The Marketing Strategy of Digital Music Platform in the Digital Era

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ABSTRACT

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Music is an indispensable part of people's life. With the development of the Internet, digital music, which is different from physical music (tape, vinyl records, CD), has affected the way people enjoy music services. A large number of digital music platforms have emerged, such as Spotify, Apple Music and QQ Music, and more and more people are choosing digital music over physical music. This has created intense competition among various digital music platforms, and how to adopt effective marketing strategies is crucial to the success of the platform. According to the 6Ps marketing theory, this research proposed five corresponding marketing strategies for digital music platforms from the perspectives of product, price, channel, promotion, power, and public relations. The study combined Chinese and international cases to provide new ideas for digital music platforms. The results of the study could help the music business succeed in the Internet age.

Keywords: Digital Music in Digital Era, Digital Music Platform, Marketing Strategy

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CONTENTS

1.0.Introduction

1.1   Research Background

With the growing economy of China and the rapid popularization of the Internet, people have stepped into the Internet era. In this context, China's cultural and entertainment industry has also been rapidly developed. Internet companies have also started to develop the digital music industry. Digital music refers to music stored in digital format and transmitted on the Internet. After several stages of music transmission, including vinyl records, tapes, and CDS, digital music began to take shape with the development of the Internet and officially entered the era of mobile terminals in 2010 (Iresearch, Kilter of finance and economics,2019). And the ways people buy and listen to music have changed rapidly into the last twenty years, and those changes do not appear to be slowing down (Okamura,2019).

Recently, the number of using music streaming services by consumers has risen quickly, and all serious analysts now consider them as dominating the economics of the recorded music business in the future (Hesmondhalgh, Jones, & Rauh,2019). Streaming is turning into the most usual format from which people obtain, share and listen to music and according to the suggestion that such practices are emblematical of turning to a 'post-ownership' economy （Sinclair, & Tinson,2017). There are already many digital music platforms in China. The major music streaming media in China includes Cool Dog music, QQ music, Cool Me music, the NetEase's cloud music, Migu music, Xiami music, and so on, all of which have made great contributions to the Chinese cultural and entertainment industry. And these music platforms are owned by different Internet companies.

All kinds of digital content and service styles have been provided by digital music services, and the number of people spending money to download music which they are interested in is increasing. Digital music files,

mainly in MP3 format, have become widely spread on the network（Lin, Shih, Tzeng, & Yu, 2016). According to the recent study, the researchers also find a positive relationship between the use of licensed streaming websites and licensed websites selling digital music, and the result has revealed that an irritating impact of music streaming on the digital music market (Aguiar,& Martens,2016).

1.2 Research Problems

In the Internet era, digital music streaming springs more and more, and the competition between digital music platforms is fierce. In terms of copyright of various kinds of music, there will also be a lot of pirated music. How to protect the copyright of digital music is crucial to the development of the digital music industry. On the one hand, online streaming service is frequently considered as product discovery tools. On the other hand, streaming could also work as a succedaneum to the selectional consumption method, which is reducing both music sales and piracy (Aguiar,2017).

To protect music copyright, the method of paying for music is effective. In the past, people had a poor sense of payment. Now, although many people would like to pay for digital music, how to adopt effective marketing methods to make users pay for digital music is also a problem that needs in-depth research. In 2019 in Gans's paper offers a roundup of economic channels to fix the price of mechanical royalties for efforts of copy-protected music. It is supposed that regulations for such pricing can be offered helpfully from regulations of pricing access to crucial facilities (Gans,2019). He's paper which trades off the benefits of the three parts (rights holders, network service providers, and network users). On the base of the balance of interest theory, they are to search scientific digital music copyright protection mechanisms (He,2019).

The problem presently is to study and learn how to determine the effective marketing strategy of digital music platforms, and through the different marketing models to determine different specific practice and steps.

We will develop a framework to show the relationship between the strategy and our research goals. Our main research goals: Adopt an effective marketing strategy to improve the utilization of music platform, and reap the benefits of the market.

1.3　The objective of the Study

By studying the marketing model and marketing strategy of digital music streaming, to summarize the effective marketing model of digital music platform, to operate the digital music industry.Set the following there goals:

1.Analyze the problems and shortcomings of current digital music platforms marketing strategies.

2.Put forward corresponding measures for digital music marketing.

3.To provide effective marketing strategies for the digital music industry in the Internet era.

1.4　The Scope of the Study

This study mainly focuses on the major digital music platforms in the international market and the Chinese market, and analyzes effective digital music marketing models through contrast and comparison, which are eventually applied to the digital music industry in the Internet era, thus promoting the development of the cultural and entertainment industry.

1.5　Research Significance

The music industry is a creative industry leading the way for the digital age, and the global digital music industry has continued to grow over the past decade. This study can provide effective marketing strategies for digital music marketing in the Chinese market, at the same time, it can resist the occurrence of music piracy and protect music copyright, which is of positive significance to the development of the digital music industry.

Presently there is a study will now look for a better understanding of the specific marketing strategies, this process will be used by major record labels to restrain the increasing impact on the fans on the fashionable music culture (O'Donoghue,2019).

2.0.Literature Review

2.1.Digital music in the digital era

Digital technology has reduced the value of complementary assets in many industries, especially those that are relatively advanced. From a supply and demand perspective, digitization has had a great influence on music companies (Zanella, Cillo,&Verona,2019). The emergence of digital music has made great innovations to the traditional music industry. And the three main sources of income of traditional music businesses are record sales, media dissemination, and peripheral income such as concerts and music festivals (Lu,&Chang,2019). According to the research report on the evolution of digital music content payment in China in 2019, the future revenue of digital music platforms in China will mainly come from content payment, advertising revenue, and copyright operating income. And the development of content payment is the most critical issue in the development of the digital music industry (Iresearch, Content payment will become a major source of revenue.2019). In China, the digital music business was a largely "greenfield development", but in the West, where powerful entrenched incumbents - the record companies, studios, and other IP intermediaries - were determined to hold on to their position in the face of potentially disruptive digitization. At the same time, a liberal environment and lack of public support for intellectual property protection make the new service's spring. In recent years, in China, BAT internet giants (Baidu, Alibaba, and Tencent)are engaged with digital music and gradually play the important role in the digital music industry (Shen, Williams, Zheng, Liu, Li, & Gerst,2019).

2.2.Digital music platform (Streaming music)

In the Internet era, people use different music apps according to their different needs, and these online music platforms are also called streaming media. Streaming music, or more precisely streaming audio, is a way of transmitting sound, including music, this music format is not demanding you to download the sound files through the network. Music streaming platforms make people obtain millions of tracks using electronic equipment which allows users to consume disparate music during disparate activities (Pichl, Zangerle, &Specht,2016). For example, Spotify, Pandora, and Apple Music use this method to provide music that can be shared on different kinds of equipment. Concentrating on streaming as a practice and a technology for music consumption, music streaming investigates how the Internet has become coordinated in up-to-date music use (Johansson, Werner, Åker, & Goldenzwaig, 2017).

According to the latest RIAA industry year-end report, streaming accounts for 75.5% of the music industry's revenue. As the most mainstream way of music transmission of the world, almost all music content providers (the three major record labels, music labels, digital distributors, copyright agencies, signed musicians, independent musicians, and related practitioners) have to directly or indirectly face legal problems of cooperation with streaming media platforms(Zhao Zhigong,2019).

Streaming music is growing all over the world, and the north European countries are leading the way. Essentially speaking, through these streaming services, subscribers can make full use of abundant databases of music, and artists have the opportunity to get new manners of exposure and income (Kjus,2016). A main aspect of music-streaming services is the consumers can use their ample libraries and abundant choices with no limit on time and place (Maasø, 2018). With the widespread use of streaming media, pirated music is also a problem that needs to be taken seriously. As for young consumers, streaming music can be seen as a substitute for music

piracy. Streaming music can offer a venue for sharing and listening to new releases, as a result gaining access to these new manners legally (Borja, & Dieringer,2016).

2.3.Marketing strategies in the digital era

In the digital era, we are inseparable from the Internet all the time, and the competition among the major network platforms is also very fierce, so the effective marketing strategy for each platform is particularly important.In1960s, E. Jerome McCarthy firstly proposed the marketing theory of 4Ps, including product, price, place, and promotion. The 4Ps theory is derived from the six factors of marketing decision, which is put forward by the market theorist Alderson (Yan, Shang, & Huang,2018).In 1986, Professor Philip Kotler, a famous American marketer, proposed a big marketing strategy, adding two P's, namely Power and Public Relations (6PS), based on the original 4Ps. The following is the corresponding marketing strategy according to these six aspects.

Ⅰ.Optimize Music Content

From the product aspect, the music platform must optimize the music product content. The product must be broad and representative enough to meet the needs of different customers.

To optimize the product content, music Copyright is a problem that every music platform must solve. In the early 19th century, France (1793), the U.S. (1831), Britain (1842), and elsewhere during this period, culminating in the Berne Convention of 1886, it is the first multinational international accord to protect the Copyright in this systematic approach (Sinnreich,2019). It is different from the American music industry, record companies in China were unable to launch a series of lawsuits to combat end-users' free use tendency, which brought out a legal and free use model for digital music. So the music copyright owners can only get copyright royalties from the internet service providers, such as different internet music platforms, not from

end-users (Qi,2017). Therefore, music platforms need to purchase enough legal Copyrights of music products to satisfy the requirements of different users, and they should also ensure that the music products are of high quality and lossless sound quality.

II. Gradient Pricing

Unlike physical music, digital music providers offer music to consumers over the Internet. The Digital music pricing model is also different from traditional physical music, there are there common digital music sales models: ownership, subscription, and mixed pricing models. These pricing models have a crucial impact on the music platform's revenue. The music provider should choose the subscription model when the advertisement revenue rate is low; the ownership model when the advertisement revenue rate is moderate; and offer the music for free and exploit profit from advertisements when the advertisement revenue rate is high (Li, Luo, Qiu, & Bandyopadhyay, 2016).

Nowadays the most progressive and profitable digital service model is the paid MaaS (Music as a Service) model, also known as subscription-based music streaming (Helkkula,2016). In this case, The music platform can adopt a gradient charging method. According to different charging standards, consumers can enjoy different levels of music services. Of course, the most expensive charging method can provide better music services.

III. Online and Offline Marketing

In the digital era, in terms of placing strategy, companies should choose distribution means and organize the circulation of commodity entities to achieve their business targets reasonably. Over the past decade, marketing strategies had grown rapidly in three directions: digital, data-rich, and developing markets. Digital marketing strategy can enable enterprises to explicitly use digital resources to create value for customers. The wealth of data provides unprecedented data to customers and businesses. Companies can better use data to acquire,

expand, and retain more customers. The online marketing strategy is to make full use of digital resources, such as web analysis, social media, and online platforms, keyword searching. The numerical data on consumer purchasing behaviors and the firm's digital marketing interventions can be recorded in the form of data. Also the text, audio, or even video is a data resource (Sridhar,&Fang,2019). At present, digital music platform is mainly through these means to complete online digital marketing. But the offline marketing is an important direction of development.

When it comes to the offline market, experiential marketing plays a vital role in the offline marketing. The famous American scholar Bernard H. Schmidt first proposed experiential marketing. Experiential marketing refers to the marketing method of redefining and designing a way of thinking through seeing, hearing, using, and participating to fully stimulate and mobilize consumers' sense, feeling, think, act, relate, and other emotional and rational factors. The immersive brand experience is completely changing brand engagement. Experiential Marketing cuts through the jargon with clear practical guidelines on how to magnify marketing strategies to a powerful new level (Smilansky,2017). The main challenge of brand managers is providing customers with characteristic and impressive user experiences, consequently, a positive relationship can only be formed between the brand and the consumer. In this case, experiential marketing that relates to all sense has gotten more and more attention (Wiedmann, Labenz, Haase, & Hennigs,2018).

In this case, digital music platforms can cooperate with different scene merchants, such as the gym, café, bookstore, brand clothing store, jewelry store, automobile store, and so on. Recently, Chinese music platforms and international music platforms have started to use different scenes to realize the cross-border marketing of music. To celebrate its 30th anniversary in China, KFC has launched a bespoke music service. KFC, 30, ordered an "enjoy 7 KFC China 30th anniversary edition" phoned from Huawei company. The commemorative phone is installed with the KFC APP and its k-music APP, which allows consumers to order songs in more than

4,000 KFC stores. KFC chose to buy the copyright of QQ music directly. In a similar situation, Spotify chose to license the music to Starbucks for free. Starbucks users pay $9.99 a month for a spotify99 subscription to share and play songs from the Spotify library on the Starbucks APP, and Spotify users can redeem Starbucks coffee with points (Digital music scene new gameplay,2017). Spotify's approach to cross-border partnerships offers new marketing ideas about music platforms. This is also a very effective marketing strategy for offline marketing.

Ⅳ.Diversified Promotion

At present, many companies, organizations, and individuals are using the function of sharing or forwarding information to promote their products, policies, and ideas on social media in the digital era (Rezaei, Chandran,& Oh,2018).

In the digital era, digitization has tremendously increased the amount of new music generated and available immediately to consumers. Streaming has been an important method of music consumption. Spotify is a standout digital music platform, and its success accounts for that it can influence consumption decisions on personalized playlists. Hence, the fact that playlist had a continuous influence on song success has a positive effect on the marketing of music platforms (Aguiar, & Waldfogel,2018).

In China, NCM (NetEase Cloud Music) is a very successful digital music platform. And its success is mainly in these five aspects: sample ratings of product positioning, interface to design, content production, profit model, and functional feature (Xinyu,2018). And NCM comment section has become its unique competitive advantage. This comment section is for users to comment on songs. Users can share their comments and stories based on how they feel about the song. Previously, NetEase cloud music selected

excellent comments from users and then used them as decorative dialogues on the wall of the Shanghai subway station. There is no doubt that this is a very effective way to promote NCM.

Ⅴ.Good Brand Image

Adding 2Ps (Power and Public Relationship) to the 4Ps marketing method, the music platform should establish a good brand image to strengthen their power and public relationship. Brand, is not a new term in the 21st century, is the set of signs, symbols, logos, colors, design, shapes, model, version, etc Keller. Brand association is anything connected with brand memory. The favorability of a brand association indicates how negatively/positively a consumer evaluates an association.

Brand image is a signaling phenomenon because a high brand image ensures a quality product that can make sure the consumer's certainty. A strong brand image promotes consumers to pay higher prices, which provides competitive advantage and market success to a company as a result (Chakraborty, & Bhat, 2018). Therefore, the unique brand image of the music platform is crucial to the success of the platform. In China, a group of increasing numbers of people is willing to use NCM (Netease Cloud Music) platform, among which the reasons include that NCM is not only a music platform, but also a close friend. Because the comments in the comment section can more resonate with many young people.

3.0.Findings

Findings from this study about the marketing strategy of the digital music platform can be summed up as:

1.Marketing strategy in the digital era is a very important factor of the digital music platform's success.

2.According to 6Ps marketing methods, the methods of optimizing music content, member gradient charging, online and offline marketing, diversified promotion, and good brand image contribute to the digital music platform's success.

Established Framework

Framework established based on the findings
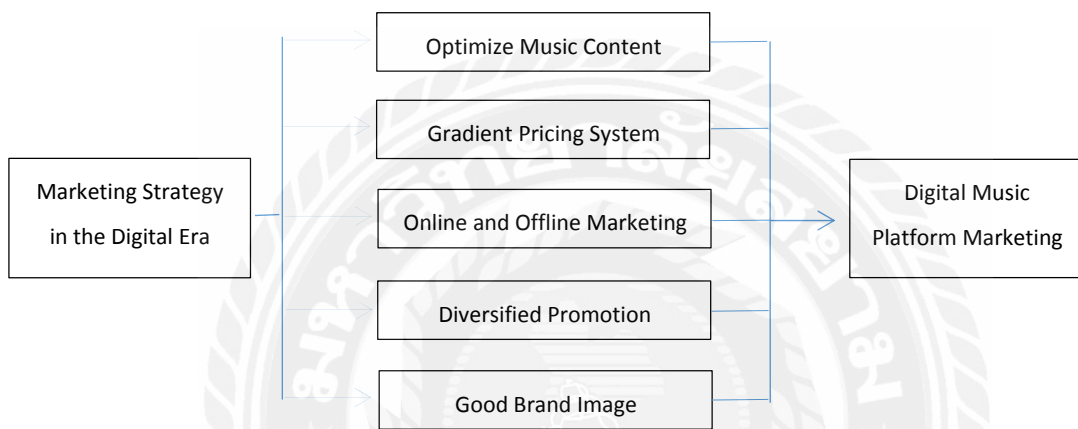
4.0.Conclusion and Recommendation

The research of this study will help the digital music platforms to find effective marketing strategies in the digital era. By analyzing the current situation of the music market in the digital age, this study puts forward feasible suggestions for the operation of digital music platforms. In the digital age, any industry relying on the Internet needs to make timely innovation to achieve the final victory. Otherwise, in this era of great competitiveness, being eliminated will be the ultimate fate.

From the business perspective, businesses can implement the findings of this research to improve competitiveness. In terms of products, the business can optimize its music content, provide excellent music

service. In terms of music price, the gradient pricing system is an effective strategy. In the digital era, only online marketing or only offline marketing can not implement the digital business's efficient operation. The mixed method of online and offline marketing is valid. And in terms of promotion, platforms should make full use of diversified promotion and last establish a good characteristic brand image. The digital music platforms must make enough effort and eventually put themselves in a prominent position in the music business.

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