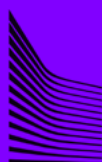


China music industry Market report



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Acknowledgement

This report is the results of desk research and interviews conducted in the spring of 2022, as well as drawn from sources provided by Tom Fleming Creative Agency. Also, the current report draws on an earlier market study conducted by KEA European Affairs in 2018. The report gives an overview of how the music market and the music ecosystem works in China. In this introductory chapter, some insights are provided for those seeking to understand better how to start exporting music into China.

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Introduction

The short history of (mainland) Chinese music industry

Historically, music in China has long been constrained to private leisure and was not structured as an industry. Since China progressively opened its economy, the culture and creative industries went through a strong growth. Today the country is aware of the importance of culture and creative industries to develop a service economy, as well as to nourish the content-hungry telecom and broadcast networks (there are over 3000 TV channels in the country) and particularly China's internet industry - the world's largest.

The music industry is a relatively new concept in China. Copyright legislation remained non-existent until 1992 and for example outdoor (popular) music festivals only started with MIDI Music Festival in the year 2000. As China opened up 40 years ago, it rapidly became the biggest music black market in the world. The Chinese music industry first had to structure itself in order to gather revenue from other sources i.e. live, brand sponsorship deals, synchronization and merchandising. In recent years, especially since the watershed year of 2015, copyright legislation and copyright enforcement has rapidly improved. The fast increase in venues and festivals, improved copyright enforcement, ease of music consumption through internet platforms and micropayments and the rise of e-commerce are all factors that have led the Chinese music industry into an era of rapid expansion.

While many global markets struggled with the impact of the pandemic, China's recorded music business saw revenues grow by upwards of 33% in 2020. Growth was driven by a number of factors, led by huge leaps in revenue from subscription and ad-supported streaming, as well as a notable increase in revenue from physical music. One of the most notable advances in 2020, however was the fact that subscription streaming revenue overtook that of ad-supported streaming.¹ In 2021 China overtook South Korea to become the 6th largest music market in the world.

The Great Firewall

China's "Great Firewall" and its closed internet ecosystem are the biggest barriers for international artists to enter the Chinese market. There is a high technological, regulatory, cultural, and language barrier for an overseas musician or content creator to enter the Chinese internet ecosystem – coupled with other entry barriers from logistics involved in opening accounts and maintain active publishing in China.

With 962 million Chinese consumers engaged with short video apps², online videos, social media and e-commerce play a larger role in the monetization of music than in the west. Chinese online streaming platforms are not only different from their global counterparts, but also function differently. Music streaming platforms for example incentivise artists to be active in their profile and give higher rewards to active in-platform engagement, instead of solely measuring the amount of times music is played.

Yet China is not isolated from globalisation, and as various music scenes grow in number and scale in China, popular demand for in-depth and first-hand knowledge of international trends and artists also grows. Appetite is particularly high among urban

1 <https://musically.com/wp-content/uploads/2022/01/01-2022-China-91239.pdf>

2 <https://www.21cloudbox.com/statistical-report-on-china-internet.html>

fashionista and online tastemakers. It can be costly and require persistence and commitment from European artists, labels, and other music organisations to maintain and sustain an online presence and provide information of their artists and music to the Chinese market, but on the flip side the keen interest and growing appetite for foreign music content coupled with the level of difficulty can also be seen as an opportunity that only a few are pursuing.

“It’s not easy for artists to operate social media profiles in China. They will need to maintain a Chinese phone number for registering the accounts and keep a steady pace in updating the profiles. I see lots of dead Weibo accounts from Western artists that have been opened but have ceased updating. It makes more sense for larger entities like labels and cultural organisations that have better resources and who represent more than one artist to maintain social media profiles in China.”

– Yu Yang, head of international at MIDI Festival

“Editorial work on European music is desperately needed. The fast-paced short video and social media environment of today lacks structure and has low standards for editorial content. Production of high-quality curated contents and editorials in both video and text in Mandarin that introduce European artists and are spread across Chinese social media platforms would be great groundwork that helps promoters bring more European artists to China.”

– Yu Yang, head of international at MIDI Festival

Touring

The music market in China is becoming more diverse, where niche music genres are growing in popularity. This trend is also reflected in the booming music infrastructure, such as live music venues and smaller specialised music festivals being launched all over the country. This is creating more touring opportunities for artists of all genres, especially in non-mainstream music, as soon as the borders reopen again.

The Covid-19 pandemic has forced the live music industry to turn to the domestic talent pool, which created many new touring opportunities for local artists. The change is likely to be lasting. Although live concerts by international artists will play a smaller role in relative terms and local artists to take up more space, the appetite among music fans is high and they remain ready and willing to engage with international artists again.

“Local artists have gotten more opportunities, but there’s also some fatigue though. It’s like – oh no that artist is playing again.”

– Michael Ohlsson, the founder of Dada Clubs,
a high-recognised independent underground
electronic music venues in Beijing, Shanghai,
and Kunming.

“Financially we could do fine without international artists, but international artists are what our festivals are known for. The brand needs it.”

– Shen Yue, VP of Modern Sky Entertainment.

Mapping the emerging music scenes, smaller live venues, and their trendsetters in China's lower-tier cities and connecting them with European music scene, can be a great opportunity for long-term cultural partnership. Supporting and giving recognition to budding local music ecosystem with access to international artists can create a substantial bilateral goodwill and attention.

Networks + Residencies

New local music scenes emerging across the country are mobilising a new generation of music industry professionals hungry for more international contacts. Servicing this demand for networking and professional development can be a great opportunity for cultural exchange and bilateral cultural diplomacy.

Especially in non-mainstream music scenes that lack formal structures in China, knowledge exchange and upskilling opportunities fill a void and create the much-needed network and industry skills, often acquired through global conferences, residencies, workshops, or invitations to international events. European involvement can also help bring recognition to the music industry professionals that operate outside of the biggest hubs in China.

“Please just introduce more European jazz to China. Do jazz happenings, jazz tours, bring professionals and artists over to China and from China to Europe so they can meet. We are starting residencies, one week to three months, where international artists do master classes during daytime and concerts at night.”

– Ren Yuqing, the owner of JZ Group.

E-commerce

China is the world's largest e-commerce market where social commerce has increasingly become the foundational infrastructure for cultural activities. This is a reflection of how Chinese consumers often opt to spend on lifestyle and not purely 'culture'.

Musicians in China (and elsewhere) are becoming more like influencers and need to produce a steady flow of quality content to satisfy their fans and incubate new fans. Short video apps are now the most important channel for music discovery and are also embedded with many e-commerce features. Music labels in China are quickly transforming into multifaceted lifestyle platforms, capitalising on the IP of their portfolio of artists.

“We promote international artists and organise concerts, but recently we have started to pivot to monetising our followers. We have done so by turning ourselves into a lifestyle brand. We sell merchandise, but also food and beverage products.”

– Eric De Fontanay from MusicDish.

Joint creative digital collaborations together with innovative lifestyle consumer brands could be an opportunity for European music labels and musicians aiming at connecting with a larger audience in China.

Brand Collaborations

“Burberry Generation” video campaign in China shined the spotlight on indie rock drummers, ‘out in the woods’ instead of their usual habitats of studios and stages. Shi Lu of Hedgehog, Yang Yuhao of Penicillin, and Ju Yiming, each took turns playing and sharing what music means to them by wearing Burberry’s Arthur sneakers along with clothing and accessories from the brand.³

Songwriting, mixing, producing

The fast growth of the Chinese music industry creates a high demand for international know-how: songwriters, mixing engineers, and producers are much-needed skillsets for developing new Chinese talent. Promoting and networking this circle of behind-the-scenes European professional practitioners would be a welcome approach, tailored to a highly receptive professional community in China.

European Music Export organisations could be a development partner for best practices: networks can be built for example through online or preferably offline songwriting camps or industry conferences.

Opportunities in the gaming industry and audiovisual sector

Both the Chinese gaming industry and film industry have experienced a tough few years, which has been mainly due to tighter regulation, but also due to Covid-19 pandemic. Nevertheless both industries still count as the largest or second largest in the world. Especially the gaming industry is rapidly internationalising and there are high investments into new areas of audiovisual technologies such as metaverse, VR, AR and virtual idols. All these industries and areas offer growing opportunities to international composers and collaboration.

1. General National Context

1.1 Social and Economic Context

China has been opening up its economy for the last 40 years. There is now a strong middle class, estimated at 700 million people, mostly living in economically booming urban areas⁴. The number of Chinese people living in urban areas increased from 20% in 1980 to 55% in 2016⁵. The country is considered as well managed with modern infrastructure and with good living conditions. The economic system is capitalist with a Chinese twist (family and relatives, as well as connections, take primacy).⁶ With an annual average growth rate of 9.5% between 1989 until 2019, China became

³ <https://contentcommerceinsider.substack.com/p/best-of-brand-collaborations-november>

⁴ <https://www.scmp.com/economy/china-economy/article/3158753/chinas-expanding-middle-class-starting-look-lot-us-its-not>

⁵ The World Bank

⁶ European Commission, Directorate-General for Education, Youth, Sport and Culture, Jacquemet, B., Le Gall, A., Saraiva, N., et al., Music moves Europe : a European music export strategy : final report, Publications Office, 2019, <https://data.europa.eu/doi/10.2766/68347>. The report contains an annex (2(3)) with a market overview of China, conducted by KEA European Affairs. Further in this report the source is referred to as: KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

the second economic power in the world in 2010 and the first one in 2014 in terms of purchasing power parity. ⁷

Society		Source
Population (2021)	1,412 billion	World Bank
Official language(s)	Mandarin Chinese	
Other language(s)	many regional dialects	
Recommended language to communicate with local professionals	English, Chinese	
Currency	Renminbi = Chinese yuan	
Exchange rate (2022 average)	1 Eur = 7,1 RMB	ECB
Population growth rate (average annual % - 2021)	0,1 in 2021	World Bank
Population median age	38,4	Worldometer
Human Development Index (2021)	0,768	UNDP
Gini coefficient (2019)	38,2	World Bank
Economy		
GDP (million current USD - 2021)	17,73 trillion	World Bank
GDP per capita (current US\$ - 2021)	12 556,33	World Bank
YOY growth (annual %, 2021)	8,1%	World Bank
Unemployment rate (% of labour force - 2021)	5,5%	Ceicdata
Average annual urban wage	¥62,884 (ca €8,175)	stats.gov.cn
Communication		
Smartphone in use (number of, 2022)	1,04 billion	SCMP
Broadband subscriptions	33,6/100 people	World Bank
Mobile subscriptions	1.68 billion	Statista
Individuals using the Internet (2022)	1,05 billion	SCMP

1.2 Geography and Demography

China is a 9,597 million square kilometer country, a bit more than twice the size of the EU. The population is estimated at 1,418,000,000 inhabitants, which makes it the most populated country in the world.

China is a mix of highly urban and rural regions. Out of 613 major cities in the world, China accounts for 102 cities with more than 1 million inhabitants. They are in general classified in a tier system by the analysts, depending on the average of the cities' GDP, their level of control by the central government and their population. The major regions are directly controlled by China's Administration Centre. Guangzhou, Shanghai, Chongqing, Beijing and Tianjin, are the only five cities that qualify as Tier 1 across all categories. ⁸

⁷ KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

⁸ KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

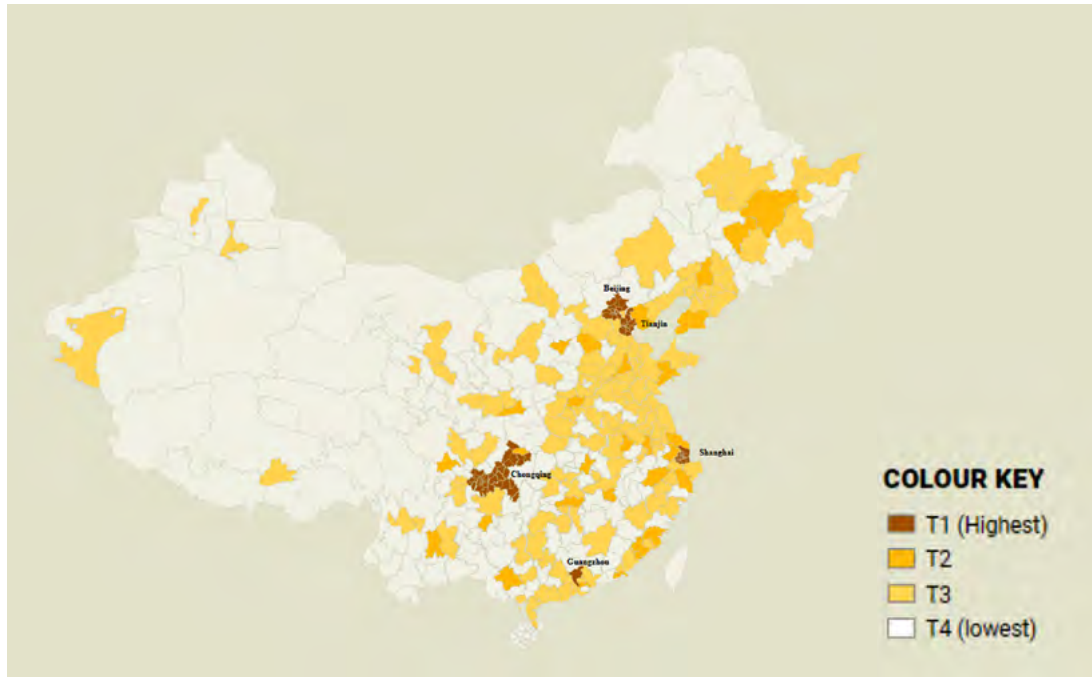


Figure 1: Tier 1, 2, 3 and 4 cities in China

Source: South China Morning Post

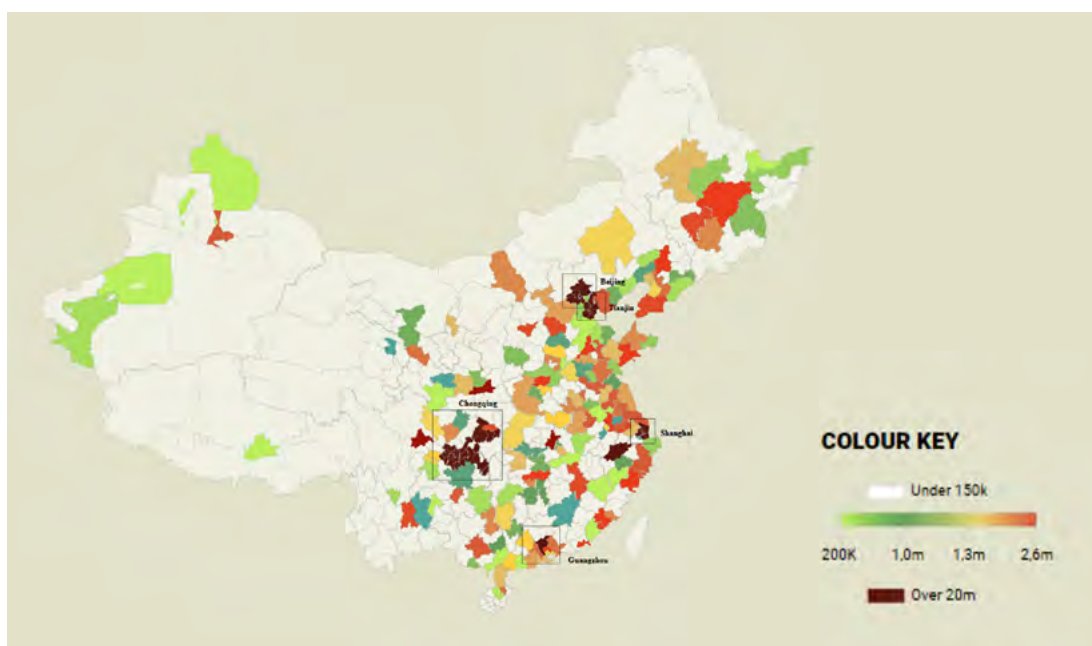


Figure 2: Population density in Chinese Cities

Source: South China Morning Post

Around 11% of China's urban population is concentrated in the counties of Beijing, Shanghai, Tianjin, Chongqing and Guangzhou, totaling about 147 million people. China is thus a very fragmented country in terms of socio-economic indicators. In terms of languages, China is also quite fragmented. The standard mandarin is spoken by 70% of the population but China accounts not less than 292 spoken languages.⁹

9 KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

China slowed down its demographic growth by adopting a single child policy between 1979 and 2015. This explains why China has a similar age structure than the western countries with 20% of the population aged less than 25 years old. The share of the elderly population is growing fast due to the increasing life expectancy:

- 0–14 years: 17.22%: 238,390,906
- 15–24 years: 12.32%: 170,624,865
- 25–54 years: 47.84%: 662,369,118
- 55–64 years: 11.35%: 157,198,197
- 65 years and over: 11.27%: 156,105,900¹⁰

1.3 Digital Economy

	China had 1.05 billion internet users as of January 2022. ¹¹	
The value of China's e-commerce was USD\$1.543 billion in 2021 and it grew 15% in 2021. ¹²		China's top livestreamer "lipstick King" Li Jiaqi sold a record USD\$1.9 billion worth of goods during a twelve-hour livestream. ¹³
	Estimated 14,000 gaming companies have gone out of business due to government halting approval of new games since July 2021. ¹⁴	

Behind "The Great Firewall", China has a robust internet ecosystem. As a nation of smartphone lovers, China was quick to adopt digital wallets and has led the world in mobile payment infrastructure and usage.

Chinese internet platforms are leading the world also in developing e-commerce services and social commerce. Not so long ago, Chinese internet platforms and services were seen merely as copies of the leading global platforms. The situation has evolved where today some of the global leading tech companies are Chinese (like Tiktok's owner Bytedance). These Chinese internet giants have advanced as market leaders and innovators, making the international digital industry watch and follow the services and technologies emerging from China.¹⁵ The country's e-commerce market generated USD\$2.1 trillion in 2021, accounting almost half of the global market total and double that of the second-largest market of the USA (USD\$599 billion).¹⁶

¹⁰ KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

¹¹ <https://www.21cloudbox.com/statistical-report-on-china-internet.html>

¹² <https://ecommercedb.com/en/markets/us/all>

¹³ <https://jingdaily.com/viya-austin-li-singles-day-alibaba/>

¹⁴ <https://kr-asia.com/chinas-refusal-to-approve-new-games-forces-gaming-companies-to-cut-staff>

¹⁵ <https://www.businessinsider.com/zuckerberg-recognizes-china-tech-social-media-threat-now-copying-them-2021-1>

¹⁶ <https://www.globaldata.com/chinese-e-commerce-market-reach-us3-3-trillion-2025-says-globaldata/>

The Internet penetration rate in China stood at 74.4%.¹⁷ Despite the growth of internet users seeming to peak, signs of growth can still be observed, for example among short video app users, which increased 5.6% between 2021 to 2022.¹⁸

The Chinese internet ecosystem is dominated by four major conglomerates – Tencent, Alibaba, Baidu, and Bytedance. Each of these companies is present in almost every sector of the Chinese digital economy, either through its own services or as a major investor in another company. These ‘big four’ are closely followed by other digital giants, with slightly smaller footprints, including Kuaishou, Meituan, YY, and Netease.

Despite high internet penetration, smartphone ownership and large domestic market, growth in recent years have been tough for China’s largest internet companies. They have seen their shares tumble to the lowest levels in at least three years after a government-led crackdown which has wiped out hundreds of billions of dollars in market value.¹⁹

The increased regulatory scrutiny of social media companies was aimed at curbing what the authority considers as a chaotic and corrosive celebrity online fan culture, built on gossip and rumours, and other non-party aligning practices.²⁰

Among the regulatory changes introduced in the past few years, hours of gaming for school kids has been officially capped at a few hours a week. New approvals for games have been halted since July 2021, taking an estimated 14,000 gaming companies out of business.²¹

1.4 Cultural policy

As a fast growth and high-priority sector, China’s cultural and creative industries (CCIs) accounted for around 4.4% of national GDP in 2020.²² The combined import and export trade volume for cultural products in 2019 totalled over USD\$110 billion, indicating a close to 9% increase year-on-year.²³ Complemented with a national ambition to elevate the country’s international standing by becoming a leader in strategic technologies, the enormous potential to drive sustainable economic development has made the cultural and creative sector a focal point to transform China into a knowledge-intensive and leading-edge nation. Cultural and creative sectors have received increased attention and investment since 2016, following China’s State Council’s identification of digital and IP as a primary national development focus.²⁴

Regulatory changes and policy directives in recent years have turn to supercharging the interconnectedness between the creative sector and sister industries such as tourism, digital, education and technology. The new Ministry of Culture and Tourism was formed in 2018, combining formerly separated ministries, which has further orientated culture to the centre of the nation’s policy agenda.²⁵

17 <https://www.21cloudbox.com/statistical-report-on-china-internet.html>

18 <https://www.scmp.com/tech/tech-trends/article/3190845/chinese-netizens-spending-more-time-online-short-video-app-usage>

19 <https://www.forbes.com/sites/ywang/2022/02/28/is-the-worst-over-for-chinas-internet-giants/>

20 <https://www.scmp.com/tech/policy/article/3170153/chinas-internet-watchdog-pushes-deeper-engagement-internet-platforms>

21 <https://kr-asia.com/chinas-refusal-to-approve-new-games-forces-gaming-companies-to-cut-staff>

22 http://www.stats.gov.cn/english/PressRelease/202112/t20211230_1825755.html

23 <https://www.chinadaily.com.cn/a/202009/08/WS5f572bcea310675eafc58458.html>

24 http://www.gov.cn/zhengce/zhengceku/2021-06/03/content_5615106.htm

25 https://creativeeconomy.britishcouncil.org/media/resources/British_Council_Cultural_Cities_Profile_China_Full_Report_compressed_1.pdf

The role of cultural and creative economy is championed throughout the 14th Five Year Plan²⁶ published in early 2021, highlighting the sector's social-economic potential to contribute to equitable and inclusive growth. Leveraging the cultural and creative sector as a cross-cutting development area, attention is placed on improving wellbeing, senior citizen care, early-childhood education and rural development.

However, the tightening of domestic controls in China, inclusive of a period of regulatory crackdowns²⁷ and heightened censorship, have created uncertainty in the Chinese cultural and creative sector and limited options for international collaboration.

1.5 Protection of copyrights

In 2011 the Chinese authorities launched “Operation Sword Net Action” to clamp down on IP infringements. This effort was backed by increasing enforcement since 2015 to combat illegal music distribution. Immediately following the imposition of IP laws, 2.2 million unlicensed songs were removed from the internet. The operators of streaming platforms had to act quickly to acquire exclusive music rights to keep existing users and attract new consumers.²⁸ This was a watershed moment that started China's rapid change from a music market dominated by piracy to what it is today – the 6th largest recorded music market in the world, and second only to the US for licensed digital music revenue.²⁹

The National Copyright Administration of China recently banned exclusive copyright licensing deals.³⁰ Such regulatory moves seek to address market monopoly previously practised by companies such as internet giant Tencent which often resorted to exclusive deals with the global major labels to block the use of music catalogues on competitor platforms.

In 2020, the Government further enforced a full suite of actions around performance rights. For the first time, revenue for right holders can be compensated for the use of recordings in public performances and broadcasts.³¹

1.6 Pandemic Impact

The effects of Covid-19 have been two-fold: although the pandemic took a heavy toll on the live music industry, the social media and streaming platforms thrived and, with the absence of international artists, the situation also in many ways helped to create a more robust and diverse local music industry. Whereas big festivals suffered, smaller venues and smaller festivals continued to grow and streaming concerts and festivals became commonplace and changed music consumption habits.

Covid-19 coupled with the regulatory tightening that started already before the pandemic has made the landscape harder to read from an international perspective and cultural relations are today much more fraught and challenging than a few years ago. Covid-restrictions on entering and leaving the country have further enforced perceptions that China is becoming more closed and less engaged in cultural exchange and mobility.

26 http://www.gov.cn/zhengce/zhengceku/2021-06/03/content_5615106.htm

27 <https://www.im.natixis.com/uk/markets/understanding-china-regulatory-crackdown-loomis-sayles>

28 <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

29 <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

30 <https://www.reuters.com/world/china/chinas-copyright-authority-bans-digital-music-platforms-signing-most-exclusive-2022-01-06/>

31 https://www.ifpi.org/wp-content/uploads/2020/03/GMR2021_STATE_OF_THE_INDUSTRY.pdf

2. Music Ecosystem and Institutional Structure

2.1 Music industry in Numbers

<p>China is the second largest digital music market in the world, making USD\$2 billion in sales 2020.³⁵</p>	<p>54% of music consumers consume music via short form applications.³² In 2020 around 900 million Chinese used short form applications³³, on average 110 minutes a day³⁴.</p>	<p>The number of large-scale concerts and festivals rose 85% in 4 years, from 1,400 in 2014 to 2,600 in 2018.³⁶</p>
	<p>In 2017 there were only 300 live music venues in China with mid to large capacity, with the ability to house 100 to 3,000 people. Pre-pandemic, the number was growing 51% year-on-year.³⁷</p>	

2.2 Collective Management Organizations

There are five CMOs in China and two are related to music. The first (and main) one is the Music Copyright Society of China (MCSC), which was founded in 1992 (for comparison the first copyright association was created for example in the USA in 1915) consequently to the adoption of the first copyright law, adopted in 1990. It is the only copyright collection society in China. By the end of 2021, MCSC's membership size reached 11356 members and collected royalties for approximately EUR 60 million³⁸, up from 19 million in 2013 (Zhang 2016). This means the CMO has way less members than European CMOs like SACEM which counts around 165 000 members or the PRS foundation which counts around 140,000 members. According to interviews conducted by KEA European Affairs in 2018 this institution was described as very bureaucratic and not necessarily effective. It is hence mistrusted by smaller companies who don't see the benefit of collaborating with them³⁹.

³² <https://www.rvo.nl/sites/default/files/2021/12/Report-on-Chinese-Online-Music-Market-Opportunities.pdf>

³³ <https://musically.com/2021/06/16/china-now-has-873m-people-watching-short-form-videos/>

³⁴ <https://daoinsights.com/news/chinese-online-users-spend-more-time-on-short-videos-than-messaging/>

³⁵ <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

³⁶ <https://www.shangyexinzi.com/article/179577.html>

³⁷ <https://musically.com/countries/china/>

³⁸ https://www.mcsc.com.cn/en/annual_report.html

³⁹ This point is also corroborated by academic articles, see for example: Zhang, F. (2016). The state of China's collective rights management in the context of the United States and Japan. *Global Media and China*, 1(4), 401–411. <https://doi.org/10.1177/2059436417695894>

The second one is the 2005 established China Audio-Video Copyright Association (CAVCA). It manages the copyright and related rights of audio-video programmes.

Importantly, the legal protection for music copyrights has steadily improved and the CMO's operations and the payment of royalties is improving and resulting in a regular flow of money for the rights holders.

A summary of the types of collected rights in China:

Types of rights	
Copyright	
Radio	Yes
TV	Yes
Public performance	Yes
Mechanical rights	Yes
Digital rights on DSP	Yes
Digital rights on UGC services	no data
Neighbouring rights	
Radio	Yes
TV	Yes
Public spaces	Yes
Private copy	no data

The streaming platforms put out a monthly or quarterly report on the stream each song made. They pay the distributors according to the deal they've done (in general between 60-40 and 40-60%)⁴⁰.

The Chinese digital music consumers got into the habit of accessing music legally quite fast after the government started enforcing the ban on unlicensed music on streaming services in 2015 and it could be seen in concrete numbers: the licensed digital music revenues of the recording industry in China increased from \$90m (2014) to \$195m (2017) and more than 2 billion (2020) today, second only to the US for licensed digital music revenues.⁴¹

2.3 Music industry trade bodies/unions

Chinese Musicians associations (CMA) – created in 1949, the association has 16 000 members.

According to its website, the association's responsibilities include "contact, coordination, and service". The association promotes new musical composition, organizes music competitions, provides rewards and commendations for prominent musical contributions, and sponsors musical research. It also carries out the musical exchange between China and other countries including introducing Chinese music to the world, bringing internationally acclaimed musicians and music groups to China and selecting Chinese musicians to participate in international music competitions. The CMA publishes several professional periodicals and publishes audio and video recordings.

The CMA maintains nine specialised committees and a number of secondary academic societies. The association's subordinate organisations include the Chinese Traditional

⁴⁰ KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

⁴¹ <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

Music Society, Chinese National Orchestral Music society, Chinese Ethnic Minorities Vocal Music Society, Chinese Musical Aesthetics Society, Chinese Musical Literature Society, Nie Er, and Xian Xinghai Society.⁴²

2.4 Music industry professional events

- **WISE – The Future Festival & Think Tank**, [wisenotwise.com](https://www.wisenotwise.com) is a series of conferences and showcases in China and Germany at the intersection of Music, Art and Technology. It aims to connect thought leaders across the creative industries, science, and the tech community. During the pandemic, a series of events with panel discussions and showcases were organised simultaneously in Berlin, Beijing, and Shanghai via a video link.
- **IMX music industry conference** is a conference organized by Music Ally China, a partnership between Music Ally and Kanjian Music. It aims to encourage international communication, exchange knowledge and collaborations between China and international markets.
- **Sound Of The Xity** – an annual International Music Industry EXPO and Festival. China's leading gateway between China and the international music world. Organized by China's leading independent music company Modern Sky Entertainment
- **House of China** is a China initiative by Amsterdam Dance Event – the world's leading dance music conference and showcase event.

3. Recorded Music Industry

Recorded Music revenues	
Recorded music revenues (IFPI)	No data
Recorded music revenues growth	No data
Digital Music revenues ⁴³	2 bln USD
IFPI rank	6th
Music access channels for Chinese users ⁴⁴	
Music streaming platforms	68,2%
Short video platforms	54,30%
Social Media	44,60%
Players with downloaded songs	32,20%
TV	17,50%
Car radio	16,40%
Others	4,50%
Streaming focus	
Number of subscribers to DSPs ⁴⁵ (top 4 music streaming platforms 2022)	120 mil

⁴² KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

⁴³ <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

⁴⁴ <https://www.rvo.nl/sites/default/files/2021/12/Report-on-Chinese-Online-Music-Market-Opportunities.pdf>

⁴⁵ <https://musicindustryblog.wordpress.com/2022/12/07/music-subscriber-market-shares-2022/>

Number of DSP users MAU (top 4 music streaming platforms 2022) ^{46 47}	800 mil
Royalties for recording rights collected (for artists and labels) by the local CMOs (by the Music Copyright Society of China ⁴⁸	€57,531,500
Performance rights revenues (labels)	
DSP focus ^{49 50}	
Number of MAU (the leading companies Tencent & Netease combined)	800 mil
Tencent Music (for all music services Kuwo, Kugou, QQ etc.)	
Number of subscribers	76,2 mil
Number of MAUs	622 mil
Netease Cloud Music	
Number of subscribers	36,7 mil
Number of MAUs	181,7 mil
Consumption Focus	
Top 5 listening genres ⁵¹	
1. Pop	
2. Chinese style	
3. Electronic Music	
4. Jazz	
5. Balladry	

3.1 Global music companies

“There are still less than 100 million paying subscribers in a market of roughly 1.4 billion people: So, whilst there is a very significant number of people paying for a premium music streaming service, there is still huge opportunity for growth, especially when you compare China to more mature markets, where you see upwards of 70% of households with a music subscription.”

– Dennis Kooker, president, global digital business and US sales for Sony Music.⁵²

China's improved copyright protection and strong market growth have drawn global major music companies including Universal Music Group, Warner Music Group, and Sony Music Group to invest heavily in their China operations, both in the label and publishing arms.

Regionally, Korean entertainment conglomerates such as SM Entertainment, JYP Entertainment, and YG Entertainment are expected to increase their investments in China, as the unofficial sanctions on Korean entertainment are being removed.⁵³

International labels are increasingly involved in domestic artist development in China as well as supporting their international artist repertoire in the Chinese market. Publishing arms are proactive in licensing, creating and publishing new music as well as representing and signing songwriters. The publishing operations also organise songwriting camps and sessions which convene international songwriters and Chinese songwriters and artists.

46 <https://musically.com/2022/03/22/tencent-music-now-has-76-2m-paying-online-music-users/>

47 <https://musically.com/2022/05/25/netease-cloud-music-has-181-7m-users-with-36-7m-paying/>

48 Source: <https://www.mcsc.com.cn/upload/other/20220905/6c53b006f23b468dc49e245f44842e57.pdf>. Calculated with 1RMB = 0.13€, in the report the total sum in RMB: ¥442,550,000

49 <https://musically.com/2022/03/22/tencent-music-now-has-76-2m-paying-online-music-users/>

50 <https://musically.com/2022/05/25/netease-cloud-music-has-181-7m-users-with-36-7m-paying/>

51 <https://www.rvo.nl/sites/default/files/2021/12/Report-on-Chinese-Online-Music-Market-Opportunities.pdf>

52 <https://musically.com/wp-content/uploads/2022/01/01-2022-China-91239.pdf>

53 <https://www.nme.com/news/music/sm-entertainment-founder-lee-soo-man-k-pop-china-2872438>

Focus on Universal Music Group

Universal Music Group has established multiple frontline label operations across China with the launch of Republic Records China, EMI China, PolyGram Records China, Capitol Records China, and Universal Music China as its flagship label divisions, alongside the launch of a new standalone international division, dedicated to supporting UMG's global talent roster across Greater China.

Each label operates independently with its own dedicated artist rosters, including signing and developing Chinese music talent.

Universal Music Publishing recently opened a new large headquarters in Beijing.⁵⁴

3.2 Internet companies

With music streaming platforms, short video applications and social media being the dominant channels for music consumption in China, China's internet companies are looking for a larger footprint in the music industry.⁵⁵ One way has been to either buy shares in global major labels or bring them in as investors. Internet giant Tencent has now a 20% stake in Universal Music Group, a 9% stake in Spotify, and a 2% stake in Warner Music Group. Sony Music Group announced they will be buying a USD\$100 million stake in the upcoming IPO of one of China's leading music streaming platforms. The IPO is currently on hold.⁵⁶

Bytedance, the parent company of TikTok and its Chinese version Douyin, has been investing in its own music catalogues partly to avoid paying for copyrights. The strategy has been to support small and mid-sized labels with visibility on the company's platforms in exchange for music rights. Bytedance is also planning to launch its own music streaming platform to compete with the industry early-movers such as Tencent and NetEase.⁵⁷

3.3 Major independent music companies

- **Modern Sky Entertainment** was one of China's first indie music labels in the '90s. It has grown into one of China's biggest labels, artist management agencies, and festival promoters. The company has more than 20 festivals annually. Strawberry Festival is the biggest of the festival brands. The company also owns multiple live venues and creative hubs across China. It is also involved with music variety show production, and has a music publishing division. Abroad, the company has offices in the UK, US, and Berlin and has organised Modern Sky-branded festivals in New York and Helsinki. In the UK, Modern Sky has invested in the Liverpool Sound City festival. The CEO of Sound City is also the CEO for Modern Sky UK and North America.
- **Taihe Music** has brought many of China's leading underground music labels across genres under one roof. Taihe Music Group operates music labels such as Taihe Rye Music, Ocean Butterflies Music, Asia Muse, Rye Music, Red Star, Maybe Mars, Ruby

⁵⁴ <https://www.universalmusic.com/universal-music-greater-china-announces-the-launch-of-capitol-records-china-alongside-expansion-of-international-operations/>

⁵⁵ <https://www.sixthtone.com/news/1006923/how-douyin-is-reshuffling-the-chinese-music-industry>

⁵⁶ <https://www.digitalmusicnews.com/2021/11/24/netease-streaming-ipo-sony-investment/>

⁵⁷ <https://daoinights.com/news/bytedance-to-drop-music-streaming-app-as-short-videos-reach-the-ceiling/>

Eyes Records, and En Mercurio as well as interactive services platforms such as Show Start, Qian Qian Music, Lava Store Music, and Owhat. Taihe Music Group is a pan-entertainment ecosystem consisting of content production, copyright operation, performance services, internet products, fans community, and integrated marketing to provide diversified services for users, labels, and artists. It also operates the Rye Music Festival.

- **Caotai Music** is an independent music brand and label, specialising in artist management; music copyright operations with its own publishing divisions. It also organises art-centric events such as music festivals, art exhibitions, arts and crafts festivals, and more. The company operates labels Crater Records and Cosmos Tree.

3.4 Music streaming platforms

“While in the West streaming only owns the song, Chinese streaming services connect the song, story and fan”

– Mark Mulligan, MidiaResearch ⁵⁸

Chinese music streaming platforms differ from the global ones like Spotify, by bearing more similarities to social media platforms. The platforms often include features such as live streaming, personal news feeds, micropayments wrapping the music with endless additional context and features including (but by no means limited to): music videos, lyrics, commentaries, reviews, news, comment streams, virtual tipping, badges, trophies, lyrics poster etc.

If an artist has their music distributed on a Chinese music streaming platform, this would mean that artist will also have an accompanying artist profile and likely some likes in the profile that equal followers – which come with the infrastructure of the platform and the social media nature of these music services. This often comes as a surprise to international artists that they already have a profile in China and existing fans whom they can engage further. By contacting the platform and claiming the profile, the artist can start posting and interacting with the followers their artist profile has accumulated.

The Chinese platforms also reward artists differently from their global counterparts. Instead of solely measuring the amount of times music is played, the platforms incentivise artists to be active in their profile and give higher rewards to active in-platform engagement.

Three out of the four leading music streaming platforms in China: QQ Music, Kugou Music, and Kuwo Music, are owned by Tencent. The Tencent ecosystem also includes many other services that use music – such as the online karaoke platform WeSing, various live-streaming platforms, and other connected devices, such as in-car audio systems.

The fourth platform is Netease Cloud Music, owned by Netease which is also known for developing and operating PC games. Netease Cloud Music is the most popular music platform among independent music labels and artists.

Bytedance, another internet giant behind China’s most popular short video app Douyin, is set to open its own music streaming service soon. The service might be a serious disruptor, considering that 45% of music consumption is done through short video apps.

While Alibaba recently closed its once-popular music streaming service Xiami, the company is still an important player in the music ecosystem through its e-commerce

58 <https://www.midiaresearch.com/blog/music-streaming-needs-a-new-future>

platforms Taobao, Tmall, and payment system Alipay. It is also active in licensing music catalogues.

Other notable music streaming apps include mobile phone manufacturers usually pre-installed music apps, including the likes of Vivo, Huawei, and Xiaomi.

“There are more than 80 apps in China that we licence music to.”

– Alessandro Pavanello, International Business Director
at Kanjian Music which distributes music in China. ⁵⁹

3.5 International bridge builders

- **Kanjian Music**, en.kanjian.com is a full-stack music services company that helps international artists and music companies in China. The company does music licensing, artists and label services, music marketing, and promotion, business consulting, booking, and live events. Kanjian also operates the IMX music industry conference that connects international and Chinese music industry professionals.
- **MusicDish** is a creative and music agency based in New York and Beijing. It is focused on promoting and producing live music events across China. MusicDish coordinates touring and marketing for international artists in China.
- **MusicInfo**, [MusicInfo.io](https://musicinfo.io) is an online service for distributing and promoting international digital music to over 50 platforms in China. It works with over 4,000 clients and also provides marketing and consulting services for international musicians seeking to enter China.
- **Song China**, www.songsforchina.com is a full-service music rights venture to represent, licence, and manage copyrights in China. Founded in 2020, the company works with songwriters, producers, and publishers from around the world to create and licence copyrights for the Greater China music market.
- **Outdustry**, www.outdustry.com provides artists and repertoire (A&R), marketing, and rights management services in the China and India music markets, for some of the leading names in the global and local industries. The company has a global office footprint, with staff located in Beijing, Kuala Lumpur, London, Los Angeles, Mumbai, Shanghai and Taipei.
- **88rising**, is a New-York based company launched in 2015 with a mission to raise the profile of Asian hip-hop in the United States and globally. The company focuses on exporting Eastern culture to the West, one viral hit at a time. Higher Brothers, Lexie Liu, and Jackson Wang are among some of the artists of their China branch.
- **BHM** (Shenzhen Brotherhood Music Culture Media Co., Ltd) Dutch-Chinese company is known for investing, operating, and promoting international music festival IP's in China, including Q-Dance from the Netherlands (the world's largest hardstyle EDM music festival brand). BHM is also involved in music festival integrated marketing planning, stage & show production design, and artist management services. ⁶⁰

⁵⁹ NOMEX Discovery Sessions - China <https://mxd.dk/vidensbank/register-now-nomex-discovery-sessions-china/>

⁶⁰ <https://www.rvo.nl/sites/default/files/2021/12/Report-on-Chinese-Online-Music-Market-Opportunities.pdf>

4. Music Publishing

4.1 Copyright Law and Recent Evolution

By entering the Berne convention in 1992, China began to create a legal environment for copyright which has been strengthened through various reforms, which however always failed to be fully implemented (Zhang 2016). The Chinese government established the Copyright Protection Center of China (CPCC) in September 1998 and is responsible for addressing copyright infringement.⁶¹

In 2008 China launched a plan implemented by the National Copyright Administration of China (NCAC) to investigate copyright infringement.⁶²

In 2011 the Chinese authorities launched “Operation Sword Net Action” to clamp down on IP infringements. This effort was backed by increasing enforcement since 2015 to combat unlicensed music distribution online.

The government also created Intellectual Property Courts in Beijing, Shanghai and Guangzhou in 2015. Since then the NCAC (the Chinese copyright watchdog) regularly asks the platform to pull out all copyright infringing content from their platforms.

Immediately following the imposition of IP laws, 2.2 million unlicensed songs were removed from the internet. The operators of streaming platforms had to act quickly to acquire exclusive music rights to keep existing users and attract new consumers.⁶³

For example, in 2017, NCAC closed over 2500 websites containing pirated content, hence contributing to the lowering of piracy rate in the Chinese market. (South China Morning Post cited by BOP 2018). The NCAC removed in 2018 1.85 million links to infringing content online, investigated 544 online copyright violations, and prosecuted 74 criminal cases (Wodecki 2019).⁶⁴

2015 was a watershed year that started China’s rapid change from a music market dominated by piracy to what it is today – the 6th largest recorded music market in the world, and second only to the US for licensed digital music revenue.⁶⁵

In 2020, the Government further enforced a full suite of actions around performance rights. For the first time, revenue for right holders can be compensated for the use of recordings in public performances and broadcasts.⁶⁶

61 KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

62 KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

63 <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

64 KEA European Affairs (2019). Annex 2(3): China market report. In European Commission (2019).

65 <https://www.scmp.com/economy/china-economy/article/3157517/how-did-chinas-digital-music-industry-become-second-largest>

66 https://www.ifpi.org/wp-content/uploads/2020/03/GMR2021_STATE_OF_THE_INDUSTRY.pdf

The third revision of the Copyright Law was passed on 11 November 2020, and came into force on 1 June 2021. It recognises a new neighbouring right -- a right of remuneration for certain sound recording broadcasts. This applies to radio and TV broadcasts, non-interactive webcasts and simulcasts, and performance in public places such as supermarkets and hotels.⁶⁷

There are also significant changes in the law surrounding Chinese collecting societies, while in copyright infringement cases, statutory damages can now be awarded up to 5m yuan (around \$759k) – a tenfold increase.⁶⁸

The National Copyright Administration of China also recently banned exclusive copyright licensing deals. Such regulatory moves seek to address market monopoly previously practised by companies such as internet giant Tencent which often resorted to exclusive deals with the global major labels to block the use of music catalogues on competitor platforms.

The legislative framework protecting copyright is now on par with international standards. Enforcement has long been a key challenge in China, and recent progress has alleviated that issue.

4.2 Collection society figures

China's ranking in CICAC Global Collections Report for music was 22nd, with 12,6% growth and representing a global share of 0,6%

In 2021, MCSC's (Music Copyright Society China) total collection of royalties reached 60 million EUR (pre-tax), with a steady growth at 8.3% compared to year 2020.

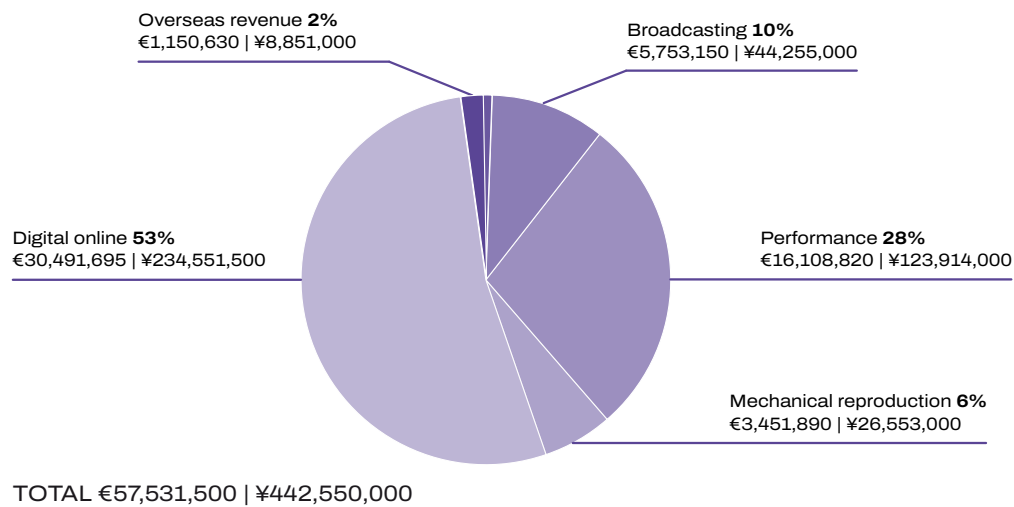


Figure 3: Total Revenue Sources

Source: MCSC, 2021⁶⁹

Main revenue sources for performance rights were background music and karaoke, live performances counting only for around 5% of revenue. The share for both background music and live performances were up and karaoke's share down. Broadcasting revenue was mainly from TV, with radio counting only for 10% and on the decline. Mechanical reproduction revenue came from film and advertising (~45%) video (~35%) and books (~20%)⁷⁰.

⁶⁷ <https://law.asia/impact-revised-copyright-law-music-industry/>

⁶⁸ <https://musically.com/2020/11/17/china-stiffens-its-copyright-laws-including-music-aspects/>

⁶⁹ <https://www.mcsc.com.cn/upload/other/20220905/6c53b006f23b468dc49e245f44842e57.pdf>

⁷⁰ https://www.mcsc.com.cn/en/annual_report.html

4.3 Challenges and opportunities

China is digital. Its music market is almost entirely digital and physical sales comprise only about 20% of the total market and it's already the second largest digital market only behind US. In 2021 China was the fastest-growing market of any in the world's Top 10 in 2021, with above-30% annual growth⁷¹, while it's only getting started in terms of revenue per user.⁷²

Despite the actual and potential growth, there are many challenges.

The lack of an effective performance rights organisation poses a big challenge, as there are certain collections that are really difficult to capture any other way. Solving this would be a huge boost to revenues.⁷³

China's music industry is also beset by systemic royalty accounting problems. To account properly to foreign labels, Chinese DSPs (digital service providers) need adequate data - complete song lists or other data sets required, which they do not get. There are technological reasons for this — many foreign publishers use systems not commonly used by the Chinese DSPs, such as the common works registration or CWR system. But the MCSC (Music Copyright Society of China) is also sometimes criticised for not providing full song lists and other data to the DSPs.

There are also difficulties with Chinese copyright law. Although it enumerates the rights comprising copyright, it does not clearly state which of these rights apply to which copyright works or other subject matter. In the Chinese music business, distinctions between mechanicals, public performance and streaming are therefore unclear. Other markets have developed customs and practices to handle these kinds of distinctions. In the UK, for instance, 75% of a download is regarded as mechanical and 25% as public performance, while streaming is divided between those rights 50/50. In China these kinds of customs and practices do not yet exist.⁷⁴

The legal issues are compounded by unclear or overlapping local industry practices. For instance, though foreign publishers deal directly with the Chinese DSPs, the main Chinese collection society, the MCSC, also deals with the DSPs for the same music. Publishers and the MCSC then make competing claims to the DSPs. The very existence of these competing claims means the distinction between the writer's share and the publisher's share is unclear or in practice non-existent.⁷⁵

Despite these royalty accounting problems, there have been some encouraging developments⁷⁶ in copyright law, and China's digital environment is clearly driving substantial investment activity in the music business. A recent \$3.4 billion deal in which a Tencent-led consortium bought 10% of Universal Music Group certainly evidences this. The Chinese music business may now even have eclipsed the film business in the international investment arena. Still, investment has its limits. Foreign investment in production of audio-visual products and network publications in China remains prohibited.⁷⁷

71 <https://www.musicbusinessworldwide.com/free-music-streaming-worth-4-6bn-to-the-record-industry-in-2021-and-3-other-key-insights-from-ifpis-latest-global-music-report/>

72 <https://harrisbricken.com/chinalawblog/music-royalties-in-china-let-those-without-sin-cast-the-first-stone/>

73 <https://www.synchtank.com/blog/empire-of-the-sun-what-is-driving-the-formidable-potential-of-chinas-digital-music-business/>

74 <https://harrisbricken.com/chinalawblog/music-royalties-in-china-let-those-without-sin-cast-the-first-stone/>

75 <https://harrisbricken.com/chinalawblog/music-royalties-in-china-let-those-without-sin-cast-the-first-stone/>

76 See for example: <https://harrisbricken.com/chinalawblog/chinese-music-law-new-broadcast-right-for-sound-recordings-on-the-horizon/>

77 <https://harrisbricken.com/chinalawblog/music-royalties-in-china-let-those-without-sin-cast-the-first-stone/>

Registration of copyright – a must

As a signatory to the Berne Convention⁷⁸, China has the same basic definition of what is protected under copyright as the 171 other Convention parties: an original creative work that exists in a fixed medium. A “creative work” can be anything from a video game, song, or toy to a database, map, or product design and all creative works are protected by copyright at the time they complete the work in question, and that copyright is just as valid in China as it is in the U.S., New Zealand, and Italy.

But there is a big difference between having a valid copyright in China and having an enforceable copyright in China. In most situations, the key issue is one of proof. A copyright registration in China is presumptive evidence of ownership, and in some situations it is the only acceptable evidence. The possession of an official ‘copyright registration certificate’ will save a lot of time and energy in the event of an infringement.⁷⁹

In China, the copyright registration procedure follows a voluntary principle and can be done on your own without the assistance of an agent (as opposed to trade mark or patent registration, when foreigners must hire a local agency to proceed).⁸⁰ Copyright can be registered either by the author of the creative work (be this a natural person, a legal entity or an organisation who created the work) or by other copyright owners who obtain the right through transfer or inheritance from the author. The National Copyright Administration of China (NCAC) authorised the Copyright Protection Centre of China (CPCC) to administrate computer software registration, and the registration of copyrighted works. Some Copyright Bureaus at the local level also have the right to register copyrights filed by local citizens or enterprises.⁸¹ China’s copyright registration process is fairly straightforward as it does not involve substantive examination at the time of registration, but it usually takes a couple months to receive a copyright certificate.⁸²

5. Live Music Industry

5.1 Overview

Running up to the pandemic, China’s live music industry was growing fast. The number of large-scale concerts and festivals rose 85% in four years from 1,400 in 2014 to 2,600 in 2018. The touring ecosystem, from network to infrastructure, is expanding with more and more live venues and festivals being set up in second, third, and fourth-tier cities. The exception has been Beijing where it has remained difficult for festivals to obtain permits, forcing live venues to move out and away from the city centre.

“I’d say there are now more than 50 cities where bands can tour across China. The venues are often better equipped than in Europe, making it easier for bands to tour as they need to bring less equipment. Right now, organising larger shows or festivals remains a gamble because of Covid-19.”

– Yu Yang from MIDI.

⁷⁸ See: http://www.wipo.int/treaties/en/ShowResults.jsp?treaty_id=15

⁷⁹ <https://harrisbricken.com/chinalawblog/china-copyright-law-it-pays-to-register/>

⁸⁰ https://intellectual-property-helpdesk.ec.europa.eu/system/files/2020-10/v8_How_to_Register_Copyright.pdf

⁸¹ https://intellectual-property-helpdesk.ec.europa.eu/system/files/2020-10/v8_How_to_Register_Copyright.pdf

⁸² <https://harrisbricken.com/chinalawblog/china-copyright-law-it-pays-to-register/>

Live performances account for 65% of the market and together with commercial partnerships, they are the most important source of income for artists. Less than 6% of artists and musicians in China could fully afford sustenance and living expenses on the recording sales in 2018 alone.⁸³

Local government support for festivals and creative commercial hubs is important for the live music sector. Also, the marketing of tourism sites, scenic spots and real estate projects has been a significant source of revenue for live music promoters.

“During the pandemic, I haven’t been able to travel outside of China so I decided to tour as a DJ in China. There are a lot of cool small local clubs now in the third and fourth-tier cities. They are typically set up by people who have moved back from bigger cities like Shanghai, Beijing, or from abroad and decided to help the music scene in their hometown. I really like the atmosphere in the lower-tier cities. The kids are not overly polished and less sophisticated in a good way. People and talent radiate with such raw energy and thrill.”

– Michael Ohlsson of Dada Clubs.

5.2 Venues and festivals

China’s notable **live venues** include:

- CMK Livehouse in Ningbo and Hangzhou
- Mao Livehouse with venues in nine cities: Beijing, Shanghai, Hangzhou, Guangzhou, Xi’an, Chongqing, Changsha, Suzhou, and Chengdu
- Dada Club with venues in Beijing, Shanghai, and Kunming
- Modern Sky Entertainment’s venues include Modern Sky Lab in Kunming and Shanghai and an electronic music club, Coma, in Shanghai.

Major **festival** brands often have a multi-local footprint across the country:

- **Modern Sky Entertainment** operates more than 20 festivals annually under different brands. The most famous brand is the Strawberry Festival which has been organised recently in Wuhan, Beijing, Shanghai, and Changchun. Modern Sky’s other festival brands include MDSK hip-hop festival and MSE electronic music festival.
- **JZ** is China’s leading jazz festival brand with festivals in spring 2022 (Covid-19 restriction allowing) in Shanghai, Shenzhen, Wuxi, Guangzhou, and Anaya Resort in Qinhuangdao near Beijing.
- **Rye Music Festival** is Taihe Music’s festival brand. It has been organised in Shanghai and Qingdao.

Bookstores and mixed-used venues as music performance and consumption sites

Guogeli Bookstore, Harbin, named after the Russian novelist Nikolai Gogol, is the first bookstore in China to adopt a Neo-classical style in its interior design. It also hosts book reading sessions and music performances.

Xinshan Bookstore, Chongqing, is an independent bookstore, offering a mixed-use venue and a selection of coffee, music and books appealing to young cultural consumers.

Wheatfield Bookstore, Kunming is one of the oldest independent bookstores in Kunming. Wheatfield has a carefully curated selection of literature, philosophy, arts, movie and lifestyle books. The bookstore is also well-known for its live music performances and cultural events often co-hosted with foreign cultural bodies.⁸⁴

5.3 Hubs

Cultural and creative hubs are burgeoning around the country. These spaces often include a combination of galleries, shops and live performance venues. These hubs are regularly based at either standalone districts on their own or housed in a section of shopping malls. These cultural hubs host music events from larger concerts to smaller gallery shows, to DJ performances at fashion events.

“We have a Modern Sky shopping district, an alley, in Shanghai which houses our own brand and stores of other fashion and lifestyle brands that are a match with ours. The complex also hosts a mid-sized live house. In Changsha we have another shopping complex and we are developing a third in Wuhan in an old shopping mall that the local government wants to reinvigorate. It’s going to be a Modern Sky lifestyle centre with a live house, cinema, gaming centre, cool fashion stores, and clubs. In these Modern Sky hubs, we organise live shows, parties, and fashion shows all with music. Live music is still at the core of the Modern Sky brand.”

– Shen Yue from Modern Sky Entertainment.

“Shopping malls these days host many shows and events with DJs. It is part of the influencer culture. The events are for influencers to take selfies and geotag them so other people learn about the place.”

– Michael Ohlsson, the owner of Dada Clubs.

⁸⁴ China Cultural Cities Profile Country Overview, TFCC, British Council, 2021: https://creativeconomy.britishcouncil.org/media/resources/British_Council_Cultural_Cities_Profile_China_Full_Report_compressed_1.pdf

6. Media

6.1 WeChat – China’s super app

Tencent’s WeChat is a Chinese super-app used by nearly all of China’s internet users. WeChat allows users to pay, play, chat, shop, and order everyday services and products.

- Following closely on the heels of Alipay, **WeChat Pay** is the second most popular online payment provider in China. As of July 2020, WeChat Pay had penetration rate of 93%.⁸⁵
- ‘Private traffic’ is a popular buzzword in Chinese marketing. It means bringing consumers and fans from public profiles to private discussion groups where a brand, influencer, or celebrity can create a more personal connection with them. WeChat groups are the most popular way of setting up and converting private traffic. Since the maximum number of people in one **WeChat group** is 500, many popular brands, influencers and their teams manage hundreds or thousands of groups at a time. Frequent giveaways could also be used to keep users interested and ensure follower loyalty. Through these activities, brands would be able to build up loyalty and increase repeat purchases.
- **WeChat Official Accounts** are the Chinese equivalent of a brand’s or artist’s Facebook page. Official accounts include WeChat service accounts and WeChat subscription accounts with slightly different features.
- **WeChat mini-programmes** are sub-applications within WeChat that enable users to access third-party service providers. These range from food, education, travel, ticketing services and so on. These mini programme features allow users to access a variety of third-party services in a streamlined manner, without the need to install separate applications. WeChat mini-programmes had 450 million daily users in 2021.⁸⁶
- **WeChat stores** are an e-commerce platform that exists within the WeChat app. They are mobile websites connected to the menu of a WeChat Official Account. With the ability to pay with WeChat Pay, WeChat stores offer ‘one-click-payment’, which makes it easier for users to shop through the app.
- **WeChat Video Channel** is a short video feature launched by WeChat in 2020. Because the WeChat Video Channel is fully connected to the entire WeChat ecosystem, it provides an interface plugged into the social circle of friends and family, as well as businesses with user-generated and brand content. This WeChat ecosystem links the official account, mini-programme, Store, and WeChat Video Channel in a tightly knit circle. The videos are accessible to all of WeChat’s 1.2 billion users.⁸⁷

“WeChat official accounts and WeChat groups are the most important channels for Chinese audiences to learn about international music. The review site Douban used to be important, but was recently humbled by the government and is not that popular anymore.”

– Eric De Fontanay from MusicDish.

⁸⁵ <https://daxueconsulting.com/payment-methods-in-china/>

⁸⁶ <https://www.tencent.com/en-us/articles/2201267.html>

⁸⁷ <https://www.socialcloudchina.com/post/everything-you-need-to-know-about-wechat-video-channel>

“Weibo and WeChat ecosystems are the most important for us, the data from there helps us manage our users and track their behaviour. The short video, social apps Douyin and Xiaohongshu are also increasingly important for marketing. But WeChat has every label, artist, and venue on it. It’s all there. For Douyin we hire agencies to help push new artists.”

– Shen Yue, VP of Modern Sky Entertainment.

6.2 Live streaming

Live streaming is popular in China and is used in many areas from e-commerce, eSports, to live streaming concerts. China’s most popular destinations for live streaming include, Chinese equivalent of Instagram, Xiaohongshu, short video apps Kuaishou and Douyin, Youtube-like Bilibili, entertainment live streaming platforms Inke and Yizhibo as well as eSports focused platforms Huya and Douyu.

Live streaming e-commerce combines instant purchasing of a featured product. It enables audience participation through a chat function or reaction buttons. It has transformed the retail industry and established itself as a major sales channel in less than five years. In a 2020 survey, two-thirds of Chinese consumers said they had bought products via live stream in the past year. By March 2020, ‘live commerce’ was used by 265 million people – almost 30% of all Chinese Internet users. Alibaba’s Taobao remains the world’s biggest player in live stream sales with a market share of 35%.⁸⁸

Huya and Douyu are the largest streaming platforms, specialising in **live streaming eSports** in China. Both platforms are controlled by Tencent Holdings, which tried to merge the two companies last, but the deal was terminated by China’s anti-monopoly authority.

China was the world’s largest eSports market before the recent regulatory tightening.⁸⁹ Chinese eSports teams have gained an international profile, by winning global tournaments. In 2021, a Chinese team won the League of Legends world championship, which turned into a nationwide celebration.⁹⁰

Despite the industry and market momentum, the Chinese government is working hard to reduce the amount of time and money young people spend online. The goal is to stop younger users from overspending on gaming services and tips to popular streamers. The Cyberspace Administration of China (CAC) already limited the amount of time underage users can play per week. More scrutiny of the industry is expected to be underway.⁹¹

Live streaming concerts were boosted by the Covid-19 pandemic. Tencent launched TME Live, a branch specialising in live-streamed events⁹² while China’s leading independent music company Modern Sky Entertainment launched a “Stay at Home” festival brand during the early outbreak of the pandemic in 2019.

Smaller companies like MusicDish have partnered with foreign embassies and other international organisations to stream live music concerts to China when physical concerts by international artists are hindered by the global outbreak.

⁸⁸ <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/its-showtime-how-live-commerce-is-transforming-the-shopping-experience>

⁸⁹ <https://www.sportsgamersonline.com/games/esports/the-5-biggest-markets-for-esports/>

⁹⁰ <https://www.scmp.com/tech/tech-trends/article/3155314/chinas-big-esports-win-gives-countrys-struggling-gaming-industry>

⁹¹ <https://dotsports.com/general/news/china-tightens-regulation-on-gaming-livestreaming-services-again>

⁹² <https://musically.com/2020/08/06/tencent-musics-tme-live-concerts-get-huge-views-in-china/>

The interest in live-streamed concerts fell after China got a hold of pandemic control, where live concerts started to take place again in the early summer of 2020. But recently, as the pandemic has reemerged again, the interest in live-streamed concerts has returned. Live-streamed concert by Irish pop group Westlife was one of the international highlights in 2021 and mustered 28 million views on Tencent's platforms.⁹³

“We did these hybrid online/offline events at the beginning of the pandemic with embassies, but as live music started happening again we stopped. Recently we started doing online events again, but without the local offline part. We did one with the Malaysian government and one with a Swedish company Westside Music. The regulation of live-streamed concerts has been more tightly enforced now. It can be even more difficult than doing large-scale physical concerts. For the one we did with Malaysia the regulators asked for information on setlists, tattoos, and criminal records. We do now our events pre-recorded to avoid that, but with maybe a live Zoom session with the artists at the end of the event.”

– Eric De Fontanay from MusicDish.

6.3 Short videos

The super app of China, WeChat remains an important tool for promoting events and communicating with fans, but short video platforms such as Xiaohongshu, Douyin, and Kuaishou have recently grown more important, especially with young Generation Z-ers.

“WeChat is not what it used to be. If before we had 100 likes for an event, now they are 20. Short video apps Douyin is important. Xiaohongshu is also significant and sometimes provides better engagement than Douyin. There are more cool kids on Xiaohongshu – smarter, more intellectual and sophisticated kind.”

– Michael Ohlsson, the owner of Dada Clubs.

The country's top short video apps – Douyin (the local version of TikTok) and Kuaishou – have together taken up nearly 55% of the market. In 2021, Douyin had 612 million monthly active users, whereas Kuaishou had 434 million.⁹⁴

Both platforms are similar in content. The majority of the videos have a duration of less than one minute and in vertical mode. Both have an e-commerce function and live streaming features. Both platforms also offer backend services, in which creators can promote their content to specific target groups and boost their views.

Professional content creators on these platforms get their income from branded content collaboration and revenue sharing schemes by e-commerce sales. The platforms, unlike Youtube, do not pay creators for views.

- Douyin's algorithm emphasises content quality. Therefore, most of the high-ranked accounts on Douyin feature professional content creators and celebrities.
- Kuaishou's algorithm emphasises “authenticity” and the quotidian life of the “ordinary people”. In practice, this means its algorithm spreads content more locally and highlights content creators from the region the user is in. This is seen as a reason behind Kuaishou's popularity when compared to Douyin in lower-tier cities and the countryside. Kuaishou's positioning and algorithm could lead to deeper user

⁹³ <https://accessaa.co.uk/westlife-livestreamed-concert-by-driift-attracts-28-million-chinese-viewers/>

⁹⁴ <https://www.analysis.cn/article/detail/20020699>

engagement, as reports show a higher percentage of viewers tend to leave comments on Kuaishou than on Douyin.⁹⁵

Short videos have become the most important tool for marketing cultural products such as exhibitions, events, films, TV series, etc., particularly among the Generation Z demography.

6.4 YouTube-like short video apps

On China's Youtube-like platforms, the content is typically longer and in horizontal mode. The platforms differ from the short video apps also in that content creators get paid per view. The platforms also invest in "professionally user-generated content" (PUGC) which means influencer-made content but with higher production value.

- A video app by Tencent – **Kandian Video** is a standalone app but connected to Kandian which is a newsreader app that provides its users with a mix of content including articles, pictures, videos, live streaming, and columns from Tencent's ecosystem of apps and platforms. Kandian Video is available on WeChat, messaging tool QQ, and QQ Browser.
- **Bilibili** started as a community for anime and manga fans but is now one of China's fastest-growing video platforms. Since over 70% of its users are younger than 30, the platform has been described as 'China's Gen-Z hangout'. One notable feature, to which many attribute Bilibili's success, is its 'bullet comments' left by users. This function allows comments to fly across videos at specific moments to make users feel like they're watching along with friends.⁹⁶ The platform offers not only user-generated video clips and live streams but also longer professionally-generated content, including documentaries and TV series.
- **Xigua Video**, or "Watermelon Video" is a video platform by ByteDance, the same company that owns Douyin (and Tiktok internationally). Xigua Video is connected to Bytedance's popular news reader app Toutiao. The platform offers user-generated short-video clips and live streams, as well as longer content, including films and TV episodes. Xigua Video develops and produces films and television dramas and invests heavily in its support and development of new influencers.⁹⁷

6.5 Audio platforms

The podcast industry is growing rapidly in China. In 2019, the market revenue of China's online audio industry was USD\$ 2.5 billion, with a solid year-on-year increase of 55.1%. Two main reasons are behind:

- First, unlike in the West, where podcasts are mostly seen as a form of media and entertainment, in China, the podcast industry positions itself within the burgeoning paid knowledge sector. Many Chinese podcasters sell their products as self-improvement tools.
- Secondly, while podcasts in the West are almost completely free or advertisement-supported, Chinese podcast hosts are monetising via paid subscriptions.

Ximalaya FM, QingTing FM, and Lizhi FM are the leading podcast platforms in terms of paid subscriptions.

⁹⁵ <https://jingdaily.com/best-short-video-platform-luxury-kuaishou-douyin-bilibili/>

⁹⁶ <https://www.adchina.io/bilibili-b-site/>

⁹⁷ <https://kr-asia.com/the-top-chinese-short-video-apps-in-2020-vying-to-grab-your-attention-with-fast-content>

6.6 VR / AR

China's top tech companies—including Tencent, Baidu, U.S.-blacklisted Huawei and SenseTime – made the top 10 list of firms worldwide that filed the most virtual reality (VR) and augmented reality (AR) patent applications globally.⁹⁸

For VR and AR research and development, China has a mature tech ecosystem to build on, giving it advantages of hardware know-how. The country's production of more than 70% of high-end head-mounted VR displays in the world also gives the country a competitive edge for software-hardware interface innovation. China has also been early in the commercialisation of 5G – an essential technological infrastructure for the wider adoption of VR and AR.⁹⁹ Moreover, the Ministry of Industry and Information Technology (MIIT) has been positioning China on a mission to become a global leader in VR and AR technologies by 2025.¹⁰⁰

VR games, VR film, and VR streaming are forecasted as the three mainstream content segments for VR, accounting for four-fifths of the overall VR market:

- “China's Netflix” iQiyi has made VR a key component of its company's strategy. This includes increased investment in iQiyi Intelligence, the company's department focusing on the R&D of VR and the firm's VR headset – an all-in-one adventure-series machine.¹⁰¹ Users can use the device to watch movies and shows from iQiyi's app in a virtual cinema, complemented with a high-resolution projection screen and theatre seats. The headset also supports Steam and other platforms for gaming in China.
- Chinese e-commerce giant Alibaba has created 3D renderings for hundreds of products and is allowing merchants to create their own VR shopping experiences.
- Chinese tech giant Tencent is also joining the VR gold rush, by investing in VR content for video and games. The company is also hosting live virtual reality concerts for musicians and performance artists.

As for augmented reality (AR) technology, retail companies such as [JD.com](https://www.jd.com/) and gaming companies such as Netease are among those that have invested substantially in the research and development of AR solutions. More and more AR apps are starting to be used in e-commerce, marketing, and games.¹⁰²

“We are producing an AR version of Strawberry festival, which means that audiences at the physical festival can access additional services: entertainment, shopping, etc. through their Phone camera using the Modern Sky APP.”

– Shen Yue, VP on Modern Sky Entertainment.

6.7 Metaverse

Chinese investors are quickly entering the market of the metaverse, the immersive digital cyber world where users can interact and do practically anything, from playing games, assuming virtual identities, to taking classes, working remotely, or going to concerts and shopping.

- Roughly 1,500 mainland Chinese companies have recently applied for trademarks related to the concept. According to the auditing company PricewaterhouseCoopers, China's metaverse market is set to grow 13% yearly to USD\$1.5 trillion by 2030.

98 <https://fortune.com/2022/01/27/china-big-tech-patent-applications-vr-ar/>

99 <https://daxueconsulting.com/virtual-reality-market-in-china/>

100 https://www.miit.gov.cn/zwgk/zcjd/art/2020/art_2276c9816d3b4c98b646613b6355ca3e.html

101 <https://pandaily.com/iqiyi-intelligence-releases-vr-all-in-one-machine-adventure-3/>

102 <https://daxueconsulting.com/augmented-reality-in-china-is-becoming-a-reality/>

The Chinese government has also paid substantial attention to this industry and is moving fast in regulating the space. Due to tight regulations, China will likely develop its unique type of metaverses. Outside of China, cryptocurrencies and digital collectibles also known as the NFT are two key technologies in the development and application of metaverse, while in China, both are banned. NFTs are allowed to be bought, but cannot be traded, as the government wants to limit speculation with these assets.

In addition to China's major internet and technology companies Alibaba, Tencent, Huawei and Netease, some smaller gaming companies are also among the early investors in the metaverse market:

- Shanghai-based Lilith Games is one of China's top five game publishers by revenue, known for award-winning mobile titles such as *AFK Arena* and *Rise of Kingdoms*. Lilith has devoted a 200-person team to developing its user-generated content (UGC) platform, similar to Roblox, known as the Da Vinci Project. Last summer in 2021, the project launched its first user-generated content app, known as the BOOM!PARTY, as part of its metaverse strategy. Aside from this in-house developed app, Lilith is also an investor in Qiyuan World, a leading general artificial intelligence company, and in the cloud gaming technology platform Telekinesis Technology.
- Another leading Shanghai-based game developer MiHoYo (米哈游), known for its recent global blockbuster *Genshin Impact*, is backing a "social metaverse" company Soul. This immersive social networking app aims at China's Gen Z. MiHoYo has also established a centre dedicated to brain-to-computer interface research.

6.8 Virtual idols and influencers

Virtual idols are computer-generated animated images – artificial social media influencers. Developers use advanced animation and rendering technologies to produce characters with finely detailed facial expressions and body movements.

Western examples of virtual idols include the fashionista influencer Noonouri (created by German designer Joerg Zuber) and the freckled "musical artist" Lil Miquela (created by Los Angeles media startup Brud).

China is now creating plenty of its own popular and profitable virtual personas. Similar to metaverse related technologies, virtual idols have also attracted a wave of investment in China. A variety show *Dimension Nova* developed by iQiyi is produced to feature virtual characters competitions for the title of China's best virtual idol.¹⁰³

As the country leads the world in social commerce, influencers – real-life or virtual – commanding the pocket of the consumers are in high demand. Industry insiders also attribute this interest in virtual influencers partly due to China's recent crackdown on the fan economy largely due to personal scandals involving human idols. Virtual influencers are seen by brands and marketers as more reliable and less scandal-prone.¹⁰⁴

¹⁰³ <https://radiichina.com/dimension-nova/>

¹⁰⁴ <https://technode.com/2021/10/27/insights-is-chinas-virtual-idol-boom-a-marketing-trend-with-staying-power/>

Famous Virtual Idols in China

Virtual singer Luo Tianyi is one of China's most famous virtual idols with more than 5 million fans on Weibo. In 2019, she had a holographic concert with China's top pianist, Lang Lang. In 2020, Luo Tianyi made her first appearance on Taobao livestream, attracting over 2.7 million viewers. This year, she was invited by CCTV to perform at the Spring Festival Gala, becoming the first virtual idol to attend the most reputable event of the year. The virtual singer also collaborates with international and domestic brands like Pechoin, Occitane, Clarins and many more.

Ayayi is a persona that combines classical Chinese beauty with contemporary style. She has over 560,000 followers on Weibo, and has promoted brands such as global companies such as Tesla, Vogue, and hipster tea chain Nayuki.

A-Soul, a virtual pop girl group, became an instant hit on Chinese video-sharing site Bilibili, after its launch in late 2020. The group, developed by Chinese celebrity agency Yuehua Entertainment and Bytedance, has accumulated more than 3 million fans across platforms. This enormous fan base is mostly composed of China's young anime enthusiast.¹⁰⁵

6.9 Gaming market

China's video game market, once the world's largest, and the home of some of the industry's biggest global players (Tencent, Netease, Miyoho,) offers many opportunities for music licensing.

The Chinese gaming industry had its slowest revenue growth in three years in 2021 amid Beijing's crackdown on the industry. This slow-down is echoed in the stagnated number of new players, according to a report released by the Game Publishing Committee (GPC) of the China Audio-Video and Digital Publishing Association, China's state-backed gaming industry association. The industry's gross sales revenue grew 6.4% in 2021, a sharp reduction from 20.7% in 2020.¹⁰⁶

The significantly slower growth comes after Chinese regulators moved to ban teenagers under 18 from playing video games for more than three hours a week to prevent gaming addiction and overspend. Since July 2021, approval of new games has also been halted.

This has led many Chinese game developers to double down on international markets, instead of its previous all-in strategy on the domestic market for game release. An increasing number of games are emerging from China to reach international acclaim. Titles such as the open-world role-playing games Black Myth by Game Science and Genshin Impact by MiYoHo, sci-fi simulation Dyson Sphere Programme by Youthcat, and battle royale Naraka: Bladepoint by 24 Entertainment are noted for their level of polish and production value.

The internationalisation of Chinese game studios will bring more opportunities for international collaboration on game music as well.

¹⁰⁵ <https://jingdaily.com/virtual-idols-china-celebrities-crackdown-ayayi-luo-tianyi/>

¹⁰⁶ <https://www.scmp.com/tech/policy/article/3160144/chinas-video-gaming-crackdown-2021-revenue-growth-slows-sharply-amid>

7. Snapshot by Genre

7.1 Pop music

The production quality of Chinese pop music, also known as C-Pop, is widely recognised as on par with American, Korean, or Japanese pop industries. Yet Chinese pop stars have yet to make much headway internationally or outside of the wider Chinese speaking expatriate community. There are two major reasons for this:

- The domestic market growth has been so fast that the pop industry in China lacks incentives to look abroad.

the global internet platforms (Youtube, Instagram, etc.) are blocked in China, and they are the biggest avenues for music discovery for international audiences.¹⁰⁷

- China's isolated internet ecosystem also made it hard for international artists to make their way to the Chinese market. Localisation via a sustained and proactive Chinese social media campaign for marketing and for interacting with local fans is something that few international artists or labels are afforded to do.
- The Korean pop industry managed to crack the Chinese market, but after South Korea's purchase of the THAAD missile system in 2016, K-pop was unofficially sanctioned. Since 2021, the sanctions have been gradually removed and K-pop stars have started appearing in advertisements and on Chinese television again.¹⁰⁸
- Music industry connections between South Korea and China have remained strong despite unofficial sanctions. Chinese artists appear regularly as members of famous K-pop groups and Korean music industry titans, such as SM Entertainment, regularly invest in the development of Chinese music groups and artists.
- Some western companies are operating in this space as well – such as the American-Chinese FutureOne Entertainment.
- The demand for know-how in artist development is creating opportunities for international talents, especially for musicians, choreographers, music video directors, etc. As with K-pop, many of China's biggest pop hits are now written by European songwriters and produced by European producers.
- The lead author of this chapter, Jani Joenniemi, sold one Swedish-made hit song to one of China's biggest pop stars, Jason Zhang.

China's many music variety shows produced by major satellite TV stations and streaming platforms play a key role in the discovery and advancement of new pop acts. Famous shows like *Sing! China* by Zhejiang TV, *Chuang* by Tencent Video, or *Youth With You* by iQiyi wield considerable power as industry shapers and pop trend setters.

The pop industry is currently trying to adapt to the ongoing government crackdown on celebrity and fan culture. There are new restrictions on the management of fan communities, fundraising, marketing, and party-aligning guidelines to the content of variety shows, which are making profound changes to entertainment formats and industry practices.¹⁰⁹

¹⁰⁷ <https://www.scmp.com/culture/music/article/2187843/c-pop-next-k-pop-how-chinese-music-could-crack-global-charts-if-bands>

¹⁰⁸ <https://www.allkpop.com/article/2022/02/g-dragon-opens-the-way-for-korean-celebrities-to-promote-again-in-china>

¹⁰⁹ <https://www.scmp.com/economy/china-economy/article/3163402/chinas-fan-club-crackdown-turning-point-multibillion-dollar>

Songwriting Camps

Pop music is a global business. Japanese and Korean pop music industries have a long history of using European and US songwriters to write and produce hits for their artists and now China is following a similar route. New companies are emerging as incubators and business matchmakers.

Song China is a company founded by Korean music industry veteran Tony Oh and Finnish songwriter Henrik Tala. It pitches songs from international songwriters to Chinese clients such as TV series, advertising agencies, pop stars, and music publishers. The company also organises songwriting camps online and offline customised for the Chinese market. Songwriters are invited to the camps. Over 2 to 3 days of training and workshopping, they are asked to write new songs tailor-made for a project that a client has introduced. Songs that are bought from a camp get Chinese lyrics and are then given to a Chinese pop star to record.

7.2 Indie music

China's leading streaming platform iQiyi is credited for taking indie-rock mainstream with their musical variety show *The Big Band*. When the show first launched in 2019, it was an instant hit. The bands competing on the show represented a diverse range of styles and generations, including rock metal band The Face, dating back to the late 1980s, alternative rock band Hedgehog from the mid-2000s, and promising new acts such as Britpop band Penicillin.

- The Chinese indie music scene had existed in the margins since the 90s and some of the participating bands had been pioneers of their genres. Now, through appearing on popular streaming music shows, they suddenly hit mainstream fame.¹¹⁰
- The bands on the shows are recruited from China's major independent music companies Modern Sky, Taihe Music, Caotai Music, and StreetVoice.¹¹¹

China Live Music Industry Report documented revenue from live music concerts reached USD\$703 million in 2017.¹¹² The report showed substantial growth in the revenue from live indie concerts, with millennials born in the 1990s and early 2000s making up the bulk of the audience. With the help of popular music programmes like *The Big Band*, indie music continued to be on the rise among young consumers, but have shown recent signs of slowing down due to new and unpredictable government restrictions.

“We currently do one music variety web series with the streaming platform Youku, but the market is slowing down as there are more restrictions placed on fan culture by the government. Producing mini series on short video apps has become the new trend, as investing in capital-intensive proper web series is becoming increasingly risky.”

– Shen Yue, the Vice President of Modern Sky Entertainment.

¹¹⁰ <https://radiichina.com/the-big-band-second-season/>

¹¹¹ <https://www.scmp.com/lifestyle/entertainment/article/3021177/chinas-king-reality-tv-rap-china-and-how-indie-music-could>

¹¹² <https://www.nasdaq.com/press-release/iqiyi-prompts-revival-of-chinese-indie-music-through-hit-original-variety-show-the>

Wuhan, the punk rock capital

Vox is Wuhan's legendary indie music venue. It is at the centre of Wuhan's underground rock scene and a key venue behind Wuhan's reputation as China's "punk rock capital". The venue frequently promotes and organises tours for international bands in China.

7.3 Jazz

Jazz clubs and festivals in China have traditionally relied on much of their programming on international musicians. According to industry insiders, the jazz scene in China has seen steady growth despite the Covid-19 pandemic. (The majority of work for this research was conducted prior to large-scale lockdown in April 2022.)

"Concerts have been selling out. Border closing has actually been great for the scene as local artists are getting more opportunities. After the borders re-opens we will keep on bringing international artists but in the future, the share of international acts to local acts will become more balanced, probably around 50/50."

– Ren Yuqing, the founder and CEO of the leading Chinese jazz promoter and venue owner JZ Group.

Shanghai has been known for its reputable jazz clubs and dynamic scene, but in recent years many more jazz clubs have opened around the country. Notable ones include Blue Note in Beijing, JZ Club in Hangzhou, JZ Club in Guangzhou, Meeting Jazz in Shenzhen, Meeting Jazz in Xi'an, and Riverside Jazz in Chengdu.

In 2023, JZ Group is set to open what will possibly be the largest jazz club in the world in Shanghai with a 2,000m² club area, a jazz education centre, and a 2,500-seat concert hall. The company will close two smaller clubs so the number of JZ's venues in Shanghai will remain the same at three.

Jazz festivals in China are typically free of charge and supported financially by the local government or the tourism parks where the festival is organised. Bigger stars will often perform ticketed shows in concert halls as part of the festival.

JZ Group

JZ is China's leading jazz promoter and jazz venue owner. Founded in 2003 by Ren Yuqing – the former bass player for China's original rocker Cui Jian, JZ is now a sprawling jazz empire that includes three venues and an upcoming concert hall and education centre in Shanghai, a club in Hangzhou, another one in Guangzhou and a record label and JZ school.

Ren says that there are a few other companies that book international jazz artists for tours in China, but they don't count as competitors as they couldn't survive without their biggest buyer – the JZ Group.

“We will definitely keep on bringing many European jazz musicians to China, especially with the new contract that we have with the German artist management company and jazz label ACT.”

– Ren Yuqing, the founder and CEO of the leading Chinese jazz promoter and venue owner JZ Group.

7.4 Metal

“Folk metal with elements drawn from traditional music is very popular in China. Folk metal bands create their mythical visual style and invent their own fictional universe. They are usually very visually driven. More extreme or technical genres of metal like black metal, thrash metal, classic metal tend to be more melodic in China, not as hardcore as elsewhere.”

– Yu Yang, Head of International at MIDI Music Festival and partner at Painkiller, a metal promoter and music magazine.

China has no live venues that are dedicated to metal, but some smaller metal festivals are emerging. The small festivals are typically organised in live houses with 800 to 1,200 seat capacity. The reason is that the regulation is much stricter for venues larger than this size. Due to the more stringent regulatory oversight for larger venues, there is a gap in the market between 1,200-capacity shows and stadium-sized shows.

MIDI Music Festival is China's first outdoor music festival launched in 2000 and one of the country's most well-known festival brands. The festival is famous for leaning more on rock rather than pop in its programming.

“The most popular stage at the MIDI Music Festival is the metal stage. Other big commercial festivals in China typically do not have many metal bands in their lineup. For most of the other festivals, metal band appearance, often only include the regular and most famous Chinese metal acts like Nine Treasures, Yaksa, or Suffocated.”

– Yu Yang, Head of International at MIDI Music Festival and partner at Painkiller.

Smaller metal festivals include:

- Root Fest founded by the band Yaksa,
- 330 Metal Festival initiated by the band Suffocated,
- Big Green Mountain Festival founded by Nine Treasures, and
- Painkiller magazine organises both the Painkiller Fest and another Chinese folk metal festival B:EAST – The Oriental Metal Festival.

“During the pandemic, strict health check requirements for larger capacity indoor shows have forced us to focus on producing shows in smaller venues.”

– Shen Yue, VP of Modern Sky Entertainment.

“Smaller festivals or bigger shows are now more often organised by management agencies of well-known bands, or some rich individuals instead of professional promoters. Management agencies have more ways to monetise the festivals and rich individual patrons have money to spend and are motivated by reasons beyond profit. This makes it hard for professional promoters to compete.”

– Yu Yang, Head of International at MIDI Music Festival and partner at Painkiller.

Nine Treasures

Nine Treasures is a folk metal group with members mostly from the autonomous region of Inner Mongolia. Founded in 2010, the group combines traditional Mongolian music with heavy metal, notably using traditional instruments and overtone singing techniques.

In May 2012, the band released their first album *Arvan Ald Guulin Honshoor* by Mort Productions Beijing, an extreme metal record label created in 2001.

The group made a notable appearance at the Wacken Open Air Festival in Germany in 2013 where it came second in the Wacken Metal Battle. Since then, the band has been touring across the world, with a substantial profile in Europe and Asia¹¹³

7.5 Hip Hop

The music variety show *The Rap of China* was launched in 2017 by one of China's leading video streamers iQiyi is credited for taking hip hop to the mainstream. Other recent variety shows focusing on hip hop include *Generation Z Hip Hop* also by iQiyi and *Rap For Youth* by streaming platform Bilibili.

The consumers of hip hop are mainly balanced between first- and second-tier cities. The keen interest for rap in the Western Chinese cities of Chengdu and Chongqing is linked to the emergence of a new kind of rap, called 'trap'. Trap music is a subgenre of hip-hop, characterised by the significant use of tuned kick drums and bass, and an often-dark ambiance and lyrical content.

Many Chinese hip-hop artists rap in their local dialects, pushing against government policies that increasingly restrict the use of regional languages, and aim to promote the use of Mandarin.

“Fame can be also more and more regional. Some of the hip hop artists we've worked with in Kunming can be very famous locally in Yunnan province, but are unknown elsewhere in China.”

– Michael Ohlsson, the founder of Dada Clubs

¹¹³ https://en.wikipedia.org/wiki/Nine_Treasures

Hip Hop in China's Southwest

Chengdu City Rap House is the heart of Chengdu's rap scene. It's one of the most influential hip-hop labels in China, best known for nurturing the success of the Higher Brothers. The collective gathers other super-famous rappers from Chengdu, like Ty and Boss Shady.

AYO Music Festival Chengdu, the annual AYO music festival hosted in Chengdu is one of the largest hip-hop and rap music festivals in Asia, coupled with a rich programme of hip-hop-related exhibitions and fairs. The event is produced by national media company Fangxuehei.

GO\$H, Chongqing is an independent label that produces some of the most popular hip-pop artists in southwest China. It is credited with setting a trend in hip-hop music with local dialects. Chongqing city is home to some of China's most well-known hip-pop artists such as GAI, Bridge, and Wudu Montana.¹¹⁴

7.6 Electronic Music

In the past few years, there has been a wave of new commercial clubs emerging that dominate the electronic music scene.

“The kind that has thousands of people with sparklers and that play the same songs every night – like nightlife factories. They play trap, hip-hop, Korean bounce. During the past few years, many of the big clubs have also started to play hard techno, which is odd, I sometimes feel like I'm competing with them.”

– Michael Ohlsson, founder of Dada Clubs.

Electronic dance music (EDM) has lost its popularity during the past few years, leading the electronic music market to innovate to become more sophisticated and diverse in taste.

Electronic music DJs play shows in creative hubs, fashion shows, and art exhibition openings. Vinyl is gaining traction with increased market presence around the country, and has become a new popular pastime for DJs and record collectors. Imported vintage vinyl records can often sell for a small fortune.

SWM Silvester Electronic Music Carnival

SW.MISSION (SWM) is a new Yunnan record label. The SWM Silvester Electronic Music Carnival 2021 festival was staged in the ancient town area to the south of Dian Lake in Kunming. It included a futuristic light show. Various genres of electronic music from hard techno to trance were performed. Local and international DJs participated, including Carta and PINKPANDA.¹¹⁵

7.7 Classical music

Love for Western classical music continues to grow in China. Chen Ganglion, director of the China Symphony Development Foundation, a non-profit that promotes sym-

¹¹⁴ China Cultural Cities Profile Country Overview, TFCC, British Council, 2021

¹¹⁵ China Cultural Cities Profile Country Overview, TFCC, British Council, 2021

phonic music, was quoted in China Daily at the end of 2021, saying: in the four years up to 2017, the number of professional symphony orchestras in the country had grown from 30 to 82.

Today, Chinese people are among the biggest enthusiasts and contributors for Western classical music: they have a particular interest in Western classical music from the 'Classical period' (about 1730 to 1820) and 'Romantic period' (late 18th and early 19th Century). Plus, China produces a staggering 80% of the world's total supply of pianos.¹¹⁶

Hangzhou Modern Music Festival

Hangzhou Modern Music Festival in 2020 introduced 'Art Creation Awards' for its International Orchestral Composition Competition, to encourage young composers to create more original music. It offered winners the opportunity to rehearse and perform at a professional level. The festival featured concerts, master forums, and composition workshops.¹¹⁷

¹¹⁶ <https://www.scmp.com/native/lifestyle/arts-culture/topics/concerto/article/2181586/love-western-classical-music-continues>

¹¹⁷ China Cultural Cities Profile Country Overview, TFCC, British Council, 2021

