxit, of being one of only two social networks to decline in active user numbers from 2013 to 2014, dropping from approximately 910,000 to 880,000 active users. Interestingly, its global member base remained steady during this period, maintaining 70 million active users. Some may regard this as stagnation, but Pinterest remains an incredibly engaging network, recording an average of 14.2 minutes per visit.

The most general content revolves around décor, fashion, recipes, weddings and babies, which ties in with the fact that sixty-eight percent of users are women. (Wronski and Goldstruck, 2014).

According to Pinterest (2013) the benefits are as follows:

- **Drives Traffic**: Pinterest is a large driver of traffic. Pinning and repining information assists by creating links back to a personal blog or website.

- **Connects and Develops Relationships**: Pinterest attracts highly engaged users from which one can establish a network and interact with current and potential customers. It is all about connecting, sharing and interactions as it is building trusting and loyal relationships with people.

- **Search Engine Optimisation**: Pinterest is a site often indexed by search engines (For example, Google), so it provides opportunities to achieve search engine optimisation.

- **Reinforces Brand**: It allows one to personalise and market one's brand, probably a lot more than other websites. Use spectacular images to create a visual display of what the company is about and showcase its best resources, thereby creating an opportunity for letting the personalities behind the brand shine through.

- **Increase Visibility and Build Reputation**: Pinterest can help gain brand marketing exposure by sharing work, offering insights, expert advice, tips and useful resources from one's field of expertise and can position oneself as an expert in the niche market.

Pinterest provides many benefits that can assist organisations and individuals to market themselves to the global community, especially taking into consideration the popularity of the platform.

3.2.3.4 LinkedIn

LinkedIn states that their platform is a social network for business-oriented people. It was established in December 2002 and went live on 5th May 2003. It is mainly used for professionals to network. In 2006, LinkedIn had approximately 364 million members in almost 200 countries and territories (LinkedIn, 2017).

According to Hempel and Jessi (2013), the website is available in twenty-four languages. Some of the languages that LinkedIn is available in are "Chinese, Arabic, French, English, Italian, German, Russian, Danish, Dutch, Portuguese, Spanish, Swedish, Danish, Romanian, Russian, Turkish, Japanese, Czech, Polish, Korean, Indonesian, Malay, and Tagalog". LinkedIn (2017) unique monthly American users were 65.6 million and 178.4 million users internationally.

The benefits of using LinkedIn

Not everybody knows how LinkedIn can help them and their organisations. "For business owners, account managers, business development managers and anyone else who is in sales and marketing", outlined are a few benefits as indicated by (LinkedIn, 2017):

- Identify the right people to determine who are the correct people that are the decision makers;

- To receive introductions from business prospects;

- To discover and establish relationships with customers, business associates and other contacts;

- To determine the relationships of work colleagues from other departments and divisions;

- To find information about clients and new businesses which make offline and online communications easier to maintain;

- The maintenance of relationships with existing and new clients;

- Visibility of sales personnel and one's organization;

- Personal and company branding; and

- Make oneself be perceived as an expert to all contacts and new prospects;

According to a 2015 study by the SA Social Media Landscape, LinkedIn continues to be the revelation package of South African social media, rising 40% from 2013 to 2014 from 2, 7 million to 3, 8 million users (Wronski and Goldstuck 2015).

LinkedIn, combined with traditional marketing campaigns, can have extraordinary results for a business taking into consideration the number of people that use the platform. A campaign executed parallel with LinkedIn can be used in many ways for brand-building, promotions, competitions, product sale and forming networks to further enhance an advertising campaign (LinkedIn, 2017).

3.2.3.5. Instagram

Frommer (2013) indicates that it is "an online mobile photo, video-sharing and social networking platform that allows its members to take and share pictures and videos of themselves on many of social networking platforms such as Facebook, Twitter, Tumblr and Flickr". A distinguishing aspect is that it restricts photographs to a squared shaped design, similar to other photographic technology. A filter for digital pictures can be included by the user. Each uploaded video clip on Instagram must not exceed 15 seconds.

Kevin Systrom and Mike Krieger are the initial creators of Instagam's reputation by having just over 100 million members as at the end of April 2012. This figure increased to 300 million at the end of December 2014. Instagram is available "through the Apple App Store, Google Play and Windows Phone Store. Support for the Instagram app is available for iPhone, iPad, iPod Touch and Android handsets, while third-party Instagram apps are accessible for Blackberry and Nokia-Symbian Devices" (Instagram.com,2015). In April 2012, Instagram was bought by Facebook for an amount of $1 billion dollars. In 2013, Instagram increased internationally by 23% of users, while Facebook only grew by 3% as the holding company (Instagram, 2015).

The few benefits of Instagram outlined by KOOZAI (2014) are as follows:

- Increased Engagement - valuable and appealing content can earn one extreme levels of engagement with the audience.

- Building Trust and Personality - With branded content being more admired for generating engagement, one of the main advantages of Instagram is that it can assist in building trust.

- Gaining a Competitive Advantage - incorporating Instagram into marketing strategies provides for likeliness of reaching more customers.

- Reaching the Target Market – an effective means to attract the correct target market for your brand awareness or promotions.

The benefits outlined by Instagram as a social media platform provides opportunities for to focus marketing campaigns to target new and existing customers. Instagram is a powerful platform for creating visual content for businesses.

3.2.4 Other alternative online revenue sources

3.2.4.1 YouTube

YouTube is a video sharing website whose headquarters are in San Bruno, California in the United States of America. Three previous PayPal employees created the service in February 2005. YouTube was purchased by Google in February 2005 for $1.65 billion US dollars. YouTube is a subsidiary company of Google. The website allows people to upload videos by sharing and allowing for the viewing of videos. Some of the video

content that is accessible on YouTube is educational, television show clips, musical videos, video blogging and original work. The majority of the videos are uploaded onto YouTube by users. Unregistered users can access YouTube content and registered members can upload their videos onto their favourite channels (YouTube, 2017).

Revenue sources

The majority of videos on YouTube are free to view and supported by advertising. "In May 2007, YouTube launched its Partner Program, a system- based on AdSense, which allows the uploader of the video to split the revenue produced by advertising on the site. YouTube typically takes 45 percent of the advertising revenue from videos in the Partner Program, with 55 percent going to the uploader". There are approximately a million members on the YouTube Partner Program (Youtube, 2017).

Queensland (2016) outlines the variety of benefits and uses that YouTube offers supplement those presented by other communication platforms, namely:

- The demonstration of products - Companies are allowed to showcase products by means of videos.
- Creating community - Communities can be created on YouTube as an instrument to connect with customers and other companies.
- The demonstration of expertise - A few companies use YouTube to establish themselves as experts in a particular profession.

- Assist by saving of website bandwidth - YouTube allows video clips to be embedded on the website, which does not increase website bandwidth and assists in saving bandwidth.

- Showing the brand and its personality - adding colour and action to a company's video images.

- The leveraging of events and promotions - capability to refer back to successful events by showing the video recording to people that like to see the video again or to people that did not attend the event.

- The solving of customers problems - many companies make use of YouTube to afford solutions to customers.

According to a study conducted by SA Social Media Landscape in 2015, YouTube has been the revelation of the year 2014, utterly demolishing the argument that South Africans are not ready for online video due to slow and expensive broadband. Despite this, 7.2 million South Africans are active monthly users of YouTube, an increase of 53% from 2013. This growth remains behind YouTube's global rise, with daily subscriptions growing at 300% over the previous year. It is estimated that 6 billion hours of video are viewed every month on YouTube, roughly one hour for each person on the planet (Wronski and Goldstuck, 2015).

Further Youtube benefits, according to Booth (2015) are:

- To get traffic to one's website and blog by ensuring links are include in the video;
- Create products and promote them;
- Sell others' products as an affiliate marketer;

- Get creative by creating a Web TV series;

- Become a YouTube personality;

- Make money with videos on the YouTube Partner Program; and

- Teach by sharing knowledge with tutorials.

The benefits of YouTube show potential for organisations and individuals in many forms to market their products through the use of videos.

3.2.5 Other alternative revenue sources

3.2.5.1 Merchandising

"Merchandising activities may consist of display techniques, free samples, on-the-spot demonstrations, pricing, shelf space, special offers and other point-of-sale methods" (Businessdictionary, 2015). According to Campbell, Martin, Fabo and Daniel (2011), merchandising encompasses the "planning involved in marketing the right merchandise or service at the right place, time, quantity and at the right price." Merchandising is something which contributes to the sale of products or services to a customer. At a retail store, merchandising refers to the number of products that are on display and the display of products in a way that stimulates awareness and entices customers to make a purchasing decision. In retail commerce, the visual display of merchandising means using a particular product design, selection, packaging, pricing and exhibits that stimulate consumers to spend more money (Businessdictionary, 2015).

3.2.5.2 Radio Events and Outside Broadcast

An Outside Broadcast refers to the broadcast of radio or television programmes from a different venue and not from the original venue where the radio or TV station is based. This simply means a broadcast that is done "outside", which effectively means "outside the studio". An "OB Unit" is a vehicle which houses a mini studio with equipment and provides the ability to do a live broadcast from any venue by means of a broadcast line. An Outside Broadcast unit is made up of the following (Mediacollege, 2015):

- A number of video cameras;
- A control room where the technical and production staff are housed to ensure that the outside broadcast takes place faultlessly;
- Studio and specialized equipment that is housed at a presentation area; and
- Transmission equipment for coverage of the broadcast.

Events are a broadcaster (Radio or TV) established event or a private event like a seminar, sporting event, community event or concert. Outside broadcast units specialise in various events coverage. For example, soccer match coverage, the outside broadcast unit takes appropriate technology, specialized staff and correct equipment to ensure that the soccer match is covered professionally (Mediacollege, 2015).

People are often attracted to events like music shows; car shows; product demonstration; and so on. Therefore, events forms a lucrative means for companies to market themselves to a huge market.

3.2.5.3   Broadcast Syndication and Sale of Radio Content

Radio syndication is an agreement that is formed by one radio service with another station to share the broadcast of content or use of the station's transmitter network at a fee or at no cost. It simply means that content is sold or given to another radio station to broadcast at the same time or at any other time. Radio broadcast syndication is similar to television syndication. Aside from that, radio is not usually structured into rigid associations but through networks. Radio networks distribute radio content and each station determines which programme content to transmit from a selection of networks. "Some examples of expansively American syndicated commercial broadcasting music programs include weekly countdowns like Rick Dees' Weekly Top 40, the American Top 40, American Country Countdown with Kix Brooks, Canada's Top 20 Countdown, the Canadian Hit 30 Countdown and the nightly program, Delilah, heard on many U.S. stations" (Campbell, Martin, Fabos, 2011).

"National Public Radio, Public Radio International, and American Public Media all sell programming to local member radio stations in the U.S., most of which are subsidised through the Corporation for Public Broadcasting but operated by private non-profit organisations, universities, state or local governments" (Campbell et al., 2011).

AdWeekmedia (2015) states that remuneration for broadcast syndication can be acquired whereby a programmer may receive financial compensation for transcripts, scripts or written excerpts from his/her program broadcast on PBS radio at any time, provided that the following conditions are met:

- A programmer may receive financial support for audio portions of programs broadcast on PBS Radio Stations, or

- Syndicated radio programme content is licensed to a specific radio station for cash, "the other radio station pays for the rights and for a few or all advertising content".

3.2.5.4   Cellular/Mobile Phones

"A mobile phone (also known as a cellular phone, cell phone, hand phone or simply a phone) is a device that can make and receive telephone calls over a radio link while moving around a wide geographical area by connecting to a cellular network provided by a mobile phone operator and allowing access to the public telephone network". In addition to telephony, contemporary mobile phones also support a wide variety of other services such as text messaging, MMS, email, Internet access, short-range wireless communications (infrared, Bluetooth), business applications, gaming and photography. Mobile phones that have these attributes have computing abilities and are referred to as smartphones (Heeks, 2013).

A cellphone is a device that allows two-way communication and mass media refers to it as a medium that can broadcast a message to a number of people. Most cellphones have Internet access and are capable of connecting to the World Wide Web, which itself is a large medium penetration. Advertising campaigns can reach cellphone users directly. This is achieved by broadcasting these messages to all cellphone users on a company's database. This type of broadcast of mass advertising targeting many people is a form of mass communication (BalancingAct, 2014).

"One vital source of income for radio and TV stations is the SMS messages sent in as votes or in response to competitions or questions about programmes. Although the income shares of SMS votes on reality TV show programmes are big money earners, sometimes this is not nearly enough to finance the programme. Very few media owners have a clear strategy for raising money in this way". The revenue is split three ways amongst the Service provider, the Short Message Service (SMS) Company and the radio station. This three- way revenue split is normally negotiated by the parties when they draw up an agreement (BalancingAct, 2014).

An overview of mobile devices in South Africa

PWC (2014) indicated that the majority of South Africans consume media on their cellphones, so everything needs to be mobile enabled. The following outlines the report from PwC:

- Internet access in South Africa is dominated by mobile phones. In 2013, South Africa's mobile Internet revenue amounted to approximately R20.2 billion.

- It is anticipated that the growth of mobile Internet users will increase from 15 million users in 2013 to 35.2 million by the end of 2018.

- In 2013, mobile Internet advertising revenue growth was 18%. This is expected to increase to 28% in 2018.

- Revenues from access to the Internet through mobile phones will outnumber access through broadband in terms of size and growth. From 2013 to 2018, a revenue growth GAGR of 24.8% is expected for mobile access to the Internet in South Africa.

- Important factors are being looked at that pertains to the growth of Internet access in South Africa. These factors include:

  - Escalating capacity and number of sub-marine cables that connect SA to the world;
  - Investing in and developing mobile and fixed networks; and
  - Accessible and affordable data devices like tablets and smartphones.

- Telkom SA is the largest service provider for fixed broadband and included 914,100 subscribers in 2013, which is 67% of South Africa's broadband users. Telkom also commands the highest DSL subscription, which is a total of 910,000 subscribers.

In 2013 there were 15 million people in South Africa using their mobile phones to access the Internet, which is much more than the fixed broadband users. Mobile users of the Internet in SA are projected to increase to 35.2 million people towards the end of 2018 (PWC, 2014).

According to Brown (2014), 30% or more citizens of South Africa citizens are conscientious to commercials that appear on mobile phones. South Africa is considered to be a matured technology market in the whole of Africa and is noted as the first country in Africa to embrace 3G technology, in 2008. The launch of tablets and smartphone infiltration led to an expected growth of mobile advertising, with

smartphones anticipated to have reached 60% of subscribers by 2018. Social media played an important role in the increase of mobile advertising revenue because of its strength in monetising content.

3.2.5.5   Franchising

Farlex (2012) describes franchising as "an agreement between a wholesaler or retailer and the holder of a brand for the distributor to use that brand exclusively in an area". That is, the wholesaler or retailer is the only company allowed to sell that brand product within definite boundaries. This helps the wholesaler or retailer to boost its sales because it can tap into customers' brand loyalty and reach customers in different areas.

The word "franchise", which means privilege or freedom, comes from the French language. In a broader way, franchising give individuals the power to own their own company. The franchisee is an individual that seeks a business opportunity that will provide ongoing support (Farlex, 2012).

Franchising can be utilised in many innovative ways to attract alternate revenue to public broadcasting radio stations.

3.2.5.6   Audio Streaming

The increase of online streaming is defining positive characteristics of international music markets in early 2015, which are the continued surge in consumer uptake of streaming services. Much of this is determined by young customers with little or no

knowledge of owning music and therefore who are less geared to traditional ownership models. "The potential for growth within the streaming sector states that there is substantial untapped potential for growth within the paid-for category. The Ipsos research indicates that 35% of consumers have accessed free music streaming services in the last six months, compared to 16% using paid-for music subscription services" (Kern, 2012). While consumer use of free and paid-for services varies remarkable between countries, there are markets such as Sweden and South Korea that have consumers who will pay large amounts of money for premium music subscriptions. The quantity of single downloaded music tracks increased in 2006 to R795 million, which was a phenomenal increase from R160 million in 2004. This accounted for the increase in revenue from 397 million dollars to 2 billion dollars (Kern, 2012).

3.3   Conclusion

Various alternative revenue sources were identified that can generate alternative revenue for Public Broadcasting Radio Stations. Firstly, the chapter looked at PBS Radio stations' websites that can provide ample opportunities to produce alternative revenue. Secondly, the chapter explored social websites like Twitter, Facebook, Pinterest, LinkedIn and Instagram. Lastly, other alternative sources like YouTube, merchandising, events, broadcast syndication, cellular phones, franchising and music streaming were described. These opportunities, if utilised by Public Radio Station, will yield additional revenue for Public Radio Station as identified by the research provided.

The next chapter describes the research methodology employed in the field research.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1   Introduction

Burns and Grove (2003:195) state that "research is a blueprint for conducting a study with maximum control over factors which may interfere with the validity of the findings". Parahoo (2014) indicates that research design is "a plan that describes how, when and where data are to be collected and analysed". A detailed research methodology upon which the study was based is discussed in this chapter.

4.2   Research Design

The study involved the gathering of qualitative data and the focus was to provide qualitative analyses of the data from the interviews administered to participants. A qualitative approach allows the researcher to gain knowledge of the issues in-depth and thus enables the researcher to have a greater understanding of the situation. According to Marshall and Rossman (2014), qualitative researchers are fascinated by the intricacies of social connections communicated in daily life and by the meanings that the participants themselves give to these interactions. Thus, qualitative research is practical, explanatory and grounded in the lived experiences of people.

The research involves a qualitative approach and the method used was a survey conducted amongst Public Broadcasting Radio Management (Station Managers, Programming Managers and Marketing Managers) and Senior Management from PBS

Radio within the SABC. The research instrument was a semi-structured interview conducted telephonically utilising Microsoft office communicator software and face-to-face interviews where logistically possible.

Laforest (2009), states that semi-structured interviews are used to collect qualitative data. Interviews of this type are suited to working with small samples and are useful for studying or for supplementing and validating information derived from other sources used for making safety diagnoses.

Cooper and Schindler (2008:14) posit that qualitative research was designed to tell the researcher how (process) and why (meaning) things happen as they do. They state further that qualitative research intends to achieve a detailed understanding of any situation, which in this case was the need for and shape of alternative revenue sources that public broadcasting radio stations in South Africa can utilise to improve on revenue growth and total advertising market share. Data from PBS radio management were gathered to address the study's key questions, namely to identify alternative, under-utilised revenue sources that exist and the likelihood that PBS will tap into any such alternative revenue sources and if not, why not.

4.3   Study Population

According to Sekaran (2006:265), the population refers to the entire group of people, events or things of interest that the researcher wishes to investigate. The population comprised of radio management/experts in South Africa that are responsible for revenue generation and the operations of their radio station. Since, this study relates to

exploring alternative revenue sources of PBS radio stations only a subset of the total radio management/experts was involved in this study. The SABC has 15 Public Broadcasting stations and station management contributed to the study. A sample size of 18 respondents was utilised for this research, comprising the Radio Management (Senior Managers, Station Managers, Marketing Managers and Programme Managers). Since the research aimed to explore alternative revenue sources for PBS Radio stations, it was deemed appropriate to use one representative from each radio station. Management from the PBS radio stations are a subset of the study population because they are ultimately accountable and have key information on how best to improve the revenue generation of PBS radio stations.

The study would not have had meaning if other radio stations, like community and commercial stations were used as they were not applicable to this research. The population from which the sample were drawn represents the custodians of PBS Radio stations and have all the knowledge and expertise associated with what will work for these radio stations.

Welman, Huysamen, Kruger and Mitchell (2005:52) outline that the population is the study object and consists of groups, individuals, individual products, organisations and events or the conditions to which it is exposed.

4.4   The Sample

A sample refers to a subset that is used from the population pertaining to a specific research study.   According to Welman et al. (2005:55), it is usually impractical and uneconomical to involve all the members of the population in a research project.

Therefore one manager from each PBS radio station was selected which is a total of 15 managers and three Senior PBS Managers to add impetus to the study which is a total of 18 participants. The sample of eighteen participants in this study consisted of PBS Radio management managing PBS Radio Stations, which are Senior Managers, Station Managers, Programming Managers and Marketing Managers. The sample size is small but these participants were critical to add substantial value to the success of the research because there are directly involved with managing PBS radio stations. They were purposively selected because they are the people involved with the revenue generation and managing of the PBS Radio Station budgets, effectively accountable for the financial success of the radio stations.   Therefore, PBS Senior management was also utilised to add length and breadth to the research because it make a valuable contribution towards this research.

4.5   Sampling Method

A non-probability sampling method that employed a purposive sampling technique was utilised in the study.   The sample selected from the total PBS Radio Management population were knowledgeable about alternative revenue sources available to Public Broadcasting Radio Stations and they were therefore specifically chosen because of

their expertise. A discussion of the non-probability sampling plans and purposive sampling follows.

4.5.1 Non-probability Sampling Plans

Non-probability sampling plans are those that provide no basis for estimating how closely the sample characteristics approximate the parameter of the population from which the sample was obtained (Black and Champion 1976:267). Non-probability sampling does not attempt to select a random sample from the population of interest. Instead subjective methods are used to determine which elements are included in the sample. Saunders, Lewis and Thornhill (2016:295) indicate that non-probability sampling provides a host of alternative techniques when selecting samples, the majority of which include an element of subjective judgment.   Non-probability sampling techniques are either convenient, purposive or quota based. This study utilised the purposive sampling technique based on the selection of experts at Public Broadcasting Radio Stations.

4.5.2 Purposive Sampling Techniques

Purposive sampling is when a researcher selects specific people within the population to use for a particular study or research project. Saunders et al. (2016:301) state that purposive sampling is whereby the researcher uses their judgment to select a sample that will best be able to answer the research question(s) to meet the researcher's objectives. For this reason, this is sometimes known as judgmental sampling. Purposive sampling are frequently used in qualitative research. For example, when

using case study research and selecting cases that are particularly informative (Neuman, 2005). The rationality on which the researcher bases the plan for the selection of a purposive sample should be determined by the research question(s) and objectives (Saunders et al., 2016:301). Homogeneous sampling focuses on one particular subgroup in which all the sample members are similar, such as a particular occupation or level in an organisation's hierarchy. Characteristics of the selected participants are similar, in that they were at management level and all had a thorough understanding of the funding of PBS radio.

To reiterate, respondents were Senior Managers, Station Managers, Marketing Managers and Programme Managers from PBS Radio Stations in South Africa owned by the SABC. The sample size was eighteen. One participant from each of the fifteen radio stations was purposively selected because of their radio knowledge and experience. Also, three SABC senior managers (PBS General Manager, General Manager Sales Operations and National Digital Manager) that oversee the PBS radio station portfolio were included to add value to the study.

As the study aimed to address the improvement of revenue for Public Broadcasting radio services and it did not include commercial or community radio stations. Public Broadcasting radio experience was crucial in the selection of the sample and management was required to have at least five years public broadcasting experience. Male and female PBS Radio management of all races who were over the age of twenty-five years were included in the sample. The participants' position (job title) within Public Broadcasting Radio Stations was important, that is, it had to be a "manager" at a public broadcasting organisation.

4.6   Data Collection Methods

Data are basically pieces of information that meet the specified criteria of interest, collected by the researcher. The instrument of data collection employed was telephonic interviews, Microsoft Office Communicator software interviews and face-to-face interviews. The interviews were also recorded using Microsoft Office Communicator and the Olympus Voice recorder. Microsoft Office Communicator is communication software launched by Microsoft in 2007 which enables users to communicate with each other in an office environment or outside the office, utilising the same exchange server (Microsoft, 2007). Microsoft Office Communicator is similar to Skype, which provides for audio or audiovisual communication allowing one-to-one communication or one-to-many communication by people in the same organisation.

Gill, Stewart, Treasure and Chadwick (2008:292) aver that researchers adopt interviews as data gathering methods because it provide the opportunity to obtain information from respondents that would have been difficult or impossible to obtain from questionnaires and focus group discussions. They further assert that much goes planning is required for interviews. The goal is to gather as much information as feasibly possible about the issue at hand, while also addressing the aims and objectives of the research.

Gill et al. (2008:291) further distinguished between three major types of interviews, namely structured, semi-structured and unstructured interviews. They aver that when interviews are orally administered, they are said to be structured and they typically contain a list of pre-determined questions that have no follow-ups that could have

provided more insights or that require further explanation. Their advantages are that they are fast and easy to administer.

On the other hand, unstructured questionnaires are spontaneous and devoid of a strict organization. They are not designed in any way to mirror any model or theory (Gill et al., 2008:291). Semi-structured interviews differ from the others in that they contain key enquiries that provide sufficient background and definitions for the areas that are to be discovered. These interviews are also unique because they allow the interviewer or interviewee some measure of flexibility in that it can deviate from a central theme in order to pursue an idea or response in more detail. This method is flexible because it allows for the discovery or elaboration of information that was vital to participants but that may not have been previously thought of as important (Gill et al., 2008:291).

The questions used in the semi-structured interviews were:

- Traditionally, the SABC relies heavily on advertising revenue in terms of commercial placements on various time channels at the Radio Station. Please identify and describe alternative sources that can generate additional advertising revenue? Has one had any direct experience of these sources?

- What properties from these alternative sources does one think can yield additional revenue?

- Please tell the researcher more about how clients can utilise these sources?

- What are the advantages of using alternative sources?

- In what ways and to what degree would these alternative sources assist clients with their investments in radio campaigns?

- What sort of aftercare would advertisers need after utilising these alternative sources? Who or what can meet this demand?

4.6.1 Conducting the Interviews

Interviews were conducted telephonically, face-to-face and with the use of Microsoft Office Communicator. The procedure was explained to the participants and a date was agreed upon to interview the participants. Consent forms were emailed to participants prior to the interviews being conducted in order to obtain their permission to participate in the study. Approved consent forms were emailed to the researcher. The researcher is a Station Manager and he was consequently able to gain access to the radio management from the SABC's Public Broadcasting Radio Stations. Furthermore, all radio management had access to Microsoft Office Communicator software and meet on a quarterly basis at station management meetings. Therefore, access to the purposively selected sample did not pose a problem.

Appointments were scheduled in advance with the participants in order to conduct the interviews. Welman et al. (2005:165) advise that the advantage of telephonic interviews is the speed with which it may be completed, especially when participants over a vast geographical area have to be contacted. The biggest advantage of personal interviews is that the interviewer is in control of the interview situation. Telephonic Interviewing is a quick method, is more flexible, and allows better control of the sample and the rate of

response. Personal interviewing allows flexibility and facilitates probing. Telephonic interviews were an inexpensive way to reach a target market that was based in various provinces of South Africa.

4.7 Trustworthiness in Qualitative Studies

Trustworthiness in qualitative studies is about achieving creditability, transferability, confirmability and dependability (StatisticsSolutions, 2016). In line with the quest for trustworthiness, each person who was approached was given an opportunity to refuse to participate in the interview. This was to ensure that the interviews involved only those who are genuinely willing to take part and prepared to offer information freely. This was an important consideration in the light of the competitiveness amongst stations.

According to Shenton (2004), for trustworthiness, participants should be encouraged to be frank from the outset of each session with the researcher aiming to establish a rapport in the opening moments and indicating that there are no right answers to the questions that will be asked. This is what the researcher did.

4.8   Data Analysis

Qualitative data analysis often involves analyzing interviews and doing content analysis. Telephonic and face-to-face interviews were recorded by an Olympus voice recorder or on Microsoft Office Communicator software. Recorded interviews were transcribed into Microsoft Word documents and thereafter the most important points were captured per participant on an Excel spreadsheet under each objective (Appendix F). The interviews were analysed to establish the important outcomes that emerged from the feedback received from the participants.

Casterle, Gastmans, Byron and Denier (2012) recommend that constant revision of the interview data is important to determine whether or not the data obtained mainly corresponds to the research questions. Burnard, Gill, Stewart, Treasure and Chadwick (2008:429) assert that interview transcripts, observations and field notes indicate a descriptive report of the study but do not, however, indicate explanations or answers to the 'why' question. It suggests that the responsibility lies with the researcher who is tasked to understand the data that have been collected by exploring and explaining them.

4.9 Limitations of the Study

4.9.1 Sample Size

Given that both funding and timing were of the essence, eighteen people were interviewed for this study. The sample size of fifteen participants was ideal for this study but three more participants from Senior Management of PBS radio stations was included to add more impetus to the study.

4.9.2 Purposive Sampling or Defining the Study Population

The purposively selected sample of radio experts excluded opinions from others who may have been in a position to offer further contributions to the quest for alternative revenue sources in public broadcasting radio. Business people, CEO's, Chartered Accountants, Masters of Business Administration graduates, Academics and others with an entrepreneurial "outside" perspective may have expanded the appreciation of the subject matter.

4.9.3 Non-Probability Sample

Non-probability sampling is a sampling plan where the samples that are gathered in the process do not allow all individuals in the population an equal chance or probability of being selected. The sample may or may not represent the entire population accurately (Mugera, 2013).

4.9.4 Competitiveness and Confidentiality

Members of the research population may perceive themselves to be in competition with others and did not wish to divulge their thoughts on alternative funding sources. Promising confidentiality and anonymity, and stressing the collective interest of the industry, assisted to overcome such fears. Furthermore, the researcher, being a station manager, had to assure participants that the study is for the benefit of PBS radio. PBS radio management were tasked at strategic management sessions of the SABC to work together to explore alternative revenue sources for PBS radio.

4.10 Ethical Clearance

Written consent to conduct the research was requested from the South African Broadcasting Corporation. The researcher adhered to all rules and regulations stipulated by the SABC. The Durban University of Technology Faculty Research Ethics Committee (FREC) also provided full approval to conduct the research. The written consent by FREC and SABC are included as appendices D and E to the dissertation.

4.11 Confidentiality and Anonymity

As researchers anticipate data collection, they are required to respect the participant. Do not put participants at risk and respect vulnerable populations (Creswell, 2013:73). All participants in this research were assured of full confidentiality. Their identities were not revealed. Only the researcher will have access to the details of the participants. All

data is accessible to the researcher and supervisors. All data collected will be kept for three years.

4.12 Conclusion

This chapter addressed the research approach that was used to conduct the research. The next chapter discusses how the data was analysed and interpreted.

CHAPTER FIVE

DATA ANALYSIS AND PRESENTATION

5.1 Introduction

This chapter focuses on analysing the data obtained from the participants involved in the study. Data was collected through interviews conducted with selected participants from the SABC. The data analysis was carried out with the aim of proffering answers to the study's objectives.

The research objectives of the study were to:

- Identify alternative revenue generating sources available to PBS radio stations.

- Establish what properties from the alternative sources can yield additional revenue.

- Determine the various ways alternative sources can be utilized by clients.

- Ascertain the advantages of using alternative sources

- How alternative sources can assist advertisers with their radio investments?.

- Establish what sort of after-care would be needed by client's after using alternative sources.

5.2 Participants' demographic information

5.2.1 Participants Age

Table 5.1: Participants' age

Age	Number of Participants	Percentage (%)
25-30	3	17
30-45	4	22
45-55	8	44
Above 55	3	17
TOTAL	**18**	**100**

Table 5.1 above clearly shows the ages of the research participants. As expected, most of the participants fell between the ages of 45 years and above, which indicates that people in management at SABC public broadcasting radio stations are mature and have five years and more management experience.

5.2.2 Participants' Sex

Table 5.2: Participants' sex

Age	Number of Participants	Percentage (%)
Male	12	67
Females	6	33
TOTAL	**18**	**100**

There was no particular gender preference for the selected participants. Table 5.2 clearly shows that male participants outnumbered their female counterparts in the research. The dominance of males in media organisations has been a subject of discourse in recent times. For instance, Curran (2011) argues that the development of the media empowered men at the expense of women and is responding to revisionists within its own ranks who emphasise that the media changed in response to the advance of women. A total of 18 semi-structured interviews were conducted, which included 15 PBS radio managers and three PBS senior managers that provided a perspective on additional information (Appendix F).

5.3 Addressing the research objectives

5.3.1 Objective one: Identify alternative revenue generating sources available at PBS radio stations.

One of the primary goals of the research was to ascertain alternative revenue generating sources available to the SABC, with an attempt to significantly reduce the organisations dependence on revenue from the government and advertising, thereby maintaining its independence and neutrality in reporting social issues as well as aiding in the development of the country's economy.

As stated earlier, 18 participants were interviewed for the study; the researcher asked all participants similar questions, after which the responses were documented. The first question sought to elicit from participants alternative ways through which the SABC can generate revenues. Even though the responses obtained varied from participant to

participant, there were some common threads. The primary responses are presented graphically below to indicate an overall response of alternative revenue sources indicated by participants:
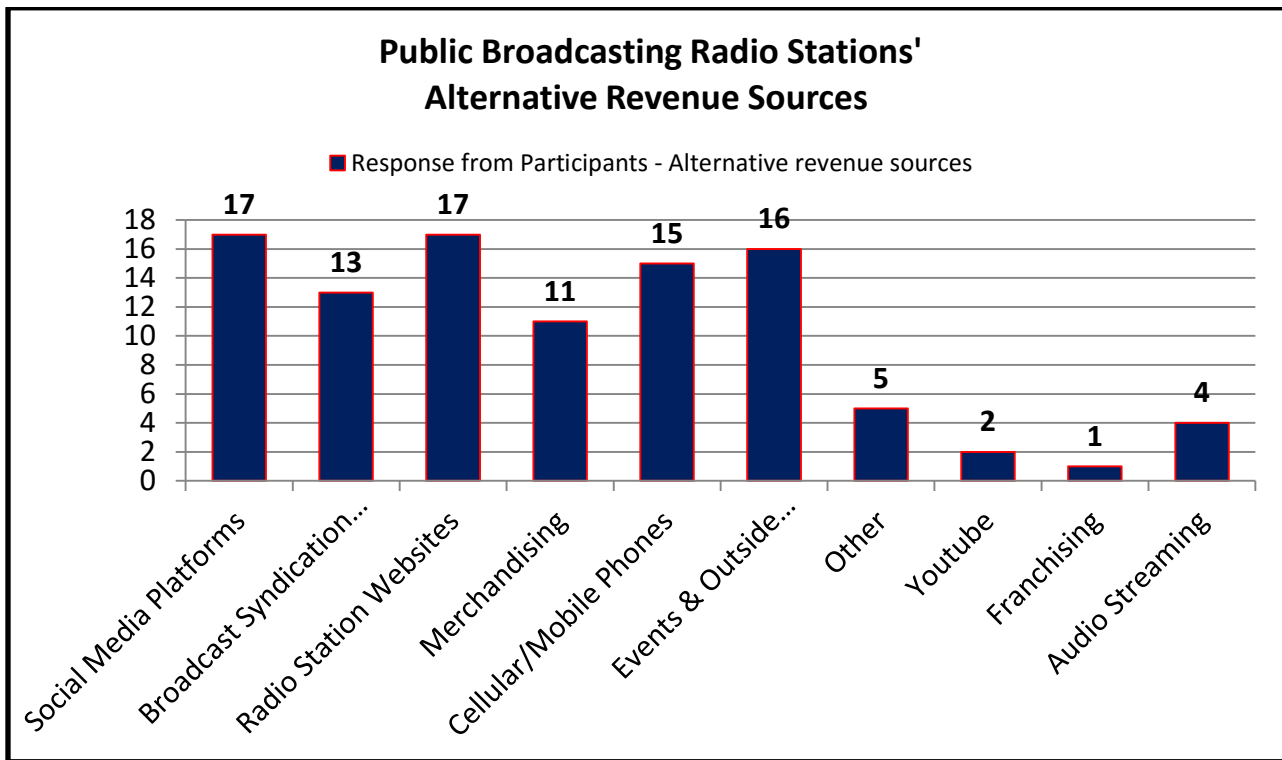
Figure 5.1: Participants' views on alternative sources of revenue for SABC

Figure 5.1 above clearly shows the analysis of the interviews conducted, which indicates the favourability of the various alternative revenue sources that the participants acknowledge will generate alternative revenue for PBS Radio Stations.

The top six alternative revenue sources that were mentioned by the majority of participants and ones that they had direct experience with were: Social media platforms; broadcast syndication and sale of radio content; radio station websites; merchandising; cellular/mobile phones; events and outside broadcasts. The other alternative sources identified by participants which were not so prominent were:

Youtube; Franchising; Audio Streaming and other (trade exchange partnership; renting of donor lists and transmitters; Whatsapp campaigns; mobisite; above-the-line and below–the-line advertising campaigns).

5.3.2 Objective 2: Establish what properties from the alternative sources can yield additional revenue.

- **Events and Outside Broadcasts**

Sixteen participants indicated that events and outside broadcasts were the way to go for PBS Radio to generate alternative revenue. The sanguinity amongst the participants was astonishing. Participant C, D, E, F, K and O believed that Events can be taken to new echelons to appreciate alternative revenue and feel that they are just scraping the surface for revenue generation. Participant O indicated that "Events can bring in thousands, if not millions, of rands for public broadcasts if explored further". Participant M stated that the important point is that "events should be supplemented by radio stations with on-air promotions to drive audiences to station events".

Most of the participants indicated that events are the present and future alternative source of revenue for all PBS radio stations. Participants B, G, J, K, L, M and O outlined that generating revenue from events can be achieved by gate takings (ticket sales). Other means of yielding additional revenue indicated by participants were advertiser promotions; branding displays; competitions; sponsorships of the event; sampling; electronic billboards; brand education; advertisers purchasing

outside broadcasts to market their companies; merchandising; mini in-store promotion broadcasts; government educational programmes; and other innovative event ideas.

Participant O stipulated that events should be "sold to sponsors or clients for a minimum of R150, 000 and that four radio stations each earned R300,000 and more from ticket sales for station owned and client owned events".

Participant D indicated that "Outside broadcasts are live on air broadcasts that are station or client owned events which include public attendance and are normally conducted by the radio stations' personalities". It is clear that events and outside broadcasts are indeed an effective means to draw additional revenue to PBS radio stations.

- **Radio Station Websites**

Seventeen participants were in agreement that internet or radio station websites are a sleeping giant revenue generator. Websites are the future revenue generator in many forms for PBS radio stations. Participant P indicated that resources, advertising rates (rate cards) and training pose challenges for station management to equip radio stations adequately in order to maximise alternative revenue attainments. "Station websites have been revamped, and station management feels that a dedicated team should be tasked with selling various aspects on the website" explained by Participant P.

Participant O indicated that "radio station websites must be supported by the radio station on-air activities in order to migrate listeners to the website and back to the station".

An overall indication by participants of deriving alternative revenue from radio station websites is that revenue can be achieved by means of banner advertisements; competitions; content downloads; music downloads; pay per click; scrolling advertisements; announcements; classified advertisements; adverts in the station's electronic newsletters; sponsorships; sale of station merchandising; VIP club membership; skyscrapers; music and programming streaming; sale of other content (jingles, ringtones, programming clips, presenter voice clips and so on) and CD and DVD sales (music and content). The opportunities to derive revenue from radio station websites are endless and need to be further explored by trained personnel. Participant O mentioned that "South Africa is not yet developed in terms of digital communication because the price of data is still very high and once this is resolved, we will see a massive change in consumer behaviour".

- **Social Media Platforms**

A total of seventeen respondents were certain that social media is a new platform that is going to take radio to new levels in the digital space and afford PBS radio stations large amounts of revenue. Everyone has access to social media platforms, and it is becoming part of their daily lives. "People cannot do without these social media platforms and the universe has become one with Facebook, Twitter, Instagram and LinkedIn, which include many users around the globe and these

platforms are drawing the international community closer" explains Participant P. The participants are confident that the inclusion of Radio Campaigns and the combination of social media platforms will bolster client's radio campaigns, ultimately creating a 360-degree approach to an advertising campaign.

The majority of participants remarked that they have social media platforms associated with their radio stations, but that these platforms are used mainly to interact with listeners and to market station events. On the other hand, a few stations are charging advertisers for the use of social media platforms as an extension of their radio advertising campaign. They would like to see clients investing in the radio stations' social media platforms, because they have substantial numbers of members on these platforms which advertisers are missing out on. Participant Q indicated that "traditional radio advertising spend, together with social media exposure, will undoubtedly improve alternative revenue for PBS radio stations".

Participant P indicated that "the challenges experienced by radio stations in realising revenue from social media platforms include the lack of training, resources, data costs and budgetary constraints". Many participants emphasised that social Media platforms, together with Radio, can offer clients 360-degree approaches that are a combination of radio campaigns with social media platforms in order to enhance advertising campaigns.

Outlined by participants in general is that radio stations can earn/generate revenue from social media platforms through advertising; engaging in innovative revenue avenues; sponsorships; billboards; competitions; product sampling; advertorials;

promotions; and other innovative ways recommended by advertisers. Participant P explained that the global media landscape is changing with the increased use of social media platforms, which creates an avenue for public broadcasting radio stations to be innovative with revenue generating options that will surely benefit their radio stations.

- **Merchandising**

Eleven participants informed the researcher that merchandising is already available at PBS radio stations and that they are given to listeners without a cost attached to it. Participant L pronounced that "Station merchandising like T-shirts and caps are sought after items, our listeners want these items and are even prepared to pay for them". Participant O opined that "Merchandising is an essential learning tool from the likes of soccer clubs like Manchester United, Real Madrid, Barcelona, Kaizer Chiefs and Orlando Pirates. Their Fans go crazy for these soccer clubs' merchandising and feel proud to use these clubs' merchandising". Participant O, visited a radio station in the UK in London and asked them "where most of their revenue came from, and they said that it does not come from content but from merchandising". Participant D stated, "Imagine PBS radio stations having shelf space at prominent clothing stores like Woolworths, Edgars and Mr Price, just to name a few. This will create such an impact on the station to achieve alternative revenue from its listeners purchasing these items". Merchandising is readily available at PBS radio stations, but immediate action has to be taken to partner with prominent clothing stores in order to start generating revenue from station merchandising, which was further outlined by Participant D.

The overall indication from participants is that the various merchandising that can be acquired by PBS radio stations to generate alternative revenue are: T-shirts, Caps, watches, bracelets, sunglasses, water bottles, track suits, golf shirts, lanyards, headphones, travel bags, and any other merchandising items. At many station events, the public stand in queues waiting to receive station merchandising because the association with a radio station is as important to them as highlighted by Participant E.

Participant J outlined that "the revenue potential of merchandising is beyond imagination if actually explored". Participant J indicated that they sold one thousand t-shirts at a cost of R30 in one hour at a station-owned event. Participants specified that merchandising can be sold at station events, on station websites, retail stores and other related merchandising avenues. Gathered from the semi-structured interviews with participants, they outlined that resources, budgets and strategy are fundamental instruments to aid the realisation of revenue from merchandising deals.

- **Cellular/Mobile Phones**

Fifteen participants indicated that cellular or mobile phones are integral communication tools for listeners to communicate with public broadcasting radio stations. Participant H explained that "cellphones allow audiences from all over South Africa to communicate freely with radio station personalities by providing content to the radio station, participation in discussions and entering radio station promotions and competitions". A majority of participants indicated that the general public considers their cellphones as a portable computer device that can do most

routine tasks for them such as make telephone calls, SMS, chatting, taking photographs, downloading and uploading content, participation in radio station discussions, online competitions and other cellphone communication-related activities.

The participants outlined a few ways that cellphone advertising can benefit an advertiser's radio campaign which is through the extension of existing radio campaigns, educating radio listeners about a product, short messaging (SMS), product information, banner advertising, billboards and competitions. Participant P noted that "the ownership and users of cellphones in South African are growing by the minute because cellphones have become a necessity for many people in their daily routines". Participants are confident that the cellular phone is a 'must usage' for all radio campaigns to gain access to a wider audience. Also, it is clear from the semi-structured interviews that radio campaigns exposed on Cellular phones are beneficial to radio clients advertising campaigns, actually reaching people beyond radio.

- **Audio Streaming**

Four participants indicated that PBS radio stations can make large amounts of revenue through audio streaming via the stations' websites. They have indicated that listeners all over the world can listen to PBS radio stations through audio streaming. Audio streaming channels are built into radio stations' websites for radio audience to listen live to their favourite radio stations from anywhere. Audio streaming channels are not limited to listening live to a radio station but can also

include the streaming of special music shows like Music Chart Shows and Gospel Music Shows that were previously aired on radio stations, as indicated by a majority of participants. Participants H, P and Q indicated that audio streaming can realise additional revenue if packaged with commercials for clients. A small percentage of participants indicated other alternative revenue sources like YouTube, franchising, audio streaming, podcasting and program sales, amongst others.

Participant Q mentioned that "PBS radio stations are busy forming partnerships with established music suppliers like Sony, Universal Music and Spice. These partnerships allow radio stations to have their music streaming channels incorporated into their websites to use music from various music labels and pay music royalties to the various music suppliers. The music played on these music streaming channels can be sold to the general public at a cost and the revenue can be split between PBS Radio Stations and the music suppliers".

Itemized in the interview discussions by most of the participants were that the general public is looking for the different South African and International music genres featured on PBS Radio Stations, namely Kwaito, Maskandi, Gospel, Jazz, R&B, Pop, Wedding songs and Indian Eastern Music. Participant Q indicated that "audio streaming as an alternative revenue option is something that PBS Radio stations should pursue to make additional revenue a reality".

- **Broadcast Syndication and Sale of Radio Content**

Thirteen participants highlighted that PBS radio stations have an extensive collection of radio content which can be sold to its audiences, community radio stations, commercial radio stations and other organisations. They also highlighted that content in the form of gospel shows; religious shows; traditional shows; language teaching shows; devotions; poem recitals; African connections; special commemorations and celebrations content; content relating to stalwarts in communities; educational content; documentaries; leaders that have passed on; music drama; educational set works; and particular programming content can be sold by packaging into CDs and DVDs. Content can also be downloaded with the help of Podcasts, downloaded from radio station websites, through broadcast syndication partnerships with other radio stations and leading music retailers.

The majority of participants alluded to broadcast syndication which applies to sharing of a countdown show; religious shows; and music chart shows that can be syndicated to national and international broadcasters at a cost. It was clear that syndication is for particular programming only and cannot be an ongoing arrangement with PBS radio stations. Participants C, F, H, and I stated that they realised alternative revenue by packaging radio content on CDs and DVDs which are sold to the public. Participant O indicated that" broadcast syndication and sale of radio content is widely utilised with international PBS Radio stations. However, this is something new for PBS radio in South Africa". It is clear from the interviews that alternative revenue streams can be achieved in various ways through partnerships with national and international broadcasters, sale of content to the

public and other organisations.   A comment was made by participant O that "Public broadcasting radio stations are sitting on a Gold Mine".

- **Franchising**

Participant O was the only participant that identified franchising as an alternative revenue source. The following was outlined by the participant:

  - Franchising is another option for alternative revenue generation. If properly executed, then PBS Radio station can benefit from revenues.
  - Franchising a radio station in partnership with major clubs, organisations, retail stores, restaurants, chain stores and other major organisations could translate into substantial revenue for PBS Radio stations.
  - Franchising whereby a radio station partners with a fashion store with presenters or celebrities of the radio station using the clothing from the fashion store and also meeting customers at the store and also lunching with the customers is an option. This will create massive sales for the fashion store via the franchise agreements with the radio station and the presenter. PBS radio station contractual arrangement with the fashion store can pay the radio station each time the presenter appears at their store, at a fashion event, dinner or lunch appointment.
  - Franchising can also be achieved in partnership with other organisations like Night clubs, restaurants, clothing stores, super and hypermarkets, retail stores, wholesalers and other entities.

- Enter into a franchise partnership with a Night Club. At the night club, a special lounge is created for a particular radio station. The radio station can determine what types of beverages and food are served; the ticket price to enter the lounge, painting and colours that should be used in the lounge. Furthermore, the lounge accommodates important guests who are hosted by the radio stations' famous personalities.

It is quite clear that innovative franchising options can be explored by PBS radio stations to make additional revenues, as indicated by participant O.

- **YouTube**

Participants C and E outlined that YouTube can benefit radio stations to create a visual aspect to radio by means of showcasing the stations' public mandate content, events and personalities. They further explained that alternative revenue can be achieved by getting clients to sponsor the video by means of an advertisement, opening and closing billboards which can be embedded in the video. Lastly, Participant C, indicated that all commercial aspects embedded in the video must meet the advertising terms and conditions of Youtube and that the radio station will be responsible for packaging the content together with the applicable advertising rates.

- **Other**

Other alternative revenue sources revealed by five participants were partnerships (trade exchanges); renting of donor lists and transmitters; Whatsapp campaigns; mobisite creation (a platform like a website accessed by mobile phones); above- the - line and below –the- line advertising campaigns (advertisers use the radio station's existing campaigns to expose their brands). Participant G indicated that trade exchange partnerships with major companies can yield additional revenue for radio stations. Participant O, who is one of the senior managers, stated that "radio stations can rent their transmitters to other broadcasters to acquire additional revenue". Participant G indicated that "trade exchange partnerships are an agreement whereby a radio station trades their airtime with major companies for something in return. For example; trade exchange of airtime for a house that can be utilised as part of a radio on-air competition that can be given away to a listener. The additional revenue may be in terms of major companies injecting capital towards the partnership".

It is pertinent to state that all of the ideas forwarded by the participants are valid and can be true sources of revenue. For the radio station, however, the use of events and outside broadcasts, mobile phones, station websites, social media, sale of content and merchandising as a tool for alternative revenue generation stands out amongst the lot.

This is not surprising when one considers that living in the time of related media merging, characteristics of traditional media and the latest media technologies like the Internet are constantly becoming increasingly blurred. Despite these

distinctions, there is still interdependence between conventional media and new media. They will continue to co-exist and reinforce each other, particularly in South Africa and other developing countries. They can also play a significant role in helping to generate revenues for broadcast organisations (Banerjee and Seneviratne, 2008).

5.3.3 Objective 3: Determine the various ways alternative sources can be utilized by clients.

Participant A indicated that "the radio station website should be extended to clients' campaigns to give them extra mileage which should be packaged as a total cost to the client". Participant C and P also indicated that the station website elements that can generate additional revenue are through podcast, page impressions, audio streaming, banners, click -through advertisements and display advertisements.

Participant J further expounded that "clients should showcase their products at station events so that they can talk directly to the consumer, attract new markets and educate existing markets". Participant Q indicated that "the client can target markets when, where and how they want to because audiences are everywhere". Most of the participants mentioned that clients must be offered a 360-degree campaign which includes traditional advertising and alternative revenue sources.

5.3.4 Objective 4: Ascertain the advantages of using alternative sources.

Some of the pertinent advantages of using alternative sources are as follows:

- Participant P elucidated that the advantage of running website -based campaigns is that PBS station benefits in revenue generation, acquiring new listeners and advertisers benefit by attracting customers to purchase their products or provide product education.

- Participant A reflected that "both the radio station and client benefit from the use of alternative revenue sources in terms of exposure to communities, passing trade and forming associations". Participant C indicated that, "the advantage of using alternative sources is that is radio and alternative revenue sources can be combined to add impetus to a client's campaign; form a long- term relationship with the client; their campaign stands out amongst other advertisers; the radio station endorses the client's products; listeners are loyal to the radio station, therefore they are prepared to experience clients' products; and if personalities say something on air, the listeners believe the station".

- Participant G mentioned that the client reaches more people using alternative revenue sources and there are more people using social media platforms and radio.

- Participant O stated that "using one source of advertising places a client at a high risk. Therefore, it is advisable to use many alternative sources of revenue to gain maximum exposure for an advertising campaign. Alternative revenue sources also entrench the clients' brands together with the radio brand".

All participants were certain that alternative revenue sources should be combined with traditional radio campaigns to reach new markets, which will be beneficial to the client and the radio station. The term "360- degree campaign" was often used by participants

to indicate that traditional radio advertising campaigns should be combined with alternative revenue sources.

5.3.5 Objective 5: How alternative sources can assist advertisers with their radio investments?

A few of the responses from the participants indicating how alternative sources will assist with client investment on radio campaigns are noted as follows:

- A 360 -degree campaign using radio and alternative sources to reach new markets and target existing customer was outlined by Participants B, F, G and K.

- Participant D mentioned that alternative revenue sources offer communication beyond the station's audience.

- Participant L indicated that the client's campaign leads digital platforms and then leads to an event and can also tie the campaign to a corporate social investment campaign.

- Participant M did not provide an answer because the PBS radio station has limited resources and broadcasts to a small audience of approximately 6000 people. The station is reliant on government for advertisement revenue and receives hardly any support from other advertisers.

- Participant Q cited that an alternative revenue source gives the brand 'legs to grow' to a broader audience or people.

Participants are clear that utilising alternative revenue sources are a solution for advertisers in terms of extending their brand to new markets, realising a positive return on their investment in terms of revenue generation and creating brand awareness.

5.3.6 Objective 6: Establish what sort of after-care would be needed by client's after using alternative sources.

Most participants indicated that advertising should receive a post campaign analysis report indicating the success of the campaign, what worked, what did not work and what corrective steps should be taken to improve future campaigns. Data should be provided to the advertiser for alternative revenue sources utilised to improve relationships and entice advertisers to utilize PBS radio alternative revenue sources in their future campaigns.

Participant B indicated that "everything should be quantified, such as the number of people reached; how much was made and spent; the number of people engaged ;and recommendations. The entire campaign must be evaluated by unpacking all these aspects".

Participant C noted that "the campaign must be monitored and feedback must be provided as a customer service. Clients must stick to their brand promise and let consumers experience the brand". Participant D stipulated that "SABC must invest in a system to provide post -campaign analysis reporting". Participant K mentioned that "campaign analysis reports are readily available on social media platforms. These reports should be downloaded and provided to advertisers". Participants agreed that after-care in terms of the provision of post-analysis campaign reports and meeting with

clients will build and maintain relationships with clients, which will effectively entice them to utilise PBS alternative revenue sources for future campaigns.

5.4   Conclusion

The focus in this chapter was responses ascertained from the various interview questions that were administered to participants. The objectives were evaluated to portray an understanding of the background to this study. There is a need for PBS radio stations not to heavily rely on traditional advertising revenue but to also explore revenue generation from alternative sources.

Chapter six presents the recommendations and conclusion of this study.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1   Introduction

This chapter focuses on the objectives of the research and the literature will be reviewed against the background of data analysis and interpretations of the research. The achievements of each stage of the research process will be described, recommendations outlined and further research will be made.

6.2   Tracking back to the research objectives

The objective of this research was to explore alternative revenue sources that can be utilised to improve advertising revenue at SABC Public Broadcasting radio stations - that is, growing the market share of the SABC in South Africa through exploring the feasibility of using currently under-utilised sources. Public broadcasting radio stations rely heavily on traditional advertising revenue to sustain their operations which is not an ideal situation. This poses a high risk given that public broadcasting radio services in South Africa are vying only for traditional advertising revenue. Public broadcasting radio service has the potential to realise many other avenues for improving advertising revenue. Therefore, these sources need to be identified and utilised by the SABC as revenue deriving opportunities.

The reiterate the research sample consisted of 18 participants, which were fifteen PBS Radio Managers and three senior PBS Radio Managers.   A non-probability sampling

technique was employed utilising a purposive sampling method to acquire the sample of PBS radio management. Given that both funding and timing were of the essence, eighteen people were interviewed in this study. The interviews comprised semi-structured questions which were qualitative in nature. These questions included a broad range of areas relating to alternative revenue sources that PBS radio can utilise to derive additional revenue. These were identifying and describing these sources; the properties from alternative revenue sources that can yield additional revenue; the advantages of using these sources; how these sources would assist clients with their investments in radio campaigns and the after-care advertisers would need when using these sources. Finally, the findings from the study was analysed and reported.

6.3   Conclusion

The findings of this study relate to the improvement of PBS radio stations' revenue share. Alternative revenue sources are explored to improve traditional advertising revenue ultimately making PBSs independent and financially sustainable. It is however important to note that PBS radio should not lose their reason for existence, which is to provide a service to the public by "educating, entertaining and informing" them.

It can be concluded, based on the data analysis and interpretation, that the results, with regards to identifying alternative revenue sources were conclusive. Six alternative revenue sources stood out as being prominent, namely, social media platforms; broadcast syndication and content sale; radio station websites; merchandising; cellular or mobile phones; events and outside broadcasts. Alternative revenue sources that

were also identified and which were not so prominent were franchising; audio streaming; and YouTube. Others were the renting of transmitters; renting of donor lists; trade exchange partnerships; Above-the-line (ATL), below-the line (BTL) and through-the-line (TTL) campaigns; and mobisites. These should be further explored.

XKFM, which is a public broadcasting radio station that targets a small audience (approximately 6000 people) that are underprivileged, should be excluded because of their limited resources and small audience size. The alternative revenue sources that will work for XKFM are events and outside broadcasts which require support from various organisations (Government and other organisations) in the form of educational broadcasts. The six sources identified pave a way for PBS to realize additional revenue but should be incorporated into traditional advertising to provide additional exposure to advertisers.

The properties of alternative sources that can yield additional revenue in many cases differed because participants had their own ideas on how best they can be used to achieve alternative revenue, although in some instances they were similar. Listing the various properties that are available for each alternative source will form a structured way for PBS radio to market these offerings to advertisers. PBS radio stations' mandates are the same, namely to educate, entertain and inform people of South Africa. Therefore, the properties offered for alternative revenue sources should be the same for PBS radio, which forms a unique value proposition.

The utilization of alternative sources is through a 360-degree approach, which is a combination of traditional radio advertising and alternative sources because both are

important for the offerings of PBS radio in order to ensure that the advertisers are offered a 'one-stop' solution for their advertising campaign while at the same time assisting in the improvement of additional revenue generation. Utilization of a 360-degree approach will not be possible for every campaign because it is dependent on the advertisers' budgets. Therefore, flexibility to accommodate clients with a 360-degree advertising campaign approach could include traditional radio advertising and the use of a few alternative sources or to omit either one to consider an advertiser's budget.

The advantage for the use of alternative revenue sources for both advertisers and PBS radio stations is that it is a win-win solution. For PBS it is additional revenue and for the advertiser it attracts new markets. Ultimately, this means improving market share for the advertisers and PBS radio stations. The advertiser is offered a 360-degree solution from the PBS radio which could be more cost-effective in terms of using many mediums to achieve their objectives. The pertinent point is that the advertiser can select PBS radio stations and alternative sources that are applicable to their advertising campaign, meaning that they do not have to use all PBS radio stations' and alternative sources. PBS radio stations listener demographics are not the same therefore the advertiser has a choice on which station or stations to select for their alternative sources to suit their advertising objectives and budget.

Alternative sources assist the advertisers with their investment in radio by improving brand awareness and driving traffic to their business, which translates into revenue generation. Alternative sources provide a one-stop solution for advertisers' campaigns because advertisers invest their budget on above-the-line, below-the-line and through-

the-line campaigns by using a number of advertising mediums to achieve a full advertising strategy. Alternative sources and radio campaigns assist in achieving their campaign objectives through a one-stop shop approach. Traditional radio campaigns are executed to target radio station audiences but alternative sources extend advertiser campaigns beyond radio. New customers are targeted, which assist to create brand awareness and influence their purchasing decisions.

Providing after-care support is paramount to build relationships, build trust and encourage future business from advertisers. PBS management are open to meet with advertisers to discuss the results of their campaigns, which is "what worked and what did not" and how best to improve the outcomes for future campaigns. Management acknowledged that they form an integral role in providing after-care support to an advertiser which is most encouraging especially in terms of relationship building and improving the revenue share for PBS radio. Alternative revenue sources provide one of the new solutions to emancipate public broadcasting radio stations from dependence on traditional advertising revenue and support from the government.
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6.4   Recommendations based on findings

Revenue from alternative revenue source would vary at each radio station. Radio stations Income and Expense statements are used as a tool to ascertain if the radio stations are making a profit or loss when using alternative revenue sources. The following recommendations are being made based on the findings of this study and additional comments made by the participants (Appendix F and G):

6.4.1 Training

Many participants indicated that training on the use of the six alternative sources was lacking, especially on the application for client advertising campaigns and the various properties that are applicable.   Training PBS radio station staff is important to allow the understanding and application of alternative sources which will effectively benefit in the generation of alternative revenues.

6.4.2 Resources

The necessary resources have to be provided in order to make alternative sources work for PBS radio, as indicated by participants.   Resources in terms of human resources and equipment should be put in place to ensure the smooth operation of alternative sources.   Budgets must be allocated to enable the operation of alternative sources to make sources work for the PBS radio in order to realize additional revenue, especially from the properties that were identified.

6.4.3 Dedicated Sales Teams

Dedicated sales teams should be established in order to market alternative sources to advertisers and assist in providing after-care support with radio station personnel, as alluded to by a Senior PBS Manager.   The sales teams should be trained in the utilization of alternative sources in order to understand how they can benefit advertisers.

6.4.4 Increasing Client Awareness

Alternative sources are new to advertisers. Therefore, PBS radio should educate advertisers on the use of alternative sources. This will assist further in encouraging advertisers to use alternative sources because they will be able to know the benefits of the alternative source. Pricing strategy and rate cards are important instruments to market alternative sources to advertisers. The pricing strategy and rate card should take into consideration the radio station audiences that are available on the various alternative sources platforms as one rate card or pricing strategy for all PBS radio will not be applicable because audiences for each alternative source differ on each radio station.

6.4.5 SOP's and Policies

Standing operating procedures or policies must be developed to assist PBS radio and present radio stations from any risks that may arise. After care systems must be put in place to provide advertisers with accurate information on the success or failure of their campaigns. Furthermore, an overall strategy must be developed for PBS radio to drive the realisation of revenue from alternative sources.

These recommendations were also highlighted at the interviews because these are concerning aspects for PBS Radio Station Management (Appendix G). Each aspect plays an integral role in order to make alternative revenue sources work for the SABC and for the organisation to be independent of government control. Effectively, Public

Broadcasting radio stations are not heavily reliant on government grants or traditional advertising revenue but are monetising their own radio station audiences.

6.5 Further Research

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Despite the information and recommendations presented in this study, it is recommended that further research be carried out. The further research to be considered is to explore in-depth revenue generation from individual alternative revenue sources. Moreover, it would be useful to include community and commercial radio stations to establish if alternative revenue sources exist and how they maximise revenue from these alternative sources. PBS radio stations are transforming rapidly. Therefore, as new revenue sources emerge in the future ongoing research should be considered.

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APPENDIX A - INTERVIEW SCHEDULE

Structured Interview Questions

Introduction :

The aim of my study is to explore alternative revenue streams that can be utilized to improve revenue for SABC Public Broadcasting radio stations. Traditional advertising revenue comes from clients purchasing 30 second commercials on a radio station. There are additional or alternative advertisings ways that can yield additional revenue for public broadcasting radio stations in South Africa. This research is to explore in detail the utility of these alternative sources of revenue offered by PBS radio stations to improve advertising revenue.

My objectives of this research are as follows:

- Identify alternative revenue generating sources available to PBS radio stations.

- Establish what properties from the alternative sources can yield additional revenue.

- Determine the various ways alternative sources can be utilized by clients.

- Ascertain the advantages of using alternative sources

- How can alternative sources assist advertisers with their radio investments.

- Establish what sort of after-care would be needed by client's after using alternative sources.

Good Morning, thank one so much for finding the time to talk with me. My study is concerned with exploring alternative revenue sources that can be utilized to improve advertising revenue for the SABC Public Broadcasting Radio Stations.

I am going to ask one a small number of questions, or put some propositions to one. There are no right or wrong responses. I am just seeking your honest perception, based on your experience, on the issues I raise with you.

At the end of the interview, you may raise any points with me that I have not raised with you, that you think are important. If you wish, you can go back and say more/rethink our discussion in any way that suits you.

The information you provide me will be strictly confidential and I assure you that this information will be used for research purposes only. Your identity will not be revealed.

Thank one so much.

So, let's begin with the interview:

Interview :

1. Can you please let me have your name and position, and how long one have worked, at the SABC Radio Station**.** (tell me as much as you can about your involvement , in your career in radio broadcasting, with revenue generation)

2. Traditionally the SABC relies heavily on advertising revenue in terms of commercial placements on various time channels at the Radio Station. Please, can you identify and describe alternative sources that can generate additional advertising revenue? Have you any direct experience of these sources?

3. What properties from these alternative sources do you think can yield additional revenue for your radio station?

4. Please tell me more about how clients can utilise these sources?

5. What for you are the advantages of using alternative sources?

6. In what ways and to what degree would these alternative sources assist clients with their investments in radio campaigns?

7. What sort of aftercare would advertisers need after it have utilised these alternative sources? (who or what can meet this demand?

Faculty of Management Sciences

Department of Entrepreneurial Studies and Management

Date : 14 March 2014

Dear Participant

I am studying towards a Masters Tech. Business Administration Degree at the Durban University of Technology.
The title of my research is**: Exploring alternative revenue sources that can be utilized to improve advertising
revenue for the SABC Public Broadcasting Radio Stations.**
An interview will be scheduled with one to discuss the alternative revenue sources that be utilized to improve
advertising revenue. The information one provide will be kept strictly confidential. Only my research supervisor
and I will have access to the recorded interview. Please be assured that one will remain completely anonymous
throughout the research process and in any reporting or write-ups related to my research.

Please read and sign the attached Consent Form. Please return the Consent Form to Alvin Pillay at the contact
address below.

Thanking one.

_____
Alvin Pillay
Student number: 21357035
Contact Details: 0832605136
Email address : pillaya@sabc.co.za
100 KE Masinga Road Durban 4000

_____
Supervisor / Promoter
Prof Garth Allen
Contact Details :072 368 5712
Email :gartha@dut.ac.za

_____
Co-Supervisor/Co-Promoter
Prof. Dasarath Chetty

CONSENT

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, **Alvin Pillay**, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: _____,
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

_____   _____   _____   _____

Full Name of Participant   **Date**   **Time**   **Signature/Right Thumbprint**

I, Alvin Pillay herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

_____   _____   _____

Full Name of Researcher   **Date**   **Signature**

_____   _____   _____

Full Name of Witness (If applicable)   **Date**   **Signature**

_____   _____   _____

Full Name of Legal Guardian (If applicable) Date   **Signature**

APPENDIX D - PERMISSION FROM SABC

SABC
Vuka Sizwe!

Mr Alvin Pillay
Lotus fm Station Manager
100 KE Masinga Road
4001

9 December 2013

Dear Mr A. Pillay

<u>Re:</u>   <u>PERMISSION TO CONDUCT RESEARCH ON ALTERNATIVE REVENUE STREAMS FOR SABC PBS RADIO STATIONS.</u>

We would like to congratulate you on your studies towards a Masters Tech. in Business Administration degree and wish you well with your studies.

We have received your application requesting permission to complete a research dissertation. We would like to confirm that permission is granted to continue with the research dissertation topic, that is :

"A critical review of alternative revenue streams that can be utilized to improve advertising revenue for the SABC Public Broadcasting Radio Stations".

Once, again we wish you success with your studies.

Nb. The SABC will not be held liable for any costs pertaining to your studies.

Yours Sincerely,

Mr Zolisile Mapipa
General Manager PBS Radio
Tel. 011-714 4076

mapipazm@sabc.co.za

APPENDIX E - ETHICS LETTER

MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

30 June 2014
Student No: 21357035
FREC No: 23/14FREC

Dear Mr A Pillay

MASTERS DEGREE IN TECHNOLOGY: BUSINESS ADMINISTRATION

TITLE: EXPLORING ALTERNATIVE REVENUE SOURCES THAT CAN BE UTILIZED TO IMPROVE ADVERTISING REVENUE FOR THE SABC PUBLIC BROADCASTING RADIO STATIONS.

Please be advised that the FREC Committee has reviewed your proposal and the following decision was made: Ethical Level 1 -Full Approval

Approval has been granted for a period of one year, after which you are required to apply for safety monitoring and annual recertification. Please use the form located at the Faculty. This form must be submitted to the FREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the FREC according to the FREC SOP's.
Please note that ANY amendments in the approved proposal require the approval of the FREC as outlined in the FREC SOP's.

Yours Sincerely

Prof N Dorasamy
FREC: Chairperson