

# **China's Music Industries: Evolution, Development and Convergence**

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## **Abstract**

The music industries have gradually been given consideration within the fields of media and communication, economics and management, creative industries, musicology and popular music studies, both in China and the West in recent years. Music, as a representative and significant sub-industry of the creative industries, evolved and integrated over a long period in China. Through the process of evolution and integration, factors of macro-influence, such as culture, the economy and politics, as well as industries, such as culture, media and information communication technology, greatly influenced and facilitated China's music industries.

This thesis will reveal the process, characteristics and dynamics of the evolution and development of China<sup>1</sup>'s music industries. Therefore, the following two perspectives are the focus of this thesis. Firstly, the thesis focuses on the evolution and development of three major music sectors - live music performance, physical recorded music and digital music mainly during the modern and contemporary periods, referred to in this thesis as the 20<sup>th</sup> century and the early 21<sup>st</sup> century.

Moreover, this thesis focuses on the influence of convergence and Chinese politics on the evolution and development of China's music industries. Convergence, as a developmental dynamic, stimulated China's music industry system, transforming it from a simple to a complex system; meanwhile, it also influenced the three major music sectors to successively generate and develop during different periods. Chinese politics, as an essential factor, greatly influenced the cultural and economic

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<sup>1</sup> Both China and the Chinese refer in this thesis to mainland China and do not include Taiwan, Hong Kong and Macau.

foundation of China's music industries and was key to the evolution of China's music industries.

Thus this thesis addresses the key research question: *'How have China's music industries developed?'* It will also investigate the following sub-questions: *'How did convergence and Chinese politics (including Chinese governments) influence the evolution and development of China's music industries?'* This thesis argues that China's music industries are unique and therefore the following question is also explored: *What are the major differences between China's music industries and Western music industries?*

Understanding the evolution and convergence of China's music industries involves addressing macro issues, and therefore several research approaches are required. This thesis will primarily adopt a qualitative methodology, while also utilising a quantitative methodology to a lesser extent. Historical research and method is the primary concern of this thesis. Literature analysis and review is the main method used in the historical research approach; the literature analysis and review undertaken in this thesis primarily involves academic monographs and articles, as well as general articles from the Internet and newspapers. Other significant approaches embrace quantitative analysis, case studies, qualitative interviews and comparative analysis used to complement any deficiency in existing material and to support the viewpoints of this thesis.

This thesis is significant because of the following aspects. Firstly, its findings will be of value for the development of strategic thinking with regard to music industry activities for current and future music business operators both in China and the West.

Secondly, some points in this thesis may also guide and assist cultural and industrial policy-makers of the present Chinese government, as well as those of Western governments, to update and/or make relevant cultural and music industry policies, based on this information concerning the evolution of China's music industries. Thirdly, this thesis attempts to provide a theoretical foundation for academic research and education related to China's music industries.

## **Declaration**

I certify that this thesis entitled ‘China’s Music Industries: Evolution, Development and Convergence’ has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree to any university or institution other than Macquarie University.

I also certify that the thesis herein is my own research except where acknowledged. Any help and assistance that I have received in research and preparation of the thesis itself have been appropriately acknowledged.

In addition, I certify that all information sources and literature used are indicated in the thesis. The research presented in this thesis was approved by Macquarie University Ethics Review Committee, Reference Number: 5201001357.

Fangjun Li (Student No: 41540409)  
August, 2014

## Publications

The following publications have resulted from this research:

- Li, F 2010, 'A study of the research activity of China's music industry since the reform and opening-up and some other related issues', *Huangzhong: Journal of the Wuhan Conservatory of Music*, vol. 3, pp.12-23.
- Li, F 2011, 'The development of China's music industry during the first half of the 20th century', *Journal of NEO*, vol. 1,  
<[http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)>
- Li, F and Morrow G 2012, 'Strategic leadership in China's music industry: a case study of the Shanghai Audio-Visual Press', in J. Caust (ed.), *Arts Leadership: International Case Studies*, Tilde University Press, Melbourne.
- Li, F 2012, 'Music industry research in China (1978-the present)', *Huangzhong: Journal of the Wuhan Conservatory of Music*, vol. 2, pp.147-158.
- Li, F 2013, 'The influence of industrial convergence on China's music industry', *Journal of Macau Polytechnic Institute*, vol.4, pp.147-154.
- Li, F 2013, 'The development of China's digital music industry during the first decade of the 21<sup>st</sup> century with particular regard to industrial convergence', *International Journal of Music Business Research* on April 1, pp.63-86.



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## **Chapter 1**

### **Introduction**

In most countries, in both the industrialised and developing worlds, music is one of the most significant creative sectors whether it be assessed in economic or artistic terms (Throsby 2002, p. 2). In contemporary China, music, as part of the creative industries, has greatly developed and is now heavily integrated not only with the creative and information technology industries, but also with Chinese politics. China's music industries have developed in ways that have not been based on intellectual property, in particular copyright laws (mainly including music copyright law). In addition, Chinese politics have greatly influenced the music industries in this territory. Thus the music industries in China are atypical in a global context and are therefore a significant area for study.

There are a number of special characteristics that informed the evolution of China's music industries and which make them different to Western music industries. The major characteristics of China's music industries are as follows: intellectual property and copyright laws have played a lesser role in the generation of the exchange value required to generate a royalty revenue stream (such as the fact that it 'skipped' copyright law), Chinese politics and Chinese governments (such as intense government involvement<sup>1</sup>) have greatly impacted the industries, and there have been unique instances of convergence (such as cultural, music-politics related and economic convergence), as well as the generation of unique cultural, political and

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<sup>1</sup> Government involvement, as referred to in this thesis, involves strong political undertones, market control and government direct participation.

economic systems (such as China's mixed economic system<sup>2</sup>). This thesis will examine these characteristics and it will indicate the differences between Chinese and Western music industries.

This thesis analyses the major differences outlined above by examining the process and dynamics of the evolution and development of China's music industries. Therefore this thesis will address this key question: *'How have China's music industries evolved?'* It also investigates the following related questions: *'How did convergence, and in particular industrial convergence, as well as Chinese politics, influence the evolution and development of China's music industries? What are the major differences between the Chinese and the Western music industries?'*

Three major issues in relation to the evolution of China's music industries form the focus of this thesis: a) the *transformation* of major music sectors, such as live music performance, physical recorded music and digital music; b) convergence, such as the convergence between the music industries and the Chinese politics, and in particular, industrial and media convergences between the music industries and the media, telecommunication and computing information industries; and c) the influence of Chinese politics, including the Chinese government, on the evolution of China's music industries.

In this thesis, 'China' refers to mainland China and does not include Hong Kong, Macau or Taiwan. 'Evolution' and 'development' refer in this thesis to: a) the historical evolution of China's music industries, b) the current and future development

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<sup>2</sup> This mixed economic system involves the 'public and private' which are also called the 'profit and non-profit' sectors as well as 'planned economy and market economy'.

of China's music industries, and c) the developmental dynamism associated with the evolution of China's music industries. 'Convergence' refers in this thesis to not only an outside actor/force but also to an inside one. The influence of the creative and information technology industries is an outside actor/force, while the influence between different music industries is an inside actor/force. The former is referred to as 'external convergence' while the latter is labeled 'internal convergence' in this thesis.

The music industries manifest 'industrialised' and/or 'technologised' characteristics, thus this thesis focuses on the evolution and development of China's music industries during the 20<sup>th</sup> and the first decade of the 21<sup>st</sup> centuries. In examining the entire path of the evolution and development of the music industries, the ancient period of the live music performance industry, which ranges from its genesis about 4000 years ago to the late 19<sup>th</sup> century, is also considered. Another reason for briefly examining this ancient music industry is because the evolution and development of China's music industries during the contemporary period is based on this previous development.

China's music industries involved industrial convergence, cultural convergence, media convergence and political convergence in the process of evolution and development, thus China's music industries have cultural, economic and political characteristics. The for-profit/commercial (mainly including physical recorded music and digital music) and the not-for-profit/non-commercial (mainly including live music performance), as two larger music sectors, can be thought of as the result of these convergences. Although these two sectors independently developed characteristics in their evolution and development, they were often mutually integrated and they facilitated the evolution and development of the entire system and structures of

China's music industries. This thesis primarily focuses on the for-profit music sector, while also considering the not-for-profit music sector to a lesser extent.

The thesis proposes a second major argument associated with the evolution and development of China's music industries. On a superficial level, the process of the evolution of the music industries in China from live music performance to physical recorded music, and finally to digital music, is similar to that of the Western music industries. However, there are substantial distinctions between them due to the differences in the relative political, economic and cultural systems. Thus this thesis examines this evolutionary and developmental process of China's music industries while also analysing the influence of the political, economic and cultural factors/contexts on the evolution and development of the music industries in this territory.

The second argument in the thesis is that both convergence, in particular industrial convergence, and Chinese politics, played essential roles in the evolution and development of China's music industries. Informed by Jenkins's convergence culture (2006), this thesis describes some of the ways in which media convergence is reshaping China's music industries and, in particular, the ways it is impacting the relationship between the music industries and the media, culture, computing technology and telecommunication industries. Both convergence and Chinese politics are two essential factors and thus they are thought of as the developmental dynamism of the evolution of China's music industries in that they greatly prompted China's music industries to evolve and develop. In this thesis, the issue concerning the influence of Chinese politics on the evolution of China's music industries is discussed

in the context of convergence. Politics and music were often intensively integrated during the evolution of China's music industries.

It is necessary to clarify a few major concepts in the context of this thesis. The 'music industries' is the primary term used in this thesis; however other related terms, such as the 'recorded music industry', the 'popular music industry', the 'music business' and the 'general music industries', are also used. The 'music industries' generally refer to three separate major, but interrelated, creative events and/or revenue streams that exist in the music industries for song creation, the live performance, and the recording (Tschmuck 2006, p. 30). The 'general music industries' in this thesis refers to the for-profit and not-for-profit music sectors, which include all kinds different music industries, such as music instrument making and sales, music media (radio, television, film, game, and advertisement) and music training.

Using the definition of the recording industry provided by Tschmuck (2006, p. viii), the 'recorded music industry' can be defined as a business area in which a large part of the creation of exchange or 'financial' value is accomplished through both physical recorded music products and digital music services. Thus the 'recorded music industry' can be split into physical recorded music and digital music segments. The 'popular music industry' can be defined as 'the network of record labels, publishing companies, producers, managers, agents, songwriters, artists and all the other people involved in the production and promotion of an artist' (Kim 2011, p. 5). The 'music business' can be defined as being a business area that creates and delivers products that have value to consumers (songs, recordings, and performances) but must do so within a dynamic external environment (Tschmuck 2006, p. 30).

This thesis uses multiple methodologies. It primarily adopts a qualitative methodology, but also uses some quantitative data. This thesis primarily concerns the evolution of China's music industries, historical research is also used in this thesis. Literature analysis and review are the main methods for this historical research. This thesis also examines a number of differences within the music industries, in particular the differences between Chinese and Western music industries, physical recorded music and digital music, and for-profit and not-for-profit music sectors will be analysed. Thus this thesis also concentrates on the method of comparative studies. Furthermore, other research methods, such as case studies and interviews are employed due to the lack of secondary research materials. These methodologies support the historical research method while also compensating for some weaknesses in the primary historical research methodology.

The significance of this thesis is twofold; it is concerned with industrial practice as well as theoretical research. It is significant to research the development of China's music industries from the perspective of industry practice. China's current economic and market environment post China's 'economic miracle' indicates the significance of developing the music industries in this country. China has risen to become one of the most rapidly developing economies in the world (Lardy 2007; Morrison 2006) and one of the largest potential markets for the worldwide music industries (Lardy 2007; Yuan 2009). According to Yuan (2009), China's population is more than 1.3 billion (Yuan 2009), 547 million households in China had mobile access in December 2007, which includes 369 million users of China Mobile and 1.6 million users of China Unicom" (Zhang 2008, <http://cdmd.cnki.com.cn/Article/CDMD-10611-2009048386.htm>). This research can assist Chinese and Western music

business and industry operators, as well as culture industry policy-makers, to understand the characteristics of the development of China's music industries, aid them in developing relevant business models and/or making appropriate policies for this territory, and help international music business operators to understand how to develop music business and industry activities in China.

This research is also significant from the perspective of academic research. It attempts to reveal the characteristics of the evolution and development of China's music industries and to illustrate certain differences between Chinese and Western music industries. Moreover, the findings identify that convergence, particularly industrial convergence, cultural convergence, media convergence and music-political convergence are the main developmental dynamics behind the evolution of China's music industries. Furthermore, this thesis proposes that there were three major developmental stages in the evolution of China's music industries, which can also explain the evolutionary process of the Western music industries. Thus, this research establishes a theoretical framework for China's music industries within academic discourse.



## **Chapter 2 Literature Review**

### **2.1 Introduction**

According to Webster and Watson (2002), an effective literature review can be defined as “one that creates a firm foundation for advancing knowledge and facilitates theory development, closes areas where a plethora of research exists, and uncovers areas where research is needed” (p. 13). Thus this chapter attempts to achieve three major objectives by reviewing the literature: the first is to create a foundation for the research on the development of the contemporary Chinese music industries; the second is to identify gaps in the existing body of research publications; the third is to further reveal the significance of this research.

This chapter creates a foundation for this research by examining existing research in relation to the major factors that have influenced China’s music industries, such as music culture, copyright law, music politics, music markets, and industry circumstances. This chapter therefore focuses on the following themes: the usage of music industries and related conceptions, music in the Chinese creative industries, innovation systems in the music industries, and music in the digital era.

Major gaps in the literature relating to the themes outlined above are identified. This section focuses on the following publications: Hesmondhalgh and Pratty (2005), de Kloet (2008, 2010), Tschmuck (2006), Morrow (2006), Jones (2012), Williamson and Cloonan (2007), Dwyer (2010), Jenkins (2006), Sekine (2007), Montgomery (2006, 2009, 2010), Shuker (2005), Ge (2009), Wilson (2010), Chen and Zhu (2010), Cai and Wen, et al. (2006), Li (2006), Kraus (2004), Zhang and Wang (2009), Wikstrom (2009), Keane (2013), Liu (2010), Andersen, Kozul-Wright, et. al. (2000), and Zhang

(2012).

This chapter further discusses the significance of, and context for, this thesis based on the themes and publications above. This thesis argues that China has provided a unique mode of music industry operations in the evolution of the music industries, which is quite different from the Western<sup>3</sup> industries. This chapter addresses the issue of China's special mode of music industry operations including major differences between China and Western music industries.

## **2.2 The music industries and related concepts**

This section is concerned with the importance of the usage of the term 'music industries' (plural) rather than the term 'music industry' (singular) (Cloonan, 2012). It addresses this issue through engaging with the work of Williamson and Cloonan (2007), Tschmuck (2006), Jones (2012) and Leyshon (2001). In addition it provides definitions of the music business, the recording industry, and the popular music industry through an engagement with the work of Shuker (2005), Tschmuck (2006), and Hutchison and Strasser (2011).

### **2.2.1 Defining the music industries**

This thesis examines the historical transformation of the systems and structures of the modern and contemporary music industries in China, and thus it is essential to discuss the importance of the usage of the term 'music industries' (plural) rather than the 'music industry' (singular). The usage of the 'music industries' (plural) or the 'music

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<sup>3</sup> The West in this thesis includes several Eastern and Southern Asian countries (such as Japan, Singapore, Korea), European countries (such as the U.K., Germany and France), North American countries (such as the U.S., Canada) and Oceanian countries (such as Australia and New Zealand).

industry' (singular) is a concept relating to the transformation of music industry research in academic discourse. Thus, to further understand this issue, it is essential to first review a brief history of music industry research both in the West and China.

In the West, music industry related issues were proposed and discussed during the late 1940s. Adorno and Horkheimer (1947) addressed issues concerning the music industries, in particular in the popular music industry. This early research was based on the cultural industry from the perspective of cultural studies and criticism though they did not propose the term the 'music industry' or the 'popular music industry'. They coined the term 'culture industry', arguing that "in a capitalist society mass culture is akin to a factory producing standardized cultural goods — films, radio programmes, magazines, musics, etc" (p. 94-95). These "homogenized cultural products are used to manipulate mass society into docility and passivity" (ibid). Apparently, their music industry studies began in the 1940s but they did not address the issue concerning usage of the term 'music industry' (singular) as opposed to the term 'music industries' (plural).

However, in China, music industry related issues were discussed in the academic and political domain. A few Chinese scholars began to discuss music industry related issues such as music productions and commodities, the music performance sector and music system reform in the 1980s. Major representative publications include Wu (1986), Wu (1983a, 1983b), Xie (1986), and Lu (1986). However, all of these publications use the term 'music industry' (*yin yue chan ye*) and discuss the industries from a holistic perspective.

During the 1990s, a great number of publications, such as Negus (1992), Burnett (1996), and Malm and Wallis (1992), primarily focus on the recorded music industry and the popular music industry. The digital music industry did not develop during the period, thus music industry research did not involve this industry. Burnett (1996), and Malm and Wallis (1992), also examine major music sectors from the perspective of the systems and structures of the music industries during the period. However, the music industry (singular) was only used in their research to refer to the recorded music industry and/or the popular music industry during the 1990s (Williamson and Cloonan 2007).

During the 1990s, a few Chinese scholars, such as Zeng (1997, 2003) and Yang (1990), studied the music industries in China, especially the relationship between music and society, from the perspective of music marketing and music communication (also called ‘contemporary/applied musicology’). Zeng (1997) discusses music industry related issues, such as musical audiences, music production and commodification, music communication and promotion, and musical careers from a music communication and sociology of music foundation. Yang (1990) discusses Chinese popular music and communication. However, they do not use the terms ‘music industries’ (plural) or ‘music industry’ (singular) to discuss China’s music industries.

The digital music industry, as an integrated industry, has developed rapidly this century due to digital convergence. Meanwhile the systems and structures of the entire music industries have become more complex both in the West and China. It has become more important for academic researchers, policy makers, and business practitioners to examine the development of the systems and structures of the music

industries, including the relationship between the music industries and other creative and information communication technological industries.

Thus the issue of the usage of the ‘music industry’ (singular) or the ‘music industries’ (plural) has become an essential theme in the areas of music business studies and popular music studies in the West. According to Williamson and Cloonan (2007) there are three main problems with the term ‘music industry’. Firstly, it suggests a homogenous collection of industry practitioners, whereas the reality is of disparate industries with different sub-industries operating within these industries (albeit with some common interests). Secondly, the term is frequently used to discuss the recording industry and in doing so refers only to the intermediaries that constitute this particular industry. Thus the term ‘music industry’ is often used in ways that lead to misrepresentation and confusion by “suggesting that there is homogeneity where there is diversity, and simplicity where there is complexity” (ibid, p.305). Thirdly, in the digital age, there are new intermediaries such as Baidu, Google, the Renren Network, Facebook, Apple, Spotify, and many others.

Of particular concern here though is the way in which the term ‘music industry’ conflates major record labels with independent record labels, and these in turn with artist management companies, live booking agencies, promoters, and song publishers. The problem with this conflation is that it disguises conflict within the industries and it leads to a focus on the role of major record companies. There are a number of representative publications, such as Cloonan (2007), Williamson and Cloonan (2007), Jones (2012), and Tschmuck (2006), that address this issue on the usage of the single ‘music industry’ or the plural ‘music industries’. In China, the writing and reading of

the music industries or the music industry is different; there is a paucity of Chinese research addressing the issue of the usage of the single music industry and plural music industries. However, there are a few Chinese publications, such as Wu (2001), Li (2007), Wang and Zheng (2003) that discuss various issues, such as China's regional music industries (Wu 2001) and the dynamics of the music industries (Li 2007), from the economic and political perspective.

### **2.2.2 The importance of the usage of the plural music industries**

In this section, the importance of the usage of the 'music industries' (plural) rather than the 'music industry' (singular) will be further discussed. This discussion will draw from the following publications: Nurse (2003), Cloonan (2007), Williamson and Cloonan (2007), and Jones (2012).

The issue of the usage of term 'the music industries' relates to the taxonomy of the music industries. The taxonomy of the music industries in China is similar to that of the West. Thus, it is essential to clarify the categories of the music industries based on Nurse (2003). According to Nurse (2003), the music industries can be categorised into the following types:

The recording industry (e.g., recording contracts, publishing, licensing, studio recordings); merchandise sales: CDs, tapes, records, downloads (e.g., MP3 files); live performances by artists and music bands; audio-visual services (e.g., music videos and advertising); sound, stage and lighting; concert promotions and cultural or festival tourism; and copyright protection and royalty collections. (p. 8)

Based on the taxonomy of music industries, major categories of music industries in China include physical recorded music, live music, digital music, music publishing, music instrument sales, music training, and music media (radio, television, film, and advertisement). This thesis mainly looks at the evolution and convergence of major music industries in China, such as live performance, physical recorded music, and digital music as well as music publishing, music instrument sales and the music media. Thus, in this sense, it is appropriate to use the term ‘the music industries’ (plural) rather than its singular in this thesis.

Jones (2012) provides a detailed explanation of the usage the terms ‘the music industries’, ‘the music industry’, and ‘music industry’. He argues that there are transformations that have occurred across the various music industries - recording, live performance, and publishing. He also contends that major music industries at least include recording, live performance, and publishing. Thus he also points out the importance of the usage of the term ‘music industries’ (plural) rather than the ‘music industry’ (singular) while addressing the issue of the transformation(s) of the music industries.

It is essential to address Williamson and Cloonan’s (2007) research on the issue concerning the usage of the term ‘the music industry’ or ‘the music industries’ in music industry research. They point out the problem of the usage of the ‘music industry’ (singular) when discussing the music industries from the economic and political perspectives and state that:

To think of the music industry rather than the music industries is simplistic and does little to aid understanding of those cultural industries which are primarily concerned with the

creation, management and selling of music, either as a physical/digital product, a performance, or as a bundle of intellectual property rights. (Williamson and Cloonan 2007, p. 305)

Like the Western music industries, China's music industries can be thought of as a complex integrated system. This system includes the following subsystems: creation and production systems, management and selling and consumption and promoting/marketing. In this sense, these systems themselves include multiple systems. It is therefore too simplistic to think of the singular music industry rather than the plural music industries as the singular music industry does not reveal the complexity of the music industries in China.

Cloonan (2007), as an influential international music industry scholar, also points out that it is problematic to use the term 'the music industry' (singular) when different music industries are discussed from a macro perspective. He specifically states that:

It is exacerbated by a general tendency to see 'the music industry' as a unified body, whereas in fact the music industries are actually diverse and characterised by extreme inequality. (p. 142)

Similarly, Williamson and Cloonan (2007) further point out the problems of the usage of the 'music industry' (singular) while discussing those 'disparate industries'. They note the problem of the interchange usage between the music industry and the recorded music industry (including physical and digital products). They identify the following two specific problems while using the single music industry:

Firstly, it suggests a homogenous industry, whereas the reality is of disparate industries



with some common interests; secondly, the term is frequently used synonymously with the recording industry. (2007, p. 305)

Williamson and Cloonan (2007) further discuss the problem of the usage of the single music industry in the following way:

The term ‘the music industry’ is often used in ways that lead to misrepresentation and confusion. It suggests simplicity where there is complexity and homogeneity where there is diversity. It also, as we will show, serves certain vested interests. (ibid)

In China, most music industries, such as physical recorded music, live music, digital music, and music publishing, are administered by different culture related Chinese Government departments; such as press and publication, culture, and radio, film and television, and information technology. Moreover, these industries have played different roles in the cultural and music industries in China. Thus, although they have close connections, they are ‘disparate industries’ and need different modes of industry operation and management as well as industry development policies.

This issue is problematic when discussing the music industries from the perspectives of economics and politics. Williamson and Cloonan (2007) argue that the notion of “a single music industry is an inappropriate model for understanding and analysing the economics and politics surrounding music”, instead “it is necessary to use the term ‘music industries’ (plural)” (p. 305). The evolution and convergence of China’s music industries is examined in this thesis mainly based on the Chinese economic, cultural, technological and political contexts, thus it is appropriate to use the plural music industries in the thesis.

Cloonan (2007) points out that the music industries consist of several different industries and these industries have played different roles, objectives and interests in the industries. For instance, both the physical recorded music industry and the digital music industry often present economic objectives and values, such as the selling of music, while the live music performance industry sometimes presents the non-commercial objectives, such as music public communication and development. Thus Cloonan (2007) argues that it is essential to use the term 'music industries' (plural) rather than 'music industry' (singular) while discussing the industries from a country's or regional perspective.

Both Cloonan (2007) and Williamson and Cloonan (2007) analyse several situations and reasons for this general tendency. Cloonan (2007) states that the term 'the music industry' is often used by politicians in a number of places, such as official reports which concentrate on the production, distribution or retail of music (2007, p. 3). Williamson and Cloonan survey the usage of the term 'the music industry' in various arenas and note that "the use of the term 'music industry' by representative and umbrella organisations within the music industries is the means by which those industries present a public face and can be seen to be helping to form common sense notions of 'the music industry'" (2007, p. 306). Cloonan (2007) states that the term 'music industry' is often used to substitute for 'the recording industry' and thus gives precedence to the interests of a particular sub-section of the music industries (p. 3).

This thesis primarily examines the issue of how different music industries evolved and converged in the history of China from the economic, cultural, and political perspectives. The argument in this thesis is that live music performance, physical recorded music, and digital music industries successively developed. In addition, they

are major subsystems in the complex system of China's music industries. Moreover, this thesis also asserts that the evolution and convergence of China's music industries includes not only the for-profit music industry sector but also the not-for-profit music industry sector.

To this end, the work of Leyshon (2001) and Burnett and Weber (1989) is also useful in terms of models for understanding the music industries. Leyshon examines the geographical and organisational consequences of the emergence of a new technological assemblage within the music industry. He notes that: "This technological assemblage is organised around software formats and Internet distribution systems" (p. 49), while Burnett and Weber (1989) provide a loosely coupled systems model.

Leyshon's (2001) work is relevant for this thesis as it is concerned with "the relationship between technological innovation, economic competition, and the contestability of markets for goods and services within an era of digital content" (ibid). In particular, Leyshon identifies four networks with distinctive organisational and spatial characteristics within the musical economy: "networks of creativity, of reproduction, of distribution, and of consumption" (ibid). He argues that all four networks are being reshaped as a result of the impact of software formats and Internet distribution systems and that while these developments are found to threaten the short-term profitability of some established firms within the industry, his argument is that, in the West at least, the music industries are already beginning to restabilise around a new technological and regulatory regime designed to protect copyrights in music in software formats (ibid).

While Burnett and Weber's (1989) model is different to Leyshon's model, it consists of the same components. Rather than providing a linear structure that describes how consumer value is created, they outline the way in which different activities or institutions in the industries are related (Burnett and Weber 1989). Their model consists of two loosely connected systems of production and consumption and it is therefore an important one for this thesis.

In addition, the work of Wallis (2004), Fink (1996) and McIntyre (2011) is also useful here. Wallis (2004) graphically represents the publishing industry, Fink (1996) diagrammatically represents the recording artist's creative context, while McIntyre (2011b) outlines the structure of the field of contemporary Western popular song writing. These works provide useful points of comparison when considering the music industries.

Wallis (2004) notes that: "the composer is at the bottom end of the music industry 'food chain' and has thus traditionally been in a vulnerable position" (p. 5). His point of view is therefore particularly relevant when considering, as will be discussed, the way in which lax copyright laws in China mean that there are acute issues relating to the remuneration of Chinese composers. While Fink (1996) provides a comprehensive overview of the people, technologies, and laws that impact on all aspects of the music business and is therefore also useful in a comparative examination of the systems and structures of the Chinese music industries and McIntyre (2011b) addresses innovation and creativity in compositional practice and music production by focusing on the creative processes exemplified in popular songwriting and is particularly useful in

regard to the systems model of creativity (Csikszentmihalyi 1997) that forms part of the theoretical framework for this thesis.

### **2.2.3 Music industry related concepts**

The evolution and convergence of China's music industries from a macro perspective is a quite complex and distinct. Thus to deeply understand it, it is essential to further discuss the meanings and scope of the music industries based on its related concepts, such as 'the music industries', 'the music business', 'the recording music industry', 'the general music industries' and 'the popular music industry'. This section will outline music industries related concepts based on the following publications: Shuker (2005), Tschmuck (2006), Hutchison and Strasser (2011).

Although the pervious section discusses the usage of 'the music industries' or 'the music industry', it does not address the definition of the term 'the music industries'. Thus it is necessary to define this term here. Hull, Hutchison and Strasser (2011) address the definition of the music industries. They define it from the perspectives of system thinking and income streams in the following way:

The [music industries] are explained as a system that is composed of three primary income streams: the sale and use of songs (the music publishing industry), live entertainment, and the sale and use of recordings (the recording industry) (p. 29).

Shuker (2005), as an influential international music business scholar, also addresses a typical definition of the music industries from the perspectives of institutions and markets. He defines it in the following way:

The music industry embraces a range of institutions and associated markets: the recording

companies and the retail sector, producing and selling recordings in their various formats; the music press; music hardware, including musical instruments and sound recording and reproduction technology; merchandising (poster, T-shirts, etc.); and royalties and rights and their collection/licensing agencies. These facets are increasingly under the ownership/control of the same parent company, enabling the maximum exploitation of a particular product/performer. (Shuker 2005, p. 172)

However, this definition mainly focuses on the recording industry and does not cover the music performance and digital music industries, thus it needs to be extended.

Tschmuck (2006) defines the music industries from the perspective of economics. He defines it “as a network in which the production and distribution of music occurs in a process relying on the division of labor and the help of the latest technologies” (2006, p. viii). He further expands his definition of the music industries by stating that three separate, but interrelated, creative events and/or revenue streams exist for the song, the performance copyright, the mechanical copyright in the recording, and he notes that there are a host of music business intermediaries “for each revenue stream between the writer, performer, or recording artist, and the ultimate public consumer” (2006, p. 30).

However, this definition by Tschmuck (2006) does not address the scope and process of the music industries clearly. Moreover, it is problematic to use the term ‘the music industry’ rather than ‘the music industries’ while discussing different music sectors from the perspective of economics. Thus this definition also needs to be revised.

#### **2.2.3.1 Record companies and the recording industry**

Tschmuck (2006) defines ‘record companies’ and ‘the recording industry’ in a way

that relates to the term the ‘music industry’ in order to further understand the music industries. Tschmuck (2006) defines ‘record companies’ in the following way:

The music and recording industries are in a period of turmoil brought about by the changes in the way people access and consume music. ‘A record company’ can be defined as a ‘label’ ... gains control over a master recording of a performance by an artist and then sells copies to consumers in order to produce income (2006, p. 30).

The blurring of the music and recording industries here is problematic. However, there is clarity in defining a ‘record company’ and this is the context that will be adopted in this thesis.

Shuker (2005) also provides a typical definition of the ‘recording companies’. He defines such companies in the following way:

The sound recording companies, often referred to in shorthand fashion as ‘record companies’ (or labels), are at the centre of the music industry. They range in size from small-scale local operations to those which are part of international media conglomerates. The standard division into majors and independents reflects not simply economics, but ideological weight (see entries on each type), and has often been viewed in dichotomous terms. (2005, p. 173-4)

Indeed, recording companies formed the centre of the music industries in China during the 1990s. However, due to serious issues with regard to music copyright (or lack thereof), it would be problematic to assume that they are at the centre of the music industries during the 21<sup>st</sup> Century.

Based on the definitions of ‘the music and recording industries’ and ‘record

companies', Tschmuck (2006) defines 'the recording industry' as a business area in which a large part of the creation of value is accomplished through the production and distribution of phonograms (recordings) (p. viii). In his research, the recording industry is also called the 'phonographic industry'. Dennis McQuil (1994), as a media theorist, characterises the recording industry as a medium, having: "multiple technologies of recording and dissemination; low degree of regulation; high degree of internationalization; younger audience; subversive potential; organizational fragmentation; diversity of reception possibilities" (1994, p. 20).

Tschmuck (2006) argues that popular music is the primary content of the recording industry. He states that 'popular music' can be partially understood as communication and the recording industry (as a part of the music business) as a mass medium (2006, p. 40). Tschmuck (2006) further discusses the relationship between the recording industry and popular music in the following way:

The main activity of the recording industry is the production and distribution of symbolic content to widely dispersed heterogeneous audiences. It uses several technologies to do this, including digital recording and reproduction, analog recording and reproduction, video recording and reproduction, and the Internet. (ibid)

There are also multiple times that the term 'popular music industry' is used in the thesis, moreover the 'popular music industry' has played a leading role in the modern and contemporary music industries in China, thus it is essential to define it here. Kim (2011) addresses the definition of the 'popular music industry' in the following way:

This term refers to the network of record labels, publishing companies, producers, managers, agents, songwriters, artists and all other people involved in the production and



promotion of an artist. Popular music encompasses a wide variety of genres (2011, p. 5).

Frederiksen (2002) also intensively discusses the term the 'popular music industry' based on the typology proposed by the Creative Industries Task Force, set up by the UK Government ([www.culture.gov.uk/creative/creative\\_industries.html](http://www.culture.gov.uk/creative/creative_industries.html)). He argues that the key factors of the popular music industry can be identified and grouped into three wide and overall categories:

Main activities: Songwriting and composition, Productions, distribution and retailing of sound recordings, Administration of copyright in composition and recordings, Live performance management, representation and promotion.

Related activities: Music press, Multimedia content, Digital media, Retailing and distribution of digital music via Internet, Music for computer games, Art and creative studios, Production, retailing and distribution of printed music, Production, retailing, distribution and services of music instruments and recording studio equipment, Jingle production, Photography, Education and training.

Related industries: Internet/e-commerce, Publishing, Television & radio, Film and video, Advertisement, Performance arts, Interactive Leisure Software, Soft & computer services.  
(Frederiksen 2002, p. 9)

Thus the popular music industry is complex; meanwhile it has played an essential role in the commercial/for-profit domain of the music industries. However, in China, both the Chinese Government and the Chinese music education and research areas have not stressed the importance, and positive influence of popular music and the popular music industry; since they think that both popular music and the popular music industry contradict with the Chinese politics and the Chinese 'professional' music

(mainly referring to Western and Chinese traditional music) educations (Li 2010, 2012).

The music business is a concept that relates to the music industries, thus it is essential to define it. Tschmuck (2006) also addresses the definition of the music business from the perspective of system thinking. He specifically defines it in the following way:

‘The music business’ is a system that delivers music to consumers. Like any system, the music business creates and delivers things that have value to consumers (songs, recordings, and performances) but must do so within a dynamic external environment. The music business revolves almost entirely around three creative events: the writing of a song, the live performance of a song, and the making of a recording of a song. (2006, p. 30)

Based on this definition by Tschmuck (2006), the recorded music business can be defined as follows. The recorded music business offers a variety of products, including from various genres, provided in a variety of formats that includes singles, albums, physical product and digital product, and new as well as older recordings. The recorded music business is an important part of the music business, thus it plays an essential role in the music business.

Similarly, based on this definition of the recorded music business by Tschmuck (2006) and Hull, Hutchison and Strasser (2011, p. 185), the music business can be defined as follows. The music business offers a variety of music products and services, including live performance, recorded music (physical copy sales, download sales, video games, digital performance (streaming), ring tones, advertising, music video channels, licensing special products, movie and TV use, digital music, music publishing, music

instruments, and music training.

### **2.3 Music in China's creative industries**

In China, the music industries have not become an independent category in the creative industries, thus there is no specific statistical report on the music industries available that is published by the Chinese Government. For instance, the live music performance industry, as an essential part of the music industries, is always accounted for in the entire live performance sector but not in the music industries (China National Statistics Bureau 2004). This status is detrimental to the development of the music industries in China.

This section addresses several issues in relation to music in the creative industries in China, such as government policy, copyright, Internet, and governance. Several special characteristics of China's music industries can be reflected on here. The following text will address these issues based on a number of publications, such as Keane (2013), Chen and Zhu (2009), Liu (2010), Zhang (2012), and Montgomery (2009).

Music is also a sub-sector of the creative industries in China. Contemporary China's music industries have developed mainly under the framework of the cultural industries. Thus it is essential to discuss China's creative industries while examining China's music industries. The terms the 'cultural industries' (*wen hua chan ye*) and the 'cultural and creative industries' (*wen hua chuang yi chan ye*) are more often used than the term the 'creative industries' (*chuang yi chan ye*) in China. The latter reflects the main characteristics of the industries – (artistic) creativity. Thus the term the

‘creative industries’ is more often used in this thesis rather than the former terms. This section will address the definition and categories of the creative industries as well as the role of creativity and the differences between Chinese and Western creative industries.

### **2.3.1 Defining the creative industries**

Most laws and policies relating to the music industries in China are included in policies developed for the creative industries; in other words, the creative industries are the foundation for the music industries. Thus, to further understand China’s music industries, it is essential to discuss the definition of the creative industries both in the West and China.

The term ‘creative industries’ was first given policy and industry prominence through initiatives taken from 1997 by the new U.K. Labour government through minister Chris Smith (1998) and the Department for Culture, Media and Sport (DCMS). A Creative Industries Taskforce published the Creative Industries Mapping Document (1998, revised edition 2001). DCMS (1998) addresses a definition of ‘the creative industries’ from the perspective of cultural economics in the following way:

The creative industries are those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property’ (DCMS 1998, p 3).

The DCMS definition included 13 industry sectors: advertising, architecture, art and antiques, computer games/leisure software, crafts, design, designer fashion, film and video, music, performing arts, publishing, software, television and radio.

Bilton and Leary (2002) also provide a significant definition of the creative industries based on 'symbolic goods': "'Creative industries' produce 'symbolic goods' (ideas, experiences, images) where value is primarily dependent upon the play of symbolic meanings" (p. 50). They also further explain the definition based on the meaning of symbolic goods in the following way:

'Creative industries' produce 'symbolic goods (ideas, experiences, images) where value is primarily dependent upon the play of symbolic meanings. Their value is dependent up the end user (viewer, audience, reader, consumer) decoding and finding value within these meanings; their value of 'symbolic goods' is therefore dependent on the user's perceptions as much as on the creation of original content, and that value may or may not depend on their 'potential for wealth and job creation'. (Bilton and Leary 2002, p. 50)

It is essential to discuss Throsby's (2001) definition of "cultural industries" from the perspective of cultural activities. According to Throsby (2001), cultural activities include the following three fold: 1) involving "some form of creativity in their production"; 2) concerning "the generation and communication of symbolic meaning"; and 3) "their output embodies, at least potentially, some form of intellectual property" (Throsby 2001, p. 4-5). He provides a clear criterion of culture related industry activities, thus the terms 'cultural industries', 'creative industries', 'copyright industries', and 'content industries' can be frequently interchangeably used.

Music is a part of the creative/cultural industry as the music industries also meet the three conditions of creative activities proposed by Throsby (2001). Firstly, the music industries involve musically creative productions, such as music CDs, music performances, and digital music. Secondly, the music industries also generate and circulate symbolic meaning through music. Thirdly, the music industries output a

musical form of intellectual property, such as songs, recording, and arrangements.

In terms of the creative industries overall, O'Connor's (2007, 2012) National Endowment of Science, Technology and the Arts (NESTA) model of these industries is also particularly relevant to this thesis. O'Connor notes that:

With this model, there is no distinction between cultural and creative, just between different business models—experiences (live), originals (one offs), creative services (design and so on) and content (media, games). Rather than an original invention, the model draws on some well-established distinctions between 'edit and flow', 'complex and simple' (in the sense of numbers of people involved in production) products that cultural industries literature has long rehearsed (2012, p.397).

O'Connor notes that if governments want employment growth, they may choose services or content, while in terms of other priorities (such as urban regeneration) governments may emphasise museums, art, or live music: "That is, the model did not flatten all to a list but allowed intelligent policy choices to be made across a range of priorities based on different economic" (ibid). While in terms of China's creative industries, O'Connor and Xin (2012) note that:

In 2005, the Shanghai municipal government adopted the term 'creative industries' as part of their economic development strategy. At the same time, they officially recognized a number of 'creative industry clusters' (CIC) in the city. Over the next five years, these official clusters grew to around 90 in number. The active promotion of CICs can thus been seen as central to its adoption of the creative industries agenda, in turn part of its

aspiration to become a modern, global metropolis. Shanghai was by no means alone. The Chinese government adopted many (though not all) aspects of the creative industries agenda (termed ‘cultural creative industries’) as part of a new round of economic and symbolic modernization (p. 1).

O’Connor and Xin’s (2006, 2012) work is useful for this thesis as it concerns the cautious adoption of the creative industries agenda by the Chinese Government, and in particular, how Shanghai responded positively to this ‘top down’ approach. In addition, they outline how the creative industries agenda allowed creative clusters to be linked to a powerful real estate model and how this facilitated China’s ‘creative class’ (2012, p. 1).

In terms of additional definitions of the creative industries, a number of authors have provided significant viewpoints. Garnham (1990) argues that it is essential to promote the development of the “creative industries based on the exploitation of intellectual property and trace the genealogy of such thinking in a number of strands of analysis.” Hesmondhalgh and Pratt (2005) also point out that there are a few countries, such as “Canada, Australia and New Zealand that have developed more coherent approaches based not only on a recognition of the economic value of the creative industries, but also of the importance of the construction and defense of a national culture” (p. 6).

This thesis concerns the development of China’s music industries, thus it is also essential to focus on the categories of China’s creative industries. There are a few Chinese publications and government reports that address the categories of the creative industries, such as Cai and Wen, et al. (2006) and the China National Statistics Bureau (2004). China National Statistics Bureau (2004) classifies China’s

creative industries into 9 major categories of service: journalism, publishing and distribution and copyright, radio, television and film, culture and arts, Internet culture, cultural entertainment, other culture, cultural goods and equipment and related cultural production. Under the major categories, there are 24 sub-categories and 80 minor categories (cited in Cai and Wen, et al. 2006, p. 20-22).

Cai and Wen, et al. (2006) analyse all categories of the creative industries and re-classify them from the perspective of the industry, culture and related industry activities and associated fields which provide culture and entertainment products, into three major levels: core cultural industries, peripheral cultural industries, and related cultural industries. Specific categories at each level are as follows:

Core cultural industries: journalism, newspaper and magazine, audio visual production, electronic publishing, radio, television, film, arts performance, culture performance venue, culture heritage and protection, museum, library, archives, public culture service, culture research institute, culture community, and other cultures.

Peripheral cultural industries: such as Internet, travel service, culture services for tourist area, indoor entertainment, leisure and health entertainment, Internet bar, culture agency, culture production rental and auction, advertisement, and exhibition services.

Related cultural industries: stationary, photo material, music instrument, toy, game equipment, paper, roll film and film, cassette, disc, print equipment, radio and television equipment, film equipment, family audio-visual equipment, craft production and sales.

(Cai and Wen, et al. 2006, p. 25)

This classification also reflects the relationships between each category of creative industries. Meanwhile, they also reflect that the creative industries, as an integrated



industry, have greatly influenced a number of industries, such as those relating to telecommunications and computing technologies.

### **2.3.2 Creativity in the creative industries**

Creativity has played an essential role in the creative industries both in the West and in China. Keane (2013) states that the idea of “creativity is essential for the renewal of Chinese society and is now widely accepted; for some it has become a rallying call for nationalism; for others, a catalyst for institutional reform” (p. 1). Thus it is also essential here to address the role of ‘creativity’ in the creative industries based on a few publications, such as Howkins (2001), Wilson (2010), Keane (2013), McIntyre (2012), and Morrow (2006).

It is essential to define the term ‘creativity’ first. While the concept of creativity eludes concrete definition in the literature, the most common definition provided is that creativity involves making useful, ‘novel’ products (Weisberg 2006; Weisberg 2010; Csikszentmihalyi 1997; Mumford 2003; Kilgour 2006). While the ‘newness’ of the ideas is factored into other definitions that feature the argument that creativity involves “the generation of new ideas” (Cox 2005) or that creativity is the “ideation component of innovation” (West and Farr, 1990). However, this is seen as simplistic in the literature on creativity (Nemiro, 2004) and has arguably been superseded in the literature on innovation (see McIntyre, 2011a) as the relationship between creativity and innovation is more complex than this. Either way, someone (or a group of people) needs to decide whether a product is novel, useful or new (Pope, 2005; Sawyer 2006; Stokes, 2011). This is why Madden and Bloom (2004) have elaborated further on these definitions of creativity by outlining the issues involved in valuing outcomes as

creative, as well as the ambiguity surrounding the term ‘novel’.<sup>4</sup>

Furthermore, in addition to ‘novelty’, definitions of creativity often include ‘value’ and ‘appropriateness’. As Hennessy and Amabile (2010) note: “most researchers and theorists agree that creativity involves the development of a novel product, idea, or problem solution that is of value to the individual and/or the larger social group.” (p. 572). This is an important idea as it relativises the idea of creativity and enables contextualisation. Such contextualisation is useful for understanding the differences between the following theories of innovation and creativity.

There is a spectrum of definitions from those that involve subjective reception to (more) objective reception of ideas as being creative (Nimero, 2004; McIntyre, 2008; Boden, 1994; Boden, 2004; Pope, 2005). For example, while Weisberg (2010) defines a creative outcome as something that has been intentionally produced and subjectively deemed novel by the producer, the prominent view in the literature situates the concept of creativity within social systems, therefore requiring a more objective valuation of outcomes as being creative (McIntyre 2008).

Negus and Pickering’s work (2000) can be located at the latter end of this spectrum in that they argue that creativity is a socio-culturally constructed concept that requires value judgements by others in order to acknowledge creative outcomes (264). Regarding ‘subjective’ to more ‘objective’ reception of creativity within the definitions, McIntyre (2012) notes that a confluence of the different

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<sup>4</sup> The following authors have also made salient points regarding the valuing of outcomes as creative and the ambiguity surrounding the term ‘novel’: Weisberg 2006; Weisberg 2010; Madden 2004; Madden and Bloom 2001; Oakley 2009.

conceptualisations of creativity is needed. He asks the question: “what would a model of creativity that is neither completely agent centred, like the genius model, nor overly privileges the biopsychological or socio-cultural structures that are seen to determine an individual’s actions look like?” (p. 69). This question of a definition of creativity that features a confluence of the different definitions becomes particularly interesting (and useful within the context of this thesis) when we consider that the way we think about creativity is itself socially, culturally and historically located; particularly when we compare Chinese understandings of creativity and the creative industries with Western ones. Regarding a confluence of positions on creativity, McIntyre notes that:

The basis for this position may be found in the fact that, despite the emphasis in psychology on studying creativity as a trait of individuals, a dominant paradigm in Western culture, anthropological research indicates that this conception is not universal (Sawyer, 2006, p. 113). Furthermore, ‘historical research has discovered that the individualist conception of creativity is relatively recent, and wasn’t common 500 years ago. (ibid, p. 69)

Due to this historical and cultural issue, a confluence approach to creativity (Sternberg, 1999, Kustzberg and Amabile, 2001, Gardner, 1993, Sternberg and Lubart, 1991, 1993, 1995) is required for this thesis. To this end, Csikszentmihalyi’s (1996) systems model will form the theoretical foundation for understanding creativity within the Chinese music industries as it can better account for differences between Western and Chinese understandings of creativity, and it can better account for the juxtaposition of individualism and collectivism that characterises the contemporary Chinese experience (and the way in which creativity is theorised in relation to this juxtaposition). Discussing the work of Bourdieu (1977), McIntyre (2012) notes that:

In essence, agents make choices out of the available conditions on offer to them, but these conditions, echoing Marx, are made for them. That is, the social and structural conditions both delimit and provide the possible choices seen in action and, as far as we are concerned, this is certainly the case for creative action. (p. 73)

This is exactly what makes the question of creativity in China so fascinating, given that China has a mixed ‘market’ and ‘planned’ economy and therefore the ‘conditions’ for ‘creativity’ are more pronounced than they are in the West.

Yet, despite the influence of Marxism on China’s political consciousness, extraordinary private wealth is being generated in China through creativity (broadly defined). According to Howkins (2001), “creativity is not new and neither is economics, but what is new is the nature and extent of the relationship between creativity, creative industries and the creative economy, and how they combine to create extraordinary value and wealth” (p. 8). Wilson (2010) states that “the discussion of creativity itself increasingly takes a back seat in the West, on the grounds that it is either too confusing or too ubiquitous to warrant a meaningful discussion” (p. 2). He argues that creativity is a boundary phenomenon and has an intrinsically social nature (p. 3) and posits that: “Csikszentmihalyi’s (1996) systems model (which is perhaps the most widely known), focuses on the interrelations between the *domain*, the *field* and the creative *person*. Fundamental to this conceptualisation of creativity is an acceptance of boundaries around specific domains of knowledge and a reliance on experts (the so-called ‘field’) to pass judgment on what constitutes creativity” (Wilson 2010, p. 7). The interrelations between the domain, the field and the creative person in a mixed economy such as China’s makes for a fascinating, and combustible, environment for creativity.

Locating such definitions of creativity within creative industries discourse, Wilson (2010) rethinks the approach towards creativity, creative industries and the creative economy (p. 2). He points out that the reason for this “re-think is not least because there is a danger that cultural policy now prioritises the rhetoric of the ‘creative industries’ over and above a further exploration of creativity and its wider role in our economic, social and cultural welfare” (ibid). Wilson (2010) also contends that creativity “thrives at the edge of things, between the gaps, as it were, and the creativity of the marginalized is as valuable (if not more so) as that those who visibly work in the creative industries” (p. 3). Creativity is not exclusive to the creative industries, although the arts sometimes do appear to have a monopoly on the use of the word ‘creative’ (McIntyre 2012, p. 3).

Wilson (2010) also points out that: “government cultural policy is now predicated upon a definition of the creative sector which avoids using the word ‘creativity’, preferring ‘expressive value’ instead” (p. 368). By the way of initial unpicking, he suggests that the boundaries of the creative economy and the particular role and nature of creativity as a primary input in the following way:

Over the last decade, we have re-drawn boundaries around the ‘creative industries’ which unwittingly threaten to exclude and promote division. Though these boundaries are based on an apparently justifiable division of labor - including a number of specific industries which are deemed ‘creative’ - they also threaten to promote a ‘labour of division’ (the proactive continued separation of peoples, cultures, knowledge and wealth) on the basis of creativity as an output i.e. Whether or not you work, or have the potential to work in the creative industries. (ibid)

The boundary required to define the creative industries is problematic because creativity extends to all forms of human activity. The term ‘artistic creativity’ is therefore also useful here. It is therefore important to further discuss the creative industries by exploring the role of artistic creativity in the creative industries and music industries. The following text will also broadly define creativity within the context of the music industries. Almost all of the processes and links of the music industries manifest the characteristics of ‘creativity’. Firstly, cultural and music policy making is an important, and creative way, through which the music industries have developed, particularly in China. Secondly, each music industry chain manifests the characteristics of ‘creativity’. For example, music composition, music performance and music recording and making all require creative thinking. Similarly, the music business and management modes also need creative methods; a few scholars call this as managerial creativity, such as Morrow (2006). Moreover, music distribution, circulation and promotion are creative processes. In short, all productions, sales, and promotions in music business and music industries involve creative processes.

China has developed its creative industries in several ways. First, China’s interest in the creative industries is as much concerned with reasserting its historic claims to cultural or spiritual eminence as it is about inscribing creativity into technological modernity and contemporary innovation thinking (Cunningham 2009, p.380). China has drawn attention to the recognition of the construction and defense of national culture along with deepening globalisation, particularly after China joined the WTO in 2001 (Hu and Shan 2006). China has also increasingly stressed the importance of the economic value of the creative industries (Chen and Zhu 2009; Li 2006; Cai and Wen, et al. 2006).

Zhu (2009) and Cai and Wen, et al. (2006) address the history of China's creative industries, while Chen and Zhu (2009) address a brief history of these industries. They argue that the history of contemporary China's creative industries can be split into four major phases:

The spontaneous stage (1978-2000): the elementary market for cultural exchange basically formed, while the audio-visual and book sectors developed.

The rational exploration stage (2000-2003): under the attention of the central government, all circles reached a preliminary consensus on the issue concerning the development of cultural market and cultural industries.

The reform and promoting stage (2003-2009): a series of cultural policies were made to develop the cultural markets and industries, major cultural provinces and/or municipals, such as Shandong, Beijing, Jiangsu developed cultural industry bases.

4. The rapid development stage (2009-the present): China has found rational modes of the creative industries since the State Council of China enacted and enforced the policy '*China's Cultural Industry Promotion Plan*'. (Chen and Zhu 2009, p. 5-17)

These four major stages of contemporary China's creative industries are also similar to the major development stages of contemporary China's music industries. However, it is incorrect that the creative industries started in 1978; moreover, this division does not consider the influence of the digital creative industries, including the digital music industry. Thus the division of this development stage is problematic.

Cai and Wen, et al. (2006) also examine the history of China's creative industries.

They point out that the history of China's creative industries can be divided into six periods:

The origin of China's cultural commodity and market (960-1840): the 'Wasi'<sup>5</sup> in the Northern Song Dynasty (960-1127) was the earliest and most typical ancient culture market form.

The late Qing and the Public of China's creative sector (1840-1949): the newspaper, book, drama performance, antique, calligraphy and painting sectors developed.

The People's Republic of China's cultural institutions (1949-1978): the culture and cultural industries mainly developed for the Chinese politics.

The rise of the creative industries (1978-1991): the cultural entertainment and advertisement sectors were transformed to the commercial cultural sectors; meanwhile public institutions began to transform to enterprises.

The rapid development of the creative industries (1992-2000): under the attention of the central government, all circles reached a preliminary consensus on the issue concerning the development of cultural market and cultural industries.

6. The strategic adjustment of China's creative industries (2001-the present): a series of cultural policies were made to develop the cultural markets and industries. (2006, p. 70-102)

This division of the history of China's creative industries is more accurate compared to the division outlined by Chen and Zhu (2009). This is because

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<sup>5</sup> The 'Wasi' was as main music and entertainment industry clusters and/or venues in the Northern Song Dynasty.



China's creative industries commenced in the North Song Dynasty. Secondly, all of the division points of time are clear; since each important point in time is consistent with the major points in time when major cultural policies were enacted and political events occurred. For example, 1949 is the year when the Peoples' Republic of China (P.R.C) was established; 1978 is the point when China's Reform and Opening-up started; 1992 is the point when the concept of the 'cultural industries' was proposed by China's Government.

Keane (2013) addresses the main objectives of the development of the creative industries in China. He argues that one of the most important purposes for the development of China's creative industries was to improve China's 'cultural soft power'. He states that:

Major events, such as the Beijing Olympics, the Shanghai World Expo have showcased China's creative accomplishments, which the national government promotes as 'cultural soft power'. Annual festivals, such as Beijing International Cultural and Creative Industries Expo, the Shenzhen Cultural Industries Expo and the Shanghai Creative Industries Activities Week attract entrepreneurs, investors, academics, policy makers, spectators and practitioners. (2013, p. 1)

According to Keane, China has developed the creative industries and promoted China's cultural soft power through musicians such as Lang Lang and Li Yundi (Keane 2013). He states:

Long regarded as trouble-makers, artists are rewarded for contributions to the national soft power campaign. Film makers such as Zhang Yimou and Jackie Chan (Cheng Long) present a brand-new image of China to the World's audiences while high-profile dissidents like Ai Weiwei and Liu Xiaobo remind the World that the new branding has

some way to go. (p. 1-2)

China developed the music industries through constructing state music industry bases, such as in Shanghai, Beijing and Guangdong. China has developed the creative industries in a similar way. Keane (2013) also notes that:

The construction of hundreds of creative clusters, parks, bases, zones, precincts and incubators, often situated around the fringes of cities, provide spaces to work and opportunities for exhibition, production and interactive learning. (p. 2)

Keane's (2013) viewpoint on the improvement of China's cultural soft power through the creative and music industries is significant. This viewpoint further substantiates the argument that China's creative and music industries are integrated and that there is convergence between culture/music, economics and politics in China.

### **2.3.3 The differences between China's creative industries and Western creative industries**

China's creative industries are slightly different to Western ones. Their differences will now be discussed. Cunningham (2009) examines creativity and innovation in China's creative industries. He states that: "in China, the word for 'creativity' (*chuang yi*) is found mostly within the arts and the domains of advertising, multimedia and design industries and the Chinese term for innovation (*chuang xin*) carries great national weight" (p. 379). He posits that:

There are two paradigms for implementing innovation and creativity in China: from below and from the top; the former refers to the paradigm through which China has brought scientific, engineering and technological innovations and economic and social creativities

and imaginations together for the encouragement of creative entrepreneurialism, while the latter mainly involves its national imperative to be more industrially and educationally innovative (Cunningham 2009, p. 379).

Cunningham (2009) also examines the differences between China and the Western creative industries. He states that:

China's incorporation of culture and creativity into a broader innovation strategy looks much like the playing out of Garnham's 'prestige' model, as well as being an even more exact instance of 'top-down' policy directive than could be contemplated in a Western liberal democracy (ibid).

China's interest in the creative industries reflects its historic claims to cultural or spiritual eminence. The West, however, is different.

Keane (2007) argues that: "Although international similarities are evident in the language - the emphasis on value-adding, revitalisation of urban space, enterprise, and clustering - the genesis of creative industries in China does not blindly follow the Western template" (2007, p. 154). He explains the reason for this as follows:

This is because, for Chinese policy makers, the deep history of the country is available for reference and authority to a greater extent than any Western nation. Central for such historical reference is the considerable legacy of Chinese accomplishments in the convergence of science, technology and culture. And while the burgeoning of creative clusters and precincts may appear as the slavish adoption of Western planning fashions, it reflects a Chinese socialist model of 'duplication of resources' (Keane 2007, p. 155).

Although there is not a special classification for music in the creative industries in

China, there are several categories within the industries, such as audio visual production, arts performance, culture performance venue, musical instrument sales, electronic publishing, and the Internet that relate to the music industries. The reason for this may be because music is an integrated industry. In fact, most categories of the creative industries are integrated with music; in other words, most creative industries have the element of music. Thus music is a strongly permeable industry and it has played an essential role in the creative industries.

#### **2.3.4 China's music industry governance**

Government cultural policy provides the foundation for the music industries in China; it is a key factor that has caused the Chinese mode of music industry operations to be unique. Like creative industry governance in China, music industry governance in China is also complex. Music is an integrated industry, thus it is difficult to divide it into an independent industry category, meanwhile it is also governed by several Chinese government departments such as the departments of culture, media, information, education and propaganda.

According to Chen and Zhu (2009), the creative industries are governed by several government departments which include the Propaganda Department of the Communist Party of China, the Ministry of Culture, the State Administration of Radio Film and Television, the General Administration of Press and Publication and the Ministry of Industry and Information. Thus culture, as a cross-industry sector, is governed by multi-sectoral top down management.

Similarly, the music industries are also governed by the four main governmental departments in China. Specifically, major music sectors, such as physical and digital

music, music publishing, live music, and music media, are governed respectively by the General Administration of Press and Publication, the Ministry of Culture, and the State Administration of Radio Film and Television. In addition, other music sectors, such as digital music, music instrument sales, and music training, are governed partly by the Ministry of Industry and Information Technology, the Ministry of Culture, the Ministry of Education, and the Ministry of Commerce.

It is essential here to explain the issue of ‘part governance’. For example the mobile music sector is an essential part of the digital music sector and is governed by the Ministry of Industry and Information Technology, the Ministry of Culture, and the State Administration of Radio Film and Television. The Ministry of Industry and Information Technology mainly involves operations and management, while the Ministry of Culture involves music content governance and censorship. Thus music in China is an integrated and complex sector in the creative industries and it is difficult to govern the music industries under a specific governmental department.

The music industries in China are not only dispersed but are also integrated with other cultural, media, and information technology industries. The characteristics of this dispersion and integration of China’s music industries has caused much inconvenience in terms of operations and management. Moreover, as a whole, the music industries have a loose structure and lack the systems and connections between different music sectors. Thus music industries governance in China adopts a scattered management mode rather than the concentrated management one.

The Chinese cultural policies that have influenced the music industries are outlined in Wilson (2010), Chen and Zhu (2009), Cai and Wen, et al. (2006), and Li (2006).

Wilson (2010) addresses the role of cultural policy in the creative industries. He states that “cultural policy is not solely concerned with getting more people from diverse backgrounds into the creative industries” (p. 368). Wilson also points out that:

Notwithstanding cultural policy’s concern for a complex set of issues at the intersection of culture and economics, it must surely have a fundamental interest in supporting and enabling the creative potential in all of us. Such an inclusive perspective implicitly acknowledges the potential benefits of creativity across social and economic policy agendas, rather than relying on what amounts to a form of social policy in disguise. (2010, p. 368)

Although there is no special policy to promote the entire music industries in China, there are a number of cultural policies that promote the entire creative industries, including the music industries. The main cultural policies that have influenced the music industries in China are as follows: The Ministry of Culture, the Ministry of Public Security, and the National Administration of Industry and Commerce. The latter enacted ‘*The Notice on Improving Dance Party Management*’ to administer the dance party market in 1987, this greatly promoted the cultural and entertainment market (Li 2006). The Ministry of Culture, and the National Administration of Industry and Commerce enacted ‘*The Notice on Strengthening of Cultural Market Management*’ in 1988; this officially proposed the concept of a ‘cultural market’ (Li 2006; Chen and Zhu 2010). In other words, the status of the ‘cultural market’ has been officially recognised in China since 1988 (Li 2012).

The concept of a ‘cultural economy’ was formally proposed in the Government’s political document ‘*Ministry of Culture’s Economic Policy Advice Report about Cultural Institutions*’ in 1991 (Cai and Wen, et al. 2006). The ‘cultural industries’

were first proposed in 1992 by Jiang Zemin, President of China (1989–2002), in the 14<sup>th</sup> National Congress of the Communist Party of China (Chen and Zhu 2010; Li 2006). The ‘cultural industries’ were emphasised again in the Chinese government document ‘*The Suggestion on the Tenth Five-Year Plan of the Central Committee of the Communist Party of China for National Economy and Social Development*’ in 2000 (Wu 2008). This plan further emphasised the significance of the creative industries and pointed out that cultural industry policies need to improve. Construction and management of the cultural market needs to strengthen and the development of the creative industries needs promotion (Chen and Zhu 2010).

The Ministry of Culture enacted ‘*The Outline of the Tenth Five-Year Plan for the Cultural Industry Development*’ in 2001, this document made a complete plan to develop the cultural industries. The 16th National Congress of the Communist Party of China proposed ‘*The Strategic Concept of the Development of China’s Cultural Industries*’ in 2002 which explicitly required the active development of ‘cultural institutions and cultural industries’ (Chen and Zhu 2009, p. 5-6). This was the first time this division became evident, with ‘cultural institutions’ referring to the ‘not-for-profit sector’ and the ‘cultural industries’ denoting the ‘for-profit sector’ (Cai and Wen, et al. 2006, p. 94).

Music has not been proposed as a separate category in China’s official documents, including official statistical reports. Moreover, the Chinese Government has also not proposed the concept ‘the music industries’ in the official documents. Thus there are no special cultural policies that were made to specially promote the music industries at the overall level to develop. However, there are a number of cultural policies that

promoted individual music sectors, such as physical recorded music, live performance, digital music, to develop. The main policies can be summarised in the following four categories, based on Chen and Zhu's work (2009, p. 23-26):

Firstly, several policies relate to the physical recorded music industry, which include: *'Regulations on Audio and Video Products'* (1994, 2001, 2002, 2008); *'Regulations on Audio-visual Products Management'* (1994, 2002); *'Regulations on Audio and Video Products Wholesale, Retail, and Rental'* (2002); *'Regulations on Audio and Video Products Import'* (2002); and *'Regulations on Audio and Video Products Publishing'* (2002).

Secondly, a few policies in relation to the digital music culture and industry exist. These include: *'Provisional Regulations on Internet Publishing'* (2002); *'Regulations on Electronic Publishing'* (2008); *'Regulations on Book Publishing'* (2008); *'Provisional Regulations on Internet Culture Management'* (2003); *'Protection Regulations on the Right of Communication of Information through Networks'* (2006); *'The Self-discipline Convention on Internet Audio-visual Program Services'* (2008); and *'Regulations on Internet Information Service Management'* (2000, 2002).

Thirdly, several policies in relation to the live music performance industry exist, including: *'Regulations on Commercial Performance Management'* (2005, 2008); *'The Suggestions on the Encouragement to Develop Private Performance Troupes'* (2005); and *'Regulations on Entertainment Venues Management'* (2006).

Fourthly, a few policies in relation to copyright, including music copyright, exist. These include: *'The Concerned copyrights: The Copyright of the People's Republic of*



*China*' (2001); and *'Implementing regulations on the Copyright of the People's Republic of China'* (2002). Finally, very few policies in relation to other aspects of music industries exist. These include: *'The Convention on Intangible Cultural Heritage Protection'* (2003).

These specific policies imply that the Chinese Government has begun to emphasise the development of the physical recorded music market, the live performance sector, and the digital music industries, as well as copyright law, particularly since the early 2000s. As a consequence, the music industries developed greatly during the 2000s. For instance, in 2006, both the physical recorded music and digital music sector reached US\$74 million, which was a 24.5% increase compared to sales in 2005 (IFPI 2007; Zhang and Wang 2009).

### **2.3.5 Music cultures and industries: A political approach**

Politics are an essential part of the music industries in China. Street (2012) argues that there is a close relationship between music and politics and that music can contribute to both the articulation of political ideas and the organisation of political action (p. 6). Music censorship and music related cultural policies explicitly and implicitly invest music with political principles and political ideas in China; meanwhile the domain of music culture and the music industry has been one of the most important fields with which the Chinese Government is concerned.

There are a number of publications that address the role of Chinese music, particularly Chinese Rock and Roll, in Chinese politics. Some representative works include Perris (1985), Street (2012), Zeng (2003), Huot (2000), De Kloet (2010), Jones (1994), Friedlander (1992), Sullivan (1995), Baranovitch (2003), Kraus (2004), Mittler (1997)

and Harris (2004). This section will focus on the issue of the influence of Chinese politics on the development of the music industries.

Perris (1985), Huot (2000) and Kraus (2004) address the issue of the role of China's music industries in the Chinese politics. Perris (1985) contends that the music industries can be regarded a means of political propaganda to persuade people and control society through politics in China. Huot (2000) highlights the influence of popular music on politics in China and points out the diversity and political nature of Chinese popular music through the comparison between the Chinese Rock and Roll movement in China and Mao's Cultural Revolution during the period from 1966 to the late 1976. During the Cultural Revolution, the state became even more closely involved in commissioning and producing cultural and entertainment products, which were seen as important pedagogic and propagandistic tools for the state (Kraus 2004; Montgomery 2009, p. 38) The music, such as 'Red Songs' (*hong ge*), including popular music, such as 'Rhododendron' (*ying shan hong*), 'Descendants of the Dragon' (*long de chuan ren*), became a powerful means of spreading political ideology (Li 2013).

De Kloet's (2010) work is representative. De Kloet examines not only Chinese popular music culture, but rock music both within the music industry and its relationship to Chinese politics. De Kloet (2010) addresses the relationship between Chinese politics and China's popular music industries, in particular, the Chinese rock music industries. He discusses this issue in the following way:

This book will show that if we dig deeper, both sonic as well as political realities in China are more complex and contradictory than we may at first realise, and hence refuse to be

essentialised into monolithic meanings or labels like ‘rebellious’ and ‘totalitarian,’ or to be contained in fixed dichotomies like official versus unofficial or resistance versus compliance. (2010, p, 16-17)

Zeng (2003) also addresses the influence of Chinese politics on China’s music industries. Due to the political cause, he does not directly point out the great influence of Chinese politics on China’s music industries. He points out that palace music and government music greatly influenced Chinese politics, music culture and the music industries during the ancient, modern and contemporary periods. Chinese government music is a unique music form, which does not exist in the West.

Baranovitch (2003) and Montgomery (2009) examine the relationship between Chinese politics and Chinese music culture and music industries. Baranovitch (2003) argues that:

New technologies and a changing media environment have not necessarily diminished the state’s interest in popular culture as a tool for propaganda. Rather, the Chinese Government is adapting strategies of influence and control to function in an increasingly market-driven environment (p.271).

It is obvious that the Chinese Government generally considers music culture and its related industries to be a tool for political communication and propaganda. Thus, the Chinese Government has continuing power over key music distribution and promotion channels, such as publishing, the Internet, audio-visual, mobile phones, concerts, radio, and television (Baranovitch, 2003).

Montgomery (2009) addresses the influence of Chinese politics on China’s music

industries. She states:

[The Chinese Government] has maintained control over access to commercial opportunities, through control of the broadcast media, regulations requiring permits for large-scale concerts and the need to obtain publishing licenses for legal sales of music, the Chinese government has been able to limit the commercial viability of artists it does not explicitly endorse. (2009, p. 4)

During the Cultural Revolution (1966-1976), almost all music industries primarily served the Chinese government and/or Chairman Mao Zedong's (1893-1976) political agenda.

Steen (2000) examines the role and characteristics of China's music industries during the period from 1996 to 1998. He analyses the role and characteristics of China's music industries, including cultural and political propaganda and the relationship between music, politics and economics during the period. Steen also points out that "Until now, it is only Cui Jian who has been internationally accepted as a rock mediator just because of his Chinese characteristics, critical lyrics, and rebellious non-commercial attitude" (2000, p. 23).

The publications above indicate the importance of Chinese politics in the development of the Chinese music industries. They identify that Chinese politics have close ties to China's music cultures and music industries. This research, however, does not explicitly point out that China's music industries have heavily converged with Chinese politics. This is one of the most essential characteristics of China's music industries that is quite different from the Western ones.

### **2.3.6 The history and development of China's music industries**

A few writers, such as Kraus (2004), Montgomery (2009), Zhang and Wang (2009), and Ge (2009) address the history of China's music industries from various perspectives. Kraus (2004) points out that China's music industries commenced in the early 1980s since the commencement of China's reform and opening-up. He specifically states:

By the time the post-Mao leadership began loosening restrictions on trade and interaction with the outside world in the early 1980s, the music industry that did exist in the PRC, including the live performance sector, and the recorded and broadcast sectors, were dominated by state funded cultural troupes dedicated to writing and performing a limited repertoire of propaganda songs (Kraus, 2004, p. 9).

It is significant that state funded culture troupes played an essential role in China's music industries. However, it is clear that China's music industries did exist before the early 1980s. China's state funded music record companies and recording industry have existed since 1949 when the P.R.C. was founded. China Record Press and Factory was established in 1950 based on the Greater China Record Company (Li, 2011). Moreover, China's live music industry commenced in the Northern Song Dynasty in 960 and before (ibid).

Montgomery (2009) addresses the history of China's music industries from the perspectives of copyright law and technology. She states that the People's Republic of China "remained without a copyright law until 1990 and technologies for mass reproduction and consumption of physical recorded music became available in the mid-1990s as China was transitioning from a planned economy to a market system"

(2009, p. 3-4). Montgomery (2009) also notes that “China lacked copyright law, an organized domestic music industry, and clear legitimate channels for the distribution of most foreign content during the 1990s” (p. 4). She also argues that the digital music industry has developed greatly and played an essential role in the music industries in China during the 21<sup>st</sup> century.

However, Montgomery’s (2009) research has some limitations. It is problematic that this research examines the history of China’s music industries mainly from the perspectives of copyright law and technology but not from the perspective of the evolution of major music sectors, music genres, and music companies. Moreover her statement that China lacked of an organized domestic music industry and clear legitimate channels for distributing foreign music contents during the 1990s is problematic. In fact, there were a few leading record companies, such as the Shanghai Audio-visual Press, Shanghai Audio-visual company, Shanghai China Record Company, which all played an essential role in music production, distribution, and publishing during the 1990s. Her Western emphasis on copyright law has generated a blind spot in her work with regard to the way in which music was produced, distributed and consumed during this decade.

Jones (2001) examines a brief history of China’s gramophone industry in the early 20<sup>th</sup> century. According to Siang:

Jones narrates lucidly the corporate history of Pathé Asia, one of the major record companies in Shanghai since its dominance in 1916. Subtly, such a narration unfolds a process by which colonial phonography was appropriated as a means of anti-colonial resistance in the Republican era. Jones’s intention for such insertions is commendable: he alerts us to hear, and in turn respect both the American influence on Chinese music, as

well as the Chinese influence on American music

([http://www.fionasze.com/writings/essays/Jones\\_Andrew\\_Book\\_Review.pdf](http://www.fionasze.com/writings/essays/Jones_Andrew_Book_Review.pdf), p. 3).

Zhang and Wang (2009) examine the history of China's recorded music industry (including physical products and digital services) based on the development of China's audio-visual sector. They identify three stages in the history of China's recorded music industry: the germination stage (the early 20<sup>th</sup> century - 1949); the record industry in the P.R.C (1949-1979); and the formation and development of China's contemporary recorded music industry (1979 - the present). Significantly, this research addresses the market share of audio-visual productions, including both local and international productions and the major issues that have existed in the present recorded music sector including the digital music sector. Thus this research provides basic research data for this thesis.

Ge (2009) examines the interactive relationship between modern Shanghai social life and the physical recorded music industry during the first half of the 1900s, from the perspective of social history. He outlines the significant role and influence of the physical recorded music industry on the lives of modern Shanghai residents. He argues that Shanghai's music industry, in particular China's physical recorded music industry, began to develop in the late 19<sup>th</sup> Century, and reached its peak in the 1930s. A case study is also conducted based on Shanghai EMI; meanwhile this case also reveals the development of Shanghai's physical recorded music industry as well as the influence of the Western physical recorded music industry on Shanghai's physical recorded music industries.

However, both Zhang and Wang (2009) and Ge (2009) do not write about the

evolution and convergence of the systems and structures of China's music industries nor on the influence the recorded music industry had on other music sectors, such as music performance, music instrument sales, and music media. They do not address the unique characteristics of China's music industries compared to Western ones.

In addition, there are other scholars, such as De Kloet (2008, 2010), Jones (2012), and Steen (2000), who study the development of China's music cultures and industries from various perspectives. Their research has influenced the establishment of the theoretical basis of China's music industries. They, however, write little on China's music industries from the macro and holistic perspectives, including the evolution and convergence of China's music industries.

### **2.3.7 The audio-visual (AV) sector and the physical recorded music industry**

It is essential to discuss the relationship between the Audio Visual (AV) sector and the physical recorded music industry. 'The AV sector' and the 'physical recorded music industry' are terms that are often interchangeably used in China, they, however, are slightly different. The physical recorded music industry is not only a part of the music industries but is also a part of the AV sector in China (Li 2010), thus physical recorded music is a cross over sector.

Zhang and Wang (2009) identify several differences between the West and China's AV sector. They state that the AV sector in the West refers to the recorded music industry; sometimes it is also called 'the music industry' (2009, p. 2). Zhang and Wang (2009) define the physical recorded music industry in the following way:



The physical recorded music industry encompasses many kinds of individuals, enterprises and organisations that are involved in music creation and industrial activities, such as song composing, music recording, record distribution and sales and live performance, and the main product is the music record. (ibid)

Debande and Chetrit et al. (2001) define the notion of the AV sector in a way that “covers the film, broadcasting (television and radio), video and multimedia industries (p.10).” This AV sector grew rapidly, “reaching a total market value estimated to be EUR 61,5 billion in 2000 in the EU, and this sector reached 3.517 billion yuan (approximately US\$0.639 billion) in 2006” (ibid).

However, the AV sector has some distinct characteristics in China. In China, this sector is a franchising system; the license of publishing and duplication needs to be granted by the Government Administrative Department of Press and Publishing, and the license of wholesale and retail needs to be granted by the Government Administrative Department of Culture (Zhang and Wang 2009). AV productions in China include cassettes (tapes), compact discs (CDs), enhanced compact discs, video-cassettes (VHS), digital compact video discs (VCDs) and enhanced compact video discs (ibid). Thus, the scope of the AV sector in China is much greater than in the Western countries.

### **2.3.8 The economic and organisational models of the music industries in China**

The relationship between Chinese culture and economics and politics is complex. This complexity often reflects the fact that culture, economics and politics are heavily integrated. In some areas of the cultural industries, including the music industries, it is difficult to judge which factors are important, such as the live performance sector. Similarly, Chinese economics and politics have greatly influenced China’s music

industries, this influence mainly reflects that China's economic and organisational models of the music industries are complex.

The economic and organisational models of contemporary China's music industries are based on contemporary China's overall economic models. Thus, to better understand the economic and organisational models of contemporary China's music industries, it is essential to understand China's overall economic modes first. Schuman (2010) states that "many observers believe China has developed a "new paradigm," a superior economic model that challenges the dominance of Western ideas about economies." This paradigm is also called 'China's model' (Cheng 2009). This model not only manifests in the general economic domain, it also presents in the field of the cultural industries including the music industries.

There are three major contemporary economic models that have been used both in China's general economy and in its cultural economy, including music economy. These include a market economy, a command economy (also called a 'planned economy'), and a mixed economy. Chow (2011) addresses these economic models from an historical perspective. He argues that the planned element has played a major role in contemporary China's economy. According to Chow (2011), China's planned economy can be explained as follows:

During the period from 1953 when the first Five-Year Plan began to the end of the 1970s, China practiced central planning under the direction of the State Planning Commission (SPC). The main function of planning was to direct the production of major products by state-owned enterprises. The State Council had a large number of ministries most of which were responsible for the production of the corresponding products. (2011, p. 1)

Therefore in this economic model, the government influences and determines productions and amounts, 'the people', or the state, own the productions.

While Chow (2011) explains China's market economy in the following way:

Beginning in 1978 the Chinese government changed the economic system gradually towards a market economy, allowing non-state enterprises to produce and compete with state enterprises. (ibid)

Chow explains the mix economy model in the following way:

During the period of economic reform beginning in 1978, Chinese government officials were shown the efficiency of the market economy by experimentation but they continued to believe in the importance of planning. The course of economic reform was to allow elements of both the market economy and economic planning to coexist and serve the Chinese economy. State and non-state enterprises coexist and compete with one another. (2011, p. 2)

Thus, a planned economic model has played an essential role in China's economic development until today.

State ownership, private ownership, and mixed ownership organisations are the three primary economic models in China. A firm can be determined as private if the state controls only a minority of its share capital; otherwise it is state-owned. A mixed ownership organisation refers to the enterprise containing both state shares and non-

state shares. Music in China has a strong political characteristics, it is considered to be a special cultural sector by the Chinese government. Therefore, the state of different ownership organisations in China is as follows: state ownership organisations play a leading role in the contemporary music industries; there is a small percentage of private ownership music business companies, they, however, have played less of a role in the industries; while mixed ownership organisations are relatively rare.

The culture industries are explicitly divided into two parts in China: profit making and non-profit making (Li 2012). Similarly, the industries are also divided into two sectors: culture institutions (*wen hua shi ye*) and culture industries (*wen hua chan ye*) (Cai and Wen, et al. 2006; Chen and Zhu 2010). Apparently, non-profit making and culture institutions are similar, thus they are sometimes exchangeable, while profit making and cultural industries are also similar and sometimes are exchangeable. Based on the definitions of cultural institutions and cultural industries proposed by Cai and Wen, et al. (2006), music public institutions in China possess the following objectives: first, to create and/or improve production and living conditions; second, to provide services for the state economy, people's cultural life, and social welfare; third, not to accumulate funds for the state. Thus the importance of music institutions lies in their social function rather than their direct economic function.

The differences between music institutions and the music industries are the same as the difference between cultural institutions and the cultural industries. Thus, it is essential to discuss the differences between cultural institutions and cultural industries in China. According to Cai and Wen, et. al. (2006), in a conventional sense, culture is also thought of as an institution, meanwhile cultural activities are regarded as 'cultural constructions' (*wen hua jian se*) by the Chinese government; cultural construction

needs to accord not only with spiritual civilization rules but also with the rules of the market economy (2006, p. 11). They argue that there are three differences:

First, the nature of organisations between them is different. Cultural institutions are the affiliations of the Chinese government and mainly adopt administrative methods. However, culture industries organisations are enterprises and enterprise legal persons are responsible to run their cultural businesses.

Second, the objectives of productions are different. Cultural institutions are not for profit making but cultural industries organisations are for profit.

Third, their social tasks and historic missions are different. Cultural institutions are to facilitate advanced cultural communication as well as public and social all-round development. (Cai and Wen, et al. 2006, p. 11)

Based on the differences between cultural institutions and the cultural industries outlined by Cai and Wen, et al. (2006), music industry organisations in China can be divided into two types: institutional (*yin yue shi ye*) and industrial (*yin yue chan ye*). The former does not aim for profit/commercial outcomes, thus it is also called ‘not-for-profit’ or ‘non-commercial’, while the latter aims for profit and thus it is also called a ‘for-profit or commercial’ organisation. The Chinese Musician Association, the China National Symphony Orchestra, the Shanghai Symphony Orchestra, and the Shenzhen Symphony Orchestra, as national level music administrative and performing organisations, are typical music institutional organisations in China’s music industries.

The ‘non-commercial’ organisations do not aim for profit and obtain funding support mainly from the Chinese Government. Bian (2011) states that the China National Symphony Orchestra earned approximate US\$5.5 million in 2010, meanwhile it also

obtained approximately the same amount in funding from the Chinese Government since the Orchestra needed total funding US\$11 million in the year (p. 10). Thus music performance is a state funded sector, the Chinese government provides part of the funding to support major national level music performance organisations.

However, commercial/for-profit music business organisations also have a crucial role to play in the music industries in China. The Shanghai Audio-visual Press, the A8 Music Group, Beijing Wireless Music Sky Company, and the Modern Sky Empire are typical music industry organisations. They involve for-profit music business activities and do not obtain funding support from the Chinese Government.

#### **2.3.9 Copyright laws in China's music industries**

Copyright laws have played a key role in the creative industries (McIntyre, 2007). Thus the creative industries are sometimes also called the 'copyright industries' in several Western countries, such as Australia and the U.S. (The Allen Consulting Group 2001; Economists Incorporated 2009). Copyright regimes have been forced to make a dramatic evolution in the entertainment and technology sectors, including within the music industries (Li 2013; McIntyre, 2007). Many scholars accept the viewpoint that copyright law provides the foundation for the music industries in the West (Wikstrom 2009; McIntyre 2012).

Although China has developed a special mode of music industry operations which does not highly depend on copyright laws to develop the music industries, copyright laws have played a role within these industries in China. The high level of piracy in China has drawn much attention from political, business, and academic fields both

inside and outside China. Thus this section will provide a definition of copyright, and will outline the historical role copyright laws have played in contemporary China's music industries based on the following publications Wikstrom (2009), McIntyre (2012), Liu (2010), Andersen, Kozul-Wright, et. al. (2000), Montgomery (2006, 2009), and Zhang (2012).

#### **2.3.9.1 The definition of copyright laws and its brief history in China**

It is essential to define the concept of copyright law before discussing its history in China. There are a few scholars, such as Liu (2010), Andersen, Kozul-Wright, et al. (2000), Wikstrom (2009), and Zhang (2012), who address the definitions of copyright laws. The definitions provided by Liu (2010), Andersen, Kozul-Wright, et al. (2000) are representative and therefore this section primarily focuses on them.

According to Liu (2010): "copyright law was originally designed for a brick-and-mortar world where commercial intermediaries played a central role in developing distribution channels and exploiting copyrighted works" (p. 622). Andersen et. al. (2000) provide the following definition:

Copyright is one of the essential institutional mechanisms which has helped facilitate the creation and dissemination of cultural works through modern business enterprises, by providing a framework to manage the problems arising from the joint consumption and imperfect excludability of such works (Andersen, Kozul-Wright, et. al. 2000, p. 6).

To further understand the role of copyright laws in China's music industries, it is essential to examine a brief history of copyright laws in China. Wikstrom (2009) notes that: "the English law which went into force in 1710 marks a shift from a system where printers were able to print books without compensating the authors for

their creative labour, to a system where the author would have the exclusive right to reproduce books” (p. 18). The most important legislation in international copyright law is the Berne Convention, which was established in 1886 (ibid).

The activities of cultural products protection and the concept of copyright appeared in China earlier than it did in the West. Regarding the origin of Chinese copyright, Zhang (2012) states:

The activities of cultural products protection and the concept of copyright in China can be traced back to the Song Dynasty (A.D. 960-1279) when publishers stated on the last page of a book that reproduction was prohibited. Violators who copied manuscripts without the consent of publishers were subject to fines, corporal punishment, and having their printing equipment destroyed. (p. 2)

Zhang (2012) also states that the development of the Chinese copyright system experienced three official copyright codes prior to the 1990s: first, the copyright law of the Qing Dynasty (1910); second, the copyright law of the temporary Northern Warlords Government (1915); and third, the Copyright Law of the Republic of China developed by the Nationalist Government (1928) (p. 2). The Copyright Law of the People’s Republic of China was passed in 1990 and was amended in 2001 (Liu 2010; Montgomery and Fitzgerald 2006). Similar to that of most countries in the world but with slight differences, Copyright Law in the People’s Republic of China set out the general guidelines on the protection of copyright owners’ rights, such as who owns copyright and what the rights possessed by them are (Zhang 2012, p. 3).

Zhang (2012) also addresses the causes and background of the establishment of the Chinese copyright system during the last three decades of the twentieth century in the



following way:

The People's Republic of China realized the importance of a solid legal system to protect its mixed economic model and to maintain political stability. In addition to this internal consciousness, external pressure from Western countries and international organizations played essential roles in the process. (2012, p. 1)

Thus the legal position of China has moved closer to the Western model and has started to accept the more individualized and commercialized notion of intellectual property rights due to this external pressure (Montgomery and Fitzgerald 2006). The Chinese Government committed itself to the construction and modification of its system dealing with intellectual property issues by enacting and enforcing its first trademark law in 1983, the first patent law in 1984, and the first copyright law in 1990, with further amendments of them over the following decades.

It is essential here to discuss the role of copyright law in China's music industries. Montgomery and Fitzgerald (2006) point out that copyright law has played an important role in the music industries, specifically stating that:

Copyright Law is seen as vital to stimulating and producing creative innovation. It is seen as an incentive for creators and commercialising agents to invest in creative production and to recover a reward on their investments. (2006, p. 4)

The Copyright Law of the P.R.C has played an important role in China's music industries, particularly with regard to digital music, physical recorded music and the music publishing industries during the late 1990s and the 21<sup>st</sup> Century. Several international treaties, such as the Berne Convention (*'Berne Convention for the*

*Protection of Literary and Artistic Works of 1886*’) and the TRIPS Agreement (*Agreement on Trade-Related Aspects of Intellectual Property Rights 1994*’) have been paralleled in Chinese Copyright Law. According to Liu: “Such legislative developments are grudgingly accepted only as a trade-off in international trade negotiations” (Liu 2010, p. 622). On 27 October 2001, the National People’s Congress of China approved amendments to the Chinese Copyright Law that brought it more in line with the international treaties above.

Montgomery (2005a, 2005b) states that the digital music industry has developed rapidly in China, but at the same time, music piracy has seriously affected China’s music industries, particularly the digital music industry and the physical recorded music industry. Montgomery (2005a) points out that: “rates of music piracy are notoriously high throughout China’s audio-visual industries, with industry executives generally quoting piracy rates of between 75% and 95%” (p. 2). Montgomery (2005b) further states with regard to the influence of music piracy on China’s music industries that:

China is one of the most difficult markets in the world for copyright owners. Illegal distribution networks are well established and consumers are used to content that is either free or very cheap. China’s legal system is still in the process of developing and the Chinese government regularly fails to enforce its own IP legislation. As a result, translating formal rights into royalty payments is extremely tough. (p. 1)

China has provided a special case for the development of the music industries because the fundamental driver and market status of China’s music industries are different to that of the West. Both the massive and diversified music markets and special government-led cultural systems in China have helped a large number of music

business companies to develop their operations in a way that does not involve depending on copyright law. Instead they depend on the massive and diversified markets there. Discussing the digital revolution, copyright and creativity in the West, McIntyre (2012) engages with Thomas's dictum:

This dictum states that the way people perceive a situation predisposes them to behave in ways that are in line with those perceptions even if the perception is problematic. Furthermore, once a belief takes hold, such as a romantic or inspirational view of creativity, 'gradually a whole life policy and the personality of the individual himself' (Thomas, 1967, p. 42) becomes premised on the belief system and they act according to that belief system. (176)

This dictum can be applied to the case of Chinese music consumption, but in an inverted way. Rather than an individualist and romantic view of creativity being dominant, one that is partly fed by the fact that capitalism is hegemonic in the West, after years of adhering to a communist belief system, the Chinese people have different perceptions of private property. A sub-research question therefore becomes: are individualist and romantic views of creativity perceived differently because of this political legacy and also because of a lack of copyright law in China? As the West grapples with the issues caused by the Internet, so too does China, however copyright is not as central to the resulting convergence between different sectors of the media and creative industries in China, as it is in the West, for both ideological and practical reasons.

While Wikstrom (2009) argues that the term 'copyright industry' is a more accurate descriptor than either 'cultural industry' or 'creative industry' in the West "since copyright legislation is what makes it possible to commodify a cultural work such as a

film, a song, a photograph, a book etc” (cited in McIntyre, 2012, p. 179), this is not the case in China. The ‘creative industries’ remains a better descriptor for China for the reasons outlined above. Yet despite different perceptions of, and adherence to, copyright law in China, there is a massive market for the products of the creative and music industries.

According to Wu (2010), China reached US\$3266.80 per capita in 2008 while total cultural consumption is estimated to be approximately US\$127.30 billion. Other forms of cultural consumption (when tourism etc are included in the calculations) are estimated to be about US\$4 trillion. Thus there is a large potential market for China’s creative industries in terms of exchange value, while there is a massive existing market for music if one considers the ‘use value’ of this particular cultural commodity. ([news.xinhuanet.com/fortune/2010-03/07/content\\_13114716.htm](http://news.xinhuanet.com/fortune/2010-03/07/content_13114716.htm)). It is primarily through the ‘use value’ of digital music files in China (and the piracy that has made popular music so ‘useful’ in China) that the search engine Baidu has managed to dominate in terms of market share. The differences between China and the West in terms of perceptions of, and adherence to, copyright law were made evident by the case of Google China’s attempt to use ‘free’ music to leverage market share from the popular search engine Baidu. Discussing Google’s failed attempt to emulate Baidu’s model, Schroeder (2009) noted that:

In a country where (IFPI claims) 99 percent of all music files are pirated, the major record labels are happy to get at least an advertising revenue split with a popular search engine in exchange for giving out music for free. It's a necessity, really; to be able to compete with Baidu, which also offers music downloads (the legality of which is, however, disputed) and holds over 60 percent of the search market ... Google is splitting the advertising revenue share with Sony Music, Warner Music, EMI and Universal Music, but such deals are unlikely to happen in countries other than China ... it's interesting to see how very different business models can be arranged with the major

labels, depending on the state of the market. (<http://mashable.com/2009/03/30/google-china-free-music-downloads/> accessed 12.4.13)

However, although Google attempted to use a progressive approach to music licensing in order to increase its Chinese market share, the attempt was doomed to failure:

U.S. technology giant Google announced on September 21 [2010] that it would shut down its China-only music download service on October 19. Citing Google Music Search's failure to attract users, the company said on its blog that it would transfer resources to other products. The decision marked Google's latest setback in the Chinese market.

([http://freedomhouse.org/cmb/69\\_092712#.VAO7h7ySyQc](http://freedomhouse.org/cmb/69_092712#.VAO7h7ySyQc), accessed 12.3.13)

Furthermore, in May 2011, Chinese search-engine Baidu launched a similar music service entitled 'Baidu Ting' that also features deals with record companies to offer free music. In addition "Google's clashes with Chinese authorities over censorship have left Baidu in a powerful position, with about 80 percent of the country's internet search market, even though it is known to heavily censor its search results." (ibid) Citing Flew (2005), McIntyre (2012) argues that "copyright and the legal framework of intellectual property law has become "the site upon which so many of the issues and challenges of presented by the development of new media" (Flew cited in McIntyre 2012, p. 179) are still being worked through" (179). He notes that the key issues are:

The balance between public and private, individual rights of ownership and social use for collective benefit, the nature of knowledge as a commodity and as a public good, and the

best ways to promote and to equitably share the benefits of creativity in an age of digital networks (Flew cited in McIntyre 2012, p. 179).

China's cultural consumption is also subject to diversification and individuation; in other words, although the copyright environment is not favourable for the generation of exchange value, the music industries, including the physical recorded music and digital music sectors have made progress and this suggests that China is finding a balance between public and private ownership. Because of China's political history however, there is still more of an emphasis on the social use of music for collective benefit. Yet despite this emphasis, the increase in the individual rights of ownership is evidenced by the fact that there is an increasing number of wealthy people in China, and that China has quickly become one of the largest countries for luxury goods consumption in global terms in 2013 (Gong 2013). For instance, Luciano Pavarotti's Concert in 2001 created a record for music performance in China. The average price per ticket reached approximately US\$550, the highest ticket reached US\$1,100 and there were 300 tickets sold in total (ibid). Thus there are many people, including music fans, who are interested in buying quality music products; meanwhile this also implies that China has a massive market for music.

For centuries, the size of China's population - 1.3 billion which includes 38 million online users and 70 million wireless users, has invited an easy exaggeration of its market potential. Even if one reaches only a small part of the youth market in China, profits are bound to be huge (De Kloet 2010, p. 169). Thus the vast and diversified music market in China has made up for the problems caused by the negative copyright environment.

Copyright law is not the main driver of development in the music industries in China. However, it has played a role in the music industries. This is another major difference between Chinese and Western music industries because despite lax copyright laws, there are profitable music business companies in China such as A8 Music Group, Beijing Wireless Music Sky Company, and Shanghai Synergy Cultural and Entertainment Group. These companies make money from music mainly through artist management and advertising endorsements. Moreover, they have also obtained funding support from the Chinese Government to construct 'China's National Music Industry Bases' which are located in Guangdong (Shenzhen), Beijing and Shanghai.

However, copyright law and its implementation in China (or lack thereof) has caused problems that have greatly affected China's music industries. Copyright piracy is a major issue in China, one that has greatly influenced the local and international music industries in this country. Liu (2010) examines "empirical evidence on how the Chinese music industry has adapted and developed in the shadow of a virtual copyright anarchy" (p. 623). He argues that copyright piracy has influenced the creative process of China's music industries and states that:

Most importantly, as copyright piracy obstructs the communication of consumer preferences to musicians, an increasing number of musical works are created to accommodate the tastes of entrepreneurs (e.g., sponsors and advertisers) rather than those of average consumers, and this has caused a fundamental shift in the creative process of the Chinese music industry. (Liu 2010, p. 624)

Liu (2010) also states that copyright piracy has influenced the revenue streams of the entire music industries in the following way:

The competition from low-priced pirated works both online and offline undercuts stable income from royalties, Chinese musicians have witnessed the entire music industry becoming increasingly dependent on alternative revenue streams such as advertising, merchandising, and live performance. (ibid, p. 623)

Thus copyright is an important factor that has influenced China's music industries, including its evolution and convergence.

The copyright environment has also greatly influenced the international music business in China. Baranovitch (2003) and Brady (2006) and Montgomery (2009) state that: "a difficult copyright environment, combined with the Chinese government's continuing power over key distribution and promotion channels, including radio, television, publishing and concerts, have been key factors in the failure of international labels to secure a dominant position in China's rapidly developing domestic music market" (cited in Montgomery 2009, p. 36). Therefore the issues surrounding copyright law in China are complex.

In conclusion, Wikstrom (2009), Liu (2010), Andersen et. al. (2000), Montgomery (2006, 2009), and Zhang (2012) explicitly point out that copyright has played an essential role in the music industries; while they also indicate that copyright piracy has greatly affected China's music industries due to a difficult copyright environment. However, they do not address the following issues which reflect the unique characteristics of China's music industries: how has China developed the music industries despite having a difficult environment for copyright? Why have the music industries in China been subject to such a difficult copyright environment? How special is China's mode of music industry operation in this context? What are the



differences between China and the Western music industries from the perspective of copyright?

## **2.4 Innovation systems in China's music industries**

Innovation systems have played an essential role in China's music industries. Thus this section will examine the current research in relation to the innovation systems of China's music industries. Core dependencies, fragmentation of the market, and copyright infringement are identified as major issues that relate to the innovation systems here. The following text will specifically address these issues based the following publications: Throsby (2002), Leyshon (2001), and Burnet and Weber (1989).

### **2.4.1 Defining innovation systems**

According to Niosi (2011): "the innovation systems approach is almost a quarter of a century old, if we start counting from Chris Freeman's seminal book on the Japanese national system" (p. 1637; Freeman 1987). Lundvall (1992) suggests that innovation can be defined as any improvement on process or product. Hendrickson et al. (2011) define 'innovation' as a fundamental tool used by the private, public and community sectors to improve competitiveness and productivity (p. 8). While they define innovation from different perspectives, the definition by Hendrickson et al. is suitable for explaining the innovation systems of China's music industries.

According to Niosi (2011), Lundvall (1992) also suggests that innovation systems "include all organisations and institutions (particularly interactions and norms) that contribute in one way or the other to innovation." (p. 1637) Commonwealth, State and

Territory Advisory Council (2009) defines an innovation system as an open network of organisations both interacting with each other and operating within framework conditions that regulate their activities and interactions.

#### **2.4.2 The core dependencies of the innovation systems of China's music industries**

China has provided a special mode of music industry operation, this special mode features the fact that China has developed the innovation systems for the music industries that feature several 'Chinese' characteristics. The innovation systems of the music industries in the West generally involve the following innovation systems: content, copyright, policy, technology, market, and consumption. In contrast, contemporary China's music industries have relied on the elements of Chinese politics and the market, rather than on copyright. Therefore copyright is not necessarily considered to be one of the 'core dependencies' in the innovation systems of the contemporary China's music industries.

According to Montgomery (2009): "China provides a valuable case study for researchers interested in the relationship between copyright and the growth of creative industries because, to a large extent, music-related business models in China are evolving in an environment where copying and distribution are difficult to control and very high levels of music 'piracy' are the norm" (p. 2). Moreover, Montgomery also examines how and why commercial activities "centred around the production, distribution and consumption of music are developing in the context of weak copyright and rapid adoption of new technology" (ibid). This has provided important clues for researchers and policy-makers attempting to understand how music industries adapt to changing regulatory and technological environments in China;

meanwhile this has demonstrated China has a special innovation system within its music industries.

In China, copyright is not as important, but the music industries have still existed and developed in China. While the West is losing its ability to enforce copyright, China's music industries have provided more possible models to operate music businesses in ways that do not rely copyright. De Kloet (2010) addresses the issue concerning core dependencies in China's popular music industry. He agrees with Condry's argument that to understand popular music in China, it is important to include the different actors and their interactions in the analysis – musicians, media industries, fans, writers, etc (Condry 2006, p. 2, cited in de Kloet 2010, p. 33). Thus De Kloet (2010) starts by studying the music scenes and continues with the audiences and producers, while also paying attention to the mutual interactions and dependencies between these actors (P. 33).

#### **2.4.3 China's music market fragmentation**

The music market is an essential part of the music industries in China. There are some baseline challenges in China in that access to data in terms of copyright (record sales for example) and also live performance data (ticket sales for example) is difficult to obtain. Moreover, while there is an IFPI report for China that accounts for legal (copyright), this provides a very limited view of music consumption. However, there are very limited publications that address the issue of the contemporary China's music market, such as Sekine (2008), Steen (2000), and De Kloet (2001, 2010). The following text will focus on these publications.

Sekine (2008) examines China's music market from the perspectives of the definition of Chinese pop, market size, and Chinese popular music genres. Sekine defines C-Pop in the following way:

C-pop is an abbreviation for Chinese Pop. The term refers to Chinese popular music. Most Chinese pop comes from Hong Kong and Taiwan. As a consequence, the lyrics of some Chinese pop songs are in Cantonese or Taiwanese. Although most Chinese pop is in Mandarin Chinese because of the larger audience it reaches. Chinese pop covers many styles such as rhythm and blues, slow jams, ballads, Hip-hop, and rock. (2008, p. 254)

Sekine also points out that both Western popular music and Hong Kong and Taiwan's popular music influenced China's popular music during the periods between the 1930-40s and the 1980-90s.

Sekine (2008) argues that China has a large potential market for music. She specifically discusses the size of this market in the following way:

China is the largest country in the world population. About 1.3 billion people are assumed to be living there, but the number of people who can afford to spend on entertainment is estimated to be approximately 400 million, and most of them are living in Beijing, Shanghai and the provinces of Guangdong and Sichuan. These areas comprise a large market. (Sekine 2008, p. 256)

Significantly, Sekine (2008) also points out that there are three major sectors of contemporary China's popular music market: Cantopop (referring to Guangdong popular music during the period from 1980s to the 1990s), Mandopop (referring to Mandarin popular music during the period from the 1980s to the present), and Shanghaipop (referring to Shanghai popular music in the 1930s).

However, Sekine (2008) writes little on other music markets, such as the Western music market, Chinese traditional music, and Chinese new music. Furthermore, Sekine overemphasises the role of Hong Kong and Taiwan's popular music in China's market and overlooks the role of mainland China's popular music in China's market.

Steen (2000) addresses China's music market from the perspective of popular music genres. He states that:

China's music industry, which has been expanding rapidly over the last decade, the present range of commercially produced popular music styles covers everything from socialist - pop, Gangtai light music, heavy metal and mainstream rock, to new wave - punk, and even jazz music. (Steen 2000, p. 40)

Steen (2000) points out that early Chinese rock music has been produced and distributed not only by major state-owned record companies, such as the Shanghai Audio-visual Press, China Record Shanghai Company, Shanghai Audio-visual Company, but also by private record companies, such as the Modern Sky company and the Beijing Wireless Music Company. Despite rock music's ideological difficulties in China and its restricted access to radio and TV programs, they have had the courage to record new talent that is said to form the new mainstream of China's music business (Steen 2000).

Steen (2000) also addresses the role of Beijing's rock music industry in China's music industries. He contends that Beijing has played an essential role in the rock music industry. Steen (2002) states that Beijing was praised as the 'Hollywood of Chinese

Rock' (*yao gun yue de hao lai wu*) during the 1990s as it has been a centre of rock music activity with young musicians coming from all parts of China.

Steen's (2000) research is significant. Although it does not indicate that the Beijing rock music industry has played a lesser role in the China's entire music industries, it implies that the Beijing rock music industry has greatly facilitated Beijing's music industries' development; particularly independent music companies such as the Modern Sky Company and the Beijing Wireless Music Company. However, he does not address China's music industries from a systematic and holistic perspective. The rock music industries, including independent record companies such as the Modern Sky Company, form a very small part of the music industries in China. Steen's (2000) research therefore has limited scope within the context of this thesis.

De Kloet (2001) also examines Chinese rock music and the rock music industry from the perspective of cultural studies. He notes that there are "two key, mutually conflative, dichotomies that underlie the politics of rock in China: the West versus the non-West, and rock versus pop" (p. 242). He further states that the latter dichotomy involves the politics of place and the identification of cultural stereotypes, since Chinese rock comes from the 'cultural' North (mainly referring to Beijing and Northeastern China), whereas pop comes from the 'commercial' South (mainly referring to Guangzhou, Shanghai, Hong Kong and Taiwan).

De Kloet (2010) examines China's rock music market during the 1990s. He identifies two major types of rock music: the 'hard' cultural forms of sound, such as the underground bands, heavy metal, punk and hip-hop; the less 'hard', or 'softer'

cultural form of sound, such as folk-rock, pop-rock, pop-punk as well as the fashionable bands (p. 33). De Kloet (2010) also points out that the sounds are generally marginalised in rock discourse, such as those coming from bands outside the perceived centre of rock, Beijing, those from the female bands and, most notably, the opaque sound of pop.

De Kloet's (2010) research is significant. First, this research indicates that there are two major popular music markets in China: rock and pop. Apparently, the market for pop music is much larger than the one for rock music in China. Second, his research also implies that Beijing, Shanghai, Guangzhou, Hong Kong and Taiwan have been five major music production centres that have influenced China's contemporary music markets and industries. Third, his research also indicates that there are two major markets for rock music in China based on the rock music genre: hard (including the underground bands, heavy metal, punk and hip-hop) and softer (including folk-rock, pop-rock, and pop-punk). However, De Kloet (2010) addresses the issue of the Chinese rock music market and industry mainly from the perspective of cultural studies, moreover, the rock music industry is a very small part of the industries in China, thus De Kloet's (2010) research on China's music markets and industries has limitations.

#### **2.4.4 Copyright infringement**

China has developed a special mode of music industry operations because the development of China's music industries has relied more on the massive market there, and on the Government's policies and support, than on copyright laws. Yet despite this, copyright law does have a role in China. Thus copyright

infringement and piracy can also be thought of as one of the main impediments to the development of China's music industries, including the engagement of international music businesses in China's music markets and industries.

Although illegally shared and downloaded music from P2P networks has commonly been accepted as the main explanation for the losses of the sales of physical recorded and digital music productions in China's market, there are also a number of authors, such as Montgomery (2009), Cooper (2008), Rob and Waldfogel (2004), who have provided other probable explanations for the physical recorded music market recession. First, the "growth in CD sales had already stopped by the end of the 1990s, because most consumers had by then replaced their vinyl collections with CDs" (Rob and Waldfogel 2004, p.29). Moreover, high prices for CDs suppressed consumer demand (Cooper 2008). Furthermore, digital music has provided a more convenient way to entertain and consume music (Montgomery 2009).

The International Federation of Phonographic Industries (IFPI) (2006) addresses the issues of copyright infringement and piracy in China's music industries. The IFPI states:

The International Federation of Phonographic Industries (IFPI) 2006 *Piracy Report* claimed that rates of "physical piracy" in China were 85 per cent. The total value of the legitimate physical music market was calculated at US\$120 million, while the value of physical piracy was reported to be US\$410 million (IFPI, 2006). However, when music industry professionals interviewed by the author in Beijing in 2005 were asked to estimate levels of unauthorized copying and distribution of physical music products, estimates were as high as 95 per cent. (IFPI 2006; cited in Montgomery 2009, p. 14)



John Kennedy, who was the former CEO of the IFPI, addressed the issues of copyright infringement and piracy in China in the International Forum on the audio-visual industry in Shanghai in 2006, stating that:

Illegal sales of music in China are valued by [the] IFPI at around US\$400 million, with around 90 per cent of all recordings being illegal. No creative or knowledge-based industry can hope to survive in such an environment. (Kennedy, 2006).

The IFPI (2009) further addresses the issue of copyright infringement in China that affected China's music industries, in particular, the physical recorded music and digital music industries. It specifically states regarding the influence of online music piracy on the digital music industry in China that:

China is a potentially huge music market that is being throttled by online music piracy. The biggest infringers are the country's largest internet companies—Baidu, Sohu, Sogou and Yahoo China—which provide specialized 'deep link' services giving users direct access to millions of copyright infringing music files. Baidu is the biggest single violator of music copyrights and by far the greatest obstacle to legitimate digital commerce in China. (IFPI, 2009)

The IFPI further states that Baidu's copyright infringement and piracy issues have influenced China's digital and physical recorded music industries, though Baidu has grown rapidly through copyright infringement and piracy. The IFPI specifically states that:

The IFPI estimates that it accounts for over half of the illegal music track downloads in the country and attracts three quarters of the traffic to infringing "deep link" sites. Baidu's

download service is thought to be highly profitable. Based on its advertising rate card, the service is estimated to bring in annual advertising earnings of at least RMB330 million (US\$50 million). (2009, p. 16)

Zhang (2012) also discusses the issue of copyright infringement and piracy in China's digital music industry. She states that troubles and problems took root during the short booming era when pirated copies of music products were available for free through both streaming and downloading services. She also notes that thousands of illegal sites, a variety of peer-to-peer file sharing software, and even search engines with high reputations were offering infringing and illegitimate mp3 download services as they competed to attract customers to their services.

There are several authors, such as Montgomery (2009) and Liu (2010), who address the issue of how to deal with copyright infringement and piracy. Montgomery (2009) notes that the "IFPI and the Recording Industry Association of America (RIAA) have been engaged in high-profile campaigns against copyright infringement in the People's Republic of China (PRC) since the early 1990s. (p. 36)" The outcomes of such attempts however remain relatively futile.

## **2.5 Music in the digital era**

As one of the largest markets for cultural products, China's digital music industry emerged at the end of twentieth Century as a promising but fledgling industry (Zhang 2012). Digital technologies have greatly impacted the music industries in China during the 21<sup>st</sup> Century. Digital technologies have greatly influenced the environmental changes of China's music industries, in particular the physical recorded music industry, music publishing and the live performance industries.

Moreover, digital technologies have greatly influenced the evolution of China's music industries. While the physical recorded music industry has lost its dominant position in the music industries, the digital music industry, however, has grown rapidly. However more than 90 per cent of digital music sales constitute illegal copyright infringements (Tong 2012; IFPI 2009).

The digital music industry has played an essential role in China's music industries. According to Tong (2012), more than 70 per cent of music sales in 2011 were from digital music (p. 37). The digital music industry has greatly influenced the physical recorded music industry and has somewhat compensated for the loss of sales.

The concentration of power across all sub-sectors of the music industries is higher than ever in China during the 21<sup>st</sup> Century (Li 2013). Meanwhile the music industries have heavily integrated with the information communication technology industries such as telecommunications and computing. However, telecommunication and information computing companies, such as the China Mobile Communication Corporation, and Baidu, have played a leading role in the value chain of the digital music industry in China. This has caused the development of China's digital music industry in a way that does not lead to an adherence to copyright laws.

This section examines the development of the digital music industry and the role of convergence in the music industries, particularly within the digital music industry in China and will review the work of Tong (2012), Lind (2005), Jenkins (2001, 2006), Hesmondhalgh (2007), Dwyer (2010), Fu (2008), Mao and Ning (2007) and Mao and Zhuang (2007).

### **2.5.1 The development of the digital music industry in China**

The digital music industry is the most rapidly growing sector in the music industries in China (Tong 2012). During the 21<sup>st</sup> Century, the development of China's digital music industry has increasingly drawn attention from scholars (Li 2010). There are a number of authors, such as Montgomery (2009, 2010), Yang (2008), Wang (2007), Jin (2010), Zhang (2012), Tong (2012), and Li (2013) who address the development of the digital music industry in China from alternative perspectives.

Both Yang (2008) and Wang (2007) address the state of China's online music industry. Yang (2008) predicts the developmental trends and prospects of China's online music industry. Jin (2010) examines the developmental approaches of China's digital music industry and business models that utilise digital technology within China's music industries.

Tong (2012) addresses the value chain of the digital music industry both from Chinese and Western perspectives. She examines a brief history of the digital music industry both in China and the West and explores the relationship between each digital music industry chain. Moreover, she proposes approaches and suggestions on how to develop the value chain. Furthermore, she addresses issues such as copyright law and digital music piracy, issues that have greatly influenced China's music industries (2012, p. 4).

Li (2006) examines the development of China's mobile music industry from the perspective of entertainment. He specifically points out that the market size of mobile

music reached US\$137 million in 2003, but in 2004, it reached US\$ 287 million. Thus the growth rate was 110 per cent (p. 378). He also argues that 2004 is the year when the digital music industry began to develop, and 2005 is the year when the digital music industry entered an accelerated growth period.

However, most research on the digital music industry discusses the state of, and developmental strategies for, the digital music industry in China, but very few researchers examine the market structure of contemporary China's digital music industry during the 21<sup>st</sup> Century, as well as the role and influence of Chinese politics and convergence on the development of the digital music industry in China.

The network is defined in this thesis as consisting of all the links/stakeholders in the digital music industry in China. It involves each value chain of the digital music industry in China. The network of the physical recorded music industry has transformed mainly due to convergence, in particular industrial convergence, in the digital era. Thus the network in the digital music industry is different from the one in the physical recorded music industry.

There are a few writers, such as Tong (2012), Moreau (2009), Steedman (2008), Liu (2006), and Su (2008), who address this network from the perspective of the value chain. Liu (2006) discusses the value chain of the music industry from the perspective of business management. This value chain is based on a traditional music industry model. Moreover, he also examines a number of business models and therefore his research is significant for the purpose of this thesis.

Tong (2012) addresses the major stakeholders in the network of the digital music industry. She identifies three different levels of value chain in the digital music industry in the Chinese context, and identifies the specific stakeholders in the chain are as follows:

The upstream of the digital music industry chain includes record companies and production companies that buy copyright from record companies, music copyright owners, music webs, and original music creators. Record companies play a leading role in the chain ... they are also called 'content providers' (CPs).

The midstream of the digital music industry chain includes service providers (SPs), operator providers (OPs), service platform providers, and music broadcast equipment and software suppliers.

The downstream of the digital music industry chain includes end users of digital music consumption. (Tong 2012, p. 60)

Tong (2012) also points out the differences between the value chain of the traditional music industry, such as the physical recorded music industry and the value chain of the digital music industry. She argues that the traditional chain has the characteristics of a 'one-directional mode', but the digital chain has the characteristics of a 'multi-directional mode'. Specifically, the interaction between music makers and music consumers/users/entertainers is limited in the former while interaction between them is much more common in the latter mode.

However, Tong's (2012) research has several limitations. First of all, she does not point out the cultural value of the digital music industry. Moreover, she also does not point out the importance of copyright in the digital music industry; since the value

chain of the digital music industry does not work well without a good copyright environment and condition. Furthermore, Tong (2012) does not address the issues concerning the differences between China and the Western digital music industry.

### **2.5.2 Convergence**

Although the phenomenon of convergence appeared early in China's ancient music industries, it has become more common in the digital era. During the 21<sup>st</sup> century, convergence has caused the information communication technology, creative, media and music industries to integrate with each other (Li 2006). As a result, the creative industries and the media industries are the products of economic, political and cultural convergence. Furthermore a more fluid process of convergence has occurred in China, as compared to the West, because of a lack of effective copyright laws.

Thus convergence has played an essential role in the evolution of contemporary China's music industries. In the evolutionary process of contemporary China's music industries, the music industries have intensively integrated with other creative and information communication technology sectors. Thus, in order to further understand the influence of convergence on China's music industries in the digital era, it is essential to provide a literature review on convergence from two perspectives: media convergence and music industry related convergence.

#### **2.5.2.1 Media Convergence**

The music industries are very closely tied to the media industries in China (Li 2013). Moreover, both media convergence and music industry related convergence concentrate on convergence in relation to culture communication convergence. Thus it is essential to provide a literature review regarding media convergence.

It is essential to briefly examine the history of media convergence research both in the West and China. Media convergence research emerged in the mid-1990s in the West. Maney (1995) and Baldwin, McVoy and Steinfield (1996) are two of the earlier monographs that address the issue of media convergence. The former intensively discusses the definition of mega-media from the perspective of convergence, while the latter clearly articulates how the media, information and communication landscape has undergone a metamorphosis in the age of digital technology.

Due to the increasing influence of convergence on the media industries, media convergence research became more popular in the 2000s both in the West and in China. The representative publications on media convergence include Jenkins (2001, 2006), Hesmondhalgh (2007), Dwyer (2010), Fu (2008), Pool (1983), Bonocore (2001), Pavlik (2001), and Zan (2007). The following section will address the issue of media convergence based on these publications.

Pool (1983) was the first scholar to use the term ‘convergence’ in *Technologies of Freedom* in 1983. He describes ‘convergence’ as a force of change in the media industries:

A process called the ‘convergence of modes’ is blurring the lines between media, even between point-to-point communications, such as the post, telephone and telegraph, and mass communications, such as the press, radio, and television ... A service can now be provided in several different physical ways. So the one-to-one relationship that used to exist between a medium and its use is eroding. (Pool 1983, p. 23)



Pool (1983) points out two aspects of convergence: one is a single physical means that includes technology and can provide several different services; the other one is a service that can be provided by different physical means. Pool's definition of convergence, however, only involves services rather than physical goods. Thus Pool's (1983) definition of convergence has limitations and needs to be further extended while explaining the phenomena of convergence in the music industries.

Hesmondhalgh (2007) addresses convergence in the contexts of the media and cultural industries and emphasises the historical and ideological dimensions of media convergence. He also outlines the phenomenon of convergence in the following way:

Information and entertainment would, it was envisaged, increasingly be consumed via some kind of computer and the television set and transmitted via cable, satellite and telephone lines as well as, or instead of, via the airwaves. Such as convergence is still a long way from happening (2007, p. 131)

Hesmondhalgh (2007) also highlights mergers and alliances as being important forms of convergence. These forms of convergence played an essential role during the late 1990s and earlier 2000s in the development of the media and entertainment industries. He specifically states that:

It is now sufficiently advanced that extremely important mergers and alliances have been formed across the different sectors, including most notably AT & T's purchase of TCI (1999) and the merger between AOL and Time-Warner (2000-2001). (Hesmondhalgh 2007, p. 132)

This demonstrates that mergers and alliances, as important forms of convergence, have promoted the media and entertainment industries to develop.

Ofcom (2008) proposes a fairly standard technically-oriented definition that is used by the UK's 'Convergence' media regulator. By convergence, he means "the ability of consumers to obtain multiple services on a single platform or device, or to obtain multiple services on a single platform or device, or to obtain any given service on multiple platforms or devices" (p. 1). This is in a context where "Convergence is all around us - mobile phones with video, radio and the Internet, radio over TV platforms and the Internet - all facilitated by the move to the digital technologies" (Dwyer 2010, p. 4).

Jenkins (2006), as a leading scholar in the field of media and cultural convergence, addresses the issue of convergence culture, mainly based on "the relationship between media convergence, participatory culture, and collective intelligence." (p. 2) He argues that "convergence does not occur through media appliances, however sophisticated they may become, convergence occurs within the brains of individual consumers and through their social interactions with others" (2006, p. 3). He defines the term 'convergence culture' in the following way:

Convergence culture mainly focuses on the issue of how and where old and new media collide, participatory culture concentrates on the issue of how and where grassroots and corporate media intersect, and collective intelligence mainly focuses on the issue of how and where the power of the media producer and the power of the media consumer interact in unpredictable ways (p. 2).

Jenkins (2006) states that “convergence is understood here as an ongoing process or series of intersections between different media systems and is not a fixed relationship” (p. 2). He specifically defines the term ‘convergence’ from the perspective of media culture and industry in the following way:

By convergence, I mean the flow of content across multiple media platforms, the cooperation between multiple media industries, and the migratory behavior of media audiences who will go almost anywhere in search of the kinds of entertainment experiences they want. (Jenkins 2006, p. 2-3)

This definition indicates that cultural and media communication convergence is more important than the technological and industrial convergence in the media industries as well as the music industries. Thus, in this sense, media convergence, in essence, is a form of convergence culture.

Jenkins also addresses the definition of media convergence. He states that “media convergence refers to a situation in which multiple media systems coexist and where media content flows fluidly across them.” (p. 2) He states that:

Media convergence is more than simply a technological shift. Convergence alters the relationship between existing technologies, industries, markets, genres, and audiences. Convergence alters the logic by which media industries operate and by which media consumers process news and entertainment ... convergence refers to a process, not an endpoint (2006, p. 15-17)

Thus, Jenkin’s definition of media convergence is a cultural one, covering a great deal more than just ‘content’ flowing through various media facilities like water, gas or electricity. Judging from the popularity of Youku and YouTube, the argument in this

thesis is that we can agree with his more complexly nuanced argument deriving from cultural logic.

Jenkins argues against “the idea that convergence should be understood primarily as a technological process bringing together multiple media functions within the same devices” (p.3). This viewpoint reveals that convergence is not a technological issue but is instead a cultural issue. Significantly, he identifies five types of media convergence, which include technological, economic (including business, market, product and regulation), social and organic, cultural, and global. Apparently, the types of media convergence are different from three major types of general convergence - technological, business and market.

Jenkins (2006) also emphasises the role of participatory culture and collective intelligence in media convergence, particularly within convergence culture, and he argues that participatory culture has played an essential role in media and cultural convergence. He specifically states that “the circulation of media content - across different media systems, competing media economies, and national borders - depends heavily on consumers’ active participation” (p. 3). Jenkins claims that convergence does involve matters beyond simply merging technologies and particularly emphasises the importance of the cultural logic of media convergence.

Jenkins (2006) has established a theory of media convergence. However, there are limitations to using Jenkins’s (2006) theory to explain the phenomena of convergence in relation to China’s music industries. It is difficult to explain the issues, such as convergence between the media industries and the music industries in China’s music industries and the role of convergence in the evolution of China’s music industries.

Thus there is a need to expand Jenkins's (2006) media convergence to explain the phenomenon of music industries related convergence in Chinese contexts.

Dwyer (2010) is another international scholar who is concerned with media convergence. He provides an in-depth analysis of the issue of how political, economic, cultural, social and technological factors are shaping media and communication practices and industries. More critically, he explores how powerful industrial and governmental actors interact to determine the way networks control the distribution of resources for consumers and citizens (p. 1).

Dwyer (2010) addresses media convergence partly based on Hesmondhalgh's research. He argues that market convergence has facilitated the marketization evolution. He summarises four waves of marketization evolution of the media and entertainment industries:

The first wave occurred in the 1980s and 1990s with deregulation and privatization of telecommunication markets in the USA; The second wave of marketization concerned how Public Service Broadcasters (PSBs) were restructured through a range of market-oriented measures, usually financial, but also in terms of a more adversarial relationship to their national governments; The third wave of marketization has been about the 'transitional societies' of India, Russia, Eastern Europe and Latin America entering into major transformations from 1989 onwards, which allowed them to engage with major international corporations involved in cultural production; The final wave is called 'towards convergence and internationalization' by Hesmondhalgh which developed from 1992 onwards. (Dwyer 2010, p. 10).

He also further addresses the issue of convergence within the cultural industries and the information communication technology industries. He states that the prospective

of the convergence of the cultural industries with telecommunications and IT (including broadcasting, computing and IT), is 'inevitable' in policy discourses, and this marks the arrival of this final phase or wave of marketization (ibid).

Dwyer's argument is that "the principal consequence arising from such changes in the media industries are nothing less than the role of the media in a democracy" (2010, p.10). He points out that media convergence has become an essential phenomena that greatly influenced the transformation of the systems and structures of the media and communication industries. He specifically defines the term 'media convergence' in the following way:

Media convergence is the process whereby new technologies are accommodated by existing media and communication industries and cultures. The fact that the term is used to describe this adaption, merging together and transitioning process, is an indication that ongoing confrontation of old and new technologies is complex and multilayered. When the process is mentioned, invariably it is referencing the intersection of distinct media and information technology systems that have previously been thought of as separate and self-contained. (Dwyer 2010, p. 2)

Dwyer (2010) analyses the political, economic, cultural, social and technological factors that are shaping such a changing media practice: "a ubiquitous, higher bandwidth Internet will see people accessing their favourite TV shows or Internet sites no matter whether they are at home, work, chilling out in a cafe, or somewhere out and about on the move." (p. 1) He also evaluates the practical operation of 'convergence' in terms of the structural and cultural transformations within media industries by examining convergence as a rhetorical construct by particular agents in the research and points out that 'convergence journalism' is an important form of

media production convergence that greatly “affect, for example, the construction of news diversity or policies concerned with fostering local content production.” (p. 2)

Dwyer (2010) argues that “media convergence can be studied at a number of distinct levels, including cultural, industrial, technological, or regulatory levels - and these will often be present in different combinations.” (p. 5) He further asserts that “convergence is never just a technological process but is implicated in, and expressed as, profound and ongoing social, cultural, economic change.” (p. 8) This implies that media convergence is not only a macro perspective of convergence that includes cultural, industrial, technological, or regulatory aspects, it also indicates that media convergence includes the following types: cultural, industrial, technological, and regulatory.

Fu (2008) addresses media convergence from the perspective of Chinese media studies. He further discusses ‘mega-media industries’ based on Maney’s (1995) research on the concept of it, industry background, and industry trend. This indicates that media convergence has penetrated a wider scope of industry within the information communication industries. This wider scope of industry includes telecommunication, film and television, music, commerce and education (Chen 2008, cited in Fu 2008, p. 1). Fu’s (2008) research concerns the phenomena of convergence between media and telecommunication, including its evolutionary process mainly through a comparative study of this convergence between China and the USA.

#### **2.5.2.2 Convergence in relation to the music industries**

Although there is an abundance of research on media convergence and general convergence both in the West and China, there is a paucity of research on music

industries related convergence in Chinese contexts. The limited amount of published material includes Mao and Ning (2007), Mao and Zhuang (2007), Tong (2012) and Li (2013).

Tong (2012) asserts that integration is the main characteristic of the digital music industry and specifically states that digital music, as one of the most active sectors of the creative industries, is the product of music integrating with information technologies, telecommunications, the Internet and media in China (p.1). Mao and Ning (2007) address the phenomena of convergence in the context of the music industries from economic and management perspectives. They point out that the digital music industry has played an essential role in China's music industries. Meanwhile they also contend that the digital music industry in China has intensively integrated with the telecommunications and computing information communication technology industries.

Mao and Zhuang (2007) address the issue of convergence in relation to the music industries, particularly in relation to the digital music industry. They point out that digital technologies have greatly influenced not only the digital music industry but also the physical recorded music industry. They also argue that convergence has influenced the transformation of China's music industries during the 21<sup>st</sup> Century. Furthermore, they state that the traditional music industries, such as the physical recorded music industry, have decreased, while the digital music industry, as an emerging industry, has rapidly increased.

However, these publications above, in particular Mao and Ning (2007), Mao and Zhuang (2007), and Tong (2012) have several limitations. First, they address the issue



of convergence in relation to the music industries in general, rather than in the context of China's music industry. Second, they do not discuss the differences between general convergence and music industry related convergence, including the relationship between the evolution of China's music industries and convergence. Thus, it is essential to further study music industries related convergence in the context of China in this thesis.

### **2.5.3 The global music industries**

This section concerns the issue of how China fits into the global music industries, based on a number of publications such as Leurdijk and Nieuwenhuis (2012), Baranovitch (2003), Brady (2006), Montgomery, (2009), Li and Morrow (2012), and Ge (2009). These publications involve two aspects: on the one hand, part of the publications are concerned with the issue of how China has engaged with international music markets and industries; on the other hand, the publications are concerned with the issue of how the global music industries have involved China's music markets and industries.

It is essential to first discuss the publications on the basic market share of global digital music. Leurdijk and Nieuwenhuis (2012) address the World's market share of digital music. They argue that the US, Europe and Asia have played an essential role in the global music industries. They state the following:

Globally, the US, Europe and Asia each hold approximately a third of worldwide music sales. Compared to the US and Asia, digital music sales in Europe are much smaller. This may be because in Europe, the retail market is stronger, take up of broadband connections has been slower in some countries, and there have been delays in the introduction of online services due to the fragmented EU market (2012, p. 8).

Tong (2012) addresses the Asian music market and argues that Japan, Korea and China have become the three largest digital music markets. This implies that Asia has become one of the largest digital music markets in the world.

Sekine (2008) also states that China's music market has great potential. Leurdijk and Nieuwenhuis (2012) state that China has become an important upcoming music market. Although until recently a market for paid music accessed through online services, such as the major Chinese search engine Baidu, hardly existed in China as piracy prevailed (Montgomery 2009), recently mobile music services have become a major source of revenue in the digital music industry (Tong, 2012). For example, the market size of mobile music reached US\$436 million in 2011 (ibid).

Leurdijk and Nieuwenhuis (2012) also further discuss the source of revenue within China's music industries. They state that China's traditional music industry sectors, such as live performance, music publishing, and physical recorded music "did not rely on advertising, its main sources of income were revenues from sales and royalties; the commercial music radio and, increasingly, online music services, advertising however is an important source of revenue in China, which feeds back into the music industries" (p. 25). Thus, international music business companies may consider paid mobile music services and live music performance in their attempts to make revenue in China.

De Kloet (2010) analyses the audiences and productions of China's rock music industry. He points out that the 'audience' element is "an often-overlooked domain in the study of popular music" (p. 34). He also examines the production of rock music in China by applying the theorisations on the relationship between global capitalism and

media policies of the nation-state, and between neoliberalism and communism that are proposed by Anthony Fung, Aihwa Ong, Jing Wang, and Yuezhi Zhao. He positions China's music market in a regional and global context and argues that China is a small market. Interestingly, he traces "the peculiarities of the music industry in China, showing how specific cultural belongings inform the business, after which he probes the cat and mouse game of censorship that haunts cultural production in China" (p. 35).

Both Baranovitch (2003) and Brady (2006) address the context of China's music industries from the perspective of the international music industries. They point out that China has a difficult copyright environment and that when this is combined with the Chinese government's continuing power over key distribution and promotion channels, including record distribution, digital music, radio, television, publishing and concerts, this has greatly affected the international music industries engagement with China's music industries. Montgomery (2009) further examines this issue and argues that the difficult copyright environment and the Chinese Government's intervention have become "key factors in the failure of international labels to secure a dominant position in China's rapidly developing domestic music market" (p. 1). Indeed, this difficult environment and the Chinese government's intervention has not only affected both the international physical recorded industry and digital music industry entry into China's markets, but it has also affected the development of China's local music industries.

There are many niche markets in China for international music companies to explore. However, international music companies have often failed in their attempts to enter China's music markets and industries. One of the main reasons for this failure is

because the Chinese Government has protected China's music markets. The Chinese Government considers the music industries to be important domains for the projection of Chinese politics (Baranovitch 2003; Brady 2006). The Government is concerned that Western cultures, in particular democratic thoughts, may be hidden in the music, and therefore could influence Chinese people and in particular young Chinese people. However many Chinese people, in particular young Chinese people, romanticize Western culture (Li 2010).

Moreover, the Chinese Government considers China's music industries to be underdeveloped, and therefore it would 'hurt' the development of China's local music industries if international music companies entered China's music markets. For example, the major three - Universal Music Group, Sony Music and Warner Music Group are not allowed to set up independent branches in China while there is a Chinese-foreign joint venture – "Shanghai Epic Music Entertainment Company Ltd., a cooperative joint venture between Sony Music International, Shanghai Media Group (SMG) and the Shanghai Jinwen Investment Co. Ltd., which was established in May 2001" (Li 2013).

Since the late 1990s, in order to strengthen international competition within China's music industries, China has started to establish music business groups by integrating several music business companies (Li and Morrow 2012). For example, Shanghai Synergy Culture and Entertainment Group was integrated with several music industry related companies, such as Shanghai Audio-visual Press, Shanghai Audio-visual Company, and Shanghai Electronic Audio-visual Publishing House in 1997 (ibid). The former two companies were the leading music record companies in China during the 1990s.

Although there are serious issues with regard to copyright in China's music industries, China has tried to find ways to participate in international music business activities in this century and has achieved some outcomes. The establishment of Shanghai Epic Music Entertainment Company Ltd., Shanghai National Music Industry Base, and the 2013 Shanghai World Music Season are several trials that promote the interactive development of international music business engagement between China and the West. Shanghai Synergy Culture and Entertainment Group has promoted Chinese music products and/services to international music markets, in particular the Western music markets. For example, Jia Ruhan, who is a signed popular singer in Shanghai National Music Industry Base and Shanghai Epic Music Entertainment Company Ltd. and his album '*Growing Up*' (*cheng zhang*) mainly looks for the Western music market and has achieved success in the U.S market (ssceg.com 2012).

## **2.6 Conclusion**

Li (2013) addresses the influence of convergence in the digital music industry. My work states that convergence appeared on the border between the music industries and the information communication technology (ICT) industries mainly during the late 1990s and the early 2000s. I also argue that digital music is a newer music industry in China that has integrated with the major ICT sectors, such as telecommunications and computing in the digital era.

By building on my prior work, this thesis will argue that China has developed a unique mode of music industries operation. This unique mode is a product of the influence of Chinese cultural, political and economic institutions on the music industries; the concrete manifestation of this influence is an integration between

music, politics and economics. Due to this unique influence, China's music industries are different from the Western industries.

Different Chinese music cultures have caused the Chinese mode of music industries operations to be different from Western ones. The Chinese music culture includes government music, mass music, and Chinese-Western art music. The Chinese government has not only influenced Chinese culture and music but also the Chinese economy. The Chinese government has played an essential role in the contemporary music industries in China.

There is a key binary within China's music market: Chinese music culture versus non-Chinese music culture, which is also known as local music culture versus international music culture. These different music cultures in the contemporary music market in China consist of unique systems. The unique products and market systems that result from these binaries constitute China's unique mode of music industry operations.

Political factors have played an essential role in the development of China's music industries. Chinese government music, strict music censorship, and copyright laws are major ways through which the Chinese Government has influenced China's music industries. This intensive political influence on the music industries in China is a main difference when compared to the Western music industries. Thus, in this sense, music can be thought of as a politically oriented cultural industry in China.

The unique Chinese economy, as an essential factor, has also influenced China's music industries, including the formation of China's unique mode of music industry

operations. Specifically, China has developed diversified economy modes, such as planned, market and mixed economic modes as well as different ownership forms, such as public/state, private and mixed ownership. These different modes of ownership have also greatly influenced China's music industries and have generated China's special mode of music industry operations.

The existing research examines the music industries in China based on the following aspects: Chinese music culture, music copyright, the influence of the creative industries on the music industries, the digital music industry, and the usage of the term 'music industries' from the perspective of China's music industries and the music industries in general. This research has provided a lot of material in relation to this thesis topic, thus in this sense, these publications have laid a foundation for this research project.

However, the research currently available has several limitations. First of all, there are plenty of publications that address both the music industries in general and the Western music industries, but there is a paucity of research that addresses China's music industries. Second, although some publications look at the history of the physical recorded music industry, these publications provide little information on the evolution of other music sectors, such as live performance, the music media, as well as digital music. Thirdly, the current research does not address a number of issues, such as the evolution of China's music industries, the influence of convergence on China's music industries, and China's unique mode of music industry operation including the differences between China and the Western music industries. Furthermore, the existing research has generated little knowledge on the dynamics of the systems and structures of China's music industries. The systems and structures of

China's music industries referred to in this thesis concern different music sectors, in particular live performance, physical recorded music, and digital music. Finally, the current research has not addressed the nature of the development of China's music industry. Thus this thesis will fill these gaps in our knowledge.



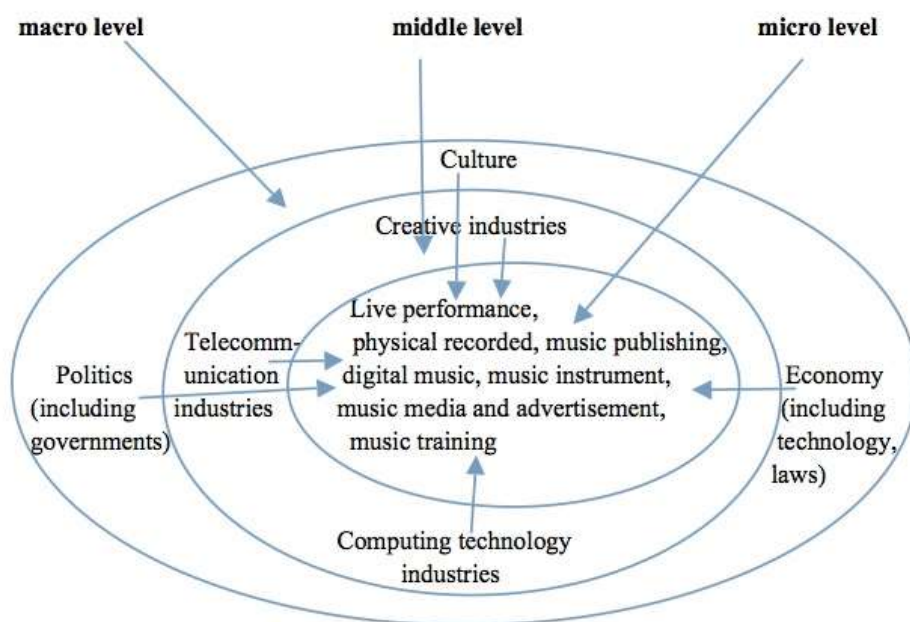
## **Chapter 3**

### **Theoretical Framework**

#### **3.1 Introduction**

This chapter develops a theoretical framework for this thesis. Subsequent chapters will expand upon this theoretical framework. This section will use a systems analysis approach through briefly examining the formation of the complex systems of China's music industries as a starting point for the development of the theoretical framework. There are a number of factors that have influenced the evolution of the systems of China's music industries. Cultural, economic, and political factors, have all played a part, as has convergence between these factors. These factors have facilitated different music sectors, such as live music performance, physical recorded music, music publishing and digital music to influence one another. Thus convergence can be thought of as an essential factor that has influenced China's music industries. Due to the complexity of the convergence that occurred during the evolution of China's music industries, it is essential to develop theoretical framework that uses systematical analysis as its basis.

The system that has influenced China's music industries will be called 'the Influence System of China's Music Industries' in this thesis. It is the foundation of the theoretical framework that will be used here. There are a number of different levels of influence, and therefore this system consists of three sub-systems: macro, middle, and micro (see Figure 3.1).



**Figure 3.1 The Influence System of China's music industries**

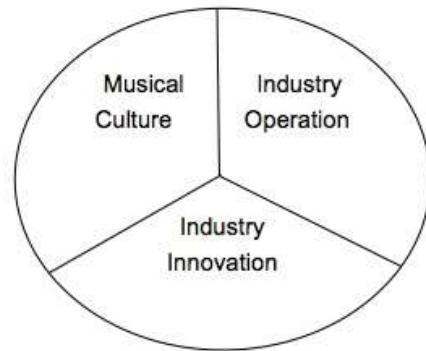
The macro system consists of a few basic factors, such as culture, economics (including technology and law), and politics, that influence China's music industries. This macro system also involves enterprise property (including public and private ownership) and market characteristics (including planned and free markets). These factors, on the one hand, are integrated within the systems of China's music industries while they, on the other hand, also show a certain degree of independence and play different roles within these systems. As Cloonan (2007) argues, there are different vested interests at play within the systems of the music industries.

The system in the middle involves the influence of the creative, telecommunication, and computing technology industries on China's music industries. One of the main roles of this system is the facilitation of major music sectors through convergence, in

particular industrial convergence. Convergence is an important form of influence on the creative industries (Jenkins 2006; Dwyer 2010; Garnham 1996), particularly on the music industries. Live performance, physical recorded music, and digital music appeared during different periods and are the outcomes of the convergence with the creative, media and information communication industries.

The micro influence system refers to the relationships between different music sectors. China's music industries constitute a large economic system that consists of a number of sub-industry systems, such as live music performance, music publishing, physical record music, digital music, music instrument sales, music media, music advertisement, and music training. These sub-industry systems influence one another and facilitate the entire Chinese music industries' development. In this sense, these sectors work together. Live music performance, physical recorded music, and digital music, as major sectors, have played an essential role in contemporary China's music industries, thus this thesis focuses on their development.

Due to the complexity of the systems of China's music industries, it is necessary to base the theoretical framework on systematic analysis. This theoretical framework therefore focuses on the definitions of, scope of, and relationship between the major concepts relating to the development of the systems of China's music industries. It also considers the issue of how creativity and innovation are harnessed in systematic ways in the case of music. Due to the processes of the music industries in China, this theoretical framework involves three major conceptual and theoretical systems: musical culture, industry operation and industry innovation (see Figure 3.2).



**Figure 3. 2 The Conceptual and Theoretical System of the Music Industries**

The musical culture system concerns a few major concepts and theories relating to the cultural aspect of China's music industries. This includes music, popular music, and mass music within its scope. The music culture system forms the prerequisite for, and foundation of, China's music industries. The music industry operation system involves the processes of music industry operation in China. It embraces three groups of concepts and theories: music products and music services, mass markets and niche markets, and music businesses and music industries. The system of music industry operation plays a leading role in the systems of China's music industries. The industrial innovation system involves a few major concepts and theories, such as convergence, and industrial innovation and creativity. It works as the engine that forms the dynamics of the music industries. Thus these three systems are inseparable and have jointly facilitated the development of China's music industries.

### **3.2 The System of Musical Culture**

In China, music is an important sub-sector of the creative industries, a sub-sector that has cultural, political and economic roles to play. The cultural role of the music industries in China is perhaps self-evident, as it involves the intrinsic use value of Chinese music. The political role of music within China's music industries can be understood through an engagement with the Government Music that is discussed by Zeng (2003). Music which is a typical example of the direct manifestation of the role of the Chinese politics in the music industries. There is further discussion of this in Chapters 5 and 6. The economic role of music has increased since the commencement of China's Economic System Reform and Opening Up Policies in 1978, particularly after the rise of China's physical recorded music industry during the 1980s–1990s along with the rapid development of China's creative industries during the 2000s (Li 2010; Li 2006).

The property of 'culture' is the most significant characteristic of China's music industries. The nature of intellectual property in the music industries is different from that of other general industries, such as mobile, wine, and auto industries, as these general industries do not have the same cultural intensity and attributes attached to their identity (Cai and Wen 2006). Thus, it is essential to discuss the different meanings of music, mass music and popular music in the context of the music industries here.

#### **3.2.1 Music**

This thesis focuses on the evolution of China's music industries with a particular regard to the influence of convergence and politics on this evolution. Thus in order to

understand the flow of convergence as it relates to the music industries, a definition of music is needed. A number of scholars provide useful definitions of music, such as Tagg (2002), Honigsheim (1989), Shore (2003), Supicic (1987), Denisoff (1975), and Zeng (2003). The following text will further discuss the ‘meaning’ of music.

Tagg (2002) examines the meaning of music from the perspective of music theory. He states that “music is that form of inter human communication in which humanly organised, non-verbal sound is perceived as vehiculating primarily affective (emotional) and/or gestural (corporeal) patterns of cognition” (p. 3). Tagg (2002) also discusses the meaning of music through examining the processes of music production practice. He specifically states:

Although the original source of musical sound does not have to be human, music is always the result of some kind of human mediation, intention or organisation through production practices, such as composition, arrangement, performance or presentation. (2002, p. 2)

This meaning of music from the perspective of production practice is useful for explaining the origins of the live music performance industry in China.

Honigsheim (1989) argues that the essence of music is to achieve ‘aesthetic enjoyment.’ He defines music from the perspective of music performance:

Music has usually been performed in order to provide enjoyment to the listener or performer, or to both ... yet we must remember that most music performed at such events was primarily intended to mark the importance of the day, rather than to bring aesthetic enjoyment to the listener (1989, p. 60-61).

Shore (1983) addresses the meaning of music from the perspective of media communication studies. He states that: “music can be described in numerous ways – as a mass medium, an interpersonal aural medium, and as popular culture or mass culture” (1983, p. 11). This definition indicates that mass music is related to both media and the media industries, thus it is a worthy definition that can help understand the meanings of music in the context of the music industries.

Supicic (1987) addresses the meaning of music from the perspective of the sociology of music. He has provided further insights into the influence of society, technology and economics on the meaning of music through specifically examining the relationships between music creation, practice and dissemination and socio-economics from social and economic perspectives. He states:

Music also exerts a social and socially important influence in the sense that it gives rise to a whole series of jobs in society ... economic support also conditions the dissemination of music. In musical creation and practice, economic conditions have not only a negative, but also a positive function, in the sense that certain forms of artistic musical activity and of its ‘socialization’ cannot exist without economic support. (Supicic 1987, p. 238)

Denisoff (1975) points out that music may represent the taste of a subculture “within a culture or that of a ‘contra-culture’ which exists in opposition to the dominant one” (p. 35). This meaning of music indicates that diversified music cultures may facilitate the development of culture, and that there are many niche music cultures that meet different market demands.

It is essential to discuss a definition of music from a Chinese perspective here. Zeng

(2003) defines music culture through examining the categories of Chinese music culture. He states that Chinese traditional culture includes three major types of music: palace music (*gong ting yin yue*), folk music (*min jian yin yue*), and Chinese art music (*wen ren yin yue*) (2003, p.2). He further classifies contemporary Chinese culture into three similar types based on the categories of traditional music culture: government music (*zheng fu yin yue*), mass music (*da zhong yin yue*) (mainly referring to popular music) and Chinese-Western art music (*xue yuan pai yin yue*) (ibid, p. 30).

China has a diversified music market. In contemporary China's music market, there is a broad range of music products and services, which include not only the traditional and contemporary Chinese music culture related products and services, but also Western music culture related products and services. Thus there are a number of diversified music product markets in contemporary China.

### **3.2.2 Mass Music**

Mass music, in particular popular music, has played an essential role in the evolution of China's music industries. However, non-mass music, as opposed to mass music, or 'niche market music', has also played an essential role in China's music industries, including within the digital music industry. Chinese court music is an example of niche music from the ancient eras, which was only performed and popularised in the circle of emperors and nobles at court (Xia 2004).

The term 'mass music', or '*Da Zhong Yin Yue*' in Chinese, is often used in China and has a similar meaning to the term 'popular music' in the West. However, it is inappropriate to use these terms interchangeably, as they are slightly different.



According to Zeng (2003), Chinese mass music includes Chinese popular music as its primary component. Specifically, mass music, as a large category of music, has numerous music forms and genres, which includes not only popular music and songs, but also contemporary Chinese folk music and songs. Thus, although popular music and mass music tend to be alternatively used in popular music industry discourse in China, it is essential to distinguish between them.

Mass music became a research field that drew the attention of Chinese scholars in the early 21<sup>st</sup> century. Zeng Suijin is one of the most influential Chinese scholars in the area. Suijin was the first to systematically discuss the meaning and categories of Chinese mass music in his monograph '*Chinese Mass Music*' in 2003. Thus it is essential to address the definition of mass music in a Chinese context based on Zeng's (2003) research. Zeng states that "mass can be understood as a social product of history, both mass culture and mass music can be considered to be an historical and macro concept from a broad perspective" (2003, p.1). He defines 'mass music' in the following way:

The content of mass music is in accordance with the main demand of a certain historical period of the majority, where the melody is smooth, with distinctive national and folk features, and it is easily accepted by, and communicated to, the masses" (p. 2).

Thus, if any song or music meets this criterion of mass music given above, it can be considered to be a form of mass music. Throughout the history of Chinese music, a number of music genres appeared, such as Zhengwei's music, folk music, talking and singing music, operatic music, school songs, national salvationism songs,

contemporary songs, revolutionary songs, popular songs, and campus songs. These can all be considered to be mass music. Chinese scholars, such as Zeng (2003) and Xia (2004), also substantiate this historical phenomena.

Zeng (2003) discusses the categories of Chinese mass music. He suggests two categories of mass music: one is broad Chinese mass music, which includes more than popular music; the other is narrow mass music, which only includes popular music (Zeng 2003). This categorisation is helpful in researching China's music industries, as some Chinese genres cannot be easily assimilated into Western music categories.

It is essential to discuss the main categories of music in the West here. Tagg (1982) argues that music is split into three main areas: art music, popular music, and folk music. However, it is difficult to apply this argument to categorise Chinese music genres, since there are numerous music genres, such as Chinese revolutionary songs, Chinese folk music, and Chinese government music, which cannot be grouped into these two categories. Thus, this argument is inappropriate when considering Chinese music culture and music industries.

There is another specific type of the Chinese mass music, namely revolutionary songs (*ge ming ge qu*) or mass songs (*qun zhong ge qu*) as identified by Zeng (2003). These songs were produced for the Chinese Communist Party in the 1920s and the 1930s (Zeng 2003). The themes of these songs were proletarian and political, and the musical style was derived from European marching songs. Examples are, 'The East is Red' (*dong fang hong*), 'March of the Volunteers' (*yi yong jun jin xing qu*), and 'Socialism is Good' (*she hui zhu yi hao*) (Wang 2002).

### 3.2.3 Popular Music

Popular music is the focus of the modern and contemporary music industries in China. It has a narrower meaning than mass music does in China (Zeng 2003). The term ‘popular music’ was introduced into China from the West during the first half of the 20<sup>th</sup> Century (Ge 2009) even though the history of Chinese popular music dates back to the 1920s in Shanghai (Wang 2009, p.1). Thus it is also essential to discuss the meaning of popular music in Chinese and Western contexts here.

A number of scholars focus their research efforts on the music industries from the perspective of popular music studies. One of the major reasons for this is because the music industry is often studied in the context of popular music studies in the West. There are a few scholars, such as Mitchell (1996), Negus (1992), and de Kloet (2010), who discuss the definitions of popular music from the perspective of musical genres.

There are also a few scholars, such as Denisoff (1975) and Shore (1983), who provide definitions from the perspective of music media and the sociology of music. Denisoff (1975) states that: “popular music is a cultural artefact shared by specific subgroups in the social order” (p. 30). He also provides a loose definition of popular music:

Popular music is the sum total of those taste units, social groups and music genres which coalesce along certain taste and preference similarities in a given space and time.  
(Denisof 1975, p. 39)

Shore (1983) argues that popularity is an essential characteristic of popular music. He defines popular music by stating: “for some, popular music means just like – music

which is popular” (1983, p. 27). The views above hold contradictions, as it leaves unanswered the question of whether this includes a recording of a Beethoven Symphony which is very popular.

It is essential to address the general meaning of popular music here. Popular music generally refers to contemporary music and/or songs. It is often performed on, or accompanied by, contemporary musical instruments such as the electronic guitar, electronic keyboard, saxophone and electronic bass, to give a few examples. Moreover, major sounds are transmitted to audiences through electronic amplification. These forms are thereby opposite to art music and traditional ways of making music.

It is also essential to discuss the meaning of popular music in a Chinese context here. Popular music, as a form of mass music, is known as ‘*Tong Su Yin Yue*’ or ‘*Liu Xing Yin Yue*’ in Chinese. However people more often use the former rather than the latter in China both in the 1980s and the early 1990s. In conclusion, music culture, as an essential system within China’s music industries, greatly influences the system of music industry operation, in particular music products and music services, mass market and niche market. Thus music culture, as the first process of the music industries, plays an essential role in the system of these industries.

### **3.3 The System of Music Industry Operation**

The system of music industry operation includes three important aspects: products, markets, and industries. Thus this section will focus on three groups of concepts in relation to these aspects: music products and music services, mass markets and niche markets, and music businesses and music industries.

### **3.3.1 From Music Products to Music Services**

Both music products and music services are two of the most basic and significant concepts in the music industries. They have played essential roles in the evolution of China's music industries. Thus it is essential to consider the definitions of, and the scope of, music products and music services as they form an important part of the theoretical framework.

To further understand 'music products' and 'music services', it is essential to first differentiate music products and music services. There are several differences between them. In this thesis, the former refers to physical products, while the latter refers to intangible ones. For instance, a vinyl record or a CD is a typical form of physical music product, while both live music performance and digital music are understood to be typical forms of music services in this thesis. Both products and services have played essential roles in China's music industries in the 21<sup>st</sup> Century.

Music products can be categorised in many forms from different perspectives. From a commercial perspective, music products can be categorised into commercial and non-commercial forms. The former can be regarded as commercial products and/or commodities, while the latter can be considered to be non-commercial products and services. From a material perspective, musical products can also be categorised into two typical forms: material products and non-material services (Li 2010). The former are also called 'tangible products', which involve multiple mediums, such as CDs, DVDs, VCDs, sheet music, music books, and musical instruments (Zhou 2004); while the latter are 'intangible services', which provide all kinds of music services, such as the streaming of digital music files, live performance, music radio, music television, and music advertisements. Physical recorded music is a typical tangible music product

that emerged in Shanghai in the early 20<sup>th</sup> century and reached its development peak in the late 20<sup>th</sup> Century (Li 2011).

Since the beginning of capitalism, musical activities have increasingly involved music consumption, music products and music services (Burnett 1995). Consequently, two groups of music industry activities in the music industries can be identified: the first relates to music products and music services; the other group relates to music consumption. Both music performance and digital music can be regarded as major forms of music service in the music markets and industries in China (Zhou 2004; Li 2007). Thus it is essential to further discuss the definitions of the services of live music performance and digital music here within the context of this thesis.

Live performance services have occurred throughout the entire history of China's music industries (Li 2011). Music performance is an essential and earlier form of music service when considering the evolution of China's music industries. Music performance, as an intangible music service, has four major characteristics: irrefrangibility, inseparability, dissimilarity, and perishability (Li 2007). Yet, at the same time, it is also important to note that major elements of the service of music performance include music performers, music performance, and music composition (ibid).

Digital music services, which are also called "digital music distribution services, grew out of the unauthorized file-sharing phenomenon of the late 1990s" (Klym 2005). According to Klym (2005), the term is defined in the following way:

Digital music distribution has become a new communication service, where digital files are delivered over various networks to computing devices that enable users to shop, store, manage, and play music files, as well as copy, share, redistribute, and even modify them. (2005, p. 3)

Digital music distribution services also developed and played an essential role in contemporary China's music industries during the 21<sup>st</sup> Century along with the development of the digital information technology industries and the digital music industry (Li 2013). Chapter 6 will further discuss the development of the digital music industry by examining digital music distribution services.

The contemporary music industries in China have experienced a period of rapid change; digital music distribution services have become more important than music products due to the occurrence of digital music. Music services have rapidly developed as the digital information industries and the digital music industry developed. Leonhard (2008) indicates that digital music services are the trend of the current music industries. He has coined the term 'music like water' and has also made the following statement regarding digital music services:

Music is no longer a product but a service. Music became a product with the advent of recording (records, tapes, CDs) and the formation of an industry that quickly figured out that selling the bottle can make a lot more money than only selling the wine. For the future, think of a 'record label' as a 'music utility company.' (Leonhard 2008, p. 15)

Thus the evolution of China's music products and services has experienced the development process from music services (mainly referring to music performance services) to music products (referring to music record products) and back to music

services (i.e. to digital music distribution services). Moreover, the Western music industries have also experienced a similar development process. Leonhard specifically states that:

Interestingly, music has already been transformed from a service to a product and back to a service: from the pre-electricity era of the agricultural society to the industrial society (the gramophone and the CD) to the information society, and digital music. (Leonhard 2008, p. 20)

To further understand the meaning and scope of music products and music services within a Chinese context, it is also essential to discuss the term ‘music commodity’. As previously stated in the literature review, the consideration of music as a commodity was an important representation in early music industry studies in the 1980s and 1990s in China, such as those by Zeng (1997), Meng (1982), and Wu (1989). Meng (1982) states that commercial music products and music commodities were often used interchangeably in China, particularly in the 1980s. Zeng (1997) addresses the definition of the term ‘music commodity’ in the following way:

Music commodity refers to music cultural product which needs to be a purchased currency in the music market. This kind of music cultural product manifests itself in the form of physical material goods and articles. These forms of music goods can be stored up as a large number of ‘media’ forms by music goods manufacturers. (p. 265)

Thus, music commodity is an essential form of music product in the music industries.

However, there are certain differences between music products and music commodities. The main difference is that the former has a wider meaning that



includes commercial and non-commercial products and services, while the latter only involves commercial products and services. Music commodities are obviously in contrast to art-music based music theory or musicology, which is considered to be a form of aesthetic art. The art-music based music theory/musicology, until recently, has largely ignored the commercial element of its own form (Zeng 1997). This thesis looks at not only the commercial/for-profit music sector but also the non-commercial/not-for-profit music sector, thus the terms ‘music products’ and ‘music services’, rather than ‘music commodities’, are used in this thesis due to the differences outlined above.

In short, both music products and music services are an essential part of the music industries in China. They are the foundation and core of China’s music markets and industries. Both popular music and mass music, as major music product forms, have played an essential role in music markets in China, however, other music product forms, such as Western classical music and Chinese traditional music, have also played important roles in the music industries.

### **3.3.2 From the Mass Music Market to the Niche Music Markets**

Both the mass market and niche markets have important roles in the evolution of the music industries in China. China’s music market has two major characteristics. First, it is a ‘mass’ market due to the large growth of China’s population and the increased purchasing power of Chinese consumers (Li 2013). Second, it also features many ‘niche’ markets due to the rapid development of the digital information industries and the digital music industry. Anderson (2006) states that “the economics of the broadcast era required hit shows - big buckets - to catch huge audiences. The

economics of the broadband era are reversed” (p. 5). He further explains the economics of the broadband era by stating that “there is still demand for big cultural buckets, but they are no longer the only market. The hits now compete with an infinite number of markets, of any size” (ibid). This also indicates that niche markets have played an essential role in the broadband/digital era. Although any one ‘niche’ market is much smaller compared to the ‘mass’ market in China, it is often not small when compared to most Western countries’ music markets due to the relative size of the Chinese population. Thus, it is essential to discuss both mass markets and niche markets in Chinese contexts.

Mass and niche markets relate to a few concepts, such as exoteric and majority, and their opposite concepts, such as esoteric, minority and small taste groups (Mabey 1974; Brown 1970). Mabey (1974) and Brown (1970) both point out that jazz, classical music, early country, and rhythm and blues are esoteric or minority genres; in other words, they are niche music markets. Denisoff (1974) states that “these genres represent the tastes of sub-cultural groups, whereas popular music, as an exoteric idiom, can best be interpreted as a whole, which is different from the sum of its many parts” (p. 141). Thus both mass and niche markets play essential roles in the music industries.

To further understand the notion of mass markets, it is essential to acknowledge the meaning of ‘mass’ first. Mass is also an important concept in relation to mass culture, mass music, mass media, mass audience, and mass consumers. Zeng (1997) states that there are two important meanings of ‘mass’ relating to this research: one is “occurring

widely (as to many people)”; the other one is “joining together into a mass” (p. 2). Thus ‘mass’ means ‘majority’ here.

The properties of mass effect are important here. Shore (1983) suggests four properties of mass effect in the media industries: the first is large scale, which means a large production and audience; the second is technology, which mainly includes music, and media (including music recording) and information (including computer and telecommunication) technologies; the third is media communication, which embraces print, TV, radio, Internet and telecommunication; and the final is the standardised musical form. Song (2003) also contends that mass media produces real mass industrial effect, such as mass culture and consumption, and also helps to create conditions for a mass market.

Niche markets have played an important role in the overall music markets during the 21<sup>st</sup> Century. Conatser and Holland (2004) address the definitions of both ‘niche’ and ‘niche market’ from the perspective of agriculture economics. They state that:

Niche marketing is still somewhat of a buzzword in the agriculture arena and does not have a complete and consistent definition. The word “niche” is derived from the French word that means “to nest.” Niche marketing refers to targeting a product or service to a limited segment of the mainstream market. (2004, p. 1)

There are a few scholars, such as Morrow (2006, 2011) and Anderson (2006), who have drawn attention to the issue concerning the role of niche markets in the music industries particularly after the mass music market began to decline. Morrow (2006,

2011) stresses the importance of the niche market (2006) and the commercial advantages to be gained from clever use of the Internet (2011). He (2006) also points out that in a small market, such as Australia, musicians and their managers increasingly have to maximise the income streams from what were once regarded as 'secondary' aspects of musical careers – such as merchandising and advertising placements – in addition to selling CDs and performing live.

The Internet is an associated industry of the digital music industry. Anderson (2006) argues that there has been a shift from mass culture and industry to niche culture and industry in the digital age. His 'Long Tail' theory posits that our culture and economy is increasingly shifting away from a focus on a relatively small number of 'hits' (mainstream products and markets) at the head of the demand curve, towards a huge number of niches in the tail (<http://thelongtail.com/about.html>).



**Figure 3. 3 The New Market: The Long Tail Theory**

**(Source: Chris Anderson 2006)**

Although the mass music market was important in China's music industries during the 20<sup>th</sup> Century, niche markets have become more important in the contemporary music industries in China during the digital era. Mass product markets and niche product markets can be transformational under given conditions. For example, music records, as mass products during the 1990s, have become niche products during the 21<sup>st</sup> Century due to the development of the digital information communication industries.

### **3.3.3 From the Music Business to the Music Industries**

Although there was some discussion of the meaning and scope of music businesses and the music industries in the literature review, the main tasks and/or objectives of the discussion here is to address their differences and relationships in the context of the development of the music industries. The main objective of the discussion on the music business and the music industries in this section is to establish the theoretical framework through a further discussion of the meaning and scope of the music industries in the context of the systems of China's music industries.

The term 'the music business' is synonymous with the term 'the music industries' among many scholars; in other words, they are often interchangeable. However, they are slightly different, thus it is essential to discuss them separately in this research. There is a very limited number of studies on the music business, in particular on the meanings and scope of the music business, such as Burnett (1996) and Lathrop (2003). Burnett (1996) argues that the music business includes three major systems:

production, consumption, and organisation. This indicates that the music business has a similar meaning and scope to the music industries. Lathrop (2003) contends that:

Music businesses mainly involve the content and scope of music marketing and promotion, which specifically includes an overview of the current music marketplace and the national marketing campaigns, as well as the specifics of music marketing and promotion, and discussions with professionals active in the business of selling music. (p. xi)

The argument here is that the meaning of the music business includes two aspects: first, the music business considers music (composition, recordings and performance of music) as commodities to sell to public people; second, there are many individuals and organisations that operate businesses within the music industries. For instance, musicians compose and perform music for the public, and professional producers, engineers, talent managers, business managers, entertainment lawyers, accountants, journalists, educators, and musical instrument manufacturers, create, produce and operate music and records; also, music companies sell recorded music products, such as music publishers, music recording studios, record labels, retail and online music stores, and performance rights.

The term ‘the music industries’ is a core concept in this thesis. Thus, it is essential to further discuss the meaning and scope of the music industries as it is a core concept in terms of the theoretical framework of this thesis. To further understand the music industries, it is essential to acknowledge the meaning of the term ‘industry’ first. According to Lampel, Shamsie and Lant (2006), the term ‘industry’ can be defined in the following way:

Industry, by contrast, is a system of production, distribution, and marketing that delivers products to consumers. The system is created by specialist organisations and sustained by consumers. (2006, p. 6)

The music industries comprise two aspects of meaning. The first meaning refers to the music business from the perspective of business management. This specifically involves concrete business operation activities within individual music business enterprises, the main objective of these activities being to pursue the commercial value of music products and services. Thus, the first meaning offers a narrow meaning of the music industries. The second meaning, however, refers to different music industry sectors, including their structural relationship, from the perspective of the industrial economy, such as physical recorded music, music performance, digital music as well as their structural relationships. Thus, the second meaning offers a wider meaning of the term ‘the music industries’.

There are two terms relating to music sectors, these being ‘the music industries’ and ‘the music industry’. Although this issue is discussed in the literature review chapter, it is also essential to briefly review it here in order to further understand this term. The first mainly refers to all kinds of music sectors rather than having a narrow scope, while the second often only refers to a narrow scope - the music industry as the physical recorded music industry and its extended industry, such as the digital music industry. Thus this research uses the term ‘the music industries’ rather than ‘the music industry’.

It is worthwhile to mention here the discussion of the music industries posited by Henry, Daniell and Trotman (2002). These scholars examine the music industries in

Trinidad and Tobago. The music industries in Trinidad and Tobago consist of the supply of goods and services to consumers in the following forms:

1. Sound recordings: manufacturing/recording, recording studios (rental), music publishing.
2. Live performances: musical instruments, copyright.
3. Broadcast via radio and television.
4. Musical instruments: sale and rental of musical instruments.
5. Recorded music at retail outlets, hotels, restaurants and various offices and companies.
6. Other services: music education, music for film & TV, tourism related music events.

(Based on Henry, Daniell and Trotman 2002, p. 6)

Nurse (2003) also discusses definitions of the music industries. He points out that music, as an industry, is a multifaceted sector that has several transaction networks and income streams. According to Nurse (2003), the main economic activities of the sector are measurable in the following way:

The recording industry, which includes recording contracts, publishing, licensing, studio recordings

Merchandise sales: CDs, tapes, records, downloads (e.g., MP3 files)

Live performances by artists and music bands

Audio-visual services (e.g., music videos and advertising)

Sound, stage and lighting

Concert promotions and cultural or festival tourism

Copyright protection and royalty collections (p. 8)

Likewise, Throsby (2002) discusses the extent and coverage of the music industries in an in-depth way. He points out that defining the extent of the music industries is an important initial task for research into the music industries. Meanwhile, he also notes



that it is not easy to define the music industries, since they encompass the diversity of musical activity and commerce, while other comparable industry classifications normally do not involve such complicated activities. Rather, for Throsby, it is possible to identify several components which taken together provide a delineation of the extent and coverage of the term 'the music industries' and this can be done by identifying the following groups of stakeholders:

Creative artists such as composers, songwriters and musical performers

Agents, managers, promoters etc. who act on behalf of artists

Music publishers who publish original works in various forms

Record companies which make and distribute records (LPs, cassettes, CDs, music videos, DVDs)

Copyright collecting societies which administer the rights of artists, publishers and record companies

A variety of other service providers including studio owners, manufacturers, distributors, retailers, broadcasters, venue operators, ticket agents, etc.

Users of music such as film-makers, multimedia producers, advertisers, etc.

Individual consumers, who purchase a musical good or service (buying a record, attending a live performance, subscribing to a 'pay' diffusion service) or consume it for free (listening to broadcasts, background music, etc.) (Throsby 2002, p. 2)

McMartin and Breit (2008) address the definition of the music industries through exploring the definition of the Australian music industries. They state the following:

The Australian music industry is generally seen as encompassing record companies, publishers, retail, the live performance industry and media. But it also includes film, video, advertising, computers, multimedia and software ... About 345,700 people are involved in music cross the industry. Of this number, 276,100 work as live performers and 96,450 are musicians who are paid for their work ... Most of the people who work in

the music industry are self-employed, contract or freelance, and do not necessarily have technical qualifications. (2008, p. 8-9)

Sly (1993) also examines the scope of the Australian music industries. She points out that the so-called 'commercial sector' refers to the profit sector of the music industries. Sly also offers the following definition of the music industries:

Technically speaking, there isn't really any such thing as a 'music industry' in Australia. There is a collection of individuals, and small and large businesses who make or endeavor to make a living from music-related activities. Typing the phrase 'a collection of small and large businesses' is going to get tedious and so let's say that they, collectively, are an industry. (1993, p. 15)

According to these definitions of the term 'the music industries' above, the music industries can be defined as bringing the two terms 'music' and 'industries' together. 'Music' plays the same role as 'industries' (mainly including management and marketing) in the music industries. From the perspective of marketing management, the music industries consist of three systems: production, distribution, and marketing. The music industries deliver symbolic products to consumers, with each sub-industry constituting some linked firms that specialise in the production, distribution, and marketing of specific musical products, sustained by consumer demand for these products.

However, some publications often use the specific sense of the music industries to mainly refer to the (then) four major record labels and other specific music entertainment companies; this is inappropriate. Vogel (2004) proposes that the music industries mainly refers to the four major record labels, Sony-BMG, EMI, Universal

Music Group and the Warner Group<sup>6</sup>. He also points out that each major label consists of many smaller companies and labels serving different regions and markets. For example, in Australia and China, all these major record labels have established their divisions or collaborative companies. The four (now three) labels dominate the recorded music market.

A number of scholars and commentators also discuss all aspects of the music industries, such as Shore (1983), Simpson (2002), Passman (1998), Gordon (2002), Brabec and Brabec (1994) and Morrow (2006). Morrow (2006) summarises the efforts of these writers, believing that they “have attempted to produce texts that guide music industry practitioners through the murky and confusing world of ‘collateralization’, ‘controlled composition’ and ‘mechanical royalties’” (p. 31).

According to Shore (1983), five basic conditions and capabilities are identified to realise the characteristics of music industrialised by the music industries: first, the capability of the overall economy; second, the capability of developing standards of science and technology; third, the capability of integration and clusters within the cultural and creative industries; fourth, the capability for protecting intellectual property rights and fifth, the capability of consumption. According to this assumption, there are a few cities in China such as Beijing, Shanghai and Guangzhou, as well as Shenzhen and Chendu, that are suitable for developing the music industries.

There are two essential segments within China’s music industries: the music industries (*wen hua chan ye*) and cultural undertaking (*wen hua shi ye*). The former

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<sup>6</sup> Currently four major record labels have emerged: Song Music Entertainment, Warner Music Group and Universal Music Group.

one refers to the for-profit music industry section, while the latter refers to the not-for-profit section of the music industries. Thus China's music industries can be split into two major components: for-profit and not-for-profit. The former specifically refers to popular music, record companies, music instrument making and sales, while the latter refers to national music performing organisations (for example, the Central Symphony Orchestra and the Shanghai Symphony Orchestra) and venues, (for example, the China Grand Theatre and the Shanghai Grand Theatre). While these two parts of the for-profit and the not-for-profit sectors developed relatively independently, their development was always interactive; in other words, they cannot develop very well without mutual support.

Technically speaking, music, as an industry, is an important sub-industry in the creative industries. The music industries not only provide the text and symbolism of music sound to the cultural and creative industries, but the degree and scale of industrialisation is higher than in most other creative industries (Li 2010). Moreover, music is one of the earliest industries among the creative industries, with the history of the music industries (referring here to the music performance industry) dating back to a few thousand years ago (Li 2010, 2011).

The theory and practice of the music industries are mainly based on the theory and practice of the general creative industries. Moreover, some concepts, such as music products, music marketing and music management, also come from other related disciplines, such as commerce, management, marketing, business and finance. Further, the theory and practice of the music industries also involves the theory and practice of music communication, the sociology of music, popular musicology and popular music studies.

However, it is essential to focus on the contemporary research and practice of the music industry based on the theory and practice of the creative industries, as music is an essential part of the creative industries. In the West, there is music industry research that is based within the framework of ‘popular music’ but less music industry research is based within the framework of the ‘creative industries’. In China, there are two specific reasons for the development of contemporary theory and practice in the music industries. The first reason involves policy and funding support from the national, provincial and municipal governments; the second reason concerns comprehensive universities with aggregate strength. The creative industries are considered to be a whole industry to be researched in China, while there are numerous sub-industries under the creative industries, such as music, film, radio, and television.

### **3.4 The System of Music Industry Innovation**

This section concerns the system of music industry innovation. It will discuss the system by exploring definitions of an ‘industrial system’, industrial convergence’, ‘creativity’, and ‘innovation’. It is necessary to apply these concepts in an analysis of the development of China’s music industries.

#### **3.4.1 Industrial System**

To recapitulate, music is a multidimensional industry system. It involves both the macro perspective of the ‘influence’ system, such as culture, economics and politics, and the micro perspective of the ‘industrial’ system, such as music performance, physical recorded music, and digital music, and other supportive industries, including

music instrument making and sales, and print music publishing. Thus music is also a creative, innovative and integrated industry system.

It is essential to examine the definition of 'system' first. There are several scholars who address systems theory, in particular they provide definitions of systems. Ludwig von Bertalanffy, as the founder of the General System Theory (Phillips 1969, p. 1), defines "a system as a complex of elements in mutual interaction" (1960, p. 11-12). Rapoport (1968) also defines the term 'system' as "a whole, which functions as a whole by virtue of the interdependence of its parts, is called a system" (p. xvii). Thus a 'system' consists of several interactive factors/elements.

In addition, a system also involves the system relationship. Generally, there are some specific relationships between sub-systems and/or factors. These relationships are also called 'structure' in this thesis. The structure makes the system a whole, with specific functions, and the functions are revealed through the interaction between the system and the external environment (He 2004 p. 22). In this thesis, the evolution and development of China's music industries involves the major music industry systems and the relationships between different systems.

System innovation is an essential issue in system theory, in particular within industrial system innovation, thus it is necessary to address its definition. Malerba (1999) intensively explores the definition of system innovation. He specifically states that:

A sectoral system of innovation and production is composed by the set of heterogeneous agents carrying out market and non-market interactions for the generation, adoption and use of (new and established) technologies and for the creation, production and use of

(new and established) products that pertain to a sector (sectoral products). (Malerba 1999, p. 4)

The industrial innovation system also includes the business innovation system. However, there is a slight difference in their scope. The business innovation system focuses on the perspective of business enterprises operation, while the industrial innovation system focuses on strategic and executive matters of whole industries. Thus, both the music business innovation system and the music industrial innovation system are two of the most important parts of the music industry development system.

### **3.4.2 Industrial Convergence**

Industrial convergence, as an essential form of convergence, has also played an essential role in the evolution of China's music industries (Li 2013). Convergence is also explored in the chapters 2 and 7. Industrial convergence is the foundation of both media convergence and music industry related convergence and is an essential manifestation of music industry innovation. Thus it is also essential to address the concepts, meanings, and theories of industrial convergence as an essential part of the theoretical framework.

The music industries have integrated with other artistic and industrial forms, such as dance, film, art and literature, to provide synthesising effects of expression and communication. Moreover, the music industries have also integrated with the media industries, such as radio, television, film, publishing, and advertising, to facilitate the interactive development between the music industries and these media industries. Furthermore, industrial convergence has become more important in the 21<sup>st</sup> Century due to the rapid development of digital information technologies (Li 2006; Tong 2012;

Li 2013). As a result, the music industries have also integrated with other industries, such as media, information communication technology, and tourism industries, to maximise economic and cultural effect. Due to the intensive integration with the information communication technology, creative and media industries, the music industries are sometimes included as a part of them. Thus, integration enriches not only the expression of musical art, in order to satisfy a variety of aesthetic appreciation, but also increases the economic and communication values of music.

The evolution of digital information technologies has greatly impacted on the systems and structures of China's music industries, including the music market and industry models. In this situation, the music industries need to make adaptive adjustments, and achieve strategic integration, in order to achieve strategic innovation. It is recognised that new technology innovation is a key factor that propelled this convergence in the development of the industries. Convergence is a technological, economic, cultural and communication phenomenon, which makes the computing, telecommunication technologies, media, and creative industries integrate and finally realise digital, cultural, and communication convergence in the information and telecommunication fields, as well as in most media and creative industries, such as radio, music, drama, dance, film and television. This phenomenon of convergence that has occurred in the media and creative industries is substantiated by Jenkins (2006), Garnham (1996), and Dwyer (2010) from the perspective of media theory. Similarly, convergence is also one of the ways in which creativity and innovation are harnessed in systematic ways in the case of music.

Industrial convergence makes image, audio, text and data integrate into a unified digital information form; before the digital information age image, audio, text and



data were separate (Ma 2006; Li 2008). Moreover, this digital information is transmitted and displayed through the same terminal and network. Based on digital convergence, traditional industries, such as telecommunications, radio and television broadcasting and publication including music recording and publishing, have gradually realised technology convergence, production and business convergence, and market convergence, as it finally completes the entire process of industrial convergence.

It is essential to further discuss the scope and meaning of industrial convergence. Mao and Ning (2007) address this issue of industrial convergence in the context of the music industries by discussing its influence. Mao and Ning also examine the significance and meaning of industrial convergence from a general perspective:

The essence of the connotation of industrial convergence is that information technology and its industries impact other industries to generate a new integrated industry, this new industry contains new industry properties. This phenomenon mainly reflects that the border disappears and integrates a different and new industry. This convergence does not simply add two or more industries, but it is a new division of labor based on integrating original industries. (Mao and Ning 2007, p. 25)

This common definition is often used to explain the phenomenon of industrial convergence. Many Chinese scholars, such as Hu (2008) and Li (2008), use this definition to examine the phenomenon of industrial convergence from market, economic, and management perspectives. This definition can explain the issues of industrial convergence not only in some larger industries, such as telecommunications, computer technology and media; it can also be used to describe the influence of

industrial convergence on national economic development, in particular on the economic systems and structures, from a macro (strategic) perspective.

Both Freeman and Soete (1997) and Ma (2006) propose a few arguments concerning industrial convergence. They argue that “industrial convergence is an industrial process that involves four convergence processes: technological, product, business and management, and market convergence” (Freeman and Soete 1997; Ma 2006, p. 7). Moreover, they stress the importance of technology convergence and point out that it is the most essential convergence process and therefore is regarded as the foundation and precondition of other convergence processes (ibid; Ma 2006, p. 44).

The concept of industrial convergence includes narrow and wide meanings. According to Ma (2006), the narrow meaning refers to the Three Networks Convergence (TNC) and the three networks include telecommunications, radio and television, and computing. The TNC adopts industry convergence and increases industry economic value and synergy, industrial convergence has made the borders of these industries more blurred (p.1). The wider sense of industrial convergence refers to industry cross penetration and gradual convergence between different industries. It not only includes industrial convergence between the industries of telecommunications, radio and television, and computing, it also includes a wider scope of industrial convergence between the creative industries, such as tourism, arts performance, and media, and the information communication technology industries, such as computing technology, and telecommunications.

However, the music industries, as a small industry in the creative and information technology industries, integrate not only with other larger creative and information

communication technology industries, such as telecommunication, computing, information, and media, but also with other smaller industries, such as dance, drama, film, and electronic gaming. Thus, the nature of music industry related convergence is different from industrial convergence in general, as well as from convergence in the media, creative, telecommunications and computing industries. Therefore, it is essential to explore the definition of music industry related convergence and its role in the evolution of China's music industries.

### **3.4.3 From Creativity to Innovation**

The evolution of China's music industries has involved not only a creative process but also a process of innovation. Therefore, it is necessary to understand music industry creativity and innovation in this thesis. Music is a typically creative and innovative industry. Industrial convergence, such as technological, inter-industrial, market, and regional convergence, has become a phenomenon of creativity and innovation, occurring both in the music industries and in other related industries, such as media, telecommunication and computing technology. Thus, it is essential to consider creativity and innovation as a part of the theoretical framework of this thesis.

There are a great number of scholars who research creativity, however, for the purposes of this chapter the work of Morrow (2006), McIntyre (2003), Evans and Deehan (1988), Rothen and Hausman (1976), and Csikszentmihalyi (1988) will be examined because their work relates specifically to the creative industries; these authors provide definitions of creativity and innovation in the contexts of the music, media and the creative industries. Rothen and Hausman (1976) define 'creativity' in the following way:

Creativity involves the translation of our unique gifts, talents and vision into an external reality that is new and useful [but] we must keep in mind that creativity takes place unavoidably inside our own personal, social, and cultural boundaries ... Subsumed under the appropriateness criterion are qualities of fit, utility, and value. (p. 7-8)

McDonald (2007) also discusses the definition of creativity. He proposes a romantic view of creativity:

Creativity is less of a process than a personal characteristic. People differ greatly in their ability to think creatively. One type of creativity is the spontaneous generation of new ideas of which some people are capable; extreme examples of this type of creativity are people like Mozart and Edison. (McDonald 2007, p. 1)

This quote is representative of the ‘romantic view’ of creativity. While this view is arguably still embedded in Western belief systems (McIntyre 2003, p. 52) it is not substantiated by the contemporary body of scientific literature relating to creativity.

Discussing the history of research into creativity, Weisberg (1999) notes that:

The literature on creativity was until relatively recently dominated by what one could call the ‘genius’ view of creativity, which also pervades our society. This view, which has many sources, ranging from Plato to Koestler to Osborn to psychometric theorists such as Guilford, assumes that truly creative acts involve extraordinary individuals carrying out extraordinary thought processes. These individuals are called geniuses, and the psychological characteristics they possess – cognitive and personality characteristics – make up what is called genius. (Weisberg in Sternberg, p. 148)

In contrast to this ‘genius view’, Sternberg (1988), Weisberg (1993), Evans and Deehans (1988), and Gardner (1993b) address the issue of whether the creative individual is ‘gifted’ or whether they are simply exercising acquired skills. Evans and Deehans (1988) state:

- i. Creativity and creative ways of thinking are skills that can be developed and refined.
  - ii. Conscious application is needed, not the vagaries of ‘inspiration’, in order to achieve a creative output.
  - iii. Creative people tend to view their work in its cultural, intellectual or historical context.
  - iv. Originality is not novelty for its own sake.
  - v. To qualify for the description ‘creative’ a product must have inherent value.
- (Evans and Deehans 1988, p. 38-39)

Csikszentmihalyi (1988), as a leading scholar in the field of creativity research, proposes a systems model of creativity. The following text will discuss Csikszentmihalyi’s (1988) theory of creativity based on the work of McIntyre (2003) and Morrow (2006), as their research is representative. McIntyre (2003) addresses Csikszentmihalyi’s theory of creativity in the following way:

When Csikszentmihalyi refocused the base questions on creativity away from ‘what is creativity?’ and ‘who is creative?’ to ‘where is creativity?’, he realised that creativity could be perceived as a complex interactive system. (p. 1)

Morrow (2006) further discusses Csikszentmihalyi’s (1988) theory of creativity. He highlights several major viewpoints on the theory of creativity by Csikszentmihalyi’s (1988). First, Csikszentmihalyi (1988) argues that creativity operates within a system that involves the inter-relationship of three component parts: person, domain and field (p. 42). Morrow (2006) also further states that Csikszentmihalyi locates “creativity in

a highly complex multidimensional space that incorporates the person, field and domain in a system of circular causality” (p. 43). He also posits that “his theoretical framework enables one to perceive the creative process by investigating moments within it, and each component of this system can be studied as an entry point into an analysis of the system” (ibid). This model will be used in this thesis as it represents a confluence of the different conceptualisations of creativity (as discussed in the literature review).

Discussing this confluence model, Csikszentmihalyi (1988) argues that various elements, such as the person, the field and the domain: “jointly determine the occurrence of a creative idea, object or action” (1988, p.325). One of the advantages of Csikszentmihalyi’s schema is that it moves away from more rigid models of creativity that primarily focus on either the efforts of the individual creator (Galton 1950) or on the context of the creative process (Becker 1982; Wolff 1993); it therefore the most useful theoretical framework for the purposes of this thesis.

For McLean (2005) innovation is the process through which creativity is translated into practice. However this conception does not align with Csikszentmihalyi’s (1997) systems model of creativity. McLean’s ‘Schumpeterian’ idea of innovation features the belief that creativity precedes innovation and it is therefore more aligned with a ‘romantic’ view of creativity that focuses on the individual genius of the ‘creator’. Whereas Csikszentmihalyi’s confluence model involves the person, but also the *field* and the *domain*, and for Csikszentmihalyi innovation and creativity are therefore subject to the same causal system and as terms they are somewhat interchangeable.

While it is important to address the differences between McLean's (2005) and Csikzentmihalyi's (1997) conceptions of creativity and innovation, there are a number of counter points to make in relation to Csikzentmihalyi's systems model that need to be addressed here, particularly with regard to industrial innovation. Indeed, innovation is an important topic in the study of economics, business, technology, sociology, and engineering and it has been conceptualised in a number of ways. One commonality however is that many scholars, such as Terwiesch and Ulrich (2006), and McDonald (2007) argue that 'innovation' can be thought of as a process.

Schumpeter (1934, 1939) was one of the earliest scholars to write about contemporary innovation theory. He provides a definition of innovation and differentiates specific forms of innovation. Schumpeter (1939) defines "innovation as building up a new production function, involving 'resetting production elements', in which production elements, in new combinations, are introduced into the production system" (p. 87). Schumpeter (1934) also proposes five specific forms of innovation:

- i. Introduction of a new product or a qualitative change in an existing product; ii. Process innovation new to an industry; iii. The opening of a new market; iv. Development of new sources of supply for raw materials or other inputs; v. Changes in industrial organisation. (p. 17)

In order to further understand the definition of innovation, the distinction between 'inventions' and 'innovation' should be identified. Fagerberg, Mowery and Nelson (2006) argue that: "invention and innovation are closely linked and to this extent it is hard to distinguish them from one another" (p. 5). They state that:

While invention may be carried out anywhere, for example in the universities, innovations occur mostly in firms, though they may also occur in other types of organisations, such as public hospitals. To be able to turn an invention into an innovation, a firm normally needs to combine several different types of knowledge, capabilities, skills, and resources. For instance, the firm may require production knowledge, skills and facilities, market knowledge, a well functioning distribution system, sufficient financial resources, and so on. (ibid)

While this is essentially a ‘systems model’ for innovation, and Csikzentmihalyi (1997) would argue that the same system applies to creativity, Freeman and Soete (1997) have further developed the theory of industrial innovation. They assert that industrial innovation embraces five aspects of innovation: technology and skill, production, flow, management (including organisation innovation) and marketing. Porter (1985) outlines ‘technological commercialisation’ in his theory of innovation. Dodgson and Rothwell (1994) investigate the nature of industrial innovation, source and output, innovative departments, industrial characters and the key factors affecting innovation. Liu (2007) defines ‘industrial innovation’ in the following way:

Industrial innovation refers to a creative process in which first an enterprise or a few enterprises undertake technological innovation, production innovation or combination innovation and those innovations influence the whole industry or create a new industry.  
(p. 1)

Liu’s definition of industrial innovation basically involves the major viewpoints of Freeman and Soete (1997), Porter (1985), and Dodgson and Rothwell (1994) on this concept. This definition is, therefore, relatively representative.

Industrial innovation has become more important in the evolution of China’s music industry innovation. The development of China’s music industries, particularly during



the 21<sup>st</sup> century, has been difficult. Difficulties include the following influence factors: music copyright (and related issues such as piracy), the Chinese government's excessive influence and the negative impacts of industrial convergence. In order to reduce these difficulties and issues, it is necessary to identify certain innovative strategies.

It is essential to discuss the relationship between creativity and innovation. Creativity is highly related to innovation, but there is a slight difference in their meaning according to McLean (2005). Both are important for the development of the music industries. While Csikzentmihalyi (1997) would disagree, McLean (2005) addresses the following differences between creativity and innovation:

Creativity is a phenomenon that is initiated and exhibited at the individual level. Variables such as personality, motivation, and expertise are related to creativity at the individual level. While Innovation, on the other hand, operates much more at the group and organisational levels. The focus is more on interrelationships, interactions, and dynamics among actors and components of the organisation and its environment. (p. 228)

Thus, McLean indirectly indicates that creativity and innovation are two successive processes of innovation.

In short, creativity involves the original thought, the spark, the blueprint and the ignition of an idea, while innovation concerns the translation of original thoughts into practice. Thus, creativity and innovation are two major processes in the development of China's music industries, while industrial convergence is the specific method used to develop the territory's music industries.

### 3.5 Conclusion

Musical culture, music industry operations, and music industry innovation are the three essential components that form the theoretical framework for this thesis. This theoretical system not only reflects a relatively complete system of music industry practice, it also represents a relatively complete theoretical analysis framework for the evolution of China's music industries.

The three systems above are interrelated within this theoretical framework. The music culture system is the prerequisite and foundation of music industry development. The music industry operation system represents the basic processes of music industry development in China. The industrial innovation system relates to the developmental dynamics of the music industries. Thus, all three systems have played important roles in the developmental process of the music industries in China.

Although each music sub-industry system has played a different role in the entire system of the music industries, different music sub-industries are interactive and/or collaborative. Thus all sub-industry systems need a balanced development in this industry system. This balance needs to consider not only the developments of the commercial music sector and/or mass music sector, such as popular music, but also the non-commercial and/or non-mass music sector, such as Western classical music, Chinese traditional music, and non-popular live performance.

This theoretical framework involves some major concepts and theories of the music industries, such as mass music, popular music, music products, music services, music businesses, music industries, industrial convergence, innovation, and creativity. This

framework considers not only the situation of both the Western and Chinese music industries, but also the status of both Western and Chinese music industry research, thus it is applicable to both the Western and Chinese music industries. As this thesis focuses on the evolution of different music sectors rather than on the evolution of China's music market and music business models, certain major concepts and theories in this framework, such as music industries, convergence, music products, and music services, are used more often than other concepts, such as niche markets, the mass market, and music businesses, in this thesis.

## **Chapter 4**

### **Research Design and Methods**

Different research methods (especially from different paradigms) focus on different aspects of reality and therefore a richer understanding of a research topic will be gained by combining several methods together in a single piece of research or research program. (Mingers 2001, p. 241)

#### **4.1 Introduction**

The research design draws on qualitative and quantitative methods. Primarily, it is a mix-method approach (Mingers 2001, p. 241) of case studies and statistical analysis that is underpinned by a theoretical framework (Punch 1998). The theoretical framework provides the concepts and links that the research investigates. This chapter details the framework and the subsequent chapters further extrapolate its significance in relation to the research findings. This chapter uses a systems analysis approach through briefly examining the formation of the complex systems of China's music industries as a starting point for the development of the theoretical framework. The research presented in this thesis was approved by Macquarie University Ethics Review Committee, Reference Number: 5201001357.

This thesis will primarily employ a qualitative approach, while it will also consider quantitative analysis to make up for the shortage of the qualitative approach. The qualitative approach will involve historical analysis, case studies, comparative analysis, and semi-structured interviews, while the quantitative approach will consider

quantitative evidence, such as statistics. The research questions used for the semi-structured interviews are available in Appendix 3 and a list of interview subjects is available in Appendix 4. In total two in-depth interviews were conducted for this thesis as an historical approach is the primary method used here, while the other approaches are used as supportive methods. The following text will discuss why these approaches above need to be used and how they will be used in this thesis.

## **4.2 Qualitative Analysis as the Primary Approach**

In order to understand China's music industries, while a quantitative approach is used in this thesis, qualitative analysis is the focus. To further discuss the importance of using a qualitative approach in this thesis, it is essential to first define both quantitative and qualitative research. According to Punch (1998), quantitative data is usually in the form of numbers and specific measurements (p. 88) and quantitative research findings can be illustrated in the form of tables, graphs and pie-charts (p. 113). While 'qualitative research' is defined by Denzin and Lincoln (1994) in the following way:

Qualitative research involves a multi-method focus, involving an interpretive, naturalistic approach to its subject matter ... [it] involves the study, use and collection of a variety of empirical materials ... [to] describe routine and problematic moments and meaning in individuals' lives. (p. 2)

Thus there are great differences between quantitative research and qualitative research. Punch (1998) further elaborates on the differences between these two approaches by stating that: "quantitative research has typically been more directed at theory

verification, while qualitative research has typically been more concerned with theory generation” (p. 16). He also notes that: “quantitative research refers to counts and measures of things while qualitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things” (p. 88). Therefore the former is an explanative research approach while the latter is a descriptive research one.

This thesis will reveal the essence, dynamics and process of the evolution of China’s music industries, thus the purpose of this thesis is to describe the historical evolution and contemporary development of China’s music industries and to generate a theory concerning China’s music industries, rather than verifying an existing theory of the music industries based on the case of China’s music industries. Unlike in the West, there is a paucity of quantitative data available regarding China’s music industries. While the West has record sales charts, effective copyright collecting societies etc, this dearth of quantitative data means that a qualitative methodology needs to be used.

In this thesis, the qualitative approach used will include historical analysis, case studies, comparative analysis, and semi-structured interviews. While it is questionable to arbitrarily determine approaches for empirical research, it is acceptable that research approaches be determined based on research questions. Thus the main qualitative research approaches used here are determined by the research questions. The following text will specifically explain the relationship between the qualitative research approaches used and the research questions that drive this thesis.

#### **4.2.1 Historical Research as the Major Approach**

It is appropriate to examine the evolution of China's music industries using a historical research method. This method enables the thesis to encompass the origins, growth, theories, personalities and crises of China's music industries. In this thesis, historical research is used as a major method because of the research questions. According to Punch (1998) and Yin (1989), it is necessary to consider and determine appropriate research approaches based the research questions. Punch (1998) states:

The matching or fit between the research questions and research methods should be as close as possible; in other words, different questions require different methods to answer them. (p. 19)

Moreover, Yin (1989) further bolsters this point of determining research methods based on research questions:

Each strategy has peculiar advantages and disadvantages, depending upon three conditions: 1) the type of research questions, 2) the control an investigator has over actual behavioral events, and 3) the focus on contemporary as opposed to historical phenomenon. (p. 13)

Significantly, Busha and Harter (1980) discuss the relationship between research questions and historical research methods in the research field of library and information science. They specifically state that the historical method can answer the following typical questions: "the development of school, academic or public libraries, the rise of technology and the benefits/problems it brings, the development of preservation methods, famous personalities in the field, library statistics, or geographical demographics and how they effect library distribution" (p. 93). This

point helps to determine that historical research be the major research method used in this thesis.

There are two essential research questions guiding this thesis: the key question, '*How have the music industries in China developed?*' and the main sub-question, '*To what extent has convergence and Chinese politics influenced the evolution of China's music industries?*' An historical approach can be used to answer these research questions concerning the development of China's music industries and the influence of convergence and Chinese politics on them. The nature of these research questions suggests that an historical research method would be the most relevant tool, and this method has therefore been used in most chapters of this thesis.

Based on historical research, this thesis discusses the evolutionary process of China's music industries and specifically considers two historical contexts. The first involves an examination of the historical transitions of China's music industries, this is the main task of the first few chapters of this thesis. The second involves investigating the influence of convergence on the transformation of the systems and structures of China's music industries. This is discussed in chapter 7 and is also addressed in other chapters, such as chapters 5 and 6.

Danto (2008) suggests a number of approaches for historical research. Major methods of historical research include empirical (descriptive), social, cultural, feminist, post-modern and postcolonial approaches. This thesis will involve empirical (descriptive), social and cultural approaches, as well as economic, political and technological ones. Danto (2008) outlines these methods in the following way:



They do overlap, and the researcher's choice should be driven by an imperative to employ the most exciting images, the most evocative narratives, and – inevitably – the approaches that are the most personally relevant. (p. 11)

In line with Danto (2008), the historical analysis in this thesis will involve integrating a number of historical methods and contexts, such as empirical, social, economic and cultural, in order to explore the historical evolution of the systems of China's music industries.

#### **4.2.2 Comparative Analysis**

Comparative analysis is an additional method used in this thesis (Punch 1998; Denzin and Lincoln 1994; Danto, 2008). The research method of comparative analysis supports the method of historical research and is used to identify themes and points of difference between Chinese and Western music industries. This thesis employs the method of comparative analysis in order to examine Chinese modes of music industry operations. Specific comparative analyses involve the following: the differences between Chinese and Western creative industries; differences in the definition of the recorded music industry between China and the West; differences in economic constitution between China and the West; differences with regard to copyright and censorship in the development of the music industries between each period; differences between major music industries; differences between the music industries and the media and culture industries; differences in the evolutionary process of the music industries between China and the West; differences between the for-profit music sector and the not-for-profit music sector; and differences between open/free market and the planned market in China.

In order to further understand how to examine the evolution of China's music industries through comparative analysis, it is essential to give a few examples of it here. In terms of the historical development of the music industries, the characteristics of the music industries in each period are different. Similarly, in relation to the present development of the music industries, the systems and structures of China's music industries are different from those of Western countries, such as the United States, Britain, Australia and Canada. Moreover, music industry research in China is different to that in the West. Specifically, the concepts, theories and views that inform China's music industries are quite different compared to those that inform Western music industries.

However, there are also a few similarities concerning the development of the music industries when comparing China to Western countries. The primary similarities between them include: the development periods and/or general evolution processes, and the influence of convergence. Thus, although some theories, such as the development of the music industries in a weak copyright environment, are developed in this thesis based on China's music industries, they may also be applicable to the development of the Western music industries.

The comparative method will enable the historical research to ascend from the initial level of exploratory case studies to a more advanced level of general theoretical model development. Therefore the historical research method used in this thesis will be combined with the comparative research method. This combination will help to trace the historical origin of China's music industries, and to study the process of the development of China's music industries. Comparative analysis, therefore, plays a

supportive role compared to the historical research method.

#### **4.2.3 Case Studies**

Case studies will also be used in this thesis (Yin 1989, p. 14; Mingers 2001; Punch 1998; Danto, 2008). There are two major reasons for using case studies. The first reason is due to the lack of secondary sources. As stated in the literature review chapter, there is a paucity of research publications concerning the history of China's music industries. Thus a case study approach is an appropriate method to make up for the shortage of secondary sources (Mingers 2001, p. 241).

The second reason for this selection is that the case study approach is an appropriate research method for examining the evolution of China's music industries. China's music industries are constituted by a complicated and huge system, both historically speaking and in the present, therefore it is impossible to directly examine a wide scope of the systems and structures of China's music industries. Thus, it is essential to examine China's music industries by exploring several major phenomena and/or forms of the music industry, such as geographically regional music industries (such as Shanghai's music industries), and music business organisations (such as the Shanghai Audio-visual Press).

Moreover, the case study approach is an appropriate research method for answering the 'how' research questions that are proposed in this thesis. According to Yin (1989), case studies often answer the research questions of 'how' or 'why'. Yin states that:

Case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over the event, and when the focus is on a

contemporary phenomenon within some real-life context. (1989, p. 14)

It has been noted that this thesis explores the research questions concerning ‘how’ China’s music industries developed and ‘how’ convergence and politics have impacted on the transformation of contemporary China’s music industries. This approach is used in this thesis in conjunction with the historical research method. Yin (1989) argues that a case study approach is preferred when examining contemporary events (p. 19). The development of Contemporary China’s music industries is such a case.

This thesis also provides two groups of case studies. The first group includes a case study that concerns the development of Shanghai’s music industries during the first half of the 20<sup>th</sup> century. The reason for concentrating on Shanghai’s music industries as a case study is that Shanghai played a crucial role in the development of China’s music industries overall during this period. Moreover, there are a number of small case studies that are included in the major case study of Shanghai’s music industries, such case studies of the Shanghai National Conservatorium, the Shanghai Municipal Council Symphony Orchestra, the Shanghai Datong Music Society, the Moutire Shanghai Piano Company Pty Ltd, Li Jinhui’s music industry activity, and the Shanghai EMI.

The second group of case studies includes three major case studies, such as the Shanghai Audio-Visual Press, the Shanghai Audio-Visual Company and the Shanghai Company of the China Record Corporation. These cases are used to illustrate the development of China’s music industries and the influence of convergence on this territory’s music industries during the period from the 1980s to the present. For

example, the Shanghai Audio Visual Press merged with the Shanghai Synergy Culture and Entertainment Group (SSCEG) in 1997, illustrating the manner in which convergence has influenced the development of China's music industries.

Thus, the historical research method, as the major research method, will be used to explore the main research questions throughout. Other research methods, such as case studies, comparative analysis and semi-structured interviews will be used in conjunction with the major method.

#### **4.2.4 Qualitative Interviews**

Qualitative interviews will be used in this thesis. In this thesis, qualitative interviews take the form of "in-depth interviews" (Fox 2009, p. 7). According to Boyce and Neale (2006), "In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation" (p. 3). There are two major reasons for selecting this research method. Firstly, as stated previously, there is a paucity of publications concerning the development and convergence of China's music industries. Secondly, there is lack of quantitative data, such as statistics in relation to China's music industries. Therefore interviews are an appropriate method to make up for the shortage of existing quantitative data.

The in-depth interviews involve conducting intensive individual interviews with a small number of respondents. Two interviewees were selected for this thesis: Lijuan Liu (deputy editor-in-chief of Shanghai Music Publishing House and Shanghai Literature and Art Audio-visual Press and former head of the department of music production) and Yanbin Zang (vice president of Shanghai Synergy Culture and

Entertainment Group, former vice president of the Shanghai Audio Visual Press). Yanbin worked in the recorded music industries as a senior manager during a major period of China's modern and contemporary music industries from the 1990s to the present. During this period, the physical recorded music industry reached a peak of development and then rapidly declined, while simultaneously the digital music industry emerged and developed; in addition convergence, Chinese politics and copyright laws greatly influenced China's music industries during this particular period in its evolution and development.

The interviewees are located in China and therefore these interviews were conducted via phone rather than face to face. The interview questions revolved around the theme of this thesis: the history and structural transformation of the music industries in China during the second half of the 20<sup>th</sup> and 21<sup>st</sup> century.

### **4.3 Quantitative Approach: Statistics**

This thesis also employs a quantitative approach to describe and interpret the overall development status of China's music industries in this thesis, although it is not the focus. There is a very limited amount of statistical data concerning the Chinese music industries available. This lack of quantitative data is the main reason why a quantitative approach is not the primary one used in this thesis. The following text will further explain the difficulty in collecting statistical data on China's music industries.

There are some baseline challenges in China in that access to data in terms of copyright (record sales etc) and also live performance data (ticket sales etc) is difficult

to obtain. There is an IFPI report for China that accounts for legal (copyright) but this provides a very limited view of music consumption in this country. Although there is a limited amount of statistical data in relation to the music industries in China available such as ‘The Number of China’s Music Record Distribution (1949 - 1979)’, ‘The Statistical Data Collection of the GAPP (1996 - 2006)’, ‘The Market Size of Service Providers (SP) in China’s Mobile Music Industry (2003 - 2008)’, and ‘The Report on the Market Size of China’s Online and Wireless Music (2007 - 2011)’, these are provided by several departments of the Chinese Government, including the General Administration of Press and Publication (the ‘GAPP’), the Ministry of Culture, and the National Statistics Bureau and commercial research companies, such as iResearch Inc., and it is difficult to obtain these statistical reports due to the political and commercial issues this would cause.

Moreover, most statistics relating to the music industries include other creative and information technology industries data, such as data relating to the performance arts, publishing, the audio visual sector, and information technology. The main reason for this lack of specific data relating to music is that music has not been classified as an independent category in the creative industries in China (The National Bureau of Statistics of China 2004). Furthermore, although statistical data relating to the music business is useful for analysing China’s music industries, there are also some baseline challenges in China in that access to data from music business companies is often considered to be commercially confidential by Chinese firms (Ren, Wang and Shuang 2010). Thus there is paucity of statistical data regarding the music industries in China available.

Although it is difficult to obtain statistical data in relation to China's music industries, there is a limited amount of statistical data on China's music industries available. Zhang et al. (2009), Tong (2012), and Li (2006) provide some data. Therefore this thesis will use quantitative analysis to analyse China's music industries based on the limited statistical data that appears in these publications.

#### **4.4 Conclusion**

This thesis focuses on the evolution and development of China's music industries and primarily adopts a qualitative approach, although a quantitative approach is used to a lesser extent. The reasons for this are twofold: 1) the lack of statistical data concerning the music industries in China, in particular the live music industries; and, 2) the fact that the dominant, quantitatively-oriented models of research design do not easily combine with the way in which most qualitative researchers set about their work (Lincoln and Guba 1985).

Multiple methodologies will be employed in this thesis, since the evolution of China's music industries is a complex issue. The historical research method is used as the primary method in this thesis. Other significant approaches, such as case studies, comparative analysis, and in-depth interviews make up for deficiencies in the historical method. All the research methods in this thesis form an integrated and interacting system.



**Chapter 5**  
**China's Modern Music Industries**  
**(The Early 1900s to the Early 2000s):**  
**The Physical Recorded Music Industry**

**5.1 Introduction**

This chapter concerns the evolution and development of China's modern music industries during the 20<sup>th</sup> and the early 21<sup>st</sup> Centuries. The modern music industries played an essential role in the evolution of China's music industries; the development of the modern industries not only further developed the ancient music industries (in particular the live music performance industry), but also opened up the contemporary music industries (including the digital music industry). Physical recorded music, as an essential industry of China's modern music industries, greatly influenced the live music performance industry and the digital music industry as well as other music industries, such as music media and music publishing. In addition, convergence and Chinese politics greatly influenced the modern music industries, in particular the physical recorded music industry/the popular music industry and the live music performance industry. The analysis of the development of the modern music industries, in particular the physical recorded music industry, forms the main body of this thesis.

To achieve the objectives above, it is essential to address the following tasks in this chapter. The first is to provide a brief discussion of China's ancient music industries, particularly the ancient live music performance industry as a part of the context of the

development of China's modern and contemporary music industries. The second is to examine the overall contexts of China's modern music industries from the economic, industrial, technical, cultural and political perspectives in the 20<sup>th</sup> Century. The third is to examine the development of the physical recorded music industry while other music sectors, such as live music performance and music publishing are also considered. The final section examines the influence of convergence and politics on the modern music industries in the 20<sup>th</sup> Century.

## **5.2 The Major Divisions of China's Modern Music Industries**

In order to better understand the evolutionary path of China's music industries, it is essential to discuss the major divisions of, as well as the starting and ending points of, China's modern music industries. The divisions of China's contemporary and ancient music industries are based on the divisions of China's modern music industries, as the start and end points of the modern music industries.

Based on the history of China's economy, politics and culture as well as the evolutionary processes and characteristics of its major music sectors, China's modern music industries can be split into two major stages. The first ranges from the early 1900s to the late 1940s which was the period from the late Qing Dynasty. This was when China's New Music such as the School Songs appeared during the establishment of the People's Republic of China (PRC) and this was when the new model of music industry operations emerged. The second stage ranges from the 1950s to the mid-2000s, which specifically refers to the period from the establishment of the PRC in 1949 to the initial development of the digital music industry in 2005.

It is essential to further explain the defining elements of China's modern music industries here. The starting point of both Chinese modern history and Chinese music history is coupled with the emergence of the physical recorded music industry. The evidence that can substantiate the emergence of the modern music industries in China is threefold. First, the year 1898, when the Wu Hsu Reform occurred, was the starting point, with the gestation, commencement and development of modern capitalism, and the creation and change of the subsequent economic, cultural and political environments in China (Xia 2010, p. 4). Second, China's New Music, in particular the School Songs, that appeared in the early 1900s (Zhou and Zhu 2013, p. 106; Wang 2006, p. 42) greatly influenced both China's popular music and popular music industry (Li 2011, p. 3). Third, the early 1900s started with the benchmark year of 1904, when the first Chinese music recordings were released into the Chinese market (ibid; Ge 2009, p. 48). The total sales of digital music products outstripped the sales of recorded music products in 2005; therefore, the year 2005 is called 'the First Year of Digital Music' (Chen 2008, <http://www.avpcn.com/web/Articles.aspx?ArtID=0000006607&CateID=H01>; Li 2013, p. 72).

Based on the division of the modern music industries, the divisions of the ancient and contemporary music industries are as follows. The ancient music industries began from about 2,700 BC in the Yan Emperor period and ended in the early 1900s in the late years of the Qing Dynasty. Live music performance was a sector that influenced the whole music industries during this period. The contemporary music industries began from the late 1990s to the present. Digital music, as an essential sector during

the period, began to develop and had an influence on the entire contemporary music industries in the mid-2000s.

The following text of this chapter is split into two parts based on the two major stages of the modern music industries. The first part will discuss how the physical recorded music industry developed and reached its peak during the first half of the 20<sup>th</sup> Century, while the second part will address the second development peak of the physical recorded music industry during the late 1990s and early 2000s.

## **Part 1**

### **The First Development Stage**

**(The Early 1900s to the Late 1940s):**

#### **The Development of the Music Industries in the Late Qing Dynasty and the Republic of China and the Rise of the Physical Recorded Music Industry**

##### **5.3 The Overall Development Contexts**

The overall development contexts of China's modern music industries during the first half of the 20<sup>th</sup> Century include the following major perspectives: historical, technical, political, economic and cultural. The historical context concerns the development of the ancient live music performance industry. This provided a firm foundation for the development of the modern music industries. The industrial and technical contexts provided the dynamics for the development and evolution of the industries, while the political, economic and cultural contexts provided a general framework for the development of the music industries. The following text will further discuss the influence of these contexts on the evolution of China's modern music industries.

### **5.3.1 The Historical Context: Live Music Performance as an Essential Industry in the Ancient Music Industries**

The argument here is that in China, the ancient music industries greatly influenced the modern and contemporary music industries. The live music performance industry is the basis of other major music sectors, such as physical recorded music, digital music and music publishing. This section will discuss the influence of China's ancient music industries on the modern and contemporary music industries through providing a brief examination of the development of the ancient music industries, in particular, the ancient live music performance industry.

It is essential to further explain the reasons why this chapter addresses the ancient music industries. The rationale for discussing the ancient music industries in this chapter is to shape a holistic and logical evolution track of China's music industries. As live music performance and music instrument sales were major music sectors that developed in China's ancient music industries, it is essential to use the music industries (plural) rather than its singular form.

China's ancient music industries range from circa 2,700 BC in the Yan Emperor period to the early 1900s in the late years of the Qing Dynasty. The ancient music industries include two periods: Zhuxiang Clan's Music circa 2,700 BC - the Northern Song Dynasty (960 AD), the Northern Song Dynasty (960 AD) to the late years of the Qing Dynasty (the early 1900s). The following text will specifically discuss the development of the ancient music industries during these two periods.

During the period from approximately 2,700 - 2,500 BC to the Song Dynasties (960-1279), ancient music and dance, such as 'Zhuxiang Clan's Music', 'Getian Clan's

Music’ and ‘Yiqi Clan’s Music’<sup>7</sup>, as a major form of integrated live music performance, played a role in the early ancient music activities (Qing 2002). Zhuxiang Clan’s Music played an essential role in this period (ibid). This period, therefore, is also called ‘the Period of Zhuxiang Clan’s Music’. After the early ancient period, a number of non-commercial music forms, such as ancient music and dance and live court music performance dominated the nature of the music industries during subsequent dynasties, such as the Qin (221 - 207 BC) and Han (202 BC - 220) dynasties.

Convergence and Chinese politics greatly influenced the development of the ancient music industries, in particular the ancient live music performance industry. ‘Zhuxiang Clan’s Music’, ‘Getian Clan’s Music’ and ‘Yiqi Clan’s Music’ were the outcome of the cultural integration between music, dance and poetry. The main reason for the predominance of non-commercial music activities, such as ancient music and dance and live court music, rather than commercial music, is the influence and control of musical activities by the Chinese imperial government (Zeng 2003, p. 3). The characteristics of the influence and control by the Chinese government or the ruling class also influenced the subsequent evolution of China’s music industries, such as the development of the modern music industries during the period from the 1966 to late 1979 (Wang 2006, p.102-103).

During the second period from the Northern Song Dynasty (960 AD) to the late years of the Qing Dynasty (the early 1900s), the live music performance further developed.

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<sup>7</sup> The ‘Zhuxiang Clan’s Music’, ‘Getian Clan’s Music’ and ‘Yiqi Clan’s Music’ give a description of the lives of primitive people during the initial years of agricultural production.(Jin 2010, p. 6)

The music industries achieved certain development in the major dynasties, such as the Yuan (1279–1368 AD), Ming (1368–1644 AD) and the Qing (1644–1911 AD) during this period. The commercial music industries began to develop along with the development of the economy and culture from the Song Dynasties (referring to the Northern Song and Southern Song, 960-1279) (Yu 2008) during the second period. Based on Liang's (2009) research, the 'Wasi' and 'Goulan', can be regarded as one of the earliest music industry and market clusters in the history of Chinese culture (Li 2013, <http://musicbusinessresearch.files.wordpress.com/2013/06/li-fangjun-john-the-influence-and-role-of-convergence-on-the-development-of-chinas-music-industry.pdf>). These were the main music industry forms that appeared in the commercial music domain during the Western Han, Northern Song, Southern Song and Yuan dynasties. The music related clusters greatly integrated different art forms, such as songs, song and dance, drama and instrumental music, meanwhile the Song's governments greatly supported and encouraged the development of music related culture and industry (Fu 2011, p.114).

The live music performance industry included palace music, folk music and literate/Chinese art music. This industry laid the foundation for the later development of China's music industries in the modern and contemporary periods. China's ancient music industries heavily represented 'non-commercial', 'integrated' and 'political' characteristics. These not-for-profit live music performance industry activities intensively integrated with other arts industry activities, such as dance, drama and literature (such as poems) during the ancient period. This integration greatly promoted the development of the ancient music industries.



### 5.3.2 The Industrial and Technical Contexts

During the first two decades of the 20<sup>th</sup> Century, Western music culture, music education, and music related industries were introduced into China by a number of people such as Li Shutong, Liang Qichao, Shen Xingong, Xiao Youmei, William Moutire, E. Labansat, and Li Jinhui. According to Zhang and Zhu (2007), “classical music and church music, and professional music education were introduced into China by Chinese people and Westerners” (p.178). Similarly, the Western music industries, in particular the physical recorded music industry and its integrated industry - popular music, heavily influenced China’s music industries and were introduced into China after the Opium Wars<sup>8</sup>, (the 1840s - the 1850s)

(Li 2011, [http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)).

According to Kraus (1989) many Europeans, such as “soldiers, merchants and missionaries brought European music along with them as they fought, sold and preached their way throughout the Orient” (p. 3). For example, William Moutrie and E. Elabansat, Mario Paci introduced European music and music industries, such as the symphony orchestra, piano and physical recorded music, into China (Ge 2009; Li 2011; Kraus 1989).

Physical recorded music can be thought of as one of the most technologically innovative music industries that developed during the 20<sup>th</sup> Century. While other technologically innovative music industries, such as popular music and print music publishing, also developed during this period. Therefore these music industries, in particular the physical recorded music industry, were the result of both the influence

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<sup>8</sup> China’s Opium Wars broke out twice, the first war took place between 1840-1842, the second broke out in 1856.

of industrial and/or technological innovations, and were the outcome of the influence of the Western music industries on China's music industries during the first half of the 20<sup>th</sup> Century.

It is essential to discuss the influence of the print music publishing industry here. A number of scholars, such as Jin (2002), Li (2011) and Ge (2009), commonly agree that although the print music publishing industry developed slightly earlier than the physical recorded music industry, it had less influence on the history of the entire music industries in China. This is one of the main reasons why this thesis focuses less on the print music publishing industry, and more on the physical recorded music industry, the live music performance, and the digital music industries.

### **5.3.3 The Political, Economic and Cultural Contexts: The Wu Hsu Reform (WHR) as a Catalyst for the Rise of China's Modern Music Industries**

Following the Opium War of 1840, China gradually became a semi-colonial and semi-feudal society. Li (2003) examines semi-colonial and semi-feudal societies from the perspective of economic theory. He states that: "the former referred to modern capitalism that existed in those border ports while the latter referred to the old agriculture" (p. 4). China's modern music industries, particularly the physical recorded music industry began to develop in this macro political and economic context.

China began to accept Western ideas and culture as the Chinese economy, culture and politics developed after the Wu Hsu Reform (WHR) in 1898. This reform occurred from the 11<sup>th</sup> of June 1898 and ended on the 21<sup>st</sup> of September 1898, thus this reform

is also called the 'Hundred Days Reform' (henceforth Reform). This Reform was not only political and economic in nature, but also cultural and educational. The objective of this Reform was to enable more Chinese people to learn and accept Western science and culture, including music cultures and music industries (Li 2011). Therefore this Reform greatly facilitated the development of modern music markets and industries.

It is essential to further discuss the context of the implementation of the WHR. China was defeated in the first (1840–1842) and second (1856–1860) Opium Wars, and this made more Chinese people realise that one of the main reasons for this failure was 'Closed Door' politics (*Bi Guan Suo Guo*), which was a major issue during the Qing Dynasty. The Reform policies needed to be implemented in order to enable more Chinese people to learn about Western science and culture, since this could improve Chinese economics, politics and culture during the late Qing Dynasty (Wang 2011, p. 182). Kang Youwei, Tan Sitong and Liang Qichao, who studied in Japan, played an essential role in this reform.

This reform promoted the development of Chinese politics, culture and economics during the late 19<sup>th</sup> century. Wang (2002) discusses the influence of the Reform and contends that: "the Qing Dynasty government changed their conservative thought habits and began to study Western culture" (p. 28). He further states that: "this government proposed the new regime and started a new upsurge of Western learning" (p. 1). While Wang (2002) states that: "some Chinese musicians, such as Li Shutong, Shen Xingong and Xiao Youmei ('the Father of Chinese Contemporary Music'), went to Japan and learned Western culture and music" (p. 30). They became influential

leaders of Chinese professional music education, music transmission and music industries during this period (ibid).

During the early 20<sup>th</sup> Century, Li Sutong and Shen Xingong began to promote and implement the 'School Songs' in schools. Xiao Youmei became the first person to undertake professional music education at the Shanghai National Conservatorium of Music. Zhang (2010) and Wang (2011) state that these scholars spread new ideas about politics, culture and economics in China, through mediums such as newspapers and magazines. Their activities greatly influenced the music industries during this period.

In short, the WHR not only influenced China's modern music education, it also influenced other broad musical domains, such as live music performance, music transmission and the music industries. Thus the WHR can be regarded as an essential context for the development of the modern music industries in China during the first half of the 20<sup>th</sup> Century.

#### **5.4 The Overall Development Status**

The overall development of China's modern music industries during the first half of the 20<sup>th</sup> century involves the following perspectives. Firstly, recording technology was imported into Shanghai and the physical recorded music industry, as a major sector, then began to develop in Shanghai. Secondly, the popular music industry, as part of the music industries during this period, was led by both Li Jinhui and Shanghai EMI. Thirdly, music education (including school music education<sup>9</sup> and professional

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<sup>9</sup> School music education refers to music education at general schools and colleges, such as primary school, high school and universities.

music education<sup>10</sup>) developed, laying the foundation for a widespread acceptance of popular music and of Western classical music. Finally, other music sectors, such as live music performance, music instrument sales (piano), and print music, were also developed during this period.

#### **5.4.1 The Physical Recorded Industry and Technologies**

The physical recorded music industry developed considerably during the first half of the 20<sup>th</sup> Century in China. This thesis will argue that due to the rapid development of the physical recorded music industry, particularly during the 1930s and 1940s, China's modern music industries reached their first peak. The physical recorded music industry, as well as the popular music industry, played an essential role in the development peak.

During the first half of the 20<sup>th</sup> Century, the physical recorded music industry involved a number of record companies and music genres. Major record companies included two types: the first were international companies, such as Shanghai EMI, Odeon, Beka, Columbia, and Pagoda. Shanghai EMI was the largest record company (Ge 2009; Li 2011). The second refers to Chinese local record companies, such as the Greater China, New Moon, and Great Wall; Greater China was the largest of these (ibid). The music genres that the physical recorded music industries involved included popular music, Chinese opera (Peking opera and Cantonese opera), Western classical music, and Chinese traditional music.

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<sup>10</sup> Professional music education refers to music education at professional music schools and colleges, such as the Shanghai National Conservatory of Music.

Physical recorded music technologies played an essential role in the evolution of China's modern music industries, thus it is also important to discuss the role of these technologies in China's modern music industries during the first half of the 20<sup>th</sup> Century. In China, physical recorded music technologies involved recording (including microphones), duplication, record packaging and distribution (Li 2010). Meanwhile, there were also other technologies related to the physical recorded music industry, which included media technologies (as well as media promotion technology) and stage technologies (such as microphones and speakers).

The technologies above also facilitated the music industries, in particular the physical recorded music industry to integrate with the media industries during this period. According to Jenkins (2006), "convergence alters the relationship between existing technologies, industries, markets, genres, and audiences" (p.15). This indicates that the music industries, in particular the physical recorded music industry heavily integrated with the media industries, technologies and markets. The following sections of this Chapter and Chapter 7 will further discuss the influence of this convergence on the evolution of China's modern music industries.

#### **5.4.2 Shanghai as the Centre of the Music Industries**

Shanghai played a central role in China's industry, economics and culture during the first half of the 20<sup>th</sup> Century (Zhang and Zhu 2007). Shanghai's economy entered its most prosperous period during the 1920s and 1930s (Lou 2008, p. 53). Lou (2008) states that Shanghai became the largest culture and entertainment centre in China:

Shanghai completed the process of functional superposition and became the centre of industry, finance, commerce, and culture ... moreover, Shanghai became the largest cultural and entertainment centre ... the system of Shanghai entertainment was comprehensive and high during the 1930s; Thus, Shanghai's entertainment industry was the largest in China.<sup>11</sup> (Lou 2008, p. 53-56)

Shanghai played a leading role in China's modern music industries during the first half of the 20<sup>th</sup> Century (Ge 2009; Li 2011). The music industries, such as recorded music, live music performance, music instrument making and sales, and music publishing increasingly developed in Shanghai (Ge 2008; Li 2010). One of the main reasons for this development was because Shanghai's economics and culture (including music culture), were connected and integrated with Western economics and culture (Zhang and Zhu 2007; Lou 2008; Ge 2009). Moreover, Shanghai's culture and economy, as well as its music industries, greatly influenced other cities and areas, such as Tianjing and Beijing during this period (Li 2011; Zhang and Zhu 2007).

#### **5.4.3 The History of Shanghai**

It is essential to briefly introduce the history of Shanghai, particularly after the 1840s, in order to outline the broader context of Shanghai's music industries during the first half of the 20<sup>th</sup> Century. Shanghai was one of the main epicentres in China's contemporary economics, culture and entertainment (Lou 2008; Li 2011). According to Wang (1989), Shanghai was initially a fishing village and evolved into a small commercial town during the Song Dynasty, circa 1120 AD (p. 89). During the 1840s, Shanghai became the largest city and port in China (Dai 2009), and it remains so now.

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<sup>11</sup> The Far East mainly refers to East Asia (including the Russian Far East) and Southeast Asia in this thesis.

Shanghai played an important role in the formation of modern Chinese culture through Chinese-Western cultural exchanges (Ge 2009; Lou 2008; Zhang and Zhu 2007). It also played a leading role in introducing both Western classical music and popular music culture to China (Zhang and Zhu 2007; Li 2011). Zhang and Zhu (2007) state that there were four ways through which Western music came to Shanghai. First, the Christian Church introduced Western religious music; second, Western military music was performed by the modern Chinese army; third, overseas students brought Western music into China; and fourth, modern schools popularised Western music (p. 177-178). Shanghai became an experimental centre for all kinds of music (Gong 2008).

Shanghai's culture is referred to as the 'Hai Pai Culture' (*hai pai wen hua*). This culture is an inclusive one, with five characteristics: 'Openness', 'Creativity', 'Abandonment', 'Pluralism' and 'Commercialism' (Hu and Su 2007). This laid a "foundation for a certain cultural psychology which accepted and accommodated popular music and music culture industry activities" (ibid). Moreover, the economy of Shanghai was flourishing at that time and this promoted urban cultural life, which provided a suitable environment for the development of the music industries in Shanghai (Lou 2008; Ge 2009). At this time, there were many entertainment venues in Shanghai, such as hotels, pubs, cafe bars and nightclubs, where musical entertainment was provided (Lou 2008). Shanghai was undoubtedly the most prosperous city for the modern Chinese entertainment industries (Ge 2009).



Contemporary media, such as film, records and radio, also developed in Shanghai during this period (Lou 2008; Ge 2009). This greatly accelerated the development of the music industries, and in particular the popular music industry in this city. Moreover, most forms of cultural products were associated with a strong commercial atmosphere. Thus in the 1930s, the physical recorded music industry, the popular music industry, the wireless broadcasting radio industry and the film industry developed rapidly in Shanghai (Li 2011; Ge 2009). It is important to note that these industries developed interactively.

In short, the development process of China's modern music industries not only involved the process of transmitting Western music but it also involved the process of generating modern Chinese popular music. As a result, Shanghai not only became the cradle of China's modern music industries, including the modern popular music industry during this process, it also became the birthplace of contemporary Chinese music education and culture.

### **5.5 The Development of the Music Industries**

This section concerns the development of the major music industry sectors, such as live music performance, physical recorded music, popular music, music instrument making and sales, music publishing and music-related media, during the first half of the 20<sup>th</sup> Century. The live music performance industry will be examined from the non-commercial perspective through the case studies, while the popular music industry led by Li Jinhui is explored from a commercial perspective. This section will discuss the influence of the phenomenon of convergence, in particular industrial convergence, on China's modern music industries, particularly the physical recorded music industry.

### **5.5.1 The Development of the Live Music Performance Industry**

This section will look at the development of Shanghai's live music performance industry and the development of the non-commercial music industry sector during the first half of the 20<sup>th</sup> century based on three cases studies - The Shanghai National Conservatorium (SNC), The Shanghai Municipal Council Symphony Orchestra (SMCSO) and The Shanghai Datong Music Society (SDMS).

#### **5.5.1.1 The Shanghai National Conservatorium (SNC)**

The SNC played an essential role in the rise and development of Western classical live music performance education, market and industry during the first half of the 20<sup>th</sup> Century. It was established in Shanghai, as an initiative of Cai Yuanpei and Xiao Youmei, in November 1927, and it offered Western live music performance, theory and composition (Miao 2003). This conservatorium focused on the integration between music education and live music performance practice (Huang 2009). This integration greatly promoted Shanghai's music cultures, markets and industries to develop during this period.

It is essential to further discuss the issue of how the SNC developed the integration between music education and the music industries, in particular the live music performance industry during this period. According to Huang (2009), the students at the SNC regularly undertook many live music performance activities during the late 1920s and the 1930s. The music performed was Western classical music. Huang (2009) specifically states that: "this Conservatorium held 88 music concerts during the period from 1928 to 1937, which included 53 internal music concerts and 35

external music concerts. These concerts attracted external audiences to whom tickets were sold” ([http://musicology.cn/papers/papers\\_4864.html](http://musicology.cn/papers/papers_4864.html)).

Therefore these music education and performance activities in the SNC promoted Western classical music in China during the 1920-30s. This facilitated both the commercial and non-commercial sectors in the classical music market and industry in China.

#### **5.5.1.2 The Shanghai Municipal Council Symphony Orchestra (SMCSO)**

The SMCSO, as one of the most representative performance organisations, also greatly assisted Shanghai’s live music performance industry to develop during the first half of the 20<sup>th</sup> Century, in particular during the 1930s–1940s. This case analyses the establishment and development of the SMCSO and its impact on Western classical music culture and the industrial activities that surrounded it.

According to Wang (2009), British people began to establish amateur theatrical groups and music bands in China in 1850. The Shanghai Public Band, as the predecessor of the SMCSO, was established, and the Music Committee of the Public Authority of the British Concession administered it from 1879. The Band was expanded from brass only to a full orchestra in 1907 (Hu 2010). Mario Paci, a famous Italian conductor, acted as the conductor of this orchestra. More European musicians, such as Rudolf Buck and Valenza, joined this orchestra from 1919 (Wang 2006). It is reputed to have been the ‘the Best in the Far East’. This band was renamed the SMCSO in 1922 (<http://www.camimusic.com/pdf/shanghai-symphony-orchestra.pdf>).

The SMCSO manifested some obvious characteristics of music industrialisation, such as the sources of funds, its business model, and its market and audience. Regarding the source of funds for this Orchestra, Zhang and Zhu (2007) state that: “The Public Authority of British Concession had a budget of 280 thousand silver coins (equivalent to 3 million Australian dollars) to spend on the Orchestra each year” (p. 179). This indicates that this Orchestra was a not-for-profit organisation. However, it pushed the music industries to develop at this time. Zhang and Zhu also state that: “the period from October to May, was chosen as the show season for each year and there was a large music concert each Sunday” (ibid). This established the basis for the later development of China’s live music performance industry, and in particular, the not-for-profit music sector.

The earlier periods of orchestral music were attempts at Chinese respectability, representing a turn to high culture; in particular to European high culture. The SMCSO is such a case. The Orchestra originally performed for the British Concession Council and British business people in Shanghai and the audiences primarily consisted of foreigners (Zhang and Zhu 2007, p.179). However, Chinese students gradually began to attend the performances in the late 1920s along with the establishment and development of the SNC (ibid, p178). After they began to publish advertisements for concerts in Chinese newspapers, the Yearly Report of the Band Conductor began to feature the attendance records of Chinese audiences besides Chinese students (ibid). Zhang and Zhu (2007) substantiate this in the following text:

In 1928, three-fourths of the audiences were Chinese; it is reported that Chinese audiences were very interested in the performance of the Orchestra. In 1931, the Band performed inside, 20 percent of audiences were Chinese, after that this proportion increased stably. (p. 179)

Due to this situation, some Chinese people hoped that the Council of British Concession would continue to fund the Orchestra. This orchestra raised the cultural value of Shanghai. Meanwhile, the Orchestra began to absorb Chinese musicians (such as Huang Zi) into the music committee of the Council of the British Concession in 1928. For instance, Tan Shuzhen, Huang Yijun, Chen Youxin and Xu Weilin also joined as performer members of the Orchestra (Zhang and Zhu 2007, p. 180).

The SMCSO's performances took place throughout Shanghai during this period. The venues for these performances included the 'Shanghai Grand Cinema', the 'Lyceum Theatre', as well as 'Open Air Concerts in Parks' (Bickers 2003). Thus these performances developed a Western music market among Chinese audiences. They also greatly influenced and improved the development of professional music education in Shanghai, in particular at the Shanghai National Conservatorium of Music.

The SMCSO greatly influenced modern Chinese professional music education, performance and transmission during this period. It was the earliest and most well-known ensemble in Far Asia during this period, and today's Shanghai Symphony Orchestra originated from it (Li 2011, p. 11). The SNC employed certain music performing artists at the SMCSO as music teachers, such as Fuhua (Huang 2009). This is represents the phenomenon of integration between music education,

performance, transmission and industry. Western classical music was also transmitted into China through this Orchestra and the SNC during this period. Although the purpose of the establishment of the SMCSO seemed to improve the nightlife of foreign business people in Shanghai, the real purpose was that the British attempted to realize social and political objectives in Shanghai through providing the high European orchestral music for Shanghai people (Zhang and Zhu 2007, p. 178). Kraus (1989) substantiates this in the following way:

Music typically is a highly national form of expression. The international language [European music] myth arises only from the perspective of powerful nations, whose often well-intentioned citizens need to prettify their cultural influence over weaker people (p. ix)

The weaker people referred in Kraus (1989) are the people of Shanghai and China. On the other hand, the earlier periods of orchestral music reflect the Chinese people's respectability: the turn to high culture, and in particular to European high culture. Although the WHR finally failed, it influenced the Chinese people. In particular the people of Shanghai began to respect and learn Western culture and Western orchestral music during the 1920s and the 1930s.

This orchestra employed Western musicians and conductors (Huang 2009). Thus, the early development of China's orchestra and music industries relied on the Western classical music industry. In terms of regional industry development, China's modern music industries represent the phenomenon of regional music industry integration between China and the West (in particular between China and Italy, and China and

Russia). It is necessary to discuss this issue with regard to the origin of the conductors of the SMCSO. According to camimusic.com:

Notably under the baton of the Italian conductor Mario Paci, the orchestra promoted Western music and trained Chinese young talent very early on in China, and introduced the first Chinese orchestral work to the audience.  
(<http://www.camimusic.com/pdf/shanghai-symphony-orchestra.pdf>)

According to both Hu (2010) and camimusic, all the conductors of the Shanghai Symphony Orchestra were from Western countries before 1949. They included Jean Rémusat (from 1879), M. Vela (from 1881), Valenza (from 1900), Rudolf Buck (from 1907), Mario Paci (from 1919), Arrigo Foa (from 1942), Henry Margolinski (from 1946) and Arrigo Foa (from 1942 to 1946, and from 1947 to 1951) (<http://www.camimusic.com/pdf/shanghai-symphony-orchestra.pdf>). Thus, in this sense, the history of the Shanghai Symphony Orchestra reflects the development of China's symphonic music culture, market and industry.

The establishment and development of the SMCSO illustrates the development of the Western classical music market and live music performance industry in China. Further, the SMCSO also greatly influenced the transmission of, and education in, Western classical music in China during this period.

#### **5.5.1.3 The Shanghai Datong Music Society (SDMS)**

Chinese traditional or 'folk' live music performance, as a not-for-profit music activity, also developed in Shanghai during the first half of the 20<sup>th</sup> Century. Chinese music

societies, such as the Shanghai Datong Music Society (1920), the Chinese Music Studies Society (1919), the Tianyun Society (1919), and the Yuhe Music Society (1929), played essential roles in the not-for-profit sector during this period (Zhang 2008). The main objective of these societies was not only to develop and transmit Chinese music culture, but also to develop the market for traditional Chinese music (Wang 2006, p. 108). The SDMS played an essential role in the development of Chinese music cultures and industries, particularly in Shanghai, during the first half of the 20<sup>th</sup> Century.

The ‘Qin Se<sup>12</sup> Music Society’ was founded in 1920 and was a precursor to the SDMS which was established in 1921 (Wang 2006). Some well-known figures, such as Zhang Shizhao, Ouyang Yuqian, Miao Yuntai and Zheng Lisan, from academic, political and business domains, participated in, and sponsored, the establishment of this society at the Zheng Lisan residence in 1920 naming it the ‘Datong Music Society’ (Chen 1999). In addition Jinwen actively invited prominent society figures, such as Cai Yuanpei, Shi Liangcai, Mei Lanfang and Zhou Xinfang, to sponsor and support the Society. A number of influential musicians and artists in Chinese operas, such as Xiao Youmei, Li Jinhui, Shen Zhibai, Zhang Ziqian, Wang Yuting and Wu Mengfei, also supported the SDMS (Chen 1999; Wang 2009). According to Wang (2009), these people attended the Society’s events and also financially supported this Society. They maintained good relations with Zheng Jinwen, who was the first head of the Society.

This Society was a not-for-profit cultural and industrial organisation. It was designed to develop certain not-for-profit activities, such as membership, training, Chinese

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<sup>12</sup> ‘Qin’ and ‘Se’ are two most representative ancient Chinese music string instruments. The former is also called ‘Guqin’ and has seven strings, while the latter has 25 strings.



traditional music works collecting and live music performance for the public (Chen 1999, p.38). Although these were not-for-profit music industry activities, they greatly facilitated Chinese music culture and not-for-profit activities in developing during the first half of the 20<sup>th</sup> Century.

The way in which the SDMS directly and/or indirectly helped to develop Chinese national music culture and its market will now be further discussed. This Society began to develop relatively small Chinese music bands into large orchestral ensembles (Yang 2010; Chen 2008). More specifically, this Society developed a large national Chinese contemporary orchestra. According to Yang (2008), the Society imitated Western orchestration and established a 32-musician national orchestra divided into four instrument groups: 'Wind' (*chui*), 'Pluck' (*tan*), 'String' (*la*), and 'Percussion' (*da*).

During this period, some music pieces that were composed and arranged by composers in the SDMS greatly encouraged the development of Chinese national music culture and its market. 'Spring Moonlight on the Flowers by the River' (*Chun Jiang Hua Yue Ye*) composed by Zhen Jinwen and Liu Yaozhang was a typical piece. This piece was adapted by Zhen Jinwen and Liu Yaozhang from the 'Pipa' (Lute) music 'Moonlight on the XunYang River' (*Xun Yang Ye Yue*). This was performed as popular Chinese orchestral music during this period (Yang 2010). This music was popularised in public music concerts, including many commercial live music performances, and became a highly recognised piece of traditional Chinese music (ibid).

In short, the not-for-profit Chinese traditional music culture and industry developed, encouraged by the activities of the SDMS. This development not only involved the cultural and communication perspective, but also the industrial and market prospective, during the first half of the 20<sup>th</sup> Century.

### **5.5.2 Li Jinhui's Music Industry Activities**

Li Jinhui played an essential role in China's modern music industries, in particular, the popular music, live music performance, physical recorded music and music related media industries such as film. Thus this section will address the modern music industries, in particular, popular music culture and industry through an examination of Li Jinhui's music cultural industry activities during the first half of the 20<sup>th</sup> Century.

#### **5.5.2.1 Jinhui's Influence on the Rise of Popular Music Culture and Industry**

Li Jinhui (Figure 4) was born at the end of the nineteenth Century (Sun 2007, p. 1) and played a key role in China's modern music industries (Li 2011, [http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)). He was the first figure who developed and influenced China's popular music and physical recorded music industries in the first half of the 20<sup>th</sup> Century (ibid). He accepted some democratic values in addition to new cultural trends and advocated that the new music movement be integrated with new literature and this greatly expanded the audience and market for his musical performances (Sun 2007, p.87).



**Figure 5.1: Li Jinhui's Photo**

(Retrieved 15 August 2011, <[http://hi.online.sh.cn/content/2012-04/18/content\\_5261800\\_2.html](http://hi.online.sh.cn/content/2012-04/18/content_5261800_2.html)>,  
cited in Zhang, W 2009)

Jinhui was the first musician to be involved in popular music culture and industry activity (Sun 2007; Ge 2009; Chen and Gui 2011; Li 2011). He composed a song entitled 'Mao Mao Yu' (Drizzle) in 1927, which is generally acknowledged as being the first popular song (*shi dai qu*) in China. This song became very popular after Li Minghui, who was the daughter of Li Jinhui, sang it in a live performance in 1929 (Sun 2007, p. 34). According to Zeng (2003), broader mass music is designed to meet the needs of the society and the wider population (p. 3-4). Thus this song is an example of mass music. There were several specific reasons for the popularization of this song: first, the melody of the song was catchy and the lyrics of it described a love story that was easily understood; second, it integrated a Chinese folk tune (*min jian*

*xiao diao*) with a Western popular dance music rhythm and arrangement (sun 2007, p. 158).

This song played an essential role both in the popular music and physical recorded music industries during the first half of the twentieth Century (Chen and Gui 2011, p.112). The emergence of this song indicates that popular music began to entertain the public as a contemporary entertainment form, therefore, the emergence of this song coincided with the beginning of a certain ‘entertainment psychology’ in modern China. Thus, in this sense, Jinhui played an essential role in China’s modern music industries, in particular the popular music industry.

Jinhui was also an important figure in the earlier popular music industry in China. He was not only commonly regarded to be the founder of Chinese popular music (Xiao 2005); he was also an important leader of China’s modern music industries (Li 2011). His industry activity not only involved the live popular music performance industry, but also the physical recorded music industry. The popular music industry and the physical recorded music industry were the main methods that increased both the transmission of popular music culture and its influence on more audiences and/or consumers (Zeng 2003 and 1997).

According to Ge (2009) and Sun (2007), Jinhui’s music, in particular popular music, was mainly used for both commercial purposes. This was because the political, economic, and social systems at the time did not support popular music and other popular arts financially (Li 2011). Jinhui’s music was popular during the 1930s–1940s and most of his music was related to the popular arts. Therefore, his music industries activity was not supported by the government at this time. Similarly, his live music

performance industry activity was commercial in nature and as a result, it needed to meet a market demand. In order to generate, and then meet, a market demand, he created many works that integrated song, dance and drama; such as operas for children, as well as song and dance drama. In fact, he tried to realise the market value of music but often failed (Ge 2009; Sun 2007; Li 2011). In this sense, he was one of the earliest practitioners of the popular music market and industry during the 20<sup>th</sup> Century.

In short, Shanghai played an essential role in the development of the popular music industry in China during the first half of the 20<sup>th</sup> Century. Most Chinese popular music culture and music industry activities appearing in Shanghai during this period. The first phase of Chinese popular music can be called the ‘Li Jinhui Period’. The ‘Li Junhui Period’ is also termed the ‘Shanghai Period’, since Jinhui’s music culture and industry activities mainly took place in Shanghai.

#### **5.5.2.2 Jinhui’s Live Music Performance Industry Activities: From the China Song and Dance Troupe to the Bright Moon Song and Dance Troupe**

Jinhui’s live popular music performance industry and China Song and Dance Troupe represent song and dance performance. This shows that Jinhui understood how to integrate music and dance in order to promote his music business. According to Sun (2007), this Troupe greatly influenced the live music performance industry, particularly the live popular music performance industry. The following will provide further evidence to support this assertion.

Although Jinhui lacked sufficient management skills, he tried to apply certain commercial marketing strategies to improve the productivity of his music and dance Troupe (Ge 2008, 2009; Sun 2007). He employed an advertising campaign, targeted Mandarin songs and selected tour performances as the chief marketing strategy (Sun 2007, p. 43). From May 1928 to February 1929, under the guidance of Jinhui, this Troupe gave numerous music and dance performance tours in cities such as Hong Kong, Singapore and Malaysia (Ge 2009). This indicates that he began to be involved in the international Chinese music market and to give tour performances overseas. However, this Troupe was dissolved in Indonesia because they did not make enough money and lacked good management (Sun 2007; Li 2011).

There were many famous popular stars and composers in this Troupe who greatly influenced it during the late 1920s and the 1930s. Among them were Nie Er (praised as ‘the People’s Musician’), Wang Renmei, Yao Lili, Hu Jia, Bai Hong, Li Jinguang (the daughter of Li Jinhui), Yan Hua, Li Jinguang (the young brother of Li Jinhui, praised as ‘the King of Popular Song’), and Zhou Xuan (praised as ‘Golden Voice’) (Sun 2007). They all greatly influenced Chinese contemporary popular music creation, performance, and market and industry activities. Li Jinhui established the ‘Bright Moon Song and Dance Troupe’ (also called ‘Bright Moon Opera Club’) in the 1930s. These activities greatly influenced Shanghai’s live popular music performance industry.

#### **5.5.2.3 Jinhui’s Popular Music Cultural and Industrial Activities**

Li Jinhui is the founder of Chinese popular music. The song ‘Drizzle’ (*mao mao yu*) was the first popular song in China (Sun 2007, p. 157). He also wrote plenty of popular songs during the 1930s. These songs included ‘Sparrow and Children’,

‘Grape Faggery’, ‘Immortal Young Sister’, ‘Pitiful Qiu Xiang’, ‘The Night of Bright Moon’ and ‘Young Sister, I Love You’, which were popular at that time (Ge 2009; Li 2011). This indicates that Chinese popular music was born at that time and experienced its first period of development from 1927 to 1949.

According to Sun (2007) and Ge (2009), Jinhui also composed music to make money as a simple form of music business. After the Song and Dance Troupe split up in Indonesia, Jinhui had to write songs for a Chinese publisher. He wrote 100 songs to make money for his return airfare from Indonesia. The themes of these 100 songs were mainly family love stories and they are entitled ‘Family Love Songs’ (Sun 2007). These songs and the Troupe had a tremendous impact on current Chinese popular songs and music (Wang 2006).

Jinhui also helped the popular music industry integrate with the media industries, such as radio and film. According to Ge (2009), Jinhui was intensively focused on integrating the music and film businesses during the 1930s. He wrote a lot of music for films during the period from 1931 to 1936; for instance, Jinhui wrote music, mainly popular songs, for about 20 films, such as ‘The Fairy Maiden’, ‘The Yun Lan Girl’, ‘The Marriage Evening’ and ‘The Peony’. He also composed music for China’s first sound film, ‘Love in the Nightclub’ (p. 187-188). With regard to such media convergence, Jenkins (2001) states that it involves: “... learning how to accelerate the flow of media content across delivery channels to expand revenue opportunities, broaden markets, and reinforce viewer commitments.” (p. 54) This indicates that music, as a form of media content, can be integrated with film, as a media form, to increase the commercial and entertainment/artistic effects.

Jinhui's music greatly influenced the music industries, particularly the popular music industry. According to Ge (2009), Jinhui was very interested in adapting folk music with the jazz style, with his music arrangements imitating American jazz. During the 1930s and 1940s, certain music record companies such as 'Bai Dai' ('the Shanghai EMI') and 'Sheng Li' ('the Shanghai Victory') recorded a number of popular music records for him (Gong 2003). His activities were in accordance with the social, political, economic and cultural reality of that time in Shanghai. Western popular music, in particular American popular music, was introduced into China through ballroom dancing, film and radio broadcasts (Gong 2003). Further, since the general public also demanded popular music, Jinhui's popular music became highly popular.

Jinhui's popular music and business activities laid the foundation for China's popular music and industry. According to Sun (2007), Jinhui established a basic music style which combined Chinese folk melody and Western dance rhythms, such as the tango and the fox trot. This directly influenced later Chinese popular music, including Taiwan and Hong Kong's popular music. Thus, Jinhui was called 'the Father of Chinese Popular Music' (Ge 2009; Sun 2007).

### **5.5.3 Other Commercial Music Performance Groups and Activities**

Commercial music performance groups also played an essential role in the live music performance industry in Shanghai during this period. According to Ge (2009),



although the China Troupe of Song and Music and the Bridge Moon Troupe of Song and Dance, led by Li Jinhui, played an important role in the domain of commercial live music performance business activities, there were also other large song and dance troupes in China. These song and dance troupes were influenced by Li's song and dance troupes (Sun 2007).

'The Song and Dance Troupe of Plum Blossom' was another important live music performance industry organisation. It was established by Wei Yingbo in 1930 and was originally named 'The Song and Dance Troupe of Pear Flower' (Sun 2007). This Troupe also created music and dance for Li Jinhui's 'Children's Opera of Song and Dance', although they focused on dance design (Gong 2003). Certain operas were also famous at that time, such as 'The Seven Emotions' (*qi qing*) and 'Concubine Yang' (*yang gui fei*). Significantly, some famous actors also paid attention to developing their careers through integrating with the media of film, such as Gong Qiuxia, Yan Yuexian and Pan Wenxia (Sun 2007; Ge 2009).

Further, there were other well-known troupes of song and dance all over the country during this period that influenced the live music performance industry, in particular the popular music industry. Among them were 'the Leng Yan Club', 'the Ji Mei Song and Dance Club', 'the Xin Hua Opera Club', 'the Qun Yan Song and Dance Club', 'the Hua Guang Song and Dance Club', 'the Yin Hua Song and Dance Club' and 'the Tao Hua Song and Dance Club' (Sun 2007; Ge 2009). They also greatly promoted the live music performance industry, particularly the commercial music industry sector. Thus, this form of integration between song, in particular popular songs and dance, greatly facilitated the development of live music performance, popular music and the physical recorded music industry.

#### 5.5.4 The Rise and Initial Prosperity of the Physical Recorded Music Industry

China's physical recorded music industry was the most significant sector of the modern music industries in the first half of the 20<sup>th</sup> Century. It was influenced by the Western physical recorded music industry (Li 2011, [http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)). Edison invented a sound recording machine in 1877, called the 'gramophone' in the West (Wikstrom 2006, p. 62). From that point, the physical recorded music industry began to develop all over the world. Shanghai was the most important place where the physical recorded music industry developed, and it developed there in the early period of the 20<sup>th</sup> century (Lou 2008; Li 2011; Ge 2008). As reported in the journal 'The Pictorial of Dian Shi Zhai' in 1880, the 'American Edison' (*ai di sheng*) invented a machine that was called the 'Gramophone' (*ji sheng qi*) (Figure 5).



**Figure 5.2 'Gramophone' (*ji sheng qi*)**

(Retrieved 15 July 2010,

[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)),

as cited in Zhang, W 2009)

Shanghai became the most important centre for the physical recorded music industry in China. There were two competitive foreign record companies in the industry in China during this period: The 'Shanghai Eastern EMI' (*bai dai*), a division of French EMI, and the 'Shanghai Victory' (*sheng li*), which was also called 'HMV'. They were owned and managed by Western foreign business companies (Ge 2008; Li 2011).

Moreover, there were some other foreign record companies, established in Shanghai, that influenced Shanghai and China's physical recorded music industry. These included German and American record companies, such as 'The Odeon' (*gao ting*, German), 'The Beka' (*pei kai*, German), 'Columbia' (*ge lin*, US) and 'The Pagoda' (*bao ta*, German) (Ge 2008; Li 2011).

Further, some local Chinese record companies were established in, and influenced, Shanghai and China's physical recorded music industry. These companies include 'The Greater China' (*da zhong hua*), 'The Great Wall' (*chang cheng*) and 'The New Moon' (*xin yue*) (Ge 2008, 2009). Among these local companies, 'The Greater China' was the largest and it played a leading role in the physical recorded music industry during this period (Ge 2004, 2008; Li 2011).

The Greater China, Shanghai EMI and the Shanghai Victor, as the three largest record companies, played leading roles in both Shanghai and China's physical recorded music industry during the first half of the 20<sup>th</sup> Century. Due to this rapid development, Shanghai and China's physical recorded music industry experienced a development peak during the 1930s and 1940s. This development peak is considered to be the first peak of China's music industries, particularly its physical recorded music industry, in

this thesis. Figure 6 visualises the development of Shanghai's physical recorded music industry during this period.



**Figure 5.3 Shou Le Music Shop of Russia, in the Xia Fei Road Shanghai**

(Retrieved 15 January 2011,

<[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)>,

as cited in Zhang, W 2009)

#### **5.5.4.1 The Earliest Physical Recorded Music Industry: The Gramophone Company in England and the Moutire Foreign Firm in Shanghai**

Shanghai was one of the earliest ports in China to import gramophones and records into China from the West. The earliest gramophone recording produced in China was made in Shanghai, in the middle of March 1903 (Ge 2009, p. 48). According to Ge (2008), the Victory Talking Machine Company (VTMC) in the UK sent Fred Gaisberg, one of the earliest recording experts, to China, Japan, India and other East Asian and South Asian countries, to record music in 1902. He recorded 1,700 different regional styles of music during that Asian trip. In the middle of March, 1903,

Gaisberg came to Shanghai and recorded some Chinese music (e.g., The Peking Opera and other local Chinese operas, such as the Yue Opera).

Gaisberg was assisted by Xu Qianlin in these music recording projects (Ge 2008). Qianlin was the comprador of British Moutire (*mou de li*) Foreign Firm, which was the Shanghai division of S. Moutire & Co. After recording this music, the UK Gramophone Company sent them to Hanover, Germany, for production in batches. That same year, the records were returned to Shanghai, with the Moutire Foreign Firm, as the sales agent for VTMC, marketing these records in China (Li 2011; Ge 2008, 2009).

Although Gaisberg first started recording in China on March 13<sup>th</sup> 1903, the Victory Talking Machine Company (previously the UK Gramophone Company) released the first recordings, such as ‘Capturing and Releasing Cao Cao’ (*zhao fang cao*) and ‘Raise Vessel to Watch Pictures’ (*ju ding guan hua*) into the Chinese market in 1904 (Ge 2009). Therefore, 1904 symbolises the beginning of China’s physical record industry during the modern period (Li 2011).

Obviously this music business mode of ‘agency’ was used between the Gramophone Company in England and the Moutire Foreign Firm in 1903. This is similar to the current music business mode where local Chinese record publishing companies sell records in the Chinese market as agents of overseas record companies. Moutire paid attention to promoting its gramophones and records. For instance, “the arrival of these records was announced by an advertisement in the Shanghai daily ‘Shen Bao’ on July 10, 1903, just for months after F. Gaisberg ended his recording trip to China” (Ge

2008, p. 49). The following are advertisements generated by the Moutire Foreign Firm, which promoted gramophones for the HMV Company (see Figures 7 and 8).



**Figure 5.4 The Moutire Gramophones**

(Retrieved 8 August 2012,

<[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)>,

as cited in Zhang, W 2009)



**Figure 5.5 The Wax Cylinder Gramophones Entered to China in the Beginning  
of the 19<sup>th</sup> century**

(Retrieved 15 August 2011,

<[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)>,

as cited in Zhang, W 2009).

The UK Gramophone Company was the first foreign record company to enter China's music market. It was established by Emile Berliner in 1898. In the second year, Berliner purchased the copyright of the drawing 'His Master's Voice' which was painted by Francis Barraud (Tschmuck 2006). The Company was called 'HMV' afterwards. Almost at the same time HMV began to record music and produce records, it also became a competitive partner for 'the Shanghai Pathe' (*bai dai*) in the recorded music market. Due to their trademarks being 'the Rooster Heralds Daybreak' (*xiong ji bao xiao*) and 'the Dog Listens to the Speaker' (*gou ting la ba*), the competition between them was described as 'Competition Between Rooster and Dog' (*ji quan zhi zheng*) (Ge 2008).

**5.5.4.2 The Rise of the Physical Recorded Music Industry: French EMI and The Pathe Foreign Firm**

The Moudeli Foreign Firm dominated the record market in Shanghai and China after 1903 (Ge 2004, 2008). However this situation gradually changed when the Pathe or EMI (*bai dai* or *bai de*) Foreign Firm was established in 1908 in Shanghai; the Baide was the Shanghai sales agent for Pathé Frères in Paris, France (Liu 1933; Ge, 2009). The Pathé Frères was owned and operated by the brothers Charles and Emile Pathe.

The Chinese name ‘Bai Dai’, for EMI, originates from the pronunciation of the French name ‘Pathe’ (Ge 2009).

This Bai Dai (EMI) Firm was the predecessor of Shanghai Bai Dai (EMI). The founder of the firm was E. Labansat, a Frenchman whose Chinese name was ‘Le Pangsheng’ (Ge 2004, 2008; Li 2011). Labansat pitched stalls and broadcast records on the street when he first came to Shanghai, and he managed to select records that attracted customers (Ge, 2009). Finally he determined to choose as his main record ‘Western People’s Laugh’ (also called ‘Five People’s Laugh’), since people wanted to have fun while not spending much money (Li 2011).

His advertisement for this record was: “This record’s purpose is to make you laugh. You need not pay if you do not laugh when you listen to it” (Ge 2009, p. 236). This record was very popular at that time. In 1908, Labansat founded his own company in Shanghai. He did not call the company ‘Bai Dai (EMI) Company’ but ‘Baide (EMI) Foreign Firm’ initially. However, he changed this name to ‘The Eastern Bai Dai (EMI) Company’ in 1910 (Ge 2009; Li 2011).

The agency model was a popular music business model during this period in China’s modern music industries. The Baide (EMI) Foreign Firm was the Shanghai agent of the French ‘Pathé Frères’ and other media companies such as HMV (Ge 2004, 2007). According to Ge (2007), ‘Bai De’ (EMI) is the French translation of ‘Pathé’, and the Bai De (EMI) firm had its headquarters in France and certain divisions overseas such as the Shanghai division. The firm mainly sold all kinds of media hardware products



and software products, such as gramophones, records, film machines and film (Tu 2009; Ge 2009).

It was important for foreign firms, such as Bai De (EMI), to look for a good Chinese comprador to operate business in local China. A comprador is a (general) executive manager or agent to operate business for a foreign firm. Labansat finally met and recognised Zhang Changfu, a Ningbo businessman as a suitable comprador for Bai De (Ge 2009). Moreover, Ge (2004) states that Changfu was not good at record technology, but his insight and capability in business operations, and mature social relations network was very helpful in developing the firm's music business in Shanghai and China (Ge 2009).

Shanghai EMI could not develop without Labansat's effort and leadership. Soon after establishing this firm, he began recording music in Shanghai and China. Labansat purchased recording facilities from the French, and engaged a technician (Ge 2009, p. 237). This facilitated his company's development during the 1900s and the 1910s.

Labansat was good at managing people. According to Ge (2008), Changfu was good at operating the recorded music business, and he was authorised to be in charge of recording, planning and implementing, including finding artists. Changfu identified the Peking Opera productions as very suitable for recording, although he also recorded other local operas. This decision was substantiated by his subsequent business operations (Ge 2009).

In order to develop the Peking Opera music records, Changfu established a good business network. According to Li (2011) and Ge (2008, 2009), Changfu got help from Wang Yutian and Qiao Jinchen to develop the business of EMI in Beijing. With their help, he gained permission from a number of famous opera artists to record music for EMI. Most of these artists lived in Beijing, so Changfu went to Beijing with some recording facilities and technicians. When they finished recording these master tapes they sent them to France to turn them into music records and these were returned to Shanghai for sale.

The first records of the Bai De company (also called 'Eastern EMI') appeared in the market place and became very popular and gained considerable fame (Xu 2005; Li 2011; Ge 2009). This success gave Eastern EMI an opportunity to further develop. Why were the first records so popular? According to Ge (2004), the main reasons for this were twofold: content and quality. Ge (2004) states that the content of these recordings can be described as 'Famous Opera Actors Gathering, Full of Wonderful Performance, Complete Traditions' (*míng líng huì cuì, hào xī lián tài, háng dāng qí quán*). For instance, Tan Xinpei was one of the most famous artists of the Peking Opera, as was 'Old Boy' (*lǎo shēng*), who was also called 'Young Jiaotian' (*xiǎo jiāo tiān*). Gai Jiaotian was famous in the Peking Opera before Xinpei and 'Tan Lao Ban' (Boss Tan) recorded some plays such as 'Qinqiong Sells Horse' (*qín qióng mài mǎ*), 'Hong Yang Hole' (*hóng yáng dòng*) and 'Yan Rui Sheng' (Ge 2004, 2009).

Shanghai EMI also focused on the quality of the recordings. However, other record companies were fraudulent, including the Moudeli Foreign Company (Ge 2004; Li 2011). This company recorded a number of famous opera artists using other unidentified actors and it also included the brand 'Wu Ke Duo', which was meant

only for the records of famous Peking artists, such as Sun Juxian, Wang Fengqing and Gong Yunpu (Xu 2005; Ge 2009). After EMI had great success with its first recording, it made the second recording for Peking Opera and other local operas (Xu 2005; Ge 2009). The second recording was also successful. From then onwards, EMI became the most powerful recording enterprise in China (Tu 2009; Ge 2009).

#### **5.5.4.3 The Era of Localisation: The Establishment of the Shanghai EMI Factory**

Shanghai Eastern EMI experienced a tumultuous period during the 1910s and this difficult situation led to the company being localised in China. According to Ge (2008), although the First World War broke out in 1914, Eastern EMI developed rapidly. However, the main production activities of French EMI had to move to Belgium. Eastern EMI was greatly affected. EMI decided to build a factory in Shanghai in 1915, so as to press replications of the Eastern EMI's recordings, without solely relying on the French. The Eastern EMI company, therefore, became the first record production enterprise in China. Until 1917, the Shanghai EMI factory built itself up and produced red colour brand, 'Xiong Ji' (Rooster), and this brand became very popular (Li 2011).

Record localisation pushed EMI's business into a new stage (Xu 2005; Ge 2004). According to Ge (2004), more types of music recordings appeared in Eastern EMI and more famous artists joined to record with them. New records appeared more frequently. The opera record market continued to expand. Records such as on the Yangzhou new civil tune, three records on military music and national songs, and four records on baddish verse in 1921 are examples (Xu 2005). In 1924, Eastern EMI recorded new music albums for some new opera artists, such as Cheng Yanqiu, Tan Fuying, Guo Zhongheng and Xiao Yang Yue Lou (Ge 2004).

More people began to pay attention to popular music during the 1920s. According to Xu (2005), records by popular stars began to attract music audiences/consumers during this period. According to Xu (2005) and Li (2011), the record which included songs such as ‘Special New Tune’, ‘Music Collection of Bright Moon’, ‘I Love You, Sister’ and ‘Drizzle’ by Li Minghui, were successful. This record by Minghui is commonly recognised as one of the earliest popular music records and it influenced the popular music industry and the physical recorded music industry during this period.

#### **5.5.4.4 Contemporary Songs and the Physical Recorded Music Industry**

During the early 1930s, Shanghai’s physical recorded music industry developed further. According to Xu (2005) and Ge (2009), the British Columbia Company purchased the record production section of French EMI and Eastern EMI in 1930, with the British Columbia Company registering as a business enterprise in Hong Kong. Due to the impact of the EMI brand, the British Columbia Company decided to continue to use the EMI brand and trademark. The new company was entitled British Eastern EMI Pty Ltd, with the English name of Pathé Orient Ltd, and a registration capital of one and a half million pounds. It included headquarters, a factory and two divisions outside Shanghai (at Tianjing and Hong Kong), with headquarters still located at the former address (Ge 2009; Xu 2005).

Eastern EMI commenced to improve recording technology and paid attention to changing its marketing strategy (Ge 2009). Due to the percentage of sales of the Peking Opera records beginning to decline, the Company adjusted the content of its

recordings and improved the percentage of sound track/movie music and commercial songs and dance music. These popular commercial songs were called 'Contemporary Songs'. From that time, this type of music (contemporary songs) dominated the music entertainment market and became the most important music product (Wang 2009; Sun 2007).

It was essential for Eastern EMI to adjust its development strategies in terms of the environmental changes that occurred during the 1930s. The factor of 'profit' was the primary reason why Eastern EMI decided to alter music record content and style. Ge also specifically states that:

During the early 1930s, the record remuneration of Peking Opera's actors was from several hundred Yuan to one thousand Yuan; some had four or five thousand Yuan, such as Yu Suyan ... (e.g. Li Minghui, Hu Die, Xu Lai, and Chen Yanyan, etc.) ... After considering carefully, British EMI decided to give up 'Famous Actor of Peking Opera Records' and develop films (songs) stars. (Ge 2009, pp. 264-265)

Therefore EMI played an essential role in developing contemporary songs as the main music record product, rather than the expensive cost of recording the Peking Opera during that period. This development greatly promoted the popular music industry, as well as the physical recorded music industry.

Eastern EMI innovated recording and production technologies during the 1930s. According to Wang (2009), EMI began to use steel needle disc technology in popular music recordings from 1933, a technology that was popularised in the contemporary physical recorded music market and industry. This was an important decision for EMI,

and it greatly facilitated the popular music industry and the physical recorded music industry during the 1920s and the 1930s.

The strategy of changing record content and style was a great success during the 1930s. According to Ge (2004, 2009), Chen Yumei was the first of the popular stars, with the single disc ‘Cradlesong’ becoming the most popular record in China after a few months of sales. Hu Die, the queen of Chinese film, also recorded ‘The First Time Ever’ (*po ti er di yi zao*) with EMI; this record also included ‘You Did Not Hear the Last Voice’ (*ni bu jian zui hou yi shen*) and ‘Say Goodbye to My Love’ (*zai hui wo ai*) (Ge 2009, p. 266) (see Figures 9 and 10).



Figure 5.6 Hu Die's Music Record

(Retrieved 12 November 2011, <[http://history.huanqiu.com/china/2009-02/377403\\_6.html](http://history.huanqiu.com/china/2009-02/377403_6.html)>,

cited in Ge T 2009)



**(Figure 5.7 Hu Die's Advertisement for the Baidai Record Company**

(Retrieved 12 December 2011,

<[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)>,

cited in Zhang, W 2009)

Eastern EMI also recorded songs for some popular stars during the early 1930s. The record entitled 'Modern Songs', which included 'Say Goodbye to My Love' (by Hu Die), 'Song of Austerity – for Modern Girls' (by Chen Yumei), 'First Love' (by Wang Renmei), and 'The Pink Dream' (by Xue Lingxian) influenced the physical recorded music industry during that period (Ge 2009; Li 2011).

These records sold exceptionally well. Generally, each record sold between one or twenty thousand recordings, sometimes more than twenty thousand recordings (Ge, 2009). These records were also distributed in remote areas, such as the three provinces in Southwest China (Sichuan, Guizhou and Yunnan), although they were mainly distributed in major cities such as Shanghai, Peiping (Beijing) and Nanjing.

However these contemporary songs also had the typical characteristics of popular culture: high-selling for a short period of time. After that, very few people were interested in them, which meant that sellers had to reduce their price (Ge 2009).

#### **5.5.4.5 Other Record Companies: The Greater China (*da zhong hua*), The New Moon (*xin yue*), and The Great Wall (*chang cheng*)**

The rapid development of Shanghai's economy greatly facilitated Shanghai's music industries development during the 1920s and the 1930s. According to Wang (2009) and Ge (2004), foreign record companies, such as EMI (*bai dai*) and HMV/Victory (*sheng li*), and certain local Chinese record companies, such as the Greater China (*da zhong hua*), the Great Wall (*chang cheng*) and the New Moon (*xin yue*) were established in Shanghai and played a leading role in the physical recorded music industry. Most record companies advertised their products in the newspapers nearly every day and this helped to generate sales for the physical recorded music industry (Ge 2009). The physical recorded music industry entered its golden era during the 1920s and 1930s. This development period is considered to be the first development peak of the music industries in this thesis.

China-Western joint venture recorded music companies, as a music business model, also appeared during the first half of the 20<sup>th</sup> century. Sun Yat-sen, as the leader of the '1911 Revolution' (also known as the 'Xinhai Revolution') invited Keng Wei Qing to establish the Great China Gramophone Company (*da zhong hua chang pian gong si*). The record factory of this company was set up in 1922. This was the first Sino-Japanese record company and it was located in Da Lian Road, Hongkou District (Ge 2004; Wang 2009). During the late 1920s and early 1930s, the Great China Gramophone Company withdrew its Japanese capital and the management rights were



transferred to the Chinese. Thus this company became a completely Chinese local music record company (Wang 2009; Ge 2009, 2004). Ge also specifically describes the brand and trade-mark of this local Chinese company as follows:

The trade-mark on the records was a 'Twin Parrot'. The Greater China's records used different color gramophone-lamina to distinguish the different categories of records: red was used for the category of Peking opera, Green was used for the category of song, blue was for the category of other local operas. (Ge 2009, p. 85)

The New Moon Company (*xin yue gong si*) also played an essential role in the physical recorded music industry during this period. This company was established in 1930 and was the second largest local Chinese record company in China. The key members in this company were Cantonese (Wang 2009; Ge 2009) (see Figure 11). This company mainly focused on Cantonese music records during the 1930s. The slogan of this company was 'Chinese Business Capital, Chinese Make'. Thus, this company emphasised its Chinese characteristics (Wang 2009).



**Figure 5.8 The Photo of Colleagues of the Department of Shanghai Xinyue Gramophone Company**

(Retrieved 12 June 2012,

<[http://www.yplib.org.cn/structure/jdsh/hfms/sy\\_77218\\_1.htm](http://www.yplib.org.cn/structure/jdsh/hfms/sy_77218_1.htm)>, cited in Zhang, W 2009)

The New Moon Company also paid attention to film music records and this greatly promoted the music industries during this period. Meanwhile, this also promoted the integration between the physical recorded music industry and the film industry. According to Ge (2004), the first talking Chinese motion picture, ‘Wild Grass and Flower’ (*ye cao xian hua*), used music recorded by the New Moon Company. This record’s lyrics were written by Sun Yu, and sung by Jin Yan and Ruan Lingyu. This development made a valuable contribution to the integration between the music industries and the film industry during the first half of the 20<sup>th</sup> Century.

Compared to the New Moon Company's motion music recording, the Great Wall was proud of recording the Peking Opera during the early 1930s. According to Ge (2009), the Great Wall's Peking Opera recording took on board 'the Four Greatest Artists of Beijing Opera'. Ge specifically states that when the construction of Du Yuesheng's ancestral hall was completed in June 1931, Du Yuesheng, a well-known Shanghai businessman invited some influential Peking Opera artists to Shanghai in order to celebrate the completion of this new hall (2009, p. 260). The main opera artists included Mei Lanfang, Cheng Yanqiu, Xun Huisheng and Shang Xiaoyun, who are recognised as 'the Four Greatest Artists of Beijing Opera' (*si da ming dan*) (ibid) (see Figure 12). More significantly, the four artists put on a joint performance for the Peking Opera's 'Five Flowers Hall' (*wu hua ci*); the best programme in Du Yuesheng's party (Ge 2009).



**Figure 5.9 Mei Lanfang, Cheng Yanqiu, Xun Huisheng and Shang Xiaoyun**

(Retrieved 17 July 2012 , <[http://news.xinhuanet.com/city/2012-03/05/c\\_122791753.htm](http://news.xinhuanet.com/city/2012-03/05/c_122791753.htm)>)<http://www.morningpost.com.cn/oldbj/library/2012-09-10/362027.shtml>)

<http://www.morningpost.com.cn/oldbj/library/2012-09-10/362027.shtml>)

This record of the Peking Opera, ‘The Five Flowers Hall’ by the four great artists, was valuable. Zheng Zibao, one of the most famous theatre critics in Shanghai, invited these four artists to record this Peking Opera ‘Wu Hua Ci’ after Du’s party (Li 2011). The record was finished in 1932 and it became the most significant among the Great Records. Moreover, this record was well advertised, as ‘Never Before and Never Again, The Most Excellent Work’ (*kong qian jue hou, qian gu bu xiu zhi jia zuo*), and this greatly promoted sales of this record (Ge 2009).

This record was significant for the physical recorded music industry. According to Ge (2004), these four artists did not record Peking Opera together, except in this record, while they shared the stage only a few times. More importantly, this record was made at the time when they had reached the highest artistic standard (Wang 2006).

### **5.5.5 Music and Media: An Integrated Industry**

Music, as an industry, was an integrated system during the first half of the 20<sup>th</sup> century, with interactive development with other relevant industries, particularly with the media industries, which involved radio and film during this period. During this period, the integration between media and music involved radio’s take up of recordings, which specifically means here that radio played jazz, classical and other forms of local recordings (Li 2011,

[http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)).

Shanghai, as the birthplace of China's broadcasting business, was the most developed city in China during this period (Feng 2006). On the evening of the 23 January 1923, the technology of radio broadcasting was first successfully introduced to Shanghai, beginning China's radio industry (Chen 2008). Significantly, this event also indicated the commencement of integration between the music industries and the radio industry. According to Chen (2008), that same evening, a radio concert of live music was successfully broadcast. This concert included a violin scherzo by Jarlosa Causinnes, a Czech violinist, a jazz performance by the Charlie Band, the Carton vocal quartet and a saxophone performance by George Hall. This was the first radio broadcast of a concert in China (Chen 2008, p. 38). In the evening, a few music records were also broadcast (Chen 2008). Records were not only the accessory of the phonograph but they were also extensively played over the radio. People began to listen to recorded music in two ways – radio and phonograph – from the 1920s (Li 2011, [http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf) ).

There is a further evidence to substantiate the role of the physical recorded music industry in the radio industry. According to '*The Shanghai Broadcasting Business in Old China*' (SBBOC) (1985), music records were played on the schedules of all Shanghai radio stations (29 radio stations in July 1937, and 35 radio stations in January 1939). This data reflects the fact that the physical recorded music industry integrated with radio programmes in Shanghai during the 1930s. Based on the data of the SBBOC, the main integration between these two industries can be summarised as follows: In 1937, only three stations did not broadcast music records every day, while the other 38 radio stations broadcast music records every day (ibid). More than ten stations broadcast music records for more than two hours each day. Only one station

in 1939 did not broadcast recorded music, while the other 35 stations broadcasted recorded music. More than 17 stations broadcasted recorded music for more than two hours per day (ibid). This data reflects that the music industries greatly interacted and integrated with the radio industry during the 1930s.

The film industry also integrated with the music industries during this period. According to Ge (2009), the Shanghai Pathe Company, first owned and operated by Charles Pathe's four brothers, integrated the film industry with the music industries. From 1929, it was merged with the British Columbia Company. The British Gramophone Company (HMV), which was the largest company in Britain, merged with the British Columbia Company, forming Electric and Musical Industries Ltd (EMI) (Chen 2008). Recorded music and film became two main businesses within the EMI and its predecessor (Ge, 2008, 2009; Li, 2011). The film industry developed in Shanghai from the first stage of silent film, during the 1920s, to the second stage of sound film, during the 1930s (Lou 2008).

Popular film songs and music promoted the film industry to develop during the period from the 1920s to the 1940s. This was an essential characteristic of the film industry and music industries during this period. The film and music industries, and in particular, the popular music industry and physical recorded music industries, integrated. Contemporary songs not only played a role in promoting the climax of a film, but also promoted sales of single records (Ren 2008). EMI undertook film song recording and distributed film song records during this period (Ge 2008). Moreover, some stars such as Xu Lai, Li Minghui, Hu Die, Chen Yanyan, Hu Yumei and Zhou Xuan developed their careers within these two industries, contributing to their integration. According to Wang (2006) and Ge (2009) a number of film songs, such as

‘See You My Love’ (by Hu Die), ‘Wife’s ABC, Husband’s ABC’ (by Li Minghui and Ren Xida), ‘First Love’ (by Wang Renmei) and ‘Pink Dream’ (by Xue Lingxian) were used in the film industry (Wang 2006; Ge 2009).

In short, the music industries were integrated with the radio and film industries during the first half of the 20<sup>th</sup> Century. The initiation of radio broadcasting had a strong connection with the music industries, particularly with the physical recorded music and live music performance sectors. Thus, industrial convergence played an essential role in the development and promotion of the modern music industries.

## **Part 2**

### **The Second Development Stage**

#### **(The Late 1970s to the Mid-2000s)**

### **The Development of the Music Industries in the People's Republic of China and the Recovery of the Physical Recorded Music Industry**

#### **5.6 The Overall Development Contexts**

This section concerns the contextual environment of China's modern music industries from the late 1970s to the mid-2000s. There are four major macro-developmental environment factors: economic, political, cultural as well as historical, that heavily influenced China's modern music industries during this period. First of all, China's music industries developed along with the evolution of China's economy (Li 2010). Secondly, both music culture and the music industries were used as tools for political communication and propaganda by the Chinese government. Thirdly, the music industries, as a component of the cultural industries, closely followed the development of the cultural industries. Finally, the history of the music industries from the 1950s to the 1970s also influenced the music industries from the late 1970s to the mid-2000s. This greatly influenced China's music industries, particularly during the period from 1966 to 1976. Thus, during the period from 1966 to 1976, the



music industries in China became part of a system that featured political, economic and cultural integration.

The music industries are, on the one hand, a cultural phenomenon; on the other hand, they are also an economic and political phenomenon (Throsby 2002). Marx (1884) contended that the development of economics is the basis of society, and culture is a part of the superstructure that is based on economics. Mao (1940) stressed that culture intensively reflects economics and politics; they are inseparable. Therefore it is essential to examine economic, political, cultural and historical backgrounds as part of the overall development context of China's modern music industries from the late 1970s to the mid-2000s.

#### **5.6.1 The Economic and Political Contexts**

Economic development is a precondition for the development of the cultural industries (Marx 1884). The development status of mass cultural industries such as the popular music industry, often indicate the development standard of the economy (Huang 2003). Huang also points out that Hong Kong is a typical example of this and contends that Hong Kong's economic development facilitated the rapid development of the cultural industries, especially the popular music industry, during the period from the 1970s through the 1980s. Economics can be thought of as an essential environmental factor affecting China's music industries during this period.

The Chinese Economic Reform and Opening-up Policy (CEROP) was an important factor that influenced the music industries during the period from the late 1970s to the 1990s. The CEROP was proposed in the Third Session of the 11<sup>th</sup> Central Committee of the Party in 1978. Led by Deng Xiaoping, the Chairman of the Central Advisory

Commission of the Communist Party (1983–1990), the objective of this Policy was to propel China's economy (Chen and Zhu 2010). This reform and opening-up policy greatly influenced the Chinese economy, including the culture and music industries. Therefore the year 1978 was a turning point of China's economic and cultural development and transition (Li 2000; Li 2006).

This cultural development and transition was manifested in the cultural industries, including in the music industries. The Third Session not only concluded the experiences of China's economy, but it also identified certain essential strategies to develop China's economy (Wu 2008). Therefore the CEROP accelerated the birth and development of several leading cultural and music enterprises during the late 1970s and 1980s, such as the Pacific Audio Video Corporation of China, the Shanghai Audio-Visual Press and the Shanghai Record Company (Li and Morrow 2013).

Culture and politics are often mutually beneficial (Shen 2011). Culture can gain better development in a relaxing and supportive environment and can, in turn, be helpful to relax a rigorous political situation (ibid, p. 116). Chinese politics also greatly influenced China's modern music industries during the second half of the 20<sup>th</sup> century, especially during the 1950s to the 1970s. For example, both the piano concerto 'Yellow River' (*huang he*) (composed and performed mainly by Chu Wanghua and Yin Chengzong), and the symphonies 'Shajiabang' (*sha jia bang*) and 'Taking Tiger Mountain by Strategy' (*zhi qu wei hu shan*) that appeared during the Cultural Revolution (1966-1976) were commissioned and performed by the Chinese government, such as Jiang Qing and Wang Hongwen (Wang 2006, p. 102-103). The Chinese government strongly emphasised the leading influence of politics on economic development, in particular, the new economic development, including fields

such as the cultural industries and the music industries (Wang et al. 2009; Cao 2008). Therefore Chinese politics was an essential macro factor that influenced China's music industries during this period.

The political viewpoint, or 'the Four Cardinal Principles', proposed by Deng Xiaoping in 1979, greatly influenced China's economic, cultural and political domains, including the musical domain. These principles specifically include: i. adherence to the people's democratic dictatorship; ii. adherence to the socialist road; iii. adherence to the leadership of the Chinese Communist Party; and iv. adherence to Marxism-Leninism and Mao Zedong's Thought (Deng 1979). These principles were major political development characteristics of China and played a central role in its economic, political and cultural sectors, including strategic policy making and activities related to the music industries (Cai and Tang 2008). The development of the music industries also conformed to these principles, mainly through strict music censorship that was directly administered by the Chinese government, such as the China National Press & Publishing Bureau of the Ministry of Culture. Therefore both the economy and politics greatly influenced China's modern music industries during the second half of the 20<sup>th</sup> Century.

### **5.6.2 The Cultural and Industrial Contexts**

The music industries have played an essential role in the broader cultural industries both in the West (Throsby 2002; Nurse 2001) and in China (Li 2010). The cultural industries greatly influenced the music industries in China during the period from the late 1970s to the mid-2000s (Li and Morrow 2013). The following section will specifically review the development process of the cultural industries, including the political changes affecting them and the change in the connotation of the term

‘cultural industries’ that influenced the development of China’s music industries during this period.

Cultural industry activity developed earlier than the proposition of the term ‘cultural industries’ in China (Yang 2009). Yang identifies the development stages of China’s cultural industries. Although other researchers, such as Chen and Zhu (2010), also explore the developmental stages of China’s cultural industries, their viewpoints are similar to Yang’s. The term and concept of the ‘cultural industries’ was proposed in 1992 by Jiang Zemin, who was the president of China from 1989 to 2002.

According to Yang (2009), China’s cultural industries have experienced six stages. The first is the stage of the cultural industries (*you shi wu ming qi*) which ranged from China’s ancient period up to 1956. Other researchers such as Chen and Zhu (2010) also regard this stage as the spontaneous period (*zi fa qi*). The second is the ‘strangling stage’ (*yi zhi qi*) which ranged from 1957 to 1978. During this period, China’s Great Cultural Revolution (1966–1976), as a special phase, had a negative influence on the cultural and music industries, although the not-for-profit cultural and music industries did still develop during this phase to a certain extent. This negative influence manifested itself in commercial/for-profit music industry forms and activities, such as popular music and commercial physical recorded music, which were prohibited by the Chinese government (Xiong 2012; Chen 2002).

The third and fourth stages are respectively called the ‘bud stage’ (*meng ya qi*) and the ‘rise stage’ (*xin qi qi*). They ranged from 1979–1991 and from 1992–2002. During these stages, certain major development policies of the cultural industries, such as the ‘*Ministry of Culture’s Economic Policy Advice Report about the Cultural*

*Undertakings/Causes*’ in 1991, were formulated and then implemented. These policies greatly promoted the cultural and music industries. The fifth stage is the ‘rapid development stage’ which has ranged from 2002 to the present. The sixth stage is the ‘mature development stage’, which specifically refers to the future development of China’s cultural industries.

Since the late 1970s, when the CEROP commenced the development of China’s economy, the cultural function gradually became more diverse, rich and powerful (Chen and Zhu, 2010). Commercial dance parties and music cafes, for instance, became more active and popular in the late 1970s (Chen and Zhu, 2010; Li 2006; Wang 2009). The Ministry of Culture, the Ministry of Public Security, and the National Administration of Industry and Commerce, issued the regulation ‘*The Notice on Improving Dance Party Management*’ to administer this market in 1987. This greatly facilitated the development of the cultural and entertainment market (Li 2006). This development also indicates that commercial dance parties and music cafes, as well as other cultural and entertainment activities, were officially recognized from 1987 (Li 2006; Zhao 2006).

During the late 1980s, policies for the cultural industries, and in particular the policy for cultural market administration, were implemented. The Ministry of Culture, and the National Administration of Industry and Commerce, for instance, issued the regulation ‘*The Notice on Strengthening of Cultural Market Management*’ in 1988; this officially proposed the concept of a ‘cultural market’ (Li 2006; Chen and Zhu 2010). In other words, the status of the ‘cultural market’ was officially recognised in China since 1988. Moreover, in order to strengthen cultural market management, the National Council of China approved setting up the Bureau of Cultural Market

Management, under the Ministry of Culture in 1989 (Li 2006) and this greatly facilitated the music industries.

The notion of the ‘cultural economy’ and the ‘cultural industries’ appeared in the Chinese government’s policy documents in the early 1990s (Chen and Zhu 2010). The concept of a cultural economy was formally proposed in the government’s policy ‘*Ministry of Culture’s Economic Policy Advice Report about Cultural Undertakings/Causes*’ in 1991 (Cai and Wen 2006). Jiang Zeming, President of China (1989–2002), proposed the concept of the ‘cultural economy and policy’ in the 14<sup>th</sup> National Congress of the CPC, held in 1992 (Chen and Zhu 2009; Li 2006). This indicates that culture was formally defined as a new economic and industrial sector by the Chinese government during the early 1990s.

The music industries, as an essential sector of the cultural industries, obtained more official political and economic support from the early 1990s (Li 2006; Chen and Zhu 2010; Li 2010). The cultural policies above, that include music industry related policies, assisted the development of the music industries. Thus, the music industries, in particular the physical recorded music industry and the popular music industry, developed rapidly during the 1980s and 1990s.

China’s cultural industry policy progressed further during the 2000s. According to Wu (2008), the 15<sup>th</sup> Session of the Fifth Session of the Chinese Communist Party in October 2000 approved the proposal the ‘Tenth Five-Year Plan’ (Wu 2008). This plan further emphasised the significance of the cultural industries. It pointed out that cultural industry policies needed to improve; management of the cultural market needed to strengthen and development of cultural industries needed assistance (Chen

and Zhu 2010). More significantly, this plan also promoted convergence, in particular industrial convergence. According to Li (2006), the plan indicated that the cultural industries needed to combine with information communication technology industries (Li 2006).

Although the Tenth National Five Year Plan proposed the concept ‘cultural industries’, it did not explicitly distinguish a ‘cultural undertaking’ sector and the ‘cultural industries’ sector due to a serious lack of cultural industry research (Li 2006; Zhao 2006). However, the 16<sup>th</sup> National Party Congress in 2002 explicitly proposed the requirement to “actively develop cultural undertakings and cultural industries.” (ibid) This is the first time we see this division, with ‘cultural undertakings’ referring to the ‘not-for-profit sector’ and ‘cultural industries’ denoting the ‘for-profit sector’ (Cai and Wen 2006, p. 94).

This development of the cultural industries became a new trend of the economic boom in the US, Europe and other parts of the world (Flew 2012). Similarly, the cultural industries have been rapidly rising in China in recent years (ibid; Li 2006), and this includes China’s modern music industries.

### **5.6.3 The Historical Context: the Development of the Not-For-Profit Music Sector from the 1950s to the 1970s**

The complete music industry system in China generally involves two music sectors: the for-profit/commercial and the not-for-profit/non-commercial (Ye 1983). The former often refers to sectors such as popular music and physical recorded music, while the latter often refers to sectors such as live music performance and music

media. There are (albeit obvious) differences in purpose between the for-profit sector and the not-for-profit sector. The former is for profit seeking while the latter mainly involves public welfare or political purposes (Li 2011, [http://www.arts.mq.edu.au/documents/hdr\\_journal\\_neo/neoJohnLi2011.pdf](http://www.arts.mq.edu.au/documents/hdr_journal_neo/neoJohnLi2011.pdf)).

Although this thesis focuses on the for-profit music sector, it also needs to briefly consider the development of the not-for-profit music sector in China.

The nature of the music industries from the 1950s to the 1970s also influenced its development from the late 1970s to the mid-2000s. This influence manifested in the not-for-profit music sector during the previous period, establishing a good foundation for the latter period. Therefore it is necessary to briefly examine the development of China's music industries during this period as this period formed the context for the development of the music industries from the late 1970s to the mid-2000s. This will be useful in order to both map the whole development process of China's modern music industries and indicate that the evolution of China's music industries in different periods are connected logically.

#### **5.6.3.1 Chinese Politics and the Not-For-Profit Music Sector**

The first three decades of the PRC (from the 1950s–the 1970s) experienced a period of economic, political and cultural adjustment. During this period, the influence of politics was strengthened (Wu 2008). China's government stressed the ideology of great unity in order to improve the role of politics (Jin 2005, p. 20). Chen Yun, Chinese Vice-Premier during 1954–1975 and 1979–1980, specifically explained the unity of politics and economics, and politics and work (ibid). This unity indicated the



significance of the convergence between politics and work as the essence of the political ideology at the time.

To further achieve this purpose, it was inevitable that China's government enforced the planned, or 'command', economy during this period (Wu 2008) as the best way to strengthen the essential role of politics in all economic, cultural and social activities. Morrison (2006) defines the planned economy:

Prior to 1979, China maintained a centrally planned, or command, economy. A large share of the country's economic output was directed and controlled by the state, which set production goals, controlled prices, and allocated resources throughout most of the economy. (Morrison 2006, p. 2)

Correspondingly, China developed a fully not-for-profit music sector during this period (Wang 2006, p. 1), which played an important role in its culture and politics. Certain music sectors, such as physical recorded music, live music performance, music publishing and music instrument sales developed based on this planned economic and not-for-profit model. This development also provided a good foundation for the rapid and comprehensive development of China's profit and not-for-profit music sectors during the period from the late 1970s to the mid-2000s.

This not-for-profit music industry sector, from the 1950s to the 1970s, manifested the characteristics of high socialism and politics (Zhu 2008). Therefore this unique industry form is also called the 'national music industry' sector in this thesis. The

following characteristics of this national music industry can be identified during this unique period:

1. It manifested a complete planned and public socialist economy.
2. Most music culture and music industry activities were administered and controlled by the Chinese government due to the great influence of the planned economy and Chinese politics during this period.
3. It obviously presented not-for-profit characteristics.
4. It intensively represented the characteristics of Chinese politics.
5. It manifested a unique fusion of Chinese music, economy and politics.

#### **5.6.3.2 The Physical Recorded Music and Live Music Performance Industries**

The physical recorded music industry also became a part of the planned cultural economy and/or the not-for-profit music sector. It managed a limited development during the 1950s to the 1970s (Wang 2006). There were very few record companies, primarily the China Record Corporation (CRC), the Yi Sheng Record Company and the Shanghai Record Production Company (Zhang and Wang 2009, p. 8) that influenced the physical recorded music industry during this period.

The Yi Sheng Record Company and the Shanghai Record Production Company became affiliate companies of the CRC in the 1950s (Wang 2006). The CRC included the Beijing, Shanghai and Guangzhou divisions, and played an essential role in the physical recorded music industry from the 1950s to the 1970s and the 1980s to the mid-2000s (Wang 2006; Li and Morrow 2013). Although the physical recorded music industry involved for-profit music industry activity in China during this unique period from the 1950s to the 1970s, it mainly related to the planned and not-for-profit music sector as China implemented the planned economy (Wu 2008).

The live music performance industry was also an important part of the planned and not-for-profit cultural and music industries during this period. The majority of not-for-profit live music performance organisations were established including the China East Song and Dance Group, the Central Nationalities Song and Dance Troupe, the China Central Orchestra, the Shanghai Traditional Orchestra and the Guangzhou Song and Dance Troupe. These organisations often held music concerts for the public to meet the planned requirements of government administration departments, moreover these concerts often had a political character (Wang 2006, p. 8).

#### **5.6.3.3 Not-For-Profit Music Industry Activities During the Cultural Revolution (1966-1976)**

The Cultural Revolution (CR) (1966–1976) was an extremely influential cultural and political event during the 1950s to the 1970s. This revolution intensively integrated music cultures and music industries with Chinese politics, and was an important activity of the not-for-profit music sector (see Figure 5.10).



**Figure 5.10 The Cultural Revolution Music Program**

(Source: Antiwave (*fan bo*) (2005). Retrieved 18 May 2012,

<[http://www.antiwave.net/2005/11/1\\_-.html](http://www.antiwave.net/2005/11/1_-.html)>)

The CR, as a cultural and political event, broke out in May 1966 and was launched by Mao Zedong (Xiong 2012). The main purpose of this revolution was to oppose feudalism, capitalism and revisionism, as well as all Chinese-foreign music heritage. The CR led to the development of music cultures and music industries, such as opera, ballet, physical recorded music, music publishing, and live music performance. Certain categories of music (songs) became popular during this period, such as the songs of ‘Revolution and Rebellion’, the songs of ‘Red Sun’ and the songs of ‘Quotations from Chairman Mao’ (Liang 2006; Xiong 2012).

The songs of ‘Revolution and Rebellion’ played an essential role in the CR (Xiong 2012; Liang 2006). These songs included ‘The Fighting Song for the Red Guards’ (*hong wei bing zhan ge*), ‘The Song of Rebellion’ (*zao fan ge*) and ‘The Song of the Monsters and Demons’ (*niu gui she shen ge*). While the songs of ‘Red Sun’ (*hong ge*) referred to all kinds of songs praising Chairman Mao Zedong. These songs were popular among the masses during the years 1966 to 1968 (Liang 2006). They included ‘The Grassland’s Red Guards Saw Chairman Mao’ (*cao yuan shang de hong wei bing jian do mao zhu xi*) and Sing Chairman Mao’s Praises (*song ge xian gei mao zhu xi*).

The songs called ‘Quotations from Chairman Mao’ comprised more than 150 songs (Liang 2003). They included ‘The Force at the Core Leading Our Cause Forward’ (*ling dao wo men shi ye de he xin li liang*), ‘Policy and Strategy are the Life of the Communist Party’ (*zhe ce he ce lue shi dang de sheng ming*) and ‘We Should Trust the Masses, We Should Trust the Communist Party’ (*wo men ying dang xiang xin qun*

*zhong, wo men ying dang xiang xin dang*) (Liang 2003, p. 46). ‘Quotations from Chairman Mao’ also included more than 300 types of physical recorded product (Xiong 2012).

Moreover, the most significant music culture products were the ‘Eight Revolutionary Model Plays’ in the CR. The main purpose of producing and performing them was to serve as propaganda for the CR while also assisting the live music performance industry to develop (Xiang 2012). These Plays included six ‘revolutionary’ contemporary Beijing operas - ‘Taking Tiger Mountain by Strategies’ (*zhi qu wei hu shan*), ‘The Red Lantern’ (*hong deng ji*), ‘Shajia Village’ (*sha jia bang*), ‘Harbour’ (*hai gang*), ‘Riad the White Tiger Regiment’ (*qi xi bai hu tuan*) and the ‘Ode to the Long Jiang River’ (*long jiang song*) (Liang 2006) and two contemporary ballets (also called ‘Dance Dramas’) - ‘White Hair Girl’ (*bai mao nu*) and ‘The Red Detachment of Women’ (*hong se niang zi jun*) (Liang 2006). These cultural products and activities basically built the major music culture market during this period. Thus, in this sense, the CR played a positive and influential role in the development of the not-for-profit cultural and music industries during this period.

Although very few scholars, such as Chen (2001), expressed neither praise nor censure for this event, there is more criticism than praise for the CR, for instance, as stated by Peng (2002), Deng (2006), Wang (1994), Song (2011), Wang (2004) and Han (2007). They state that the CR heavily affected the overall development of the economy, culture and society. Specifically, this event greatly held back economic growth including cultural development (Peng 2002; Wang 1994). The CR led China’s economy to decline during the decade; the direct economic loss was estimated about US\$54.5 billion (Song 2011, p. 2). Moreover, the violence associated with the CR

was problematic. Many influential Chinese musicians were subject to criticism, and many middle and old aged music workers did not receive any attention (Wang 2006). In particular, nearly 2.95 million people were killed in the GCR (ibid) including the upper echelons of society; figures such as Liu Shaoqi, who was one of the major leaders of the Communist Party and state of the PRC (Wang 2004).

In short, the not-for-profit music sector in China during this unique period had a close connection with Chinese politics. This intensive political characteristic was largely determined by the Chinese government's conception of the role of music in Chinese politics, with the Chinese government often regarding music cultures and music industries as essential political propaganda tools. Thus, in essence, China's not-for-profit music sector is a means of expression for Chinese politics. However the development of the not-for-profit music sector during this period laid a foundation for the latter development of the music industries from the late 1970s to the mid-2000s. Thus, in this sense, the development of the music industries from the 1950s to the late 1970s can be thought of as an essential part of the context of China's modern music industries from the late 1970s to the mid-2000s.

## **5.7 The Overall Development Status**

China's modern music industries rapidly developed during the first half of the 20<sup>th</sup> Century. This period of development laid a foundation for China's modern music industries during the second half of the 20<sup>th</sup> Century up to the mid-2000s. The non-commercial/not-for-profit music sector also continued to develop with the establishment of the PRC in 1949, reaching a development peak with the commencement of China's Economic Reform and Opening-up policy in 1978. During

the period from the late 1970s to the mid-2000s, Shanghai, Beijing and Guangzhou played a leading role in the development of China's music industries.

The development of the cultural industries, during the early 1990s, greatly facilitated China's modern music industries, in particular the physical recorded music and popular music industries. The physical recorded music business and its distribution system began to develop in Guangzhou, Beijing and Shanghai during the 1990s to the mid-2000s (Zhang 2008; Wang 2009, p. 91).

Beijing, Shanghai, and Guangzhou played a leading role in the development of China's modern music industries during the period from the late 1970s to the mid-2000s (Zhang and Wang 2009). According to Zhang and Wang, Shanghai, Beijing and Guangzhou maintained a 50% market share of the audio-visual sector within the physical recorded music industry during 1998-2006 (p. 36-37). The music industries in these three cities, in particular the physical recorded music industry, reflects the development status of China's music industries during the late 1970s to the mid-2000s and therefore the following sections focus on these cities.

#### **5.7.1 The Recovery of the Commercial Record Companies and Industry**

China's Economic Reform and Opening-up Policy provided a good market environment for establishing and developing music business organisations from the late 1970s (Li 2006; Li 2010). Major record companies were successively established during the 1980s (Wang 2004). Certain leading music record companies, such as the Guangzhou Pacific Audio-visual Company, Shanghai Audio-Visual Company, Guangzhou New Times Audio-Visual Company, Shanghai Audio-Visual Company and the Audio-Visual Press of the Chinese Musicians' Association were established.

These companies played a leading role in the physical recorded music industry during the 1980s and the 1990s (Wang et al. 2009; Zhang and Wang 2009).

Both the Guangzhou Pacific Audio-Visual Company (GPAVC) and the China Record Corporation (CRC) played essential roles in the modern physical recorded music industry during the 1980s and the 1990s. Before the Economic Reform and Opening-up Policy in 1978, the CRC, as the national level record company, was the only music record company that had Beijing headquarters and divisions in cities such as Shanghai, Guangzhou and Chengdu (Zhang and Wang 2009; Fang and Wei 2008). It developed as a not-for-profit physical recorded music sector from the 1950s to the 1970s (Wang 2004). However, from the late 1970s, this system initiated the development of the physical recorded music industry as a for-profit music industry while it continued to develop as a not-for-profit music sector (Zhang and Wang 2009).

The GPAVC was established in 1979 as the first commercial music record business company (Lun 1988; Li 2010; Wang 1999). It was also the first audio-visual publishing house that operated independently of the system of the CRC, breaking CRC's domination of the physical recorded music business domain in China from 1979 (Cai and Wen 2006). The GPAVC became one of the leading record companies in China and was key to China's modern physical recorded music industry from the 1980s to the 1990s (Lun 1988; Xia 1983).

In short, China's modern music industries, in particular the physical recorded music industry and the popular music industry, developed during the 1980s. These developments laid a foundation for the rapid development of the physical recorded music industry during the CD boom of the 1990s.



### **5.7.2 The Market for the Physical Recorded Music Industry**

This section examines the market of the music industries during the period from the late 1970s to the mid-2000s. The market for China's physical recorded music industry during the period from the 1990s involved two geographical perspectives: regional and city. The physical recorded music industry rapidly developed in three major cities - Guangzhou, Beijing and Shanghai (Li and Morrow 2013). The physical recorded music industry also developed in several major regions, such as the North, South and East.

The regional perspective concerned the distribution and development of the physical recorded music market and industry in major regions, while the city perspective concerned the development of the physical recorded music industry in the major cities. This section focuses on the regional development of the physical recorded music industry in the 1990s. According to the overall status, characteristics and geographic positions of the physical recorded music market and industry, the regional distribution of China's physical recorded music industry, during the period from the 1980s to the 2000s, can be split into three great regions: North, South and East. The following text will specifically further discuss these great regions.

The great Northern region included the Northeast (including Heilongjiang, Jilin and Liaoning provinces), North (including Hebei, Tianjing and Beijing provinces and municipalities), and Northwest (including Gansu, Xinjiang, Ningxia, Shanxi and Neimeng provinces and autonomous regions). The great Southern region included the Southwest (Sichuan, Chongqing, Qinghai, Xizang, Yunnan and Guizhou provinces, autonomous regions and municipalities), the Mid-South (including Henan, Hubei and

Hunan Provinces) and South China (including Guangdong, Guangxi and Hainan provinces and autonomous regions). The great Eastern region included Shandong, Jiangsu, Zhejiang, Fujian, Anhui, and Jiangxi provinces and the Shanghai municipality.

Significantly, this division was widely used in China's record companies and it facilitated the physical recorded music industry's development during the second half of the 1990s. It was first used by the Shanghai Audio-Visual Press (SAVP) to develop the physical recorded music market, then by other leading record companies, such as the Shanghai Audio-Visual Company, the Guangzhou New Time Audio-Visual Company, and the Guangzhou Pacific Audio-Visual Company which also followed.

The second spatial perspective of China's physical recorded music industry involved the city perspective. Generally, there were three major factors - economic development scale, music record sales volume and population, that determined different city levels, which in turn influenced the development of China's music industries. According to the development scale and level of the physical recorded music industry in different cities, China's spatial physical recorded music industry can also be categorised into three city levels: national, provincial and medium-sized. Small cities generated low sales and the physical recorded music market in these cities was dominated by music pirates (the Chinese Academy of Social Sciences 2006). Therefore this city level played a lesser role in the physical recorded music industries.

The national-city level referred to here involves the three major cities, Guangzhou, Beijing and Shanghai. These cities dominated more than half of China's physical

recorded music industry and market. According to Zhang and Wang (2009), the number of audio-visual companies in Beijing, Shanghai and Guangzhou occupied 58% of the total in China in 2007 (p. 36-37). Moreover, the live music performance industry, music production studios and music-related media in these cities also played a leading role during this period (Li and Morrow 2013).

The provincial cities, as the second city level, are a more complex category. They comprise three types of city: provincial capitals, municipalities and special cities. The first type involves all provincial and autonomous regional capitals, such as Changsha (capital of Hunan province), Hangzhou (capital of Zhejiang), Wuhan (capital of Hubei), Chendu (capital of Sichuan), Nanning (capital of Jiangsu) and Shenyang (capital of Liaoning province). Moreover the population, economic development and music record sales volume of certain municipalities, such as Tianjing and Chongqing, also did not reach the national-city level (Wang 2006), and they were only accounted for at the provincial-city level, rather than the national-city level. The third city level refers to certain uniquely developed cities (in terms of economics). These include cities such as Dalian, Qingdao, Xiamen, Shenzhen, Suzhou and Ningbo. These cities also played an essential role in the Liaoning, Shandong, Fujian, Guangdong, Jiangsu and Zhejiang provinces.

The reasons for the development of these cities are related to economic development and population size. According to Zhang (2011), Qingdao's population was 7 million, but Jinan, as the capital of Shandong province, only had a population of nearly 6 million during the mid-2000s. Moreover, Qingdao was the economic centre of the Shandong province. Thus these unique cities can also sometimes be relegated to the provincial city level rather than the medium-size city level.

The medium-size level of city referred to those larger cities in each province, autonomous regions and municipalities, apart from the capital cities and special cities. There were 300 medium-size cities in China during this period (Wu 2008), such as Yichang, Qinghuangdao, Tangshan, Wuxi, Wenzhou, Guilin, and Huangshi. The economic development standard and population, and in particular the entertainment consumption capability of these medium-sized cities, were relatively higher than in smaller cities, but lower than those of the national, provincial and unique cities mentioned above (Zhang 2011).

Although the physical recorded music market covered the whole of China during the late 20<sup>th</sup> century and the early 21<sup>st</sup> century, Guangzhou, Beijing and Shanghai played leading roles. Therefore the following sections will discuss the development of the physical recorded music industry in China based on the development of Guangzhou, Shanghai and Beijing's physical recorded music industry.

## **5.8 The Development of the Physical Recorded Music Industry in**

### **Guangzhou, Beijing and Shanghai**

Guangzhou, Beijing and Shanghai played leading roles in the physical recorded music industry in China during the late 20<sup>th</sup> Century and the early 21<sup>st</sup> Century. According to Zhang and Wang (2009), the number of record companies and the sales of recordings occupied about 60 percent (p. 36-37). It is therefore essential to focus on the development of the physical recorded music industry in these cities.

### **5.8.1 The Overall Development**

During the period from the 1980s to the mid-2000s, the physical recorded music industry in Guangzhou, Beijing and Shanghai experienced two major stages. The first stage ranged from the late 1970s to the early 1990s. According to Wang (2009), Zhang Quanfu (a well-known popular music composer and producer) and Brothers (popular singers) signed agreements respectively with Guangzhou Putong 100 Entertainment Center in 1990 and the Hong Kong Dalipan Company in 1991. This started a trend of popular singer signing. However, the Guangzhou New Times Audio-Visual Company signed the popular singers - Yang Yuying and Mao Ning and achieved commercial success. This marked the beginning of an era of signing popular singers in China, this era lasted the whole first half of the 1990s. Due to the success of signing popular singers, Guangzhou played an essential role in the physical recorded music industry in China, thus this era can be also called “the Guangzhou Period” (Wang 2009).

The second stage ranged from the mid-1990s to the mid-2000s. During this period, Shanghai’s physical recorded music industry focused on music record publishing and distribution, while Beijing concentrated on music record production. This development led Beijing and, in particular, Shanghai’s physical recorded music industry to a high level of success during the period from the second half of the 1990s to the mid-2000s (Li 1995).

Most state owned audio-visual companies were established in the 1980s (Li and Morrow 2013; Wang 2006; Liu 1992; Zhang and Wang 2009). According to Liu (1992), there were a total of 284 companies established by 1990 (Liu 1992, p. 427). Significantly, there were several larger comprehensive record companies (also called

‘major companies’), such as the Pacific Audio-visual Company, Shanghai Audio-visual Company, Guangzhou New Times Audio-visual Company, and the Shanghai Audio-visual Press, that played essential roles in the modern physical recorded music industry during the 1990s.

There was also a small number of private record companies (also called “independent record companies”) that influenced both the physical recorded music industry and the popular music industry in China during the 1990s. These included the Taihe Rye Company, Guangdong Meika Company, Beijing Jindian Audio-Visual Company and the Beijing Dadi Music Production Company. Although these companies played an essential role in the industrial link of music making and recording, they had less influence on the physical recorded music industry compared to the larger comprehensive record companies (also called ‘major companies’), such as the Pacific Audio-visual Company, the Shanghai Company of China’s Record Corporation and the Shanghai Audio-visual Press, which concentrated on music distribution during this period (Liu 1992; Jin 2001). However, they participated in laying a foundation for the second peak of China’s physical recorded music industry during the second half of the 1990s.

Shanghai, Guangzhou and Beijing played leading roles in the physical recorded music industry in China during the period from the 1980s to the 2000s. This role specifically manifested three characteristics: first of all, the audio-visual companies and record sales in the three cities occupied a large proportion of the entire sales in China. According to Zhang and Wang (2009), the 2002 Report on China’s Audio-visual Sector by the China Press and Publication Administration, the ratio of audio-visual companies in these cities occupied 60.48% (45.70% (Beijing), 7.22% (Shanghai),

7.56% (Guangzhou) and 39.52% (other regions) respectively (CPPA p. 38). The sales in these cities occupied more than 60% of the whole sales in China during the period from the 1980s to the 2000s. Thus, Beijing, Shanghai and Guangzhou dominated China's physical recorded music industry and market during the 1990s and the mid-2000s.

The record companies during the period from the 1980s to the 2000s had different objectives. There were three major types of record companies that can be identified: music production oriented, record distribution oriented and comprehensive record business oriented. The music production oriented record companies primarily focused on the business of music production. Earth Records (*da di chang pian*) and the Heaven, Earth and People Music Studio (*tian di ren yin yue gong zuo shi*) were examples of this. The record distribution oriented companies focused on the business of record distribution. Such companies include the Meika Company of Audio-Visual Production Distribution, in Guangzhou and Huizhou, and the Beijing Jin Dian/Golden Melody (*jin xuan lu*) Audio-Visual Centre. The comprehensive record music business companies referred to record companies that were involved in business links such as production, duplication, publishing and distribution, for example, the Shanghai Audio-Visual Press and the Shanghai Company of the China Record Corporation.

Zhang and Wang (2009) state that 50% of physical recorded music production during the period from the 1990s to the mid-2000s was produced, published and distributed by the physical recorded music companies in Beijing, Shanghai and Guangzhou (p. 36-37). Therefore these three cities established a core network of music production in China's physical recorded music industry during this period (*ibid*). Further, music-related media (mainly referring to radio, TV and film) as important promotional

means for the music industries, intensively influenced the physical recorded music business and industry during this period (Jin and Zheng 2011). Most music-related media were also from Beijing, Shanghai and Guangzhou. Using Shanghai as an example, there were certain major media outlets in the city during this period, such as the Shanghai Television Station, Shanghai Oriental Television Station, Shanghai Music Television, Shanghai Radio Station, Shanghai Oriental Station, and Shanghai Music Radio Station. They broadcast music and promoted the music industries, in Shanghai and China wide (Li 2014).

The physical recorded music industry in these three cities gradually matured during the 1990s. According to Li (1995) and Li and Morrow (2013), both Shanghai and China's physical recorded music industry were concerned with music production, publishing, distribution and live performance during this period. After the mid-1990s and up to the mid-2000s, Shanghai established the strongest physical recorded market network for physical music records in China (Li 1995, 2011). As a result, most music record productions made in Beijing and Guangzhou's music recording studios were often sent to Shanghai's music record companies for pressing and distribution. The most influential record distribution companies included the Shanghai Audio-Visual Press, the Shanghai Company of the China Record Corporation and the Shanghai Audio-Visual Company, during the period from the 1900s to the 2000s (Li 1995, 2011).

#### **5.8.2 The Signing Popular Stars System as an Essential Mode of the Physical Recorded Music Industry During the First Half of the 1990s**

The signing of popular stars during the early 1990s represents an important point in the development of the physical recorded music industry and/or the popular music



industry in China. The signing of popular stars firstly appeared in Guangzhou in the early 1990s and then expanded in other major cities, such as Beijing and Shanghai. It is essential to first discuss the context of the signing of contemporary 'pop stars' in mainland China in the early 1990s. The popularisation of Hong Kong and Taiwan's popular stars, such as Qi Qing, Tong Ange, Wang Jie, Jiang Yuheng, the Little Tigers (Wu Qilon, Chen Zhipeng and Su Youpeng), Luo Dayou, and Zhang Xueyou and their success in mainland China greatly influenced China's physical recorded music and popular music industries during the late 1980s and the early 1990s. The influence of their success reflected two major aspects. Firstly, it established a foundation for the development of mainland China's local popular music industry and/or physical recorded music industry. Secondly, their market success also led to mainland China's record companies developing local pop music economies through signing popular stars.

The signing of popular singers facilitated both the physical recorded music industry and the popular music industry in China during the first half of the 1990s. According to Meng (1998); Li and Morrow (2013) and Zhang and Wang (2009), certain music production companies and comprehensive record companies in Guangzhou, such as the Guangzhou New Times Audio-Visual Company, the Pacific Audio-Visual Company, and the White Swan Audio-visual Press, began to sign popular stars for recording, publishing and distributing music records in the early 1990s.

Beijing's record companies followed Guangzhou and also signed popular singers during the early 1990s, such as Zhengda International Music Production Company and the Dadi Record Company. In contrast, Shanghai only signed a small number of pop stars and made music records for them (Jin 2001). However, Shanghai played a

leading role in the physical recorded music industry, in particular in music record sales and distribution, during the period from the second half of the 1990s to the mid-2000s (Li and Morrow 2013). Thus, both Shanghai and Beijing also played an essential role in this campaign.

It is necessary to further discuss popular singer signings here. Yang Yuying was signed to a recording agreement in 1990. Yuying signed with the Guangzhou New Time Audio-Visual Corporation (GNTATC). Zhang Quanfu was the earliest composer and producer to sign with the Entertainment Centre in Butong, Guangzhou (Wang 2009). The GNTATC signed Mao Ning. Yang Yuying and Mao Ning achieved market success with an act called ‘The Gold Boy and Jade Girl’ (see Figure 5.11).



**Figure 5.11 The Golden Boy and Jade Girl ‘Mao Ning and Yang Yuying’.**

(Retrieved 12 December 2011,

<<http://culture.people.com.cn/GB/106905/16681106.html>>)

Mao and Yang or the Golden Boy and Jade Girl (*jīn tóng yu nǚ*) were very popular in both the popular music performance market and the physical recorded music industry during the first half of the 1990s. They were praised as the most representative new music idols of the early 1990s (Jin 2001). Yang's three albums sold one million cassette tapes in 1991 (Wang 2009 p. 91). Thus the signing of singers proved to be a successful strategy during the first half of the 1990s in Guangzhou. Yang and Mao's success indicated that this system promoted a small peak in China's physical recorded music industry and the popular music industry during this period (Jin 2001). Yang and Mao's success led to a great number of Guangzhou and Beijing's record companies signing popular singers during the period from 1993 to 1994.

Guangzhou led the campaign of signing singers during the 1990s. There were a great number of popular singers in Guangzhou's physical recorded music and popular music performance industry during this period. Among them were Lin Yilun (with the Guangzhou New Times Audio-visual Corporation), Gao Linsheng (with the White Swan Audio-Visual Press in Guangzhou), Gan Ping, Zhang Mengmeng and Li Jin (with the Guangdong Pacific Audio-Visual Corporation), Li Chunbo and Chen Ming (with the Guangzhou Division of China Record Corporation), Tong Jie (with the Guangdong Audio-Visual Press) and Zhou Yanhong (with the Guangzhou Yindie Entertainment Production Limited Company).

Beijing's record companies also signed some popular singers and achieved success in this domain. The main singers included Lao Lang and Ding Wei (with the Beijing Dadi Record Company), Huang Gexuan and Xie Dong (with the Beijing Audio-visual Corporation), Dai Rao and Bai Xue (with the Tian Xing Entertainment Limited Company in Beijing) Zheng Jun (with the Red Music Production Company in

Beijing), Pan Jindong and Zhu Hua (with the Zhengda International Music Production Company), Huang Qun, Huang zhong and Cao Wei (with the Han Tang Culture Corporation), Luo Qi (with the Stardisc Entertainment Company Ltd) and Wang Yan (with the Shanghai Branch of China Record Corporate) (Wang 2009, p. 111).

Due to the rapid development of this system during the first half of the 1990s, a number of ‘hit’ songs resulted. The most influential songs included ‘Xiao Fang’, ‘Love Bird’ (*ai qing niao*), ‘You Were My Seatmate’ (*tong zuo de ni*), ‘Smiling Face’ (*xiao lian*), ‘You Are About Me’ (*qian gua ni de ren shi wo*), ‘The Sound of Backwash Still’ (*tao sheng yi jiu*), and ‘Heart Rain’ (*xin yu*) (Jin 2001). These songs achieved market success; for instance, the album ‘*Xiao Fang*’ sold two million copies (mainly on cassette rather than CD) (Wang 2009, p. 111). Thus they greatly influenced the development of both the physical recorded music industry and the popular music industry during this period.

The popular star signing system greatly influenced the music industries, in particular the physical recorded music and popular music industries during the first half of the 1990s. This development began to appear in Guangzhou then it further developed in other cities, such as Beijing and Shanghai. This greatly promoted a small peak of the popular music industry during this period. Thus it can be considered the most important music business activity during this period.

### **5.8.3 Guangzhou’s Physical Recorded Music Industry**

During the period from the late 1970s to the early 1980s, the loosening of official control and the move to a semi-capitalistic economic system in selected regions, such as Guangdong and Fujian provinces (Wu 2008), greatly aided the music industries in

these regions (Li 2006; Li 2010). The Chinese Central People's Government decided to develop certain special economic zones, such as Shenzhen, Zhuhai, Shantou and Xiamen in the provinces. The economic development of these special zones also influenced the cultural and music industries to rapidly develop during the period from the 1990s to the 2000s.

The increase of cultural and musical exchange between China and the West, particularly between Guangdong and Hong Kong, greatly influenced the cultural and music industries during the 1980s (Wang 2009). This first led to the reappearance of nightclubs and dance halls in which music entertainment played an essential role (Chen and Chen 2008; Wang 2009). Significantly, the music industries, in particular the popular music industry and the physical recorded music industry, began to revive and develop in Guangdong, particularly in Guangzhou, during the late 1970s and early 1980s (Jin, 2002).

The revival of the popular and physical recorded music industry in Guangdong, and particularly in Guangzhou, was reflected in the following areas: popular songs such as 'I Have Nothing' (*yi wu suo you*), 'A World Filled Love' (*rang, shi jie chong ma ai*); famous music producers (such as Chen Xiaoqi, Bi Xiaoshi, Li Haiying) and music record companies such as the Pacific Audio-Visual Company and the New Era Audio-Visual Company of Guangzhou (Jin 2002; Wang 2009).

#### **5.8.3.1 The Revival of Guangzhou's Physical Recorded Music Industry**

Guangzhou, as the capital of Guangdong province, was the most important centre of the revival of modern urban leisure culture, in particular popular music, in China in the early 1980s (Wang 2009, p. 19). Why did mass culture and entertainment, in

particular the popular music industry, first appear and develop in Guangzhou but not in Shanghai or Beijing during the period from the late 1970s to the early 1990s? There are three major reasons: The first reason is that Guangdong province was the earliest region to develop economically following the economic reform and opening up in 1978 (Wu 2008). Thus, Guangdong was subject to some unique policies, including the establishment of a special economic zone.

In this case economic prosperity facilitated the development of culture and the cultural industries, in particular mass/popular cultures and industries. In turn, the prosperity of cultural industries boosted other economic development (Wei 2005; Garnham 2005). The prosperity of Hong Kong's popular music and music industries is an example. Hong Kong's economy developed greatly during the period from the 1970s to the 1980s (Huang 2003) and this provided a foundation for this territory's music industries (Huang 2003; Jin and Liu 1985). Moreover, Guangzhou's remoteness from Beijing, the most political city in China, and the fact that this province was enjoying a new status as a 'special economic zone', meant a higher degree of liberation and autonomy (Wu 2008) This established the basic conditions required for developing the physical recorded music industry and the popular music industry in Guangdong, particularly in Guangzhou.

The second reason for Guangzhou's prosperity was that the geographical position of Guangzhou, as the capital of the Guangdong province, was close to Hong Kong, which was a centre of Chinese-Western cultural integration. Most elements of foreign culture and cultural products had entered mainland China through Hong Kong since the late 1970s and 1980s (Wang 2009). Moreover, Hong Kong had become one of the most important economic centres in Asia and an important centre of mass culture, in

particular popular music culture, in Asia since 1970s (Huang 2003; Jin 2002). Guangzhou is close to Hong Kong, and this made it easier for cultural and economic exchanges and cooperation between the two cities.

Guangzhou's popular music and physical recorded music industry greatly benefited from Hong Kong's development during the period from the 1970s to the 1990s (Chen and Chen, 2008; Wang 2009; Sun 2007; Li and Morrow 2013), as well as by that of Taiwan. Guangzhou followed Hong Kong and Taiwan's music business models, as well as its popular music styles. Moreover, similar to Hong Kong and Taiwan's physical recorded music industry, Guangzhou's physical recorded music industry and the popular music industry also emphasised purely commercial characteristics in both business and music perspectives (Wang 2009).

#### **5.8.3.2 Guangzhou's Record Companies**

There were certain comprehensive music record companies in Guangzhou that were involved in all the industry links of the physical recorded music business, such as music making, production, publishing and distribution. They included four primary large record companies, these being the Pacific Audio-Visual Company (*tai ping yang ying yin gong si*), the Guangzhou New Times Audio-Visual Company (*xin shi dai ying yin gong si*), the White Goose Audio-Visual Press (*bai tian e yin xiang chu ban she*) and the Guangzhou company of the China Record Corporation (*zhong chang guangzhou gong si*). These four record companies played a leading role both in Guangzhou and in China during the period from the 1980s to the first half of the 1990s (Jin 2002; Li and Morrow 2013). There were also two secondary record companies which played an important role in Guangzhou's and China's physical

recorded music industry during this period: the Guangdong Audio-Visual Company and the Guangzhou Audio-Visual Company.

Some independent professional music production firms and studios in Guangzhou also greatly influenced the music industries, in particular the physical recorded music industry both in Guangdong and China. These companies and studios included ‘The Pu Tong 100’, ‘The Bi Ge Record’, ‘The Impact Wave (*chong ji bo*) Music Production Company’, ‘The White Gold (*bai jin*) Production Studio’, ‘The Bean Sprout (*dou ya*) Music Production Studio’, ‘The Heaven, Earth and Man (*tian di ren*) Music Production Studio’, ‘The Song Jin Music Production Studio’, ‘The Lao Zai Music Production Studio’, ‘The Meng Meng Music Production Studio’, ‘The Silver Plate (*yin die*) Entertainment Production Company’, ‘The Xi Meng Culture and Arts Pty Ltd’, ‘The Boatman (*chuan fu*) Music Production Studio’, ‘The Changjiang Entertainment Production Company’ and ‘The Xin Music Production Studio’. These firms made some music records and signed some popular singers and composers, such as Han Xiao and Zhang Quanfu who were signed by the Pu Tong 100 (Jin 2002).

#### **5.8.3.3 The Implications of the Decline of Guangzhou’s Physical Recorded Music Industry**

Guangzhou’s physical recorded music industry declined after the mid-1990s (Jin 2002). There were three major reasons for this: First, both the system of signing singers and the physical recorded music business mode were not mature in China during the 1990s (Jin 2001, 2002). Second, large-scale record piracy in China during the mid-1990s, affected pressing and distribution by the major Guangzhou record companies (Jin 2001). China’s government, including enforcement authorities, lacked



the ability to protect intellectual property. Liu (2010) addresses this issue in the following way:

On paper the Chinese government constantly updates copyright statutes to conform to international standards. In reality, however, enforcement authorities, including the courts and administrative bodies, without true appreciation of the value of copyright protection, only implement such statutes half-heartedly by means of sporadic enforcement campaigns and modest penalties (p. 657).

As a result, due to the lack of the government attention, the public lacked an understanding of the value and significance of copyright in the music and cultural industries. This greatly influenced the development of China's music industries.

Third, there were management issues in Guangzhou's record companies. These issues involved the link of record sales and distribution. Many wholesalers, such as those in Wuhan, told the author that some salesmen working for the Guangzhou record companies also sold pirated copies and that they sometimes illegally copied the popular music records produced by their companies directly.

These issues made the situation difficult for Guangzhou's record firms and the physical recorded music industry. As a result, a large number of musicians and popular singers, such as Mao Ning, Lin Yilun, Chen Ming, Gao Linsheng and Li Hanying, left Guangzhou for cities in the north, such as Shanghai, and in particular Beijing (Jin 2002; Li and Morrow 2013). However, there were other reasons that attracted popular singers to go north to Beijing or Shanghai. The China Central Television (CCTV) and other Beijing and Shanghai radio and television stations began to allow popular singers to perform at certain important events, such as the

Chinese Spring Festival Show and the National Day Evening Show. However, this was not a direct reason for the decline of Guangzhou's popular music and physical recorded music industry (Wang 2009; Jin 2002).

These issues indicated that the music business model needed to be adjusted and changed. Shanghai's music record companies played a leading role in this adjustment. The Shanghai Audio-Visual Company, the Shanghai Division of China's Record Corporation and in particular the Shanghai Audio-Visual Press developed appropriate business and marketing strategies in order to meet the current market status during the middle of the 1990s (Li and Morrow 2013).

China's physical recorded music industry underwent a fundamental change from the middle of the 1990s (ibid). One of the main changes was that Beijing's physical recorded music industry, and in particular Shanghai's physical recorded music industry, rapidly improved through marketing and distributing efforts, while Guangzhou's physical recorded music industry declined after the mid-1990s. Therefore the period during the first half of the 1990s can be called the 'Guangdong Period' (*guangzhou shi dai*) while the period during the second half of the 1990 can be called the 'Shanghai Period' (*shanghai shi dai*).

#### **5.8.4 Shanghai's Physical Recorded Music Industry**

Shanghai's physical recorded music industry played a leading role in the music industry during the second half of the 20<sup>th</sup> Century and the early 21<sup>st</sup> Century. The Shanghai Audio-visual Press, the Shanghai Audio-Visual Company and the Shanghai Company of the China Record Corporation were three leading record companies that greatly influenced China's physical recorded music industry. Therefore this section

will discuss the development of Shanghai's physical recorded music industry during the second half of the 20<sup>th</sup> Century and the early 21<sup>st</sup> Century based on case studies of the Shanghai Audio-visual Press, the Shanghai Audio-Visual Company and the Shanghai Company of the China Record Corporation.

#### **5.8.4.1 The Overall Development Status**

As with other regional physical recorded music companies in China, most record companies in Shanghai were established during the 1980s (Li and Morrow 2013). During the first half of the 1980s, the Shanghai Audio-Visual Publishing House (1984), the Shanghai Foreign Language Press (1983), the Shanghai Audio-Visual Press (1983) and the Shanghai Audio-Visual Company (1981) were successively established (Wang 1999). The Shanghai Company of the CRC has been the largest in this CRC system since its establishment in the 1950s (Wang 1999; Zhong 1994). However, it did not influence Guangzhou's position and role in China's physical recorded music industry during the period from the 1980s to the first half of the 1990s.

Shanghai's physical recorded music industry strengthened record distribution and promotion and played a leading role during the second half of the 1990s (Li and Morrow 2013; Sun 2010; Li 1995). According to Sun (2010) and Li (1995), the Shanghai physical recorded music industry occupied half of China's record sales. More specifically, the Shanghai Audio-Visual Press, the Shanghai Audio-Visual Company and the Shanghai Company of the CRC became the three largest record companies in China during the second half of the 1990s - the mid-2000s (Li 1995; Li and Morrow 2013; Sun 2010) and greatly influenced China's physical recorded music industry. Thus, Shanghai's physical recorded music industry played a leading role in China's physical recorded music industry during this period.

#### **5.8.4.2 The Shanghai Audio-Visual Press (SAVP)**

The SAVP played a large role in Shanghai and China's physical recorded music industry during the 1990s, thus it is essential to discuss its development as a case study in order to understand the development of the physical recorded music industry. The SAVP experienced three developmental phases. The first was when it was newly established, from the 1980s to the early 1990s. This stage laid the foundation for its development from the second half of the 1990s to the mid-2000s. During the 1980s, most state owned audio-visual companies were established in China, following China's economic reform and opening up in 1978 (Wang 1999; Zhang and Wang, 2009; Fang and Wei, 2008). The SAVP originated in the audio-visual department of the Shanghai Music Book Store in 1983. It was named 'The Shanghai Audio-Visual Company' in the 1980s. During the period from the 1980s to the first half of the 1990s, the SAVP primarily produced education category audio-visual products and was less involved in audio-visual music productions. It was significant that the audio-visual duplication and manufacturing factory was built during this period (Li and Morrow 2013).

The second period was from the 1990s to the mid-2000s. The second half of the 1990s was the most important period for the SAVP. During this period, this firm rapidly developed and became the largest music record company in China from the perspective of annual audio-visual product sales. Meanwhile, other leading music record companies, such as the Shanghai Audio-Visual Company and the Shanghai China Record Corporation, obtained considerable development during the 1990s (Sun 2010; Li 1995).

During this period, China's music industries faced a new context for music businesses and industries. This new environment involved industrial convergence. This convergence not only concerned the media and cultural industries, it also involved the computing and information communication technology industries and the telecommunication technology industries. These industries integrated with the music industries, in particular with the physical recorded music industry and the digital music industry. Under this special situation, the Shanghai Municipal Government decided to set up the Shanghai Synergy Culture and Entertainment Group (SSCEG), which had integrated the industries above in 1997. This new group consisted of 16 related companies.<sup>13</sup> The Shanghai Audio-Visual Press played a leading role in the SSCEG (Li and Morrow 2013).

It is essential here to further discuss how China's government supported the music industries, in particular Shanghai's music industries, development during the 1990s. The Shanghai Audio-visual Press, the Shanghai Company of China's Record Corporation and the Shanghai Audio-visual Company became the three largest record companies in China during this period; in other words, due to their development, Shanghai's music industries played a leading role in China. Thus China's government began to pay attention to support Shanghai's music industries, particularly the recorded music industry (including physical product and digital service) from the political and economic perspective since the late 1990s (Li 2014).

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<sup>13</sup> The Shanghai Audio-Visual Electronic Press, Shanghai Electronic Publishing Co., Ltd, Shanghai Gold Disc Manufacturing Co., Ltd, Shanghai Sony-BMG Music Co., Ltd, China Shanghai Character License Administrative Co., Ltd, Shanghai Digital century Network Co., Ltd, Shanghai Synergy Era Disc Technology Co., Ltd, the National Engineering Research Centre for Disc and its Application, Shanghai Synergy-century Audio-Video Centre Co., Ltd and the Shanghai Synergy-century Logistics Co., Ltd.

The main reasons for China's government supporting the music industries were twofold: the decline of the physical recorded music industry; the progress of China's preparation for joining in the WTO in 2001; competition with international music and entertainment companies. Thus China and Shanghai's government decided to provide support for the establishment of the SSCEG; meanwhile the establishment of China's National Music Industry Bases (mainly including Shanghai, Beijing and Guangzhou) based on major record companies are also examples of China's 'Official' political/economic support in the 1990s.

#### **5.8.4.3 The Shanghai Audio-Visual Company (SAVC)**

The SAVC played an essential role in Shanghai and China's physical recorded music industry. It was established in 1981 after the commencement of the China's Economic Reform and Opening-up Policy in 1978 (Zhang and Ye, 1999; Li and Morrow 2013). The SAVC became a vital member unit of the Shanghai Synergy Group of Culture and Entertainment (SSGCE) in 1997 (Ding 2006). The trademark of this Company was 'Hawk Elephant' (*ying xiang*) and this brand was honoured by the designation 'Shanghai Excellent Quality Product' given by the Chinese government (Zhao and Ye 1999; Ding 2006).

According to the profile of this company (<http://av.ewen.cc/yx/index.asp>), the audio-visual products in this company were rich in content in the late 1990s. They can be divided into three major categories: music, drama and education. Drama is also categorised within the broad scope of music in this thesis, since music plays an essential role in many dramatical works. The music products of this company included Chinese and Western classical music, Chinese folk music and Chinese and Western popular music.

The SAVC played an essential role in the physical recorded music industry, as well as in the popular music industry in China. There are certain major reasons for this. First, this company had a first-class recording studio from the 1990s (Zhao and Ye 1999). According to the company profile, some acknowledged music artists, such as Zhu Fengbo, Min Huifen, Ding Jianhua, Wu Yanze, Zhang Huan, Pu Qizhang, Mao Shanyu, Song Huaiqiang and Cai Guoqing recorded their music in the studio. Second, this company also had a complete set of advanced duplication equipment that produced all its recording tapes (Li and Morrow 2013; Li 1999). Third, it had a strong distribution network in the nation. Finally, the SAVC also developed popular music content for these audio-visual products (Zhao and Ye 1999).

Many of SAVC's audio-visual products, such as 'The Audio-Visual Encyclopedia of China' and 'The Sister Drum' (*a jie gu*), were very popular and sold well both in China and overseas (Zhao and Ye 1999). The former included a music series, such as Buddhist music (a religious music), Pingtan (a combination of storytelling and ballad singing), Peking Opera and Kunqu Opera (Tian 1997), while the latter invested one million Chinese dollars (*Yuan*) and became the first Chinese record to enter the international music record (CD) market and achieve sales success (Xue 2011). 'The Sister Drum' was popularised in more than 50 countries (Xue 2011; Zhao and Ye 2009).

There were other music records produced by the Company that obtained a great market success during the second half of the 1990s. Certain music records, such as 'My Past 10 Years', sung by Zang Tianshuo (1995) and 'Still Miss You Very Much', sung by Zhou Bingqian (2001), had a significant influence on the music market (Zhao

and Ye 2009). Further, the Company also introduced records from overseas, including Taiwan and Hong Kong. According to Zhao and Ye (2009) and Tian (1997), Zhang Huimei and the Singing Group of Little Tigers were introduced from the Dingo Di (*fei die*) Record Company in Taiwan; Liu Dehua was introduced from Hong Kong.

#### **5.8.4.4 The Shanghai Company of the China Record Corporation (SCCRC)**

The SCCRC was one of the leading record companies in China from the establishment of the PRC. Shanghai EMI (*bai dai*) was the predecessor of the SCCRC (Ge 2005, 2009; Li 2011). The history of the SCCRC can be traced back to 1914 when the factory of Shanghai EMI was established in the Xuhui District of Shanghai (Ge 2009). The SCCRC played an essential role in the physical recorded music industry in China during the second half of the 20<sup>th</sup> century and the 21<sup>st</sup> century.

The SCCRC did not produce popular music records from 1949 but produced many other music records, such as Western classical music and Chinese national and/or folk music (Zhang and Wang 2009). The SCCRC was supported by China's government since it was the largest branch of the China Record Company (Zhang and Wang 2009; Wang, 1999). The record 'The Butterfly Lovers' (*liang zhu*) (the violin concerto) was released by the SCCRC which has sold more than 5 million copies (Li 2014).

#### **5.8.4.5 The Mode of the Physical Recorded Music Business of the SAVP**

This section illustrates the newer music business model of the second half of the 1990s by presenting the Shanghai Audio-Visual Press (SAVP) as a case study. This new model concerned the market channel and music production network. In China, physical recorded music production, market and industry heavily depended on the distribution channel in China during the 1990s, thus a strong distribution channel



directly affected not only the sale of physical recorded music productions but also the source of physical recorded music programs (Li and Morrow 2013, p. 90).

The SAVP was the first company in China to use the strategy of making 'record distribution the leader', and this helped this company to rapidly become one of the leading record companies in China during the second half of the 1990s. The SAVP's strong distribution channel attracted many national and international music production studios and record firms to distribute their recordings in mainland China through the market channel of the SAVP during the period from 1995 to 1999 (ibid, p. 92).

Western music record and media companies engaged with China's physical record market through collaborating with Chinese record companies during the second half of the 1990s. Generally, Chinese record companies bought music copyrights from Western firms and copyright royalties for five years varied from USA\$60 thousand to US\$170 thousand (Zhang and Wang 2009, p. 28). The SAVP was one of the most important companies to develop this collaboration with Western record companies during this period.

According to the SAVP profile (<http://av.ewen.cc/av/index.asp>), there were Western companies, such as EMI, Time Warner, SONY, BMG and VIACOM, that collaborated with the SAVP during the first half of the 1990s. The SAVP Profile also states that several leading popular stars, including Western and Chinese ones, such as Michael Jackson, Michael Bolton, Mariah Carey, Celine Dion, Kenny G., Wang Lihong, Mao Ning and others, signed with the SONY and BMG, releasing their recordings in mainland China through the market channel of the SAVP. Also, several of Taiwan's popular stars, such as Wu Sikai, Cai Qin, Lin Yilian, Zhang Xinzhe,

Chen Shuhua and Meng Tingwei, signed with the EMI and released their music through the SAVP. Many of these recordings sold over 400 thousand copies, thus they gained a good market effect in mainland China (The SAVP Profile, <http://av.ewen.cc/av/index.asp>).

A few leading Taiwanese, Hong Kong, Japanese and Korean music and record firms were also attracted by the strong market distribution channel of the SAVP during the second half of the 1990s (Li and Morrow 2013, p. 92). Firstly, the Taiwan Rock Record Company (TRRC), as a leading record company in Mandarin popular music in Taiwan, was the most important record business partner with the SAVP (Xiao and Zhou, 2000). According to the SAVP Profile, there were a number of signed popular artists and bands, such as Zhang Xinzhe, Zhou Huajian, Xiao Chong, Chen Shuhua, Su Huilun, Huang Yingying, Luo Dayou, Zhang Chu, Dou Wei, He Yong, Chen Long, the Black Panthers Band and the Tangchao Band, who released most of their records in China through the distribution channel of the SAVP. Most of these music records sold more than 300 thousand (ibid p.88), thus the TRRC achieved commercial success in China's music market through its collaboration with the SAVP.

Furthermore, a few leading prominent Japanese and Korean music companies also collaborated with the SAVP and achieved sales success in China's music market. The main companies included SM Entertainment, with which H.O.T signed, and the A & R Division of the Yamaha Music Foundation, with which Chage and Aska signed. Therefore the SAVP also led the way in popularising Japanese and Korean music in China during the second half of the 1990s and this facilitated international interactive music business development in Eastern Asia (Li and Morrow 2013, p. 92).

In addition, the market distribution of the SAVP also attracted many larger Chinese media entities and individual popular artists. According to the SAVP profile, they released their recordings through the distribution channel of the SAVP. The Profile also states that these companies and music-related audio-visual programmes and productions included the following: The China Central Television (Six Hundred Children VCD), Beijing Taihe Rye Music Company (Lao Lang, Gao Xiaosong, Ye Pei and Pu Shu), Guangzhou Tian Di Ren (Heaven, Earth, and Human) Music Studio (Wang Ziming), Beijing Dadi (The Earth) Music Studio (Ding Wei and Lao Lang), Beijing Hongxing (Red Star) and the Music Production Studio (Zheng Jun) (The SAVP profile). Some prominent Chinese popular stars, such as Liu Huan, Han Hong, Mao Ning and Han Lei, also released their records through the SAVP. Their records achieved sales success (The SAVP Profile: <http://www.ewen.cc/shxh/xhgp.asp>).

Additionally, the SAVP completed some music projects that further developed China's physical recorded music industry (ibid). The SAVP produced and released three major music audio-visual series: the 'Chinese Singer Series', the 'Chinese Drama Series' and the 'Chinese Original Music Series'. These series had a good market effect and considerable social influence (Li 2014). This greatly promoted China's music industries during the late 1990s.

Significantly, the SAVP transformed the physical recorded music business in China during the second half of the 1990s. It realised that the 'signing singers' business model of the first half of the 1990s was going out of date and transformed to a newer physical recorded music business model based on a strong market distribution channel and music (particularly popular music) production network. Applying this model in a

timely manner, the SAVP achieved success during the second half of the 1990s and rapidly became the largest record company in China during the late 1990s.

#### **5.8.4.6 Industrial Convergence in Shanghai's Physical Recorded Music Industry**

Shanghai's audio-visual sector also experienced the process of industrial convergence during the period from the 1990s to the 2000s. In order to discuss this, it is essential to analyse the growth process of the Shanghai Synergy Culture Entertainment Group Company (SSCEGC), as a typical case. In terms of industrial convergence, the SSCEGC has led the way. It experienced four development phases: (i) initial development; (ii) independent development (iii) group development (iv) transformation development.

The Shanghai Audio-Visual Press, as the leading record company, merged with other related audio-visual companies, such as the Shanghai Audio-Visual Company and the Shanghai Electronic Audio-Visual Press, on the 1<sup>st</sup> of September, 1997 (The Profile of SAVP: <http://www.ewen.cc/shxh/xhgp.asp>). The new group company was named 'The Shanghai Xinhui Multi Media Group Company' (also called as 'The Xinhui Group' (*xin hui ji tuan*). It was renamed as 'The Shanghai Synergy (*Xinhui*) Culture Entertainment Group' (SSCEG) in 2003 so as to meet the requirements of the developing reality of the integration of multi-industries (such as cultural, media, telecommunication and information technology industries) (ibid). Based on this group, the Shanghai National Music Base was developed during the 2000s (see Figure 5.12).



**Figure 5.12 The Shanghai National Music Base** (Retrieved 12 November 2011, <<http://finance.eastday.com/hexpo/YY/index.html>>)

### **5.8.5 Beijing's Physical Recorded Music Industry**

This section concerns the development of the physical recorded music industry in Beijing during the 1990s. Beijing had a strong media industry and music performance industry (Li and Morrow 2013, p. 88) and therefore it had the strength to develop music making and music promotion. Therefore although Beijing's physical recorded music industries did not develop a strong music distribution network, they also played an essential role in the development of China's physical recorded music industry. The following section will discuss the influence of the media industries on the music industries, in particular the physical recorded music industry, also including the live music performance industry, and the development of the physical recorded music industry in Beijing.

#### **5.8.5.1 The Environment of Beijing's Music Industries: the Influence of the Media Industries**

Beijing was an important cultural and media centre, and played a leading role in the cultural and media industries of China from 1949, particularly from the late 1970s to

the mid-2000s (Fu 2008). Significantly, the media industries greatly influenced and integrated with the music industries, in particular with the physical recorded music industry and the live music performance industry during the 20<sup>th</sup> Century and this Century.

Beijing, Shanghai and Guangdong province<sup>14</sup> played an essential role in China's media industries. According to Yu Guoming's<sup>15</sup> 'The 2010 China Media Development Index' (CMDI 2010), the top eight cities for the media industries were Beijing, Shanghai, Guangdong, Jiangsu, Zhejiang, Shandong, Tianjing and Liaoning. Beijing, Shanghai and Guangdong (mainly Guangzhou) were the top three regions in the development of the media industries.

The media industries had a close relation with the music industries, with a high degree of correlation in regional development between the media industries and the music industries. This embraces two aspects: first, there were historical connections between them in China (Li 2011). The China Record Factory, for instance, was administered by the Central Broadcasting Bureau from 1949 (Ge, 2009). Second, the media industries and the music industries integrated with each other from the 1920s (Li 2011). Music was considered to be a content segment of the media industries.

It is essential to discuss the structure of the media industries in Beijing, in order to discuss the relationship between the music industries and the media industries. The structure of Beijing's media industries was more complicated than that of Shanghai

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<sup>14</sup> Guangzhou is the capital of Guangdong province.

<sup>15</sup> Yu Guoming is the leader of the research project '2010 China Media Development Index' which is conducted by the School of Journalism and the Research Centre of Journalism and Social Development of the People's University of China (Beijing).

and Guangzhou during this period. There were two levels of administration in Beijing's media industries. Beijing was not only the capital of the People's Republic of China but also a municipality like Shanghai, Tianjing and Chongqing. Therefore this city had two levels in its media system and this greatly promoted the development of the music industries.

There were six main types of media during the period from the 1980s to the 2000s that influenced Beijing's music industries. These included radio, television, film, newspapers, magazines and books (Fu 2009). The media, such as television and radio, in Beijing involved two levels: central and municipal. The Central Television Station, the China Central Television Station (including the No.15 - the Music Channel), the Central People's Radio Station, and the China International Radio Station were the media at the central level while the Beijing Television Station, the Beijing Satellite Television, the Beijing Radio Station (including the Beijing Music Radio Channel) were the media at the municipal level.

All of the media in Beijing (outlined above) integrated with music transmission and the music industry during the 1990s. Specific modes of integration included: music transmission as a public culture activity, music market promotion as an essential music commercial activity, as well as a mix between these. These activities were provided for the live music performance, physical recorded music and music making industries (Zeng 2003, p. 287). Channel 15 of the China Central Television Station, the FM 97.4 of the Beijing Radio Station, and Beijing FM88.7, Shanghai FM 87.9 and Guangzhou FM88.5 of the China International Radio Station were professional music stations to transmit and/or promote music for non-commercial public entertainment and/or commercial music business activities.

Therefore Beijing's media industries had an essential influence on China's music industries; meanwhile they were integrated each other. Due to a great political and cultural influence in China, there was a powerful media system in Beijing that greatly promoted the live music performance industry, the music promotion industry and the music making industry.

#### **5.8.5.2 The Development of Beijing's Physical Recorded Music Industry**

During the period from the late 1970s to the mid-2000s, Beijing also played a leading role in the physical recorded music industry. The Chinese Musicians Audio-Visual Press (CMVP) and the Beijing Culture and Art Audio-Visual Press were major music record companies during this period. The CMVP was administered by the Chinese Musicians Association and it played an essential role both in Beijing and China's physical recorded music industry. Huang Gexuan and Xie Dong were the main signed popular singers during the 1990s (Jin, 2001).

Beijing played a leading role in the music industrial link of China's physical recorded music industry, particularly during the 1990s. This music industrial link refers to music composition for recording and music production and/or music making (Li 2011). There were a large number of excellent music popular composers, producers and recording engineers in Beijing during this period. According to Jin (2002) and Wang (2006), Su Yue, Wang Xiaojing, Wang Di, San Bao, Huang Xiaomao, Lao Lang, Gao Xiaosong, Xiao Ke, Xu Wei, Song Ke, Zhang Yadong, Dou Wei, Gong Jingsheng and Huang Liaoyuan were among them.



Moreover, Beijing's popular music reflected strong stylistic personalities and characteristics. According to Jin (2002) and Li and Morrow (2013), music styles, such as rock music and pop music, often involve special styles for the expression of unique personalities. Therefore although Beijing's music business network was weaker than that of Shanghai and Guangzhou, success in these aspects (Jin 2002) led Beijing's physical recorded music industry and the popular music industry to obtain a certain amount of commercial success (Li 2011).

Compared to Shanghai and Guangzhou's physical recorded music industry during this period, there were less comprehensive record companies in Beijing (Wang 2006). Comprehensive record companies, as referred to in this thesis, are those music record companies that have major industrial links, such as music making, record duplication, publishing, promotion and distribution (Li 2011; Li and Morrow 2013). Therefore Beijing's physical recorded music industry could not obtain an overall development due to this lack.

During the 1990s, Beijing's physical recorded music industry projected some different characteristics, compared to Shanghai and Guangzhou. The Beijing physical recorded music industry was focused on music making, live music performance, music media and music promotion. But Shanghai's physical recorded music industry focused on the market distribution channel and promotion, rather than on music making and signing singers.

## **5.9 Shanghai and Beijing's Live Music Performance Industry**

Both Shanghai and Beijing played leading roles in the live music performance industry in China during the late 20<sup>th</sup> century and the early 21<sup>st</sup> Century (Chen and

Zhu 2009). It is therefore essential to discuss the development of the live music performance industry in China during this period based on Shanghai and Beijing's live music performance industry.

### **5.9.1 The Overall Development Status**

The live music performance industry is not only a sub-industry of the arts performance industry but also a sub-industry of the music industries (Li 2010). From the perspective of the historical evolution of the cultural and music industries, Chinese politics and society greatly influenced the cultures and industries especially during the period from 1949 to 1978 (Mittler 1997). However, after the Economic Reform and Opening-up in 1978, this situation shifted; economic function became more important, particularly from the 1990s (Jin 2002; Li 2010).

It is essential to discuss the governmental administrative system of China's music industries during the modern period, in particular during the period from the 1990s to the 2000s. From the perspective of the cultural administration system of China, the segment of live music performance was included in the cultural administrative system but not included in the administrative systems of broadcasting, television and film, or journalism and publishing during this period (Li 2006; Zhang and Wang 2009). Thus, the cultural administrative system, particularly its performance industry system, greatly influenced the development of the live music performance industry during this period.

There were four major vertical cultural administration levels in China during the period from the 1980s to the 2000s, according to the general division of China's administrative regions (The Central People's Government of the People's Republic of

China 2005). These administrative levels and systems have remained unchanged during the contemporary period from the mid-2000s to the present. According to the Central People's Government of the People's Republic of China in 2005 and Li (2006), the specific administrative levels are as follows. The first level involves the Ministry of Culture at the central or national level in the capital city, Beijing. The second level concerns the Bureau of Culture at the provincial/municipal level, such as Shanghai, Beijing, Tianjing, Chongqing, Hubei, Heilongjiang, and Guangdong. The third level involves the Bureau of Culture at the capital city level of each of the provinces; it also includes those special designated cities, such as Guangzhou, Wuhan, Xian, Qingdao, Dalian and Xiamen. The fourth level concerns the Bureau of Culture at the sub-provincial city level, such as Ningbo, Qinghuangdao, and Suzhou. These four levels greatly influenced the development of the cultural and music industries, particularly the not-for-profit cultural and music sector, during the modern period.

This thesis primarily focuses on music performance organisations and activities at the national and provincial levels. Although some culture-related administrative departments at the lower level of cities and regions, under the sub-provincial city level, also influenced the live music performance market in China during the period from the 1980s to the 2000s, there were few music performance organisations in these cities that played a lesser role in this industry. Thus, these lower level cities are not considered in this section.

### **5.9.2 Shanghai's Live Music Performance Industry**

This section concerns Shanghai's live music performance industry and music performance organisations from the late 1970s to the mid-2000s. This industry generated economic, social and cultural value during this period. Although Shanghai's

live music performance industry organisations involved both state-owned and non-state owned organisational forms, the state-owned organisation played a leading role.

The 2005 statistics for Shanghai's live music performance industry, compiled by the Cultural Bureau of Shanghai CBS (2006), assist us in studying the development of the Shanghai live music performance industry during the mid-2000s. According to the CBS (2006), there were 11 publicly owned municipal music-related performance organisations in Shanghai during the first half of the 2000s. These organisations played a leading role in the development of the Shanghai's live music performance industry during the 1990s, particularly in the mid-2000s.

The top five music-related performance organisations in Shanghai greatly influenced Shanghai and China's live music performance industry in during the late 1990s and the mid-2000s. They included the Shanghai Opera House (which earned 14,090,000 Yuan RMB, which is about US\$ 22,000,000), the Shanghai Symphony Orchestra (9,610,000 Yuan RMB, about US\$ 1,500,000), the Shanghai Song and Dance Troupe (4,960,000 Yuan RMB, about US\$ 770,000), the Shanghai Chinese Orchestra (2,460,000 Yuan RMB, about US\$ 384,000) and the Shanghai Light Music Troupe (1,640,000 Yuan RMB, about US\$ 256,000) (CBS 2006).

The non-state owned live music performance industry also played an important role in Shanghai's live music performance industry from the 1990s to the 2000s. The non-state owned music industry involved seven major types of organisations: sole proprietorship, limited-liability companies, the shareholding system, people-run non-enterprise, collective economy, partnership firms and private enterprise (Wan et al. 1999). According to the 2005 Statistics of Shanghai's Live Performance Industry, by

the Cultural Bureau of Shanghai (2006), there were 22 non-state owned music performance organisations that greatly influenced Shanghai and China's live music performance industry during the mid-2000s. There were four influential non-state owned music performance organisations in Shanghai. They were the Shanghai Mingshi Song and Dance Group (which earned 80,000 Yuan RMB, about US\$12,500), the Shanghai Oriental Chinese Music Group (850,000 Yuan RMB, about US\$133,000), the Shanghai South Art Group (50,000 Yuan RMB, about US\$7,800) and the Shanghai Oriental Children Art Troupe (10,000 Yuan RMB, about US\$1,560) (CBS, 2006).

### **5.9.3 Beijing's Live Music Performance Industry**

Beijing played a leading role in the live music industry during the second half of the 20<sup>th</sup> Century. Beijing's live music industry also promoted the physical recorded music industries. Thus this section concerns Beijing's live music performance industry during the late 1990s and the first half of the 2000s.

It is essential to discuss major music-related performance organisations during the 1980s to the mid-2000s. There were a number of influential music-related performance organisations in Beijing that influenced the music industries in China, and particularly the live music performance industry, during the period. According to both the ministry of Culture

(<http://www.ccnt.gov.cn/xxfbnew2011/jgsz/zsdw/index.html>) and the Beijing

Municipal Bureau of Culture (<http://www.bjwh.gov.cn/6/xiashudanwei.htm>), there were certain large music-related performance organisations, which included the China's National Symphony Orchestra, the Beijing Symphony Orchestra, The China Opera and Dance Drama Theatre (with four troupes: the Opera Troupe, the Dance

Theatre Troupe, the Chinese Orchestra and the Symphony Orchestra), the China Oriental Song and Dance Ensemble, the China National Song and Dance Troupe, the China Popular Music Troupe and so on. These music-related performance organisations played a leading role both in Beijing and China's live music performance industry during the 1980s - the mid-2000s.

It is essential to examine the statistics and analysis of the Beijing live performance market in 2005, by the Beijing Performance Association (BPA 2006, <http://www.bjycxh.com/c86650.jsp>). These statistics involve 39 live performance venues in Beijing. The BPA (2006) states that there were four large-sized performance venues with above 3000 seats, these being the Beijing Worker's Stadium (outdoor), the Beijing Worker's Gym (indoor), the Capital Sports Gym (indoor) and the People's Great Hall (indoor). There were 22 medium-sized music performance venues numbering seats between 3,000 and 5,000, such as the Beijing Music Hall (BPA 2006). They included the Zhong Shan Music Hall, the Poly Theatre, the Liberation Army Opera House, the Music Hall of the Central Conservatorium and the Music Hall of China Conservatorium. There were also 13 small-sized performance venues (mainly small theatres, drama houses (*xi lou*) and tea houses (*cha lou*).

China's National Grand Theatre and the Mei Lanfang Grand Theatre were established respectively in 2007 and 2008, the total seating capacity of each venue being 100, 4200, and 2300. Although they also influenced the music industries, in particular the live music performance industry, this section mainly considers the performance venues during this period from 1978 to the mid-2000s. Thus, these larger music performance venues are not focused.

The BPA (2006) also states that there were different arts performance categories in 2005. It identifies five live music performance forms according to performance times and participating audiences. The first category involved drama performance. This category involved a wide range of music content, such as Peking Opera, Kun Opera and so on. The second was acrobatics. The third was cabaret (song-dance performance) and this category also involved music-related performance activities such as national song-dance shows (540 times). The fourth was children's drama. The fifth concerned music, which mainly included orchestra and 'bel canto' concerts (320 times), folk music concerts (30 times), popular music shows (50 times), music theatre (40 times) and opera (100 times). The sixth involved comprehensive performance forms (600 times). Thus, the live music performance industry during this period manifested content diversity.

### **5.10 Conclusion**

China's music industries, in particular the physical recorded music industry, developed greatly during the 20<sup>th</sup> Century. The emergence of the physical recorded music industry in 1904 indicated the commencement of China's modern music industries. The physical recorded music industry, including the popular music industry, played an essential role in China's modern music industries; meanwhile they greatly influenced the whole music industries during the modern period.

China's physical recorded music industry reached two development peaks. The first appeared during the period from the 1930s to the early 1940s; the second development peak appeared during the period from the 1990s to the mid-2000s.

Shanghai, Guangzhou and Beijing played leading roles in the development of the physical recorded music industry during the 20<sup>th</sup> Century.

Although the physical recorded music (including popular music) industry achieved the greatest development and played a leading role in the modern period, other music sectors, such as live music performance, music print (publishing), and music instrument sales (such as piano) also developed and influenced the entire music industries in China. The live music performance industry was dominated by Western classical music, Chinese traditional music and Chinese popular music during the modern period.

China's modern music industries were an integrated industry system during this modern period. This system not only integrated certain internal music industry sectors, such as live music performance, recorded music, music instrument making and sales, and music print publishing, it also integrated several external arts (dance, drama), media (radio, film and print) and music education domains. Jinhui's music industry activities also heavily reflected this integration of the live music performance, physical recorded music and film industries.

Chinese politics, including the Chinese Government, had a large influence on the music industries during the modern period. During the 1950s to the 1970s, music culture and industries were used as a political tool by the Chinese government. These political characteristics particularly manifested during the period from 1966 to 1976, with the Great Cultural Revolution. However, political characteristics also influenced other modern periods of China's music industries, such as the 1980s and 1990s. Due to this political influence, China's commercial music sectors, such as the physical



recorded music industry and the popular music industry, sometimes lacked continuity, particularly during the period from the 1950s to the 1970s.

## **Chapter 6**

### **China's Contemporary Music Industries (the Early 2000s - the Early 2010s): Digital Music as an Integrated Music Industry**

Ever since the invention of electricity, music and technology have worked hand-in-hand, and technology continues to catapult music to unpredicted heights. Today, because of the Internet and other digital networks (such as mobile phones) the music industry is bigger than ever before. (Kusek and Leonhard 2005, p. x)

#### **6.1 Introduction**

Due to the rapid development and influence of digital information technologies in the 21<sup>st</sup> Century, information communication technology industries have greatly impacted the music industries in China. Most major music sectors, such as physical recorded music, print music publishing, and live music performance, have been impacted by these industries in some way. Convergence, in particular industrial convergence, has played an essential role in the creative and media industries (Jenkins 2006). Industrial convergence has transformed the systems and structures of the music industries in China in the early 21<sup>st</sup> Century. The digital music industry is an outcome of the influence of convergence.

Compared to the development of the physical recorded music industry, the digital music industry has developed more rapidly in China in the 21<sup>st</sup> Century. Compared to physical recorded music product, digital music product is a digital entertainment product that better accords with people's consuming and entertainment habits in the context of increased information technology use (Li 2006). According to Hu (2006),

the value of sales of digital music (online music and mobile music) reached approximately \$57 million US dollars and exceeded the sales of physical recorded product in 2005 (<http://media.people.com.cn/GB/40641/4461140.html>). The digital music industry has influenced other music sectors, such as live music performance and music publishing and therefore the digital music industry has played an essential role in the music industries in the 21<sup>st</sup> Century.

Although the digital music industry has played a leading role in the music industries in China, the impact of music piracy on the digital music industry in China (Montgomery 2010; Liu 2010) has been detrimental. Yet despite different perceptions of, and adherence to, copyright law in China, there is a massive market for the products of the digital music industry in this country. This chapter examines the development of the music industries in the 21<sup>st</sup> Century in China based on an analysis of the development of the digital music industry. This analysis concerns the influence of convergence on the music industries, in particular on the physical recorded music industry and the digital music industry, and the role of the digital music industry in the music industries in China.

## **6.2 Defining Digital Music**

### **6. 2.1 From Digital Music to the Digital Music Industry**

This chapter involves the following: definitions of digital music and the digital music industry and an outline of the relationship between the physical recorded music industry and the digital music industry in China. Although digital music is slightly different from the digital music industry, they are sometimes used interchangeably in

industry practice in China as digital music is a core factor in the digital music industry (Li 2006). Therefore to understand the development of China's digital music industry, it is essential to discuss definitions of the terms 'digital music' and the 'digital music industry'.

Although a few scholars, such as Li (2006) and Jin (2010), discuss this concept from the perspective of music the business/industry, other scholars, such as Stephen (2007), Cullinan and Oppenheimer (2006) and Karagiannis (1999), address the definition of digital music from the perspectives of computer music and music theory. One of the main reasons for this is that the music industries, in particular the digital music industry, is a relatively new research area both in the West and in China. Cullinan and Oppenheimer (2006), Karagiannis (1999), Pan (1993) and Pohlman (1996) provide similar definitions of digital music. Digital music is defined by them in the following way: digital music is manipulated using digital devices and it must be converted into a digital signal, or from sound into numbers, modified, and then recorded using digital recording software, such as Compact Discs or MP3s.

Stephen (2007) also provides a definition of digital music. He states that "digital music is digitally constructed and produced by using computer software and hardware" (p. 4). He also identifies the elements of digital music and non-digital music, to illustrate the features that determine the definition and scope of digital music:

Digital Music: Sound Recording using digital technologies during production; Ringtones; Electronic Music; Computer Music; Digital Sampling; Software Usage: MIDI (software), Sequencers, Trackers (cheap); Mixing, filtering, equalization done on computer; Audio digitising card; digital music publishing companies; Online Radio; Digitised musical instruments, i.e. digital synthesizers; Video Game Music. (p. 6)

Whereas he identifies the elements of non-digital music as follows:

Non-Digital Music: Sound Recording using digital file formatting alone (only saved in MP3); Electromechanical instruments, i.e. Electric guitar music; MIDI alone; All music on CDs is not necessarily digitally produced; Turntables and other DJ equipment that manually produces sound; FM/AM Radio; Analog musical instruments, i.e. Synthesizers. (ibid)

Digital music is a complex issue which includes digital music and non-digital music, therefore Stephen's research on the extent of digital music is significant here. Li (2006) and Jin (2010) also provide definitions of digital music. Li (2006) defines it in the following way: "digital music can be in a digitised form in the processes of both the music industry and consumption" (p. 362). Jin (2010) states that: "music can be stored and disseminated in a digital form" (p. 72). These definitions are useful for understanding the major difference between digital music and physically recorded music: simply because it can be stored and disseminated in digital form it is easy for it to quickly become ubiquitous. China has a different relationship to the ubiquity of digital music when compared with the West.

Regarding Napster's impact on the music industries, initially in the U.S.A but then elsewhere, Goodman (2010) notes that "record industry greed made it easy for Napster to argue it was an antidote to a corrupt and terminally unhip industry" (p. 268). While in some quarters this development was couched in a way that involved counter-cultural and anti-capitalist notions that music should be free, there were in fact more powerful capitalist interests at play than the "terminally unhip" record labels. This was brought to light when Napster caught the attention of heavy metal

band *Metallica* in early 2000 because an unfinished version of their new song “I Disappear” appeared on the site, was downloaded and aired by radio stations, Goodman (2010) continues:

Band managers Cliff Burnstein and Peter Mensch immediately recognized that Napster could undercut the entire music business by making the site attractive not just to internet users but to Silicon Valley venture capitalists who wouldn’t care whether it was stealing, only whether it was a winner, and use it to cherry pick the music industry’s assets. (p. 269)

Therefore the motivations became more about silicon valley venture capitalists than about anti-capitalist ‘free music’ arguments. *Metallica*’s fears were well founded when Silicon Valley venture capital firm Hummer Winblad bought a 20 percent stake in the company for \$13 million (ibid). Lars Ulrich, *Metallica*’s drummer, argued:

One of their major arguments is the record companies are greedy. Fair enough. Record companies are greedy – we can agree on that. But you cannot sit there with a fucking straight face and tell me you want to take it away from the record companies and then give it to all these other organizations who are gonna be less greedy. (ibid)

A music streaming related version of this debate is evident in the case of experimental rock and electronic supergroup *Atoms for Peace*. This group removed their music from the streaming site Spotify. Band member, and long time Radiohead producer, Nigel Godrich, claims that the streaming site is “bad for new music.”<sup>16</sup> Godrich alleges that Spotify has done ‘secret deals’ with major record labels and in doing so has cut smaller producers and labels out of any significant payouts from the service. He notes:

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<sup>16</sup> <http://www.nme.com/news/atoms-for-peace/71462>. Accessed 12.12.13.

The way that Spotify works is that the money is divided up by percentage of total streams. Big labels have massive back catalogues so their 40 year old record by a dead artist earns them the same slice of the pie as a brand new track by a new artist. The big labels did secret deals with Spotify and the like in return for favourable royalty rates. The massive amount of catalogue being streamed guarantees that they get the big massive slice of the pie (that \$500 million) and the smaller producers and labels get pittance for their comparatively few streams.

This is what's wrong. (ibid)

However the intellectual property tied up in "back catalogue" (ibid) is not as big an issue in China as it is in the West. This discourse relating to digital music in the West is derivative of the fact that capitalism is hegemonic there. The way in which digital music is understood in China is different because rather than an individualist and romantic view of creativity being dominant, one that is fed by the very fact that capitalism is hegemonic in the West, after years of adhering to a communist belief system, the Chinese people have different perceptions of private property. The ubiquity of digital music has shone a spotlight on the fact that individualist and romantic views of creativity are perceived differently because of China's political legacy and also because of a lack of copyright law in China. As the West grapples with the issues caused by the Internet, so too does China, however copyright is not as central to the resulting convergence between different sectors of the media and creative industries in China, as it is in the West, for both ideological and practical reasons.

### **6.2.2 The Relationships between the Digital Music Industry and the Physical Recorded Music Industry**

The development of the physical recorded music industry in the 20<sup>th</sup> Century in China in a way that for the most part by passed copyright law, laid a foundation for the development of the digital music industry in the early 21<sup>st</sup> Century. Indeed, convergence could occur in China in a faster way than it could in the West because of a lack of effective copyright law and because China has a different political and ideological past. Therefore to better understand the digital music industry in China, it is also essential to discuss the relationship between the physical recorded music industry and the digital music industry in the Chinese context here.

As previously discussed, the differences between China and the West in terms of perceptions of, and adherence to, copyright law and the way in which this relates to digital music were made evident by the case of Google China's attempt to use 'free' music to leverage market share from the popular search engine Baidu. Discussing Google's failed attempt to emulate Baidu's model, Schroeder (2009) noted that:

In a country where (IFPI claims) 99 percent of all music files are pirated, the major record labels are happy to get at least an advertising revenue split with a popular search engine in exchange for giving out music for free. It's a necessity, really; to be able to compete with Baidu, which also offers music downloads (the legality of which is, however, disputed) and holds over 60 percent of the search market ... Google is splitting the advertising revenue share with Sony Music, Warner Music, EMI and Universal Music, but such deals are unlikely to happen in countries other than China ... it's interesting to see how very different business models can be arranged with the major labels, depending on the state of the market. (<http://mashable.com/2009/03/30/google-china-free-music-downloads/> accessed 12.4.13)



However, although, as previously discussed, Google attempted to use a progressive approach to music licensing in order to increase its Chinese market share, the attempt was doomed to failure:

U.S. technology giant Google announced on September 21 [2010] that it would shut down its China-only music download service on October 19. Citing Google Music Search's failure to attract users, the company said on its blog that it would transfer resources to other products. The decision marked Google's latest setback in the Chinese market.

([http://freedomhouse.org/cmb/69\\_092712#.VAO7h7ySyQc](http://freedomhouse.org/cmb/69_092712#.VAO7h7ySyQc), accessed 12.3.13)

In May 2011, Chinese search-engine Baidu launched a similar music service entitled 'Baidu Ting' that also features deals with record companies to offer free music. In addition "Google's clashes with Chinese authorities over censorship have left Baidu in a powerful position, with about 80 percent of the country's internet search market, even though it is known to heavily censor its search results." (ibid) China is therefore a unique case in this context because it has a more 'inward' focus, whereas many Western music industries, such as the industries in Australia, have a more 'outward' focus. The sheer scale of the Chinese population means that the Chinese people can easily sustain their own music business economies and this, along with censorship in China, means that these industries there are not as subject to U.S cultural imperialism as other music territories are.

Citing Flew (2005), McIntyre (2012) argues that "copyright and the legal framework of intellectual property law has become "the site upon which so many of the issues and challenges of presented by the development of new media" (Flew cited in

McIntyre 2012, p. 179) are still being worked through” (179). He notes that the key issues are:

The balance between public and private, individual rights of ownership and social use for collective benefit, the nature of knowledge as a commodity and as a public good, and the best ways to promote and to equitably share the benefits of creativity in an age of digital networks (Flew cited in McIntyre 2012, p. 179).

Due to the current government in China, public ownership, social use for collective benefit, knowledge as a public good (rather than a commodity) and equitably sharing the benefits of creativity in the an age of digital networks are all ideas that are alive and well. Both the Chinese physical recorded music industry and the digital music industry developed in a unique Chinese context and this means that China’s recorded music industry operations are different to Western ones.

Due to the influence of the factors above on the two music industries being discussed here, the independent development (private and involving individual rights of ownership) capability of the music industries in China was heavily restricted. The Western recorded music industry (physical and digital forms), depends to a large extent on music related copyright law rather than on other factors, such as the government and convergence. Bockstedt et al (2006) address differences between physical and digital production forms in the following way:

For digital music, there is no longer a physical product to manufacture. Instead the product itself is information: the digital music recording. A song is recorded once, but in a digital format it can be replicated and distributed an infinite number of times with low

costs for reproduction. Also, songs in digital format can be sampled and remixed, benefiting record companies, artists, and creative consumers. (p. 6)

Stephens (2007) also addresses their differences by comparing the traditional music business model to the digital music business model. He specifically states that:

The dominant transnational firms have traditionally developed music in a costly closed system where all portions of production have been owned and operated by the firm. The digital music industry has developed as an alternative to this music management model. Digital music firms are characterized by the ability to reduce costs through horizontally integrated business models that enlist project-based labor, Internet communications technologies, as well as formal and informal social networking. (p. 7)

This statement indicates that the recorded music industry has transformed from the traditional music business model whereby “all portions of production have been owned and operated by the firm” to the newer digital music business model where “horizontal business integration” (ibid) is evident. Therefore the digital music industry reflects the characteristics of integration when compared to the physical recorded music industry. Such integration occurred quickly in China primarily because of the different attitude toward copyright there.

### **6.3 The Contexts**

#### **6.3.1 The Influence of the Recorded Music Industry**

China’s music industries in the 21<sup>st</sup> Century transformed and became more complicated than before. Major music sectors, such as physical recorded music, live

music performance, and print music publishing, have continued to develop and have influenced the digital music industries. Therefore to further understand the context for the digital music industry, it is essential to further discuss the overall development of China's recorded music industry, including the physical recorded music industry and the digital music industry, in the 21<sup>st</sup> Century.

Both IFPI (2007) and Zhang and Wang (2009) addressed the development of the recorded music industry in China in 2006. According to Zhang and Wang (2009, p. 12), the sales of the recorded music industry in China reached \$7.4 million US dollars, which increased 24.5 percent compared to the sales of the recorded music industry in 2005. They point out that the reason for the increase was the growth of the digital music industry.

Zhang and Wang (2009) state regarding the development of the physical recorded industry in 2006 that:

Sales of physical recorded products (including CD, tape, music video and vinyl records), only reached 47.2 million US dollars and decreased 21 per cent in 2006 compared to the sales in 2005. However, sales of digital music product made up for the decrease in sales of physical recorded product. (p.13)

As stated previously, the digital music industry began to develop in 2005 (Hu 2006). Zhang and Wang (2009) also point out that the increase of the recorded music industry in the first half of 2007 was due to the continuing growth of the digital music industry. They specifically state that:

This increase of sales in the recorded music industry continued into the first half of 2007; sales of physical recorded product decreased 26 per cent but sales of digital music product increased twofold. Therefore in the first half of 2007, sales of recorded music product increased 10 percent and sales of digital music occupied the half of the total turnover of the sales of recorded music product. (p. 13)

Therefore the digital music industry played an essential role not only in the recorded music industry but also in the entire music industries in China in the early 21<sup>st</sup> Century.

### **6.3.2 The Influences of Technical and Economic Factors**

It is also essential to examine the influence of the technological and economic factors on the digital music industry as an essential context of the development of the digital music industry in China in the 21<sup>st</sup> Century. Technology, as an essential factor, has played a important role in the development of the music industries since the 1900s, especially during the 1990s - the 2000s. China's physical recorded music industry benefited from the influence of telecommunication and media technologies during the modern period (Wang and Zhang 2009). The digital music industry also emerged from the influence of digital information technologies, such as telecommunications and computing, on the music industries, particularly during the 21<sup>st</sup> Century, in China. Zang Yanbing, as the Vice President of the Shanghai Synergy Culture and Enteratainment, explains this influence in the following way:

In the mid-2000s, China's physical recorded music market underwent a fundamental change due to the development of information technologies and industries, including the rapid increase of Internet user and the popularity of computers and mobile phones. Particularly, the physical music industry was almost destroyed by mobile Internet. (Interview, 2014)

Digital technologies and convergence greatly promoted the music industries and the information communication technology industries<sup>17</sup> to further integrate during the 21<sup>st</sup> Century. Digital music-related business companies created value with digital assets that were re-harvested in an infinite number of transactions (Rayport and Sviokla 1995, p. 82). Similarly, digital technology created a larger music-related convergence industry in China, during the 21<sup>st</sup> Century. This integrated industry greatly influenced the whole music industries, including music industry direction, in China.

Convergence between industry sectors happened quickly in China due in part due to a lax relationship to copyright law there (i.e. sectors did not need to get 'permission' to converge in the same way that comparable entities in the West did) and this led to a period of rapid innovation. As discussed, Lundvall (1992) suggests that innovation can be defined as any improvement on process or product. Hendrickson et al. (2011) define 'innovation' as "a fundamental tool used by the private, public and community sectors to improve competitiveness and productivity" (p. 8). While they define innovation from different perspectives, the definition by Hendrickson et al. is suitable for explaining the innovation systems of China's music industries.

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<sup>17</sup> Information communication technology industries mainly refer to telecommunication and computing technology industries.

According to Niosi (2011), Lundvall (1992) also suggests that innovation systems “include all organisations and institutions (particularly interactions and norms) that contribute in one way or the other to innovation.” (p. 1637) Commonwealth, State and Territory Advisory Council (2009) defines an innovation system as an open network of organisations both interacting with each other and operating within framework conditions that regulate their activities and interactions.

The framework conditions that regulate organisations’ activities and interactions are different to those of the West. While within organisations, Kurtzberg and Amabile (2000) present group diversity and group conflict as relevant variables for team creative processes and products because such diversity leads to more conceptual elaboration, conceptual combination, conceptual transfer and to more metaphorical thinking which leads to creativity, in relation to the entire cities within which organisations fit, Florida (2003, 2005, 2008, 2011) argues that diversity (and ‘tolerance’ for it) is one of the key attributes that is required for a city to be a creative one.

Whilst China is not tolerant with regard to criticism of the government, in relation to copyright law, the Chinese are in some ways more tolerant of different approaches because of their communist government. While Marxism is a taboo topic in the West, it is often discussed and is taught in China. Simultaneously China’s Opening Up Policy has meant that private ownership and capitalist ideas are now also explored to a certain extent. This ‘diversity’ of ideologies has led to a combustible environment for innovation in the digital music industries in this country. This has led to more conceptual transfer in a macro sense in relation to the music industries and to productive conflict between ideas relating to public versus private ownership, and to

individual rights of ownership and social use for collective benefit. Indeed rigid adherence to romantic notions of creativity and to a strict adherence to notions of private ownership in this industry may not be the best ways to “promote, and to equitably share, the benefits of creativity in an age of digital networks” (Flew cited in McIntyre 2012, p. 179).

Due to the influence of digital technology on the cultural and music industries, industrial convergence, as an essential factor of development dynamics, played an important role in these industries in China, during the 21<sup>st</sup> Century (Mao and Ning 2007; Mao and Zhuang 2007; Li 2010). The digital music industry represented an integration between the music industries, particularly the physical recorded music industry, and most information communication technology industries (Li 2010) and because of a weak copyright environment, the content industries did not block this from happening. Therefore the 21<sup>st</sup> Century can be called the contemporary period of China’s music industries in this thesis and the digital music industry can be considered to be a major music sector during this period.

#### **6.4 The Evolution of China’s Digital Music Industry**

This section concerns the evolution process of China’s digital music industry in the early 21<sup>st</sup> Century and the protection of digital music in China. Due to both the rapid spread and development of digital technologies related to computing, telecommunications, music, and China’s enthusiasm for new and popular technologies (Zhang 2007), the progress of China’s digital music industry was faster than in the West (Sun 2006; Chen 2010); the digital music industry is now centre-stage in the music industry’s (albeit decentralised) value chain. According to Chen



(2010) and Hu (2006), the value of sales of digital music (online music and mobile music) reached 3.6 billion Yuan (approximately 57 million US dollars) in 2005, entering a rapid development phase since the mid-2000s.

#### **6.4.1 The Major Processes of the Development of the Digital Music Industry**

Digital online music and mobile music businesses appeared in the West in the mid-1980s and the early 1990s (Hayward and Orrock 1995; Bozina et al. 2006; Tschmuck 2006). Western digital technology and the digital music business models, influenced China's digital music industry during the 2000s (Li 2006; Sun 2006; Chen 2011). This influence has facilitated the development of China's digital music industry (Li 2013).

The integration between the music industries and the computing technology industries started in China in the late 1990s (Li 2013, p. 69). The computing technology industries were initially involved with the distribution and transmission of China's music industries through industrial convergence during that period (ibid, p. 70). As a result, this integration generated the online music industry. During the 2000s, along with the further development of the computing and telecommunication digital information technologies, the music industries integrated not only with the computing technology industries but also with telecommunication technology industries in China (Sun 2007; Li 2006; Li 2010).

The integration between the physical recorded music industry and the telecommunication industry generated the mobile music industry. Fundamental to Csikszentmihalyi's (1996) systems model, which involves the interrelations between the *domain*, the *field* and the creative *person*, is the conceptualisation of creativity as

involving an acceptance of boundaries around specific domains of knowledge. The mobile industry involved two domains of knowledge coming together to create a new industry. Indeed the mobile industry is an example of when the interrelations between multiple domains (in a way that is not restricted by copyright law), the field and the creative person in a mixed economy such as China's provides a unique environment for creativity.

Locating definitions of creativity within creative industries discourse, Wilson (2010) rethinks the approach towards creativity, creative industries and the creative economy (p. 2). He points out that the reason for this "re-think is not least because there is a danger that cultural policy now prioritises the rhetoric of the 'creative industries' over and above a further exploration of creativity and its wider role in our economic, social and cultural welfare" (ibid). Wilson (2010) also contends that creativity "thrives at the edge of things, between the gaps, as it were, and the creativity of the marginalized is as valuable (if not more so) as that of those who visibly work in the creative industries" (p. 3). In the case of China's digital music industry, creativity is understood as existing in a wider economic, social and cultural welfare environment in part because of the communist government and its ideology. Because it fits into this broader context, the rhetoric of the 'creative industries' is not prioritised over the rhetoric of 'the public good' and collectivism. And yet, the creative industries are developing in China and creativity is able to thrive in the gap between the 'creative industries' and 'social use for collective benefit'.

Bilton and Leary (2002) also provide a definition of the creative industries based on 'symbolic goods': "'Creative industries' produce 'symbolic goods' (ideas, experiences, images) where value is primarily dependent upon the play of symbolic

meanings” (p. 50). They also further explain the definition based on the meaning of symbolic goods in the following way:

‘Creative industries’ produce ‘symbolic goods (ideas, experiences, images) where value is primarily dependent upon the play of symbolic meanings. Their value is dependent on the end user (viewer, audience, reader, consumer) decoding and finding value within these meanings; their value of ‘symbolic goods’ is therefore dependent on the user’s perceptions as much as on the creation of original content, and that value may or may not depend on their ‘potential for wealth and job creation’. (Bilton and Leary 2002, p. 50)

This idea, that the creative industries produce ‘symbolic goods’, can be used to understand the Chinese government’s motivations for supporting the creative industries by setting up music industry parks and the like. As previously discussed, Keane (2013) argues that one of the most important purposes for the development of China’s creative industries was to improve China’s ‘cultural soft power’. He states that:

Major events, such as the Beijing Olympics, the Shanghai World Expo have showcased China’s creative accomplishments, which the national government promotes as ‘cultural soft power’. Annual festivals, such as Beijing International Cultural and Creative Industries Expo, the Shenzhen Cultural Industries Expo and the Shanghai Creative Industries Activities Week attract entrepreneurs, investors, academics, policy makers, spectators and practitioners. (2013, p. 1)

According to Keane, China has developed the creative industries and promoted China’s cultural soft power through musicians such as Lang Lang and Li Yundi (Keane 2013). He states:

Long regarded as trouble-makers, artists are rewarded for contributions to the national soft power campaign. Film makers such as Zhang Yimou and Jackie Chan (Cheng Long) present a brand-new image of China to the World's audiences while high-profile dissidents like Ai Weiwei and Liu Xiaobo remind the World that the new branding has some way to go. (p. 1-2)

China developed the music industries through constructing state music industry bases, such as in Shanghai, Beijing and Guangdong. China has developed the creative industries in a similar way. Keane (2013) also notes that:

The construction of hundreds of creative clusters, parks, bases, zones, precincts and incubators, often situated around the fringes of cities, provide spaces to work and opportunities for exhibition, production and interactive learning. (p. 2)

Keane's (2013) viewpoint on the improvement of China's cultural soft power through the creative and music industries is significant. This viewpoint further substantiates the argument that China's creative and music industries are integrated and that there is convergence between culture/music, economics and politics in China. Therefore the value of the symbolic goods generated by China's creative industries are dependent on user's perceptions, as well as on the creation of original content, though the value is arguably tied more to the Chinese government's soft power campaigns than to the potential these industries have for wealth and job creation.

Yet while the music industries are used for the purposes of soft power, major online music business firms were established in China during the late 1990s and early 2000s and these have generated jobs and wealth within China's music industries. These companies include 9sky (9sky.com 1999), Wanwa (wangwa.com, 2000), A8 Music

Group (a8.com 2000), 163888 (163888.net/www.ifenbei.com/fenbei.me 2003), Top100 (*ju jing*, top100.cn 2005), the Alliance of Digital Music Distribution (taijoy.com 2005), Baidu MP3, and Kuro's P2P (Sun 2006, 2007; Li 2006). These digital music firms assisted the digital music industry's development during this period.

Online digital music began to enter the sphere of music commerce and transmission from 2003 onwards in China (Sun 2006; Li 2006). Due to the intensive involvement and integration of digital computing and telecommunication technologies into/with the physical recorded music industry and the digital music industry, the systems and structures of China's music industries, from cultural and economic perspectives, became more complicated. The mobile music industry began to appear during the early 2000s (Yao, 2007). It was introduced slightly later than the online music industry in China (Montgomery 2010). According to Wang (2012), the polyphonic ringtone was first collaboratively tested by the China Mobile Group (CMG) and the Taihe Rye Music Firm (TRMF) in 2003. The China Mobile music web 'www.10086.cn' (formally named www.12530.com) is the largest online music store in China. Established in 2009, it offered mobile ringtones for payment (Sun 2006).

The Shanghai Synergy Culture and Entertainment Group (SSCEG) also played an essential role in promoting China's mobile music industry. This Group includes two leading record companies: the Shanghai Audio-Visual Press and the Shanghai Audio-Visual Company. Both became involved in the domain of the digital music business, in particular the mobile music industry in the early 2010s (Li and Morrow 2013).

According to Sun (2009), the SSCEG signed an agreement with China Unicom<sup>18</sup>, and Sina.com<sup>19</sup> in 2009, to cooperate in the digital music business (<http://www.sjfx.com/qikan/bkview.asp?bkid=187558&cid=558935>). This cooperation led to the physical music industry and the digital music industry integrating with the computing and telecommunication technology industries.

The total value of digital music in China reached 3.6 billion Yuan (equal to 5.3 billion US\$) in 2005. This figure was similar to the total value of audio-visual product sales<sup>20</sup> (Hu 2006). Thus, 2005 is called ‘the first year of digital music’ (Hu 2006; Sun 2006). This indicates that the digital music industry became one of the leading music sectors in China by the mid-2000s.

#### **6.4.2 Copyright Protection of Digital Music in China**

Copyright protection is an essential part of the development of the digital music industry, therefore it is essential here to discuss the issue of copyright protection of digital music in China in the 21<sup>st</sup> Century. Zang Yanbin, as one of the leading music industry operators in China, outlines the issues relating to music copyright in the following way:

There are two major issues of music related copyright that have greatly influenced the recorded music industry in China mainly in the 21<sup>st</sup> century. First, China’s intelligence property laws have not matured. Second, music business operators should set up sincere mechanisms that truthfully reflect the copyright owners revenue through sales and financial statements. (Interview, 2014)

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<sup>18</sup> China Unicom is the second largest telecommunication company in the China.

<sup>19</sup> Sina.com is one of leading web portals in China.

<sup>20</sup> Audio-visual products not only include audio-visual music products but also audio-visual products such as film, education and dance, and other types of audio-visual products (Hu 2006).

There were a few music copyright agencies, such as the R2G, the Chinese Music Copyright Society (CMCS), the Chinese Audio-Visual Copyright Society (CAVCS) and the International Federation of the Phonographic Industries (IFPI) that took actions to protect digital music and the digital music industry in the 2000s in China. The R2G was established in 2003 with the aim of commencing legal action against piracy in China ([http://www.r2g.net/english/english\\_default.jsp](http://www.r2g.net/english/english_default.jsp)). Therefore it played a positive role in the commercialisation of China's digital music industry during 2006–2008 (R2G 2004–2009).

Moreover, the CMCS, CAVCS and IFPI, as essential agencies, issued a joint statement in 2008 and took further legal action against Baidu's pirate behaviour" (Jin 2010, p. 71). In addition, a few international major record companies, such as Sony, Universal and Warner, charged Baidu and the operator of the Yahoo China (the Alibaba Information Technology Company Ltd) for illegal use of copyrights and the downloading of music by their users (Jin 2006, p. 51; Jin 2007). Although they won their case against the operator of Yahoo China in 2007 (Jin 2007), they lost their case against Baidu in 2006 (Jin 2006, p. 51). This indicates that music related copyright laws are complicated in China.

China's digital music industry has faced the serious problem of music piracy in the early 21<sup>st</sup> Century. This issue heavily affected this industry's development (Sun 2009; Montgomery 2010; Li 2006). However, the legal protection activities outlined above did help China's digital music industry make some headway toward commercialisation during the early 21<sup>st</sup> Century.

## **6.5 The Development of China's Digital Music Industry**

### **6.5.1 The Industry Systems and Structures**

This section intends to address the following perspectives: industry systems and structures, types of Service Providers (SPs) and Content Providers (CPs). It is important here to define two major concepts related to industry systems and structures in the digital music market: Service Providers (SP) are the 'mediator' between music content providers and music users (Li 2006) while Content Providers (CPs) are web-based data hosts who gather a variety of information particular to music and organise them into electronic databases, with revenue coming from subscription fees (Krueger and Swatman 2003, p. 3). There are two types of service providers: online music and mobile music. 'SPs' and 'CPs' have played an essential role in the digital music industry during this century (Li 2006).

#### **6.5.1.1 The Systems and Structures of the Online Music Industry and the Mobile Music Industry**

According to the Chinalabs (2005), in terms of the characteristics of the value chain of China's digital music industry during the 2000s, two typical systems and structures of the digital music industry can be identified: the online music industry and the



mobile music industry (see Figures 6.1 and 6.2).

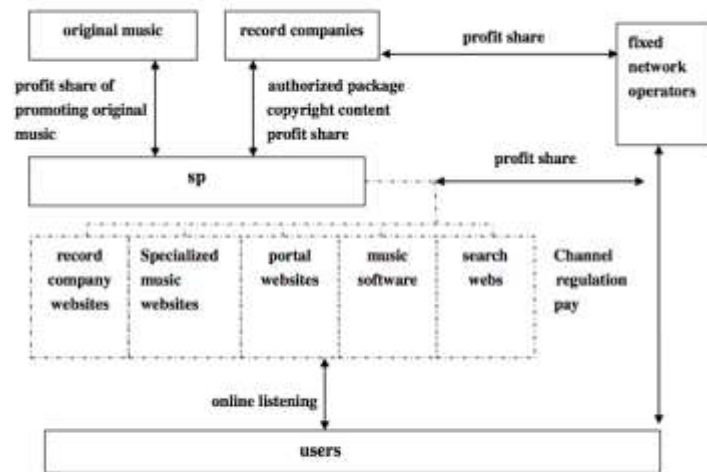


Figure 6.1 The Systems and Structures of China's Online Music Industry

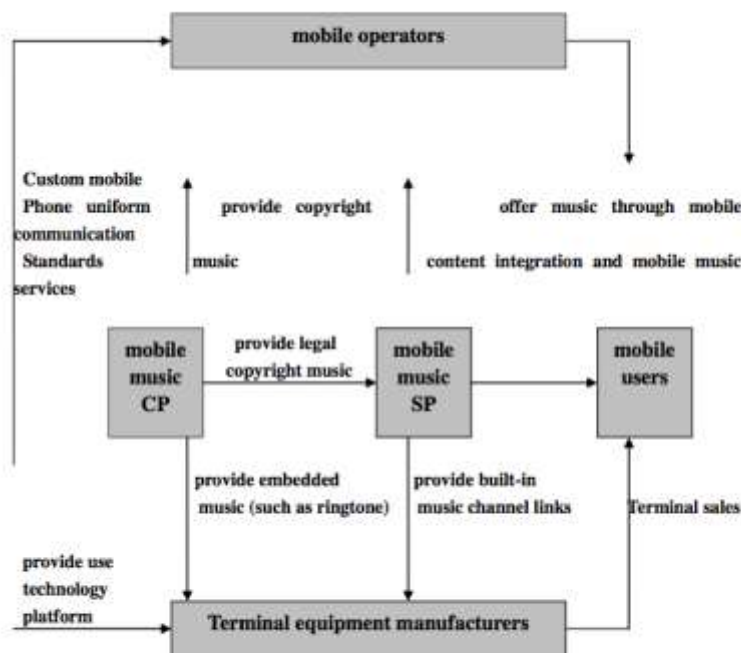


Figure 6.2 The Systems and Structures of China's Mobile Music Industry

#### 6.5.1.2 Types of Online Music SPs

The online music SPs, during the 21<sup>st</sup> Century, can be regarded as an integrated organisation system. Five typical categories of online music business SPs can be identified in China's digital music industry: record companies, professional music webs, portal webs, music software companies and search webs (see Figure 6.3). Baidu MP3 was the most visited search engine, while Jiutian Music Web was the most visited specialised music website and Kugou/Kugoo was the most popular music software program. Kugou was used for free downloading and listening to music; as its application amount for the free downloading of music and listening to music was 68.8% and therefore it was ranked No. 1 (I-research 2005).

| <i>Types of SPs</i>    | <i>Representative Companies</i>  |
|------------------------|--|
| Record companies       | Taihe Rye (Taile Wang), Shanghai Synergy Cultural and Entertainment Company, Shanghai Audio Audio-Visual Press and Shanghai Audio-visual Company |
| Specialized music webs | Wangwa, Jiutian Music Web, A8 Music Supermarket, Aiguozhe (patriot) Music Web  |
| Portal webs            | TOM, Sohu, Sina, and QQ  |
| Music software         | Kugou (Kugoo)  |
| Search webs            | Baidu, Yahoo, Zhongsou, Sougou   |

**Figure 6.3 Types of Online Music SPs**

### **6.5.1.3 Types of Mobile Music Business Service Providers**

Mobile music business SPs obviously played an essential role in the industrial chain of the mobile music industry in China (Li 2006). SPs controlled key resources of the digital music industry, such as market channels and platforms, as well as marketing and promotion resources (Sun 2006). Compared to other beneficiaries, such as music radio and record companies, SPs were closer to the mobile music users during this period as they could also adjust their strategies for music content provision (Li 2006). In terms of the different characteristics of mobile music SPs in the mobile music industry, currently there are five categories of SPs: super portal web oriented SPs; comprehensive professional SPs; SPs with their own music resources; professional SPs with a focus on music services, and; SPs with regional advantage (see Figure 6.4).

| <i>Types of SPs</i>                             | <i>Representative Companies</i>                                       |
|---|---|
| Super portal web oriented SPs                   | Sina, Tom   |
| Comprehensive professional SPs                  | Zhang Shang Ling Tong ('Lintone'), Kong<br>Zhong Wang ('Air Network') |
| SPs with own music resources                    | Rock and Mobile, A8 Music Group                                       |
| Professional SPs with a focus on music services | Longteng Sunshine, Quan Tian Tong                                     |
| SPs with regional advantage                     | Jilin Aike, Yingchun Xunyun   |

**Figure 6.4 Types of Mobile Music CPs**

### **6.5.2 Types of Digital Music Business Company**

Due to industrial convergence with the impact of digital technology into the music industries, in particular the digital music industry during the 21<sup>st</sup> Century, music-business related organisations became more complicated than in the 20<sup>th</sup> Century. This related to different business areas such as music, computer technology and telecommunications. In terms of the business background and major music services and/or production, digital music business organisations in China during this Century generally include the following three types: the music recording company oriented, the Internet technology/business company oriented and the telecommunications oriented companies.

#### **6.5.2.1 Music Record Companies in the Digital Age**

This type of digital music business organisation is based on record companies or cultural and media companies. These companies concentrate on music production, publishing and distribution, such as the Taihe Music Net of the Taihe Rye Company, the Cloud Music Chain Marketing System Platform of the Shanghai Synergy Culture and Entertainment Group and the Philharmonic Net of the Rock Mobile Company. These music record business companies have transformed the traditional business model to a newer digital music business model so as to meet the demand of the development trend of the digital music industry during the late 2000s/early 2010s. Although this type of digital music business organisation is difficult to control, they have played an essential role in this industry.

However, this type of digital business CP is different from a traditional record company. These CPs involve a wide scope of music business content providers, which include not only record companies that have intensively involved in the digital music business, but also digital music business enterprises that buy music copyrights from record companies (Huang 2011). Thus the digital business CPs are different from record companies.

CPs intensively collaborated with both SPs and telecommunication operators (TOs) to create value in the whole digital music industry in the late 2000s (Huang 2011). Therefore this collaboration can be regarded as a form of industrial convergence. Thus, the CPs and SPs, SPs and TOs, as well as CPs, SPs and TOs, have continued to integrate with each other, along with the deepening of convergence between the music industries and the information communication technology industries (Li 2010).

#### **6.5.2.2 The Computing Technology Company**

This type of computing technology oriented digital music business company is primarily based on Internet technology and business. Such companies include the Sina Net, Iting Music Net, Gigantic Whale Net, Tencent, Tom Online, Baidu MP3, Wireless Music Stars, A8 Music Group, Aigo Music Net, Air Net and Linktone. These companies have played an essential role in the digital music industry, in particular the online music industry, during this century.

Computing technology organisations focus on digital music business services and production provision. Therefore they can be categorised as SPs. The scope of SPs includes mobile music SPs, in addition to online music SPs. According to this, the A8 Music Group can be regarded as an online music SP while TOM, Tencent and Air Net are mobile music SPs.

#### **6.5.2.3 The Telecommunication Technology Company**

This type of digital music business organisation is based on telecommunication technology and business. They can also be regarded as Telecommunication Operators (TOs) and include China Mobile, China Unicom, China Netcom, China Telecom and China Railcom. China Netcom and China Telecom operate fixed telephones businesses. This type of music business company also operates mobile music businesses and gains profit through the PHS (personal handphone systems) (Fu 2008). These telecommunication organisations have also played an essential role in the digital music industry, in particular in the mobile music industry, during this century.

### **6.5.3 The Digital Music Market in China**

It is essential to discuss the digital music (mobile music and online music) markets during the 2000s and the early 2010s here. This section examines China's digital music industry market during the mid-2000s (2003-2005), and during the late 2000s and early 2010s. This examination is based on the following research and surveys: Dong (2011), The China Science Published Research Institute (CSPRI 2008), I-research (2005) and Chinalabs (2005).

#### **6.5.3.1 The Overall Status**

Compared to the mobile music industry, the online music industry and market encountered the serious problem of music piracy during the 2000s and the early 2010s. Downloading music for free was a common phenomenon in this industry during the 21<sup>st</sup> Century (Chen 2009). A popular for-profit business model used by this industry involved Internet advertisements (Li 2006). This business model attracted many visitors through allowing the free downloading of music, while up-selling advertisements on the websites that facilitated this free downloading of music.

Although China's digital music industry and market during the 2000s and the early 2010s stayed at an infancy stage, the market size of this industry rapidly increased. The issue of music copyright was better solved in the mobile music industry. In contrast, this issue was not solved in the online music industry (Hu 2006; Montgomery 2005). Thus, the total value and market size of the mobile music market was much larger than that of the online music market in China (Zhang and Wang 2009). According to Su (2009), the market size and sales of mobile music occupied more than 90% of the entire digital music market and sales, while the market size and

sales of online music occupied less than 10% during the late 2000s. (<http://news.iresearch.cn/viewpoints/103073.shtml>)

The control of music copyright in the mobile music industry was quite different to that of the online music industry in China. The music copyright issue was better controlled and/or solved for music consumers in the mobile music industry than in the online music industry during the 2000s and the 2010s (Montgomery 2005; Sun 2009). The mobile music industry has obtained a better development than the online music industry.

Although the mobile music industry obtained considerable development, there were certain serious issues that affected the digital music industry. A major issue in the mobile music industry was related to the profit distribution rate between music production owners and mobile distributors. The profit distribution rate between them was unfair; the distributors obtained too high a profit in comparison to music owners. According to Dong (2011), in 2010, mobile business operators earned 27.9 billion Yuan (approximately 4.42 billion US dollars) but service providers gained only 2.02 billion Yuan (approximately 320 million US dollars), with the distribution rate of profit being respectively 92.8% (mobile distributors) and 7.2% (SPs) in 2010. ([http://www.cflac.org.cn/ys/ysyy/yypl/201105/t20110527\\_9880.html](http://www.cflac.org.cn/ys/ysyy/yypl/201105/t20110527_9880.html))

Moreover, the content providers, as the source of music creation, only received a small amount of the profit. According to Dong (2011), the CPs only received 2.02 billion Yuan (approximately 4.42 billion US dollars) in the year 2010 ([http://www.cflac.org.cn/ys/ysyy/yypl/201105/t20110527\\_9880.html](http://www.cflac.org.cn/ys/ysyy/yypl/201105/t20110527_9880.html)). This unfair profit distribution issue prevented the music owners from getting their deserved



benefits and this was not conducive to the long-term development of the mobile music industry.

With the increasingly standardised market for the digital music and the promotion of new technology (such as 3G<sup>21</sup>), the market size of Chinese digital music rapidly increased. According to I-research (2005), the market size of Chinese digital music increased from 8 hundred million Yuan (approximately 1.23 hundred million US dollars) in 2003 to 27.8 hundred million Yuan (approximately 4.28 hundred million US dollars) in 2004. However, an obviously imbalanced market development between the online music and the mobile music markets appeared that year. According to I-research (2005), the online music market size in 2004 was much smaller than the mobile music market; more than 90% of digital music was in the mobile music market, with less than 10% of digital music being online music.

The China Science Published Research Institute ('CSPRI' 2008) also substantiates the imbalanced development between the online music industry and the mobile music industry during the second half of the 2000s. According to the CSPRI (2008), the mobile/wireless music market was more than 8 billion RMB Yuan in 2007 (approximately 1.17 billion US dollars) while the total value of the online music market in 2007 was 120 million Yuan (approximately 17.6 million US dollars). According to the CSPRI (2008), the total value of online music in 2007 was 152 million Yuan (approximately 22.3 million US dollars) while mobile/wireless music was more than 150 billion Yuan (approximately 2.2 billion US dollars). Therefore the mobile music market was much larger than the online music market during the 2000s

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<sup>21</sup> 3G refers to the 3rd Generation Telecommunication.

and the early 2010s. This study therefore mainly focuses on the mobile music market and industry.

The statistics supplied by the CSPRI (2008) relate to both the online music market and the mobile music market. The latter also includes mobile polyphonic ringtones and ringtone markets. These statistics also cover online advertising, online journals, electronic books, online games, digital newspapers, blogs and online animation. Although they are not included in the category of digital music or the digital music industry, they integrate music in order to attract a larger audience. Thus, the total value of these categories also concerns the value of the music industry.

In short, the digital music industry played an essential role in the music industries during the 21<sup>st</sup> Century. Moreover, the digital music industry involved a wide scope that integrated heavily with most digital publishing and information communication technology industries.

#### **6.5.3.2 The Mobile Music Market**

This section concerns the mobile music market in the early 21<sup>st</sup> Century. It considers two major stages: the mid-2000s and the late 2000s, including the early 2010s. The former relates to computing technology industries, while the latter concerns the telecommunications industries. The following discussion is based on Chinalabs (2005), I-research (2005), Li (2006) and Enfodesk (2010, 2011).

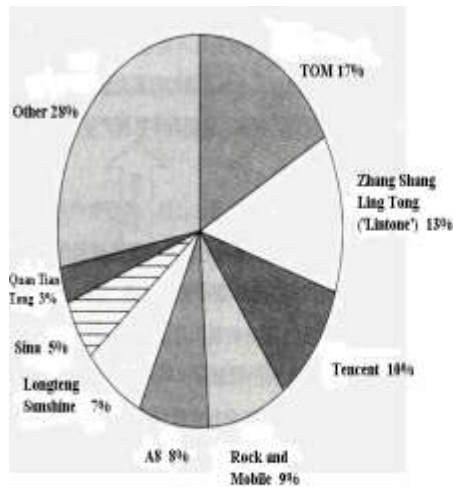
##### **6.5.3.2.1 The Mobile Music Market during the Mid-2000s**

The discussion of the mobile music market during the mid-2000s is based on the survey of the market share of the mobile music industry in 2005, conducted by

Chinalabs (2005). Its main purpose is to reveal the mobile music market status before China Mobile, China Telecom and China Unicom dominated this market and industry from the late 2000s and the early 2010s.

I-research (2005) researched the Chinese mobile music market size both in 2003 and 2004. The Chinese mobile music market size had 158 million Yuan (equals to 243 million US dollars) in 2004, the growth rate was 110% compared to 2003, and the market size (total value of sales) in 2003 was 705 million Yuan RMB (approximately 110 million US dollars) (I-research 2005). With the improvement of mobile terminal performance, more music content products and services (such as ringtones and ring-back tones, listening to music through IVR and streamed media) appeared and this further stimulated the mobile music industry to develop (Chen 2010).

There were other mobile music business related companies that greatly influenced the digital music industry, in particular the mobile music industry, during the 2000s. According to the Chinalabs (2005), Tom (*tang mu*), Lintone (*ling tong*), and Tencent (*teng xun*) also had extensive resources and comprehensive capabilities to develop the mobile music market (see Figure 6.5). Thus they can be regarded as the prime league of this market, playing an essential role in the mobile music industry and market in the mid-2000s. The Rock and Mobile, A8 Music Group and Longteng Sunshine focused more on music areas (in particular music composing and making) with a flexible operation process. They can be considered as the second tier of this market .



**Comment [1]:** this should be centred, try a screen shot of relevant section - looks really sub-standard

**Figure 6.5 The Market Share of China's Mobile Music Industry in 2005**  
(Source: Chinalabs 2005)

During this stage, the SPs of the mobile music industry also faced competition. In order to improve their competitive capability, they had to integrate their business with other business links/chains (Li 2006). This competition not only involved the same industry, such as online music SPs, telecommunication SPs and CPs. Consequently, the SPs in this market and industry began to transform and look for core resources, such as technology and content, as core competitive factors to establish and build a relationship with CPs and telecom operators during the late 2000s (Li 2006).

During the late 2000s, the specific transforming methods were as follows. First, the mobile SPs cooperated with the online SPs, and integrated the sales channel of digital music: some of these cooperative efforts, such as those between Lintone (*zhang shang ling tong*) and Jiutian Music Web, and Tom and Netshow, were successful (Huang 2011). Second, the companies also signed some popular stars in order to control

music copyrights; for example, the Huayou Century signed Liangying Zhang (the champion of Super Girl in 2005) (Chen 2010). Third, they cooperated with record and entertainment companies and entered the upper-stream of the digital music industry; for instance, the cooperation between Huayou Century and Huayi Brothers resulted in buying-up Feile.

#### **6.5.3.2.2 China's Mobile Music Market during the Late 2000s/Early 2010s**

China's mobile music industry grew rapidly during the 21<sup>st</sup> Century, particularly during the late 2000s and the early 2010s. There are three major reasons for this growth, compared to the online music industry and management: first, the mobile music industry better solved the issue of music copyright; second, telecommunications operators also solved the issue of managing SPs, and; third, mobile terminals developed constantly.

Enfodesk (2010) also conducted a significant market survey of China's mobile music market in 2009. According to Enfodesk (2010), in 2009, the number of mobile music users reached 593 million, the annulus comparing growth rate was 6.3%, the year-on-year growth was 24.6%, the total value sales reached 7 billion Yuan (approximately 103 million US dollars), the annulus comparing growth rate was 14.3%, the year-on-year growth was 4.58%. Thus, the mobile music market developed in 2009.

Enfodesk (2011) also states that by the third quarter of 2010, the number of music users of China Mobile reached 493 million and it occupied 83.15% of the entire mobile music market. China Telecom, in the third quarter of 2010, had 40.09 million mobile music users and occupied 6.76% of the whole mobile music market, while

China Unicom had 59.80 million users and occupied 10.08% of the mobile music market. It is evident that the market penetration rate increased in 2010 (ibid).

From the perspective of market income, the telecom operators continued to keep a large portion of income and profit during the late 2000s. The mobile music market income of China Mobile, China Telecom and China Unicom occupied 96.27% of the total value of mobile music sales in 2009. They occupied respectively 75.38%, 6.06% and 14.83% of the market. The remaining 3.73% of mobile music value was occupied by other CPs and SPs.

The mobile companies above played a leading role in the mobile music industry during the late 2000s and the early 2010. Meanwhile the market concentration of China's mobile music industry was high during these periods. Thus, the mobile music market and industry reached a relative development peak during this period.

#### **6.5.3.3 The Online Music Market**

The online music market and industry further developed during the 2000s, due to the rapid development of digital music technology and computing technology (Chen 2010; I-research 2005). According to I-research (2005), the online music market size in China in 2004 reached 0.45 hundred million Yuan (approximately 6.92 million US dollars). The online music users downloaded music and listened to music through the Internet and they comprised 83% of all Chinese Internet users that year. Meanwhile, the online music users reached 50 million in 2004, with the number of users increasing by 31.58% compared to users in 2003. However, this increased rate of online music users fell to 26% of China's Internet users in 2005, with the number of Internet users increasing to 63 million people (I-research 2005).

However, the online music industry faced a serious threat from music pirates and this heavily affected industry development during this period. Meanwhile, this also largely affected the popular music industry, as well as the physical recorded music industry. Due to this reason, the online music industry progressed much less during this period.

#### **6.5.4 Issues Faced by the Digital Music Industry**

The digital music industry became one of the major music industry sectors during the late 2000s/early 2010s in China. However, it faced many issues. IFPI (2009) points out that in China, where the mobile music sector was cited as worth around US\$700 million annually (In-Stat), record companies were estimated to receive less than 5% of those revenues (p. 8). Meanwhile China had enormous growth potential in mobile music but any serious market growth was shackled by a rampant online piracy rate, estimated at more than 99% of the market (IFPI 2009; Montgomery 2010).

This music copyright issue heavily affected China's music industries, including the physical recorded music industry and in particular, the digital music industry (Montgomery, 2010). Most online music business companies provided 'pirated' music and attracted visitors through free downloads. 'Free music' web companies made a profit by attracting businesses to pay to display their commercial advertisements on their sites (Sun 2009). The online music industry did not protect the copyright of music owners, or share the benefits with the owners. Therefore the online music industry remained at the exploration stage during the late 2000s/early 2010s.

Although the mobile music industry rapidly developed, it developed unhealthily. This greatly affected the entire Chinese music industries. This issue manifested in the

unjust profit distribution between service providers and content providers. Bill Zhang, the Vice President of Shanghai Synergy Cultural and Entertainment Group, points out the seriousness of this issue:

The total revenue of China's wireless digital music reached 30 billion Yuan (approximately 4.76 billion US dollars) in 2009, out of which 94% of the profit was taken by telecommunication operators (TOs), service providers (SPs) took 4-5% and music content providers (CPs) only took no more than 1%. This is a deformed industrial value chain. Moreover, telecommunication operators (TOs) have an absolute power, the exchange of digital music copyright is opaque and our CPs cannot obtain transparent information, let alone sales data information. (Interview, 2014)

Thus China's digital music industry needs to fundamentally reform and innovate. It is necessary to make appropriate policies and promote the development of the cultural and information industries. 'The Cultural Industry Promotion Policy' was formulated and implemented in 2009, so as to adapt and meet the demand of the developmental environment of industrial convergence during this century. Moreover, it is also important to create and implement strict and effective laws concerning intellectual property and music copyright, so as to facilitate and protect the music industries.

## **6.6 Conclusion**

Due to the characteristics of advanced technologies, high growth rates and strong convergence of the digital music industry, this industry rapidly developed in China both in the late 1990s and in the 21<sup>st</sup> Century. This industry evolved through integrating and/or collaborating with many related industries, such as other cultural and media industries, including film, radio and television, and in particular, the information communication technology industries, such as telecommunications and



computing technology. Therefore the digital music industry, as one of the most integrated industries, greatly assisted the cultural industries, the information communication industries and the music industries development in China during the contemporary period.

Due to the influence of industrial convergence on the music industries, in particular the physical recorded music industry and the digital music industry, the system and structure of China's digital music industry became more complex. This complexity manifested not only a complex external convergence but also a complex internal convergence. The former involved the convergence between the music industries and the creative and information technology industries, while the latter concerned convergence between major music sectors, such as live music performance, physical recorded music, music publishing and digital music. These external and internal convergences are the basis of the complex systems and structures of China's music industries.

While arguably this complex system and structure does not treat content creators in a fair way, the fact that capitalism is not hegemonic in this country means that such notions of 'fairness' to content creators are sometimes overshadowed by the legacy of alternative ideologies. The way in which digital music is understood in China is different because rather than an individualist and romantic view of creativity being dominant, one that is fed by the very fact that capitalism is hegemonic in the West, after years of adhering to a communist belief system, the Chinese people have different perceptions of private property. The ubiquity of digital music has shone a spotlight on the fact that individualist and romantic views of creativity are perceived differently because of China's political legacy and also because of a lack of copyright

law in China. As the West grapples with the issues caused by the Internet, so too does China, however copyright is not as central to the resulting convergence between different sectors of the media and creative industries in China, as it is in the West, for both ideological and practical reasons.

China is therefore a unique case in this context because it has a more ‘inward’ focus, whereas many Western music industries, such as the industries in Australia, have a more ‘outward’ focus. The sheer scale of the Chinese population means that the Chinese people can easily sustain their own music business economies and this, along with censorship in China, means that there industries there are not as subject to U.S cultural imperialism as other music territories are.

Convergence between industry sectors happened quickly in China due in part due to a lax relationship to copyright law there (i.e. sectors did not need to get ‘permission’ to converge in the same way that comparable entities in the West did) and this led to a period of rapid innovation. Furthermore, the ‘diversity’ of ideologies in China has led to a combustible environment for innovation in the digital music industries. This has led to more conceptual transfer in a macro sense in relation to the music industries and to productive conflict between ideas relating to public versus private ownership, and to individual rights of ownership and social use for collective benefit. Indeed rigid adherence to romantic notions of creativity and to a strict adherence to notions of private ownership in this industry may not be the best ways to “promote, and to equitably share, the benefits of creativity in an age of digital networks” (Flew cited in McIntyre 2012, p. 179).

## **Chapter 7**

### **Convergence: A Major Dynamic in the Evolution of China's Music Industries**

The phenomenon of convergence, whereby the technologies for providing electronic consumer services in media, entertainment, communications, and commercial activity are inexorably coming together, will have enormous implications for economic, social, political and cultural behaviour in the twenty-first century. (Throsby 2002 p.13)

#### **7.1 Introduction**

The previous chapters revealed the roles played by politics/the government and by convergence in the evolution of China's music industries from the ancient to the modern, and then to contemporary times. Specifically, convergence, in particular industrial convergence between the music industries and the creative and information technology industries in China, influenced major music sectors such as live music performance, physical recorded music, music publishing and digital music, to generate and develop. In this sense, the major music sectors were the outcomes of the influence of convergence. Therefore convergence can be thought of as the main dynamic in the evolution of China's music industries.

This chapter will discuss how convergence facilitated the evolution of China's music industries. To achieve this objective, four major issues will be considered in this chapter. Firstly, the term, 'music-industry related convergence' will be proposed and used to examine the dynamics of the evolution of China's music industries. Secondly, the developmental process of music-industry related convergence will be discussed

in the context of the evolution China's music industries. Thirdly, the influence of industrial and technical convergences on the major dynamics of the evolution of China's music industries will be discussed. Fourthly, certain major types of music-industry related convergence that influenced the evolution of China's music industries will also be identified.

## **7.2 The Significance of 'Music-Industry Related Convergence'**

This section addresses the main reason for the proposition of 'music-industry related convergence' and indicates the significance of it. It is necessary here to discuss existing research on industrial and media convergence and the relationship between industrial convergence and music-industry related convergence. The purpose of doing so is to indicate the need to discuss music-industry related convergence rather than industrial convergence or media convergence.

Many scholars, such as Ma (2006), Fu (2008), Baldwin et. al (1996), Lind (2005), Henry (2008) and Dwyer (2010) discuss the phenomenon of industrial and media convergence, primarily from economic and media perspectives. They point out that industrial and media convergence has occurred at the borders between the larger industries, such as creative/cultural, media, information communication technology industries. They also assert that industrial and media convergence has played an essential role in the evolution of these industries.

Similarly, the phenomenon of music-industry related convergence that occurred during the evolution of China's music industries also involved the general perspective of economic convergence or industrial convergence. Thus the influence of industrial convergence, including technological convergence, on the evolution of

China's music industries, is significant. The following text will specifically discuss this significance.

The music-industry related convergence that appeared during the evolution of China's music industries also involved music-media industry related convergence. This convergence specifically occurred at the border between the media industries, in particular radio, television, film and publishing, and the music industries; physical recorded music, live music performance and digital music. Physical recorded music was an industry that heavily integrated with the media industries during the 20<sup>th</sup> Century in China. This was previously discussed in chapter 5.

However, the phenomenon of industrial convergence and media convergence, including technological, market and business convergence, still needs to be addressed in relation to the evolution of China's music industries. Specifically, the following perspectives of convergence relate to the evolution of China's music industries: the cultural perspective of convergence, such as that between music and other cultural and artistic forms (including dance, radio, television, film and poetry), between different forms of music (including popular music, art music and folk music); the political perspective of convergence between music, or the music industries, and politics; and the economic perspective of convergence. The phenomenon of convergence that occurred during the evolution of China's music industries facilitated its transformation and this phenomenon is entitled 'music-industry related convergence' or 'convergence' in this thesis.

Although music-industry related convergence in the evolution of China's music industries involved the industrial and media perspectives of convergence, they are

slightly different. Thus it is significant to propose this concept - ‘music-industry related convergence’ or ‘convergence’ and use it, rather than ‘industrial convergence’ or ‘media convergence’, in order to explain the dynamics of the evolution of China’s music industries.

### **7.3 Three Macro Perspectives of Music-Industry Related Convergence**

To further understand music-industry related convergence as the main dynamic of the evolution of China’s music industries, it is essential to examine its influence from the macro perspective. From this perspective, music industry related convergence involved three perspectives of convergence in the evolution of China’s music industries: cultural, political, and economic. The following text will also respectively define the cultural, political, and economic perspectives of convergence while also briefly examining their influence on the evolution of China’s music industries from the historical perspective.

#### **7.3.1 The Cultural Perspective**

The cultural perspective of convergence is an essential part of music-industry related convergence, thus it played an essential role in the evolution of China’s music industries, in particular in the ancient music industries in China. Music-industry related convergence firstly reflected the characteristics of cultural convergence not only in the ancient, but also in the modern and contemporary industries. Thus the cultural perspective of convergence can be thought of as the basis of music-industry related convergence.

To further understand the cultural perspective of convergence, it is essential to discuss the definition of ‘cultural convergence’ provided by Lee (2007). Lee

provides this definition from a legal perspective and states that “this definition is concerned with the convergence between dominant majority culture and minority culture” (2007, p. 914). Lee specifically defines cultural convergence in the following way:

Cultural convergence is the idea that the interests of minority and immigrant criminal defendants in obtaining leniency seem most likely to receive accommodation when there is convergence between dominant majority cultural norms and the cultural norms relied upon by the immigrant or minority defendant. (ibid, p. 917)

Although it is a legal one, Lee’s definition of cultural convergence indicates that a dominant culture can be integrated with a minority culture, and therefore this definition is useful for explaining the phenomenon of integration between mass music culture and production and niche music culture and production, such as the integration between popular music and folk music.

In this thesis the cultural perspective of convergence, however, refers to integration between music and different cultures and/or arts. These cultural and artistic forms include dance, drama, poetry, radio, television, film, print and advertisements in the evolution of China’s music industries. This convergence appeared in the evolution of China’s music industries in different times although it played a leading role in China’s ancient music industries (Li 2010). For example, China’s ancient live music performance industry involved not-for-profit music industry activity, while Ancient Music and Dance, involved the integration of music, dance and literature (Li 2013).

Lee’s (2007) definition of cultural convergence is applied to explain the phenomenon of cultural convergence in a legal context rather than a cultural one. The definition of

the cultural perspective of convergence in relation to convergence between music and other cultures and arts is appropriate to be used in explaining the phenomena of convergence in the evolution of the music industries in China, thus this definition will be predominantly used in this thesis, rather than Lee's definition.

### **7.3.2 The Political Perspective**

The political perspective of convergence greatly influenced the evolution of China's music industries in the slave and feudal societies during the period from the 21<sup>st</sup> Century B.C. to the early 20<sup>th</sup> Century A.D in China. This perspective of convergence involved integration between music or music industry and politics in the evolution of China's music industries. This perspective of convergence specifically manifested in certain political claims and thought being directly and indirectly integrated with musical content and performance forms in the history of Chinese music (Zeng 1997). It played an essential role, though culture related convergence also influenced the music industries during this period. For instance, Ancient Music Dances, such as Daxia and Jiuge, are examples that reflect the influence of the ruling class - the emperors and nobles in the Xia Dynasty. Therefore politics often integrated with music or music industry activities in China's music industries during this period.

Music-industry related convergence manifests the characteristics of music-politics convergence during the evolution of China's music industries. During the ancient period, non-commercial music organisations, such as the 'Dashiyue'<sup>22</sup> and the

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<sup>22</sup> The Dashiyue was one of the organisations which was established to standardise and manage the performance of music dances and was specifically responsible for teaching music to royal families, nobles and some talented commoners in the Zhou Dynasty (Jin 2011, p. 9).



‘Hanyuefu’<sup>23</sup> integrated music intensively with Chinese politics (Qin 2001). Certain music culture or music industry activities during the ancient period, such as the Ancient Music and Dance, also integrated with politics (Zeng 1997). After the Xia Dynasty (2070 BC–1600 BC), music culture or music industry activities became more associated with political propaganda (Qin 2002). Music-politics convergence became intensively integrated from the Xia Dynasty (2070 BC) to the late Qing Dynasty (the early 20<sup>th</sup> century) (Zeng 1997) and from 1950 to 1978. The music industry, being a valuable means of political propaganda, greatly promoted the stability of the political and social system, both in the ancient and modern China, and particularly during the Great Cultural Revolution (1966–1976) (Ding and Wang 2011).

The music industry, when used as a means of political propaganda, promoted the stability of the political and social system in modern and contemporary China. This is evident in the Cultural Revolution Songs that appeared during the Great Cultural Revolution (1966–1976) (Ding and Wang 2011). The song ‘Entering the New Times’ (*zou jin xin shi dai*), sung by Zhang Ye in 1998, is a good example.

Furthermore, the Chinese government, as an essential representative form of Chinese politics, also greatly influenced China’s music industries to develop. Zang Yanbing, the vice president of the Shanghai Synergy Culture & Entertainment Group, explains the influence of the Chinese government on the music industries in the following way:

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<sup>23</sup> The Qin-Han-Wei Yuefu was a government organisation to manage music practice activities, such as collecting, writing and performing music. It was present during at least three dynasties; the Qin, Han and Wei (Zang 2006).

The Chinese government has introduced a number of cultural industry policies, such as culture and music industries 'going out', to support China's cultural industries to develop. The Chinese government in relation to the development of the cultural industries includes three levels: the state central government (including the State Administration of Press, Publication, Radio, Film and Television, Ministry of Culture, Ministry of Finance, Ministry of Commerce), the municipal government, such as the Municipal Office of Leading Group of Creative Industries Development; and district government, such as supporting projects. Cultural industry policies include the economic, tax and reward perspectives. Generally, cultural or music project applications can be submitted to the three levels of the Chinese government above. (Interview 2014)

Zang Yanbing further explains how the Chinese government has supported the music industries to develop:

Almost 20-30 per cent of the funding of culture industry projects, including music industry projects, generally, is provided by the Chinese government. Thus, in this case, 70-80 percent of the investment is financed by cultural or music enterprises. The reward policies in relation to the music industries include original music works and music industry construction platforms, such as the state music industry base). There are export rewards, tax rebate rewards and project platform payment rewards for music products/services 'going out' in China. Generally, there are three levels of application projects: small project (approximately under A\$170,000), medium (approximately under A\$1.7 million) and large project (approximately A\$1.7 million or above). (Interview 2014)

In short, the political perspective of convergence reflected the essential influence of the Chinese government on the evolution of China's music industries. The political perspective of convergence was an essential part of music-industry related convergence, thus the music industries have often reflected the characteristics of

being integrated with politics.

### **7.3.3 The Economic Perspective**

The economic perspective of convergence greatly developed both in the Republic of China and the PRC during the period from the early 20<sup>th</sup> Century to the present. This convergence played an essential role in the evolution of China's music industries. This convergence began to appear in the Wasi and Goulun in the Northern Song Dynasty. During this period, commercial live music performance, physical recorded music, digital music and music publishing heavily integrated with economics. In addition, music, being one of the most integrated industries, greatly influenced Chinese culture and its economy, in particular the development of China's music and music industries.

The economic perspective of convergence, as an essential perspective of music-industry related convergence, involved the following perspectives of convergence: technology, business, management, market, regulation, and policy. For example, both the physical recorded music industry and the digital music industry were sectors that were subject to economic convergence. The physical recorded music industry integrated with the sectors of radio, television, film and print publishing while the digital music industry integrated with the telecommunication and computing technology industries.

Music-industry related convergence also involved economic-music integration. Inter-regional music industry convergence was important, particularly during the period from the early 1900s to the present. Inter-regional industry convergence during this period involved the convergence between Western and Chinese music industries, and

between Shanghai and Beijing's music industries. This convergence occurred in certain major music sectors, such as live music performance, physical recorded music and digital music. This was discussed in Chapter 5.

Music was a mixed industry in the evolution of China's music industries. It not only involved both the for-profit and not-for-profit convergence and the cultural, political and economic convergence, but it also integrated with other cultures, media and information communication technology industries, such as radio, television, film, publishing, dance, drama, sports, tourism, telecommunication and computing technology. Thus in the evolution of China's music industries, the cultural perspective of convergence was the foundation, the political perspective of convergence was the principle and the economic perspective of convergence was the means.

#### **7.4 Three Major Industrial Perspectives of Economic Convergence**

According to the previous research, industrial convergence played an essential role in the evolution of China's music industries. This influence specifically involved two major facets. First, it influenced the genesis of certain music sectors, such as digital music, physical recorded music, music publishing, music radio, music television and music film. Second, it greatly promoted the systems and structures of China's music industries to evolve and develop historically.

According to Ma (2006, p. 7), Li (2008) and Lind (1997), industrial convergence generally includes three basic factors: technology, business and market. Similarly, the evolution of China's music industries also included major industrial convergence

factors that influenced and determined major processes and types of music-industry related convergence in the evolution of China's music industries. These factors can be thought of as the industrial perspective of convergence in the evolution of China's music industries.

As stated previously, general industry convergence is different from music-industry related convergence, therefore to distinguish them, it is essential to propose three new concepts in relation to the evolution of China's music industries: music-technology related convergence, music-business related convergence and music-market related convergence. The following text will define these types of convergence and will discuss their influence on the evolution of China's music industries, particularly during the modern and contemporary period.

#### **7.4.1 Music-Technology Related Convergence**

Music-technology related convergence is an essential perspective of convergence that influenced the evolution of China's music industries. Both the physical recorded music industry and the digital music industry were the result of the influence of music technology related convergence on media and information communication technology. These were two major industries that influenced the evolution of China's music industries. Thus music-technology related convergence here involves different technologies converging during the evolution of China's music industries, which includes the following perspective of convergence: between music recording technology and media technology, music industry technologies and Internet technology, physical recorded technology and music publishing technologies, and between music industry technologies and telecommunication technology.

Technology convergence often starts at the beginning of industrial convergence (Ma 2006, p. 7), thus it can also be thought of as one of the starting points in the process of industrial convergence in the evolution of China's music industries.

Music-technology related convergence greatly influenced the stability of the development of major music sectors in the evolution of China's music industries. The higher the degree of influence of music-technology related convergence on an industry, the lower the development stability of that industry, and vice-a-versa (Li 2013). Music was such a highly integrated industry in China. Compared to larger integrated industries, such as culture, media, computing technology and telecommunication, the music industries, in particular physical recorded music and digital music, heavily depended on distributors and promoters in China. Moreover, China has seriously lacked the strict management and implementation of copyright laws. Therefore, the music industries in China have gradually been dominated by the larger industries outlined above in China (Li 2013, p.5). In other words, the physical recorded music and digital music industries in China manifested the characteristics of unstable development.

Live music performance was a relatively stable sector compared to the sectors of physical recorded music and digital music. According to the Chinese Association of Performing Arts (2013), concert revenue reached AUD \$374 million in 2012, which is greater than the revenue of physical recorded music which reached less than AUD \$17 million in 2012 (Ming 2012). There are two major reasons for the stability of the live music performance industry compared to the industries of physical recorded music and digital music. First, both technology and technology related convergence

had less influence on this industry during the evolution of China's music industries, therefore this industry had a relative independence. Second, this industry has been considered a channel for political propaganda by Chinese governments in different dynasties, and also for the current government (Zeng 2003, p.72). Therefore it more easily obtained political and financial support and help from Chinese governments (Wang 1994).

#### **7.4.2 Music-Business and Music Market Related Convergences**

Music-business related convergence, as an essential process of convergence, also influenced the evolution of China's music industries. This organisational convergence involved music operation convergence. It specifically included the integration between record companies and/or music companies, and Internet distribution companies and telecommunication companies. Music-business related convergence was an essential process of the industrial perspective of convergence, therefore it played an essential role in the process of convergence.

Music-market related convergence specifically involved convergence forms, such as the music tourism market, mobile music market, music radio market and the music film market. According to Ma (2006), market convergence is the objective of convergence. In the evolution of China's music industries, music-market related convergence was the main goal of the process of the industrial perspective of convergence. Meanwhile live music performance, physical recorded music and digital music also integrated in the process of music-market related convergence during the 21<sup>st</sup> Century.

### **7.4.3 The Example of the Shanghai Synergy Culture and Entertainment Group (SSCEG)**

To further understand technological, business and managerial, and market convergences, it is essential to discuss a case study here. The establishment and development of the Shanghai Synergy Culture and Entertainment Group (SSCEG) provides an example that reflects these convergences during the period from the late 1990s to the early 2010s. The Group, as one of the largest music entertainment companies in China, integrated a few music business companies, such as the Shanghai Audio-visual Press, Shanghai Audio-visual Company, Shanghai Audio-visual Electronic Publishing House in order to achieve a business and market synergy and integrated effect (Li 2013).

Moreover, this Group also developed digital music businesses (including online and mobile) through business collaboration and/or integration with Sina.com, one of the largest portal sites in China, and China Unicom, the second largest telecommunication company (Li 2014). Furthermore, it developed and integrated major music businesses, such as live music performance (including music festivals), digital music and physical recorded music. The development of the SSCEG greatly promoted China's music businesses and/or industries.

Additionally, the Group has expanded its businesses through business integration. Zang Yanbing, the vice president of the Group explains this based on the following case:

The music business in China experienced the 'transboundary (*kua jie*) cooperation'. Our



company [Shanghai Synergy Culture & Entertainment Group] is cooperating with a computer game company to design a music entertainment game. This proposed game will integrate music creation and making with entertainment. If players can reach the advanced stage of the game, they might understand basic music creation and making in addition to general game entertainment. (Interview 2014)

He further explains the meaning of this ‘transboundary’ business based on the music entertainment game project in the following way:

The project of music entertainment game needs to integrate two aspects of talent: music and computing technology. However, it is a fact that in China, music companies have enough music talent but lack of computing technology talent; conversely, computing technology companies have computing technology talent but a lack of music talent. Thus it is necessary to integrate them. (Interview 2014)

Therefore the ‘transboundary’ business is an essential form/means of convergence that has greatly facilitated the development of music businesses in China and has greatly assisted the evolution of China’s music industries.

### **7.5 The External and Internal Perspectives of Convergence**

Music-industry related convergence during the evolution of China’s music industries was complex. It involved not only the macro perspective but also other perspectives of convergence, such as external and internal. This section will discuss major types of external and internal perspectives of music-industry related convergence in relation to the evolution of China’s music industries.

### **7.5.1 The External Perspective**

As previously stated, music-industry related convergence initially occurred and developed in the live music performance industry during the ancient period. After that, music-industry related convergence(s) intensively influenced the music industries, in particular during the period from the 20<sup>th</sup> Century to the 21<sup>st</sup> Century. This influence successively generated both major music sectors, such as physical recorded music, digital music and music publishing, and certain fully music-related sectors, such as music-radio, music-television, music-film, music-advertisement, mobile music and online music during this period. Since the 1990s, music-industry related convergence has evolved further.

According to the progress and/or process, scope and degree of music-industry related convergence in the evolution of China's music industries, three major types of convergence/music-industry related convergence can be identified: music-culture industry related convergence, music-media industry related convergence and music-information industry related convergence. The following text will specifically discuss these convergences in the context of the evolution of China's music industries.

#### **7.5.1.1 Music-Culture Industry Related Convergence**

The large culture-system of China's music industries involved many culture-related sub-systems, such as the music industries, the film industries, the dance industries, the fine arts industries, as well as regional cultural industry systems, such as the Beijing music industries, Shanghai music industries and Guangdong music industries. These cultural industry sub-systems integrated with each other and assisted the entire cultural industries development, particularly during the 20<sup>th</sup> Century. As Malm and

Wallis suggest:

The influence and continued growth of global cultural industries is the way in which systems and sub-systems within these industries grow through different forms of integration, allowing for both international and localization of activities. Phonogram companies can grow, for instance, through diversification and amalgamation. (Malm and Wallis 1992, p. 29)

Music-culture industry convergence in China involved music-related cultural convergence, music-related production convergence, music-related market convergence and music-related audience convergence. This convergence occurred between the music industries and other cultural industries, such as dance, literature (e.g., poetry) and drama, particularly during the ancient period. Ancient Music and Dance was a representative music-culture industry convergence during this period. This has been discussed in Chapter 5.

This form of convergence, initially occurring in the ancient period, also existed and developed during the modern and contemporary periods. This issue was also discussed in Chapters 5 and 6. It is evident that music often integrates with certain cultural arts forms, such as Chinese opera, film, drama and animation.

As discussed in Chapter 5, music-culture industry convergence occurred in the live music performance industry, particularly during the ancient period. During this period, this particular convergence was a natural primitive form of music-industry related convergence, rather than one caused by major technological innovation. In this sense, this convergence can be regarded as belonging to the narrower perspective of music-industry related convergence.

#### **7.5.1.2 Music-Media Industry Related Convergence**

Music-media industry convergence involved all industrial convergence in relation to both the music industries and the media industries. This form of convergence appeared and developed during the 20<sup>th</sup> Century. It comprised: music-radio, music-television, music-film and music-advertisement sectors.

Burnett (1996) also discusses the phenomenon of music business convergence from the perspective of media convergence. He argues that the music industries have at least partially provided the foundation for many of today's transnational, diversified communication conglomerates (p. 3). He also points out that the meaning of 'concentration' in both the music industries and the media industries refers to business convergence. Significantly, Burnett identifies four types of integration (vertical, horizontal, international and multimedia) which correspond to the different processes of the growth of media companies (ibid, p. 14). These types of business convergence can also be seen in China's music industries.

This convergence occurred and developed during the modern period, while it has also existed during the contemporary period. This convergence occurred on the border between the physical recorded music industry and the media industries. The occurrence, change and convergence of telecommunication and media technologies greatly influenced the music industry to develop during the 19<sup>th</sup> Century (Tschmuck 2006; Wikstrom 2010). For instance, this convergence also influenced the live music performance industry, such as in stage audio technologies, both during the second half of the 19<sup>th</sup> Century in the West and the early 20<sup>th</sup> Century in China (Tschmuck 2006; Wikstrom 2010; Li 2011; Ge 2009).

The media industries were an essential music promotion and transmission channel during the 20<sup>th</sup> Century in China. This greatly influenced the music industries, particularly the physical recorded music industry, to integrate with the media industries. Thus, in this sense, the physical recorded music industry provided the initial confluence with the media industries. During the modern period, this music-industry related convergence involved more technological convergence(s) in the physical recorded music industry, such as music composition, music making and music recording (Li 2010). Therefore music-media industry convergence can be thought of as the middle perspective of music-industry related convergence.

#### **7.5.1.3 Music-Information Technology Industry Related Convergence**

Music-information technology industry related convergence concerns the telecommunication technology industries, the computing information and communication technology industries as well as the music industries. Both the telecommunication technology industries and the computing information communication technology industries are called ‘The Information Communication Technology Industries’ (ICT). Zavatta defines the ICT as:

- (i) The manufacturing and assembling of ICT equipment; and (ii) a variety of service activities, ranging from telecommunications to software development, and from provision of inter-connectivity services to IT-related consulting, which are referred to as those industries centering on digital technology and information. (Zavatta 2008, p. 15)

Therefore this convergence specifically involved the following forms: digital product convergence, digital market channel convergence and digital communication convergence. Music-information technology industrial convergence primarily

occurred and developed during the late 1990s and the early 21<sup>st</sup> Century. This convergence also involved information technological convergence, such as telecommunications and computing information communications. During the early 21<sup>st</sup> Century, although music-information technology convergence played a leading role, music-culture and music-media convergence also existed and influenced the music industries in China.

The digital music industry, as the main music-information technology integrated industry in the 21<sup>st</sup> Century, has involved many perspectives of convergence. Therefore the music-information technology convergence that occurred during the 21<sup>st</sup> Century can be thought of as the wider perspective of music-industry related convergence.

### **7.5.2 The Internal Perspective**

Music-industry related convergence involved not only the external perspective of convergence but also the internal perspective of convergence in evolution of China's music industries. In this thesis, the internal perspective of convergence included two aspects of convergence: convergence between different music sectors and convergence between for-profit and not-for-profit music sectors. The internal perspective of convergence played an essential role in the evolution of China's music industries.

The internal perspective of convergence first manifested integration between different major music sectors. Integration occurred between major music sectors, such as physical recorded music, digital music, and music publishing and live music

performance. For example, the development of the Shanghai Synergy Culture & Entertainment Group was the outcome of convergence between the three major music sectors (Li 2014). Similarly, the establishment and development of the Shanghai Audio-visual Publishing House of Literature and Art was also the result of convergence between the recorded music industry and the music publishing industry (Li 2014). Most of the products in the Publishing House were physical recorded and digital music products (ibid). Liu Lijuan, the vice president of the Publishing House, explains this development in the following way:

Although our Publishing Houses [the Shanghai Music Publishing House and Shanghai Audio-visual Publishing House of Literature and Art] have developed the business of book publishing mainly through integrating audio visual products with print products, most books in our Publishing Houses also provide audio-visual products, such as CD, DVD, RACV, MP3, CD-ROM, DVD-ROM. This has greatly helped consumers/entertainers/audiences understand music through the integration of reading, listening and watching. This has greatly promoted the market share of our Publishing Houses to be the top one in China, meanwhile it has greatly promoted the music industries, such as music education, music publishing, physical recorded music and digital music, to develop. (Interview 2014)

Therefore convergence between different music sectors played an essential role and greatly assisted the evolution of the music industries in China.

Music became an integrated system in the evolution of China's music industries where for-profit and not-for-profit music industry systems converged and then developed interactively. For example, the Shanghai Municipal Orchestra was an organisation in the 1920-40s that presented commercial and non-commercial music

performance activities (Li 2011). 'Music culture construction' (*yin yue wen hua jian she*) is an essential form of convergence between the for-profit and not-for-profit music sectors. It is a popular term in the cultural industries that has been commonly used to describe all music culture and industry activities in China (Fu and Yi 2009). A number of Chinese scholars, such as Ye (2011), Fan (2005) and Zeng (2003), suggest that China's music culture construction consists of the not-for-profit music undertaking sector (*yin yue shi ye*) and the for-profit music sector (*yin yue chan ye*). During the period from the 1950s to the present, these two perspectives of music culture construction were integrated in the music culture and industry practice activities and thus it is difficult to distinguish them (Li 2010; Ge 2009; Zeng 1997). Thus music culture construction is an essential integrated form that greatly influenced the evolution of China's music industries.

The internal perspective of convergence also involved four forms of business operation integration in the evolution of China's music industries: formal, informal, horizontal and vertical. According to Male and Wallis (1992, p.172) and Li (2013, p. 4), formal integration builds business structure through amalgamations, mergers and financial deals while informal integration builds business structure through cooperations and/or connections. Chinese music businesses need to improve horizontal cooperations and connections both in the internal and external music industries. Vertical integration requires increasing control over vertical music business operations, such as production and distribution (Male and Wallis 1992, p.173). In the evolution of China's music industries, the larger record companies grew primarily through both horizontal and vertical integration (Li 2013, p.4).

It is essential to substantiate the role of such integration in the evolution of China's



music industries based on a few cases. For example, the Shanghai Audio-Visual Press became the Shanghai Synergy Culture and Entertainment Group by amalgamating with other music record companies, such as the Shanghai Audio-Visual Company. This is not only an example of formal integration but it is also an example of horizontal and vertical integration. The collaboration in music making between the Shanghai Audio-Visual Press and the Taihe Rye Music Company is not only a phenomena of informal integration but also of vertical integration. Therefore formal, informal, horizontal and vertical integrations greatly prompted the music industries to evolve particularly during the late 20<sup>th</sup> and the 21<sup>st</sup> Centuries.

## **7.6 The Development of Music-Industry Related Convergence**

Music-industry related convergence played an essential role in the development of China's music industries. Convergence influenced the evolution of the systems and structures of China's music industries. It greatly influenced the role and status of major music sectors, such as music performance, recorded music and digital music, during different periods. This section concerns music-industry related convergence during different periods of China's music industries.

### **7.6.1 Convergence During the Ancient Period**

The occurrence of the integrated Ancient Music and Dance represents the commencement of music-industry related convergence. The origin of this convergence can be tracked back to the periods of the Zhuxiang Clan, the Getian Clan and the Yiqi Clan, in primitive society, approximately 2,800 BC–2,500 BC. These clans presented an integration and development of music, dance and poetry, which developed up until the Song Dynasties (Qin 2002; Zeng 1997).

As previously discussed, the ‘Wasi’ and ‘Goulan’ were the main music and entertainment industry clusters and venues during the Song Dynasties<sup>24</sup> (996–1279 AD). Certain commercial music-related performance activities similarly integrated with other cultural sectors or other cultural forms, such as dance and drama. These main entertainment venues promoted the live music performance industry, including the for-profit music sector, to develop, with dance, drama, music and poetry integrating with music (Zhang 2006).

During the Song Dynasties, drama was a major comprehensive art form. It integrated music and literature; music played a leading role in this comprehensive art (Qin 2002). This art form was often performed in the ‘Wasi’ and ‘Goulan’ (Zhang 2006). Similarly, performance forms, such as Song-Dance Performance in the Song Dynasty, also integrated dance, music and poetry (Zeng 1997).

The ‘Wasi’ and ‘Goulan’, as a unified art performance market cluster, greatly facilitated music integration with artistic forms (Liang 2009). The term ‘unified’, refers in this instance to market convergence. This market convergence, in ‘Wasi’ and ‘Goulan’ venues, specifically integrated different content, products, forms, markets, audiences and industry sectors, such as music, dance, drama, and literature. This live music performance industry also integrated with the tourism industries and they promoted each other (Liang 2009). This music culture and industry related convergence greatly facilitated the live music performance industry.

The convergence of art forms and content was the main form of music-industry

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<sup>24</sup> The Song Dynasties includes the Northern Song Dynasty (996–1127) and Southern Song Dynasty (1127–1279).

related convergence during the ancient period. Moreover, the live music performance industry often integrated with other arts performance industries and formed a larger cultural industry system and structure during this ancient period (Qin 2002; Zeng 1997). These integrated arts industries, such as song-dance, music-drama and music-literature were essential parts in the entire live music performance industry during this period.

It is important to discuss why these cultural and arts sectors, such as dance, drama and poetry, integrated with the music cultures and industries during the ancient period. The complementary relation between them was the main reason for their convergence. Milgrom and Roberts (1995) contend that this complementary relation can occur if the growth of one asset or activity in one industry increases the returns to expanding another asset or activity in a different industry.

Stieglitz (2003) points out that ‘complementary relations’ imply the integration or merging of assets or activities in two industries. Therefore convergence is considered to be ‘complementary convergence’ by Stieglitz. During the ancient period, complementary convergence involved music products and market convergence. Music product convergence specifically referred to the integration between some arts and culture forms, such as dance, drama, literature and music; music market convergence specifically referred to audience, entertainer and consumer integration between these other arts cultures and music, in the ‘Wasi’ and ‘Goulan’ venues. Therefore the main purpose of this complementary convergence was to increase the integrated and/or comprehensive effect of the arts and entertainment, and to attract a larger audience.

The commonality of capital, and the complementary nature of culture and entertainment, were the main pre-conditions and driving forces in promoting this music-industry related convergence (Stieglitz 2003). For instance, the commonality of capital involved common performance stages for the integrated arts culture and industries, in the ‘Wasi’ and ‘Goulan’ (Liang 2009). The complementary nature of culture and entertainment involved all kinds of integrated art forms such as music, drama, dance, and poetry. Thus these arts are also called the ‘integrated arts’ or ‘comprehensive arts’.

### **7.6.2 Convergence During the Modern Period**

During the 20<sup>th</sup> Century, the music industries integrated with other cultural industries, in particular with the media industries. The physical recorded music industry was closely related to the integration between the music industries and the media industries. The physical recorded music industry was a secondary major music industry form, following the first major music industry – the live music performance industry in the ancient period. Convergence with the music industries, in particular with the physical recorded music industry, involved major media industries, such as radio, television, publishing and film, during the 20<sup>th</sup> Century.

Why did the media industries intensively integrate with the music industries? One of the major reasons for this was because both the media industries and the music industries had a very close relationship, particularly during the modern period. As stated in Chapter 5, they developed interdependently. Music, on the one hand, was an essential content form in the media industries, and this greatly promoted the development of the media industries during the 20<sup>th</sup> century; the media industries were very dependent on the physical recorded music industry. This has also been

discussed in Chapter 5. Media, on the other hand, was an essential channel and/or place to display and transmit music, music performance and music records during the 20<sup>th</sup> and 21<sup>st</sup> Centuries. Therefore, the physical recorded music industry and the media industries were dependent on each other.

During the 1990s, the music industries, in particular the physical recorded music industry, greatly integrated with the media industries in Shanghai. The occurrence and development of music radio and television stations was the result of this convergence. For instance, the Shanghai East Music Station and the Shanghai Music Television Station were established in the 1990s. Music radio, music television, and music film were the convergence products of these industries. Therefore the convergence between the media industries and the music industries reached a peak during 1990s. This has been substantiated in Chapter 5.

### **7.6.3 Convergence During the Contemporary Period**

During the 21<sup>st</sup> Century, China's music industries experienced more intensive integration with other cultural and media industries, in particular with information communication technology industries. The digital music industry was the result of the integration between the music industries, in particular the physical recorded music industry, and the information communication technology industries, such as telecommunication and computing technology.

During the 21<sup>st</sup> Century, the physical recorded music industry became the traditional music industry while the digital music industry has become the newer music industry. Specifically, the physical recorded music industry gradually began to lack the capability to innovate using new technologies; in particular, it lacked the ability to

use digital distributing channel technologies which were developed by the external information communication technology industries (Li 2010). This is one of main reasons why the digital music industry rapidly developed and exceeded the physical recorded music industry in the mid-2000s (Li 2013, p. 72)

However, the status of the music industries, as a whole, has been in a disadvantaged position during the contemporary period, affecting its development. The physical recorded music industry, as the traditional music/recording industry, was in a disadvantaged and passive position in this integration process; conversely, the information communication technology industries possessed the digital distribution channels and were therefore in an advantaged and active position in this process. This has not been conducive to the healthy development of the music industries during this period.

Therefore convergence, in particular industrial convergence, played a vital role in the development of China's music industries, particularly during the 21<sup>st</sup> Century. Due to the influence, penetration, and integration of the music industries with other larger industries, such as the information communication technology industries, the systems and structures of China's music industries became more complicated and large in scale during this century. Music-industry related convergence greatly promoted China's music industries, although it also had a negative effect due to a serious lack of related law. Therefore convergence has been a main development dynamic in relation to the evolution of China's music industries.

## **7.7 Conclusion**

Convergence, in particular industrial convergence, has greatly influenced the

evolution of China's music industries. Music-industry related convergence became more in-depth as China's music industries evolved. This convergence initially manifested the form of the cultural perspective of convergence, which appeared in the period of the Yan Emperor (about 2,800 B.C). The Zhu Xiang Clan's Music was one of the earliest music culture and industry related convergence phenomena in China. Live music performance, as the main music industry form, often integrated with dance, drama and literature in the evolution of China's music industries.

The physical recorded music industry, as one of the most representative industries in the modern period, greatly integrated with the media industries in the 1900s. Music-industry related convergence between the music industries, in particular the physical recorded music industry and the media industries, became more in-depth particularly during the period from the 1920s–the 1930s and the late 1980s–1990s. Music radio and television stations, including MTV and music films, as essential forms of convergence, led China's music industries to their commercial peaks during the two periods.

The scope and degree of music-industry related convergence greatly increased during the 2000s. This convergence happened between the information communication technology (ICT) industries, such as computing communications and telecommunications, and the music industries, particularly the physical recorded music industry and digital music industry. The digital music industry was the result of convergence between the ICT industries and the music industries.

The information communication technology industries established and dominated the market channel of the digital music industry; the physical recorded music industry as

the traditional recorded music industry, provided music content for the digital music industry. As a result, due to a serious lack of music copyright laws in China during this period, the physical recorded music industry was in an advantageous position but the digital music industry suffered. Therefore the digital music industry was developing in an unhealthy environment during the 21<sup>st</sup> Century.

There were different types of music-industry related convergence in the evolution of China's music industries. First of all, from an external perspective, three types of convergence can be identified: music-culture industry convergence, music-media industry convergence and music-information industry convergence. Second, from an internal perspective, convergence, such as that between live music performance and physical recorded music, physical recorded music and digital music and live music performance and digital music can be identified.



## **Chapter 8**

### **Conclusions**

#### **8.1 Introduction**

This chapter will summarise the characteristics and processes of the evolution of China's music industries. It focuses on the transforming nature of the systems and structures of China's music industries. It will firstly discuss and provide conclusions concerning the evolution of the music industries from an economic perspective. Secondly, this chapter will summarise the specific processes and characteristics of the evolution of China's music industries in terms of the transformation of major music sectors. Thirdly, this chapter will summarise the role and significance of convergence in the evolution of China's music industries and it will provide conclusions regarding the major differences between Chinese and Western music industries. Finally, this chapter will address major issues concerning the development of the contemporary Chinese music industries.

#### **8.2 The Evolution of China's Music Industries: An Economic Perspective**

This section touches upon the process of the evolution of China's music industries from an economic perspective. Comparatively, China's music industries evolved in a similar way to China's economy overall. Therefore it is essential to provide a brief discussion of the evolutionary path of China's economy. According to Wu (2008), China's economic evolution experienced a process from a natural hunter-gatherer economy to an agricultural economy, moving on to an industrialised economy and finally to a knowledge/information economy (p.1). Although music, as a collection of industries, is a unique form of economy and has the characteristics of culture and

politics, the evolution of China's economy also experienced the path from 'naturalised', to 'industrialised' and finally to becoming part of a knowledge/information economy.

China's music industries sequentially experienced an economic process from 'naturalised' to 'industrialised' and then to 'digitised'. Live music performance, physical recorded music and digital music were respectively three representative forms of music economies in the evolution of China's music industries. This is also the basic framework of the evolution of China's music industries. The following text will specifically discuss these music economies based on the evolutionary process of China's music industries.

The 'naturalised' music economy refers in this thesis to the economy in relation to the live music performance industry that began to appear and develop during the ancient period in China. It manifested the 'naturalised' characteristics, which adopted a 'naturalised' (i.e. simply using the human voice) way to spread music communications and to deliver music performance, with no heavy technological and industrial means involved. However, it is undeniable that the live music performance industry, as a 'naturalised' form of the music economy, also involved constructs and management and decision-making in the ancient period. This economy was a basic industry and/or economy and it played an essential role within the music industries overall.

The 'industrialised' music economy, in this thesis, refers to the economy related to the physical recorded music industry. This music economy appeared and developed in the 20<sup>th</sup> century. This economy adopted 'industrial' and 'technical' ways to make, spread

and distribute music. It specifically involved a complete large-scale ‘industrialised’ production process, communication and marketing systems that included both the physical recorded music industry and the music (print) publishing industry. The physical recorded music industry involved recording (analog), mechanical replication, record distribution networks (wholesale and retail), and media promotion (radio and television). Thus it manifested both ‘industrialised’ and ‘technological’ characteristics. This particular music economy played a key role in the evolution of China’s music industries.

The ‘digitised’ music economy, in this thesis, refers to the economy of the digital music industry. This economy appeared in the late 20<sup>th</sup> century and developed into the 21<sup>st</sup> century. This economy specifically employed the means of digital information technologies, such as telecommunication and computing technology, to make, communicate, and distribution music. This economy is an integrated one and one that greatly influenced the entire music industries in China during this century. Although this economy has faced developmental difficulties, particularly with regard to music copyright laws (or a lack thereof), it represents the development trend of China’s music industries in this century.

### **8.3 The Transformation of Major Music Sectors**

The evolution of China’s music industries involved a number of systematic and structural changes in major music industry sectors such as the live music performance industry, the physical recorded music industry and the digital music industry. The development processes of the three major music sectors can be respectively thought of as the ancient, modern and contemporary periods. The following section will

summarise these developmental periods and their characteristics based on the previous research presented in this thesis.

### **8.3.1 Live Music Performance as the Major Music Sector During the Ancient Period**

The ancient Chinese music industries ranged from the Yan Emperor period (specifically referring to approximately 4,800 years ago) to the late years of the Qing Dynasty (specifically referring to the early 1900s). During this extensive period, the live music performance industry was the only music industry sector. Live music performance, as a not-for-profit music industry form, dominated the music industries during this period. Ancient Music and Dance was a non-commercial music industry form while also being an intensively political one; it was often used to express and praise the rulers merits and virtues (Qin 1998, p. 38). Although commercial music industry activities, such as the ‘Wasi’ and ‘Goulan’ music performances in the Song Dynasties existed, they did not form the mainstream during this period. While commercial music industry activities did not feature prominently during the Yuan, Ming and Qing Dynasties, there were many non-commercial music industry activities.

During the evolution of China’s music industries, the live music performance industry formed the basis for the development of other major music sectors, such as physical recorded music and digital music. While the live music performance industry also developed greatly during the modern and contemporary periods as it was one of the most stable music industry forms and was less dependent on technologies, in particular industrial technologies as well as convergent technologies (Li 2013).

### **8.3.2 Physical Recorded Music as the Major Music Sector During the Modern Period**

The modern Chinese music industries (from the early 1900s to the mid-2000s) featured a modern industrialised process within China's music industries, with physical recorded music being the major music industry. Physical recorded music, as a large-scale mechanical industry form included the popular music related industry and appeared and developed in Shanghai, Guangzhou and Beijing during this period.

Both the physical recorded industry and the popular music industry developed rapidly during the 20<sup>th</sup> century. There were two development peaks: the first ranged from the 1930s to the 1940s, while the second ranged from the 1990s to the early 2000s. These developments assisted the entire music industries, in particular the live music performance industry, to develop.

### **8.3.3 Digital Music as the Major Music Sector During the Contemporary Period**

Contemporary China's music industries now feature a digital information process. Digital music has become the main music industry form over recent years. Physical recorded music, as a major music industry form, remained a dominant sector within China's music industries until the mid-2000s, when the digital music industry became larger than the physical recorded music industry. Sales of mobile phone music quickly became the most significant source of music-related revenue (Yao 2007; Montgomery 2010).

During this period, many record companies, such as the Shanghai Synergy Culture and Entertainment Group, the Beijing Taihe Rye Music Company and the Guangzhou Pacific Audio-Visual Company, began to transform into, or engage with, the digital

music industry. Due to the improvement of digital copyright laws during this digital information communication period, music as an essential content factor, often integrated with other creative and information technology industries (Montgomery 2010; Tschmuck 2006; Li 2010). Music copyright became more important in the context of the digital music business and/or industry in China during the 21<sup>st</sup> century.

Therefore the development of China's music industries tracked the path from the live music performance industry to the physical recorded music industry then to the digital music industry. Live music performance, physical recorded music and the digital music industry were major industry sectors during the ancient, modern and contemporary periods, respectively, and this influenced the overall development status of China's music industries.

#### **8.4 The Systems of China's Music Industries**

China's music industries developed from simple to complex and from small to large. This territory's music industries involved a number of industry systems and structures, such as the profit and non-profit music industry sectors, regional music industries, such as those of Beijing, Shanghai and Guangzhou, and the sub-music industry sectors, such as live music performance, physical recorded music, music publishing and digital music, as well as music instrument making and sales, and music education. These constitute the large and complicated systems of the music industry.

##### **8.4.1 The Systems' Evolution**

From an historical perspective, the systems of China's music industries evolved from simple to complex. More specifically, the industries experienced three stages of system changes. Each later system developed based on the previous one; meanwhile

the later system became more complex than the previous one. The ancient period (from approximately 4,800 years ago to the 19<sup>th</sup> century) presented the naturalised era, when live music performance played a leading role in the system and structure of the music industry. During this stage, this system also included musical instruments. The system of China's music industries was smaller and simpler during this stage, compared to the systems of the modern and contemporary periods.

The modern period (from the early 20<sup>th</sup> century to the mid-2000s) was its industrialised era. During this period, the physical recorded music industry dominated the music industries, and the systems of the music industries became larger and more complicated compared to that of the music industries during the ancient period. It not only involved the systems of the live music performance industry and the physical recorded music industry, but also concerned the systems of the musical instrument making and sales industry, the music print publishing industry, and the music media industry (such as music radio, music television and music film).

The contemporary period (from the mid-2000s to the present) involved the development of the system of the digital music industry. The contemporary period features one of the more complicated systems of the music industry to date. It not only contains three primary systems - the live music performance industry, the physical recorded music industry and the digital music industry, it also includes certain secondary music industry systems, such as music instrument making and sales, the music print publishing industry and the music media industry. The system of the digital music industry has become the most complicated system and is one that intensively integrated with, and influenced, the creative and information industries during this century.

#### **8.4.2 The Primary and Secondary Systems of China's Music Industries**

China's music industries have evolved into a large industry system. The system has two components: the primary system and the secondary system. The primary system refers in this thesis to the three major music sectors - live music performance, physical recorded music and digital music, with the development of China's music industries tracing the development path of the three major music industry sectors. Therefore this system can also be thought of as the Primary Industry System (also called the 'Core Industry System').

Although the primary music industry sector systems, such as live music performance, physical recorded music and digital music, often integrated and promoted the development of China's music industries, they also at times manifested relatively independent characteristics. As previously discussed, particularly in Chapters 5 and 6, the live music performance industry did not depend on the development of the physical recorded music industry and the digital music industry, due to a lesser dependence of the music performance industry on technology. Therefore this industry has been successful in maintaining constant and stable development.

The secondary system refers to certain associated music sectors, such as music media (including TV, radio, film, animation and advertisements), musical instruments, music publishing and private music education. Although the three major music sectors intensively influenced the evolution of China's music industries, these associated sector systems also influenced its development. This system played a supportive role in the evolution of China's music industries compared to the role of the primary



industry system. Thus it can be thought of as the Secondary Industry System (also called the ‘Supportive Industry System’).

It is essential to understand the relationships between the Primary Industry System and the Secondary Industry System. This relationship involves not only the relationship between the primary and secondary systems, but also the relationship between each system within the primary system. Although the secondary system clearly manifested a role in supporting the primary music industry system to develop, these associated music industry forms also represented relatively independent development characteristics. The argument here is that their interactive development promoted the development of China’s music industries. All sub-systems in this system mutually interact and converge, and cannot develop independently sans integration.

The evolution of the three major music sectors, during different periods, did not manifest a substitutive relationship but reflected complementing, overlapping, crossing and paralleling characteristics. This is substantiated in Chapters 5, 6 and 7. As stated in these chapters, the live music performance industry, as the major industry during the ancient period, also existed and developed in the modern period. Similarly, both live music performance and physical recorded music also existed and developed during the contemporary period.

### **8.5 Convergence in the Evolution of China’s Music Industries**

The complexity of China’s music industries has primarily been caused by the characteristic of convergence. To some extent, major music industry forms, such as the live music industry, the physical recorded music industry and the digital music industry, were the results of convergence during the ancient, modern and

contemporary periods, respectively. The following section will specifically discuss and summarise the phenomenon of convergence that influenced the evolution of China's music industries based on the analysis presented in Chapters 5 and 6, and particularly in Chapter 7.

In ancient China's music industries, convergence represented cultural convergence as well as market convergence in the live music performance industry. As stated in Chapter 5, ancient music and dance, as an essential integration between other creative industries and the music industries, appeared 2000 years ago in China. The 'Wasi' and 'Goulan' were a typical market convergence form that integrated certain major creative industries, such as dance, music, talking and singing (*shuo chang*), primarily in the Song Dynasties (960-1279). Therefore, to some extent, the live music industry was the result of integration between the music industries and other creative industries.

During the 20<sup>th</sup> century, the music industries integrated with the media industries. In particular, the music industries integrated with most media industries, such as radio, television, publishing and film. To a certain extent, physical recorded music, as a major music sector, was the result of integration between the music industries and the publishing industries. However, cultural integration, such as that between music and dance and poetry, also existed and developed during this period.

During the 21<sup>st</sup> century, convergence, in particular, that relating to digital information convergence, has begun to intensively impact on the music industries on a large scale. Digital information convergence in relation to the music industries has primarily occurred between the music industries and the information communication technology industries, such as telecommunications and computing technology (Li

2014, <http://musicbusinessresearch.files.wordpress.com/2013/06/li-fangjun-john-the-influence-and-role-of-convergence-on-the-development-of-chinas-music-industry.pdf>). To a large extent, the digital music industry was the result of convergence between the information communication technology industries and the music industries, in particular the physical recorded music industry.

Convergence, particularly industrial convergence, reached a peak during the contemporary period of China's music industries; the digital music industry is one of the most integrated forms of the music industry. Convergence played an important role during this period, more so than in the ancient and modern periods. The main reason for this is that the advent of digital technologies made the process of convergence more fluid. Further, as stated in Chapters 5 and 6, inter-regional industry convergence, as another form of convergence, in particular between China and the Western music industries, has been widespread during the contemporary period, although it also occurred during the modern period.

As previously stated, particularly in Chapter 7, the digital music industry has become one of the most complexly integrated music industries during the 21<sup>st</sup> century. It has involved convergence between the music industries and other creative and information technology industries. Traditional convergence forms, such as those between the music industries and the media industries, the music industries and other performing arts industries, as well as between the music industries and the tourism industries and in addition between the music industries and the sports industries, have also existed and developed during this period.

As stated in Chapter 7, convergence, in particular industrial convergence, cultural convergence and political convergence, can be regarded as the major dynamic that facilitated China's music industries, in particular the three major music sectors, development. Moreover, music-industry related convergence forms, such as cultural and music related convergence, as well as political and music related industrial convergence that influenced China's music industries to evolve, are different from industrial convergence in general.

## **8.6 The Differences between China's Music Industries and the Western Music Industries**

Based on the previous research, the major differences between the Chinese music industries and the Western music industries can be summarised in the following way. Firstly, from a cultural perspective, the music styles produced during the evolution of China's music productions, markets and industries are different from Western ones. A number of music styles that existed in China's modern and contemporary music markets included Chinese folk/traditional music, Chinese art music, Chinese popular music, Chinese political music as well as Western popular music and classical music. As stated in Chapter 2, 5 and 6, these music styles played essential roles in the evolution of China's music industries, in particular in the development of music productions and markets.

Secondly, from an economic perspective, China's music economy is also different from Western ones. Although both a private and market economy played essential roles in the evolution of China's music industries, particularly during the modern and contemporary periods, both the planned economy and the public economy also greatly influenced the evolution of China's music industries. As stated in Chapter 5, the

public economy dominated the live music performance and physical recorded music industries. As stated in Chapter 5, more than 80 percent of physical recorded music sales and 90 per cent of record companies were from the public economy. This is substantiated by Zhang and Wang (2009). Thus both the public and private economy played essential roles in the evolution of China's music industries, particularly in the modern and contemporary periods, which is different from the West.

Thirdly, from a political perspective, the intensive influence of Chinese politics on the evolution of China's music industries makes them different to the Western music industries. This political influence involved the following perspectives: the Chinese government, political music and music copyright. The Chinese government influenced the music industries, particularly in the modern and contemporary periods, in the following ways: direct participation, such as the development of National Music Industry bases in Shanghai, Beijing and Guangdong, and indirect policy influence, such as the development of policies relating to copyright law. The Chinese government, on the one hand, actively assisted the music industries to develop, on the other hand, the government restricted the development of the industries through its lax approach to copyright. Copyright laws, in particular music copyright law, only slightly influenced China's music industries to develop while copyright laws are the foundation of the music industries in the West. Political music was particularly evident during the Great Cultural Revolution (1966-1976) though it has also existed through the entire evolution of China's music industries.

Understanding the influence of this political context on Chinese understandings of musical creativity, and on how this form of creativity is, and will be, commercialised, is crucial for this thesis. An understanding of creativity that features a confluence of

the different definitions of it becomes particularly interesting, and useful within the context of this thesis, when we consider that the way we think about creativity is itself socially, culturally and historically located; particularly when we compare Chinese understandings of creativity and the creative industries with Western ones. The individualist conception of creativity simply is not as common in China as it is in the West because of China's political context and history. Due to this historical and cultural issue, a confluence approach to creativity (Sternberg, 1999, Kustzberg and Amabile, 2001, Gardner, 1993, Sternberg and Lubart, 1991, 1993, 1995) informs the conclusion of this thesis. To this end, Csikszentmihalyi's (1996) systems model provides the theoretical foundation for understanding creativity within the Chinese music industries as it can better account for differences between Western and Chinese understandings of creativity, and it can better account for the juxtaposition of individualism and collectivism that characterises the contemporary Chinese experience; and the way in which creativity is theorised in relation to this juxtaposition. Given that China has a mixed 'market' and 'planned' economy, the 'conditions' for 'creativity' are more pronounced than they are in the West.

Yet, despite the influence of Marxism on China's political consciousness, extraordinary private wealth is being generated in China through creativity (broadly defined). According to Howkins (2001), "creativity is not new and neither is economics, but what is new is the nature and extent of the relationship between creativity, creative industries and the creative economy, and how they combine to create extraordinary value and wealth" (p.8). Fundamental to Csikszentmihalyi's (1996) conceptualisation of "creativity is an acceptance of boundaries around specific domains of knowledge and a reliance on experts (the so-called 'field') to pass

judgment on what constitutes creativity” (Wilson 2010, p. 7). The interrelations between the domain, the field and the creative person in a mixed economy such as China’s makes for a fascinating, and combustible, environment for creativity, and one that is quite different to the West. There is arguably less of a focus on the individual ‘person’ in China, and more of a focus on the ‘field’ (which includes the communist party) and the ‘domain’ of knowledge, which is utilised by the communist party for the purposes of soft power.

Convergence between industry sectors happened quickly in China due in part due to a lax relationship to copyright law there (i.e. sectors did not need to get ‘permission’ to converge in the same way that comparable entities in the West did) and this led to a period of rapid innovation. The way in which digital music is understood in China is different because rather than an individualist and romantic view of creativity being dominant, one that is fed by the very fact that capitalism is hegemonic in the West, after years of adhering to a communist belief system, the Chinese people have different perceptions of private property. The ubiquity of digital music has shone a spotlight on the fact that individualist and romantic views of creativity are perceived differently because of China’s political legacy and also because of a lack of copyright law in China. As the West grapples with the issues caused by the Internet, so too does China, however copyright is not as central to the resulting convergence between different sectors of the media and creative industries in China, as it is in the West, for both ideological and practical reasons.

China is therefore a unique case in this context because it has a more ‘inward’ focus, whereas many Western music industries, such as the industries in Australia, have a more ‘outward’ focus. The sheer scale of the Chinese population means that the

Chinese people can easily sustain their own music business economies and this, along with censorship in China, means that these industries there are not as subject to U.S. cultural imperialism as other music territories are.

Furthermore the 'diversity' of ideologies that co-exist in China has led to a combustible environment for innovation in the digital music industries in this country. This has led to more conceptual transfer in a macro sense in relation to the music industries and to productive conflict between ideas relating to public versus private ownership, and to individual rights of ownership and social use for collective benefit.

Keane's (2013) viewpoint on the improvement of China's cultural soft power through the creative and music industries is significant. This viewpoint further substantiates the argument here that China's creative and music industries are integrated and that there is convergence between culture/music, economics and politics in China. Therefore the value of the symbolic goods generated by China's creative industries are dependent on user's perceptions, as well as on the creation of original content, though the value is arguably tied more to the Chinese government's soft power campaigns than to the potential these industries have for wealth and job creation. Yet while the music industries are used for the purposes of soft power, major online music business firms were established in China during the late 1990s and early 2000s and these have generated jobs and wealth within China's music industries.

In the case of China's digital music industry, creativity is understood as existing in a wider economic, social and cultural welfare environment in part because of the communist government and its ideology. Because it fits into this broader context, the rhetoric of the 'creative industries' is not prioritised over the rhetoric of 'the public



good' and collectivism. And yet, the creative industries are developing in China and creativity is able to thrive in the gap between the 'creative industries' and 'social use for collective benefit'. This is what makes the Chinese music industries unique and different to Western ones.

### **8.7 The Main Issues of the Development of China's Contemporary Music Industries**

Digital music, as a new music industry form, rapidly increased in China during the 21<sup>st</sup> century, though the industry has experienced difficulties due to music copyright issues (Montgomery 2007, p. 2). According to the IFPI (2008), sales of digital music increased to US\$ 0.32 billion in 2007, from US\$0.28 billion in 2006 (p. 6). Physical recorded product, as a traditional recorded music industry, has dramatically declined, due to both the development of the digital music industry and serious digital and physical pirating issues (Montgomery 2010, p. 61). According to the IFPI (2008), the sales of CDs netted US\$1.6 billion in 2003, but the sales of music records declined to US\$ 0.377 billion in 2007 (p. 6).

In China, the income distribution within the current music industry is not reasonable, with those who control the marketing channels reaping tremendous profits in comparison to the producers of the musical content. In terms of the commercialisation of musical creativity, the fact that there is arguably less of a focus on the individual 'person' or 'creator' in China, and more of a focus on the 'field' (which includes the communist party) and the 'domain' of knowledge, has meant that in terms of private wealth creation, the entities that control marketing and distribution are being well remunerated while the individual content creators are not. This is evidenced by the following quote from Zang Yanbing:

The music copyright owner faces difficulties in getting money from market channel operators, such as from China's Mobile Company. In 2012, the income of digital music was 68 billion Yuan (approximately \$US1.24 billion), music owners only got 700 million Yuan (approximately \$US127 million), it only occupied 1.6 per cent of the overall income. (interview 2014).

The most difficult hurdle facing China's music industries, particularly its recorded music and digital music industries, has been the issue of musical piracy (digital and physical music pirating) in the music market. In 2006, the CEO of the IFPI, John Kennedy, addressed the International Forum on the Audio-Visual Industries in Shanghai, stating that illegal sales of music in China are valued by the IFPI at around US\$ 400 million, with around 90% of all recordings being illegal (Montgomery 2010, p. 61). Moreover, intellectual property and music copyright laws are very deficient. Further, the issue of free digital music downloading has heavily affected the development of the digital music industry, in terms of its potential exchange value, in China.

However, levels of piracy in the recorded music industry in China are beginning to change. Over the last two years, major record companies and some independents have licensed the copyrights they control to eight of China's major online music services, most of them previously being copyright infringing entities (<http://www.ifpi.org/China.php>). Therefore if issue of piracy can be addressed within China's music industries, China may become one of the largest music markets in the world (ibid).

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# Appendices

## APPENDIX 1

### Chinese History: Timeline ‘A’ (before the 1900s)

First Emperor, circa 2737 BC

Emperor Huang, 2697 BC (Zhang, 1998)

Emperor Yao, Emperor Shun, Emperor Yu, about 4000-2000 years

Table A. Chronology of Chinese Dynasties:

21st-16th century BC Xia

1700-1027 BC Shang

1027-771 BC Western Zhou

770-221 BC Eastern Zhou

770-476 BC Spring and Autumn period

475-221 BC Warring States period

221-207 BC Qin

206 BC-AD 9 Western Han

AD 9-24 Xin (Wang Mang Interregnum)

25-220 Eastern Han

220-280 Three Kingdoms (*san guo*)

220-265 Wei

221-263 Shu

229-280 Wu

265-316 Western Jin

317-420 Eastern Jin

420-588 Southern and Northern Dynasties

420-588 Southern Dynasties

420-478 Liu Song

479-501 Qi

502-556 Liang

557-588 Chen

386-588 Northern Dynasties

386-533 Northern Wei



534-549 Eastern Wei  
535-557 Western Wei  
550-577 Northern Qi  
557-588 Northern Zhou  
581-617 Sui  
618-907 Tang  
907-960 Five Dynasties  
907-979 Ten Kingdoms  
916-1125 Liao  
960-1279 Song  
960-1127 Northern Song  
1127-1279 Southern Song  
1038-1227 Western Xia  
1115-1234 Jin  
1279-1368 Yuan  
1368-1644 Ming  
1644-1911 Qing

(Source: Based on information from the China Handbook Editorial Committee, China Handbook Series: History (trans., Dun J. Li), Beijing, 1982, 188-89; and Shao Chang Lee, 'China's Cultural Development' (wall chart), East Lansing, 1964. Retrieved on 02 December 2011 from:  
<http://ancienthistory.about.com/od/chinadynasties/a/chinesedynasty.htm>.)

## **APPENDIX 2**

### **Chinese History: Timeline 'B' (From 1911 to the Present)**

#### **A. 1911-1949 The Republic of China**

- 1912-1916: Presidency of Yuan Shikai
- 1916-27: Warlord Era
- 1919: The Fourth of May demonstration
- 1921: Founding of the Communist Party
- 1927: Guomindang unifies part of China, capital at Nanjing
- 1927: Communists defeated, retreat to the countryside
- 1931: Japanese take Manchuria
- 1935-36: The Long March
- 1937: Japan invades North China
- 1945: US atom bombs cause Japanese surrender
- 1945-49 Guomindang-Communist Civil War
- 1949: Guomindang defeated, retreats to Taiwan

#### **C. The Period of High Socialism**

- 1949: People's Republic founded
- 1947-52: Land reform
- 1954-56: Agriculture collectivised
- 1956: Industry socialised
- 1957: Anti-Right campaign
- 1958: Great Leap Forward and People's Communes
- 1959-61: Famine
- 1962: Retreat from communal to collective production
- 1966-69: Great Proletarian Cultural Revolution
- 1966-76: Cultural Revolution Decade
- 1969-78: Youth to the countryside
- 1972: Nixon visits Beijing
- 1976: Mao Zedong dies
- 1978: Official reform policy announced

#### **D. The Period of Reform**

- 1979-82: Dismantling of collective agricultural production

1979: Beginning of the one-child policy  
1984: New constitution allows some freedom of religious practice  
1985: Urban private enterprise allowed  
Late 1980s: Collapse of restrictions on migration to cities  
1989: Student movement, culminating in Tiananmen massacre  
1993: China's Olympic bid fails  
1994: Recentralisation of finances  
1990s: Rise of urban consumer society  
1990s: Nationalism replaces revolution as national goal  
1998: Major floods bring turn towards environmental protection  
2001: China's Olympic bid succeeds  
2008: Tibetan uprisings, earthquake, Olympics.

(Source: Retrieved 02 December 2011 from: <<http://faculty.washington.edu/stevehar/timeframe.html>>)

## **APPENDIX 3**

### **List of Questions to Guide In-Depth Interviews**

#### **Questions about the evolution of China's music industries:**

1. What were the major changes that you have observed in the past 20 or more years?
2. What are the roles and status of the live music performance industry, physical recorded music industry, digital music industry and music publishing within the contemporary industries?
3. Is corporate sponsorship a new means of funding within the music industries? Is branding important?

#### **Questions about how the government has influenced the music industries/questions about the relationship between the government and the music industries:**

4. Has the Chinese government influenced the music industries both in the past and present? How has the Chinese government influenced the music industries? Has there been a change in the way the government has engaged with the music industries?
5. How does the Chinese government conceptualise the relationships between music cultures and industries, and between Chinese politics and the economy?
6. How has the Chinese government influenced copyright law? Is the government interested in pro-copyright arguments? Are you trying to move the government towards enforcing copyright?

#### **Questions about the relationships between the music industries and other creative and information communication technology industries:**

7. Have there been changes with regard to how the music industries engage with other creative and information communication technology industries in the past 20 years or more? What are the major changes?

8. How has the Chinese government promoted the interactive development between the music industries and other creative and information communication technology industries? Is there a policy to promote this?

9. How have music business companies faced the changes that the interactive development between the music industries and other creative and information communication technology industries have caused?

**Questions about the relationship between the music industries and copyright:**

10. How do the music industries operate under conditions where there is no copyright? Can you have an industry without copyright?

11. What does the Chinese industry rely on to generate value in place of copyright? Do they believe in copyright? Do they think that copyright should just be forgotten about? Is it hard to grow businesses without copyright?

12. How does it work when there is no way to enforce copyright?

**Questions about how China has engaged with the global music industries:**

13. Does China's local industry engage with the global industries? If so, how?

14. Do they care about success in foreign territories?

15. How has China governed the Internet in relation to the music industries, in particular the digital music industry?

## **APPENDIX 4**

### **List of Interview Subjects**

Zang Yanbing - Vice President of the Shanghai Synergy Culture & Entertainment Group, Director of the Recording Working Committee of China's Audio-visual Association.

Liu Lijuan - Vice President and Vice General Editor of the Shanghai Music Publishing House and Shanghai Audio-visual Publishing House of Literature and Art.

## APPENDIX 4 Ethics Clearance Letter

### Ethics Conditions Met - Final Approval - Li\_Morrow\_5201001357(D)[1]

From: Faculty of Arts Research Office <[artsro@mq.edu.au](mailto:artsro@mq.edu.au)>  
Date: Thu, Jun 23, 2011 at 10:23 AM  
Subject: Ethics Conditions Met - Final Approval - Li\_Morrow\_5201001357(D)[1]  
To: Dr Guy Morrow <[guy.morrow@mq.edu.au](mailto:guy.morrow@mq.edu.au)>  
Cc: Faculty of Arts Research Office <[artsro@mq.edu.au](mailto:artsro@mq.edu.au)>, Mr John Li <[fangjun.li@students.mq.edu.au](mailto:fangjun.li@students.mq.edu.au)>

Ethics Application Ref: (5201001357) - Final Approval

Dear Dr Morrow,

Re: ('Points of departure: A study of the history and structure of the Chinese contemporary music industries with a particular regard to industrial integration')

Thank you for your recent correspondence. Your response has addressed the issues raised by the Faculty of Arts Human Research Ethics Committee and you may now commence your research.

The following personnel are authorised to conduct this research:

Dr Guy Morrow  
Mr Fangjun Li

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).
2. Approval will be for a period of five (5) years subject to the provision of annual reports. Your first progress report is due on 23 June 2012.

If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final

Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

<http://www.mq.edu.au/policy/>

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/policy](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy)

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have final approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of Final Approval to an external organisation as evidence that you have Final Approval, please do not hesitate to contact the Faculty of Arts Research Office at [ArtsRO@mq.edu.au](mailto:ArtsRO@mq.edu.au)

Please retain a copy of this email as this is your official notification of final ethics approval.

Yours sincerely

Dr Mianna Lotz

Chair, Faculty of Arts Human Research Ethics Committee