

# Conducting Music Business in China

## Basic Guidelines for UK Companies

Much has been written regarding the state of China's music market. The following points serve as a general guide for anyone wanting to conduct 'music business' in the territory.

Whilst many of these points are valid for every sector of the industry, it is important to seek specialised, local knowledge prior to engaging in any business with and within the territory.

- China has a well developed local music industry, there are several well established players, as well as countless 'fly by night' companies and middlemen. There are no hard and fast rules for foreign music companies wishing to operate in this market. Much will depend on the level of your potential local partner's connections (*guanxi*) as well as their company's own core strengths.
- The music industry is run primarily by 'entertainment companies' that handle all aspects of their domestic artists' careers: management, label and agency services rolled into one. (there are no agents as such) In a market so heavily affected by piracy, this business model allows labels to exist and benefit from the artist's brand at every level. Commercial sponsorships (product association or endorsement) are a vital part of the day to day music business, Western companies/management must be willing to work within these parameters.
- Music and media in China are ultimately state controlled. Different ministries and permit authorities will be involved in your record release or artist's performance. Be prepared to supply full lyrics, set-lists and samples, expect that songs may be edited from albums or shows for reasons that may not necessarily be obvious. It is important that chosen local promoters have strong connections with the authorities to secure the necessary permits on your behalf.
- The importance of personal introductions and relationships cannot be understated. Get to know who you are working with and develop some degree of positive, personal relationship with them.
- Visit your potential partners' office in person. See where your potential partners operate from: visit their offices, studios and facilities. Do not rely on them coming to your hotel or consultant's office, take every opportunity to learn about their company in person.
- The actual reality of China can be very different from the hype. What you learn from the Western media and in the cities you visit does not necessarily reflect the trends and tastes in the rest of the country. China is split into several regions, each with its own cultural values and music preferences. Note that Beijing and Shanghai are distinct markets in themselves and have their own music preferences.
- Get to know the local entertainment environment. Visit entertainment and retail outlets: go to the bars, clubs, record shops and street markets. This is especially relevant if you are involved in the live music business as increased opportunities for live performances develop. Take the opportunity to learn about latest trends in digital media, and be prepared to sanction viral marketing activities.

In conclusion, be mindful that China is a new market for Western music with a unique environment. Keep an open mind and be flexible in your negotiating stance, building relationships will deliver rewards both now and in the future.