

# The Music Industry in China: Analyzing Consumption, Marketing, and Historical Trends

## Reflection Paper

by Kyle M. Bagley

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### Summary of the Project

The project completed for my culminating experience was a research paper covering the music industry in China. My paper is an effort to provide a greater understanding of the country and how music is consumed and marketed. It starts with a literature review, which looks at historical realities in the country, first being the development of piracy in the country. Unlike the US, who views piracy as a digital issue, China has had problems with piracy going back to the 90's, with illegal CD's being sold on the black market. The paper also outlines methods of government censorship, in the form of social media control and festival closures. I also analyze how Western countries have influenced the music, through the opening of China's borders, and through sovereign regions within China including Hong Kong and Taiwan.

The second half of my paper outlines social media networks and habits. Platforms are analyzed individually by users, content, and trends to produce best practices and methods for success. Streaming services are also considered to measure current usage and provide an overview of the music technology market. Branding and sponsorships are briefly covered as an important method of raising money and awareness for artists and companies. Lastly, I

discuss areas for growth and untapped markets within China, which include crowdfunding, and increasing merchandise and value added sales.

## Process

The project began in December of 2014, though its focus has changed several times since then. The project included three major sections. The first was to analyze reports and data currently coming from the region, the second was to use interviews to get a more detailed look at the industry, and the third was to corroborate findings and expand the scope by analyzing blogs and news from the region.

For the first step, I mainly analyzed reports from the International Federation of the Phonographic Industry and others in order to compare record sales in China to those from the rest of Asia and the West. The Recording Industry in Numbers reports are released annually, and provide snapshots by country of not only record sales, but a breakdown of physical vs. digital, downloads vs. streaming, and more. They also provide GDP information, which especially strengthened my literature review by helping compare countries with economic factors beyond the music industry. These documents also provided case studies, which I used to form major theories about China, giving me established ideas and trends to report on.

To get a more complete and more personal view of the music scene, I decided to conduct a series of qualitative interviews with music industry professionals in China. I interviewed a total of ten people, including six active gigging musicians, two composers, an owner of an independent record label, and a music journalist. Subjects were from a variety of cities in China, and included a mix of foreigners and Chinese people.

Interviews were conducted in a variety of methods: live over Skype or telephone, in person, and by written responses via email. Interviewees all spoke English. For musicians,

questions covered their income streams and sources, marketing methods for shows and recorded music releases, and trends over time in China. One interview was with an employee of an independent record label in Beijing and covered marketing new releases, social media, and streaming services. Another interview was with a journalist who covered the local scenes in Beijing and Hong Kong. In total, the insight they provided was used in aggregate to provide the bulk of material for the paper.

I reached interview subjects initially by tapping into my personal network, first with colleagues at Berklee's campus in Valencia, and friends from my time in China. After each interview, subjects were asked to provide referrals, which helped grow the network organically while maintaining a level of reliability.

For each interview, I transcribed the dialogue and made a one page summary sheet filled with important talking points and quotes. These were created to provide a reference while writing the paper and to easily compare information between interviews.

While interviews were a great way to gather insight, I discovered that further research was needed to fill in gaps in information I received. I used popular news outlets and blogs to read up on issues that my interviewees talked about. This provided a broader approach to issues, and often provided historical and background information on topics.

Writing the paper was a long process. I wrote about the major issues first by discussing ideas I had about the industry from my experience living in China, alongside common themes discussed by multiple interviewees. I then reviewed interview data individually to include quotes and details from conversations. Lastly, I filled in weak parts of the paper with insight from blogs and news sources.

# Results

The end result of this paper is very different than what I expected when I started. My initial idea for the project was to research musician income streams in Asia. A nonprofit in the United States called Future of Music Coalition has completed years of researching outlining 42 available income streams for musicians. They have many reports comparing musicians' revenues from live performances, selling albums, streaming, merchandise, sync licenses, and more. This fantastic research, however, is very limited to the United States. I aimed to expand these ideas into Asian countries, where these studies have not been conducted.

As I worked through the interview process, I realized I did not have the reach required to get an accurate sample size. Asia is a large region with many different economic levels and groups, so reliable data would have required interviewing more people than possible for the scope of this project. In addition, the questions provided by FMC were very specific, and did not necessarily translate well to all cultures.

Scheduling interviews was also a big issue for me, given my intense school schedule and the lack of availability from interviewees. Subjects frequently missed meetings, rescheduled last minute, and were not able to interview at reasonable hours, given the time difference between China and Spain.

All of these factors led to the decision to change the focus of my paper from musician income research to marketing method research, an idea that aligns much more with my background and professional goals. I also narrowed the scope of my paper to include only China, including Hong Kong and Taiwan, but excluding countries initially on the list, such as Japan, South Korea, Singapore, and others in Southeast Asia. While understanding these

countries is important for overall knowledge of the region, it was too broad a topic for my paper. Asia has too many intricacies, too many differences to write about as a whole, countries and even regions within countries need to be analyzed individually. In addition, my time spent living in China gave me much more powerful insight and content to write about than my external research alone could provide.

## Next Steps

In the future, I will continue my research in China and Asia, and continue to analyze the music industry in this way. The industry in this region is unique in its relative infancy when compared to Western countries, and many changes will take place over the next five years. Particularly in China, where the economy is growing at an incredible rate, and the nation is still developing, the music industry has a lot of room for growth.

In particular, I am interested to see how streaming services affect the purchasing habits or piracy levels of the average music fan. I also want to analyze whether or not live performance will continue to grow and become more important to musicians, as it has in the US.

With the completion of this paper, my more immediate goal is to compose a series of articles, whitepapers, and infographics that outline the major findings and provide insight for professionals in the field. I already have one publication who I have discussed my project with who is eager to publish articles in my name, I expect to find more over the coming months.

## Contribution to the Profession

The issues described in my paper are absolutely crucial to the music industry. The last several years have brought an immense amount of interest and money to China. There are however, very few businesses and supporting industry professionals to match the demand of bands and companies who are trying to get into China. Furthermore, there are very few individuals providing research on this region, even fewer who present their findings in English.

My paper provides marketing advice, as well as an analysis of the current systems in place in the country. The information given will assist bands, promoters, and business people on how to effectively manage their entry into the country. It also provides advice for Chinese musicians who want to grow their fanbase or become more profitable with their music.

There are a few publications that regularly release material like this. One company, The Outdustry Group, releases market analytics in China a few times per year, and there are others. These documents can either drive business as a consultant, or give me some more clout as a potential employee. Some companies who release reports like this more frequently charge for them. While this isn't in my immediate goals, if my paper receives more recognition it could be a viable option for me going forward.

## Impact on the Student Completing the Work

The largest benefit of completing this project was the knowledge I gained from my in-depth exploration into the market. My long term professional goals are to go on to work in the marketing field in China, and the information in my paper will prove invaluable as I begin working in the industry. Being able to effectively use Chinese social media is a major asset,

and knowledge of the streaming services and consumption habits of music fans is crucial to being able to promote and make a profit from a recording.

The research methods I used to gather and present information will be useful in whatever career path I choose. The process of finding interview subjects closely models real-life networking, and I was able to strengthen my communication skills through the process of completing this project. In addition, the focus of working on the same venture for over six months requires focus and strength. In the music industry, this is a standard amount of time to record an album, run a marketing campaign, or similar tasks. Being able to manage long term projects and complete other daily work is a valuable skill.

Lastly, my culminating experience project increased my personal network, which will prove valuable in the future. The interviews gave me a closer relationship with a variety of professionals, who I will stay in contact with, especially as I begin work in the field. Additionally, finding blogs and news sources to draw information from gave me a great survey of the industry, a healthy list of resources I will continue to read to stay current.