

Xiami's Death: How Streaming Platforms' Survival is Closely Linked to Music Industry

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ABSTRACT

Looking back at the time where piracy and illegal downloads were rampant, the music industry were suing anonymous users who download and distribute their work for payment and received little from these efforts because Internet protects their unaccountability and anonymity. To study audio streaming industry, a business that has generated US\$13.4 billion in revenue in 2020, this research will look at ways that audio streaming platforms help with the legal distribution of music and benefit artists. Though accused of violating the regulations about copyright use and stuck in a paradox where content producing side demands higher pay that reduced the profit margin of companies in streaming industry, the platforms actually help artists receive fair pay and change their fate from someone who are unable to profit to someone who can generate income through means of collaborating with businesses and creating content and selling their work to platforms such as Spotify and Apple Music. With laws and regulations, the audio streaming industry is beneficial to the development of music industry which involves record companies, content producers, and other copyright holding companies. This research also focuses on famous examples of audio streaming platforms in China, specifically Xiami, which is not a giant in the industry like Tencent Entertainment Company. Through analyzing Xiami's case, several recommendations, including diversifying content and changing marketing strategies, are made to ensure other platforms that are comparable to Xiami can better survive in the industry.

Keywords: music industry, streaming platforms, copyright, legal distribution.

1. INTRODUCTION

1.1. Key concepts

Audio streaming is how Internet Service Provider (hereinafter ISP) allows music to be transmitted on the internet in live flow and this service is somewhat analogous to radio broadcasting because the broadcast over the Internet does allow an immediate listening and the music transmitted in audio streams tend to be inferior in quality to that of CDs [1]. There are many Musics Streaming services, e.g. Spotify, Deezer or Apple Music, which profit when giving full access so that they can browse content libraries after paying subscription fee or allow advertisers to use their platforms [2]. Streaming music to various connected devices and offering ad-supported contents, forcing users to take a commercial break between tracks are ways that these platforms are known for. They mostly deal with internet radio, but video streams such as YouTube are not included in this industry [3].

“Streaming is the dominant form of distribution.” [4]

Legal distribution of music is referring to how music or other copyrighted material is released and transmitted on the internet and can be purchased by customers legally, which is different from piracy that does not reward the content creator in any way and typically violates the content creators' rights by giving all internet users free access of such content. This term used to refer to the case of copies distributed using compacted discs, but because every compact disc, once uploaded onto the Internet, can be reproduced at no cost, a process that supplies audiences with a song without the artist's authorisation, it the term distribution is now categorised into legal and illegal forms with unauthorised copying of music, such as Napster and Gnutella considered illegal and authorised but not well-compensated record labels' copying process considered legal [1].

1.2. BACKGROUND

Back when music industry engaged in the legal

warfare against piracy, many different ways of accessing music for free undermined the music industry of the time by causing financial losses to the record companies and musicians, because “only 1.5 million out of 119 million online music users paid for music access, and only 10 out of over 700 music websites were properly authorized or licensed.”[5] For example, in the legal dispute against Baidu, many companies found it impossible to rid the industry of illegal downloads even when they have won the lawsuits. There are lawsuits, such as IFPI versus Baidu, 2005 and Music Copyright Society of China versus Baidu, 2008, which are all copyright infringement [6].

The situation quickly shifted when people became more willing to share and access music online for a small cost, which was largely due to the record companies’ efforts to not only sue illegal service providers on the internet, but also work with them to make online streaming a viable option for customers. Though customers still do not pay a tremendous amount to listen to the songs of their choice, their contribution is no longer zero at this point. Legal distribution of music is definitely to the development of music industry which involves record companies, content producers, and other copyright holding companies [6]. EMI, Universal, Sony, Warner and Bertelsmann extended their market dominance to the Internet by the end of the 1990s, other record companies followed because they all forecast the potential success of internet delivery.

A great step forward is when many of the record companies give up on CDs and focus on the internet service providers by negotiating deals to release new music on different platforms, but this did not come until 2001 when they realise that “CD is dead.” As Taihe-Maitian Music’s founder and CEO recognised that in that year and decided to make changes happen in the Chinese music industry [5].

What would be a new distribution platform for music industry in the future? How flexible can the platforms be in their relationships with content creators and consumers? These questions concern the author of “Examining Copyright Regimes in China’s Digital Music Industry: History, Challenges and New Models” make it necessary to discuss how Music Streaming Industry is now a crucial link on the supply chain of music and how one platform’s life and death may decide the dynamics of the entire industry because many of the dilemmas are still present including copyright infringement, fair compensation for artists, and dominance of larger companies in the industry [2]. Musicians, record companies and the music streaming platforms may never come to a truce.

2. METHODOLOGY

2.1. How Streaming Contributes to Music Industry

Streaming has made a contribution to the music industry with the comparative analysis with downloads and physical albums [4].

Streaming songs has a profound influence on multiple music consumption channels such as CD and tapes. To discuss these influences is significant because the vast changes of the recorded music make settling royalty payments between various parties like streaming platforms, record labels and musicians difficult. All parties could benefit from understanding the relationship involving streaming platforms. Otherwise, the settlement of royalty rates and public policy will be in stalemate [7].

These audio streaming platforms are matchmaking between different markets, including the music market, the advertising market, and the finance market. Using playlists like how Spotify demonstrates its “power” by coordinating its role between various markets and actors [8]. Musicians are provided with a much more flexible amount of financial reward for what they produce. There is a winner-take-all or superstar model that offers a promise of large rewards in the rare occasion where the content becomes popular [9]. This research highlights the importance of streaming and its benefits to musicians who were previously undiscovered and not well-compensated.

Internet audio streaming helps new radio models and modifies the conventions of the broadcasting industry. Because when consumer and audience habits evolve, copyright laws are evolving with them, and advertisers experiment with them as well. When technology and licensing costs interact with the size of the audience. An emerging streaming model lets the business pay for each customer, bringing advantages to global streaming experiment as a whole [10].

Digital Millennium Copyright Act and Digital Performance Right in Sound Recordings Act had ended both free downloads and internet service providers’ infringement of copyright, bringing more commercial and legal benefits to musicians who were previously at a disadvantage [1]. This research offers a legal insight that is most useful in discussing the lawsuits that could cost platforms and music labels millions, and understanding why many services are no longer available to users for free.

2.2. XIAMI’s Contributions and Defects

Xiami brought changes to challenge traditional record companies because Xiami allows musicians to upload their works and expand their fan bases without music producers, distributors or record labels’ interference [5].

Xiami Music has set up a peer-to-peer program for musicians to upload their music which can be directly accessed by subscribers on. For example, their “Looking for Unseen Originality” is an opportunity for musicians to authorise Xiami (though not exclusively) to distribute their works on this platform [6].

Xiami brings another important business model to the industry by making its pricing models different from the rest of the platforms in the digital music industry. This can be categorised into ownership pricing model which is one of the three common schemes to sell digital music: ownership, subscription and mixed pricing models [11]. The research on pricing model also reveals an uncertainty that songs with no time limit on registered devices could bring to Xiami, limited profit.

In the introduction of ownership pricing model from “Optimal pricing model of digital music: subscription, ownership or mixed?” Advertisement revenue rate decides pricing model because when consumers buy and download songs and enjoy these songs whenever they want on any devices they would like, they use the ownership pricing model [11]. However, subscription pricing model requires consumers to have enjoy ad-sponsored free contents, which is a pricing model Music service platforms like QQ music and XIAMI use [11].

This implies that the ownership pricing model is less profitable over the long run because it does not make repurchase or reactivation of songs a window of sales, which makes Xiami’s survival overly dependent on new contents.

2.3. Strategies and Methods

However, policing copyright infringement is difficult as the Six Strikes Plan is not strong enough to act as a

deterrent which means content owners such as Spotify and Apple Music must become more involved in copyright protection and licensing efforts [12]. The western music streaming industry and Chinese music platforms show distinctions in acquiring copyrights because music platforms in China have a greater control over rights [13].

Co-creational marketing is an effective involvement of customers that can succeed by turning fans into evangelists, which makes the music industry and steaming platforms more socially appealing [14].

How to generate income in the music industry evolves from individual tracks to bundled streams which are all sold at an affordable price. The recorded music industry has to adapt to the change by offering more interactive streaming which is revenue-neutral for the recorded music industry. For example, whether Spotify pays music industry more depends on whether more revenues from streaming offset the drops in incomes from downloads [15].

Many of the researches done before have paved the way to thoroughly analyse the rise and fall of Xiami as a member of music streaming industry by covering commercial, legal, and managerial aspects of a company in this field, one key aspect this research will focus on is the commercial aspect which involves an analysis of the entire industry and key players, an analysis of Xiami’s situation, and recommendations that can important to the future operations of platforms similar to Xiami.

3. SECTION 1: GENERAL ANALYSIS OF AUDIO STREAMING INDUSTRY

3.1. General Context of Music industry

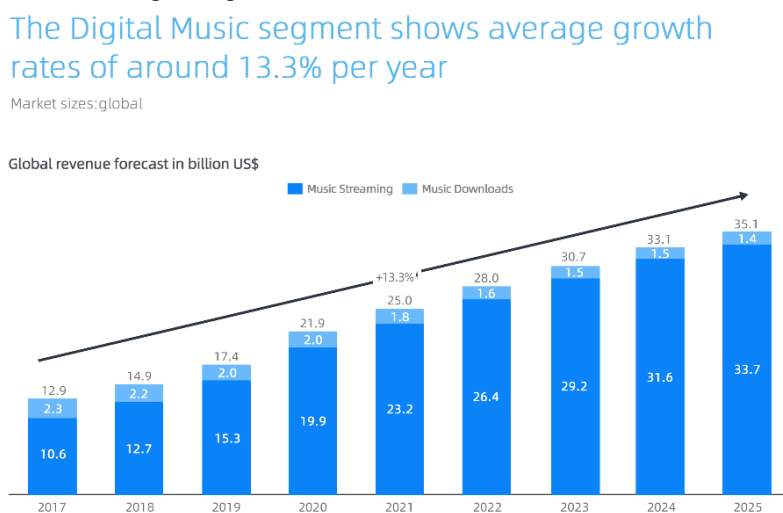


Figure 1. Global Digital Music Segment Revenue Forecast from 2017 to 2025 [2]

Globally, it is projected that revenue in the Music Streaming segment will reach US\$23,293m by the end of 2021 [2]. An annual growth rate (2021-2025) of 10.08%

can be seen in this field, resulting in a projected market volume of US\$34,198m by 2025 [2]. Most revenue will be generated in the United States (US\$8,669m in 2021);

however, China’s market brings US\$2,177m in revenue in 2021 [2] , a shockingly low amount considering how many people live in this country. In the Music Streaming segment, the number of users is expected to amount to 913.2m users by 2025, with China’s projected market volume of US\$3,387m by 2025 [2]. The field is still growing. User penetration will be 8.4% in 2021 and is expected to hit 11.7% by 2025 [2].

Music streaming industry’s the growth in revenue is illustrated in Figure 1. Global Digital Music Segment Revenue Forecast from 2017 to 2025 [2]. In recent years, there is no indication that the growth has slowed down globally, giving investors and customers faith.

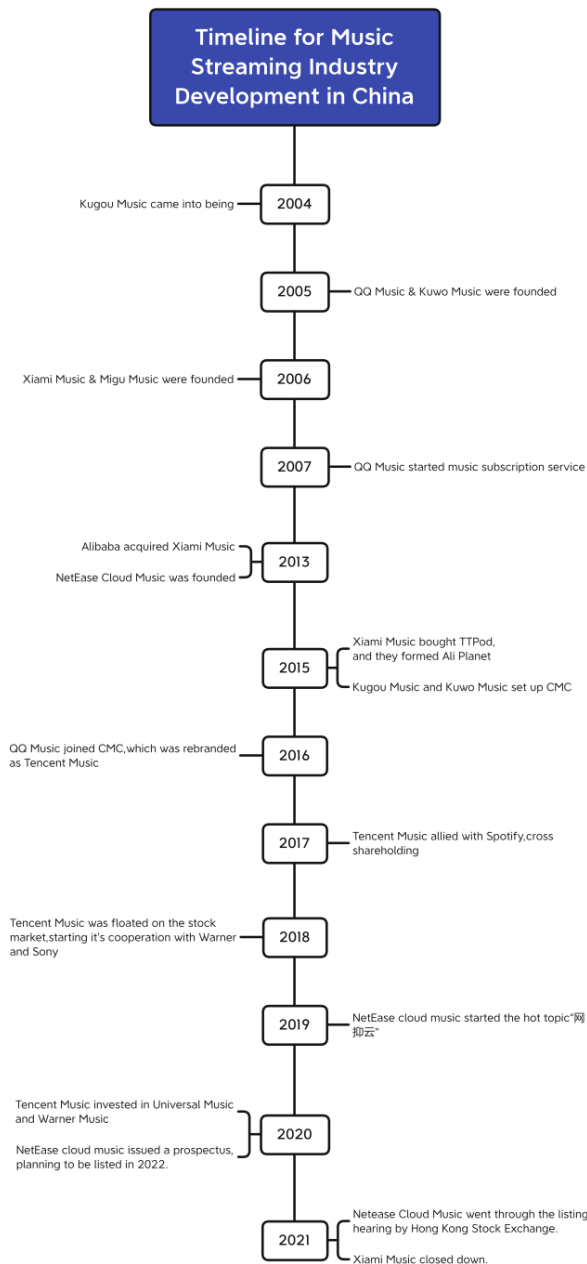


Figure 2. Timeline for Music Streaming Development in China based on FastData’s Report [16]

3.2. The Giants in the Chinese Music Industry

The head competition of online music was becoming more and more fierce. Figure 2 shows that the peak period of venture capital in the music industry has passed, and leading companies have established competitive barriers through acquisitions and mergers and acquisitions because after the year of 2015, most of the current players in the field have all made their way into the market by starting to seek acquisitions and mergers with other platforms to expand their music library [16] . At present, new entrants in the online music industry limit the number of opportunities since most companies have found their places in the field.

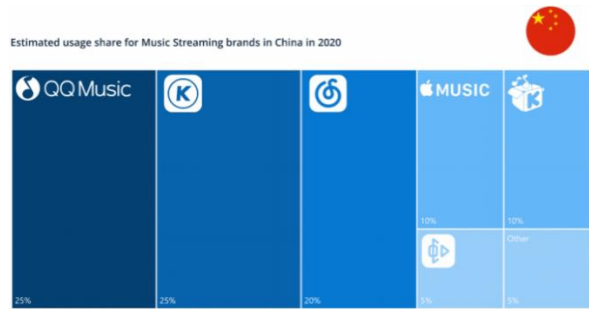


Figure 3. Comparison of Music Streaming Brands by their 2020 market share [2]

QQ Music (online listening), WeSing (social karaoke), Kugou Music (short video content) and Kuwo Music (long audio content) form the largest music sharing network in China, with over 800 million monthly active users and over 30 million songs’ rights and licenses [11]. Self-release schemes allow people to become apart of the Tencent Musician program. This standardises enrolment of musicians and centralising the production and distribution of musical content, but also deepens affiliation with Tencent’s overall platform strategies [13].

Table 1 shows the ecosystem of players in an industry identified as four categories of players in business ecosystem: Keystone, Niche, Dominator, and Hub Landlord [17]. Niche players, Xiami and Douban FM control the niche market, creating value with their special characteristics. The Dominators directly own the network, so that they can manipulate all companies both vertically and horizontally through integration. A good example is record companies who have signed many artists [17]. The Hub Landlord *who* seeks to extract more value, with little new value to its network are like China Mobile, they may partner up with keystone players to prevent huge changes in the industry [18].

Table 1. The Categorization of Players in China’s Online Music Ecosystem based on Iansiti and Levien’s work in 2004 [18]

	Keystone players	Dominator	Hub Landlord	Niche player
Description	Central hub within a business ecosystem, provides the platform for other players to participate and collaborate together to create value	Directly controls and owns a large proportion of the network and manipulates the network by vertical or horizontal integration	Seeks to extract more value, with little new value to its network	Controls the niche segment with specialized capabilities and creates value from the ecosystem
Digital Music Industry Company	Streaming Services (Alibaba, Tencent)	Record Labels (Taihe Rye); Rights Management Company (Ocean Music)	Internet Service Providers (China Mobile)	Independent SPs (Douban FM)

In fact, independent SPs, such as Douban Musician and Xiami Musician, services cater to a niche market of music lovers who would only listen to songs that have not yet come too popular in public’s eyes, creating a new form of music streaming service that encourages new artists to share their works and rise to stardom with the support of listeners and promoters on these platforms [18].

In 2015, 13 artists signed deals with Xiami and released new albums through this initiative. In addition to the Seeking Light Project, Xiami helped large numbers of artists to promote their music through Xiami Musician, a platform specially designed for independent musicians. Douban Musician is another platform for independent musicians to market and promote their music. In 2014, Douban Musician started to move toward an ad-supported service (Golden Fleece Project) for some of their top artists; more than 100 independent artists have joined the ad-supported project and started to make profits of 1RMB (USD0.15) per thousand plays [18].

3.3. Streaming Platforms’ Survival and its Link to Music Industry

What platforms have to do to survive is not just related to platforms but every part of the industry because it is more difficult to profit when Sony teamed up with Universal Music Group to develop Pressplay, a failed attempt when they want to capitalise upon digital music distribution [12]. Another example is when AOL Time Warner, Bertelsmann Music Group and EMI decided to make MusicNet with the help of RealNetworks [12]. These new services compete with one another and make it harder for new platforms to purchase new songs and please subscribed users.

Rising to power, the two services refused to cross-

license to one another, which means customers have to choose between mutually exclusive music catalogs [12]. Tecent Music has signed up for more than 200 music labels as its strategic partners and had acquires shares of each other in recent years [19]. This is another example why the survival of platforms whose competitors are purchasing and cooperating with music labels becomes a problem as many of them has formed partnerships already.

Sublicensing exclusive license right to other platforms, like QQ Music and Netease Music means companies finally start to cooperate by transferring a 1.5 million music license right to Netease, including the copyright of music from Warner Music, Sony Music, and JVR [6]. This means that many of the songs now offered only on one of the platforms are offered on both, easing the tension between service providers.

3.3.1. Shift from Platforms to Curators: A New Role that Platforms Assume

Playlist brands became a new opportunity for major companies to influence customers choice of music. While Sony’s “Filtr,” Warner’s “Topsify” and “Digster” all become players in the playlist business, music streaming platforms like Spotify starts to mimic this practice creating playlists like Filtr playlist “80s Smash Hits” which has over 2 million followers, making the top Spotify-curated playlist—the algorithmically generated “Today’s Top Hits” the most successful one of among them [8].

Although there are quite a few failed attempts to profit in the music industry with some older brands that constantly try to tap into a new clientele, Sony teaming up with Universal Music Group to provide Pressplay — an online subscription based service. Simultaneously,

AOL Time Warner, Bertelsmann Music Group and EMI worked alongside RealNetworks to create a similar product, called MusicNet [12].

Many of the platforms know interface and algorithms better than these record companies, so the software platforms such as Pressplay and MusicNet which refused to cross-license to one another, forcing potential users to choose between two mutually exclusive music catalogs failed quickly due to poor user interface, convenience of piracy, and a newly fostered consumer expectation of free

access to music [12].

Overall, some attempts to shift from platforms to curators succeed because they do understand the customers' expectations and uphold their high standards of product design, others fail because they rush into action without surveying customer needs in-depth.

3.3.2. Self-releasing Artists and Platforms: A new Dynamic that eliminates the middleman

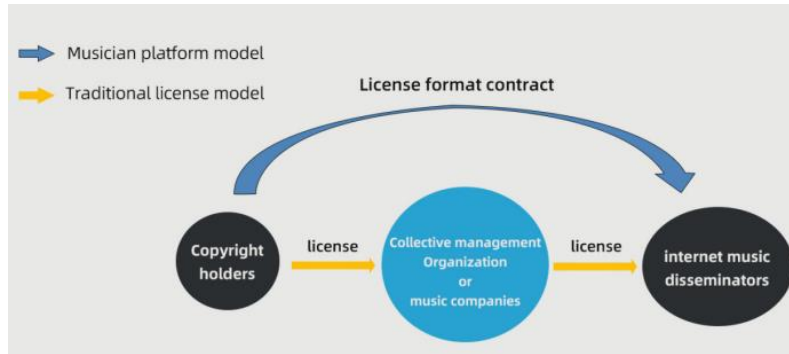


Figure 4. How Musician Platform Model Eliminates Middleman [6].

The above diagram illustrates the new model which skips the middle stage, saves the cost of the intermediate links, and directly connects copyright owners to the network disseminators for cooperation [6]. These right holders control their works by deciding to license an independent pricing power or not (contracts provide options about license fee and scope of choice in a format contract which contains flexibility), and the market can fully take the role of mediator. This model brings sufficient rewards for musicians' work, promotes the generation of original works and rich content in the music market [6].

4. SECTION 2 : XIAMI ANALYSIS

4.1. What is Xiami

4.1.1. Development Analysis of Xiami Music

The smallest of the five music apps in China, Xiami Music service used to be known as EMUMO, "Earn Music & Money", and it has been acquired by Alibaba to compete with QQ Music, KuGou Music, KuWo, and NetEase Cloud Music [20].

On the morning of January 5, 2021, Xiami Music issued an official statement stating that due to business adjustments, Xiami Music would officially stop service on February 5, 2021.

Xiami's official response stated, "Xiami Music will switch to more scene services of music business in the future. We will continue to explore and innovate based on the newly established 'Yinluo' platform to serve

musicians and industry partners, but it is unavoidable that we have missed some key opportunities in the development process. In the acquisition of music copyright content, we have not been able to meet the diverse music needs of users, which is our biggest regret. We look forward to the emergence of more multiple forms of music services in the future." [21]

4.1.2. Analysis of Xiami Music Service Structure

Xiami Music Platform is positioned as a high-quality music sharing community, targeting pop music and niche music lovers who have deeper understanding of singers and songs and pursue high-quality music. As shown in the operation structure analysis diagram of Xiami Music Platform below, Xiami's core functions include three modules: music discovery, music sharing and music community [22].

Among them, the "Guess You Like" and "Playlist Recommendation" functions use the recommendation algorithm to recommend related songs and playlists based on the user's likes and tastes [8]. At the same time, it has the function of expanding the range of styles, which could recommend songs according to the users' mood. Users can also create their own playlists and upload them on the platform to share with everyone.

Discovery Lab and Music Party are features of Xiami that have special highlights. Users can upload pictures to match songs, which enhances the fun of discovering songs. What's more, Users can also open a music party and invite friends into the space to share and play songs, a function much liked by platforms such as Spotify for its

social networking feature [15]. At the same time, the platform will recommend popular music parties to users,

and users can enter and participate in them.

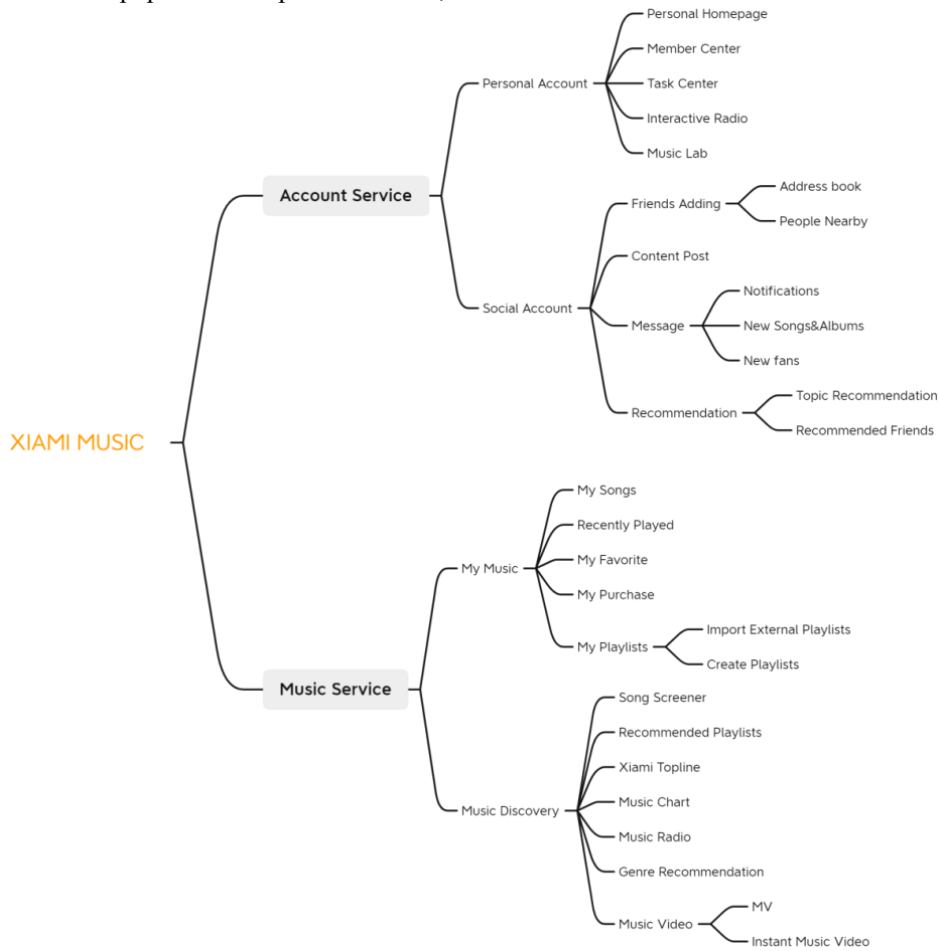


Figure 5. Operation Structure of Xiami Platform with Key Functions

4.2. The Advantages and Disadvantages of Xiami

Table 2 shows the Strengths and Weaknesses of Xiami, analyses the opportunities and threats that the

company has encountered by focusing on both the technological aspects involving algorithm and interface and art aspects involving music genre and musician selections [22]. This table uses the SWOT (Strengths, Weaknesses, Opportunities, Threats) an analytical tool from Pickton and Wright’s work in 1998.

Table 2. Analysis of Xiami Using SWOT Analysis [23]

Strengths (internal)	Weaknesses (internal)
<ul style="list-style-type: none"> ● The clear target of the audience ● A relatively good user base. ● Sufficient music library to meet the needs of niche music lovers. ● The nature of music in the community is more pure, attracting high-quality content producers to enter. ● More excellent functions, such as music party, 	<ul style="list-style-type: none"> ● The UI interface is messy and the interactive experience is not good. ● The PC client interface is messy and the customers’ experience is undermined. ● The genre and label classifications are not accurate enough. ● The smaller user base than that of the competitors like Tencent Music

<p>interactive, driving mode, etc.</p> <ul style="list-style-type: none"> ● Background operations are more friendly to independent musicians. Xiami provides musician with dashboards, data network pricing, etc., and the platform supports a lot. ● The high-quality of UGC(User Generated Content) 	<ul style="list-style-type: none"> ● The functions of the platform are redundant and complex. ● Personalized service is not good enough to support the business development.
<p>Opportunities (external)</p>	<p>Threats (external)</p>
<ul style="list-style-type: none"> ● The support of Alibaba's comprehensive entertainment industry resources. ● The trend of copyright sharing ● Cultivation of user consumption habits ● The millennial has become the mainstream users in the music market. ● Under the circumstance that music platforms rely on sufficient copyrights and music library to attract users, Xiami's original music library is relatively abundant compared with other mainstream music services. 	<ul style="list-style-type: none"> ● Music copyright cooperation on major platforms is gradually opening up, leaving Xiami's music library and copyright advantages in danger of being weakened. ● With the gradual strengthening of music copyrights management, Xiami is facing the risk of consumer loss, which may result in the decrease of income from paid downloads. Mean-while, the copyright costs a lot of money. All these make the platform's production ability insufficient to cope with daily operations. Therefore, the platform needs to increase profit channels. ● The quality of musicians' works has a greater impact upon the platforms. For Xiami Music, it is urgent to increase the output of excellent original music works and strengthen the incentive mechanism for musicians. ● The fierce competitions with strong competitors occupying a large number of users





Positioning Xiami Music as a company that targets niche market of music lovers is both an advantage and a disadvantage. The advantage is that it has higher requirements in music segmentation, music quality, community content, reviews and User Generated Content (UGC) [22]. It can attract music-oriented and high-quality producers to join. These characteristics and high-quality content also become an disadvantage because to ensure user loyalty means Xiami cannot grow in size, and it has to stay relatively limited in business expansion and user play, otherwise when it does attract ordinary users, its original users will no longer find it attractive. It is a problem for most users to accept it while maintaining a high standard. Moreover, smart recommendation, page design and user experience have always been the point

where Xiami Music stands out, but it lacks in the development of diversified music functions.

In terms of copyright, Xiami needs to continue to fight for it, and the cooperation with niche music labels should continue to be maintained. In addition, the quality of original musicians' works has a greater impact on the platform. Xiami must continue to increase the output of excellent original musical works and maintain its support for musicians.

4.3. The comparative analysis of Xiami

Table 3. Comparative Analysis of Music Streaming Industry based on SWOT Analysis [23]

	NetEase CloudMusic	Tencent Music		Xiami Muisic
		QQ Music	Kugou Music	
Icon				
Slogan	The power of music	Listen to what I want to	Just a lot of songs	Hear the difference
Branding	The social platform for the discovery and shar-ing of the music.	The music ecosystem for listening, watching, pla-ying and singing.	A diversified pla-tform for listen-ing to music, radio, live broad-casting and games.	The music platform that knows the user's music taste best.
Strength	<p>1.Relying on the advan-tages like profes-sional musicians, friend reco-mmendation and social functions and online music playlists, etc.</p> <p>2.Accurate personalized recommendation</p> <p>3.Highlighting individ-uality and social func-tions.</p>	<p>1.The first to provide recommendation service, helping users find their favorites.</p> <p>2.The personalized rank-ing of radio stations and the selection of singer albums help create users' own QQ music.</p> <p>3.One package service of massive high-quality mus-ic contents.</p>	<p>1.Millions of song libraries free to download.</p> <p>2.Built by the China's largest m-usic service pro-vider Kugou Music Company.</p>	<p>1."Guess you like", personalized recom-mendation and other functions make the platform know the users' music tastes best.</p> <p>2.Offline music lis-tening service.</p> <p>3.The support of Ali-baba's comprehensive entertainment industry resources.</p>
Company History	Netease CloudMusic is a streaming music plat-form developed by Net-Ease, which focuses on discovery and sharing of the music, and has developed rapidly in recent years.	QQ Music is the first streaming music platform to carry out legalized music layout and announce profits, which has ade-quate record labels and varieties of intellectual properties.	Kugou Music is one of the earliest streaming music players in China, with a number of international lea-ning technologies.	Xiami Music is the first domestic music streaming platform to launch offline music listening service.

According to Table 3, Netease CloudMusic's social function is to discover and share playlists, to engage in social networking, to write song reviews touch people, and to gather users with attitudes and feelings. QQ Music mainly emphasises on providing users with a diversified music life experience and creating pan-music ecosystem which relies on exclusive copyrights and a large number of users to gather different users of all ages. Kugou Music attaches great importance to diversified development, and its live broadcast business has become one of the main features. It is a large and comprehensive music platform, but its Recommendations are relatively inadequate. Xiami Music focuses on high-quality music and music communities, based on a large amount of UGC, allowing users to participate in the construction of a community [22]. However, it has no obvious advantages over other platforms in terms of music library and support for musicians.

In terms of marketing strategy, each player uses different typology that are particularly effective at stimulating their trial and adoption of products and services [14]. The traditional Weibo, forums, and media marketing are used for all, but these platforms rely on their own company group products to attain a measurable scale for the extent and reach of marketing campaigns [14]. For example, Xiami Music relies on Taobao, Tmall and other e-commerce resources to promote mass traffic; QQ Music includes QQ, WeChat, Tencent Video where other Tencent products are promoted; NetEase Cloud Music relies on its own media attributes and promotes itself on the NetEase portal.

Due to its high taste and sharing characteristics, Xiami Music has attracted many users who have high standards of music, and NetEase Cloud Music is also working hard to provide users with more accurate and personalised music recommendations like how many other global brands are doing curated playlists [8]. Therefore, after Xiami Music's collapse, its users will become the main goal of NetEase Cloud Music.

4.4. Xiami's Death and its Analysis

There are more and more types of digital music apps, each with its own advantages. After a series of M&A financing activities, the domestic online music market has become increasingly oligopolistic. According to Figure 2, from 2011 to 2016, it was a few years when the online music market was rapidly moving towards pattern integration. During this period, Tencent continued to grow stronger by virtue of the crazy copyright harvest of QQ Music, and through cooperation with Kugou, Kuwo, etc. App's capital merger has consolidated its strong position. In 2016, QQ, Kuwo, and Kugou were officially merged into Tencent Music Entertainment Group (TME), and they were listed at the end of 2018-becoming the only giant in China's online music field.

Alibaba is also constantly integrating resources and established Ali Music. After acquiring Xiami Music, Xiami once became the main product of Ali Music. NetEase Cloud Music announced the split into an independent company and completed the A round of financing.

According to the "2020 China Online Music Industry Report" released by Fastdata, China's online music market has entered an oligarchic era, with a remarkable pattern of "one super and one strong"-Tencent Music is the only one, firmly occupying a dominant position, that is, "one super "-And the so-called "one strong", of course, refers to NetEase Cloud Music. In the current online music market in China, the Matthew effect is fully manifested. The stronger the stronger, the top platforms are quickly grabbing the user time of small and medium platforms.

There is no doubt that Xiami Music has been among the small and medium-sized platforms that are robbing users of their time. As one of the participants in China's online music market, Xiami is undoubtedly caught up in the general trend of the industry.

Among them, under the background that Tencent is in fact a dominant player, in September 2019, Alibaba announced that it had participated in the US\$700 million financing of NetEase Cloud Music as a lead investor. So far, with the support of Alibaba, NetEase Cloud Music has become the only large-scale online music player independent of Tencent.

For Xiami Music, Alibaba's investment in NetEase Cloud Music is undoubtedly a major blow, making Xiami Music an abandoned son of Alibaba. Now, by 2021, the pattern of China's online music market has been settled. For Ali, music is just a business, and Xiami Music is just a small business under its huge business empire. The point is that this business is not profitable. From the perspective of the entire Chinese online music industry, Xiami Music has indeed been marginalized in fact, and there is no chance for a re-emergence.

Taking the overall situation, Xiami's bankruptcy has many reasons.

In terms of China's national conditions, although the overall growth momentum of China's online music industry is good, compared with the US market, the Chinese music-related market is still in its infancy. Streaming music revenue in the United States has been increasing dramatically on an annual basis for several years now, and in 2021 will be up to US\$8,669m in the United States, and paid subscription revenues were the industry's main revenue source, while in the same year, revenue in the Music Streaming segment in China is projected to reach only US\$2,177m [2]. In fact, the appearance of streaming music in China is not later than the pace of the world. The large gap is mainly due to the rampant piracy of China's digital music industry in the

first few years, the lack of policy supervision, and the lack of awareness of users to pay. Therefore, it has not formed a scale revenue.

Among them, especially the fact that the user's awareness of payment has not been developed, which has largely led to the dilemma of streaming music in China, which is the case that when faced with the choice of paying so that they can access any choice of music, most Chinese consumers preferred to look for a free source instead. The most commonly touted reason to not pay was the possibility to listen to music for free. This poses a dilemma for the Chinese digital music industry.

Another reason why Xiami is pushed to the point of bankruptcy is how music copyright has been increasingly regulated in China. In July 2021, an "exclusive copyright model" was suspended in China, which forced major online music platforms to change in order to survive while competing for the copyright of music. In July 2016, China Music Group and QQ Music, which pioneered the "exclusive copyright model," merged to form Tencent Music Entertainment Group, and the digital music business of the two parties was reorganized. After the merger, Tencent Music Entertainment Group monopolized half of the online music market, causing other music platforms to gradually lose their living space because they cannot acquire exclusive copyrights like Tencent can [24].

Eventually, platforms such as Xiami failed to make it to the day of copyright opening and ceased operations in March 2021. However, a large number of songs are exclusively copyrighted by Tencent, and users have to pay high membership fees to listen to the songs [24].

On July 24, 2021, the State Administration for Market Regulation in China issued a document requesting Tencent Holdings Co., Ltd. to cancel the exclusive agreement reached with the upstream copyright party. On August 31, Tencent issued a statement on abandoning the exclusive rights of music copyright, which is not like how Tencent was on other cases where it showed no intention in backing (Regulations for the Implementation of the Copyright Law of the People's Republic of China, 2019).

Xiami's closure also comes after Chinese authority's announcement that they had launched an antitrust investigation into Alibaba, which beyond its heart e-commerce business also functions in sectors such as financial services, cloud computing and artificial intelligence. However, it doesn't indicate the limit to Alibaba's participation in the internet streaming marketplace.

Of course, the death of Xiami Music has its significant internal reasons. As a high-quality music sharing community, Xiami Music's shortcomings are improper UI design and chaotic functions. Some feature highlights (songs and pictures to recognize music) are difficult to be discovered by users. At the same time, the

efforts in creating the community atmosphere were in vain, which definitely should be eliminated. On the other hand, Xiami's recommendation algorithm is not accurate enough to meet the needs of some users and needs further improvement, which is how many other platforms like Spotify and NetEase stand out in competitions [8].

Judging from the historical version update of Xiami Music, there are relatively few iterations of Xiami Music, the larger iterated version, and the smaller version with many iterations, and the time is very close. Almost every large or small iteration is adding new features [22]. After many changes, the current Xiami Music is a very complicated and bloated APP, but the main listening function is not very prominent. In the iterative information, the visual revision of Xiami Music is still very large, but the complexity of the structure has not really been solved.

5. RECOMMENDATIONS

There are three types of marketing strategies that could function as a way to turn the situation around for audio streaming platforms. The first kind involves purchasing more intellectual properties and signing more acquisition deals with music label companies. Second, it is possible for the platform to diversify the contents that are broadcast by signing exclusive deals with podcast hosts and KOLs. Last way of changing the platforms' strategy includes letting customers and musicians involved by giving them incentives for creating playlists and sharing contents on social media and engaging in the rest of the users.

5.1. Analyze the psychology and the tastes of the mainstream users in the music market-the Millennial

When music copyrights changed drastically in recent years, the mainstream user group in the music market has also been quietly changing, that is, The majority of users on many platforms has switched to millennials. According to the research from Statista,

"As of March 2018, Spotify's user base was dominated by Millennials, with 29 percent of its users aged 25 to 34 and 26 percent aged between 18 and 24 years old" [2].

The consumption potential brought about by the circle culture continues to grow, and it subtly influences the development of various consumption fields. The number of the pulse of the Z generation is equal to the number of the future market direction.

Although the economic capacity of young people is relatively weaker than that of other age groups, due to their growing up in the social background, as aboriginal people on the Internet, they have stronger consumer demand and consumption driving force for virtual goods.

At the same time, under the influence of online culture, the “genes” of young people are intertwined with the spirit of freedom, innovation, and sharing cultivated by the Internet, making them the main paying users of digital music platforms [22].

Therefore, the millennial generation is becoming the target of competition among Internet giants and the mainstream of users in the music market. Their content payment awareness is high. In the process of economic independence, the continuous release of consumption power is the key to the realization of the monetary value of the content platform. In the future, focusing on young users will become an important development strategy for the music client market. Music gameplay should be more diversified, and design functions should be more active, highlighting individuality and diversification. For example, changes are made to functions such as social comments, bullet screens, short videos, lyrics posters, live broadcasts, and personalized skins, combining digital music with live broadcasts, performances, film and television variety shows and other methods. At the same time, by encouraging young users to participate in interaction, create a UGC content community, inject social attributes into music, and increase user activity and stickiness while meeting the social needs of young users. This will lay a solid foundation for the platform to further broaden the diversified commercial realization path.

5.2. Diversifying Marketing Strategies

In the future, the demarcation between producers and consumers will become more blurred and distorted since other main influential factors are social functions which include the increase in consumers’ desire to be interactive [14]. The synthesis of social communication and social production and the related rise in consumer participation of the marketing process brings the era of ‘Co-Creational Marketing’.

“Viral marketing has become the defining marketing trend of the decade.” [14]

In addition, it is necessary to actively expand music-related payment scenarios. From the user's perspective, music lovers and consumers have a clearer pursuit of themselves, the exploration areas of music content are gradually becoming more scattered, and the usage scenarios are more diverse. Therefore, it is necessary to deeply understand the different needs of different users, carry out dissemination, and make fragmented distribution and packaging of high-quality content. This has also become an important factor affecting the quality of music works.

In the future, digital music will be able to satisfy people's auditory enjoyment, and its application ends up in all scenarios in life where people have enough fun in solitude when they have access to a phone. Music can be created when people watch videos, access information,

do live broadcasts, play games. These are all consumer scenes, because they are everywhere. The emergence of music produces a happier experience. Meanwhile, digital music is a part of large-scale entertainment and leisure. The combination of business environments such as shopping centres, streets, and cafes can enhance the commercial shopping experience and provide more inspiration for content creation, and reasonable music consumption in places for entertainment such as meetings, movies, amusement parks, and amusement parks. It will also have a linkage effect with other content, or in marketing promotion, in actual sales and communication, to yield the best effect.

5.3. Acquiring More Differentiated Copyright Contents

“In July 2015, the National Copyright Administration of China (NCAC) established an operation called “Sword Net 2015” to eliminate unlicensed content on China’s streaming services. A total of 2.2million unlicensed songs were removed before the deadline of 31 July 2015. This was a successful example of regulating the digital music market in China, and caused SPs to begin shifting toward paid models, increasing the value of content, and strengthening the power of organizations and individuals in the supply component.”[18]

Since the State Administration for Market Regulation issued a monitoring order on July 24, requiring relevant companies to follow this policy, various platforms have implemented a large number of copyright policies. As the key to attracting users, it is a core indicator of the hard power of music platforms. Since the release of the copyright, the platform has deleted the "shared" pictures of the music content, but the copyright is visible, and the progress of the picture appears immediately. Especially some overseas copyright owners can snatch high profits from "exclusive copyrights."

Therefore, copyright is still a very important aspect for the development of music platforms for a long time. In terms of content, differentiated copyright content resources are what major streaming music platforms compete for. This means streaming industry is going to invest in the copyright market continuously. In addition, under the trend that production processes, processes, promotion platforms and platforms are becoming more and more perfect, high-quality music works and potential musicians have become emerging barriers in the music industry market.

In addition to copyright cooperation, expanding the upstream resources of the industry chain is also a way to increase the volume of music library. In addition to cooperating with production agencies of popular music programs and star artist brokerage companies, various platforms have aimed at original music content and launched original music content. The musicians plan,

Xiami Music, by Gao Xiaosong, Song Ke and other musicians, shows that it pays more attention to the resource layout of original musicians, and Spotify invests in podcasts and so on [2].

6. CONCLUSION

The examples and analysis presented in this paper have shown an increasingly closer bilateral and interdependent relationship between the streaming music platforms and the entire music industry. A better understanding of this relationship will help with the benign development of streaming music platforms and will also contribute to the positive future evolution of the music industry itself. The study has focussed on the issue of how streaming platforms survive better under the current trend of the music industry in China. As a country whose population and economic growth have soared greatly, China is undoubtedly a very significant region with the greatest development potential in the global music market. Therefore, the example and investigation of Xiami Music will provide a valuable insight into this issue.

To fulfill the research aim, the paper has reviewed the overall process of the development and closure for Xiami Music longitudinally and conducted a comprehensive horizontal analysis of Xiami Music Platform, using contextual structure diagrams, flowcharts, SWOT analysis, etc., which have fully demonstrated Xiami Music's exploration and contribution for the music industry as well as its own Achilles heel that cannot be ignored. When analyzing the reasons for the collapse of Xiami Music, this study particularly focused on China's special national conditions, such as the country's strict macro regulation of the market, consumers' failure to develop the habit of paying for copyright, and the impact of market monopoly of large companies on it.

The study of the failure case of Xiami Music can provide lessons and future development enlightenment for other streaming music platforms. The paper has also given recommendations for the development of streaming media platforms. The recommendations include understanding millennials, diversifying marketing strategy, and acquiring more copyrighted contents because streaming music platforms cannot thrive if they could see the importance of first fully analyzing and grasping the psychology and the tastes of mainstream consumer groups, especially the millennial, then finding more diversified marketing strategies, finally acquiring more differentiated copyright contents. These studies and recommendations are not only beneficial for the development of streaming music platforms in China, but promisingly for overseas music players such as Spotify to expand into the Chinese music market.

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