The Chinese Music Industry and French Music in China in 2021

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December 28, 2021

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Chapter I Overview of the Chinese Music Industry

1.1 Development History of the Chinese Music Industry

Popular music has a history of around 90 years in the mainland of China, dating back to the end of the 1920s and the start of the 1930s. Growth halted for about three decades due to war and political changes, and gradually resumed around the late 70s and early 80s thanks to popular music from Hong Kong and Taiwan. It was followed by a period marred by piracy due to the lack of a comprehensive music recording and production industry system. With the advent of digital music platforms in 2013, a Chinese popular music ecosystem that revolves around digital music began to take shape.

1.1.1 1920s - 1949: Infancy

In the 1920s, a new type of urban culture as represented by Shanghai gradually emerged. The Chinese became more receptive to western popular music, particularly American music, exposed through forms such as dance hall, movie and radio broadcast. Demands for popular music were evident even among regular citizens, and it was this era that marked the infant stage of Chinese popular music. An iconic personality of this period was Li Jinhui, one of the forefathers of popular music in China. He wrote “Drizzle” (“Mao Mao Yu”) in the 1920s, which was broadly regarded as the earliest Chinese pop song. He also started the “Bright Moon Song and Dance Trope” (“Mingyue Gewutuan”), the earliest pop music group in China. Due to the frequent international exchanges during this period, much of Li’s popular music incorporated numerous western pop music elements of the 1920s, such as fusions of folk style melody, tango and foxtrot, along with significant representation of American jazz. Meanwhile, live performers adopted techniques that ranged from traditional Chinese tunes to Japanese popular music, and the styles were drastically different from any Chinese music that came before. Mellow ballads like “shanghai Night”, Li Hsiang-lan’s (Yoshiko Yamaguchi) “evening Primrose” (a.k.a. “Fragrance of the Night”), and Yao Li’s “Rose Rose I Love You” (“Mei Gui Mei Gui Wo Ai Ni”) typify this era, which are generally known as “haipai songs” (literally “shanghai-style”) or “songs of the era”.

In April 1949, following the closure of Pathé Records (Chinese branch of EMI Group), the last record company in the mainland of China prior to the founding of P.R. China, the development of Chinese popular music shifted to Hong Kong and Taiwan, while that of the mainland entered a hiatus for three decades.

1.1.2 1949 - 1978: Hiatus

The 1960s and 1970s marked a peak in the progress of pop music overseas, but in the same period the Communist Party of China (CPC) enacted a series of reform policies. These included the denouncement of Chinese popular music as pornography, and pop music was banned from any dissemination. In the mainland of China, only Chinese ethnic music (folk music) and revolutionary songs were permitted, such as “red songs” that primarily took cues from Soviet-style melodies and “intellectual youth songs” inspired by folk music. During the Cultural Revolution, a sizable population of musicians were hounded, and music functioned as a “weapon” that served political needs during the Cultural Revolution. Therefore, Chinese pop music founded upon western pop and led by Ji Linhui entered a hiatus of 30 years, when popular music as we know it today was literally nonexistent in China.

1.1.3 1977 - 2000: Growth

Since 1977, with the implementation of the opening-up policy, a modicum of popular music from Hong Kong and Taiwan was transmitted into the mainland of China via Guangzhou. 1979 saw the founding of the Pacific Video & Audio Co., bringing an end to the China Record Company’s monopoly on the phonograph record production and distribution industry in the mainland of China, and large-scale production and recording of pop music ensued. Pacific Video & Audio Co. produced some eight million cassettes within the first year, and included almost every single famous performer on its roster. Following the introduction of the cassette deck, the tapes of singers like Liu Wen-cheng and Teresa Teng Li-chun started to gain popularity and go viral around the mainland of China. From 1980 onward, Taiwanese folk songs and tunes favored by Taiwanese students also became very popular in the mainland of China, ushering in a new period of growth for mainland pop music.

“Homeland Love”, the first modern Chinese pop music song produced solely in the mainland of China, was performed on the stage of the important *CCTV New Year’s Eve Gala* in 1983, signifying the official “liberation” of pop music. “Performance by

One Hundred Chinese Pop Singers" held in May 1986 included "Let the World Be Full of Love" dedicated to the International Year of Peace, and this showcase by a star-studded line-up spearheaded the push of mainland Chinese pop music into mainstream society. At that performance, Cui Jian and his band stunned the crowd with the hit "Nothing to My Name" (a.k.a. "I Have Nothing"), which formally brought Chinese rock and roll into the limelight and into the realm of popular music in China. It also gave rise to the popularity of "Northwest Wind" style of folk songs, which was unique to popular music of China in the 1980s, predominantly characterized by lyrics that express critical thoughts on culture, tunes that borrow from both the upbeat and downbeat musical elements of northwestern China, forms and techniques of rock and roll in composition and vocals, and the pursuit of boldness and unconstraint in spirit.

Against the backdrop of the Chinese economic reform, the audio and video production industry was gradually unshackled from the single-track planned economic model and ushered in diversified development. Foreign-funded labels such as Magic Stone, Great Earth and Red Star, Chinese-foreign joint ventures like Chia Tai Ice Music and New Constellation, and private Chinese record companies such as New Disc and Silver Disc emerged. Music television appeared in the 1990s, a decade later than Europe and North America, but still served to propel popular music of the mainland of China, while "biggest hit songs" on the various local radio stations further bolstered the diversification of pop music, individualization of musicians and the continual evolution of the pop music sphere.

Since the 1990s, the Chinese government rolled out a string of regulations such as *Regulations on Administration of Audio-visual Products*, *Audiovisual Product Import Management Rules* and *Administrative Provisions on Audio and Visual Product Publication*. This strict audio and video publication censorship system required all audio and video products (physical records) to be produced, published or imported to first submit for internal review by the Ministry of Culture. At the same time, the China National Publications Import & Export Corporation (CNPIEC) was the only organization authorized to import genuine records from abroad, monopolizing and controlling the import records market. This consequently gave rise to the uniquely Chinese "scrapped CD culture" from the 1990s to early 2000s, referring to the acquisition of foreign scrapped CDs via semi-illegal, underground channels. Scrapped CDs were backlogs inventory of records that were sold to China as plastic waste import, with some intentionally left salvageable as playable music records. Scrapped CDs was a primary avenue for youths of the time to learn about and mimic European and American popular music, one of the major phenomena that affected Chinese youths for two decades, and a bedrock that underpinned the formation of the Chinese youth sub-culture.

1.1.4 2000 - 2013: Chaos

Following the advancements in internet technology around the end of the 1990s, online music dissemination expanded in scale and dedicated music download websites emerged. By 2000, there were hundreds of different music websites in China, as represented by 9sky.com, where people may download music for free or listen to digital music. The appearance of these free music websites quickly fed online music piracy. The *Digital Music Report 2012* published by the International Federation of the Phonographic Industry (IFPI) pointed out that digital music accounted for 71% of Chinese music, of which 99% was pirated music mainly contributed by cloud storage and illegal download websites. Severe internet music piracy seriously hampered China’s fledgling and nascent popular music records industry system.

Compared with the development of the music industry elsewhere, three crucial stages are missing from growth of the Chinese music industry, making it difficult to achieve a closed-loop system: 1) Gaping holes in copyright protection. The copyright system in China had a late start, the Copyright Protection Center of China was not founded until 1998. The first administrative punishment for copyright infringement did not occur until 1999, which was the height of music piracy in China, and this insufficiency in copyright protection resulted in rampant music piracy in the country. 2) Absence of transition between the shift of music from offline to online. China lacks a closed-loop music model, like that of iTunes + iPod, to adequately complete the transition between paid CDs and digital music. The reality is that iPod has also deteriorated as one of the terminals for receiving and playing pirated music. 3) Payment mechanism for licensed online music is not yet complete. During this era of digital music growth, the mechanism for online music payment has not developed in tandem because of numerous reasons, such as lack of payment channels suited to online music, similar user experience between licensed music and pirated music, and less ease of use in licensed and paid music.

While traditional records centered on physical records slowly declined, free and user-friendly online music with relatively lower production costs began to gain traction. In 2001, Xue Cun was catapulted into the spotlight online with “All Northeasterners are Living Lei Fengs” (“Dongbeiren Doushi Huo Lei Feng”), becoming a sensation in the music circle. Thereafter, online songs such as “Mice Love Rice”, “Lilac Flower” and “Two Butterflies” also rose to immense popularity, and online music soon became a cultural phenomenon, solidifying the Internet’s irreplaceable functions of music distribution and promotion.

Music-themed reality programs emerged as one of the vital stages where unknown singers and creators could rise to stardom. *Super Girl*, Hunan Satellite Television’s unofficial version of *American Idol*, immediately developed a massive fan base upon its debut in 2004; and *The Voice of China*, based on the original *The Voice*, similarly swept the nation by storm in 2012. Reality television singing competitions continue to reign as one of the hottest categories for variety shows in China, and after the collapse of the physical music records industry, the main entities responsible for the discovery and cultivation of popular music celebrities have shifted toward mainstream television channels and platforms.

1.1.5 2013 - 2020: Rebirth

The change in the medium of music ushered Chinese popular music from physical records to the online domain. As naturally advantaged video platforms, online music platforms, short-form video platforms and other streaming media platforms made their forays into the sector, the emerging ecosystem signified the rebirth of Chinese popular music as characterized by its digital music ecosystem. The *Chinese Music Industry Development Report 2014* asserted that 2013 was a watershed year for the transition of the Chinese music industry from the traditional, physical records-based model toward the digital, online music-centered model. It was marked by the advent of a new type of cultural economic structure driven by music content creation and music copyright agency, powered by cross-terminal and cross-media platforms as sales channels, and guided by a market orientation that underlined user experience.

Thanks to the rapid popularization of mobile internet, between March 2015 and June 2021, the number of mobile internet users in China grew by a compound annual growth rate of 9.3%, almost doubling from 580 million to some 1.007 billion, accounting for one-fifth of the world's mobile internet users. Also worth noting is the internet coverage rate of 70.4%, a figure above the global average (63%). *(Source of data: Nearly One Billion Internet Users in China, Highest Number in the World - Mobile Internet (sohu.com))* Numerous emerging music and pan-music entertainment platforms have emerged for mobile users. At the same time, over 99% of Chinese internet users surf the net using mobile phones. The switch from a PC to a mobile device has heralded changes in information and content acquisition among users, and users have become increasingly willing to accept paid digital content and aware of copyright. *(Sources of data: 47th Chinese Internet Development Report and 48th Chinese Internet Development Report from China Internet Network Information Center)*

At the same time, the Chinese government undertook the “sword Net Action” to combat online piracy and implemented measures to protect intellectual property since 2010. In 2015, the National Copyright Administration issued *Notification on Ordering Online Music Service Providers to Stop Unauthorized Dissemination Music Works*, dubbed by some as the “strictest decree on copyright in history”, further raising the bar of the internet music industry. After several years of substantive efforts in music copyright, the number of original content began to increase, large-scale music copyright infringement and piracy pretty much faded into oblivion, and the commercialization digital music picked up steam.

In 2020, digital music already accounted for 98.54% of record music income in China,2020 while the worldwide average for this figure is 89%. Compared with most other nations, China's record music industry has embraced the digital era ahead of the curve. *(Source of data: Global Music Report 2021 from International Federation of the Phonographic Industry)*

1.2 Structure of the Chinese Music Industry

In 2019, the size of the Chinese music industry grew year-on-year by 5.42% to reach RMB 395.096 billion. Though the rate of growth has downshifted somewhat, the development achieved both stability and progress, and the core layer of the industry revolving around digital music maintained rapid expansion of more than 8%, while acceleration in developments in correlation layer and expansion layer obviously slowed down. As the COVID pandemic continues to bring uncertainty to the global economy, it has become even more imperative for the Chinese music industry to stress development quality by way of original content creation, application of technology, full-spectrum innovations in business models, business forms and consumption scenarios to promote the transition from continuously high-speed development mode toward the new round of high-quality development mode. The sizes of the core layer, correlation layer and expansion layer of the music industry are respectively RMB 88.48 billion, RMB 193.664 billion and RMB 112.952 billion, and respectively account for 22.39%, 49.02% and 28.59% of the total. Of which, the correlation layer basically remained stable, the industry proportion of the core layer improved by 3.1 percentage

points, and the industry proportion of the expansion layer meanwhile shrunk by 2.6 percentage points. These changes indicate that as the economy continues to face a headwind, the industry's core layer, mainly driven by cultural creativity and science and technology innovation, has shown a stronger risk resistance capacity, while the expansion layer has been affected by the contraction in the traditional market and urgently requires a structural adjustment. *(Source of data: Chinese Music Industry Report 2019 from the Communication University of China and An In-Depth Report on Music Industry from Northeast Securities)*

Industry	Industry vertical	Industry value
Core layer	Music books and audios	13.44
	Music performance	200.41
	Music copyright agency and management	6.95
	Digital music	664
Correlation layer	Musical instrument	447.64
	Music education and training	920
	Professional audio equipment	569
Extension layer	Broadcast television and music	88.48
	Karaoke	1034.4
	Films, games, anime, comics and music	6.64
Total		3950.96[1]

[1] Latest edition of *Chinese Music Industry Development General Report 2020*, music industry of China valued at nearly RMB 400 billion in 2019 -https://zhuanlan.zhihu.com/p/336499687

1.2.1 Analysis of the Core Layer of the Chinese Music Industry

The core layer of the Chinese music industry primarily includes music books and audios, music performance, music copyright agency and management and digital music. This layer is the foundation of other layers and is responsible for creating the content values of the art of music.

Chinese music, book and audiovisual publishing industry: In 2019, the Chinese music book and audiovisual publishing industry was valued at RMB 1.344 billion as measured within statistical scope, climbing by 0.45% compared with a year ago. Of which, the music and book industry was valued at RMB 1.044 billion, hiking year-on-year by 1.3%, while the audiovisual publishing industry slid to a value of RMB 300 million, a year-on-year shrinkage of 2.3%. In recent years, China has dedicated more energy and effort to national culture development, resulting in a rise in the numbers of albums related to traditional Chinese music, National Day-themed publications, etc. In addition, the "vinyl+" business model characterized by the utilization of elements and methods such as bookshop collaborations, music halls, flashmob shops and trendy brands has maintained its uptrend, and realized a multitude of innovations in the physical product production, musician cultivation and consumption scenario development. At the same time, relying on cross-industry integrations between record labels and high-quality intellectual properties, the clout of non-mainstream and indie music has continued to climb. In the face of challenges of the COVID pandemic, the book and audiovisual publishing industry chose to stress the "pandemic combat" theme, and relied on positive public opinion and mentality to embolden people, leading to recent developments marked by clear focus and diversified growth.

Chinese music performance industry: In 2019, the total size of the performance market increased by 9.9% compared to last year to reach RMB 20.041 billion. Total ticket sales income of music performances improved by 8.2% year-on-year to reach RMB 7.379 billion. Of which, ticket sales income of theatre performance was RMB 2.745 billion, ticket sales income of large-scale concert and music festival was RMB 4.259 billion, and ticket sales income of live house was RMB 375 million. Consumption structure of music performance market continues to become younger, with "post-'90ers" and "post-'00ers" (respectively those born in the 1990s and the millennials) having risen as the bulk of consumers for on-site entertainment, those below the age of 24 years-old making up 14.8% of ticket purchase, and ticket sales revenues for events in niche segments such as "two-dimensional space" and ACG subculture, "guofeng" new Chinese style and electronic music have gradually caught up and even surpassed mainstream music festivals; virtual reality, interactive technology and "immersive" music performance have introduced brand new types of audience experience; under the drivers of variety shows and celebrity influence, musicals have expanded reaches from professionals and aficionados to a wider market, resulting in continuously enlarging market share; and in-depth, cross-industry integrations between music performance and e-commerce, new retail and new consumption segments constitute a major development trend in the future. *(Source of data: Chinese Performance Market Report 2019 from the China Association of Performing Arts)*

Chinese digital music industry: The Chinese digital music market was valued at RMB 75.34 billion in 2019. Of which, digital music platforms generated RMB 10.09 billion in revenue, the online karaoke market was valued at RMB 15.14 billion, the music live stream market was valued at RMB 10.37 billion, and the pan-entertainment music live stream market was valued at RMB 39.73 billion. Of which, short-term video music live stream was valued at RMB 10.37 billion. Another research report from Analysys points out that the Chinese digital music market was valued at RMB 71 billion in 2020, but data in the report does not include short-form video and music live stream contents. If the short-form video and music live stream market were to be included, the digital music market would have already exceeded the hundred billion-yuan threshold in 2020. *(Analysys: Chinese Music Market Annual Observations 2021)*

At present, digital music (narrow definition) has the largest number of users. As of the first half of 2020, digital music (narrow definition) had 810 million users, basically remaining at the same level as 2018. Since there are not many more new users to be tapped, the consumer market of existing users will become the main growth point in the future. The rise in short-form video music live stream users has been prominent, and benefits from the general and rapid growth of live stream users on platforms. Short-form video music live stream users surged from 70 million in the first half of 2018 to 326 million in the first half of 2020. As the industry bellwether, the digital music industry capitalizes on its digitalized, mobilized and interactive characteristics to instigate reforms in products and services of its constituting niche segments, while influencing relevant industries in the other two layers. Revolving around the transformation and upgrade of "music+" business integration, streaming media music download, online karaoke, music performance interaction and social networking, etc., have emerged as primary pathways to expand the digital consumer market and revenue models. The strategic focal points of the various digital music platform have begun to shift from downstream user resources to upstream creative ecology, and the various original musician assistance programs have started to bear fruit. The increase in quality content, the rise in one-time consumption frequency on digital platforms, and the optimization of paid subscription model continue to boost user purchasing willingness, resulting in a massive 7.8% soar of the user pay rate that equates to more than 30% improvement year-on-year (growth of paid users of TME and NetEase Music both surpassed 30%, and these two streaming media platforms account for over 80% of the Chinese market as per conservative estimation). The 2021 Q3 financial report of Tencent Entertainment Music Group shows that online music paid users reached a new height of 71.2 million, a year-on-year surge of 37.7%, and the online music pay rate eclipsed the monumental threshold of 11.2%. NetEase Music, which went public on the Hong Kong Stock Exchange in December 2021, even lifted its user pay rate to 14.9%. However, compared with the music markets of Europe and North America, the paid digital music penetration rate still has much room for improvement.

(Sources of data: Chinese Music Industry Development Research Report 2020 - Digital Music from iResearch, 2021 Q3 financial report of Tencent Entertainment Music Group, and prospectus of NetEase Music)

Music copyright agency and management industry: According to data from the 2019 annual reports issued by the Music Copyright Society of China and the China Audio-Video Copyright Association, the two bodies received RMB 680 million in copyright usage and license fees in 2019, with RMB 404 million coming from the Music Copyright Society of China, a surge of around 28% compared with 2018, and the China Audio-Video Copyright Association contributed RMB 286 million, skyrocketing by 44% relative to a year ago. Development of ecology of digital music copyright maintains a positive momentum; copyright resources such as songs and original soundtracks of music variety shows collaborate with digital platforms to create new copyright consumption and application scenarios; applications of big data and blockchain technologies have realized substantive progress in copyright protection in the karaoke sector. The third amendment of the *Copyright Law of the People's Republic of China* passed not long ago introduces a punitive compensation mechanism to elevate the potential costs of copyright infringement, and stays in line with international norms by amending clauses such as those that give recording producers broadcasting rights and public performance rights. The amended document will bring about long-term impacts to the balance of interests of owners of rights in various parts of the music industry ecology, and the general development of the music industry. *(Sources of data: 2019 annual reports of the Music Copyright Society of China and China Audio-Video Copyright Association)*

1.2.2 Analysis of the Correlation Layer and Extension Layer of the Chinese Music Industry

The correlation layer includes the musical instrument industry, music education and training industry, and professional audio equipment industry. These verticals serve professionals in music creation, performance, education and other areas. In 2019, overall the correlation layer hiked by 5.57% year-on-year, but expansion in the professional audio equipment industry slowed down to a mere 2.1% due to U.S.-China trade conflict and deceleration in domestic industry growth. The Chinese musical instrument industry meanwhile further implements its science and technology-driven and music education-driven dual-engine strategy, and the industry's reorientation toward mid to high-end transformation development is starting to yield returns, as main business income exceeds overall growth in light industry in China during the same statistical period. The music education and training industry grew by 7.9% year on year, and not only did growth keep up a medium to high-speed rate of advancement, but new demands also continue to emerge in the industry. Data indicate that the key factors in the development of businesses in the correlation layer include promoting supply-side reform in the industry, and accelerating further and better matching between products, services and the emerging consumer market. *(Source of data: Chinese Music Industry Report 2019 from the Communication University of China)*

The extension layer includes the broadcast television and music market, karaoke market, and films and television, games, anime, comics and music industry. The size of the extension layer only improved by 2.68%, and one culprit of this lackluster performance is that the traditional karaoke market, which accounts for a relatively big chunk of this layer, has been hampered by the economic environment as the number of brick-and-mortar venues continues to dwindle, while the emerging online karaoke market and karaoke booth market have yet to capitalize on all their potentials. On the other hand, impacts from film and television industry structural adjustment have led to a year-on-year plunge of 6.21% overall in the film, television, gaming, animation and comic music industry. These three verticals are the main platforms for the showcase of music content, they have the largest coverage in society and encompass almost every type of consumer.

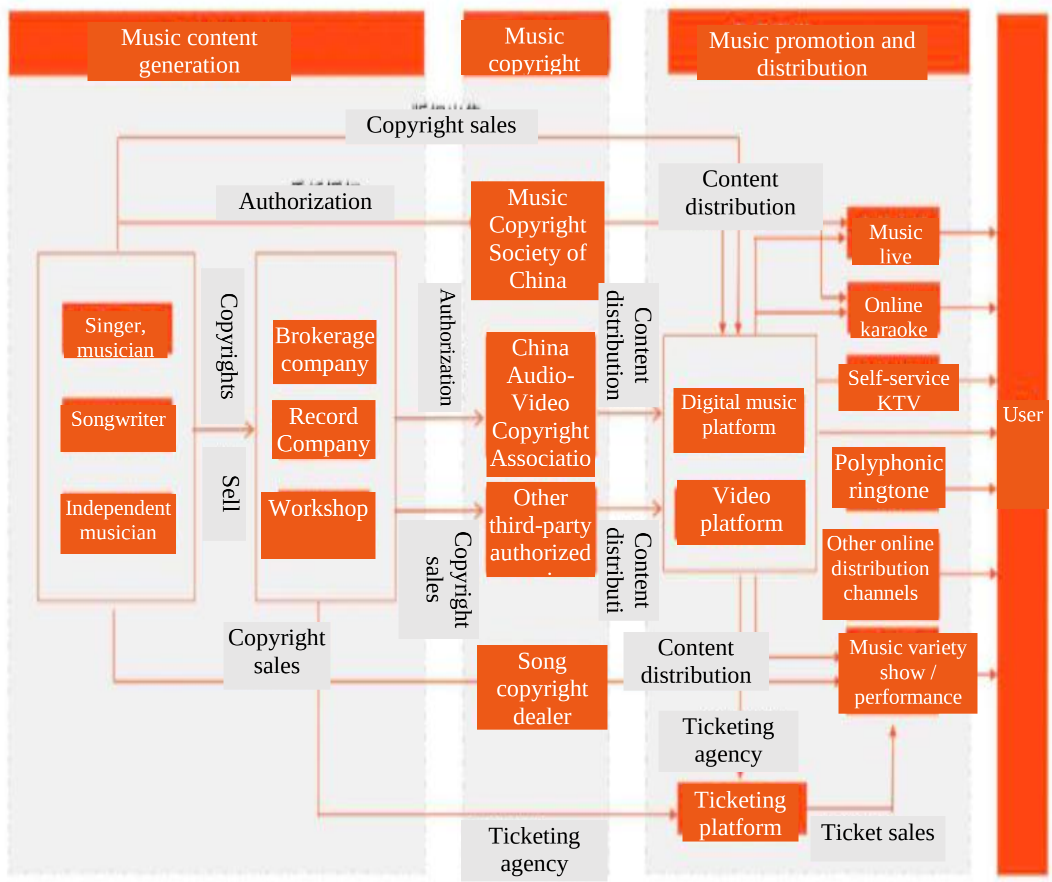
In 2018, the market for physical karaoke (karaoke box, traditional karaoke and mini karaoke kiosk) in China was valued at RMB101.07 billion, but the number of brick-and-mortar KTV venues dropped by 8.4% to 49,739, compared with 2017. Although the market surpassed the hundred billion-yuan mark, more than 60% of income was from consumption of alcohols and beverages. After 2014, KTV brand Moneybox began closing numerous stores across China, signifying the arrival of winter for the karaoke industry. The recently released *China Music Industry Development General Report* shows that the number of traditional karaoke boxes plunged by nearly 60% in 2016 alone. Online karaoke and other types of offline entertainment forms have had a big impact on traditional karaoke. According to the 2017 China Digital Music Development Report, China's entire digital music output reached 14.326 billion yuan in 2016, up 39.36% year-on-year, and the paid subscription model is gradually being accepted by domestic users, with the number of paid music users rising 113% compared to 2012. Most of these paid music users are young people born in the 90s and 00s.Compounded with factors such as the COVID pandemic, the overall traffic of the karaoke industry took a nosedive of 70%-80% in 2020. According to data from Tianyancha, only 64,000 karaoke enterprises remained in China as of March 2021, while some 40,000 companies had been cancelled or revoked, equating to 2/3 of existing karaoke businesses. This decline is particularly glaring when compared with the 120,000 karaoke companies that operated during the industry's peak in 2015. In addition, conventional physical karaoke is deemed outdated in the eyes of younger Chinese, while issues surrounding physical karaoke such as monotonous entertainment style and homogenization are exacerbating, resulting in the closure of numerous karaoke boxes household names like Moneybox. Meanwhile, KuGou, Changba, National K Song and other music-themed social networking online karaoke websites and mobile apps have replaced conventional karaoke as the go-to option for youngsters, and 53.6% of internet users identified themselves as online karaoke users in 2019, and within this segment 64.5% of users were between the age of 20 to 29. The broadcast television and music market still relies on existing user group and growth has been steady. The films and television, games, anime, comics and music industry has risen as a new point of interest in recent years and holds tremendous prospect because this is turning out to be a nexus where intellectual property in music can integrate horizontally with other fields of entertainment. (Source of data: Chinese Singing and Dancing Entertainment Industry Status Report 2018 from the China Culture & Entertainment Industry Association and Chinese Karaoke Industry Foresight and Investment Strategic Planning Analysis Report from the Qianzhan Industry Research Institute)

Looking at the overall value and comparative growth of the various verticals of the Chinese music industry in 2019, the top three verticals in terms of size were the karaoke industry, music education and training industry, and digital music industry. In terms of same-period growth rate, the leading verticals were all components of the core layer, namely growth of 27.29% achieved by the music copyright agency and management industry, growth of 9.99% achieved by the music performance industry, and growth of 8.42% achieved by the digital music industry. Data indicates that after the music industry of China transitioned to high-quality development mode, the optimization of copyright protection efforts, continual unleashing and harnessing of performance consumption potentials, cross-sector integration with the digital economy, and scientific and technological innovations will ascend as the key drivers that propel the Chinese music industry forward.

All in all, new technological advancements continue to affect traditional music product form, industry structure and revenue model. Musical performance industry in the core layer is assimilating with “online” consumption from its conventional “on-site” and “offline” spending. As the “online” user base expansion potential of the digital music industry is coming to an end, competition for the existing market is spilling from the online domain to the offline arena. At the same time, market consumption structure is obviously getting younger with active internet user groups such as “post-95s” and “post-00s” increasingly willing to splash the cash, and distinct consumer groups like “fans”, “art school students” and “audiophiles” have become prominent supports for several music industry verticals.

1.3 Analysis of the Industry Chain of the Chinese Music Industry

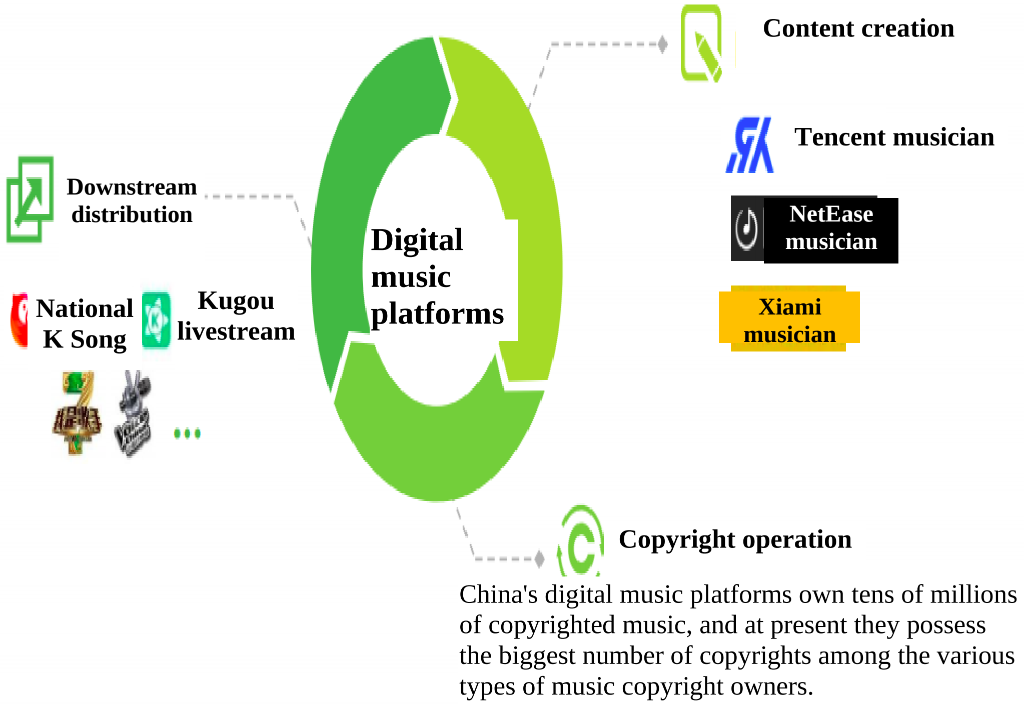
According to *The Global Music Report 2019* published by the International Federation of the Phonographic Industry (IFPI), digital music platform plays a decisive role in the revenue structure of the Chinese music records market, accounting for over 90% of total income, and China is the world's one and only independent market in which proceeds from stream media business make up more than 50% of total revenue. The rising penetration rate of paid consumption on online music platforms and protection of music copyrights constitute the twin turbos that will maintain the high-speed development of the Chinese music market.



New Core in the Chinese Music Industry Chain: Online Music Platform

Compared with the dominant role that record companies occupy in the music industry chain of the past, digital music platforms as a whole have ascended as the nucleus in the Chinese music industry chain of today, and are central to the three key segments of music composition, copyright and distribution. First of all, during the composition stage, digital platforms have begun to take on the functions of talent scout and musician incubator, as exemplified by the likes of the Tencent Musician Program, NetEast Cloud Music's Project Stone and "The Undiscovered" program of Xiami Music (under AliMusic). Second of all, since digital music platforms underwent a phase of copyright licensing and authorization development, improvements have been drastic in this regard as the ratio of licensed music was not even 1% in 2012, while today 96% of consumers listen to licensed music. According to Tencent's financial report, 85% of songs streamed on the platform are licensed music. [2]

China's Digital Music Platforms Function as Central Nodes on Industry Chain



Musicians and labels can distribute their music on music platforms through direct connections to the platforms or through distribution companies. licensed music's revenue is mainly earned through royalty sharing and digital sales. For royalty sharing, the total revenue of a work is calculated by multiplying streaming quantity and rate (Single play revenue). For digital sales, users make a one-off payment for the music

[2] Where do youngsters who shun KTV go? Detailed interpretations, latest news, hot topics, https://www.36kr.com/p/1333228818405638. On-site business has dwindled in every regard, not only traditional KTV but also mini karaoke bars. Actually the suggestion here is to focus on on-site segments that receive transfers from other on-site segments

and the platform shares the revenue with the creator. The royalty sharing is the main way of receiving revenue from music, while the digital sales is mainly used for the release of some of the top artists' works.

Leading platforms constitute the largest music resource database and contribute substantially to the management and operation of music copyrights. Following QQ Music's unveiling of paid digital music albums, digital music platforms have begun to foster partnerships with music festivals, live house venues, music-themed variety shows, original soundtracks from films, televisions and variety shows, and with one another in terms of distributing copyrighted music. Internet music platforms have basically obtained complete control of online distribution channels, and are gradually replacing offline distribution avenues.

1.3.1 Analysis of the Key Links in the Chinese Music Industry Chain

1.3.1.1 Independent Musicians: Redefinition of “Mainstream” and the Transition of “Celebrity Makers” toward the Streaming Media Model

As the environment of the music industry changes, the scouting methods for Chinese music producers and artists have continued to evolve. The principal pathway for up-and-coming popular musicians in China have switched from offline performances to music, video, live stream and other online streaming media platforms. This change underwent three main stages:

1）During the talent scout stage, production of musical pieces and outputs from artists are mainly propelled by record companies. Users are only offered a passive selection role because they are able to choose only from works and artists available on the market. Generally speaking, to a large extent record labels have the final say on the aesthetics and development directions of the music market;

2）During the talent show stage, users possess a bigger weight and more expression opportunities in the music industry, and are able to sway to a certain degree the destiny of musical works and artists seen on talent shows;

3）During the online celebrity stage, the user population can decide which music is popular. An increasing number of viral hits gained momentum among internet platform users, and even users themselves can utilize the various “musician programs” on different digital music platforms to create and distribute their own musical works.

For instance, indie musician Ice Paper quickly rose to stardom through online media and one of his hits placed third on the list top 20 songs in the *2019 Digital Music Report of China*. Another online celebrity example is indie musician Chen Xuening, her song “green” was ranked among the top five songs of the year and her works have been streamed 6.29 billion times on the Tencent Musician Program platform alone. Their clout and popularity in the market are emphatically redefining the term “mainstream”.

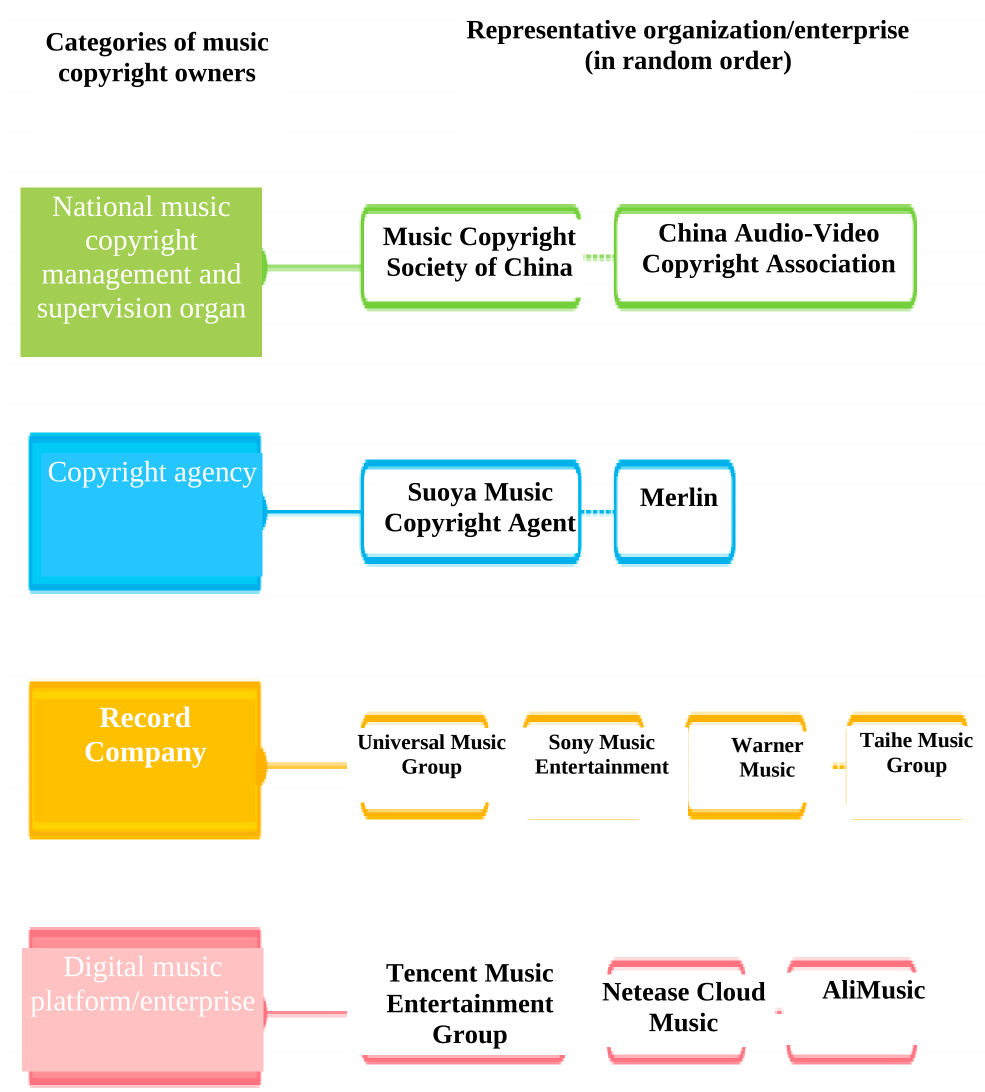
Music-centered variety show is the most mainstream variety program in China today. Leading satellite television stations, video platforms and other entities have laid the groundworks for music verticals focused on themes like youth culture, idol culture and original music. Nearly 50 music-based variety programs have been aired in the past five years. They cover genres from traditional and pop to vocals, EDM, rock, hip hop and other “non-mainstream” categories, and offering a broader platform and more exposure opportunities for promising Chinese musicians. For example, *The Rap of China*, produced by online video platform iQiyi, has largely endowed hip hop music mainstream status, which single-handedly ignited the Chinese hip hop market and forever altered the hip hop ecosystem in China. As such, the main entities for the cultivation and creation of Chinese musical talents are gradually shifting from mainstream satellite television platforms toward online video platforms.

1.3.1.2 Copyright Owners: High Copyright Costs Push Digital Music Platforms to Focus on Original Music

In China, the main types of non-individual organizations or enterprises authorized to obtain and redistribute copyrighted music content through creation, purchase or management are: 1) Record companies, 2) copyright agencies, 3) national music copyright administration and supervision bodies, and 4) digital music platforms. While globally both music copyright quantity and related income are concentrated in the hands of owners of publishing rights, in the Chinese copyright market the situation is not quite the same. Statistics show that more than 50% of music copyrights are distributed amongst independent music producers, studios and record companies other than “The Majors” (Universal, Sony and Warner), with relatively little coverage by the Music Copyright Society of China and China Audio-Video Copyright Association. Yet, in terms of business income, “The Majors” are still raking in nearly 60% of proceeds in the Chinese music copyright market. According to the news arm of Tencent, industry stats and data indicate that copyright fees among “The Majors” have surged. For the Chinese music platforms that have survived to this day, their copyright costs have skyrocketed by over 50 folds since 2013. When Tencent Music Entertainment Group (TME) signed contract with Universal Music Group back in 2017. The copyright fees exploded from USD30 to 40 million in the beginning to USD350 million in cash plus another USD100 million in stocks, surging by over ten folds within a relatively short span.

With the fierce competition over copyrighted music resources compounded by high copyright authorization costs, the strategic focal point of large-scale digital music platforms has shifted from user resources downstream toward creative resources upstream. Music platforms continue to up the ante in their original and independent musician aid programs to compete for music creativity resources. According to incomplete statistics, music platforms have unveiled more than 20 types of original musician assistance programs as of 2020[3], covering various genres and styles from rock and roll, classical and EDM (electronic dance music) to ACG (anime, comics and games). Take NetEast Cloud Music's Project Stone and Tiktok's "See Music" for examples. Tencent Music even launched the "Musician Advertisement Program" and "Studio and Stage Live Program," and debuted the pioneering "self-produced album cooperation model" based upon the highly successful "Hundred Million Yuan Program". Tencent Music Entertainment Group's report shows that in the past year, there was a six-fold increase in the number of musicians that made more than RMB 10,000 in total income, and there was a nine-fold increase in the number of musicians that made more than RMB 10,000 per month. At the same time, Liquid State, an independent music label specializing in EDM launched by a tie-up between Tencent Music and Sony Music Entertainment, represents a foray into the upstream of the industry chain.

[3] Where do youngsters who shun KTV go? Detailed interpretations, latest news, hot topics, https://www.36kr.com/p/1333228818405638. On-site business has dwindled in every regard, not only traditional KTV but also mini karaoke bars. Actually the suggestion here is to focus on on-site segments that receive transfers from other on-site segments



1.3.1.3 Record Companies: Mainstream Commercial Record Companies Settle with Licensing Copyrights

Record companies may be divided into two categories by operating procedure, with one being those that publish and distribute new songs, and the other are firms that manage and distribute their back catalogue. However, since most commercial record companies like “The Majors” have already ceded their leadership role in the music industry chain, so this kind of record companies are settling with businesses related to songs accumulated in their reserves, and do not harbor much interest in packaging and promoting new artists. For this kind of enterprise, the general business model revolves around the distribution and licensing of owned copyrights of sound recording or composition from their libraries to the five types of enterprises downstream. Among these five recipients, a bundled sales mode is commonly adopted for digital music platforms, telecom service providers and other record companies, while songs are authorized and sold on a piece-by-piece basis for intellectual property modification and variety program usage. Copyrights owned by record companies are predominantly copyrights of sound recordings, but they also possess some publishing rights through buyouts or internal musician output.

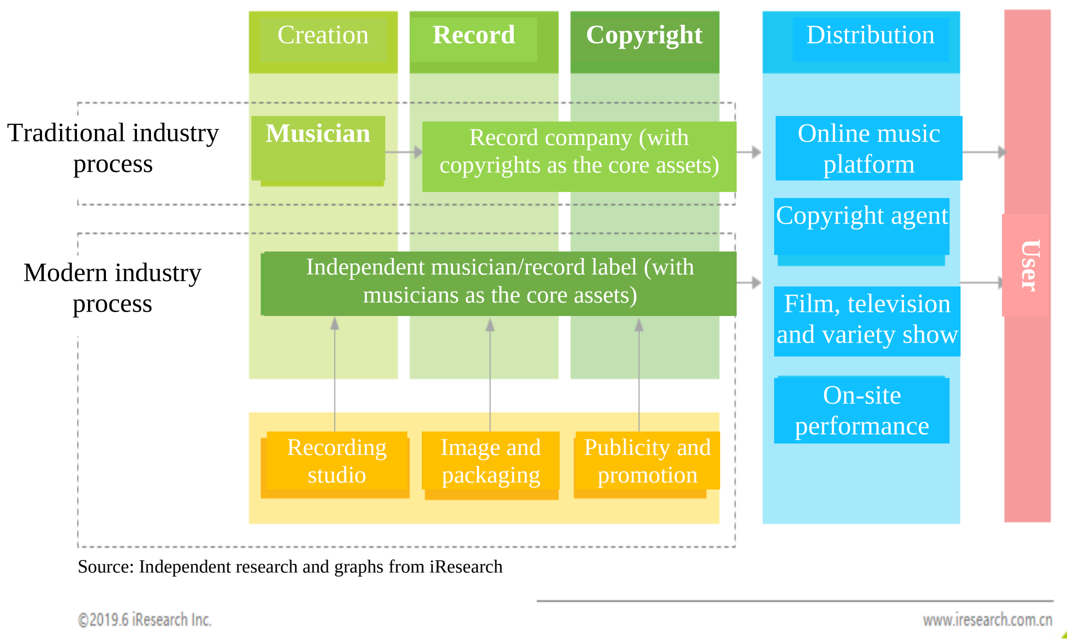
On August 16th, 2021, global music industry leader Universal Music Group announced that the company's Chinese operation will initiate major changes, including a brand new "multi-label operation strategy." This move intends to elevate Chinese music content to a core strategic level, intensify the discovery and cultivation of Chinese musicians and music content, and look for the next generation of Chinese music superstars, so as to promote the influence of C-pop in the international arena. The implementation of this strategy signifies that Universal Music Group will transition from the single label operation in the past, toward a new structure composed of simultaneous and parallel operations of multiple record labels. New labels to be initiated include top-tier player in the European and North American markets Republic Records, the century-old stalwart of the Chinese popular music industry EMI China, and representative of Cantonese pop for half a century PolyGram Records China. They will join forces with Universal Music China to create a multi-brand system whereby each label will contribute to the whole.

Under this brand new operation structure, the various record labels will operate independently, organize their own artists and repertoire (A&R) teams and marketing and sales teams, independently sign contracts with artists, and carry out their individual corporate planning, music production, promotion, distribution and other endeavors. These four major record labels all report to Sunny Chang, Chairman and CEO of Universal Music Group Int'l Greater China. (*Universal Music Group: Universal Music Group to Start "Multi-label Operation Strategy" in China)*

Music promotion, artist packaging and other tasks formerly associated with traditional record companies have been taken up by the various digital music platforms and independent labels. For instance, in 2018 NetEase Music launched “Project Cloud Ladder” and implemented a series of incentive schemes to cement relationship between original musicians and the platform, and provide benefits and returns to musicians in a transparent and public manner. As of November 2020, over 200,000 indie musicians have registered with the platform, and within merely ten months in 2020, NetEase

Music doled out more than RMB100 million in online aid to musicians participating in its “Project Cloud Ladder” original music assistance program. *(Source of data: Report on Survival Status of Musicians in China 2020 from NetEase Music)*

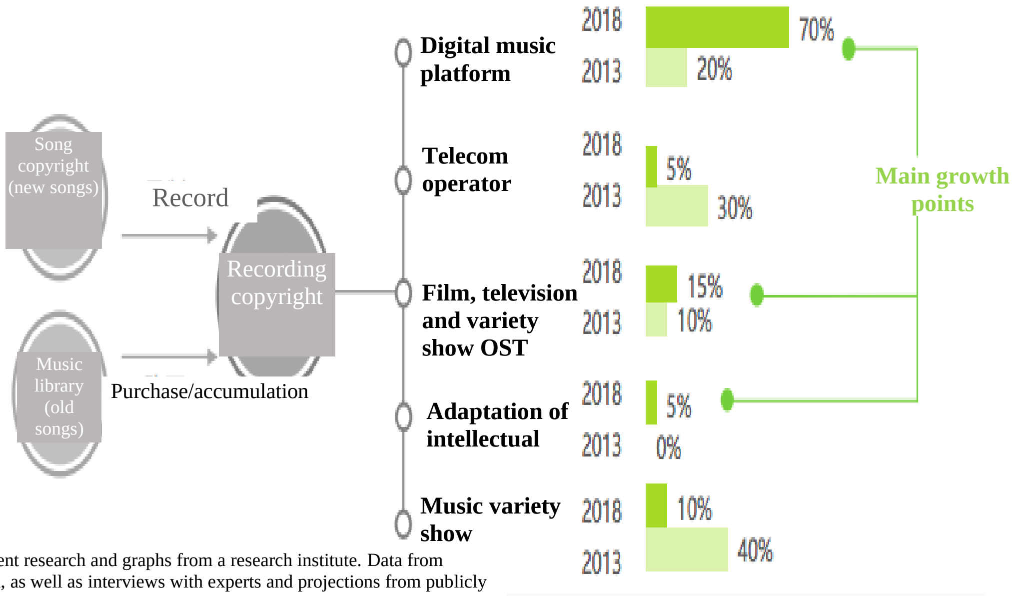
Comparison between traditional and modern industry processes



Source: Independent research and graphs from iResearch

Digital music platforms comprise the biggest source of copyright business income for record companies, on averaging accounting for over 70% of revenue stream, which indicates that digital music platforms enjoy an increasingly vital role in the operation of music copyrights and the dissemination of music content, while at the same time the entire music copyright industry is shifting online.

Record company downstream distribution and operation process, and proportion of income from various major platforms



Independent research and graphs from a research institute. Data from iResearch, as well as interviews with experts and projections from publicly available data.

Chinese Digital Music Industry Research Report 2019 from iResearch

1.3.1.4 Downstream Distribution Platforms: The Most Colorful Part of the Chinese Music Industry Chain

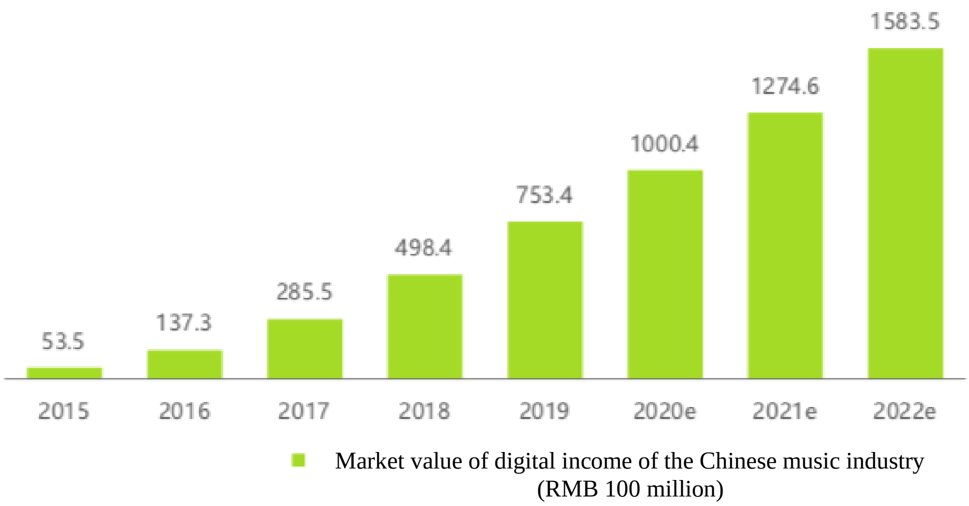
Distribution platforms at the downstream of the music industry chain includes several categories: 1. for digital music platforms (i.e. QQ Music, KuGou, NetEase Music, etc.), music could be licensed or purchased on a single-track basis, by digital albums or in bundles, and they constitute the largest category among distribution platforms with regard to monetary value, number and volume; 2. or telecom service provider (i.e. China Mobile, China Telecom, etc.), music is usually licensed or purchased in bundles, but their volume has decreased in recent years; 3. for original sound tracks and background music in films, television, variety shows and games, music is licensed or purchased on a customized or a song-by-song basis, but unit price for songs are relatively high; 4. background music, mostly background music in commercials, sales activities, or those played in public venues such as shopping malls and stores; 5. for incubation of intellectual properties (i.e. films *My Old Classmate, Us and Them*, etc.), in this area the usual case is the incubation or remake of the intellectual property of classic songs into film or television series. However, there is only a handful of such examples, though single songs are sold at prices higher than the other categories;

6. in terms of accompanying music on music-themed variety programs, since accompanying music is bought for modification or remake on the show, so usually tune or lyric composition copyright is licensed or purchased; 7. music festival and livehouse venues purchase songs for live performances in on-site events; 8. for other online music platforms (i.e. online karaoke, music live stream, etc.), the majority of platforms only require tune or lyric composition copyright and they often collaborate with digital music platforms.

1.4 Chinese Music Industry Core Segments Analysis and Market Observation

1.4.1 Digital Music Industry of China

Market value of the Chinese music industry (digital) 2015-2022

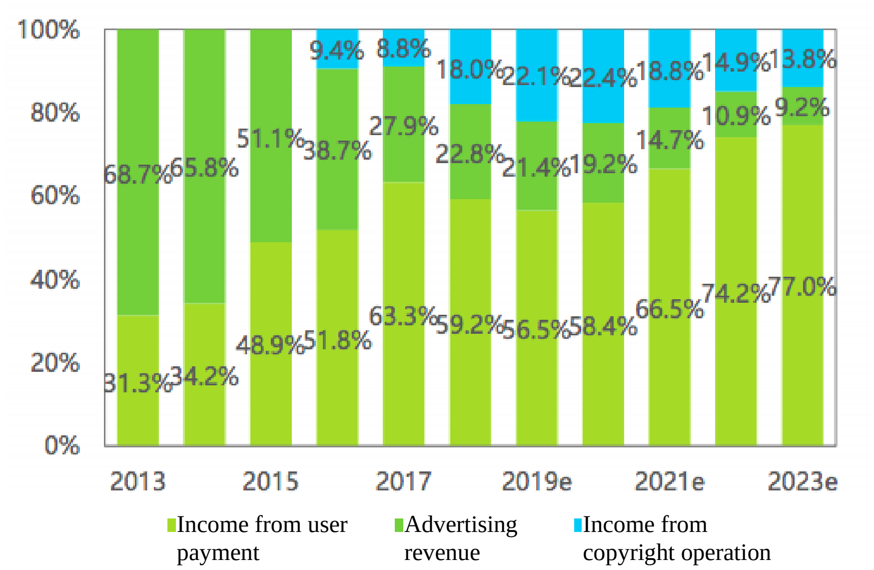


(Source of data: The Global Music Report 2019 from the International Federation of the Phonographic Industry)

In 2019, the digital music market of China was valued at RMB 75.34 billion. Digital music, online karaoke, music live stream and numerous other formats have continued to speed up the pace of their commercialization, and in the future the online market is hopeful to break the hundred billion-yuan mark, giving it a valuation much larger than other segments. In terms of revenue structure, prior to music copyright licensing reform, platforms mainly generated income from advertisements, but digital music platforms are relatively weak in terms of advert monetization due to ads being limited to a few formats like splash ads and banners. Thus, after the licensing reform, income from user payment for music has continually risen while growth in ad revenue has shrunk. According to *The Global Music Report 2019* from the IFPI, China is the world's second-largest music streaming media market supported by ad revenue, accounting for 17.3% of global total receipt for said type of income. In addition, China is also the only market in the world to derive more than 50% of total income from music streaming media.

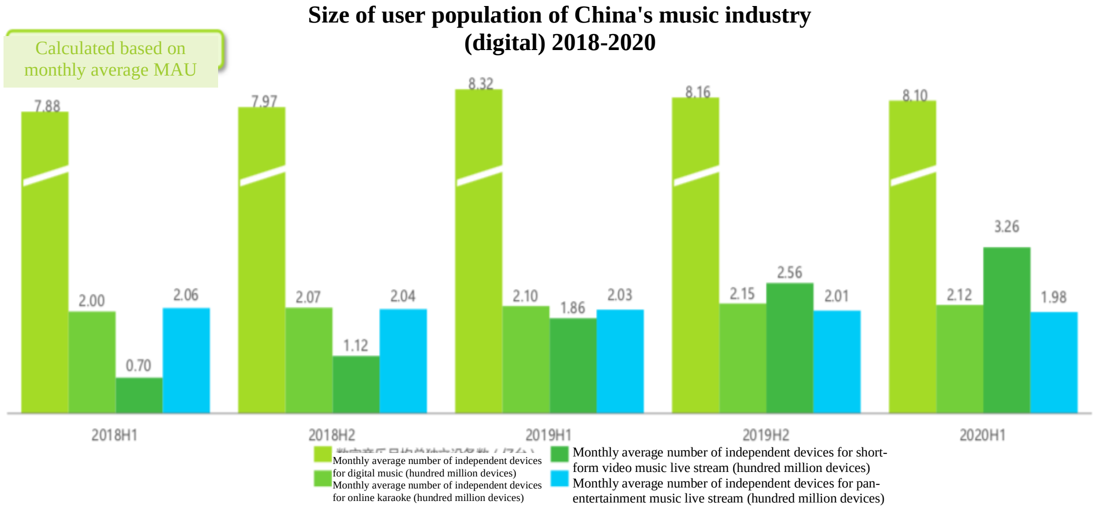
At present, the Chinese digital music platform sphere has developed a "one superpower and multiple major powers" structure, with leader Tencent Music Entertainment Group (TME) commanding over 70% of the Chinese market (Source of data: TME IPO prospectus).Take the Tencent Digital Music Group for example, as of September 2021, users on music platforms under its umbrella totaled 636 million and even though paid online music users soared year-on-year by 37.7% to reach a record-breaking 71.2 million, paid user rate of a meager 11.2% is far below Spotify's 45.8% paid user rate, resulting in a development pattern with a high percentage of licensed music and low rate of paid users. Digital music mostly rely on related entertainment formats for revenue, such as the rapid increase in monetization of membership subscription, live streaming, concert promotion and fans interaction, and particularly after 2016, tapping into the potential of fan economy and developing intellectual property chain have been identified as vital avenues for growth. Social networking entertainment makes up 70% of TME's operating income, and yields from this area are mainly derived from online karaoke, such as virtual gifts, membership top-up and live streaming services from the National K Song business. (Source of data: TME 2020 Q3 financial report)

Distribution structure of income of China's digital music market 2013-2023



(Source of graph data: Chinese Digital Music Paid Content Development Research Report 2019 from iResearch)

While digital music platforms have the largest user base, growth in short-form video music live stream audience benefits from the general and rapid increase in the live stream users. Since the first half of 2018, the digital music user base has been pretty much hovering at the high level of 800 million users. As of June 2021, some 888 million people had watched short-form videos while 638 million people had watched live streams, and short-form videos and live streams have risen as the go-to entertainment methods for most of the population. Online karaoke and pan-entertainment music live stream users have steadily expanded. In addition, the scale of music live stream monthly active users topped 300 million during the first half of 2020, becoming the second largest user base in this regard. The rise in pan-entertainment music live stream users in 2019 correlated with the positive trajectory of digital music apps, because users were exposed to music live streaming content through digital music apps.

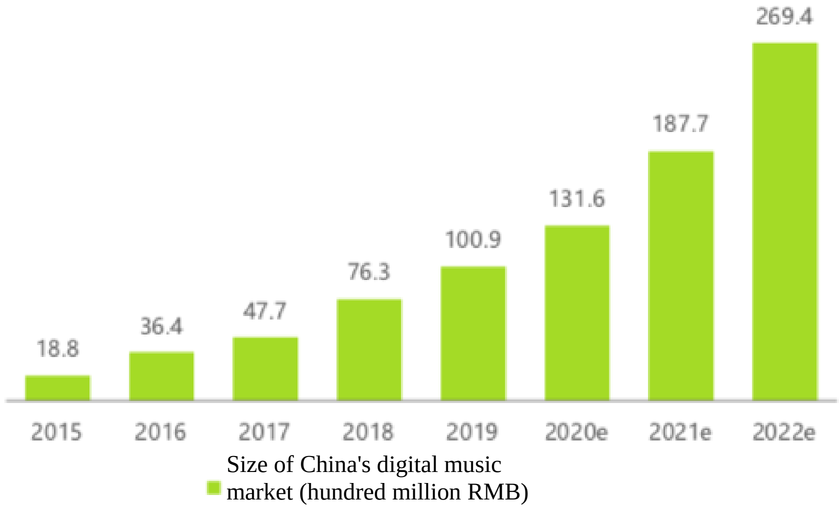


(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

1.4.1.1 Size of the Chinese Digital Music Platform Market

In 2019, the digital music platform market in China was valued at RMB10.09 billion, and the main sources of income for digital music platforms in China were user payment, advertising revenue and copyright operation. Digital music platforms continued to dedicate prolific efforts in high-quality music copyrights, and harnessed the potential of fan economy to drive income from user payments, while also exploring possibilities in long-form audio content and other forms of cross-sector collaborations. In the future, a diversified business structure based upon the foundation of paid subscribers and reaching into income channels like in-stream reward, digital album, copyright authorization, paid channel, music merchandise and offline performance will further propel the rapid development of the digital music industry.

China's music industry (digital) 2015-2022
-Size of the digital music market

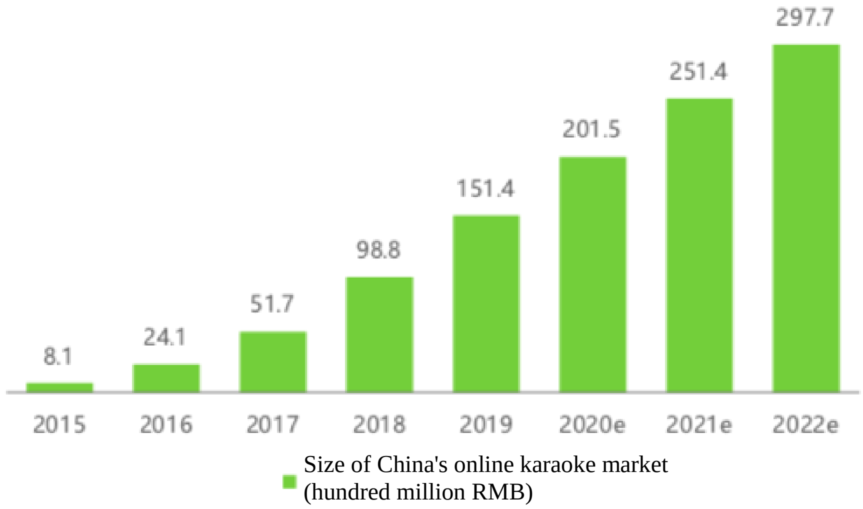


(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

1.4.1.2 Size of the Chinese Online Karaoke Market

In 2019, the online karaoke market in China was valued at RMB15.14 billion, thanks to continually improving functionality in online “karaoke booths” and the emergence of online karaoke software's livestream function that offers uses a more comprehensive audiovisual experience. As these new functions attract new uses and stimulate existing users among audiences with high spending power in low-tier cities, the online karaoke market is expected to expand further.

China's music industry (digital) 2015-2022
-Size of online karaoke market

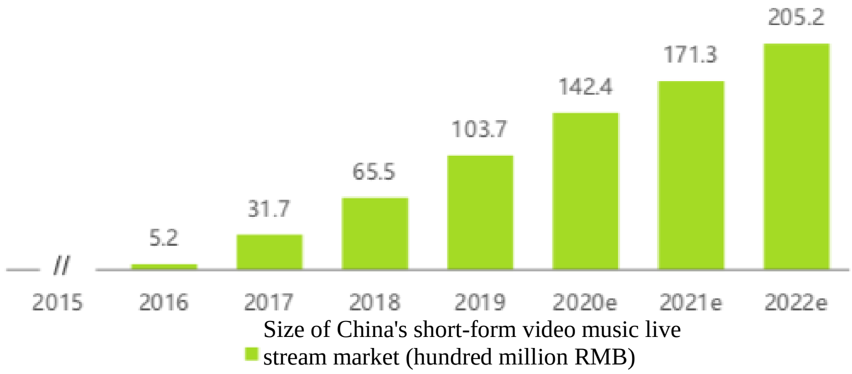


(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

1.4.1.3 Size of the Chinese Short-form Video Music Live Stream and Pan-entertainment Music Live Stream Market

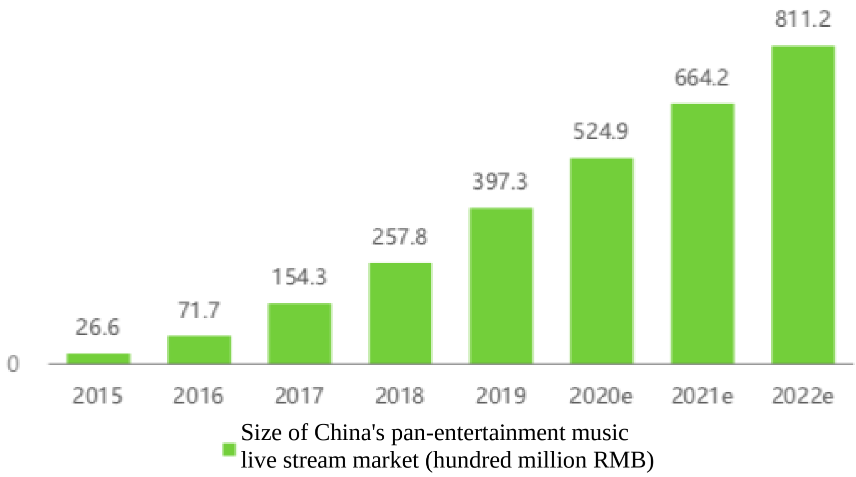
In 2019, the Chinese short-form video music live stream market was valued at RMB10.37 billion, and for the same year the pan-entertainment music live stream market reached a valuation of RMB39.73 billion. Video live stream transmits richer content with a higher efficiency compared with picture, text, audio or other formats. At the same time, more interactive scenarios and functions can be integrated, while the real-time nature of live streaming is also favorable to more user interaction which bolsters user experience. Following the increase in the volume and variety of live stream content, music-based content has become a crucial component in live streaming. Audiences use in-stream reward to express their adoration and approval of live streamer, while simultaneously attaining emotional satisfaction and sense of achievement. As 5G technology extends the depth and breadth of service scenarios and functions, the aforesaid market will likely embrace another round of expansion.

China's music industry (digital) 2015-2022
-Size of short-form video music live stream market



(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

China's music industry (digital) 2015-2022
-Size of pan-entertainment music live stream market



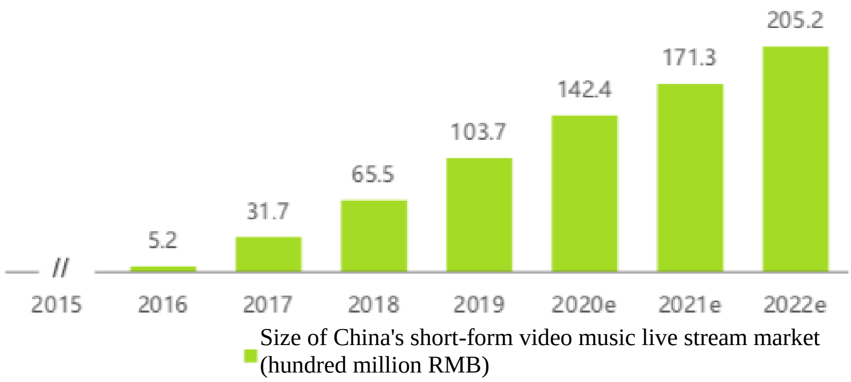
(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

1.4.2 Market for Commercial Music Copyrights

The Chinese market for commercial usage of music copyrights is still in its infancy, the level of marketization is low, the size of market is small, and the awareness of paying for copyrights is rather weak. Statistics show that the market for commercial music copyrights in 2019 was valued at RMB350 million, with the lion's share coming from fees for karaoke screening rights levied by the China Audio-Video Copyright Association. The appearance of Lava Radio, VFine Music and other professional commercial copyright management and trade platforms, along with TME's Tencent Copyrighted Music Assistant, are all fueling the progress of the Chinese market for commercial usage of music copyrights, and the true potential in this area has yet to be fully unleashed.

Proceeds from performance rights and synchronization are the two chief revenue sources for the commercial music copyrights market in China. Performance rights are mainly corporate income from licensing music copyrights to shopping malls, public broadcasting, offline performances and music-themed variety shows. In 2019 performance rights generated an income of RMB230 million, and at present income from performance rights mostly comes from fees for karaoke screening rights levied by the China Audio-Video Copyright Association, while the rest still lack a systemic structure.

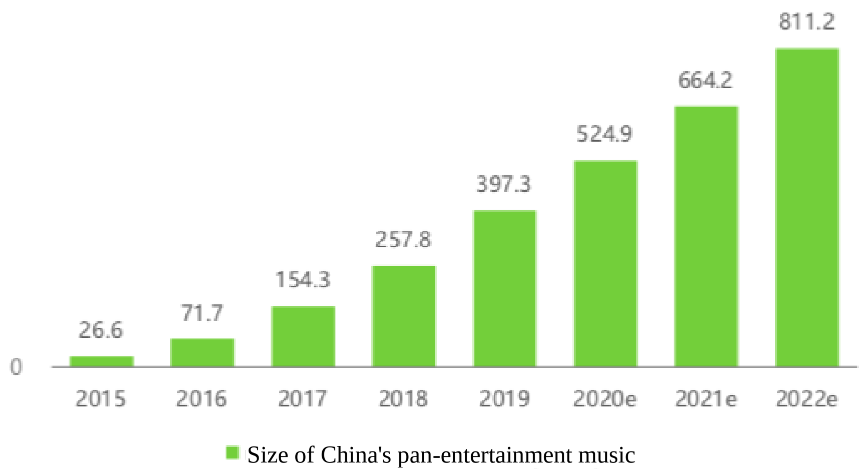
China's music industry (digital) 2015-2022
-Size of short-form video music live stream market



(Source of data: The Global Music Report 2019 from the International Federation of the Phonographic Industry)

Relative to overseas development, income from music copyrights synchronization in China originate from a more diverse range of distribution channels including traditional avenues like advertisements, movies, games and television programs, but also novel online platforms that have expanded rapidly in China such as live streaming, short-form video and online karaoke. In particular, the fields of short-form video and live streaming have been developing by leaps and bounds, giving rise to world-leading industries of enormous scale and instigating higher market demands for the Chinese market in music copyrights synchronization.

China's music industry (digital) 2015-2022
-Size of pan-entertainment music live stream market



(Source of data: The Global Music Report 2019 from the International Federation of the Phonographic Industry)

1.4.3 Brick-and-mortar Market for Music

Tickets for large-scale concerts and music festivals in China recorded RMB4.26 billion in revenue, hiking by 6.88% compared to the previous year, and more than 2,000 events were hosted over the whole year. Chinese livehouse venues in raked in RMB250 million in 2018. In terms of consumption structure, the general Chinese audience is characterized by “low frequency, high unit price and steady consumption. This means that although Chinese audience might not go to see live performances very frequently, they are willing to pay high prices for individual shows. Their habit for going to such shows has become rather steady as well. A China Association of Performing Arts 2019 report indicates that “post-90s” and “post-00s” had ascended as the main consumers of live performances, accounting for more than 55% of live audiences in 2019. Although large numbers of on-site concerts, music festivals and live house performances were cancelled in 2020 and 2021 due to COVID-related measures, the popularity of music festivals and live house performances have risen quickly as the user base for indie music in China continue to bulge. More than 20 music festivals took place during the May 1st holiday period of 2021, with ticket sales surging by 252% and audience soaring by 173% compared with 2019, including situations like "high ticket prices" and "difficulty in obtaining tickets" being commonplace. Ticket sales for live house performances meanwhile skyrocketed by 448% compared with the same period in 2019, while viewers also jumped by 326%.

With regard to the distribution of user groups, market consumption structure continues to trend younger, with "post-'90ers" making up a whopping 72% of the total (new data for 2019 and 2021 currently unavailable), while the consumption power of "post-'00ers" also rose drastically from 6% in 2019 to 18% (2021 data). They have become a "dark horse" in spending for live performances during the May 1st holiday period. The comprehensive integration between music and science and technology have continually propelled music performance consumption scenario to develop in an intellectual property-oriented manner, resulting in a diversified income mode comprised of “music as foundation, cross-industry entertainment and consolidated consumption”. Government policies and subsidies meanwhile targeted the performance recipients and audiences to drive ticket sales, which thoroughly invigorated consumption for the music culture market. (Source of data: Performance Industry Observation Report 2019 from the Beacon Research Institute and Chinese Music Industry Report 2019 from the Communication University of China)

1.4.4 Market for Music in Physical Forms of Media

Under the impacts of changes of digital storage formats and the transmission convenience of digital music, the size of the physical album industry has been shrinking since 2016, and many audio and video product retailers have shuttered their offline locations. The Chinese industry for physical album plummeted to RMB410 million in 2019. Even though vinyl records and other physical records with high premiums have regained some interest in the area, for the struggling domestic market the end of the tunnel is nowhere in sight.

(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

1.4.5 Market for Music Education and Training

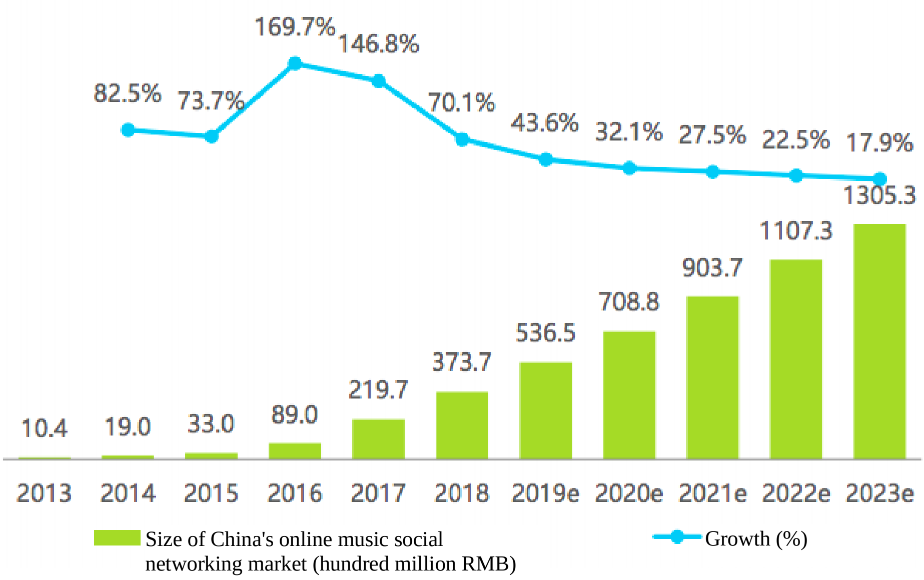
The Chinese market for music education and training mostly caters to youngsters between the age of 4 and 16, and is comprised of the two niche markets for music grade examinations and music school examinations. The former commands 80% share of the overall market, driven largely by pupils that aim to enhance their qualification for regular school application. According to data released by the Ministry of Education, the music education and training market in China notched a valuation of around RMB92 billion in 2019. It is anticipated that the sector will maintain an average 8% growth in the future, thus equating to a valuation of approximately RMB99.8 billion in 2020. A context to bear in mind is that the general music foundation of the public is relatively low, mostly due to insufficient dedication to music at the basic education level in the country. Additionally, since music is not a core discipline at regular academic institutions in China, relatively few mid- and long-term resources are allocated, which has been compounded by outdated music education methods at schools and shorthanded faculty. However, with the increase in disposable income among the new generation of Chinese middle class and an increasing focus on liberal arts education in China, a musical aesthetics education and training system designed for cultivating musical interest and refinement is gradually garnering the attention of the middle class in China.

1.5 Features of the Chinese Music Industry

1.5.1 Emphasis on Social Networking and Utilization of Fan Economy to Stimulate Spending

The online music social networking market including online karaoke and music live streaming was valued at RMB37.37 billion in 2018. It is expected that this segment will maintain its rapid growth trajectory in the future. Numerous leading digital music platforms have already pushed into social networking. These efforts included opening up communities to facilitate exchanges and interactions between users, inviting celebrities and key opinion leaders (KOL) to establish presence on platforms, and collaborating with other online music products with social media features. For instance, QQ Music and National K Song formed a joint operation partnership, KuGou developed a music live streaming software KuGou Fanxing, and NetEase Music unveiled its Look streaming platform and added short-form video functionality. These endeavors are conducive to raising user stickiness while enhancing the diversity of music content available on platforms. More importantly, fan economy (business income generation behavior built upon relationship between followers and the followed persons) shows that celebrities and KOLs can mobilize users to spend on platforms and uplift the level of spending among users.

Size and growth rate of China's online music social networking market 2013-2023



(Source of data: Chinese Digital Music Industry Research Report 2019 from iResearch)

1.5.2 Lack of Related Professional Media and Organizations

The Chinese popular music market has a few non-mainstream and independent music awards such as Midi Rock Music Awards and Abilu Music Awards but lacks authoritative and credible professional music awards, media organizations and music charts. Compared with Europe and North America, the current Chinese music industry is still very crude, and this absence of professional sophistication magnifies the sway of individuals as represented by independent critics and media personalities.

In the age of the internet, professional music pundits no longer possess massive influence or dominance because the traditional mainstream media they rely upon is dwindling in their clout, while fragmentized reviews have become the most significant form of music commentaries, and even a criterion for judging the popularity of a song. Since "everybody has a say and everyone is a critic", the increasing weight of UGC (user-generated content) is reorienting music commentaries from the professionals to the public, and the focal point of reviews is also shifting from an emphasis on the piece itself to a focus on the audience. Some reviewers "write to sell" and blurs the line between artistic evaluation with entertainment reportage. High-quality music reviews free from the pull of the market and concentrated on music itself have become rarer and rarer, and the business attribute of music critics is cementing while the authoritative and neutral qualities are slowly diminishing.

1.5.3 Relatively Low Income and Difficulty in Intellectual Property Protection for Musicians

As per the *Report on the Current Survival Status of Musicians 2019* released by the Communication University of China, money from music alone is not enough to sustain the livelihood of regular musicians. Nearly half of non-student musicians earn a pre-tax monthly income of less than RMB2,000, and only 9.3% reported to make more than RMB10,000 a month. Therefore, among all musicians only 12% are full-time pros while more than 40% are student musicians. Currently music is a part-time endeavor for the majority of musicians, and for 58% of musicians income from music makes up only 0-5% of their total income.

At present, opportunities to make money in the music industry has diversified, and in-stream reward, traffic commission and other functions can be found on quite a number of internet platforms, streaming media platforms and live stream platforms. These are all revenue sources for musicians, but cumulative rewards of not even

RMB1,000 can barely be considered a sustainable form of income and can't fundamentally alter the survival difficulties weighing down on the absolute majority of musicians in China.

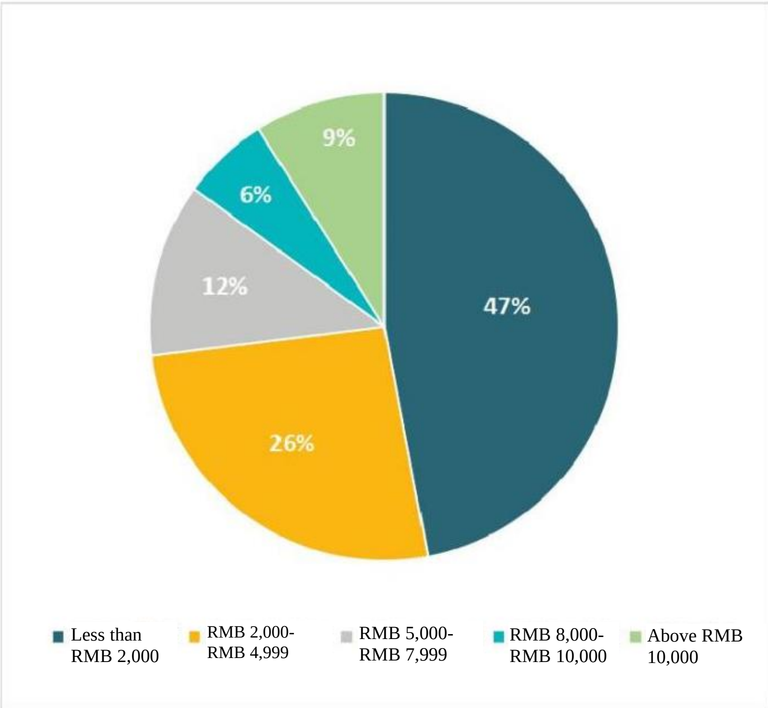


Fig.3.1.1-1 Graph of structural distribution of monthly income of musicians

(Source of data: Report on the Current Survival Status of Musicians 2019 from the Communication University of China)

Said report also indicates that 37.4% of the surveyed musicians identify themselves as victims of copyright infringement of varying degrees, with the most common violations being "work was copied" (43% of copyright infringement instances), "work was modified" (32%) and "unauthorized use of work in film, television or the internet, and unauthorized dissemination through online or traditional media" (26%). Worth noting here is that use of work in film, television or the internet and dissemination through online or traditional media unauthorized by the copyright holder accounted for 26.9% of reported cases. Nearly half of these copyright infringement victims express the failure to complete the intellectual property right defense process.

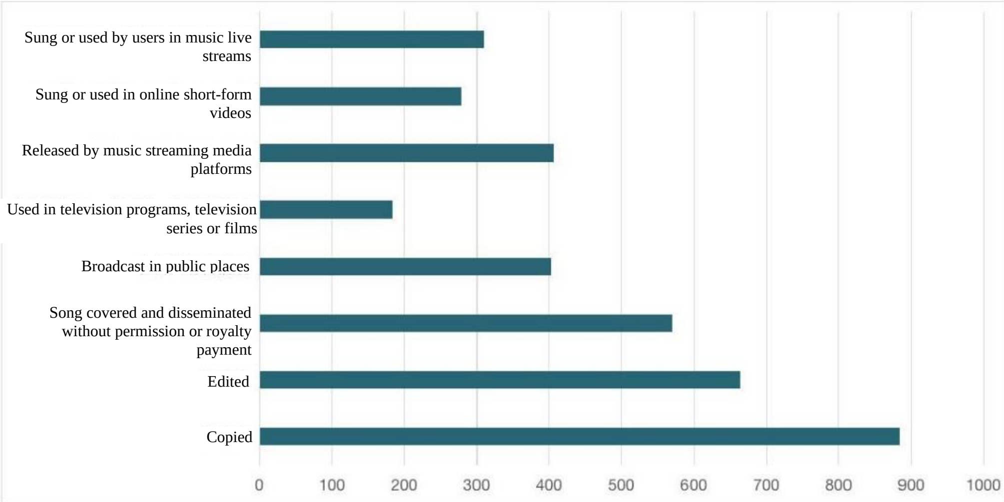


Fig.7.1-1 Statistics of musician copyright infringement

(Source of data: Report on the Current Survival Status of Musicians 2019 from the Communication University of China)

1.5.4 In-depth Collaboration Between Music and Pan-Entertainment Sector

From *The Voice of China* to *The Big Band*, music competition variety programs have been able to sustain popularity. *The Rap of China* revolves around hip hop music while *The Big Band* centers on indie bands. The buzz generated by these music competition shows in niche music genres signifies that Chinese music-themed reality television competition in general has entered a stage of maturity and depth. At the same time, not only have these show discovered a slew of remarkable artists, they also sparked the resurgence in a litany of classic songs. According to rankings from the various major music apps, quite a number of songs shot up the charts after being seen on these music competition programs.

In 2019, original sound tracks (OST) from films and television programs became a significant area of interest among users, and the 2019 Digital Music Report of China shows that OST grabbed a 27.36% on its charts, already nearing the halfway point for regular versions recorded in the studio. For example, “unrestrained (duet version)”, theme song of the television series The Untamed, even peaked at the number one spot for the “Chinese-style music chart”. The commercial success of the drama itself also boosted 2019 sales of television show OST albums by a staggering 304%. Similarly, the classic “Last Dance” by Wu Bai was revived because of the television series “someday” (or “One Day”) and average daily streaming exploded by 174 folds. In 2020, with the rise in involvement of film and television intellectual properties in the production, sales and dissemination of film and television music, for the year total film and television OST production volume maintained its positive trend, up 43% compared with 2019. However,

[4] Influence of music sales continued to strengthen, and in terms of brand cooperation, methods such as advertisement songs to deliver brand philosophy and to connect with target users became increasingly popular among brands. 83 brands used songs to carry out brand marketing in 2020, a climb of 48% relative to 2019, mainly involving brands in the foodstuff, e-commerce, automobile/motorcycle, home furnishing, and cosmetics and skincare industries.

*

1.5.4.1. Explosion in the number of music-based variety shows in 2021

Music-based variety shows in China built up tremendous momentum between 2012 and 2020, which culminated with an explosion in the number of shows in 2021. As of September, incomplete statistics indicate that more than 40 music-based variety shows had been launched on television platforms and internet platforms. Other programs from mainstream platforms include: "Strawberryman" from a tie-up between Youku platform and record label Modern Sky (competition emphasizes on-site performances of bands), "Girls Like Us" produced by Tencent Video (competition focuses on battles between female rappers), "The Coming One" also produced by Tencent Video, "The Next Banger" produced by Bilibili, and "New Generation Hip-hop Project" produced by iQiyi.

The biggest motivation behind video platforms' rush to produce music-themed variety shows is the hope to capitalize on the immense draw of attention by way of getting a share in the massive profit generated by musicians. In the past few years, successful variety shows as represented by "The Rap of China" (previously known by a different Chinese name), "The Coming One" and "The Big Band" have heralded

[4] Tencent Music Entertainment Group Announces Third Quarter 2021 Unaudited Financial Results - Nov 8, 2021Based on Q3 financial report, online music users fell by ten million

business cooperation and revenue sharing model in which programs and musicians split the returns.

A musician involved in such a partnership would usually be required to sign a commercial agent contract with the program that generally ranges from one to four years. In other words, since a program can bring tremendous exposure and surge in net worth of a musician, commercial and work incomes gained by that musician in the one to four years after the broadcast of the program would have to be shared with the owner of that program's copyright, usually with the program copyright owner taking the bulk. For "The Rap of China" and "The Big Band", the leading musicians in the programs often made an annual income of more than one hundred million yuan.

Another reason for video platforms to participate in the production of a music-based variety show is driven by the desire to forge strong content binding relationships with more young artists. Virtually all variety shows have formed partnerships with competitive music companies, or have long-term plans to direct sign contracts with musicians. For example, the video website Bilibili is an investor in independent record company 88Rising, and 88Rising in turn hosts under its label several musicians that were launched into stardom via the Bilibili-produced show "Rap for Youth". For another example, Tencent Video-backed "The Coming One" variety show series has a long-term partnership with talent agency Wajijiwa, the latter of which is responsible for managing musicians that emerge popular and victorious from the program. These measures aim to utilize more traditional methods to continuously cultivate and promote musicians after the end of their participation in programs, prolonging the commercial and artistic lifespan of musicians, in turn bringing incessant streams of revenue and high-quality content for video platforms.

1.5.4.2. Failure of Music Variety Shows in 2021

Video platforms, record companies and the general audience all harbor huge expectations for music variety shows, but the biggest tag for the segment in 2021 is "failure."

This failure is manifested in the slides in audience rating, social media discussion and industry reputation. Take trends for example, "Rap for Youth" and "The Rap of China" both trended on Weibo more than a hundred times in 2020, but there has yet to be a music variety show that trends more than 20 times this year. In addition, other than shows that focus on icons, there is not a single music variety show that was ranked in the 20 most viewed variety shows during the first half of the year. In the music industry where I work, the general consensus is that music variety shows as a whole put up an unsatisfactory performance, marked by negative opinions such as "repeat of the past and lack of imagination," "shortage of musicians and unbearable programming," and "waste of time for musicians to participate."

Further analysis reveals three categories of reasons behind these underwhelming performances.

1.5.4.2.1 The government's sweeping moves to rectify groupie culture and clean up musicians with poor behaviors clearly hampered the traditional methods through which music variety shows gain popularity and exposure.

In music variety shows in the past, there are two main pathways to influence the spread of the program: Call on fans to partake in voting, and invite accomplished and attention-grabbing celebrity musicians to act as mentors on shows.

The third season of *Youth with You*, a variety show produced by iQiyi in-house, was marked by the "milk waste" controversy in May 2021. Mengniu Dairy's Zhen Guo Li fruit milk drink, the sponsor of the show, adopted a fan interaction method that directly linked the product with voting, in which fans may vote for the stars of their choice using bottle cap from the Zhen Guo Li fruit milk drink they purchased. Obsessive fans, eager to up-vote their stars, purchased a large number of the drink and hired others to obtain the caps, while the unneeded milk would be poured down the drain. This behavior enraged the public and sparked an outcry against irrational groupie culture, ultimately instigating the government to enact a series of rules and regulations aimed at reining in groupie culture. One direct consequence for music variety show is that programs are no longer allowed to design any schemes that may possibly incite overzealous fan participation and voting behaviors.

Kris Wu Yi Fan, one of the most popular superstars at the time, became the center of a sex scandal in July. This news also went viral on the internet, and Kris Wu Yi Fan was soon detained. The Kris Wu ordeal was only the start of a crackdown campaign targeting various popular celebrities and the capitals behind them, and signified the Chinese government's determination to put under strict control popular celebrities guided by capitals. This clampdown undertaken by the Office of the Central

Cyberspace Administration Affairs Commission didn't come for music variety shows, but did clearly suppress the development of the latter. Kris Wu Yi Fan had always been a mentor on the ultra popular variety show "The Rap of China", and after his arrest, the several previous seasons were all taken down by iQiyi. People in the know reveal that Kris Wu already agreed to Tencent's invitation to partake in the recording of the final of "Girls Like Us", but after the scandal broke out, the producer took actions right away to completely alter subsequent recording plans and program rules. Aside from Kris Wu Yi Fan, many frequent guest mentors on variety shows were affected, such as Wilber Pan. The producers were forced to make some emergency editing, supplemental recordings and other last-minute measures. For producers of such variety shows, the sudden fall from the grace of popular celebrities means direct economic loss, giving up popularity accumulated before, and delay in progress.

1.5.4.2.2 Conflicts in Summer Openings

Any large-scale program, whether that be a variety show, movie or television series, needs to obtain a broadcast permit issued by the Online Audiovisual Programming Administration Office of the National Radio and Television Administration prior to the start of the broadcast. During the period between May and July this year, not a single variety show was given the broadcast permit. "Strawberryman" and "Girls Like Us", originally slated to air in May and June, respectively, were both delayed. Insiders say that the delay is the outcome of temporary suspension of the review and approval process by relevant organs before the July 1st Communist Party of China Founding Day. July 1st, 2021, is the centennial of the Communist Party of China Founding Day, and numerous large-scale celebrations and related programs have already been scheduled by the government. Actually this shouldn't come as a surprise for content makers in China. Traditionally speaking, there are several periods of every year that are politically sensitive: July 1st Communist Party of China Founding Day, October 1st National Day, and the Two Sessions, i.e. the National People's Congress (NPC) and the Chinese Political Consultative Conference (CPPCC) held during the middle and end of March in Beijing. These events have some impacts on areas such as program broadcast and performance review and approval, not that applications are doomed to fail, it's just that evaluations are stricter than usual. Due to the special circumstances for July 1st this year, reviews were extraordinarily stringent, and all such programs scheduled to debut during early summer in the first half of the year were all directly postponed to after July, a turn of event that is highly troublesome for platforms in balancing the distribution of their promotional resources. The actual outcome was: In the two weeks after the end of the Communist Party of China Founding Day period, quite a few music variety shows, including "Girls Like Us", "Rap Star", "Strawberryman" and New Generation Hip-hop Project, hit the screen at the same time and competed for the same pool of audience.

Making matters worse was the opening of the Tokyo Olympics. For the Chinese audience, the Olympics Games have always been a huge draw that garners attention across the board, from young to middle-aged and senior audience segments. Starting from the middle and end of July, the main topics of discussion (such as trending topics and searches on Weibo) on Chinese social media were principally related to the Olympic Games, and virtually all other forms of entertainment played second fiddle to the major sports event.

2.3 Insufficiency in Availability of Traditional Musicians, and Music Variety Shows Unprepared to Provide Support to Newcomers

This reason may sound far-fetched, but it's very real. Music variety shows may be classified into two main categories. One category, as represented by the likes of "The Coming One" and "Create Camp", underlines the cultivation of young, good-looking icons and artists (original music creation capability is relatively less important), while the other major category seeks to discover original, creative musicians and bands with independent music background, such as "The Rap of China", "Big Band" and "Rap for Youth". The latter attracts audiences because of two chief factors: The novelty of fresh music from indie musicians different from mainstream music, and the underground music culture, distinct personality and personal stories manifested in these independent musicians.

Yet, after three to four years of "harvests," the majority of artists with relatively high artistic prowess and mature expressiveness in the indie music scene have already participated in shows. To keep the programs fresh and interesting, many shows have no choice but to choose and work with new faces, but this choice has several problematic consequences: Music works are unpolished (audience find music to lack quality), musicians appear unnatural in front of the camera (story not worthy of watching), and program design needs to adapt to newcomers, but these adaptions may not be beneficial to the watchability of the show. These problems are particularly pronounced in "Strawberryman", a program under a partnership between Youku platform and record label Modern Sky. From the choice in participants and configuration of show phases, to stage design and final editing, pretty much every aspect of the show was criticized by both industry professionals and the general viewer. Ultimately, the show only scored 4.1 out of a full mark of 10 on Douban, a popular Chinese cultural product review and rating website. However, from certain perspectives, "bad news" is better than "no news," as in the show was at least watched and remembered, and criticisms from the audience may be understood as a kind of recognition or care for indie music culture itself. Some other shows, unfortunately, weren't good enough to even qualify for criticisms.

Many variety show producers are conscious of the fact that there is a shortage of musicians to choose from, and so most of them soon had to adopt the "newbie" path. For example, "New Generation Hip-hop Project" and "The Next Banger" restrict the age of contestants to the bracket between 18 and 24 years old. Meanwhile, only three groups of musicians in "Strawberryman" have more than 50,000 followers on Weibo. The logic behind this kind of choice is unquestioned, but the question is, after choosing these new faces, the shows did not adjust correspondingly in areas such as intention, objective, and phase design. Under such a circumstance, basically the shows expose the various immature or inadequate aspects of newcomers to the audience, which is why general feedbacks from the audience include "low quality of songs" and "program unbearable to watch."

In light of the above, the failure of music variety shows may be attributed to multiple reasons. In terms of the external environment, the government's clampdown on fan-based economy excessively developed in the past few years and crackdown on artists with poor personal conducts directly affect the design and production of shows, while limitations in airing times this summer restricted the promotion of programs. In terms of the internal environment of the industry, mature and stage-worthy musicians have been depleted by previous shows in the past few years, while there remains room for improvement in methods and modes suitable for the discovery, cultivation and promotion of new faces.

1.5.4.3. Recommendations

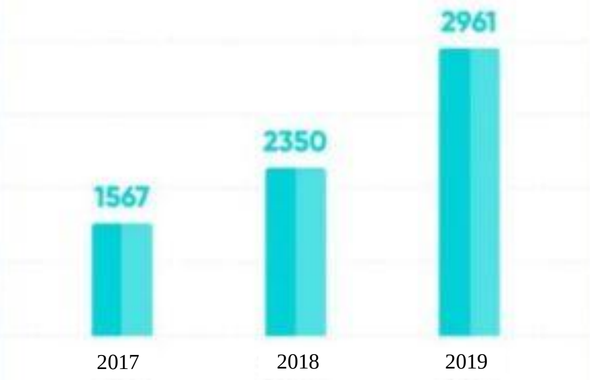
Although some foreign talents gained popularity by participating in Chinese talent shows, in the long-term, participating in these shows cannot be a good path for foreign talents to explore their Chinese market in the future. Here are three main reasons: first, talent shows with foreign talents were designed to fill the shortage of Chinese talents and increase the freshness of the shows, rather than a fixed competition mode; second, for healthy development of the entertainment industry, Chinese talent shows are regulated by the policy these years, which results talent shows become not in the spotlight as much as before; third, foreign talents are not given enough opportunity after the talent show, most of the Chinese entertainment opportunities are still concentrated on Chinese talents, so it is difficult for foreign artists to get the corresponding follow-up resources.

Original music became an important branch in the types of songs listened to by users in 2019

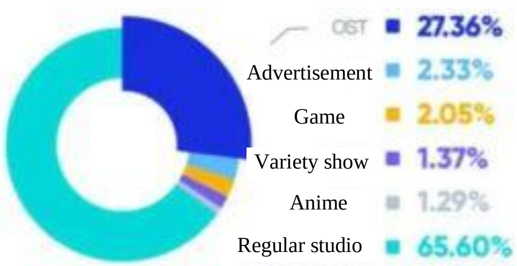
Circulation OST songs doubled in a span of three years. OST new songs in the year's top 100 rankings exceeded 27%

Contents

Changes in circulation of OST songs 2017-2019



Distribution of genres of songs occupying 2019 ranking



Scope of data: Sources from genres of songs on TME Chart 2019 ranking of Tencent Entertainment Music Group

The collision and fusion between games and music also produced magic in 2019. For example, the song “Zhuang Zhou” composed and sang by Henry Huo for the eponymous Zhuang Zhou character in the mobile game “Honor of Kings” climbed its way into the top 20 on “Chinese-style music chart” of the 2019 Digital Music Report of China. “Wake Me Up” by boyband WXWZ, a spin-off also from the Honor of Kings game, was named on the top ten hip hop chart for the year.

As video game music enhances in quality, leading intellectual properties have taken on more diverse methods in music promotion. The absolute majority of leading intellectual properties have invested in and carried out music promotion, and opted to work with popular celebrities, in an attempt to expand the influence of their video game intellectual properties and enlarge the scope of target customers. Under the backdrop of increased interest in music production among major intellectual properties, there has been a notable rise in the number of super popular video game music. In 2020, 18 video game songs surpassed the ten million threshold in play counts, a surge of 80% compared with 2019. [5]

The continual integration between music and the pan-entertainment sector has amplified the value of music, but for the music industry. The pan-entertainment will no doubt emerge as a new and key conduit for music promotion and publishing. For instance, a new artist may take advantage of the influence of a game or an anime, produce associated works of music to quickly build up a following, or lean on content in these other entertainment and cultural areas to expand his or her own fan base.

1.6 Latest Policy Direction and Responses Among Industry Participants

The central government of China has announced several policies instrumental to the music industry over the years. In 2015, the State Administration of Press, Publication, Radio, Film and Television released *Several Opinions on Emphatic Promotion of Chinese Music Industry Development*, and the announcement of the *Opinions* ushered the Chinese music industry into the fast lane of regulated, positive and sustainable growth. Ten major tasks were outlined in this document, including the promotion of standardized construction of the music industry, creation of large-scale professional music platforms and facilitation of international exchanges and cooperation, among other objectives. *The Cultural Development Reform Plan Outline*

[5] CNNIC reports: China has more than one billion internet users, middle-aged and senior users account for nearly 30% of total, WeChat's worldwide monthly active user growth lacks momentum - internet user scale - food delivery - WeChat - Sina Science and Technology -https://finance.sina.com.cn/tech/2021-08-27/doc-ikqciyzm3869633.shtml

for the 13th Five Year Plan Period unveiled in 2017 listed "music industry development" in the "major cultural industry program" for the first time.

The National Press, Publication Administration started to lay the groundworks for music industry bases across the nation in 2009. Soon a quartet of music industry bases were built in Beijing, Guangdong, Shanghai and Sichuan, along with a dozen industry parks. In 2016, Chengdu published the *Opinions on Supporting Music Industry Development* and became the first in the nation to roll out local policy in support of music industry expansion. Local governments and related cultural and tourism organizations are still one of the most important investors and sponsors for the music festival market. Music festival is emerging as a preferred method for cultural sites and tourist attractions in second-, third- and fourth-tier cities to gain exposure and attract visitors as the "music festival+tourism" mode can augment the overall experience of the music festival and has a higher chance of evolving into a well-known brand or campaign.

Beijing: To emphatically fuel the high-quality development of the music industry in Beijing and improve the music industry system, in the *Implementation Opinions on Promoting Prosperous Development of the Beijing Music Industry* released in December 2019, the Leadership Group for Promotion of Construction of Beijing City as National Cultural Center pointed out the goal for Beijing City's music and other affiliated industries to reach a valuation of more than RMB 120 billion by 2025. The city of Beijing will promote the growth of its music and other affiliated industries from ten aspects, namely earnest planning and configuration of the music industry, promotion of the construction of demonstrative industry parks, encouragement of outstanding original music works, acceleration of growth of the digital music industry, promotion of innovative integrations between music, science and technology, strengthening music industry copyright services, enriching the music performance industry and market, fostering the city's music culture ambiance, support for the cultivation of music industry talents, and expansion of international exchanges and cooperation in the industry. The Chinese capital will also provide substantive support to integrations and innovations in the "music+" urban culture and lifestyle, encourage areas with the capacity to construct their own unique music towns, create "music intellectual properties" aiming at nighttime consumption, conceive plans for thematic events that combine music performance with tourism, and develop general music consumption and culture landmarks, so as to lead new trends in high-quality music consumption.

In April 2020, the 8th Music Cities Convention took place in Chengdu and the host signed a “music city joint construction plan” with the Italian city of Bologna, the first “city of music”. The two sides will engage in extensive cooperation over areas such as opera program composition, performance exchanges, technical support, music industry and human resource cultivation. A raft of support policies have also been announced such as the *Self-management Method for Music Industry Development Special Funds of Sichuan Province* and *Chengdu’s Opinions on Supporting Music Industry Development*. A provincial-level music industry development special fund dedicated to the growth of the music, film and television industry has also been established.

Four major music industry parks
Incorporate music culture into the cells of the city

Eastern Suburb Memory Music Park

Chengdu Musicfun

Shaocheng Shijing Culture and Creativity

Fanmate Creative Art Area

Five unique music towns
Inject new life force into the music industry

Luodai of Longquanyi constructs "Music Flight Passenger Terminal"

Bailu of Pengzhou, a classical music mecca at the foot of Longmen Mountains

Jiezi of Chongzhou develops both traditional folk music and "new folk music"

Anren of Dayi showcases its "international flair"

Pingle of Qionglai builds its "South Silk Road" Music Town

1.6.1 Governmental Supervisory System of the Music Industry

The media and various forms of cultural products are subjected to strict censorship by the Chinese government. Since 1994, China has released a deluge of rules and regulations including *Regulations on Administration of Audio-visual Products*, *For-profit Performance Administrative Regulations*, *Audiovisual Product Import Management Rules*, *China-Foreign Joint Venture Audio and Visual Product Distribution Enterprise Administrative Methods* and *Notification on Further Strengthening and Improving Online Music Content Administrative Work*. They comprise an encompassing and stringent music industry review and management system with clear division of labor. The various levels of publication authorities are in charge of the review and management of publications of audio and video products (including digital music), while the various levels of culture authorities are responsible for the review and management of for-profit performances (including online performance). Any content involving the regions of Macao, Hong Kong, Taiwan or overseas is reviewed by a higher level of competent organ in the corresponding area. In addition to governmental reviews, the Ministry of Culture also mandates the country's various organizations in the music industry to conduct internal assessment. For instance, regulations like the *Notification on Further Strengthening and Improving Online Music Content Administrative Work* stipulates that enterprises must review and be held accountable for content of their digital music.

Scope	Competent organ
Publication of audio and visual products (including digital music)	Various levels of administrative organs for news and publication
For-profit performance (including online performance)	Various levels of competent organs for culture If audience for offline performance exceeds 1,000 persons, it is necessary to file with competent organs for public security
Venue of for-profit performance	Review and approval by various levels of competent organs for culture, registration with competent organs for industry and commerce administration, and review and approval by competent organs for fire safety and public sanitation
*Further, any content involving the regions of Macao, Hong Kong, Taiwan or overseas is reviewed by a higher level of competent organ in the corresponding area	

In China, all works of music shall undergo tight content censorship (scope of content includes lyrics, ideals, cover art and other non-music content), and even musicians themselves have to subject to strict evaluations for aspects such as his or her political view, ideology, messages in public and on social media, and public activities. In particular, pieces and artists that touch on the government's sensitive spots (i.e. agendas like unrest in Hong Kong, independence of Taiwan or Tibet, the 1989 Tiananmen Square protests, etc.) or policy red lines (i.e. drug use, because recreational drugs are strictly forbidden in China) are at risk of being banned. In terms of performance, a turning point was a Björk concert in Shanghai held in 2008, nearing the end of which the Icelandic musician suddenly screamed “Tibet! Tibet!” when performing the song “Declare Independence”. After this incident the Chinese government tightened its scrutiny over foreign musicians that come for shows in China, and announced relevant regulations stipulating heightened supervision of for-profit performances including shows at music festivals, immersive performance, small theatrical productions and live music halls (i.e. livehouse).

At the same time, China does not have a clear check list or system of standards, and the Chinese government has never publicly declared or admitted to the existence of any such censorship institution. This kind of censorship system without written protocols and defined rules is like a black box or a game of cat and mouse, and the standards and changes in these inner workings are hard to grasp. For example, in April 2009, the Chinese tour of Oasis was suddenly halted (official approval document for performance was already obtained and tickets were already on sale publicly). The band asserted that it was because a band member Noel Gallagher once participated in a “free Tibet” concert back in 1997, though Chinese foreign affairs officials denied this claim and instead insisted that the cash-strapped sponsor was to blame. Yet, in 2017, another Oasis band member Liam Gallagher staged a show in Beijing with no issue.

Under prolonged censorship pressure from above, the professional organizations and participants in the Chinese music industry have gradually sank into a “self-censorship trap”. For instance, violently or sexually explicit lyrics in songs are silenced or replaced with similar sounding words. Music-themed variety shows are subject to even tighter control, and lyrics that even approach anything resembling violence, sexual acts or negative thoughts, no matter the severity or motivation, are either modified or deleted. Meanwhile, rules and standards enforced vary depending on the platform. One example is the differing scope and magnitude of the editing of C-pop song “Flammable and Explosive” on two music-themed variety programs airing within the same period in 2020. Three changes were made on one show and six alterations on the other.

Worth mentioning is that some bans were not declared by the authority, as many musicians have been denunciated because their works or opinions were condemned by the public. For instance, Hong Kong indie group my little airport published songs that voiced encouragements for the Hong Kong protests on numerous occasions, and in September 2019 denouncement of the band became a trending topic on Sina Weibo, soon leading to the disappearance of the works of My Little Airport from Chinese mainland music platforms.

1.6.2 Policies and Responses During the Pandemic

1.6.2.1 Central Policies: Rollout of Multiple Preferential Policies to Support Corporate Development

In February 2020, the State Council of China announced the decision to reduce or exempt the social security fees payable by small, medium-sized and micro enterprises for five months, and cut by half the social security fees payable by large companies for three months.

In May 2020, the Ministry of Culture and Tourism released the *Disease Prevention and Control Measures Guideline for Re-opening of Theatres and Other Performance Venues* and sanctioned the resumption of on-site performances.

1.6.2.2 Industry Participants Shifting from Offline to Online for Survival

Beijing	*Numerous Measures to Deal with Impacts of the COVID Pandemic and Promote Healthy Growth of Cultural Enterprises*	Coalesce the power of unity in difficult times; ensure the creation and production of high-quality products; cultivate brand new impetus conducive to industry development; strengthen financial service support level; and optimize and elevate governmental affairs service standards
Shanghai	*Numerous Policies and Measures to Fully Support Stable and Healthy Development of Cultural Enterprises of the City Amid Pandemic Prevention and Control*	Establish the main battlefield for public opinions on pandemic combat and control culture; fully enact and implement this city's pandemic prevention and control policies and measures; strengthen cultural policy support level; formulate policies that improve convenience for enterprises; speed up the promotion of cultural financial services; cultivate and support the growth of new

		technologies and new business modes; optimize industry service support system
Guangdong	*Numerous Policies and Measures to Actively Deal with Impacts of the COVID Pandemic, Promote Stable and Healthy Developments of Culture, Tourism and Sports Industries, and Expand Market Consumption*	12 measures such as to promote the restoration and work resumption of culture, tourism and sports industries in an orderly fashion; improve fiscal support level; improve finance, social security and tax support level; improve the venue and industry park rental reduction and waiver level; support creation of major thematic promotions; and improve culture and sports infrastructure facility construction levels
Zhejiang	*Notification about Fully Supporting Culture and Tourism Enterprises to Overcome Pandemic and Stabilize Development*	Tax reduction or waiver; fees reduction or waiver; financial support; social security support; labor expenditure support; temporary return of tourism service quality assurance earnest money; culture and tourism development fund; culture and tourism consumption encouragement measures; and "three services" mechanism to benefit and assist enterprises
Shandong	Five measures to help cultural enterprises overcome difficulties	Promote the development of cultural industry venues; strengthen support for creativity in film, television, publishing, culture and arts; focus on establishing foreign trade platforms; earnestly carry out services for public culture and citizen benefits; and promote integrative development between culture, science and technology
Shaanxi	*Implementation Opinions on Steadfastly Winning the Battle in*	Further lighten tax burden; delay social security fees payment; delay social security fees payment; improve fiscal subsidy level;

	Pandemic Prevention and Control, and Supporting Steady and Healthy Development of Cultural Enterprises	consolidate promotion and culture systems resources; consolidate promotion and culture systems resources; improve innovation level and support transformation and upgrade of cultural enterprises; raise service quality to foster excellent development environment for cultural enterprises, etc.
Xiamen	*Numerous Measures to Support Cultural Enterprises in Survival and Development During Pandemic*	Adjust and accelerate the allocation of specialized funds for aspects such as culture industry; support the development of film and television industry; reduce tax revenue to an appropriate degree; support the reduction or waiver of rental feels of cultural enterprises; bolster subsidy level for brick-and-mortar bookshops; increase financial support
Inner Mongolia	*Implementation Opinions on Supporting and Serving Stable and Healthy Development of Cultural Enterprises in Autonomous Regions Amid Pandemic Prevention and Control*	Foster pandemic combat and prevention culture and atmosphere; coordinate and implement financial support measures; coordinate and implement tax payment waiver and delay measures; coordinate and implement corporate cost reduction measures; strengthen leadership role of thematic publications; highlight theme selection for key cultural and artistic creativity and other measures

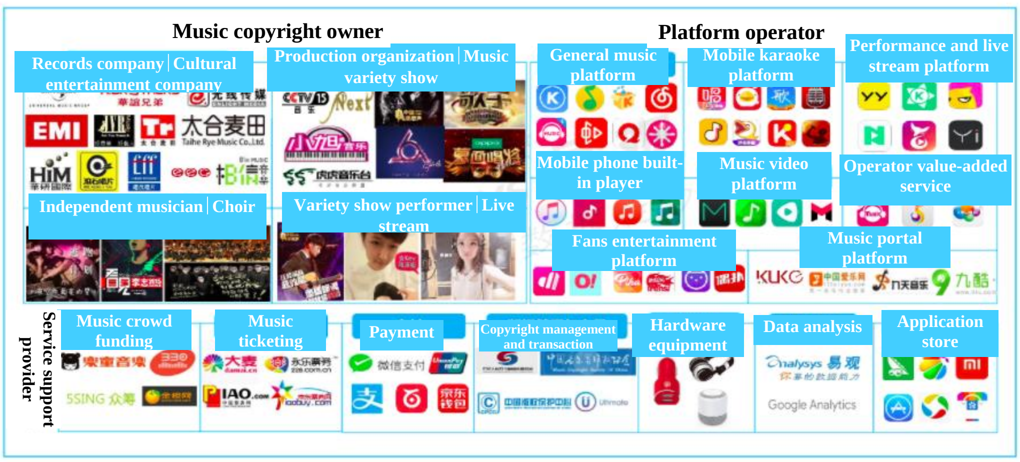
1.6.3. Industry Participants Shifting from Offline to Online for Survival

While on-site performances were suspended, performance content providers began to take to the online stage. For instance, during the pandemic the Strawberry Music Festival carried out live streams on various online platforms like Bilibili, Youku, Jinri Toutiao, Tik Tok (Douyin) and Xigua Video. The event has been able to maintain or even whip up interest throughout its online campaign up until July 28 when it was officially announced that the festival would return on-site. Music streaming platforms

(Netease Music, TME), record labels (Taihe, Modern Sky), and ticketing sercives (Damai) have all exlored possibilities in paid music live streaming. These projects are attempts to make up the heavy losses they suffer from the suspension of offline live performances.

1.7 Key Platforms and Companies Related to Music in China

Atlas of the Chinese music industry ecology



1.7.1 Growing Presence of Leading Internet Companies in the Digital Music Market

Benefiting from preferential policies and positive outlook from investors, the market sees plenty of upside in the prospects of the digital music market. At the same time, its position as a vital link in the pan-entertainment eco-chain has attracted the interest of internet giants. After Tencent Entertainment Music Group went public, the market exhibits a 20-80 divide. In other words, the majority of market share occupied by a small number of “head” platforms, while the space for survival for “long-tail” companies is limited. However, emboldened by efforts such as continual user-driven explorations by digital music platforms in verticals, and short-form video platforms dedicating their superb music dissemination capacity to music content creation, some believe that there is still room for changes and growth as the industry continues to evolve.

Engagements of Typical Leading Chinese Internet Companies in Digital Music

Internet company	Digital music engagement	Description
Tencent	QQ Music Kuwo Music KuGou National K Song	A merger between the China Music Corporation and Tencent's QQ Music took place in 2016, and a year later the Tencent Music Entertainment Group (TME) was founded, which went public two years later on the New York Stock Exchange.[6]On July 24th this year, the State Administration of Market Regulation handed Tencent an anti-monopoly administrative punishment, requiring the tech giant to annul its online music exclusive copyright ownership.
Alibaba	Xiami (Belongs to Alibaba Music)	In 2013, Alibaba acquired Xiami Music, which was merged with Alibaba Planet (music service has since stopped) in 2015 to form AliMusic. In 2018, a strategic cooperation agreement was inked between AliMusic and famous licensing agency Merlin.By February 2019, Xiami only had 28.17 million monthly active users, not even one-tenth of QQ Music users during the same period In February 2021, Xiami officially stopped its service.
NetEase	NetEase Music	NetEase Music is a streaming media music platform researched and developed in-house by NetEase. It was launched in 2013 and received a strategic investment worth USD700

6 May 1st holiday period ticket income grew by more than 250%, with new generation of users and variety shows underpinning a ten billion-yuan market - https://www.thepaper.cn/newsDetail_forward_12587294

		million from Alibaba in 2019.On August 1st, 2021, NetEast Cloud Music passed the hearing of the Hong Kong Stock Exchange, and NetEast Cloud Music would officially be listed at 9 am on December 2nd under the stock code 9899.HK.
ByteDance	Tik Tok (Douyin)	Tik Tok launched its “see Music” program in 2018 to support original music in China. In 2021, ByteDance formed its Music Business Department, and relevant people revealed that ByteDance is developing its music streaming media platform, with related products already undergoing internal testing.
Kwai	“Kwai Music Channel” Tencent Entertainment Music Group	The “Kwai Musician” program kicked off in 2018, and in 2019, the music live streaming platform “Kwai Music Channel” was unveiled alongside the TME-backed “Music Wildfire Program”.
Taihe Music Group	Qian Music	The 2015 merger between Baidu Music and Taihe Music was officially renamed Qian Music in 2018, which reached strategic cooperation agreement with the Alibaba Group in 2020.

1.7.3 Performance of Internet Music Platforms in the Capital Market and Their Impacts on the Music Industry

Some of China Concepts Stocks climbed to their record heights in 2020, especially as some of the internet-related China Concepts Stocks were able to take advantage of the bullish sentiments in 2020. The uptrend in 2020 was driven by several reasons: 1. The stay-at-home-economy induced by the pandemic further solidifies the foundation for the growth of internet users; 2. a Matthew effect situation in which small companies were impeded on the path of listing, resulting in tanking valuation, while companies that already went public were able to capitalize and attain bigger market share; 3. the continually loose monetary policy of the U.S. Federal Reserve feeds into the American stock market, and China Concepts Stocks that float shares in the U.S. rise with the wave. Therefore, basically all verticals in the internet-related China Concepts Stocks exhibited strong momentum for growth, for instance Tencent's two-fold growth within a year, and Meituan-Dianping's three-fold growth in the year, both outperformed by Bilibili's four-fold growth in the same span. Even Alibaba, severely weighed down by the last-minute failure of its Ant Finance to go public, still rose by nearly one-third.

However, following the end of easy money policy and stay-at-home trend, coupled with global economic uncertainty and pessimism brought about by the relentless pandemic, and the continuous exposure of long-term issues in the lack of substantive development impetus, this kind of oversized valuation can't be sustained. In addition, this year, the Chinese government has started to enforce supervisory measures of unprecedented intensity, in particular, a series of restrictive measures aimed at curbing internet platform monopoly, safeguarding non-adults, personal privacy protection, and dealing with the capitalization of the education market. These moves have hammered the China Concepts Stocks, and valuations of big names such as Tencent, Meituan-Dianping and Alibaba have evaporated by nearly 50%. At present, the capital market has yet to form a consensus regarding the future direction of China Concepts Stocks. Bullish champions opine that China Concepts Stocks have hit the bottom to the point of being worthy of long-term investment, while bearish skeptics argue that the impacts of policies on the performance of China Concepts Stocks are far from over, and investors ought to be circumspect. Therefore, it would be hard pressed for China Concepts Stocks to replicate the ridiculously bullish 2020 surge in the near future. Under such a backdrop, performances of China Concepts Stocks vary depending on the vertical, with gaming, education, video live stream and internet finance dropping drastically and in a long-term manner, while industries related to new energy vehicles seem to have returned to a steady path. Thus, investors interested in China Concepts Stocks are likely to focus on specific verticals.

The music industry was also hamstrung by anti-monopoly policies and supervisions in 2021, and competition in the Chinese music industry in the past period was mostly a competition for copyrights. In a watershed moment of anti-monopoly efforts in the Chinese music industry, the State Administration of Market Regulation of China slapped Tencent Holdings with a fine for its acquisition of China Music Corporation (CMC) in July 2021. In this case, the biggest spotlight is the demand for Tencent to annul its exclusive copyright agreements. Industry insiders believe that Tencent's punishment signifies the official start of the end of the exclusive copyright business model that has dominated the Chinese music industry for the past ten years. Tencent Music's primary economic moat is its array of exclusive copyrights, therefore, the anti-monopoly policy is no doubt a major blow. For the industry, this significant move may ameliorate existing or potential competition elimination and limitation, elevated market entry barrier and increased user signup rate due to over-concentration of operators in the online music market. At the same time, these changes should also be beneficial to leveling the playing field and promoting the normal and healthy development of the whole industry.

For internet music in China, the long-term logic for growth in music is becoming increasingly apparent. Take TME for example, the company's Q3 financial report shows that its business income and net profit both met market expectations, and paid online music users soared year-on-year to 38% to 71.2 million, while the pay rate reached the monumental 11.2%. It would not be an understatement to say that the music content payment mode is gradually being accepted by users. At the same time, while the road to listing hadn't been a walk in the park for NetEast Cloud Music, but its shares ultimately began floating on the Hong Kong Stock Exchange and industry sentiments buoy higher. According to Cloud Music's prospectus, although the company falls behind TME in terms of copyright content, its differential advantage is high user stickiness thanks to its robust music community and original music, as exemplified in user pay rate of a whopping 14.9%. Therefore, it can be deduced that Chinese internet music platforms of China are strengthening their core competitiveness, and they are realizing quality growth.

1.7.4 Key Music Platforms

Tencent Music Entertainment Group

Founded in July 2016, TME was established after a merger between the China Music Corporation and Tencent’s QQ Music. Currently, its portfolio of music apps and software consists of QQ Music, KuGou, Kuwo Music and National K Song.TME is the undisputed kind of the music industry, with income accounting for some 70% of the market share. [7] According to its 2021 Q3 financial report, paid online music users soared year-on-year to 37.7% to 71.2 million, with a month-on-month increase of five million. Online music pay rate reached 11.2%, higher than 8.0% from the same period a year ago and the 10.6% in the second quarter, signifying thorough and healthy growth in the online music business segment. As of the close of the market on November 22nd, Tencent Music's valuation was USD 12.897 billion (approximately HKD 101.3 billion).

Taihe Music Group

Founded in 2014, Taihe Music Group consists of brands and labels such as Taihe Rye Music, Ocean Butterflies, Touch Music Publishing, Ruby Eyes Records and Maybe Mars, along with interactive service platforms like Qian Qian Music and ShowStart.involves upstream and downstream of the industry, and possesses a vertically integrated operation throughout the entire industry chain featuring "content production+copyright distribution+music performance." [8]

NetEase Music

NetEase Music is a streaming media music software researched and developed in-house by NetEase. The platform has reached copyright cooperation with more than 200 music companies both from China and abroad, and boasts a library with over 30 million songs and a registered user base of over 800 million. [9]NetEast Cloud Music is the second-biggest online music platform in China behind Tencent Music. NetEast Cloud Music was scheduled to officially list at 9 am on December 2nd, and the original plan was to raise somewhere between HKD 3.04 billion to HKD 3.52 billion (roughly equal to RMB 2.49 billion to RMB 2.89 billion), and no more than 15% over-allotment options had been set aside. Based on the selling price of NetEast Cloud Music, it was

[7] "Chinese Digital Music Annual White Paper 2020" officially published! https://new.qq.com/omn/20210330/20210330A06GRW00.html

[8] Policies support expansion of music industry, Beijing's related industries strive to surpass 120 billion yuan in valuation in 2025 - http://www.ce.cn/culture/gd/202001/03/t20200103_34036633.shtml

[9] Xiami Music's "swan song" exposes the bare-naked truth about music platforms, detailed interpretations, latest news, hot topics, https://www.36kr.com/p/1085200303948807

estimated that the company would be worth around HKD 39.47 billion to HKD 45.71 billion (roughly equal to RMB 32.37 billion to RMB 37.48 billion).

Xiami Music

Established in 2008, the streaming media music platform was acquired by the Alibaba Group in 2013. In 2017, the platform ranked first in both active user rate and duration of play time per person, and at present NetEast Cloud Music boasts more than 700,000 musicians and a database of over 20 million songs. In February 2021, Xiami Music officially went offline, and in July 2021 Alibaba applied for the "Xiami Music Entertainment" trademark through its Singaporean holdings company. On September 24th, Xiami was formally "revived" as ticketing platform Damai announced the establishment of the Xiami Music Entertainment content brand. Also announced was the formation of an independent music performance business department to fully push forward the operation of a music performance brand, signaling a foray from online stream media into the on-site performance market, and during the "October 1st National Day" holiday period it successfully hosted the inaugural Xiami Indoor Music Festival.

Douban FM

Among one of the first streaming media digital music platforms in China, Douban FM regained investments from investors such as TME in February 2019, and formed cooperation with music copyright service platform V•Fine. [10]

Migu Music

Migu Music (originally China Mobile Wireless Music Base), founded as an internet platform in 2006 by China Mobile, is one of the two major telecom operators in China, and it is one of the first digital music platforms in the country. [11]As Migu Music acquired the rights to major sports events such as the 2020 Summer Olympics in Tokyo, 2022 Winter Olympics in Beijing and 2022 FIFA World Cup, along with those

[10] Guotai Junan Securities - Tencent Music - TME.US - first coverage report: Expanding content scope, leader in music industry forges ahead - 210225 - research report - Hong Kong and U.S. research - https://m.hibor.com.cn/wap_detail.aspx?id=bb18e2d045a2ee0d7d5e7443fffa872f

[11] Tencent Music Q3 financial report 2021: Steady business growth meets expectations, assisting the industry to open up more development opportunities - Tencent Music - Sina Finance - https://finance.sina.com.cn/jjxw/2021-11-09/doc-iktzqtyu6361353.shtml

of other performances, the overall brand image has been revitalized in ways beneficial to Migu's further development.

1.7.4 Medium- and Short-form Video Platforms

ByteDance (Tik Tok/Douyin)

A short-form video and social networking software featuring music creativities launched on September 20, 2016, TikTok (Douyin in China) built up a daily active user base of 600 million in 2020. Leveraging on the platform's potency for dissemination, many songs became hits thanks to Douyin, igniting the explosive expansion of the whole streaming media market. According to the *Douyin Music Ecosystem Data Report 2020*, in the first half of 2020 alone, the top ten original songs on Douyin cumulated a total of 94.5 billion playbacks, equating to an average playback of 67 times per person in China. Among the list of top ten hit songs of Douyin, "Your Answer" by A Rong was played more than 57.9 billion times, and "Youngster" by Mira reached almost 5.58 billion playbacks, exemplifying the immense popularity of these songs.

Bilibili

A video-sharing website well-known for its “bullet curtain” user comment system, Bilibili was launched on June 26, 2009 as a place for the creation and sharing of ACG (anime, comics and games) content. But it has gradually developed to encompass all styles of video content (“Kichiku” video is one of its most signature themes) and since then ascended as one of the primary online youth culture communities in China.Music is also one of its key focal points. In 2020, the hip hop-themed variety show "Rap for Youth", produced in-house, won both industry reputation and widespread popularity, and in 2021 Bilibili sailed with this tailwind and unveiled music creativity variety show "The Next Banger". At the same time, Bilibili also tied up with 88rising to create its own record label in an attempt to enlarge its music business scope.

1.7.5 Video Platforms (Music-themed Variety Programs)

Popular music variety shows from television stations and video platforms between 2017 and 2020

Platform	Total	Popular music variety shows
	Twelve shows	The Rap of China, The Rap of China, Idol Hits, The Chinese Youth, Sing Tour, I'm CZR series, Big Band, The Rap of China 2019, Miss Voice, etc.
	Twelve shows	Come Sing with Me Season II, Singer, Hear Us, Singer 2018, Come Sing with Me Season III, Phantacity, Super-Vocal, Super-Vocal II, Singer Season III, Rhythm of Time Season II, Now You Sing, and Singer 2020
	Nine shows	Burn U5, Sing! China Season II, Sound of My Dream Season II, Sing! China Season 2018, Sing! China Season III, Yi Kou Tong Sheng, Sing! China Season 2019, The Treasured Voice, and New Voice Please Teach
	Six shows	Music Battle, Chuang Zao Music, Ji Ke Electronic Dance Music, Chao Yin Battle, The Coming One Girls, and Let's Sing Together
	Four shows	Sing Out, Let's Band, Chuang and Bedroom Radio
	Two shows	Me to Us and Rap Star

1.7.6 Mainstream Foreign Platforms in China

It is worth noting that mainstream foreign platforms such as YouTube, Spotify and Soundcloud can't be accessed in China due to cencorship, which is why they basically have not devised any localized operation strategy for China. Apple Music provides limited service for mainland China and has obtained a business permit in China, but due to copyright restrictions, it has long been marginalized in the market.

This kind of situation further raises the barrier of entry for foreign music trying to enter the Chinese market, and the main outcomes include lack or delayed information, and even the cultivation of a horde of independent media accounts that thrive by bootlegging content from foreign platforms. As such, celebrated musicians abroad often have to make use of multiple means (such as winning major trophies and awards) and wait for a longer period before gaining fame in China, and even then his or her status may still be less prominent than overseas.

1.7.7 Record Companies

Record companies other than “The Majors” (Universal, Sony and Warner)

Traditional label	Independent label	Small label
Rock Records & Tapes	Modern Sky	Qiii Snacks Records
Linfair Records	Merrie Records	Boring Production

HIM International Music	Maybe Mars	Wild Records
Emperor Entertainment Group	Ruby Eyes Records	SloomWeep
Taihe Rye Music	Mintone Records	Zoomin' Night
Ocean Butterflies		

Traditional popular music record labels:

- Rock Records & Tapes: Founded in 1980, it is Taiwan’s first local record company established after the end of World War II and mainly focuses on Chinese popular music (rock and roll, folk songs and pop). The largest record industry player in the Sinosphere, it is also the second biggest independent record company in Asia behind only Japanese entertainment conglomerate Avex Group.

- Linfair Records: A Taiwanese record company dating back to 1961, it is an agent for foreign labels but started to develop its own Chinese popular music in 1986, and has since then jump-started the career of a myriad of Hong Kong, Taiwanese and mainland Chinese singers like Harlem Yu, Samuel Tai, Na Ying, Faye Wong and Mavis Fan.

- HIM International Music: A late-comer to the Taiwanese music record industry founded at the turn of the millennium, HIM has since grew into one of the largest record companies on the island with a huge line-up or popular music artists and icons, and made history as Taiwan’s first culture and creative company to go public.

- Emperor Entertainment Group: Established in 1999, Emperor is one of the largest Hong Kong record companies, specializes in Hong Kong pop music and manages mainly music-film-television cross-industry artists.

- Taihe Rye Music: Originally conceived as indie label Rye Music back in 1996, it was respectively renamed Warner Rye Music and Taihe Rye Music after successive mergers with Warner Music China and Taihe. Over the years it has developed into the largest popular music company in the mainland of China, and after merger with Ocean Butterflies in 2015, the new entity became Taihe Music Group.

- Ocean Butterflies: A Singaporean company founded in 1986, it is primarily engaged in Chinese popular music and its sizable stable of successful artists include A-do, Wayne Lim Junjie (JJ Lin) and Xu Song, among many others.

Professional independent record labels:

- Modern Sky: Established in December 1997, it is currently the largest independent record company in the mainland of China. Apart from rock and roll, Modern Sky has also founded numerous subsidiary labels featuring particular styles of genres such as the experimental and avant-garde label Badhead, world music label Pollux and hip hop label MDSK. It also owns a multitude of performance and event brands like the Strawberry Music Festival, Modern Sky Festival and M_DSK Music Fest. The company is currently preparing to produce its own music-themed variety program.

- Merrie Records: A newcomer founded in March 2019, Merrie is concentrated on the discovery and cultivation of independent musicians, and the production and distribution of indie music.

- Maybe Mars: Founded by American Michael Pettis in 2007, it was absorbed into the Taihe Music Group and is currently in charge of records distribution with a penchant for indie rock. Some stars under the label include Carsick Cars, FAZI, Hiperson, etc.

- Ruby Eyes Records: Established in 2015 and now a part of the Taihe Music Group, Ruby Eyes represent many indie bands like Hedgehog, Railway Suicide Train and Mr. Graceless.

- Mintone Records: Founded in 2009 in Chengdu, Mintone is noted for its indie EDC and hip hop records from artists such as Young Shar, Lu1 and Dizkar.

Small and independent record labels:

Apart from the two types of music companies mentioned above, there are also a plethora of “mosquito labels” or one-man record labels in China, usually set up by enthusiasts or amateur musicians with a work force of no more than five. They distribute non-mainstream works of music, and some representatives from this niche group are Qiii Snacks Records, Boring Production and Wild Records.

Chapter II Types and Spending Habits of Young Chinese Music Consumers

2.1 Basic Definition of Music Consumers and Categorizations (Age, Residence, Income, etc.)

We received a total of 180 questionnaires for this report, and in conjunction with other surveys, we produced a rough user portrait of Chinese music consumers.

Chinese music consumer user portrait:

- Age: A growing number of younger consumers, with 60% of consumers being "post-95s" and "post-00s".
- Profession: more than 40% are students, followed by urban white-collar workers at 20%.
- Income: Other than the large proportion of students, more than half of the remaining music consumers are urbanites with a monthly income of over RMB10,000.
- Time spent on listening to music: The largest proportion, around 60% of total, listen to music for more than one hour on a daily basis.
- General consumer traits: After statistical categorization, two main groups of consumers have been profiled and identified: One group is students who do not earn much, but after receiving relatively advanced education and tutelage, young students today have acquired a decent sense of consumption; the other group is urban elites, who too have acquired developed a progressive sense of consumption, live in tier-one and tier-two cities, and are characterized by high income, higher education background and high consumption.

2.2 Definition of Music Consumers

We classify music consumers as passive music consumers, explorative music consumers and hard core music consumers. They are separated based on metrics such as time spent on listening to music, channels used for exploring music, and frequency of live performance attendance.

Based on calculations using data from a multitude of surveys and research reports, we estimate that passive music consumer constitutes the bulk at approximately 60%, the population of explorative music consumer is gradually enlarging and stands at roughly 35%, and the remaining 5% or so is represented by a small number of hard core music consumers.

2.2.1 Type 1 Passive Music Consumers

2.2.1.1 Consumption Behavior and Basic Viewpoints (ranking of main music genres consumed, consumption of foreign music, channels used for acquisition of music)

Music consumption features of passive music consumers

- Spoiled by convenient mobile devices, passive music consumers are increasingly lazy and listen to music in a "fragmentized" fashion. They like to repeat a song instead of repeating an album. In most cases, they usually won't opt to pick and listen to a specific album, instead choosing one of the more popular songs and just listen to whatever plays next. As streaming media platforms simplify the process of finding and switching between songs, this group of consumers have gotten lazier and lazier in their music selection, and won't even bother to truly listen to or discern the finer details of a song.

- Film and television productions and music-themed variety shows are the main channels for the exposure and promotion of musical works. The majority of passive music consumers do not actively look for new music, and among the various avenues to discover new songs, film and television productions and music-themed variety shows are the main staple. Apart from some fans that closely follow specific idolss, most passive music consumers enjoy music through the television screen (i.e. watching music-themed variety programs).

- More reliant on playlist recommendations. Passive music consumers are geared toward “The easy way out” and prefer to choose playlists that others compiled. They rarely attempt to curate their own playlists either.We have noticed that some playlists on streaming media platforms and online music stores have accumulated millions in playbacks. Some playlists were compiled by service providers, but the majority were created by users. Some of these playlists have become important promotional conduits for non-mainstream musicians, and in China corresponding business promo methods have been designed based on the use of playlists.

- Great interest in live performance but rare participation. Excluding large-scale live performances featuring mainstream artists, many passive music consumers are unfamiliar with the livehouse concept or related venues and shows. They lack knowledge about the culture of live performance, but are very interested in participating. More than 70% of users from tier-three cities or below have never been to a livehouse performance, while this figure is around 45% for users from first- and second-tier cities.

- Music is regarded as a status symbol or an expression of emotional needs. Some users who do not like to share WeChat Moments or post on other social media networks but still have the needs to convey emotions, might opt to share a song or the screenshot of lyrics on a music app on social media networks as a more low-key method to express oneself.

2.2.1.2 Music genres favored by passive music consumers:

According to the *Music Listening 2019* report issued by IFPI, the Chinese audience favors the genres below:

IFPI: Top five most popular genres among the audience of China

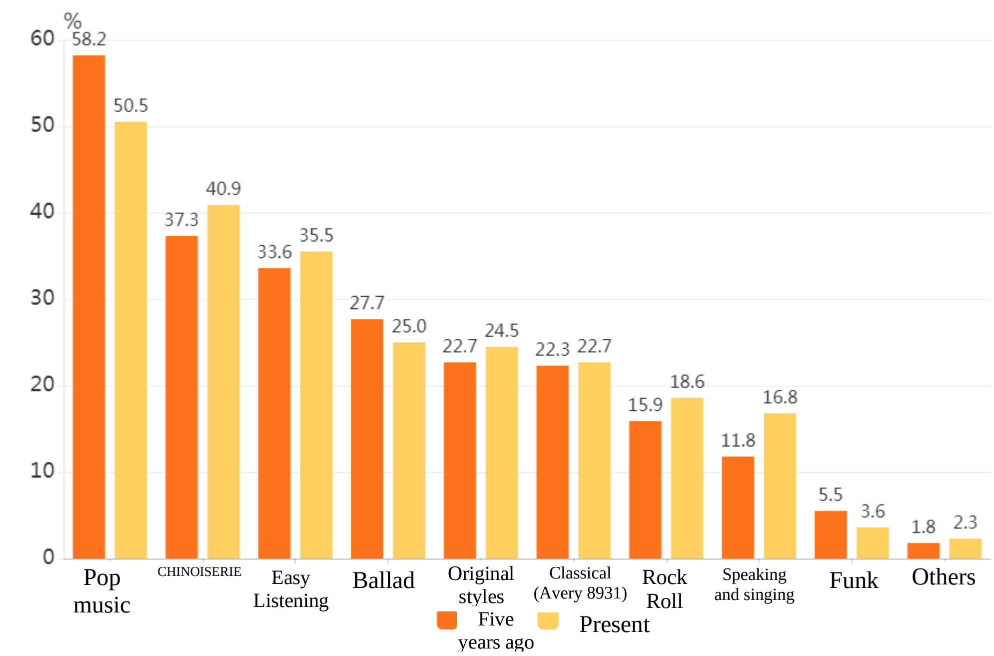
	2018	2019
1	C-Pop	Pop
2	Pop	Oldies
3	Folk	C-Pop
4	Country	Soundtrack
5	Soundtrack	Folk
Notes	From the *Music Listening Report 2018*	From the *Music Listening Report 2019*

Oldies refer to Chinese classic songs or remakes of Chinese classics by new singers. Though there are always newcomers in the music scene, they are mostly constrained to within their own circles. Most of them lack representative works for the general public (what the Chinese term “staying within the circle”, in contrast to “expanding outside the circle”). Meanwhile, artists that are household names capable of stimulating positive discussions among the public are mainly oriented to the “millennium generation”. Those artists rose to fame around the turn of the millennia such as Jay Chow, Jolin Tsai, Stefanie Sun, Mayday, Wayne Lim Junjie (JJ Lin) and Wang Leehom. This void in critically acclaimed new artists is a reflection of the insufficient knowledge or appreciation of the public. For instance, Jay Chow remains the most-listened artist among youths. His digital single “Won’t Cry” in 2019, which is available for a fee, topped the list of songs of the year in the *2019 Digital Music Report of China* released by TME.

Young listeners not only prefer Chinese oldies, but also harbor quite a penchant for European and North American hits. According to 2019 data from Douban’s music charts, of the most popular hits on Douban FM in that year, “I'm Yours” by Jason Mraz garnered the most number of “hearts” (i.e. added to playlist/liked). On a related note, youngsters do not consider themselves (or refuse to admit) trend-followers in terms of music. In an investigation conducted by SocialBeta, many interviewees responded that the “majority of songs listened debuted more than five years ago”.

As the music market of China gradually matures, genres other than pop music are slowly being taken up by more people through a variety of channels. Looking at changes in data related to Chinese music preferences among users in 2020, genres that notched obvious growths included Chinese-style, rock and roll, and rap, respectively rising by 3.6%, 2.7% and 5% in market share, while light music and original styles also rose in popularity respectively by 1.9% and 1.8%. Pop music listeners meanwhile changed quite drastically compared with five years ago, accounting for 7.7% less than before.

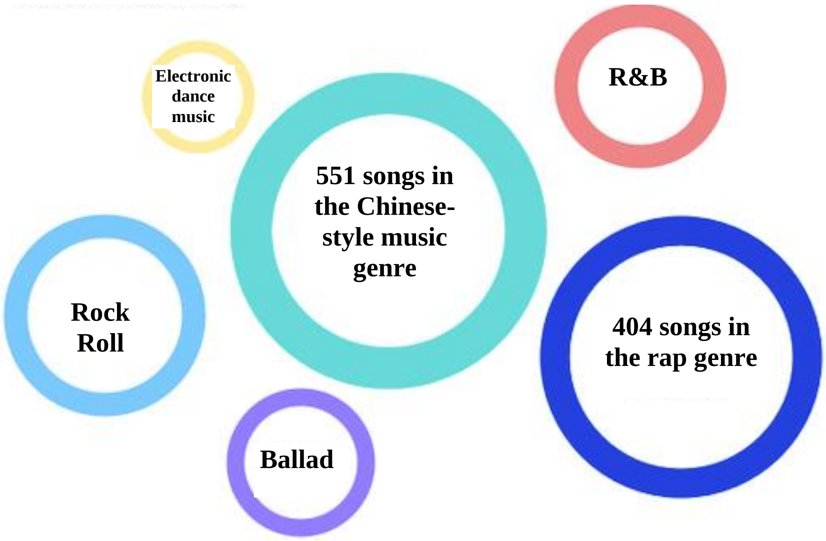
Changes in music genre preferences among Chinese music listeners 2020



Source of data: Strawberry Pie Data Investigation and Calculation System

Traditional culture and Chinese-style culture have risen as "secret to popularity" at present. The emergence of the "Chinese-style trend" is manifested in the gradual uptake of Chinese brands and Chinese-style fashion, and the development of Chinese-style music has also been positively influenced under this backdrop. The principal element in Chinese-style music is a sort of non-mainstream mode of music known as "ancient-style music" characterized by the mixture of background music using traditional instruments like the pipa and guzheng, complemented by elegant and melodic lyrics that use both literary and vernacular languages. Chinese-style became the preferred music among some youngsters. These youngsters write their own lyrics and music, which they disseminate through the internet, eventually forming into an up-and-coming group of musicians. Thereafter, ancient-style music incorporated certain features of genres such as pop music with classical influences, folk music and other music of the world, then developed into more diverse melodies that reached a wider audience. Eventually, any music that contains elements of traditional Chinese culture came to be grouped under the genre of Chinese-style music. Some fans of Chinese-style music consider such preference a recognition of the Chinese identity, in turn, Chinese-style music became a Sinicized expression method for youngsters of the new generation, and a shared topic of interest among compatriots. At the same time, under this overarching Chinese-style concept, Chinese-style music and other cultural and recreational formats have formed very strong chemistry in collaborations, from novels and games from hanfu and fashion. These different segments have their distinct focal points, with Chinese-style music often functioning as the "fabric" that weaves them together. Youngsters are not only moved by the characters and stories in games, novels, films and television shows, but they also feel that emotive Chinese-style music can "speak their minds", in turn producing common topics of conversation. Chinese-style music started from 5Sing and online karaoke, then erupted on the Douyin platform. Starting from 2019, Chinese-style music expanded out of its niche as a raft of songs exploded in popularity, then the genre took off and never looked back. The *Chinese Digital Music Annual White Paper 2020* shows that 551 of the 10,000 most played new Chinese songs in 2020 belong to the Chinese-style music genre, second only to pop music.

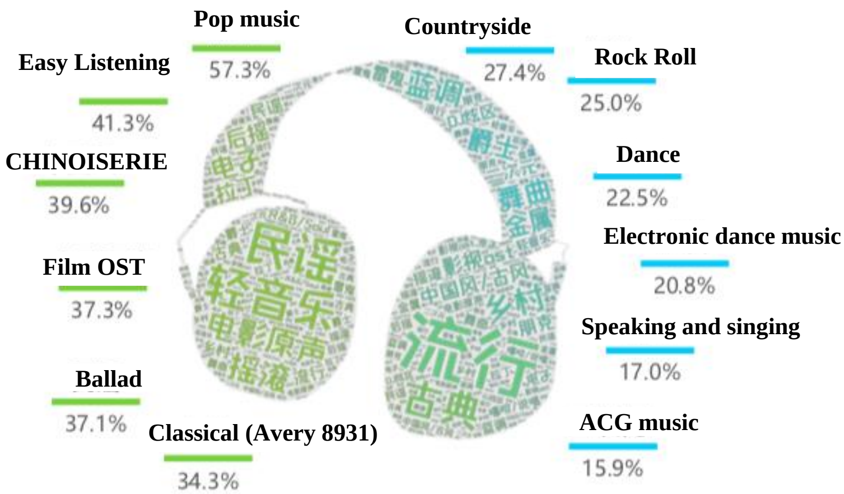
Of which, 551 songs in the Chinese-style music genre and 404 songs in the rap genre are far ahead of others and continue to lead in genre verticals.



Note: One song may be labeled with 1 or more genres. When a song has more than 1 genre label, there would be repeat counts of the song in the genre labeled.

The explosively popular Chinese-style songs "Zen Tan" and "Qian Si Xi (DJ Ya Ming version)", which reigned on top of Kugou's top 500 list in 2021, respectively garnered impressive 380 million playbacks and 240 million playbacks. The serial playlists unveiled by Kugou for the different traditional festivals this year exceeded 27 million in total playbacks. During Bilibili's Mid-Autumn Festival gala in 2021, several Chinese-style songs featured in its "Hua Che Dou Cai" segment also won the praises of young viewers, and a single video was watched 407,000 times on the Bilibili website.

Another investigation report indicates that pop music is still the preferred genre. Following the gradual maturity of the Chinese music market, genres other than pop music are emerging at the same time. Due to the heightened pace and pressure in modern life, light music can help listeners relax while not studying and working, which is why it is listened to by 41.3% of users. As confidence in national culture continues to strengthen, Chinese-style songs have also won over many audiences. In addition, as the public begins to learn more about different genres and styles of music, a diverse array of music such as rock and roll, electronic dance music, rap and ACG music are also starting to develop bigger fan bases.



Sample: N=3211; obtained from an online survey of iClick community of iResearch in September 2020

(Source of data: Chinese Music Industry Development Research Report 2020: Digital Music from iResearch)

2.2.1.3 How Foreign Music is Consumed (Scenarios and Reasons)

- Level of understanding about the types of foreign music

According to annual data report released by NetEase Music, Japanese rock band RADWIMPS, the Bangtan Boys (BTS) from the Republic of Korea and American star Taylor Swift are relatively popular among young Chinese listeners. Specifically, RADWIMPS attracted attention for its association with the popular Japanese film *Your Name* (first ever Japanese anime production to enter the Chinese box office top hundred), while the sustained popularity of K-pop has permeated into the younger generation of Chinese audience.

Apart from timeless European and North American oldies that embody memories of youth, we can say that the knowledge for foreign music among passive music consumers exhibits the following few features: 1) Taylor Swift, Ariana Grande, Justin BIEBER and other American mega stars are also quite influential in China; and relatively speaking, European musicians, bands and groups are less successful; 2) the long-standing popularity of K-pop and Korean idolss have not subsided. Despite the “Korean cultural sanction” in China, the K-pop industry has been able to circumvent the “Korean cultural sanction” and access the Chinese market by combing non-Korean artists to form international bands and partake in Chinese shows. This is demonstrated by the case of South Korean girl group Blackpink, which carved out a piece of the

Chinese market after its Thai member Lisa participated in a Tencent-backed variety show; 3) original sound tracks (OST) of foreign movies and television series popular in China also contribute to enhancing knowledge about overseas music among passive music consumers; for example, there are quite a few South Korean television series OST on QQ Music's list of top ten paid OST digital albums.

- Channels for learning about foreign music

Primary channels for learning about foreign music include: 1) Music streaming platforms, which rely on music listeners user profiles and their communal nature to push music to consumers in formats such as daily recommendations* or suggested playlist; 2) recommendations from friends, WeChat/QQ groups or Weibo bloggers on social media like Weibo, QQ or WeChat; 3) songs that have gone viral due to dissemination among users on video and short-form video platforms, especially those with high young user stickiness like Tik Tok (Douyin) and Bilibili, which are often "Tik Tok hits" or Bilibili's "Kichiku music" or remakes, such as "Laxed" by Jawsh 365, one of the ten most-played songs on Tik Tok in 2019; 4) exposure to songs on music-themed variety programs, and one example is Kazakh artist Dimash Kudaibergen, who became a sensation overnight from obscurity after appearing on *Singer 2017* produced by Hunan Television.

*Daily Recommendations, are the algorithm-based playlists generated specifically for each single user based on their specific tastes.

- Consumption behaviors pertaining to foreign music

Investigative data shows that passive music consumers do not consume much foreign music. Hindered by linguistic incompetence, passive music consumers gravitate toward and are more prone to pay for popular music originating from the mainland of China, Hong Kong or Taiwan (from film and television series, and artists of the "millennia generation").

In terms of physical performances, "live performance attendance/livehouse" and "music festival attendance" differ in consumption behavior. Owing to promotions on variety programs, the "lifestyle of new youths" symbolism of music festival is becoming more prominent. Music festival attendance is no longer a privilege of music fans, but has taken on labels such as "sentiment"? or "Trendiness". Many music festivals have also endeavored to extend their reaches to a wider audience. For instance, Modern Sky collaborated with the apps Jinri Toutiao, Tik Tok and Xigua Video to host its Strawberry Music Festival in a “reality television show” manner in June. Official data indicates that online views surpassed five billion, significantly boosting the appreciation of music festivals among the younger generation. As per incomplete statistics, over 20 music festivals were hosted around the National Day of China in 2020, a surge of 130% compared with the same year-ago period. While breaking past record in this regard, ticket revenue also soared by 113% year on year, with some ticket for certain events costing more than a thousand yuan. The market for smaller performances such as those in livehouse venues has also improved, but to a far lesser extent compared with music festivals.

2.2.2 Type 2 - Explorative Music Consumers

2.2.2.1 Consumption Behavior and Basic Viewpoints

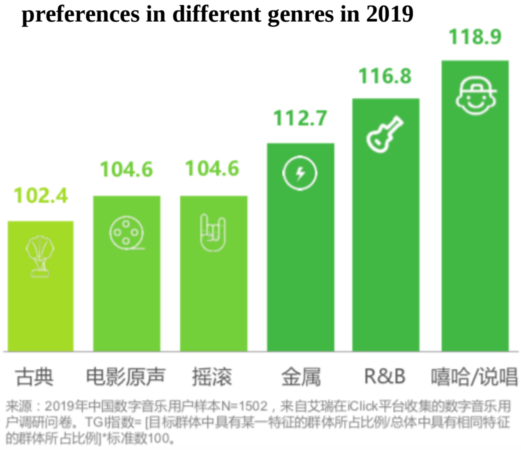
Music consumption features of explorative music consumers

- Emphasis on the “music stratification” and disapproval of popular online songs like “Tik Tok hits”. Many young music consumers in this echelon believe that similarity in taste of music is a requisite for “having fun together”. On their “music black list” are genres or styles such as “rural heavy metal”, “hair salon music” or “public plaza dancing music for old ladies”. The more alternative the genre or artist, the higher their position, as these enthusiasts derive their satisfaction from being "more tasteful", and from "being able to spot the trend before the rest of the public".. This sense could be so strong that for some fans they would abandon their idols once the idols become "too popular" in the public eye.

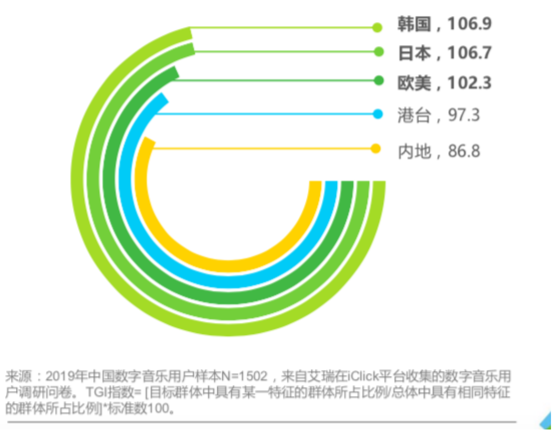
- Diverse range of genres favored and stronger willingness to pay for music. By way of cross analysis, it has been discovered that fans of specific genres or regions of music have clearly higher willingness to pay. In terms of genre, average proportion of paid consumers among enthusiasts of hip hop/rap, R&B, metal, rock and other music that originated from the west has a TGI (target group index) score above 100, with that for hip hop/rap listeners even reaching 118.9. In recent years, western music in these genres have gained traction and risen in popularity in China, a development that is conducive to lifting user spending. In terms of region, music from more mature markets like those of Japan, the Republic of Korea, Europe and

North America tend to administer tighter copyright supervision, so audiences of music from these regions are more prepared to pay. Supporters of Japanese and Korean music are the most willing, and average proportion of paid consumers has a TGI score of over 106.

Digital music user pay rate TGI for music preferences in different genres in 2019



Digital music user pay rate TGI for music preferences in different areas in 2019



(Source of graph data: Chinese Digital Music Paid Content Development Research Report 2019 from iResearch)

- Explorative music consumers are the most active on the internet and the most vocal about music. "Sharing and forwarding music" and "comments and likes" are the chief methods of interactions, respectively accounting for 68% and 60.9% among all digital music users. But these figures respectively rise to 75.4% and 73.2% among explorative music consumers, who revel in sharing, posting and commenting music and communicating with one another on music websites, social media and internet platforms. *(Source of graph data: Chinese Digital Music Paid Content Development Research Report 2019 from iResearch)*

- Explorative music consumers are more curious about and dedicate more attention to music, and are also more receptive about foreign music. They possess a certain degree of knowledge about foreign popular music platforms, social media, professional music media, music information platforms and other aspects, and stay updated about overseas news, reviews, evaluations, data, charts, awards and other facets pertaining to music. This type of music consumers are clearly stratified based on the genre and region of music. In terms of genre, hip hop, rock and roll, electronic music, indie and folk music have developed their followers, which sometimes meld with cultures like LGBTQ and ACG, resulting in different groups of internet music fans like “European and North American diva”, “Japanese ACG music” and “Korean idol”. These labels clearly differentiate and accurately position their respective enthusiasts, but at the same time intensifies the dissimilarity and narrow-mindedness of each circle, often times leading to stereotyped or superficial judgments of others.

2.2.2.2 Main music genres favored by explorative music consumers

Unlike passive music consumers, in general explorative listeners scoff at artists or songs with high online popularity (termed as "(internet) traffic artist" in Chinese) in China. Artists who fall into this category include Lay Zhang Yixing, Kris Wu Yifan and other artists or idols that attained fame through fan economy. Explorative music consumers often consider their songs “artistically unworthy” or simply ignore their works altogether. Songs popularized online like “Tik Tok hits” that rely on short-form videos, live stream platforms and other social network tools are deemed “stupid”, “boring” or “distasteful”.

It's worth pointing out that "(internet) traffic artist" is a special phenomenon in the Chinese pop culture. Many of such "artists" rose to great popularity by manipulating social media and creating online sensations, without necessarily have solid artistic works.

Explorative music consumers are very sensitive to distinguish between what they consider "real" artists and the "traffic artists" and harbour negative perceptions about the latter. Many explorative music consumers have a rather low opinion about the current Chinese music scene, and opine that newcomers are not on par with the “millennium generation” of stars, “oldies are better than newbies” and new songs can't satisfy oneself or at least not as well as old songs could.

Therefore, among the interviewees categorized under this group, those who listen to English songs (62%) outnumber those for other languages (Chinese, Japanese and Korean), indicating that this type of consumers are relatively internationalized and possess a better understanding about popular foreign music genres and artists. Comparatively speaking, their music preferences are also more heterogeneous. They favor more internationalized popular music, stay more in sync with global popular music trends, and choose hip hop and EDM or other genres that are less common and demonstrate personality such as indie, jazz and metal, over genres preferred by passive music consumers like pop, light (ambient) music, film and television OST or Chinese-style tunes. In terms of age distribution, younger listeners below the age of 25 lean toward hip hop/rap and ACG-style music, which fall in line with the pursuit of individualism and freedom typical among Generation Z, while listeners between 26 and 35 years old are more diversified and evenly distributed in taste.

2.2.2.3 How Foreign Music is Consumed

- Level of understanding about foreign music

Compared with passive music consumers, this class of consumers are generally more internationalized and possess a deeper understanding about foreign music, of which: 1) They are not only familiar with the top European and North American popular artists, but also very knowledgeable about some of the other famous or up-and-coming musicians, bands or groups in their genres of interest; 2) they actively read news and information on the internet about the foreign artists and music they like, and actively form or participate in social groups or platforms (WeChat group, Weibo, Douban group, Baidu forum etc.) to stay updated and communicate with others about foreign music; 3) they have a preliminary understanding about the various music genres, a roughly systematic knowledge base about the genres and styles they like, and an awareness of albums that are influential or significant to those genres and styles.

- Channels for learning about foreign music

Relative to the somewhat passive channels of information adopted by passive music consumers, these explorative listeners are often times more proactive. Their main channels for exploring foreign music include: 1) Recommendations from music KOLs and we-media accounts (WeChat Public Platform and Weibo bloggers); 2) recommendations from friends on Weibo, QQ, WeChat and other social media, and groups on these social networks; 3) recommendations from specialized and non-mainstream social media groups focusing on music (Douban group and Baidu forum); 4) recommendations from streaming media platform; 5) and promotions from music-themed variety programs dedicated to certain verticals or genres such as EDM television competition *Jike Dianyin?* , reality shows for indie bands *The Big Band* and *Let’s Band*, rap-centric programs *The Rap of China* and *Rap for Youth*; explorative music consumers pay less attention to mainstream and popular music competition shows.

- Consumption behaviors pertaining to foreign music

This category of music consumers have the strongest desire for music. According to survey samples acquired, two-thirds of explorative music consumers would express their support and admiration of artists through actions such as “purchasing an album”, “attending a performance” and “purchasing merchandise”. They are quite proactive when it comes to spending money for music, they are more devoted fans, and their purchasing decision-making process are largely driven by personal preferences and discernment. Research outcome indicates that this kind of consumers are more likely to buy an album for the music itself, and they will “buy an as soon as their favorite star releases a new album” and “actively check out anything new, and buy if interested”, respectively accounting for 69.4% and 61.2% of main influential factors. At the same time, following the revival of phonograph disc records, a growing number of explorative music consumers are considering dipping their toes into this area. As a supplement to digital consumption, vinyls offer them a chance to try their hands at collectible and deluxe edition records that feature special covers and a unique audio experience.

In terms of offline consumption, 77% explorative music consumers would choose to “attend concert/livehouse performance”, “attend music festival” and other methods. This kind of music consumers are more discriminating about the experience and have higher demands for the frequency of live events, and prefer more personalized and immersive consumption. Therefore, they have become the main consumer group for small-scale live events such as livehouse performance, as it offers a more up close and personal experience between audience and artist, with performance atmosphere and ambiance far superior to larger events held in big stadiums because of the shortened distance.[12]The *May 1st Holiday Period Performance Observation Report 2021* points out that supplies in various types of on-site performances have risen steadily, with the two major performance categories of live house and music festival respectively soaring

[12] Can the "resurrected" Xiami lean on music performance to complete its "return"? Detailed interpretations, latest news, hot topics, https://www.36kr.com/p/1419768678055557

by 173% and 326% in terms of audience count relative to 2019, and both surged by over 250% in terms of ticket sales relative to 2019, with box office of live house skyrocketing by a stunning 448%. In addition, as more livehouse performance venues surface in second- and third-tier cities, alongside the growth of livehouse franchises like MAO Livehouse, the overall improvement in professionalized, standardized and normalized business operation will thoroughly enhance audience experience on-site at livehouse events, which will be conducive to enlarging its user base in the future.

2.2.3 Type 3 - Hard Core Music Consumers/ KOLs

2.2.3.1 Consumption Behavior and Basic Viewpoints

Features of hard core music consumers

- Hard core music consumers are very particular about their circles and stratification is even more rigorous. These music buffs often gather at specific, professionalized and specialized social media or music websites such as certain Douban groups, QQ groups, WeChat groups, WeChat Public Accounts, podcasts and radio stations. They usually refrain from interacting with "outside" crowd, but frequently comment and rate music albums on Douban, and publish in-depth reviews on internet platforms such as Zhihu and Douban, while usually avoiding direct participating in conversations on music streaming media platforms.

- Hard core music consumers are extremely picky about music and musicians. They have very clear aesthetic inclinations and preferences, which is why their consumption behaviors are usually not affected by the general public. On the contrary, sometimes these well-informed aficionados even influence the musical taste and consumption willingness among some general consumers. Given the shortage of authoritative and credible music media and organizations in China, compounded with the relatively weak basic music education and lack of understanding about popular music among the Chinese public, hard core music consumers with the disposition to express themselves and the proficiency to do so eloquently are often able to attract a large and loyal following as KOL on Weibo, Zhihu and other we-media platforms. They are capable of influencing the preference among the public. Some examples of such connoisseurs are Erdi, Liang Huan, Liang Yuan, Dairuo Muyi and ChineseRock.

- In terms of popular music favored by the general public, hard core music consumers are generally divided into two camps. On the one hand, some are disgusted by popular music which they consider “Tittytainment” and utter rubbish, while others remain open-minded and do not reject all popular music, even regarding some as respectable and worthy of payment.

- Hard core music consumers are more in-depth participants in the Chinese music scene. They maintain relatively close relationship with Chinese artists and music industry professionals, and some are even artists and music industry professionals themselves.

- Well-versed in exploring music, these music lovers are usually in favor of lesser-known music media platforms such as *Pitchfork*, *SPIN* and *Vice*, or content from the channels or blogs of renowned music pundits, rather than mainstream foreign music platforms and media like *billboard*, MTV and *NME*. They are also more disposed to search for non-popular musical works on platforms like AllMusic, Rate Your Music, Metacritic and Douban.

- A higher proportion of hard core music consumers are willing to spend money on augmenting their audio environment (i.e. purchasing professional audio devices, etc.), collect physical records, purchase professional musical instruments and other consumption.

2.2.3.2 Music genres favored by hard core music consumers

Comparatively speaking, hard core music consumers are more diverse and non-mainstream in their musical preferences. Their aesthetic tastes and habits are relatively fixed, with very clear ideas about the kinds of music they like or dislike. At the same time, they are fascinated with exploring the development history of music, the background and story of creators and artists, and the trivial tidbits about music. That is why their expenditures on music are not limited to only songs and albums of a particular genre, but also books like biographical works of musicians, music history and music theories, along with other purchases like high-end audio equipment, physical records, and professional musical instruments.

With regard to age distribution, the biggest bracket of hard core music consumers is between the age of 26 and 35. They have already amassed many years of experience in music consumption, and their consumption models and habits are relatively steady and unlikely to change in any significant fashion.

2.2.3.3 How Foreign Music is Consumed

- Level of understanding about foreign music

Theoretically, hard core music consumers are the most well-versed about foreign music, but the depth of their knowledge clearly differs depending on the region or genre. For instance, some hard core music lovers are very updated about international music trends. They stay abreast of the latest and most leading-edge music culture, and listen to a considerable amount of new releases, especially indie music from Europe and North America. They are also very informed about changes, fads, development and current status of mainstream music genres. Others demonstrate an obvious insensitivity to popular music trends, and the willingness to delve only into more niche genres they like. They show little interest in mainstream and popular music in developed regions or countries such as Europe, North America, Japan and the Republic of Korea, but develop a fascination with music culture and history unique to some undeveloped areas and nations such as African tribal music, traditional music of Southeast Asia or rock and roll during the Soviet era. As a result, hard core music consumers are divided into the two ends of the spectrum.

- Channels for learning about foreign music

This group of music consumers have developed a fixed system of channels for acquiring knowledge and news about foreign music, and are mostly unsatisfied with second-hand info translated into Chinese and disseminated on the internet. This is why they have the propensity to circumvent the “great firewall” and obtain first-hand information from overseas. Their avenues for learning about foreign music include: 1) Channels such as foreign music platforms, social media, professional music media, music news platform, music blogs and traditional radio stations; 2) information shared within their circles, as these consumers are more willing to share info and converse with friends (both online and in-person) or in communities like WeChat group and QQ group; 3) recommendations from KOL, music-centered WeChat Public Accounts or other public entities focusing on specific music verticals or genres that they approve and trust; 4) some old-school aficionados still learn about foreign music through more traditional methods such as downloading musical works or buying physical albums.

- Consumption behaviors pertaining to foreign music

Hard core music consumers are more picky about the professional level, breadth, musical sophistication and other aspects of streaming media music mobile apps compare with explorative music consumers. Therefore, they are more prudent when it comes to paying for music. Some hard core music lovers are “greedy” and subscribe to pay memberships on multiple music platforms to satisfy their musical cravings, while others prefer to spend their money elsewhere, such as downloading musical works or buying physical albums.

At the same time, they are also more discriminating about the content and quality of live performances, preferring concerts of relatively little-known genres or styles like experimental music or psychedelic music over popular music events touted by the general public. Hard core music consumers are not very sensitive to price, and as long as there is a coveted performance, they could even travel to other cities to see their favorite musician or band on stage. The “hardest” of the hare core fans would travel abroad just for a live concert or a music festival.

2.3 Essences of Observations on Chinese Music Consumers

It can be seen that Chinese music consumers clearly exhibit a pyramid. Hard core music consumers occupy the “pyramidion” at the top, and sometimes their identity as KOL can influence public perception of music, especially the judgment and preferences of explorative music consumers. Meanwhile, explorative music consumers make up the middle segment. They have a strong desire to consume music, constitute the main staple of Chinese music consumers, are willing to spend time and money to listen to music, purchase music and attend live concert. They are also the most receptive to and somewhat knowledgeable and curious about foreign music. The largest group, the passive music consumers, follow whatever is trending and are easily influenced by music that circulates among the masses. They passively receive and listen to music through methods and formats such as music-themed variety programs and streaming media recommendations. For some of them, music is less an art form to be appreciated but more a tool for social networking and entertainment,or a kind of status or personal symbol.

During the pandemic, online variety shows and streaming media further help promote and provide exposure to domestic artists, and the popularity of on-site performance continues to increase. Meanwhile, pandemic-induced restrictions make it difficult for foreign musicians to enter the country, consequently domestic musicians have been gifted with many more performance opportunities. With both online and on-site developments working in tandem, supplemented by the ascension of "Chinese-style" and other concepts and trends, Chinese musicians have ushered in a new round of development opportunities. As the overall size of music listeners expands, taste in music will start to divide, and diverse music preferences mean bigger potential audiences for foreign music.

Chapter III Case Study of the Most Popular Foreign Musicians in China

3.1 Top 10 Most Popular Foreign Musicians in China

- Top 1：Taylor Swift

Taylor Swift’s 2019 album *Lover* sold over a million copies during its first week, broke the mainland Chinese record for one-week album sales from an international artist, reached a total sales of 1,806,899 copies that amounted to RMB36,530,014, and became the best-selling European and North American digital album on the platforms of Tencent Music Entertainment Group (QQ Music, KuGou and Kuwo Music) and NetEase Music in 2019. In addition, in terms of cumulative digital music sales in China as of November 2020, Taylor Swift’s *Lover, Reputation* and *1989* have all sold more than 1.7 million copies, and the cumulative sales of five albums surpassed 62 million copies, amounting to over RMB100 million. The American megastar ascended to the third spot in cumulative digital music sales volume in China, as well as the top place for an international artist in terms of both units sold and sales volume. Looking at Weibo data, Taylor Swift has almost ten million followers, topics about her has garnered some 7.72 billion views, and she ranks 4th on Weibo’s music chart, making Swift the undisputed No.1 foreign music artist in China. *(Source of data: http://y.saoju.net/szzj/)*

- Top2：BTS (Bangtan Boys)

South Korean boy band BTS’ 2020 album *Map of the Soul: 7* became the fastest foreign digital album to sell ten million copies in China, doing so in less than one week on NetEase Music. As of November 20, 2020, a cumulative total of 38.7 million copies of BTS albums have been sold (mostly exclusively licensed to NetEase Music), amounting to RMB66.81 million, ranking tenth for cumulative digital music sales volume in China. Against the backdrop of the “Korean culture sanction” in China, the physical version of *Map of the Soul: 7* was not marketed in Chinese mainland, but a crowd-funded endeavor undertaken by fans purchased 770,000 physical albums from abroad, more than a quarter of physical album total sales, exemplifying the Bangtan Boys' incredible fan base and consumption motivation among its audience in China. Looking at Weibo data, BTS has more than five million followers and topics about the group has garnered some 4.95 billion views. *(Source of data: http://y.saoju.net/szzj/)*

- Top 3：BIGBANG

Formed in 2006, well-established South Korean quintet Big Bang (stylized as BIGBANG) is one of the two last South Korean boy bands alongside EXO to profit immensely from the Chinese market before the issuance of the “Korean culture sanction”. Looking at Weibo data, Big Bang’s influence has not waned as they have almost seven million followers and topics about the group has garnered some 33.84 billion views. As of November 20, 2020, a cumulative total of 9.5 million copies of Big Bang digital music albums have been sold, amounting to over RMB50 million, ranking 12th for cumulative digital music sales volume in China. The solo albums of its member G-Dragon (Kwon Ji-yong) has also been highly-received, totaling to more than RMB15 million in digital music sales. (Source of data: http://y.saoju.net/szzj/)

- Top4：BLACKPINK

Top South Korean girl group Blackpink (stylized as BLACKPINK) has more than four million followers on Weibo, topics about the group has garnered some 20.39 billion views. According to stats from Douban groups, between June 10 and September 17, 2020, Blackpink appeared on Weibo’s top trending topics chart 46 times, equal to the number of times Wang Junkai, one of the platform’s most-searched celebs, appeared on the list during the first half of the year. On video sharing website Bilibili, Blackpink’s several video compilations have reached more than ten million views, some three times more than BTS’ most-watched videos, and compilation video of group member Jennie’s on-stage performance of the solo song “solo” also earned more than ten million views. As of November 20, 2020, a cumulative total of five million copies of Blackpink digital music albums have been sold, amounting to over RMB40 million, ranking 17th for cumulative digital music sales volume in China. *(Source of data: http://y.saoju.net/szzj/)*

- Top5：Justin Bieber

As the most famous and most influential “post-90s” male music artist on a global scale, Justin Bieber officially debuted on Chinese digital music platforms with the 2020 album *Changes*. As of November 2020, a total of 800,000 copies of his digital music album have been sold, amounting to over RMB16 million, ranking 7th for digital music sales volume in the mainland of China in 2020. He also claimed the top spot in music sales volume for the first half of 2020 among European or North American artists on TME platforms (KuGou, QQ Music and Kuwo Music). Justin Bieber has more than three million Weibo followers, and his single *Yummy* was the third most-used rap song for short-form video creations on the Tik Tok (Douyin) app in 2019. *(Source of data: http://y.saoju.net/szzj/)*

- Top 6：Eminem

Eminem’s rap is credited as the first impression of hip hop/rap among mainstream Chinese audience, and his chart-topper *Lose Yourself* is often cited by numerous Chinese rappers as their “first contact” with rap. Following the broadcasting of rap-focused variety programs such as *The Rap of China* and *Rap for Youth*, Eminem’s popularity also shot off the roof. Eminem made his long-awaited official debut on Chinese digital music platforms with the album *Revival* in 2017, and 100,000 digital units of its songs were sold on NetEase Music within the first 42 minutes. As of November 20, 2020, Eminem has three official albums on Chinese digital music platforms, which have accumulated over RMB20 million in sales, ranking 23rd for cumulative digital music sales volume in China. *(Source of data: http://y.saoju.net/szzj/)*

- Top 7 : Ariana Grande

Ariana Grande is known for her clean looks and sweet smile, as well as a fusion of trendiness, sweetness and energy in her personality. Coined the "little Mariah Carey", Ariana Grande is a poised presence on stage and a master of both traditional vocal techniques and Broadway-style singing reminiscent of sounds of the 1990s. An embodiment of the attributes of various European and North American predecessors, Ariana Grande has been dubbed the "next big thing in European and North American music" by fans and media alike, and has won over the hearts of many European and North American music fans in China. With her own capability and influence in European and North American music, she has gained widespread acclaim in China. (Source of data: http://y.saoju.net/szzj/)

- Top 8 : EXO

Due to the enactment of the “Korean culture sanction” in 2016 in China, Exo (stylized as EXO) along with Big Bang remain the last two South Korean boy bands well-known among the general Chinese audience, and the South Korean-Chinese group’s fame continues to perpetuate today. The legacy of EXO in China is embodied in the “quartet of returned Chinese sons” (Huang Zitao, Kris Wu Yifan, Lay Zhang Yixing and Lu Han), four members of the group and today super popular stars in the country. As of November 20, 2020, a cumulative total of one million copies of Exo digital music albums have been sold, amounting to over RMB18 million. Looking at Weibo data, Exo has 3.45 million followers and topics about the group has garnered some 66.27 billion views. *(Source of data: http://y.saoju.net/szzj/)*

- Top 9: Byun Baek-hyun

Member of South Korean-Chinese boy band Exo who has accumulated a wide fan base during his time with the group. Byun Baek-hyun went solo in 2019, and his second extended play "Delight" became the best-selling solo album ever on the Gaon Music Chart, with the record claiming first place on numerous rankings. Thereafter it topped the iTunes Top 100 chart for 69 regions, and placed first on the United World Chart, then repeated the same feat on QQ Music, Kugou Music and Kuwo Music digital album sales charts in China, thoroughly proving his global icon status.

- Top 10 G-Dragon

G-Dragon (Kwon Ji-yong) is a member of South Korean boy band BIGBANG. His superstar status in China is attributed not only to his music, but also his personality and unique fashion sense. A highly popular personality in China, Kwon Ji-yong has 15.8 million fans on Chinese social media networks and topics related to him often trends on Weibo.

3.2 Case Study

3.2.1 - Billie Eilish

Billie Eilish's "Bad Guy" amassed over one billion playbacks worldwide on Spotify, becoming the youngest musician to achieve this feat. At the same time, she is touted as a teen icon beloved by the Generation Z cohort (those born between the years of 1995 and 2009). Billie Eilish has a ton of Chinese fans too, ranking 4th among European and North American stars on NetEase Music with 3.807 million followers, in addition to another 1.942 million on QQ Music. Her album has been saved or commented over 400,000 times on the two aforesaid music apps, and was the 5th most popular album on Douban Music in 2019. On Bilibili, a favorite among Gen Z youngsters, secondary creative content based on "Bad Guy" (Kichiku, montage, cover version, etc.) have been played more than ten million times, making her hit song one of the most frequently-used musical components in creative content on the website.

Comparing with the "punk icon trend" that Avril Lavigne set in motion in the 2000s, Billie Eilish's popularity in China is driven by the following factors:

1) Gen Z members have just grown big enough to be visible, and they are in dire need of a spokesperson. The older generation always look at the younger generation with a scrutinizing and critical point of view, which consequently always triggers adolescent rebelliousness and angst. Avril Lavigne's smoky eyes and punk music, and Billie Eilish's asexuality and melancholic world-weariness, are distillations of the social outlook, rebellious genes of their respective generations, and chief reasons why they had staked their claims as the representative musicians of the youth culture of their times.

2) The lyrics in Billie Eilish songs are filled with the "depression" and "individualism" indicative of youth culture and accord with the spiritual needs of Gen Z. On the one hand, her music breaks away from established framework of popular music and the "antitypical" nature epitomizes the detestation of tags and labels among Gen Z, and their unwillingness to have their "individualism" defined. At the same time, themes such as violence, fear and self-hatred in her songs also magnify and manifest the adolescent characteristic of "expressing sadness for the sake of expressing sadness".

3) Billie Eilish features an eye-catching visual style that runs contrary to the mainstream. As a young lady “misaligned” in not only music but also image, Billie Eilish has created a visual distinctiveness that is hard to forget, from her clothing that is completely detached from any elements of gender identity, to the generous and direct use of scenes from horror films in her music videos. These peculiar visual impacts scarce in the mainstream market are instrumental to her rise to fame and equate to “coolness” in the eyes of Gen Z members.

3.2.2 - Alan Walker

As the hottest EDM artist in China thanks to his critically acclaimed “Faded”, Alan Walker’s renown has not faded one bit and the earliest version of his hit single, “Fade”, has garnered over 600,000 comments on NetEase Music, the fourth-most for songs on the music platform in 2016. On the European and North American chart of NetEase Cloud Music, Alan Walker backed by 4.599 million fans overtook Justin Bieber. Meanwhile on QQ Music, 100,000 Alan Walker digital albums were sold in 2018, adding up to a sales volume of more than RMB1 million and ranking 7th on the European and North American chart of the QQ Music Peak Popularity Chart in 2018.

Alan Walker’s fame in China is fueled by the following factors:

- “Faded” employed precision marketing techniques and targeted gamers. As part of a Sony-funded marketing campaign, tie-ups were formed with a group of super popular video game KOLs and platforms overseas. “Faded” was broadly transmitted as the song extensively used as background music in many game videos. During the global championship of *League of Legends*, one of the largest esports event in the world, held at the Beijing National Stadium, Alan Walker performed an on-site remix of the theme song of the competition “Legends Never Die”. Walker’s productions are often “war songs” for many gamers around the world, especially those in China.

- The growth of the Chinese EDM market coincides with the global commercialization of electronic dance music. In China, EDM is pretty much synonymous with electronic music, and “Faded” is the most recognizable EDM classic in Chinese clubs, which also drove its spread. Alan Walker thus became the first foreign electronic music artist to truly reap the fruits of the Chinese market.

- Sufficient attention has been dedicated to the Chinese market. After trending in 2016, Alan Walker toured the country in concerts, music festivals and variety programs, and energetically collaborated with different types of Chinese artists, which further reinforced and even lifted his reputation in China. Statistics indicate that between 2016 and 2019, the DJ participated or headlined in more than ten music festivals and concerts in China. At the same time, he also actively made appearances on Chinese variety shows (i.e. *Rave Now*, *Day Up*, etc.), and has forged ties with Lay Zhang Yixing, Gloria Tang Tsz-kei, Rocket Girls 101 and other top-notch Chinese idols, artists and groups.

- In 2018, Alan Walker became a global partner for Liquid State, a music label specializing in EDM launched by a partnership between Tencent Music Entertainment and Sony Music Entertainment. He also signed on as brand ambassador for Billboard China, whilst resources and aids from various Chinese brands and platforms continue to prop up his superstar status.

3.2.3 - Fitz and the Tantrums

One would be hard-pressed to call Fitz and the Tantrums a megastar in China at this juncture, but the lead single "HandClap" from the band's eponymous 2016 album became one of the "Tik Tok hits" that went viral online in 2018. It received more than 1.7 billion playbacks and certified six-times platinum in sales on short-form video apps, turning into one of the most brain-washing songs in China in 2018. Upon analysis of its success, the underlying key factors include:

1) "Virality" that spread from gamers to short-form video platforms. Since the rhythm and infectivity of "HandClap" is very suitable for game videos, early on it was chosen by many gamers as background music for video game highlight compilations. Following its propagation in the video game circle, "HandClap" quickly spread on short-form video platforms like Tik Tok (Douyin), further amplifying its virality to the extent of picking up the badass nickname "98k" on Tik Tok, in reference to a powerful weapon from the widely-played video game *Player Unknown's Battlegrounds* (*PUBG*).

2) Following the international acclaim of a choreography video released by famous studio 1Million using "HandClap" as background music, the infectious rhythm of the song in the video stirred up a frenzy in the choreography circle and

many remakes were produced and uploaded online.In April 2018, the song "HandClap" ranked in the top echelon on the international chart of the world's 6th largest music market, overtaking "Havana", the most popular song worldwide in 2017.

3.3 Essences of and Observations on Best Marketing and Operation Methods for Foreign Musicians in China

a. Songs Going Viral on Short-form Video Platforms with Massive Traffic

QQ Music, KuGou and NetEase Music are the top three music streaming media platforms in terms of monthly active users (MAU) who command more than half of total market share. Among the top ten songs on this trio of platforms, nearly half of them rose to stardom because of Tik Tok, which has become a crucial source for new songs to draw attention. “Tik Tok hits” meanwhile have even emerged as a sub-genre in popular music in China. These songs are frequently found on the charts of many music platforms, with short-form video apps increasing in importance as a new promotional channel for musicians. Compared with traditional avenues of dissemination, short-form video platforms possess the following advantages with regard to music propagation:

- 15-secs music clips stimulate user curiosity, compelling them to download full versions on other platforms.
- Substantial number of users partake in secondary creative content, further increasing the chances of viral spread of the songs used.
- Tik Tok, Kwai and other short-form video platforms boast MAU far more than major music platforms. But as there is not much overlap between the users of the two kinds of platforms, Tik Tok and the like can expose music to a wider and different audience.
- To a certain extent, platforms such as Tik Tok already shoulder a part of the functions of the artists and repertoire (A&R) and publishing divisions of record companies. Take for example potential hits on Tik Tok. Whenever a song starts to trend, staff will contact the creator and the music would be forwarded to a

professional team, then editing and parodying would be carried out in accordance with Tik Tok style, so that it may spread even quicker and farther.

Therefore, Tik Tok, Kwai and other short-form video platforms have grown into one of the best methods for non-mainstream songs and wanna-be stars to attract public attention and become overnight sensation, as well as a new source for big hits. One example is Fitz and the Tantrums' “HandClap” going viral in China. However, the majority of musicians on platforms such as Tik Tok generally face the same dilemma, that is, the artist does not attain the same fame as the song. Since songs are primarily presented as background music in 15-secs short videos, the music is usually the background but not the focus, not to mention the musical artist. It is quite a challenge for independent musicians to convert interest in the song into interest in oneself, as typified by the song “Zhi Duan Qing Chang”, which has been used some 2.7 million times, but its creator Yan Ba'er Band has a meager 11,000 fans. At the same time, in the eyes of users on other platforms that differ drastically from Tik Tok in terms of content style, songs popularized on Tik Tok, Kwai and the like are either low-quality songs or simple “Kichiku hits” with a catchy beat. Many opine that originally outstanding songs would lose their genuine charms after being edited or parodied on platforms such as Tik Tok.

b. Music Reality Shows as Excellent Channels for Foreign Musicians to Gain Mainstream Exposure in Public

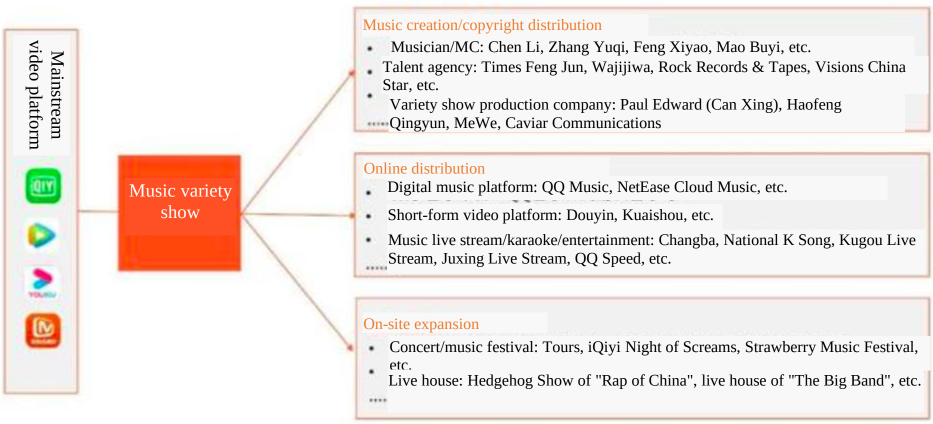
With regard to the lack of fame for artist compared to the song on Tik Tok, Kwai and other short-form video platforms, music-themed variety programs have turned into the main avenue for musicians to receive exposure. Such programs include the seminal *Super Girl* to *My Good Voice*, singing competitions like *Singer*, talent competitions like *Idol Producer* and *Produce 101 China*, and shows that endeavor to propel their respective niche genres into mainstream such as *The Rap of China*, *Rave Now* and *The Big Band*. In the context of increasing stratification in music promotional channels in China, apart from the traditional method of rising to stardom via record companies, various kinds of musicians have turned to different music-based variety programs and reality television competitions as conduits to enter the mainstream. Looking at present conditions, it would seem that music-centered variety shows have begun to eclipse streaming media platforms and “carry the torch”, endowing musicians with a more multidimensional and diversified existence.

Take for examples foreign artists such as Dimash Kudaibergen, Jessie J and Alan Walker. They are either declining in popularity or have never reached mainstream popularity at all at home, but through participation in music-themed variety shows in China (i.e. *I am A Singer* and *Rave Now*), they suddenly found themselves in the spotlight. This is especially true for the case of Jessie J, who has become more popular than Lady Gaga on the European and North American female artists chart on QQ Music in 2018, ranking third only behind Taylor Swift and Adele.

Music-themed variety programs possess the following unique strengths:

Music-oriented variety programs are diverse, cater to a young audience and dig deep into verticals and genres. 70% of the general Chinese audience enjoy watching music-themed variety shows, and indicate the relatively higher sense of participation and interaction. Popular music-based variety shows on video platforms (i.e. *The Rap of China*, *The Coming One: SUPER BAND* and *I am A Singer*, etc.) have been pointed out as high-quality conduits for cultivating musicians and producing good music.

As the music industry chain extends, video platforms and mainstream television stations serve as intermediaries, music-themed variety programs function as basis, and online and offline resources are consolidated into a complete industry chain encompassing artist cultivation, copyright distribution and live performance, whilst its reaches are crossing into other sectors like cosmetics, fashion, and film and television.



In recent years, following the rise of internet music-themed variety shows, purely music-focused variety programs stressing on popular music are no longer the focal point, replaced by those emphasizing on lesser-known genres, and bands, rock and roll, hip hop, electronic music, etc. have emerged as new directions for attempts and expansions among platforms, with some “non-mainstream” culture having succeeded in “expanding outside the circle”. For instance, statistics tallied by UNI Music Institutes indicate that the 33 teams featured in season two of *The Big Band*, which concentrates on indie music, added a total of nearly 1.32 million Weibo fans within merely one month of the televising of the show, and for several of the bands that originally had very few followers, their fan base bulged by as much as 1000%.

According to statistics from iResearch, leading satellite television stations and video platforms have rolled out nearly 50 music-based variety shows in the past five years, and the competition between the numerous long-running shows on television and diverse array of internet variety programs has gotten ever more fierce. Against this backdrop, foreign artists hold the following advantages when participating in Chinese music-based variety shows:

- As competition in the Chinese music-themed variety programs heats up further, and under the context that the Chinese popular music industry is still catching up with European and North American counterparts, foreign musicians are vital supplements in urgent demand in music-themed variety entertainment in China. According to incomplete figures, among the various music programs there are nearly 40 “old faces” that have appeared on four shows or more, so music-centric variety shows are desperate for fresh blood. For instance, as the battle between rap-themed variety shows intensifies, the pool of local Chinese rappers can barely keep up with mainstream needs.

- Young foreign musicians will function as a principal force for various music-themed variety programs to cater to the youth market and augment their influence in youth circles. Billie Eilish has not carried out any advertisement or promotion in the China region, but she has still captured a broad fan base among youths because of her status in the eyes of Generation Z members. As Chinese producers are beginning to enter a bottleneck in the iteration rate and innovation of music programs, the audiences too are increasingly critical of homogeneity in content, forcing music-themed variety shows to continue to change and reform. Thus, young popular musicians with a certain degree of influence and popularity abroad will become new highlights that can help these variety programs to grow and “expand outside the circle”.

c. Emphasis on the Culture of Interpersonal Circles of the Chinese Generation Z

In 2021, the pool of internet users among China's generation Z reached 275 million. Under the influences of the environment in which they grew up, education level and other factors, generation Z members are clearly distinct from previous generations, as markedly manifested in aspects such as outlook on life and consumption behavior. As the generation to have truly grown up with access to the internet, they have a higher yearning for individualization, pay close attention to the cultures of “small” and non-mainstream circles. In terms of music Gen Z constituents have a more personalized, independent and sentimental pursuit.

“Small circles” essentially contrast mainstream culture, and they are subcultures that contain their own distinct discourse system, expression system, aesthetics system and value system. When people share passion for the same subject in a circle, they are tightly bonded with each other, they produce output together to serve the core content of this circle, and they share original content, eventually generating a powerful dissemination effect. From the point of view of Chen Wei, producer of the Chinese rap competition series *The Rap of China*, the explosive popularity of the show in 2017 boils down to the “innovative transmission of the culture of a small circle among the general public”. “The age of the internet spawned the 'circle culture' phenomenon, in turn leading to the creation of subculture circles when people assemble through the internet for a common interest. These circles are not restricted to a defined scope because they expand, with such expansions affecting mainstream culture to a certain extent, as illustrated by the impact of hip hop,” he added.

Therefore, promo efforts for foreign musicians in China can underscore the “small circle” cultures among the Gen Z members. For example, the popularity of Alan Walker and Fitz and the Tantrums' song “HandClap” in China is directly attributed to their associations with the gaming circle. Since they were among the first to be chosen as background music for a vast number of highly-watched game videos and short-form videos, they garnered widespread interest among Chinese gamers, eventually expanding outside the gaming circle and transforming into “viral songs” that diffused throughout the internet. Statistical figures indicate that there are five typical “small circles” among the Generation Z of China: the esports circle, ACG circle, Chinese style circle, toy figure and statue circle, and hard core technology circle. As internet social media formats diversify, videos displaying content such as dancing at home, live events and daily life spread by vigorously online, and personalities in the virtual space are gradually entering the real world. Meanwhile, the boundary between virtual markets and real markets are “blurring” in two different directions: Relying on conventional industry schemes, virtual artists continue to push the envelope in the existing market, whilst leveraging the impetus of the users of the younger generation to compel the real market to increasingly accept virtual culture. Bilibili Macro Link (BML), a holographic concert held annually by the namesake website Bilibili, attract tens of thousands of ACG fans to attend in person to demonstrate support to their virtual icons. Meanwhile the live stream of “Magical Mirai Concert” of virtual idol Hatsune Miku was watched by more than six million users. Thus, virtual artists and ACG icons that transcend beyond national borders, geographical locations and cultural boundaries can also be adopted as new marketing and promotional catalysts for foreign musicians in China.

On the other hand, since Generation Z members are in general still quite young, there is a lot of potential in editing and parodying original creations. In other words, these adolescents care less about general approval and more about kudos from those within the same circle, so their secondary creative content and remakes have no bounds and can spread at an exponential rate. “small circles” are mostly rooted in online communities and social media, and rely on grassroots media (Weibo, Bilibili, Douban, feed aggregators, forums, etc.). Youngsters often create a massive quantity of internet memes and edited videos, and their “circle cultures” have certain “brainwashing” qualities. For instance, the music video for “Hop” by Bulgarian artist Vasil Troyanov Boyanov, also known as Azis, drew immense attention in certain circles on Bilibili because the musician dressed up as a drag queen. Relevant videos have been viewed more than 50 million times on Bilibili alone, tons of related memes have pervaded among Gen Z, and Azis was given the nickname “Transvestite king” (妖王) on Bilibili.

As the fruit of collision and fusion of internet culture and next-generation subcultures, Bilibili has transformed into a gargantuan “melting pot” consisting of 15 content segments and some 7,000 cultural circles. The song “Wild Wolf Disco” has a thousand iterations on Bilibili, including more than 30 with over a million views. One of these videos featuring accomplished Chinese actor Sun Honglei has garnered 7.16 million views and spread across society because it was forwarded by Weibo KOLs such as Sun Honglei himself. From “Wild Wolf Disco” to “Big Bowl Thick Noodle” and

"Grain in Ear", Bilibili user-generated secondary creativity content with over a million views directly propelled the popularity of these songs and substantiate the possibility of utilizing Bilibili as a window to promote music to the Gen Z of China.

d. Cater to the Public via Focus on Localization and Cross-national Cooperation Integrating Chinese Elements

The outputs of culture industry have special properties that distinguish it from other commercial products, and need to not only satisfy consumer demands and desires, but are also very regional in their nature. Therefore, exotic and unique foreign music products might not necessarily be able to capture local audiences, and a localization strategy that incorporates local elements to innovate, reshape and disseminate foreign music is pivotal for pushing foreign music into the mainstream circle and achieve broad propagation. Through an analysis of the effective promotions undertaken by international record companies like Sony, Warner and Universal in China back in the 1990s, it can be seen that at the very core of their success, the common denominator is the adoption of highly localized strategies and creation of highly localized imagery that resonated with the local audience. Apart from relying on Hong Kong and Taiwanese stars, the five major record companies (today's "Majors") all took an active approach to cultivating their "local forces" and leaned on local musicians to access the local market. For example, the successes of Warner Music artists such as Ye Bei and Pu Shu in the domestic Chinese market were the fruits of combining foreign experience with local culture. The takeaway here is to concentrate on developing the youth music market and foster a new generation of idols, musicians and artists that meld foreign star develop model with "Chinese characteristics".

Just as Alan Krueger wrote in *Rockonomics: A Backstage Tour of What the Music Industry Can Teach Us about Economics and Life*, some of music's overflow effects exceed the scope of money and currency, because it has a direct impact on us individually, culturally and socially", because "music establishes an emphatic emotional exchange with the listener". This sort of emotional exchange is the reason why Chinese consumers are more fond of and prefer local music, films, television programs, variety shows and other manifestations that are emotionally closer to oneself. Simply take a look at the top ten best-selling digital albums/songs in 2019 in China, which all came from local artists or films and television programs, no exception.

Relying solely on popular European and North American cultures or foreign marketing modes to try to grab a piece of the Chinese market is a very risky gamble.

A heightened sense of Chinese nationalism is the prevailing trend, “national confidence” has been reborn and creating “Chinese characteristics” is intentionally the most pronounced focal point in the Chinese music market at present. “Chinese-style” or “national-style” music that incorporates traditional Chinese musical or cultural elements have risen as the most popular genre, apart from popular music. “Chinese-style” or “ancient-style” music have roused a strong sense of personal and cultural identity among Chinese youths. For them, “Chinese-style” is not just a genre but a lifestyle and an attitude that not only guide consumption of popular music and popular culture, but bind their personal values with the revitalization of the people and aspiration of the nation, forming creative environment and marketing philosophy unique to Chinese music.

Therefore, the execution of a localization strategy needs to pay attention to the following points:

- Adapt to Chinese values. For youths that grew up in the 90s or later, instead of purely pursuing rock or rap just for the sake of differentiation, group identity is what they treasure most. Though they also yearn for international acceptance, they don’t really care much about global or universal values or outlooks. Therefore, performing cover versions of Chinese songs could be one of the fastest methods for a foreign musician to solidify a foothold in the Chinese market. This is evident in the remake of Chinese singer Jacky Cheung’s classic by Michael Learns to Rock (MLTR), which quickly elevated the standing of the Danish rock band in China.

- Absorb and incorporate traditional Chinese musical and cultural elements and modify them in a pop and modernized manner. Despite being the most recommended promotional pathway, it also requires an extremely high proficiency in the musical skills and aesthetic judgment on the part of musicians. In particular, Europeans and North Americans often confuse other oriental elements like those of Japan with those of China, resulting in gross “cultural misunderstandings” as apparent in countless examples such as Hollywood’s live-action film *Mulan*. Therefore, works that both fit the aesthetics of the Chinese audience and exude the charisma of popular international trends most often originate from foreign Chinese musicians or those with Chinese descent because they grew up with traditional Chinese culture as a part of their childhood. For example, The Shanghai Restoration Project is noted for their ability to make use of traditional Chinese tunes and folk songs in popular electronic music and has earned a stellar reputation among Chinese consumers.

- Commence cross-national cooperation and partner with musicians or artists well-known among Chinese consumers in order to circumvent the linguistic barrier and allay any sense of unfamiliarity or mistrust in listeners that are not proficient in French. At the same time, the impact and novelty generated from cross-border and cross-industry collaborations are prone to grab attention. In this regard, reference the promo model of K-pop in Europe and North America, which entails combining music, social media and fashion trends to develop new icons idolized by Generation Z.

Chapter IV French Music in China

4.1 Impressions and Understandings about French Music Among Different Young Music Consumers

4.1.1 Knowledge about French Music Among Passive Consumers

Passive music consumers “have almost/completely no understanding” about popular French music, and their foremost impressions about French music are classical music as symbolized by Achille-Claude Debussy and chansons such as “La Vie en rose”. "Romantic”, “elegance”, "Paris/Avenue des Champs-Élysées” are common keywords associated with French music among the Chinese.

In China, chanson not only refers to French popular oldies and classics, but more so French pop songs labelled as old-school, retro, lyrical or romantic, among other tags. This genre of music is sang and broadcast profusely in cafés and bars in China because it is widely seen as an emblem of an elegant lifestyle. According to playlist recommendation statistics from QQ Music, NetEase Music and Xiami Music, those with a chanson theme are the most sought-after French music playlists, with some of the more popular playlists having been played more than a million times. Common components include popular folk songs as represented by Keren Ann, popular jazz from musicians, and classic French popular music by Jane Birkin and others.

As the Chinese theatre market continues to grow, French musicals like Mozart, l'opéra rock and Notre-Dame de Paris have developed pretty decent reputations in China. In 2018, the super popularity of variety show "Super-Vocal" propelled musicals to a new apex, and broadened the reach of musicals to audiences who didn't before care. At the same time, one pronounced consequence of "Super-Vocal" is the lowering in the average age of the audience. Today, the bulk of the musical audience is no longer composed of white-collars, but rather students and young adults in the 15-25 years-old age bracket. Industry [13]data indicates that a total of 2,460 musicals hit the stage in China in 2018, which were watched by more than 1.6 million audiences, and box office

[13] Catabolism of music, ByteDance's "Lunar" project isn't reaching the moon anytime soon, https://new.qq.com/omn/20210917/20210917A0D8L100.html

soared by 92.8% to RMB 428 million. Performance figures rose further in 2019, with the market valued at RMB 721 million, a year-on-year jump of 60.94%, demonstrating that musicals are becoming increasingly accepted amongst the public. Significant increases in both attendance and average ticket price directly translate to massive growth in musical box office receipts. In particular, musicals have remained hot amongst generation Z. According to observations of performances during the 2021 "May 1st" holiday period, among the consumption choices selected by the "post-00ers" during the said span, musicals accounted for 24%. Playlist recommendation statistics from QQ Music, NetEase Music and Xiami Music show that some related musical OST and musical playlists recommended also boast 100,000+ playbacks and +10,000 comments (Source of data: Chinese Performance Market Report 2019 from the China Association of Performing Arts, NetEase Music and QQ Music)

French artists that sing in English are often misidentified as musicians from English-speaking countries. Due to the low prevalence of French in China, the two hottest French songs are “Je m'Appelle Hélène” and “La Vie en rose”. Especially the former, a Chinese version sung by Joi Chua was often heard from speakers or hummed by passers-by, so much so that it is still one of the most cherished “coffee mates” at cafés even today, and is remembered by many as the first French song ever heard.

For most of those born between the 1960s and 1980s, Richard Clayderman will always hold a special place because the French pianist, honored with the sobriquet “romantic prince of piano”, is their first contact with classical music after he performed in China back in 1992. Before the ascension of Lang Lang, Clayderman was arguably the most famous pianist in China to the degree that some even joke Napoléon Bonaparte, former President of France Jacques René Chirac and Richard Clayderman were the three most widely-known Frenchmen in China. Clayderman sheet music remain to this day classic teaching materials used in Chinese music training institutions.

Keren Ann is the most renowned of the new generation of French (and French-singing) musicians in China. French fashion, whether *prêt-à-porter* or *haute couture*, has always been championed in China, and Jane Birkin, though being British, is still quite a symbol in the fashion circle because of the eponymous Hermès Birkin bag. In addition, some French songs have gotten the attention of passive music consumers due to their inclusion in the OST of some popular movies and television series. For example, Carla Bruni quickly rose in popularity in China because two of her songs were used in the original sound track of the South Korean television series *Something in the Rain.*

4.1.2 Knowledge about French Music Among Explorative Consumers

Their general knowledge about French music is more extensive than passive music consumers, but due to similar language problems, they are chiefly familiar French musicians that sing in English and do not know much about other facets of French music.

Somewhat of an exception is French electronic music, and groups and artists such as Daft Punk, Air, M83 and FKJ are recognizable names among explorative music consumers, who often hold French electronic music in high esteem.

French films constitute one of the principal engines that drive the interest in French music among this category of consumers. Under the global bombardment from U.S. blockbusters, French movies (especially art films) are regarded as a beacon of independence from Hollywood, whilst the unique French humor and romance are also appreciated by artsy Chinese youths. The original sound tracks from art films lauded by this group have also become some of the most-listened music among these audiences. Highly-rated French films on Douban, a magnet for this cohort of arty youths, such as *Léon* (nearly two million ratings on Douban), *Les Choristes* and (over one million comments on Douban) and *Le Fabuleux Destin d'Amélie Poulain* (more than 800,000 comments on Douban) have also fueled the propagation of related OST within this user group and function as another gateway for many listeners to learn about the music of France. Moreover, the influence and dissemination of films also gained interest for some composers like Yann Tiersen.

Based on statistics on Douban, where the biggest proportion of users can be classified as explorative music consumers, folk music, jazz, electronic music and OST are the French music genres with the most followers. Apart from Keren Ann, Émilie Simon, Carla Bruni, The dø and other indie folk music and popular folk music singers or bands are the most rated by this group of users. Due to the popularity of post-rock in China, and the genre’s freedom from language limitations, French rock and roll bands such as RQTN, Alcest, Saycet, As The Stars Fall and From Your Balcony have also fared quite nicely in China. In terms of jazz, the fondness for bossa nova among jazz enthusiasts in China helped win interest for albums like *Made In France, Nouvelle*

Vague, On S'Aime and *Comment Te Dire Adieu*, all of which have more than 2,000 comments on Douban.

An interesting phenomenon is that the most saved, commented and liked French albums are not by French musicians, but rather those by Mondialito, a Japanese band that often sings in French, and all of their albums have notched more than 3,000 reviews, with *Avant La Pluie* holding the highest spot with over 8,000 reviews.

4.1.3 Knowledge about French Music Among Hard Core Consumers

As stated in previous chapters, hard core music consumers occupy two ends of the spectrum and they are characterized by their "small circles". Thus, different hard core users in different circles have vastly varying views about the music of France. Amongst them, those knowledgeable about French music are mainly found in the following circles: 1) Classical music fans, focusing on genres or styles like French baroque and French theatrical plays; 2) EDM fans, including those that favor the French touch style mostly from the mid of 1990s and 2000s as represented by Daft Punk, or those that listen to EDM by artists such as David Guetta; 3) indie music fans including listeners of post-rock and indie pop; 4) and fans of musicals. These four types of enthusiasts, which pretty much have no overlaps, along with some study abroad students in France and French culture admirers post and share various kinds of popular French songs on social media platforms like Zhihu and Weibo.

For lovers of classical French music in China, most of them have received some form of professional musical instrument training or study at music schools, and their interest in French music is mainly concentrated in classical French music as symbolized by Achille-Claude Debussy and French baroque music like those from traditional French musicals. Apart from pieces by Debussy, the musical *Carmen* is also quite iconic and the most renowned work of its type. In addition, the musical education system of France has also grabbed attention and a number of music training institutions in China, especially those specializing in musical instrument training for children, often reference or adopt French children music education system, manifested in emphasis on actual musical effects, bold encouragement of innovation and innovation. The various music schools of France are also premier destinations for Chinese students that seek to study abroad.

Due to the rise in consumption level younger Chinese audience and the popularity of classical music- and vocal-themed variety show *Super Vocal*, the Chinese market for musicals has been expanding. French musicals have gained the favor of young Chinese consumers by virtue of their incorporation of both fashion and classic elements, innovative presentation formats and fusion of various kinds of popular music genres. At the same time, many family- and children-oriented musicals have also been applauded by parents that desire to enhance the musical refinement of their kids, such as *The Little Prince*. According to reports from the Agence France-Presse (AFP), French musicals like *Roméo et Juliette*, *Notre-Dame de Paris*, *Mozart, l'opéra rock* and *Le rouge et le noir - L'Opéra Rock* are quite popular among the Chinese audience, particularly young females.

On the other hand, there are two different camps of hard core music consumers with regard to French electronic music. One clique are night club patrons (the stereotypical "electronic music" lover in the eyes of most Chinese), who are influenced by the EDM trend, thus mostly listen to EDM and house as represented by artists like David Guetta, FKJ and DJ Snake. The other group is comprised of a broader scope of independent and electronic music fans of China, whose knowledge of electronic music dates to before the advent of the EDM trend in 2010s. Therefore, they listen to French touch musicians like Air and Phoenix, or ambient pop and synth-pop from artists such as M83 and Saycet.

An interesting tidbit of history about French electronic music and China: In October 1981, Jean-Michel Jarre made history as the first western musician to visit China after the Mao Zedong era. During his nine-day tour in the country, he performed in five concerts in Beijing and Shanghai, and on-site attendees totaled around 150,000 persons, while the China National Radio and China Central Television broadcast the shows to 500 million listeners and viewers cross the country. What's more, for youngsters that yearned for changes and desired to break free from shackles at a time when the Chinese reform had just begun less than three years ago, the electronic music of Jarre jolted their imaginations about the world and the future like some mysterious radio wave from a different universe. The French pioneer planted the first seed of electronic music in China, which eventually sprouted into the "disco fever" in the 1980s.

Concert poster and on-site photos of Jean-Michel Jarre's 1981 Chinese tour

4.1.4 Awareness of Most Famous French Musicians (or DJ) and Observation Summary

Judging from the fans of artists and liked albums on digital music platforms such as QQ Music, Xiami and NetEase Music, in conjunction with comments and discussions on social media websites like Douban and Zhihu, the most well-known French (and French-singing) musicians in China are: Keren Ann and Carla Bruni folk music and popular music, David Guetta, DJ Snake and Daft Punk for electronic music, and Richard Clayderman for classical. However, apart from popular music culture, French music is also noted for its reputation, influence and success in lesser-known areas of music like film and television series OST, musicals and classical culture.

Chanson, electronic music, movie OST, and classical music and musical constitute the four typical labels about French music in the minds of the general Chinese audience, and romance, lyricism, imagination and artistic quality are the exotic attributes that the Chinese associate with French music.

Keren Ann's success in China is ascribed to the traditional clout of chanson in China, as well as the "little fresh and new" trend (referring to the large number of female artists and groups mostly in the folk and indie pop genres and distinguished for their "fresh", "new" and "sweet" style that surfaced after 2004) that started in China in the 2000s. Keren Ann is most active in the 2000s, which is why she doesn't seem to have that many followers on Chinese digital music platforms, which only appeared in droves after 2010. However, on older platforms like Douban and Xiami, Keren Ann's most successful album *Not Going Anywhere* has been played almost 30 million times on Xiami and received more than 60,000 rates on Douban, demonstrating her prestige in China.

As Keren Ann's standing started to decline after 2010, Carla Bruni was able to pick up on the trend because of her identity as the former First Lady of France during a period of particularly amiable China-France relations, and the inclusion of her songs in the popular South Korean television series *Something in the Rain*.

Daft Punk is an old-school electronic music duo, but they still rose to prominence in China because of "get Lucky", which charted very well across the globe and features Parrell Williams, alongside subsequent collaborations with other European and North American artists. In addition, the disco and funk styles Daft Punk is known for also fit well with the retro music preference trending in China, which is why the duo's popularity didn't take off in China until 2013. Since then they have assembled more than 1.5 million followers on the various Chinese digital music platforms, whilst Random Access Memories has been commented and saved more than 100,000 times. On the morning of February 22nd, Daft Punk announced their dissolution and fans were devastated, including their fans in China. On Weibo, topics related to the breakup of the group garnered over 120 million views. Attention from the group splitting up not only came from the music circle, but also the entire social networking platform, and evolved into a kind of "breakout" phenomenon that substantially increased the exposure of French music. The breakup of Daft Punk exposed the public to French electronic dance music, a new facet of French music different from the chanson for which Chinese listeners have long been accustomed to. As the Chinese audience for electronic dance music continues to bulge, French music has a good chance of gaining traction in China through electronic dance music.

As one of the most coveted and respected producers in popular music today, and a worldwide symbol of EDM and French house, it is no surprise that David Guetta has more than a million fans on the various Chinese digital music platforms. His reputation in China is mainly derived from the vibrant growth of electronic music in the Chinese market (multiple research reports indicate that electronic music is anticipated to follow the path of hip hop and become the next big thing in the market of alternative genres in China), as well as being voted the number one DJ in the DJ Mag Top 100 DJs.

DJ Snake's fame in China, on the one hand, came from the popularity of the trap sub-genre of rap and his standing on the DJ Mag Top 100 DJs list. On the other hand, DJ Snake also values the Chinese market immensely, having appeared in numerous live performances at major electronic music festivals and night clubs in 2018 and 2019, and continues to collaborate with Chinese musicians. In 2018, DJ Snake teamed up with Higher Brothers, then one of the hottest Chinese hip hop groups in the country, for the remix version of "Made In China", which became one of the most-played songs in Chinese dance clubs and sparked immense interest in the Frenchman.

French art film is one of the hallmarks of the French cultural industry and its influence on artsy Chinese youths has remained at a high level over the years. One of the most noteworthy examples is *Le Fabuleux Destin d'Amélie Poulain*, and the movie's original sound track has achieved a reputation and popularity on par with popular music works, having garnered over 80,000 ratings on the Douban website, the most among all French music. At the same time, playlists related to the film's OST have been played more than half a million times on QQ Music and NetEase Music. In addition to *Amélie*, playlists with "French film" labels have reached the million-playback echelon on QQ Music and NetEase Music. A sizable part of the Chinese audience first learned about French music because of French movies, which remain a source of musical discovery and appreciation for many people in China.

As the Chinese market for musicals begins to "expand outside the circle" into the mainstream, the French musical *Mozart, l'opéra rock* achieved critical acclaim right away in the Chinese market especially among the younger generation, and a staggering 75% of audiences went to see the show again, with the average attendee having seen the musical three times. Its box office grossed more than RMB100 million, attendance surpassed 90% and was ranked in the top three in terms of ticket receipt for a musical in 2019 in China. Affectionately nicknamed "*Fa zha"*, an abbreviation loosely translated as "French Mozart" in Chinese, the energy at a *Mozart, l'opéra rock* show is no less electrifying than the concert of pop stars, and the frenzy exhibited by some fans might even be called borderline fanatical.

French pianist Richard Clayderman is distinguished as the number one foreign artist in terms of the numbers of live concerts in China, cooperation with Chinese musicians, and Chinese songs remade and published. Since performing in China for the first time 1992, Clayderman has visited the country 27 times, and participated in over

400 concerts during his tours seen by more than five million person-times. Richard Clayderman's albums started to accumulate a fan base in the 1980s and 1990s, and his piano tunes were the most played music in public venues. Though his fame has waned somewhat in the years to come due to progress in the cultures of popular music and classical music in China, the French pianist still holds eminence as one of the vanguards of foreign culture during the early years of the Chinese reform and opening-up. His unique musical charisma forever changed the musical appreciation aesthetics and pursuits of an entire generation of Chinese, and his name is dearly remembered as the "musical memory of a generation".

4.2 Horizontal Comparison and Analysis of Status Quo of French Music in China

4.2.1 Status of Playbacks of French Music on Music Platforms

Since it is impracticable to fully present the status of playbacks of available French music pieces on Chinese music platforms, several French musicians and genres most well-known in China have been selected as subjects to reflect the general situation.

- Folk songs: Keren Ann (*Lady and Bird*) and Carla Bruni vs Cheer Chen Chi-chen and Cao Fang

Since Keren Ann was most active in the 2000s but the majority of China's mainstream digital music platforms did not appear until after 2010, her data and performance on these music platforms cannot truly mirror her popularity in China. Thus, comparing her to famous folk music artists in the 2010s does not seem to be objective or fair. Fortunately, Cheer Chen Chi-chen (Taiwan) and Cao Fang (mainland China) are ideal gauges, as these two icons of the "little fresh and new" trend of female folk and indie pop artists reached the height of their careers in the 2000s but started to drop off in the 2010s, and they share similar musical style.

	Keren Ann	Carla Bruni	Chen Chi-chen	Cao Fang
Total fans on various platforms (KuGou,	243k	225k	1.916 million	498k

QQ Music, Xiami Music, NetEase Music and Douban Music)				
	KuGou:0.8k	KuGou:11k	KuGou:96k	KuGou:34k
	QQ：64k	QQ：63k	QQ：439k	QQ：168k
	Xiami: 95k	Xiami: 44k	Xiami: 686k	Xiami: 140k
	NetEase: 63k	NetEase: 104k	NetEase: 647k	NetEase: 145k
	Douban: 13k	Douban: 3k	Douban: 48k	Douban: 11k
Total number of listeners of Kugou Music musicians' works	6.16 million	5.455million	34.32 million	23.30 million
Total comments of musical works on Douban	122k	17k	651k	145k
Number of comments on most popular musical work on Douban	62k	6k	96k	39k
Number of saves and comments	10414	6226	13181	5049

<table>
<tr><td>of most popular musical work on Xiami</td><td></td><td></td><td></td><td colspan="4"></td></tr>
<tr><td>Number of saves and comments of most popular musical work on QQ</td><td>217</td><td>930</td><td>7598</td><td colspan="4">821</td></tr>
<tr><td>Number of saves and comments of most popular musical work on NetEase</td><td>3962</td><td>22043</td><td>153215</td><td colspan="4">100248</td></tr>
<tr><td>Number of songs with more than 10k saves and comments on Xiami</td><td>3</td><td>0</td><td>10</td><td colspan="4">2</td></tr>
<tr><td colspan="2"></td><td></td><td>(7k for the most popular song)</td><td colspan="3">(More than 100k for two songs)</td><td></td></tr>
<tr><td colspan="2">Number of songs with more than 10k saves and comments on QQ</td><td>11</td><td>15</td><td colspan="3">50+</td><td>30+</td></tr>
<tr><td></td><td>(More than 100k for two songs)</td><td>(More than 100k for two songs)</td><td>(More than one million for two songs)</td><td colspan="4">(More than 100k for three songs)</td></tr>
<tr><td colspan="4">Number of songs with more than 1k comments on NetEase</td><td>7</td><td>10</td><td>44</td><td>10+</td></tr>
</table>

<table>
<tr><td></td><td>(4k for the most popular song)</td><td>(More than 20k comments for one song)</td><td>((More than 100k comments for one song)</td><td colspan="4">(More than 100k comments for one song)</td></tr>
<tr><td colspan="4">Number of songs with more than 1k comments on KuGou</td><td>0</td><td>2</td><td>3</td><td>6</td></tr>
<tr><td></td><td></td><td>(2k for the most popular song)</td><td>(16k for the most popular song)</td><td colspan="4">(1k for the most popular song)</td></tr>
</table>

Note [14]

- Electronic music: David Guetta vs Xu Mengyuan

David Guetta is chosen in lieu of Daft Punk, Air or other French electronic music artists because of the nature of the market for electronic music in China. 1) Misguided understanding due to historical reasons. Electronic music already appeared in China as far back as the 1980s, but prior to the advent of the current EDM trend, the likes of electronic music, rock and roll and hip hop all belong to the small “underground culture” circle, which was dominated by rock and indie music. Thus, Daft Punk initially wooed and circulated among indie music fans; 2) the separation of electronic music from the small “underground culture” circle into its own independent circle was contingent upon the global wave of EDM commercialization. The young electronic music fans born out of this EDM trend only recognize EDM and incorrectly equate EDM as electronic music; 3) due to the influential position of the South Korean entertainment industry in China, especially the idol culture, South Korean EDM is often the window through which young Chinese listened to electronic music for the first time. Unlike Europe or North America, the electronic music culture in China did not undergo a comprehensive

[14] Different music platforms vary quite drastically in several regards, including time of establishment, product logic, target audience and changes in copyright resources, which is why data for the same musician might differ significantly between platforms. Thus, data of musical works and songs are calculated and presented separately, with the former focusing on traditional album promotion logic, while the latter emphasizes the single song-oriented promotion logic in the streaming media era.

NetEase Music and KuGou do not show the number of people who have saved a song. Thus the number of comment, tallied in increments of 1,000 comments, is used as primary data for these two platforms.

Musical works include albums, greatest hits, EP and songs, but not compilations.

For songs on, NetEase Music only shows data related to the top 50 chart.

course of development and education consisting of different electronic music sub-genres. That is why in the Chinese electronic music circle, the “grandfather of EDM” David Guetta is more widely recognized and holds much higher prestige than the likes of Daft Punk and Air (it should also be noted that artists such as Daft Punk and Air are more respected in the rock and indie music circles, and Daft Punk was able to “expand outside the circle” in China because of their collaborations with popular European and North American artists, which attracted the interest of European and North American popular music listeners in China).

Xu Mengyuan is the hottest Chinese electronic music artist today and is noted for the incorporation of the timbres of traditional Chinese musical instruments in popular electronic music, giving rise to his nickname “Chinese-style electronic music spokesman”.

	David Guetta	Xu Mengyuan
Total fans on various platforms (KuGou, QQ Music, Xiami Music, NetEase Music and Douban Music)	99.36	405.3
	KuGou: 110k	KuGou: 620k
	QQ：499k	QQ：1.166 million
	Xiami: 73k	Xiami: 21k
	NetEase:310k	NetEase: 2.246 million
	Douban:1.6k	
Total number of listeners of Kugou Music musicians' works	7714.9 万	6209 万
Total comments of musical works on Douban	1.3 万	0.3 万
Number of comments of most popular works on Douban Music	1704	494
Number of bookmarks and comments of most popular works on Xiami Music	2530	2135
Number of comments of most popular works on QQ Music	8653	2.0 万
Number of comments of most popular works on NetEase Cloud Music	56900	15.2 万

Number of songs with more than 10k bookmarks and comments on Xiami Music	3	6
Number of songs with more than 10k saves and comments on QQ	70+	130+
	((More than one million for six songs)	(More than one million for five songs)
Number of songs with more than 1k comments on NetEase	40	50
	(More than 10k comments for six songs)	(More than 10k comments for three songs)
Number of songs with more than 1k comments on KuGou	5	20
	(Highest 2,000)	(Highest 2,900)

- Rock/pop: Daft Punk vs New Pants

As explained in previous section about the spread of Daft Punk and their music, though at its core the duo produces electronic music, they are far more famous and influential in the rock and indie circles of China than that for electronic music. At the same time, Daft Punk's frequent collaborations with popular European and North American artists after 2010 blazed the trail for them to "expand outside the circles" of rock and indie music into the territory of European and North American popular music listeners. Chinese rock band New Pants also underwent the same transition. After solidifying their prestige and repute in the rock and indie circles, the variety show *The Big Band* elevated them to "rock star" status in the eyes of mainstream Chinese audience because of their throw-back style that combines disco, synth-pop and "rustic flavors". An interesting point is that New Pants even dressed up in Daft Punk-esque robot costumes at live concert to pay homage to the French duo for pioneering this branch of popular culture.

	Daft Punk	New Pants
	153.6	130

Total number of fans on platforms (Kugou Music, QQ Music, Xiami Music, NetEase Cloud Music, Douban Music)	KuGou: 32k	KuGou: 134k
	QQ: 1.198 million	QQ: 708k
	Xiami: 96k	Xiami: 59k
	NetEase: 205k	NetEase: 393k
	Douban: 5k	Douban: 6k
Total number of listeners of Kugou Music musicians' works	1051.6 万	2068 万
Total number of comments of works on Douban Music	45469	94584
Number of comments of most popular works on Douban Music	12191	15375
Number of bookmarks and comments of most popular works on Xiami Music	24855	3719
Number of comments of most popular works on QQ Music	11k	24k
Number of comments of most popular works on NetEase Cloud Music	35921	10220
Number of songs with more than 10k saves and comments on Xiami	1	1
Number of songs with more than 10k saves and comments on QQ	25	100+
	(More than one million for one song)	(More than one million for three songs)
Number of songs with more than 1k comments on NetEase	26	30
	(More than 10k comments for four songs)	(More than 10k comments for three songs)
Number of songs with more than 1k comments on KuGou	3	3
	(Highest 2,000)	(Highest 1,000)

* Note [15]

Comparing data from the three sets, it can be seen that the most hailed works of French music in China across all three groups are those performed in English, which is no doubt because of the much wider prevalence of English relative to French, which is understood by a much smaller portion of the Chinese population. The French language is an integral part of overseas promotion of French culture, and a natural medium to showcase the diversity and uniqueness of French culture, which at the same time impedes cultural dissemination in China.

Obviously there are vast differences between the cultures of France and China, which translate into “cultural discount” in music. Music is a method for cultural propagation, and it is necessary to find common points for communication. Based on the comparisons of the three pairs above, there are two noteworthy methods for reducing “cultural discount”: 1) Try to take advantage of music trends popular at present, as in the case of Keren Ann and David Guetta; and 2) seek and engage in appropriate exchanges and collaborations to “expand outside of circle”.

Comparing the three groups above, the most famous French musicians in China were selected as samples, but the data show that their popularity levels are still far below local Chinese musicians in the same field. In addition, the aforementioned Chinese musicians Xu Mengyuan, New Pants and Cao Fang are considered middleweight musicians at most. Thus, it is easy to see that the popularity levels of even the top French musicians are still rather low.

In addition, even though the overseas promotion strategy of French culture is closely linked to the French language, and the French language is an expression of the diversity and uniqueness of French culture, at the same time language barrier also severely hampers dissemination between the audience. French is a minor foreign language in China and its user base is way smaller than that of English, and the most popular works of the three groups of French artists above are all in English.

At the same time, it can be seen that there are problems with cultural discount and cultural barrier, compounded by issues stated earlier in the paper such as the inability

[15]Due to copyright issues, NetEase Cloud Music can only show data for 12 songs on its top 50 list.

to access foreign platforms, there is virtually no overlap between the famous French musicians known by the Chinese audience, and French musicians popular in France and rest of Europe in the past decade. Therefore, during the course of the promotion of French music, it would be wise not to use a certain musician's current popularity in France as the basis of the size of his or her audience in China.

4.2.2 Status of Live French Music Performances in China

- Basic conditions in the live concert market of China

In 2019, the music performance ticket sales in China crested the RMB 20 billion threshold after hiking by 7.29% compared with a year ago. This growth in ticket receipt outpaced that of the film market box office, partially backed by a 6.88% year-on-year increase in ticket sales from large-scale concerts and music festivals, which generated RMB 4.259 billion in more than 2,000 events. As the worst of the pandemic seems to be a thing of the past in China, on-site performance has rebounded, and it is hopeful that ticket receipt from large-scale concerts and music festivals can surpass the RMB 5.3 billion mark, with an active user base possibly breaking through into the three million threshold. In terms of expenditures on performance, the per capita spending on concert is the highest, averaging RMB1,525, followed by musicals at an average of RMB1,280 spent per person. As music scenarios continue to diversify while user stickiness improved in 2021, active users in the concert and music festival market on average attended four shows and spent RMB 2,000 on event tickets in a year. In his book Rockonomics: A Backstage Tour of What the Music Industry Can Teach Us about Economics and Life, Alan Kruege surveyed and analyzed the Chinese music market. He concluded that live concert accounted for more than 60% of music consumption among the Chinese, a figure higher than Japan, the Republic of Korea and Australia. Another noteworthy point is that Chinese musicians make most of their living from live performances, just like their counterparts in the United States. For the Chinese box office, tier-one/leading commercial musicians such as Jacky Cheung, Jay Chow, Jason Zhang Jie and Eason Chan make up 60-70% of total receipt, 50% of large-scale concerts attract 90% of audience and generate more than 90% of ticket revenue. However, there is a shortage of top-notch artists in China today, and the aforementioned emblematic artists/producers/songwriters are predominantly a part of the “millennium generation” that thrived before the downfall of the traditional Chinese music records industry. Among the commercial musicians of the new generation in China, the biggest box-office magnets are idols and groups with massive online followings that can leverage fan economy. Some examples are boy bands and girl groups such as TFboys, Unine and Rocket Girls 101. At the same time and in tandem with online music, the on-site music performance market is getting younger. According to 2021 statistics, post-90ers compose nearly 70% of the music performance market, while post-80er participants are mainly die-hard fans that often attend a show with the rest of the family. *(Source of data: Performance Industry Observation Report 2019 from the Beacon Research Institute and Chinese Music Concert Industry and Market Report 2019 from the Lead Leo Research Institute)*

Internet variety programs not only create idols, but has also instigated a new round of offline spending. After *The Rap of China* was televised in 2017, the appearance fees for many of the artists featured on the show shot up a hundred times. An example is PG One, whose commercial performance fee exploded to RMB500,000, received innumerable advertising offers and made tens of millions on a monthly basis. The media has reported that Vava, who calls herself "best female rapper in China", asked for RMB700,000 to 1 million for adverts. Members seen on the two seasons of *The Big Band* became highly-coveted acts in music festivals and commercial performances*. Take Jiu Lian Zhen Ren for instance, their commercial performance fees surged from several thousand yuan to half a million even before the finale of *The Big Band*. Media reports also point out that leading/tier-onemusicians like Hua Chenyu, Pu Shu and Li Yuchun/Chris Lee invited to headline major concerts are paid at least RMB1 million, while well-known rockers or bands in the next rank also come with a price tag in the range of RMB600,000 to RMB800,000.

According to data and stats in *Report on the Current Survival Status of Musicians 2019*, leading indie musicians with more than 50,000 fans make their living primarily through on-site performances. 15% out of total can make more than RMB 10,000 a year through small performances, 5% can make RMB 100,000 a year through small performances, while those that partake in large-scale performances (music festivals and large-scale concerts) and make over RMB 100,000 account for 10%. The "20-80 rule" is obvious in the ticket receipt among Chinese musicians.

Modern Sky is the largest independent record label in China, which generates its income mostly from live concerts and related businesses. Head of the label Shen Lihui told journalists that the biggest cornerstone of Modern Sky's total revenue is live music, contributing around RMB500 million. He recounted some numbers and details: "Before *The Big Band*, the music festival appearance fees for New Pants per session was RMB400,000, and RMB450,000 for the band Miserable Faith. Then there are commission revenues from livehouse performances, 50 shows a year is the bare minimum. If the average ticket price for a show was RMB200, then (the total for) a thousand attendees would be RMB200,000.

Living in the shadow of these major Chinese music labels and well-known bands are throngs of independent musicians and groups. Since they can hardly make a buck from copyrights, proceeds from live concert, merchandise and the sort are even more important to them. For indie musicians in China today, monetization method is rather homogeneous in variety and limited in scope. Performing at livehouse is a primary way for indie musicians to gain exposure and monetize. There were around 18,000 livehouse performances held in China in 2019, involving nearly 10,000 artists or bands, but total ticket receipt amounted to less than RMB500 million, with performers reporting that only about half of the shows broke even. Take tier-one Chinese post-rock band Wang Wen for instance. A record label estimated that "performance comprises more than 60% of Wang Wen's income, and last year merchandises of the band consisted 35%-40% of revenue". A record label agent roughly calculated the income structure for independent musicians in China, concluding that many bands are severely reliant on concert for income, which might account for as much as 95% of the money they make. *(Source of data: Chinese Live Music Industry Report 2019 from the Daolue Performing Arts Research Institute)*

- Status of foreign music in the live concert market of China

Although growth in the Chinese live concert has shifted into high gear, its overall scale is still far smaller than those in many other countries. For instance, P!Nk was the top earner in the worldwide concert market in 2019, netting a total of USD216 million from her tours. The biggest box office winner in China was Jay Chow, who took in USD15 million. The Coachella Valley Music and Arts Festival, the biggest of its kind in the States, grossed USD114 million in 2017 (figures for 2018 and 2019 have yet to be released) from an attendance of 250,000 persons, and headlining artists were paid somewhere from three to four million dollars. In 2017, there were 269 music festivals in China, up by 33.8% relative to the previous year. Total ticket receipt from these festivals amounted to RMB580 million, not even 70% of a single Coachella event. Take electronic music for example. The top dog in the Chinese circle right now is Xu Mengyuan, who makes approximately RMB200,000 for appearance at a music festival. Fees for commercial concert start at RMB300,000 per show, while that for night clubs hover around RMB150,000. Compared his figures to the biggest global names like Martin Garrix, who could earn as much as RMB3 million per hour from his shows.

Scores of international musical artists are gravitating toward the Chinese market, the myriad of music festivals cover brands from both China and abroad, and live music venues have become huge attractions for youngsters eager to socialize. In 2017 in China, foreign artists were seen in 263 concerts, accounting for 11.2% of total, and in 2,508 livehouse performances, which made up 32% of total ticket revenue that year. However, it is often a "roll of the dice" for overseas artists who decide to perform in China because: 1) Information asymmetry between Chinese audience and overseas fame of artist. For instance, the Strawberry Festival once invited British band The Prodigy, but reception for this legendary electronic music band was lukewarm, and on other occasions British rock bands Franz Ferdinand and Alt-J also encountered similar flops. It is not unusual to see big foreign names greeted only by a small audience, while domestic musicians such as Song Dongye, Zhao Lei, Ominpotent Youth Society and Tizzy T attract much larger crowds; 2) Lack of confidence. Foreign musicians doubt their own clout in the Chinese market, often thinking that "I've never released an album in China, so I don't have that many fans, and probably many of my songs are pirated". This kind of mentality is common among many overseas artists. They aren't familiar with local Chinese streaming media software or copyright regulations, and lack the awareness or channels to communicate with fans; 3) Policy risks arising from government evaluation and censorship. For instance, musicians such as Justin Bieber and Lady Gaga could not perform in China due to their political stance; 4) Complicated course of government evaluation, which turns the foreign artist invitation process into a long and arduous affair. Take for instance the performance of a foreign artist hosted in Beijing. The check and review process includes: Filing with and approval from the Beijing Municipal Bureau of Culture and Tourism (20 work days), work visa issued by the Foreign Affairs Office of the People's Government of Beijing Municipality (seven work days), and filing with and approval from the public security organ (20 work days), totaling a stretch of 47 work days, and tack on another three work days for preparation of materials for a grand total of 50 work days, or about ten weeks (two and a half months); 5) The Chinese live event market is not yet mature and comprehensive. In particular, the market for small and medium-sized concerts is hampered by problems such as high performer costs, lack of small and medium-sized venues, incomplete industry chain at the corresponding level, limited consumption power among the consumers of some regions, and overall unprofitability (due to high overall costs including performer, on-site security, promotion, fire safety, governmental filing and approval, etc.).

- Status of French music performances in China

According to a 2017 report about the international influence of the French music industry published by Le Bureau Export, in 2017 the French music industry generated EUR283 million from international sources, of which EUR72.8 million came from live performance, which has risen as the number two revenue stream behind copyright licensing.

China and France have worked together to sponsor the annual Croisements Festival ever since 2006, and over the span of two months, over 150 French exhibitions, performances, movies and concerts are showcased in more than 30 cities across China. At the same time, France initiated a pair of music campaigns in 2018, namely “Sounds of New Wave” and “Fête de la Musique”. However, from the perspective of dissemination, this type of activities have not really propagated all that well, and comparing against difficulties in promoting overseas music in China, the promotion of French music has to overcome with the following obstacles: 1) Language barrier. Although French is one of the most widely-studied “minority” foreign languages in China, its influence and prevalence doesn't even come close to that of English; 2) Insufficient shared interest. When promoting French culture in China, emphasis is often placed on the propagation or contemporary arts. Those invited to partake in cultural exchanges are often young and up-and-coming French artists and bands whom the Chinese audience are unfamiliar with and not interested in; 3) Lack of appearance from French artists and bands relatively better-known in China. The majority of overseas artists that perform in China come from the U.S., the U.K., Japan and the Republic of Korea, but there are very few concerts involving renowned French musicians; 4) Misplaced focus on less popular genres. For the French artists and groups that do come to perform in China, most of them are engaged in electronic music, jazz or classical music, which are not the most followed or influential genres in the country. Young

Chinese listeners prefer rock and roll, hip hop, and popular music instead; 5) Lack of emphatic promotion on internet platforms. Social media is crucial for promotion in China, and insufficiency in this regard is one of the reasons behind the lackluster performance of live French concerts in China.

Affected by the pandemic, there are high entry requirements for overseas French musicians coming into China, and commercial performances of overseas French musicians in the country have dropped significantly to basically zero. [16]On the other hand, French musicians already in China have been blessed with more opportunities. Under the COVID pandemic, the French Embassy helped musicians overcome the challenging times. In terms of on-site performance in 2021, the SCAC-IFC of the Embassy of France in China spearheaded cooperation with French musicians living in China, and in March the Soirée DJ event was hosted during the Mois de la Francophonie, and the Fête de la Musique campaign took place in eight cities in Beijing, Shanghai, Wuhan, Shenyang, Guangzhou, Chengdu, Kunming and Lijiang in June,holding a total of 117 free performances that attracted 185,944 live attendees, 3,206,351 online viewers, and 3,101 press articles.

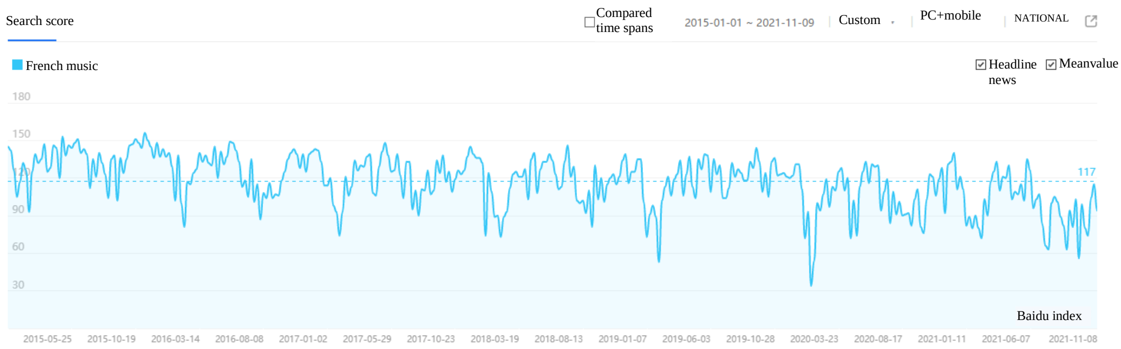
At the same time, the SCAC-IFC strengthened the online dissemination of music contents, take for example the Chinese-French collaborative album "Mosaïque" undertaken in partnership with TME, a series of three special features undertaken in partnership with white board involving the rappers Lean Chihiro, James Baker and George Ka, and the What The France playlist undertaken in partnership with French National Center of Music updated on the 1st of each month on the NetEase Cloud Music platform.

4.2.3 Influence of the Media

Baidu is China's number one local search engine, and its index is based on the volume of web searches for keywords Upon this basis, filtering and weights are implemented and adjusted. Usingthe Baidu index, if "French music" is used as the keyword, it can be seen that the period from 2015 to November 10th, 2021, the

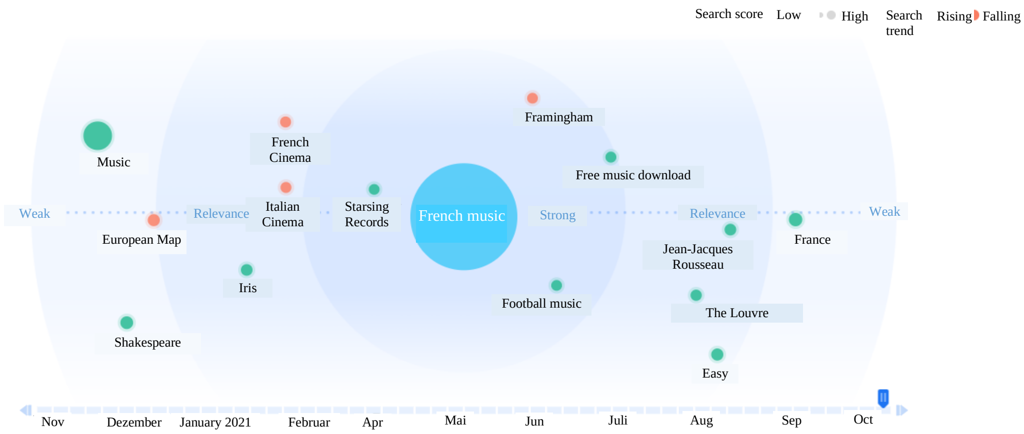
[16] The one article that gives you an in-depth insight of generation Z - recommended report, https://new.qq.com/omn/20210331/20210331A09TLL00.html

keyword's average score is 117, and this figure doesn't fluctuate much, signifying relatively consistent search popularity.



Keywords for "French music" on Baidu include "Shakespeare," "Jean-Jacques Rousseau," "iris," "The Louvre," etc., which are closely linked to French culture and architecture.

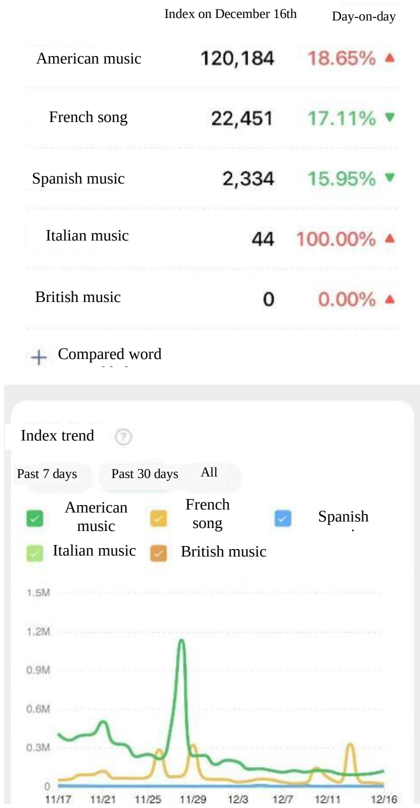
Closely associated with French culture, architecture and sports.



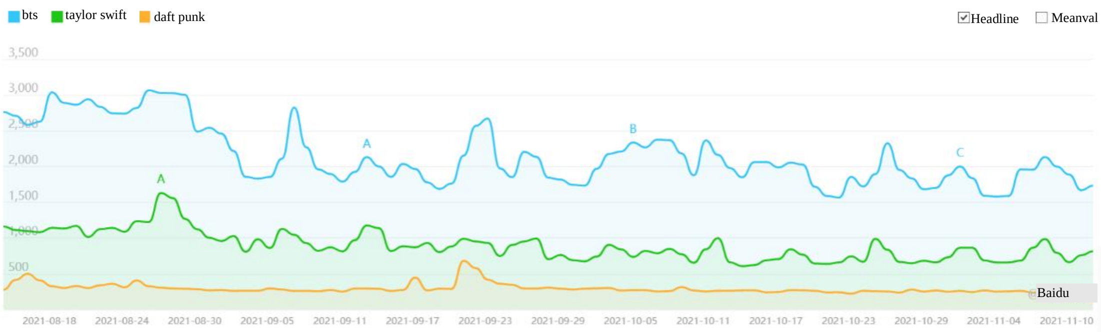
However, in terms of Baidu Index, the numbers for “French chanson” and “French songs” both score higher than “French music”. “French chanson” has an average index score of 158 and “French songs” 226, both far higher than 117 for “French music”. This indicates that in the perception of Chinese music listeners, they still consider the French language as a key aspect. Some of them consider "French chanson" as representational to French music.

With regard to related words, chanson music as typified by Lisa Ono and “La Vie en rose” are highly related to “chanson”. For “French songs” meanwhile, some of the closely related words are associated with French movies and French musicals (i.e. *Arthur et les Minimoys*, *Mozart, l'opéra rock*, etc.).

Looking at WeChat index from within the same period, since this index does not yet include a "French music" entry, instead, the term "French song" is used for the query. The results are compared against the terms "American music", "British music", "Italian music", and "Spanish music", and the results are laid out below:



It can be observed that the U.S., as the global heart of pop music, still commands powerful sway in independent media in China. Among European music, based on this index, French song outperforms British music, Spanish music and Italian music.



Let's look at the 90-days (2021/08/12 to 2021/11/09) Baidu index score of Taylor Swift, BTS and Daft Punk, some of the most popular overseas artists in China. Daft Punk's 90-days average score is 293, BTS's is 2153, and Taylor Swift has 891. The difference is glaring, and epitomizes the startling influence of the "Korean trend" wields in China.

4.2.4 Case Study on Mozart, l'opéra rock in China

Original American and British musicals imported from Broadway and the West End of London have long been the central pillars in the Chinese market for musicals. For instance, *Cats*, *Chicago* and *Rent* are just some of the high-grossing American and British musicals in China. However, the call for French musicals increased starting from 2018. The showcase of a slew of stylistically unique French productions like *Mozart, l'opéra rock*, *Notre-Dame de Paris*, *Le rouge et le noir - L'Opéra Rock* and *Roméo et Juliette* in 2019 piqued the interest of the Chinese audience time and again. The paragon of this group is *Mozart, l'opéra rock*, the original version of which entered the Chinese market in 2018 and almost always sold out. Not only did *Mozart, l'opéra rock* generate more than RMB100 million in box office, it also enticed many new faces to attend a musical for the first time. *Mozart, l'opéra rock* can be regarded as an effective sample of how music less-known in China can break into the mainstream market.

Adapt to the “star-making” mentality of young fans. Compared to American and British musicals from Broadway and the West End of London, which are often born out of light opera and more suited to comedies, the “star-making” quality of French musicals is quite unique. Production starts with concept album, and only after it becomes popular would script writing commence, which is a format that resembles a concert. Indeed, the debut of some productions did occur in stadiums, and the on-site interaction and ambiance are often times more lively that those of British or American acts. For example, during the performance in Shanghai, the actor for the protagonist in *Mozart, l'opéra rock*, Mikelangelo Loconte, could be seen moving about from corner to corner on the stage, while frequently interacting with the audience with winks and kisses.

Combine youth cultures and trends of the new generation with classical elements. Compared with other musicals, *Mozart, l'opéra rock* differentiates itself from the rest of the pack because of its markedly distinct style. On the one hand, Mozart was imbued with an almost revolutionary image founded upon the mentality, understanding and emotional sustenance of modern people, and the rebellious and individualistic pursuit of Mozart naturally resonated with the younger fans. At the same time, musically speaking, the considerable incorporation of rock and popular music elements also helped. Even segments inspired by the works of Wolfgang Amadeus Mozart were mostly accompanied by up-tempo drum beats *à la* rock and roll, which matched the taste of young audiences. Prior to the introduction of *Mozart, l'opéra rock* in China, videos of live performance were uploaded on the Chinese video sharing website Bilibili back in 2011, and due to the novel presentation style of the musical and the personal charisma of the main performer, the cast had already built up a sizable fan base in China. At present, the official videos of the musical have been viewed more than two million times on Bilibili, making it one of the most watched musicals on the “B Site”. According to data published by the sponsor, more than half of *Mozart, l'opéra rock* audience are females under the age of 25, whilst the ratio for other musicals is usually only around 10% to 20%. The gargantuan fan base formed a solid bedrock conducive to the musical’s explosive popularity.

Take full advantage of local KOLs in promotion. During the preliminary marketing campaign, the promo team mobilized existing fans to help with promotion. The Chinese sponsor assigned dedicated personnel to communicate with KOLs among the fans, and utilized methods such as provision of related merchandise, meetings, photograph and memorabilia signature opportunities with performers to spur excitement among KOLs.

Cater to locals and add Chinese elements in localization. To curry favor with the Chinese audience, the stage, story and other aspects of *Mozart, l'opéra rock* were modified to solicit the goodwill of Chinese viewers, coupled with the addition of some Chinese elements. For instance, the Chinese folk song “Mo Li Hua” (or “Jasmine”) was included, and there were also profanities that used local dialects, with shows in Beijing, Shanghai and Guangzhou featuring different slangs.

4.3 General Observations and Analysis of Underlying Causes

Based on the transmission of French music in China, the following takeaways have been summarized:

The spread of French music is hindered by the small proportion of the Chinese audience proficient in French, far fewer than those who understands English. At the same time, the French language is an integral part of overseas promotion of French culture and a natural medium to showcase the diversity and uniqueness of French culture, but it also impedes cultural dissemination in China.

Obviously there are vast differences between the cultures of France and China, which translate into “cultural discount” in music. Music is a method for cultural propagation, and it is necessary to find common grounds for communication. Steps should be taken to conduct research on different cultures with the aim of identifying common points in order to minimize any “cultural discount”.

French film is one of the emblems of French culture, and the propagation of French music in China is largely contingent on the films of France. Classics such as *Léon* and *Les Choristes* have won over many movie buffs in China. That is why original sound tracks from top French films often serve as the definition of “French music” in the minds of the Chinese audience.

The majority of Chinese lack an understanding about French music, musicians, musical styles and genres, or development history of French music. There is merely perceptual cognizance or emotional ties.

Promotion on the internet is inadequate, and a multi-pronged approach combining social media platforms, texts, videos and audios should be carried out. This method enables users to better see and perceive information and content, which would lift user stickiness.

There are not many concerts featuring the French musicians well-known in China, making it more difficult to stage a major rally for French music.

There is a lack of popular music in China. The impression of French music in China is mostly restricted to jazz, classical music and electronic music, which are all less influential and spreadable than genres preferred by the young Chinese audience such as pop music, folk songs or rock and roll.

Insufficient degree of localization, which is demonstrated in: 1) It is relatively rare to see promotion of French music on mainstream media platforms, and there isn't much in-depth cooperation with the digital music platforms, social media and online media in China; 2) also there has not been many collaborations with Chinese artists or musicians, thus foregoing the possibility of using “cross-national cooperation” as an attention-grabber; 3) not vigorous enough with promoting amongst the younger Chinese fans, particularly the absence of partnerships with KOLs.

The tone is generally too “official” and more flexibility is needed. The French government operates an incredible overseas promotion network and has allocated copious budget for this endeavor. However, the visibility, repute and clout of French cultural organizations abroad fall behind the Goethe Institute of Germany. One reason is the overemphasis and rigidity of official protocol, resulting in very few cooperation with Chinese local and folk musicians. This inadequacy in localization has left the audience with the impression of a lofty or politics-driven façade. On the contrary, the Goethe Institute has worked frequently with contemporary artists and musicians in highly synergistic manner. For example, the Goethe Institute has teamed up with experimental Chinese musicians and bands such as Yan Jun, band Bu Yi Ding, Soviet Pop and Zhu Wenbo on multiple occasions. Moreover, a raft of German musicians have been invited to partake in impromptu concerts, rock performances and other events in China, which have greatly lifted the fame and sway of the Goethe Institute among Chinese music lovers.

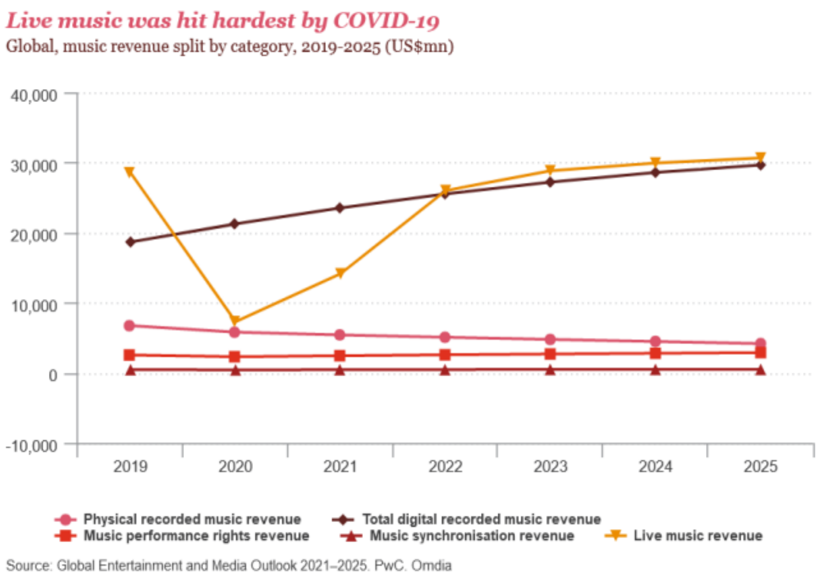
Riding on the high tide of French musicals is one of the more promising avenues for promoting French music in China.

Chapter V Impacts of COVID-19 on the Music Market in 2020

5.1 Impact on Live Performances

5.1.1 Chinese Musician Performances and Music Festivals

From 2020 up till now, ticket receipt and sponsorship revenue for live music events around the world plunged by 64% compared to the beginning of 2020, and the global concert industry has suffered a loss of approximately USD18 billion. The report indicates that the live music industry as a whole would generate USD 10.4 billion in revenue in 2020 (including USD 8.3 billion in ticket receipt and USD 2.1 billion in sponsorship revenue), tanking by approximately 2.99 billion US dollars compared with 2019. This pullback in live music industry income will also result in a loss of USD 1.7 billion in revenue in the global music industry. It has been projected that the live music industry will return to somewhere around the 1.5 billion dollar-level in 2021, [17] and it has been estimated that the live performance industry won't completely restore until 2022. (Source of data: Global Entertainment & Media Outlook 2020–2024 from PwC)



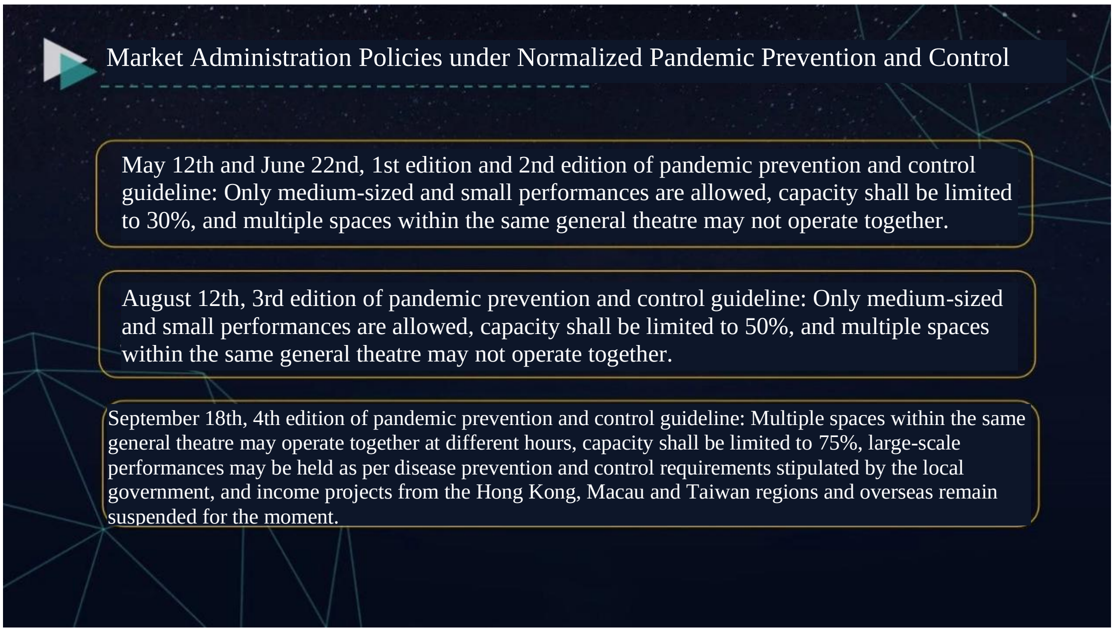
[17] May 1st holiday period ticket income grew by more than 250%, with new generation of users and variety shows underpinning a ten billion-yuan market - https://www.thepaper.cn/newsDetail_forward_12587294

As per information published by the China Association of Performing Arts, incomplete statistics show that the sudden outbreak of COVID-19 has led to the cancellation or postponement of around 20,000 live events in China during the first quarter of 2020, accounting for more than 80% of total scheduled events for Q1. This disruption costed a direct loss of approximately RMB2.4 billion in ticket receipt, and upward of ten billion if other losses are counted. 2020 was envisioned as a major year for concerts, but the abrupt pandemic forced Andy Lau, Jonathan Lee Chung-shan, Jolin Tsai, Wu Qing-feng, Liu Yuning, Han Hong, William Chan Wai-ting and many more leading artists to delay or cancel their performances. In particular, the cancellation of Andy Lau's three concerts in Wuhan came with a cost of RMB70 million. At the same time, all foreign artists arranged to perform in China also had no option but to call off all plans, and livehouse venues big or small across the country were ordered to suspend operation.

"Modern Sky cancelled all live performances scheduled before June, these included about a dozen major projects involving almost a hundred shows. At the same time, artist management business has also been affected, which was another huge chunk of income. The situation was exacerbated because the company has to shoulder early preparation costs invested into other projects," the founder of record label Modern Sky told journalists. Zhang Rang, from the Overseas Business Department of Modern Sky, the largest indie label in China, revealed that the company cancelled 12 music festivals and wiped out RMB200 million in box office revenue, with Chinese concert arrangements for foreign artists and bands being most severely impacted.

Ticket sales and venues, as expenditures required for system maintenance and venue upkeep have to be sustained, bear even bigger pressure than performers during the pandemic-induced lockdown. For example, Beijing livehouse venue OMNI SPACE had zero income during the four-month suspension. "It's like you just got fired, you have to live off of your bank savings, and even right now we still depend on what we have saved up before." Zuo Ye, the principal behind OMNI SPACE, told reporters that about a hundred shows were cancelled and delayed because of COVID-19, and the very rare chances of business during the pandemic came from online concert live stream sponsors who needed a locale for the show. Prior to the eruption of the novel coronavirus, the busiest livehouse venues in places like Beijing and Shenzhen hosted some 20 to 25 shows every month. Depending on location within the city and the general city itself, most livehouse spaces accrue an annual operating cost of around RMB2-4 million.

The Disease Prevention and Control Measures Guideline for Re-opening of Theatres and Other Performance Venues issued by the Ministry of Culture and Tourism on May 13, 2020, marked the official resumption of the live event market in China, though on-site performance audience count can't exceed 30% of total seat availability. In September, the Market Regulation Department of the Ministry of Culture and Tourism released a spate of notifications, stipulating that attendance restriction had been loosened to 75%, large-scale performances held outdoor were given priority, and at present the majority of livehouse spaces and performers have returned to normalcy. According to Li Jian, Deputy Director of the Ministry of Culture and Tourism's Market Regulation Department, the live event markets across China have been restored in a steady and orderly manner since live performance was given the green light back in May 12, confidence has been revived in the industry and a positive trajectory is taking shape. Outdoor music festival and live house performances recuperated ahead of time in China in the second half of 2020, and the valuation of the industry returned to 80% of pre-pandemic level by the end of the year.



Based on incomplete statistical data collected from major ticketing companies and cinema operators during this period of recovery from the pandemic, the eight-day span of the National Day holiday of 2020 saw more than 5,000 theatrical and outdoor performances. These performances were attended by over 1.8 million people and generated an overall box office of RMB360 million at an average ticket price of RMB200. This figure fell well short of income from films in the same duration, which exceeded RMB3 billion.

In 2020, the live music industry experienced its darkest days, and the survivors were eager for the arrival of the National Day “golden week”. The live performance market rebounded with haste and vigor, and industry professionals were hopeful to recuperate previous losses and shore up their depleted cash account. It can be seen that music-themed variety programs and enormous online viewership have catalyzed and accelerated the commercialization of music festivals. According to data from the Huayi Brothers Research Institute, total music festival box office in 2017 expanded by 20% to RMB580 million, while year-over-year growth in music festival box office in 2019 blew past 30%. During the National Day, there were at least 30 large-scale music festivals across China, a surge of 130% year on year, and the ticket revenue jumped by 113% from the same period of last year. Specifically, those hosted in tier-two cities and below contributed more than 60% of total ticket receipt. In terms of city coverage, there were tier-one metropolises like Beijing and Shanghai, but also smaller second- and third-tier cities and areas such as Alxa League in Inner Mongolia and Weifang in Shandong. While music festivals are popping up everywhere, ticket prices have also hiked. It is not uncommon to see music festival admissions upward of a thousand yuan, an issue that has sparked dissents, but tickets for Strawberry Music Festival, Rye Music Festival, Midi Festival and other leading events were still hard to come by. Pre-sales for the Rye Music Festival in Tianjin kicked off at 11am on September 16, which was soon followed by that of Strawberry Music Festival at 1pm. Their respective all-access passes priced at above RMB1,000 were sold out literally within seconds. And even blind bird tickets, referring to tickets for events that have not yet published their time, location or line-up, for Strawberry, Rye, Nanjing’s Forest Music Carnival and other music festivals also sold out like hot cakes.

Though ticket prices have gone up, only Strawberry, Midi and other leading music festival can turn a profit, while smaller events are still unable to break even with yields from tickets alone. Therefore, looking at this year’s music festivals that have officially announced their line-ups, one observation is the increasingly closer ties between music festivals, local governments and cultural tourism real estate projects. Music festivals have risen as the go-to play for cultural attractions and scenic zones in second-, third- and fourth-tier cities in their brand-building and promotional efforts. Many locales have begun to employ the "music festival + tourism" mode to enhance experience, with the hope of fostering the next big thing in cultural tourism. The hosting of musical festivals in Shandong Province, including Rye Music Festival at Zibo, Strawberry Music Festival at Dongying, Qing Ning Meng Music Festival at Weifang and Early Music Festival in Tai'an, is chiefly the fruit of active steps taken by local governments and cultural tourism.

Looking at the new changes in 2020, the full-fledged collaboration between online variety programs and musical festivals would appear to be a new trend that signifies internet giants pushing deep into the musical festival scene. *The Big Band* had nurtured a horde of rock and roll fans. Idol development-themed variety shows like *The Coming One: SUPER BAND* directly turned fanatical female admirers, the cohort with the highest spending power, into music festival attendees. It has been understood that one-third of the line-up at 2020's Strawberry Music Festival consisted of participants from *The Big Band*. Three groups from *The Coming One: SUPER BAND* meanwhile were seen at the Rye Music Festival in Beijing. The show's champion Qiyun Band was one of the head-liners at the Strawberry Music Festival in Beijing. On the flip side, a direct impact of participants from the "variety show family" on music festivals is an increase overlap in the performers featured. Statistics shows that the majority of bands and artists in these reality television competitions performed at two or more events during 2020's National Day period, while the highly-popular group Wu Tiao Ren from season two of *The Big Band* appeared in as many as six music festivals during the eight-day span of the National Day holiday. At the same time, more and more music festivals have turned to mainstream musicians to supplement their line-ups. For music festivals hosted during the 2020 National Day apart from the straight-up rock and rollers and folk musicians, numerous mainstream stars and idols such as Li Yuchun (Chris Lee), Li Ronghao, Kris Wu Yi Fan, Justin Huang Minghao, Zhou Shen, Li Ziting and Zhang Yunlei were highlighted by music festivals, further boosting the attractiveness of these events.

The live event market at the present juncture is swiftly rejuvenating thanks to "revenge spending" from pent-up consumers and the incredible viewership of online variety programs, but the current fever for live performances is still built upon a shaky foundation. For instance, issues such as inadequate supply and homogenized line-up have been persistent. Specifically, the market for large-scale concert has yet to resurrect fully. There are not many reasons for a positive outlook, considering obstacles such as slow check and review process with competent organs, scheduling conflicts among the more sought-after artists and venue availability. Because big concerts featuring top artists usually make up 60% to 70% of the entire live event market in China, slump in this segment is dragging down sentiments about the overall market this year.

In 2021, the music performance market continued to warm up. According to incomplete statistics from Morketing, almost a hundred music festivals took place in China between April and October, while data from Damai show that live house ticket receipt and viewers during the May 1st holiday period respectively soared by 448% and 326% relative to 2019. According to research data from Morketing, large-scale concerts in China recuperated at a slower pace due to residual effects of the pandemic, and as of May 2021, the number of large-scale concerts only reverted to 45% of the normal level, and it is expected that full recuperation would still require more time.

On October 19th, 2021, the Office of the Ministry of Culture and Tourism published *Notification on Simplifying Review and Approval Process for Cross-regional Tours* (hereinafter referred to as *Notification*), which assigned the first stop of a cross-regional tour with the responsibility of performance content review and approval, after which there is no need for subsequent tour stops to undertake further review and approval (i.e. only filing needed), thereby simplifying the administrative process. After the review and approval system for such tours transitioned to the filing mechanism for second and subsequent tour stops, the 20 days-duration of review and approval in the past has been significantly shortened to the three days-duration for filing. Particularly for tours involving foreign musicians and those from Hong Kong, Macau and Taiwan, this move not only lightens the burden on operators in the live performance market, but also helps unleash passion and interest for hosting performance and further stimulate market robustness. But at the same time, under this new rule, the "responsibility of performance content review and approval" also brings about additional pressure borne by the first stop of a tour. To avoid issues, the city of the first tour stop might carry out more stringent and careful reviews, possibly increasing difficulties in the application process for major performance operators.

5.1.2 Influx of Foreign Musicians to China

On March 28th, 2020, the government of China released a public notification, announcing that entry of all foreigners holding an effective visa and resident permit shall be suspended as of 00:00 of March 28th, 2020, due to the rapid spread of the novel coronavirus around the world. Therefore, foreign artists are still unable to come from abroad to perform in China as such pandemic-related lockdown has yet to be lifted. Incomplete tallying shows that large-scale concerts featuring Avril, Billie Eilish, Arashi and others, and China stop of global tours of Pixies, The Novembers, Kinohachi and the "French Musical Gala Concert" involving foreign musicians all announced their cancellation due to this impact. Since China is still upholding a strict policy to control the spread of the pandemic, costs remain high for foreign artists to come to China, and numerous uncertainties still linger for on-site performance. As of November 2021, performances of foreign artists coming from abroad to China stayed in limbo.

5.1.3 Widespread Closures of Livehouse Venues in 2020

According to statistics from the Daolue Performing Arts Research Institute, there were nearly 500 livehouse venues across China in 2019, of which 73.5% are small or medium-sized locales, which contributed 82.6% of the nationwide total of livehouse box office revenue. By rough approximation, the bulk of the livehouse market income were derived from a group of around 367 such small or medium-sized venues. A period after the May 1 Labour Day in 2020 saw a wave of widespread livehouse venue closures including some well-established names such as Beijing quadrangle courtyard venue DDC, the more-than-decade-old Tu in Guangzhou, the Shekou branch of Hong Tang Guan (Jar Space) of Shenzhen and HopeLive in Nanning.

Even in Shanghai, a hub for electronic music, a number of electronic music clubs closed their doors. On March 25, Ballers, situated on Julu Road at the heart of Shanghai, announced a farewell party to be hosted on the weekends. Just days later on the March 29, Fallout, which opened just about a year prior, also revealed that the nightclub would be shuttering for good. In May, peeps partied one last time at Arkham on May 16, a Shanghai institution renowned for its hip hop, electronic music and frequent foreign artist performance.

On April 9, underground electronic music hub Zhaodai, in capital Beijing, publicly cried out for help. On April 30, Shanghai’s All Club, previously the underground electronic music club The Shelter, also issued a statement that it would be forced to close if a sum of RMB300,000 is not raised by the end of May. With its back against the wall, All Club unveiled merchandises and other crowd-funding schemes.

The band Shanghai Qiutian wrote on Weibo to call upon musicians and labels to contribute their works to help the live performance industry survive. They set up the "This is Why We Make Music" sales and auction project on Weibo and WeiDian(online store service by WeChat), where fans may purchase albums and merchandises from musicians, and all proceeds will be doled out to independent music venues, sponsors and labels that need the assistance and have not received any funding from investment institutions. At present, about 73 artists, bands and record companies have participated in this "charity auction" as benefactors, including post-rock band Wang Wen, P.K.14, Elephant Gymnastics, Sparrow, and record labels Maybe Mars and SJ Records, among others. Meanwhile, beneficiaries thus far are eight livehouse venues in Shanghai, Beijing, Changchun, Shenyang and Fenghuang. Apart from donating records and music merchandises, Handshake Records also decided to donate 5% of the in-stream reward income to be generated on May 4 to support this campaign. On April 27, the "Handshake Records on ShowStart" commenced its first crowd-funding live streaming session to explore new ways to monetize online, which reached its objective of RMB40,000 within just a few hours after launch.

5.2 Impacts on Online Music

5.2.1 Surge in Online Music Live Stream

Chinese online concert viewer population already shot past 80 million during the first half of 2020.

The sudden onset of the pandemic slammed the physical part of the industry, but at the same time stimulated the live stream ecosystem on online music platforms. Concepts like "cloud live stream", "cloud clubbing" and "cloud livehouse" surfaced, and iiMedia Research data indicate that the Chinese online concert viewer population already shot past 80 million during the first half of 2020. iiMedia Research analysts are of the opinion that the halt in the physical live concert market further spurred demands for online entertainment among the masses. At the same time, the various platforms have actively engaged in the online performance market. With crowds drawn by celebrities and the multi-channel promotion undertaken by platforms, growth in the online music performance market switched into the fast lane.

NetEase Music rolled out a litany of online concert brands such as the Bedroom Music Festival, Indie Live and “Light Up Live” this year to explore different models surrounding free and paid audios and videos. Tencent Music also established its TME Live department in March, and already showcased performances from the likes of Eason Chan, Mayday, R1Se, Rainie Yang, Wu Bai, Rene Liu Jo-ying, Tia Ray (Yuan Yawei) and Kana Hanazawa. In addition, DOULive from TikTok (Douyin), Migu Music Online Concert, “I'm Fine” campaign from Kwai and similar efforts on the website Bilibili are all involved in online music live stream. Statistics indicate that the tally of participants in “cloud clubbing” and Bedroom Music Festival on NetEase Music’s Look live stream platform average of more than 100,000 person-times daily.

2020 Chinese Online Music Performance Industry Chart

In early February record label Modern Sky launched a bevy of online live stream programs like the “Home Strawberry” campaign, “Karaoke I'm OK”, “Mini Strawberry on Cloud”, “Modern, Sold Out!” and others, with some having already reached commercialization. On June 13, Modern Sky joined hands with JD Live of e-commerce behemoth JD.com, bringing online the 11 year-old Strawberry Festival, which was attended by more than 5.2 million viewers. Modern Sky also teamed up with video sharing website Bilibili for its “Home Strawberry” live stream campaign. Some feats include a single-day viewership of 490,000 online viewers, nearly 100,000 “bullet curtain” comments for a single day, and a cumulative total of more than one million person/times in viewership. As per incomplete statistics, numerous music management companies such as Midi, Street Voice, Taihe, Rock Records & Tapes and Ruby Eyes Record have all ventured into the online live streaming sphere. On February 8, the Shanghai bar Taxx pioneered the “cloud clubbing” method through the TikTok app. According to official figures, during the four hours of “cloud clubbing” on that day, at its peak 71,000 “clubbers” were simultaneously tuned in, and total income generated from in-app rewards from users equated to more than RMB700,000.

In terms of consumer groups, online concerts trend better among the “post-90s” and “post-00s” users, with the latter forming the bulk of consumers, and male users account for over 58% of total. Data from iiMedia Research shows that among the Chinese online concert users in 2020, male users occupy more than 60% of total. In the digital music user group, the TGI score of “post-00s" online concert viewers was 109.7, meaning that the new entertainment method of online concert is more favored by “post-00s" users. Also worth mentioning is the prominent socializing attribute, as over 60% users are more willing to watch a performance with friends.

The five major music platforms of China jointly initiated the charitable online campaign “Believe in The Future”. It was headed by industry veteran Gao Xiaosong as lead planner and featured performances from more than 130 artists and bands. TME Live, under powerhouse Tencent Music Entertainment Group, saw participation from Rene Liu Jo-ying, Wayne Lim Junjie (JJ Lin), Tia Ray (Yuan Yawei), Mayday and many other top-notch musicians. In particular, the May 31, 2020 concert of Mayday attracted over 35 million online viewers and received emphatic praises. Apart from free concerts, there have also been some forays into the paid mode that charges a small fee, and some examples include NetEase Music’s “Light Up Live”, iQiyi’s “Live Plan”, Modern Sky’s “strawberry Nebula”, Damai and Youku’s "Parallel Damai Live”, among other attempts in paid online music live streaming. On June 6, 2020 the online concert of Lala Hsu received an exclusive sponsorship from audio equipment maker Bose, which was the first commercialization exploration undertaken by TME Live.

Foreign artists have performed numerous times on platforms such as NetEase Cloud Music, TME Live and Bilibili. Most of these online performances were exclusive to the featured artist, and were mainly realized by the three major record labels, independent record labels, the performing artist's Chinese agent or China's performance operators. For instance, Songy Music's live performance company Stagecrowd partnered with video website Bilibili to host online performance live streams for popular musicians and icon groups such as King Gnu, millennium parade, YOASOBI, and Nogizaka46. Chinese promoter of overseas musicians Splitworks, post-rock bands-focused Newnoise and other organizations promoted online performance live streams of numerous bands and musicians they operate. Some of the smaller musician agencies and management firms in China also relied on live streaming to market their musicians .

At present, online music live streaming has entered a “Trial operation” period centered on the paid mode and supported by the free mode. As the various platforms gradually employ the free model to attract and maintain their fans, they also need to experiment with revenue models that are sustainable in order to truly “industrialize” the online concert model. The “paid concert + audience reward” is the common revenue model for platforms right now, the structure is rather unsophisticated and user acceptance rate has room for improvement. Following maturity and innovations in performing modes, it is likely that the quality of online concerts will continue to enhance, which would enable platforms to realize more diversified revenue model.

In 2020, the global pandemic became a development opportunity for online performance. However, as the widespread vaccine rollout continues, the on-site performance market gradually restores. At present, technical shortcomings can't yet help people realize this dream, and in 2021 the online performance market quickly pulled back. According to the Music 360 report released by MRC Data last month, only 5% of the survey subjects participated in an online concert last year, and only 5% plan to attend an online concert next year. The two main reasons for this lack of participation in online concerts are: 1. Chose other forms of entertainment instead, and 2. unwillingness to pay for an online concert. (In the 2020 report meanwhile, for the entire year 35% to 40% of survey responders indicated the possibility of attending an online concert in the upcoming two weeks.) Due to the relatively speedy and sound recovery of the on-site performance market in China, the lackluster performance in online performance became even more marked. Take NetEase Cloud Music for example, it hosted quite a number of "Light Up the Stage" paid live streams in 2020, but "Light Up the Stage" was no longer active in 2021.

5.2.2 Changes in Quantity of Music Published and Musicians Registered on Platforms

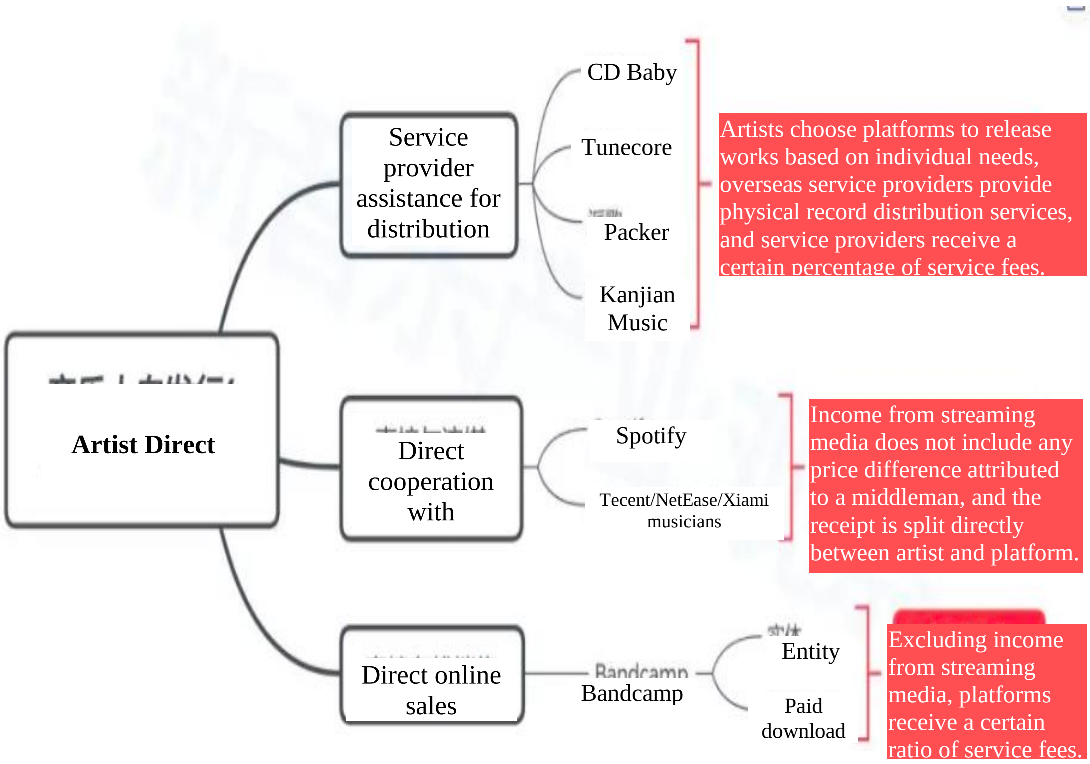
What the internet does not do is draw new competitors into an old, existing ecosystem, and what it does is to create a brand new ecosystem. Under the impacts of the COVID-19 pandemic, digital music platforms have quickened their pace in creating new ecosystems. Digital album sales and paid subscription became the predominant methods of music consumption. Since digital music platforms now function as the primary engine driving the music industry forward, digital album publication is ushering in its “highlight moment”. The 2019 Digital Music Report of China shows that total sales volume of digital albums in 2019 soared by 154% relative to 2018 and set a new record. In 2020, a total of 18 digital albums (including singles and EPs) on all platforms in China broke the ten million-yuan mark in total sales. These came from artists such as Xiao Zhan, Zhang Yixing, Wang Yibo, Hua Chenyu, Lu Han, Zhang Yunlei and other stars that already possessed a massive fan base. The so-called "music prosperity" is really just a carnival for a few.

Data provided by TME shows that between January and June, 2020, the company’s total album sales volume already exceeded RMB310 million. Digital albums (and songs) are demonstrating more and more commercial value as time progresses. Take for example the debut of Jay Chow’s new song “Mojito" on the evening of June 12. It was so sought-after that there were momentary “Traffic jams” on the QQ Music, KuGou and Kuwo Music platforms. As of 6 p.m. of June 29, 2020, the album for “Mojito” sold 6.3 million copies on TME’s platforms. Calculated based on the unit price of three yuan per copy, this one album already created RMB18.91 million in sales revenue.

In the past few years, changes in recognition and attitude towards paid subscription among users are propelling digital albums into an unprecedented era of success, but at the same time, other problems have also surfaced. Top-tier artist Cai Xukun, who hadn't yet released the entirety of an album and had only five singles online, already amassed a cumulative total of more than three million copies in sales for the new album "Mystery" after launching on QQ Music for merely four months. As of September 3rd, 2021, said album already surpassed RMB 80 million in total sales, and ranks as daily, weekly, monthly and total sales champion on QQ Music, with figures far exceeding the performance of albums of well-established household names such as JJ Lin, Jolin Tsai and Li Yuchun. The reasoning behind this sales phenomenon has been questioned. The oversized sales of digital albums are frequently attributed to excessive marketing and faked purchases. On August 25th, the Cyberspace Administration of China published the *Notification about Further Strengthening the Regulation of Fan Behaviors*, which stipulates canceling any celebrity and artist rankings, placing stringent restrictions on participation by non-adults, standardizing solicited fund-raising and other areas. Soon after said notice was issued, QQ Music imposed purchase limits on digital albums, namely a user can't repurchase an album he or she has purchased before, and canceled non-product-related rankings involving celebrities and artists like popularity ranking, top music ranking and other such types of ranking. NetEase Cloud Music also publicly announced its intention to strictly follow policies and requirements, and in recent days, the platform took steps related to restricting repeated purchases of digital albums.

Data shows that original music creation in China has achieved significant development in recent years, and has gradually ascended to a position of influence on par with that of commercial mainstream music. The prospectus of NetEase Cloud Music indicates that as of the first quarter of 2021, there were more than 260,000 independent musicians on the NetEase Cloud Music platform, a figure that continues to rank first in the industry. According to a report by CIC, there are about 400,000 independent musicians on China's online music platforms, and the number is anticipated to reach the ballpark of 800,000 by 2025. Frequent emergence of explosively popular original songs, a large number of niche music reaching stardom. 2020 saw nearly a million original works, total playbacks of original works surpassed 300 billion times, and musicians that came onboard with platforms four years ago achieved an average growth of 1800% in the fan base. The music market is blooming, and diversification is increasingly obvious. In the first ten months of 2020, artists in the "Cloud Program" of NetEase Cloud Music's aid program alone obtained more than RMB 100 million in assistance. 2020 imparted a significant short-term impact on the income of musicians, and more than 3/4 of surveyed musicians replied that income had been affected. Musicians have learned to embrace the live stream, which directly drove the uptrend in online music performance this year. These changes in the dissemination of music works and influences on musician revenue stream may be here to stay for the long-term.

With regard to the needs of independent musicians, the independent publishing market is currently structured around a three-pronged model, comprised of service provider-assisted publishing, direct cooperation with music streaming media platforms and direct online sales. Although the independent publishing market still seem nascent at the present stage, it has addressed some of the demands of indie musicians, and functions as a beneficial supplement to the traditional music consumption model. For independent musicians, the continual maturity of the independent publishing market, and the establishment of a diversified and multi-level musician service system are favorable to bridging the present gap between musician demand and service supply.



Let's take a look at some data from the 2020 Q1 and Q2 Digital Music Report of China released by TME's Uni Chart. The online music market in the first quarter of 2020 lacked the highly entertaining hits common for this part of the year, but the pandemic actually fueled the desire for many musicians to express themselves. For 2020 Q1, a total of 447 songs made it onto the Uni Chart, quite an improvement compared to the 381 songs charted during 2019 Q1. This speaks for the fact that even though the novel coronavirus outbreak might have had an impact in some regard, but in reality musicians were still active, and the Chinese music market did not grind to a halt because of COVID-19.From a macro point of view, the overall content creation volume in the music industry improved as a whole in 2020, and the number of new songs grew exponentially. There were some 748,000 new Chinese songs in 2020, a year-on-year surge of 216% compared with 2019, and even surpassing the three-year cumulative total in the 2017-2019 period. Behind the increase in new songs is a YoY increase of 82% in the number of Chinese singers that issued new works in 2020, which totaled 133,000 artists. Newcomers are rushing into the industry, injecting new blood that boosts market robustness.

The report for 2020 Q2 indicates that the count of popular hits rose markedly during the second quarter, and songs listed on the Uni Chart with a score above 90 increased to 10%, a jump of 7% relative to the previous three months. Moreover, quarter-over-quarter comparisons reveal that 2020 Q2 produced the greatest number of hits since 2019 Q1. A telltale sign: The song “Coffee (LH x KW)”, one of the top ten songs of 2020 in terms of overall score, had a Uni Chart score of 96.79, which is even higher than the combined score of the top five songs between 2019 Q1 and 2020 Q1.

Worth noting is that as indie music continues to permeate into the mainstream market in recent years, independent music too has been included in many original sound tracks due to the diversified development in film and television production. During Q2 of 2020, a multitude of films and television series such as *Candle in the Tomb: The Lost Caverns* and *The Bad Kids* decided to team up with indie musicians for their OST, which roused quite some interest in the artists involved. Take for example the popular streaming television series *The Bad Kids*. Just after three days of premiering on the web, playbacks for both the show’s OST and music of partner indie musicians grew significantly. Specifically, playback for the song “Little White Boat” increased at the greatest pace, while “Hesitation” by the band Muma had the largest growth percentage wise, notching an incredible 365%.

In terms of commercial music cooperation, it has become more commonplace for commercial brands to work with independent musicians. For Q2 2020 world-famous brands like IKEA and Sprite, along with some games, collaborated with bands such as New Pants and Black Panther for promo music. The momentum of partnerships between indie music and the film and television sector and commercial sector clearly picked up after bands from variety programs like *The Big Band* “expanded outside the circle” into the mainstream. Riding on this prolific tailwind, independent music has formed positive cycles respectively in the two aforesaid sectors, and will forge its way toward mainstream to obtain more market development space in the future.

Chapter VI Operation Improvement Suggestions

6.1 Music Culture Promotion Principles

In light of the analysis presented in the previous sections, and given the features of the different consumer groups, we suggest that under the current environment French music promotional efforts should reference the following four principles.

6.1.1 Principle I: Integrate French music as an integral part of French culture as a holistic entirety instead of promoting French music independently, and strive to design and execute large-scale general culture and arts program

Survey questionnaires reveal that more than 90% of Chinese consumers harbor potential interest in French culture, and some labels associated with “French culture” are “romantic”, “elegant”, “high- quality” and “avant-garde”. However, these perceptions are rather ambiguous. In their mind, “French culture” is an amalgamation of art, film, television, music, fashion and other elements, lacking any in-depth comprehension about specific content or important artists/individuals.

The Chinese music market is relatively young and remained rather isolated from the rest of the world for an extensive period. In addition, the cultural and linguistic barriers in French music further worsen the ambiguity in the mind of Chinese consumers. Even among hard core music listeners (5% of total music audience or less), the depth and breadth of their knowledge about the music of France stops at Daft Punk.

This means that in the design process for future day-to-day operation or key projects, if the goal is to gain more interest and attention from passive music consumers and explorative music consumers, then the approach should focus on the transmission of “French culture” and “French music with clear French cultural characteristics”, as in underlining the French culture as a whole in the design concept. It would be quite challenging for a specific musician or artist to use his or her limited reputation to win the attention of users, which is why they should not be the focal point in promo efforts.

Naturally, the larger the project, the better the dissemination and exposure. The “large” here refers to: Project duration (i.e. week-long program instead of one day or one evening), the scope of content associated with or produced by the project (i.e. simultaneous use of dance, design, film, television and music) and the media involved in the project (i.e. synchronous online live stream and on-site physical event). A larger project has better chances of striking synergy with local platforms and user scenarios, which would be favorable to grabbing the attention of more French cultural enthusiasts.

6.1.2 Principle II: Make use of mainstream digital entertainment platforms and take advantage of local music ecosystem for dissemination

Case studies of the most popular musicians in China today indicate that even for musicians that perform English songs (all students in China's nine-year compulsory education are required to learn English, and it is estimated that there are 50 million Chinese who can communicate fluently in English), it is still mandatory for musicians and their works to sufficiently assimilate into the Chinese cultural context in order to better the chances of achieving success in the market of China.

The clout of mainstream digital entertainment platforms (streaming media music platforms, video platforms, short-form video platforms, etc.) is undeniable. They are particularly influential among the passive music consumers, which constitute the bulk of all music consumers, and their support would amplify promotional efforts. "Local music environment" also includes entertainment and music consumption scenarios native to the Chinese market, including any unique music trends, popular variety programs, and reputable and reliable labels and sponsors. Cooperation with these entities and brands would be akin to acquiring "certificate of authenticity" issued from authority trusted by local fans. Such partnerships are contributory to gaining the interest and approval of the entire market.

6.1.3 Principle III: Identity points of common interest with local culture and overcome the language barrier

Combining with the previous principle, promoting through mainstream digital entertainment platforms is obviously an effective method. However, in the face of fierce competition, it is necessary to grasp the logic behind platform selection, and make informed and smart choices: The basic premise is to determine whether a platform's users are interested in the content, and whether the content can bring more user consumption, traffic and attention to the platform. Only when the cooperation is beneficial to a platform, would the platform commit with zeal and allocate its best resources.

Chinese consumers today have a higher degree of interest in local cultures that are more closely in tune with one’s emotions and outlooks, such as idols that sing Chinese songs, local rock bands and local rappers, homemade variety programs, films and television series, and Chinese “wanghong” (online influencers and KOLs). Therefore, when promoting French culture and French music, it would be advisable to try not to go solo. Instead, teaming up with local creators and incorporating local contents will be helpful to arousing interest among Chinese consumers. In addition, cross-border or cross-industry collaborations themselves are more novel and eye-catching, which are key aspects that the media is concerned with.

There is a hidden advantage for building partnerships: Cooperation with musicians or artists recognized by Chinese consumers can help sidestep the language barrier, which would ameliorate bias or dismissal arising from cultural differences among those who do not understand the French language.

6.1.4 Principle four: Multichannel, localized management, production of compliant media contents, accumulation of one's own brand and value.

The present music market has ushered in a stage of intense promotion, and there is so much noise out there even the most outstanding music might not be able to stand out. Therefore, it would be advisable to lean on mainstream social media networks, establish a diverse array of promotion and publishing channels, work with local operating firms to take advantage of localized operation methods, identify hot topics among youngsters today and seek out potential audiences. Also, operate regularly to make contact with the breadth, depth and frequency of French music.

Consistency in day-to-day operation is also crucial. Manage self-media and social media accounts in a consistent manner, and provide organizations with the opportunities and content to continuously disseminate French culture, trends and ideologies. Such consistency can maintain interest among hard core music consumers or KOLs, in turn leading to deeper and broader cultural dissemination. Through the provision of thought-provoking, interesting and captivating content, directly preserve information of people with potential interest within self-media, which could produce long-term value for organizations.

6.1.4 Principle five: Support local and commercialized agent operating companies and establish the character of French music.

At present, many Chinese record labels provide agenting and performance services for overseas musicians. In recent years, record labels exclusively dedicated to managing

Japanese musicians have emerged because it is relatively cheaper for Japanese musicians to come to perform in China, and they have built a fairly sizable audience. Two examples are Luuvlabel and BYNOW MUSIC, and post-rock record label Newnoise also manages numerous Japanese bands. At the same time, these records team up with Japanese music-centric independent media such as SUBJPOP, Non-RockRadio and J Rock 30s to create a steady communication chain that has effectively shaped the overall philosophy and tone of Japanese indie music. Therefore, one approach would be to consolidate French musicians and French music features, transfer such combinations to commercialized firms for management, and rely on thematic sharing to outline the overall contour of French music and form characteristics unique to French music.

6.2 Suggestions for Different Types of Operations

6.2.1 Suggestions for Cooperation with Music Media and Platforms

The previous sections have already demonstrated the importance of music streaming media platforms (TME and NetEase Music). To foster cooperation with streaming media platform giants, it is necessary to first devise value proposition in line with their interest, and only when the project and the platform's interest are aligned would platforms be willing to allocate more resources or even funding to promote the project.

During the many liaisons between our organization and streaming media platforms, the core focal points are:

- Substantial amount of positive media exposure and more user interest: Streaming media platforms are eager to uplift their status in the eyes of mass consumers so as to continually attract new user. That is why they have a constant thirst for positive exposure.

- Acquirement of exclusive and high-quality copyrights: The two major streaming media platforms in China (TME and NetEase Music) are always locking horns, and one of the main battlefields is the exclusivity of resources in their respective music libraries.

- Elevation of platform reputation in industry: In order to obtain copyrights more directly, the streaming media platforms hope to raise their standing among musicians, so as to increase the number of independent musicians that would establish a presence on their platforms.

- Improvement in platform's international image - As the Chinese government continue to advocate its "cultural export" strategy in recent years, the major streaming media platforms are eager to become recognized for assisting "Chinese-foreign culture exchanges" and "cultural export".

The best way to obtain the support of music streaming media platforms is to address their aforementioned needs. Thus, an attractive French music cooperation project ought to satisfy the following conditions:

- Large-scale project with unique highlights that can bring massive media exposure for platform;

- Capacity for producing high-quality music copyrights (both videos and audios) and contents that can become the platform's exclusive resource;

- Promote French musicians whilst simultaneously fostering cooperation with Chinese musicians, so as to offer Chinese musicians on the platform more chances of self-improvement and media exposure (this is particularly valued by TME);

- Benefit for platform with regard to diplomacy in a way that can be genuinely regarded as "Chinese-French exchange".

In the past few years, Tencent Music Entertainment Group (TME) has already accrued plenty of experience in cultural interaction and content collaboration with overseas entities.

Execution of the "Nordic Echo" project is a solid reference:

https://y.QQ.com/n/yQQ/album/003ntFxI25YnRn.html

This project, consisting of songs by well-known Danish musician Sebastian interpreted, translated and reiterated by ten renowned Chinese folk singers, was recorded and produced under the concerted of the Chinese and Danish teams, and specially promoted on TME's platform QQ Music. A small cocktail party was even hosted at the Embassy of Denmark in Beijing to celebrate its release. At the same time, VisitDenmark, the official tourism organization of the Nordic nation, invited one of China's foremost folk musicians Cheng Bi to travel around Denmark to learn more about local customs. The whole journey was shot as a documentary, and would be put to use in future Danish cultural promotion.

6.2.2 Suggestions for Cooperation with Short-form Video and Other Video Platforms

In the past three years, short- and medium-form video platforms in China have experienced leapfrog development. As of June 2021, there were 888 million short-form video watchers, and the database of authoritative data company QuestMobile indicates that in June, 2021, Chinese mobile internet users spent a total of 365.45 billion minutes on the internet each day on average, with short-form videos taking up 88.84 billion minutes, or roughly equal to 24%. Thus, it can be seen that short-form video has emerged as one of the staples in how the Chinese people spend time on the internet, and can garner bigger traction than the sum of traditional online entertainment methods including online gaming, music, long-form videos and online reading. In 2020, Douyin (TikTok) had 600 million daily active users. Mid-form video platform Bilibili had 53 million daily active users as of the second quarter of 2021, positioning it as the number three long-form video platform in the country. Worth mentioning is that the average user age is merely 21 years old.

Our judgment is that medium- and short-form video platforms are more suitable for the propagation of French music in China than general video platforms because of the following reasons:

1. Users have different expectations for content: Users utilize traditional video platforms (iQiyi, Youku, Tencent Video) to watch movies, television shows and variety programs, while medium- and short-form video platforms are more known for novel, interesting and young contents, thus the latter group is more suited for penetration into the Generation Z circle.

2. Music-themed contents are not very suitable for long videos: Contents like music videos and musician interviews are relatively short in most cases, and for French musicians that are not that famous in China, full-length documentaries are not very compelling to Chinese viewers.

3. Medium- and short-form video platforms are currently endeavoring to attract high-quality content producers to partake in their live stream projects, and resources like viewer traffic are offered rather generously. By designing projects that might interest a larger audience, French culture has a good chance of swiftly accumulating a huge fan base on these medium- and short-form video platforms.

Taking into account the overall capability and general characteristic of possible platforms, the most viable options are TikTok for short-form videos and Bilibili medium-length videos. It is also suggested to consider: 1) large-scale and comprehensive live stream projects; and 2) sustained output of short but interesting video contents.

Suggestion 1: TikTok - Fête de la Musique 24-hours live stream;

Suggestion 2: Bilibili - Journey of music for study abroad student in France vlog series.

6.2.3 Live Performances

Based on the experience of our organization, the live event market of China is characterized by the following features:

The user base for live performance is still limited, and there is already internal competition between the major epicenters. In the past few years, a plethora of livehouse venues have popped up in many cities by virtue of preferential policy support. For instance, Chengdu now has more than ten busy venues compared to just two places five years ago. However, the size of the user base did not grow in tandem, which is why if there were more than three to four shows on a given evening, it would be likely that everyone’s box office would struggle.

The clout and fan loyalty of local bands are consistently on the rise, and only by catering to the aesthetics and interests of Chinese fans could a foreign band succeed in grabbing market share. As Chinese variety programs focusing on independent music increase in popularity (*The Rap of China*, *The Big Band*, *CZR - I'm Singer-Songwriter*, *The Coming One: SUPER BAND*, etc.), the quality and fan loyalty of local indie musicians have improved. Ten years ago, any foreign band or artist could easily win over Chinese consumers with novelty and quality advantage, but that is no longer the case today because competition has become much tougher.

Incongruence between market-driven ticket pricing and expectation of foreign musician. One issue that many Chinese promoterss have to hash out is that foreign musicians expect the same quote in China as they are accustomed to in markets of the west. However, since many foreign artists are not as well-known in China, it might be difficult for the promoter to draw enough audience and generate enough ticket revenue to cover the travel expenses and appearance fees of the performing artist, which is naturally a deal-breaker.

The above explanations justify the fact that competition in the Chinese live event market is cutthroat, even for foreign artists and groups. If the desire is to obtain a foothold in the Chinese live concert market, first and foremost an overseas musician has to stay open-minded and learn to adapt to some of the behaviors and customs of the Chinese market. For instance, before reputation expands to a certain level amongst local fans, tolerate a small drop in performance fees.

From the point of view of organizations, in order to raise the exposure and attractiveness of the concert itself, the “cooperation” pathway might be worthy of earnest consideration: Actively seek tie-ups with local Chinese music festivals and event promoterss, and offer some subsidies or sponsorship for performances at opportune times.

Suggestion 1: French stage at the Strawberry Music Festival: Sponsor a stage at large-scale music festivals, so as to make use of the colossal media resources of such festivals to lift promotion efficiency.

Suggestion 2: Aranya Music Festival: Focus design efforts on music projects that could be incorporated into Chinese communities and real estates noted for their cultural attributes, so as to expand reaches beyond music fans.

6.2.4 Pan-Social Media Operation

Vital to organization is the intentional accumulation of a group of core users/audiences, and continual information transmission and sustainable expansion of sphere of influence through them. With this regard, the most effective method is social media.

Here we employ the term “pan-social media” because apart from WeChat and Weibo, the most conventional and frequently-used social media platforms among

Chinese consumers, it is also necessary to include QQ Music and NetEase Music for three reasons:

First, they contain a certain degree of social networking functionality. Organizations could register accounts to issue news, recommend songs and suggest playlists to accrue followers;

Second, users on these two platforms are generally more tolerant of foreign music and more interested in discovering new contents, including higher degree of acceptance of the music of France;

Third, these platforms are inhabited by tens of thousands of music pundits and playlist creation experts, and their user ecosystems are quite fleshed out.

In summary, we are of the opinion that if an organization decides to devote more energy and resources to social media operation, then managing music streaming media platforms would be an excellent supplement. The crux of the matter is the formulation of a smart and solid mixture of contents: Pictures, texts and simple audio contents on WeChat and Weibo, along with more in-depth music-oriented contents such as song recommendations and thematic playlists on QQ Music and Netease Music.

Suggestion 1: WeChat and Weibo - Recommend a new French song or French musician every week, and foster frequent interactions with music media KOLs.

Suggestion 2: QQ Music and NetEase Music - Unveil a new French language playlist every two weeks and apply for official platform promotion.