

Analysis and development suggestions of Tencent Music based on SWOT method

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Abstract. Tencent Music Entertainment Group ("TME") is the leading online music entertainment platform in China. It has a deep foundation and strong strength in the online music field. This paper uses SWOT analysis to analyze the development status of Tencent Music and puts forward development suggestions to promote its future success in view of its weakness and threats.

Keywords: Tencent Music, SWOT analysis, Online music.

1. Introduction

As China's leading online music entertainment platform, Tencent Music offer online music and music-centric social entertainment services with the four famous music mobile apps in China - QQ Music, Kugou Music, Kuwo Music and WeSing – to over 800 million highly diverse and engaged users. Their mission is to use technology to elevate the role of music in people's lives, by enabling them to create, enjoy, share and interact with music and thereby create significant value across the industry.



Figure 1. Tencent Music's major music software

Tencent Music's latest adjustment regards content and platform as two important strategic directions, "one body and two wings, common development". Comprehensive integration to improve efficiency, innovation to speed up.

The contribution of this paper is mainly reflected in two aspects: First, at present, there are relatively few literatures on the development analysis of Tencent music. The analysis and development suggestion of Tencent music based on SWOT method in this paper is a useful supplement. Second, based on the opportunities and challenges faced by the online music industry, this paper puts forward relevant suggestions for the future development of Tencent music, which is conducive to the success of Tencent music in the future.

2. SWOT analysis

2.1 Strength

2.1.1 Large user scale

From the perspective of online Music paying users, Tencent Music has become the third largest digital Music platform in the world, in addition to Spotify and Apple Music. Moreover, Tencent Music has achieved significant growth in the scale of online music paying users and payment rate through strategic long-term layout, investment and cultivation of the "online music" market. The data shows that by Q4 of 2021, the payment rate has reached 12.4%, and the number of online music paying users has reached 76.2 million.

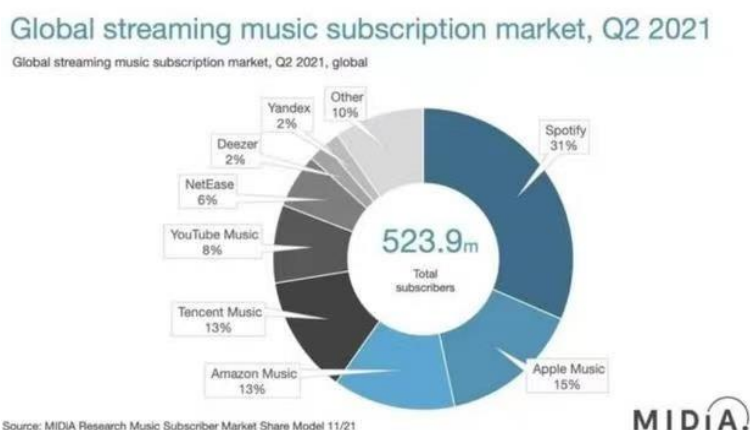


Figure 2. Global streaming music subscription market, Q2 2021

Note: As shown in the chart, Tencent Music takes up 13%, ranking third.

(Tencent Music 2021 Annual report: 76.2 million paid users, multi-scene to build the long-term value of the industry <https://baijiahao.baidu.com/s?id=1728167757484047476&wfr=spider&for=pc>)

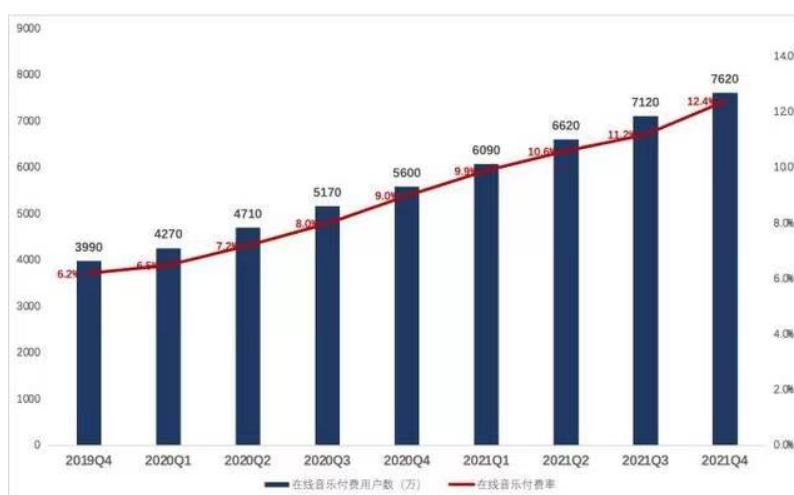


Figure 3. Tencent Music's paid users and payment rates per quarter from 2019 to 2021.

(Tencent Music 2021 Annual report: 76.2 million paid users, multi-scene to build the long-term value of the industry <https://baijiahao.baidu.com/s?id=1728167757484047476&wfr=spider&for=pc>)

2.1.2 Diversified products jointly create music social entertainment

Tencent Music provides users with leading online music services and social entertainment services with music as the core. The "social entertainment" service first relies on the diversified product composition of Tencent Music. In addition to QQ Music, Kugou and Kuwo, Tencent Music also has such products as National karaoke and Kugou Live streaming. The dimension of users' enjoyment of

music has expanded from listening to singing and watching. At the same time, its activity operation is combined with the whole industry chain (concert, self-service KTV, homemade variety, music games, etc.), so as to achieve user growth and increase user viscosity.

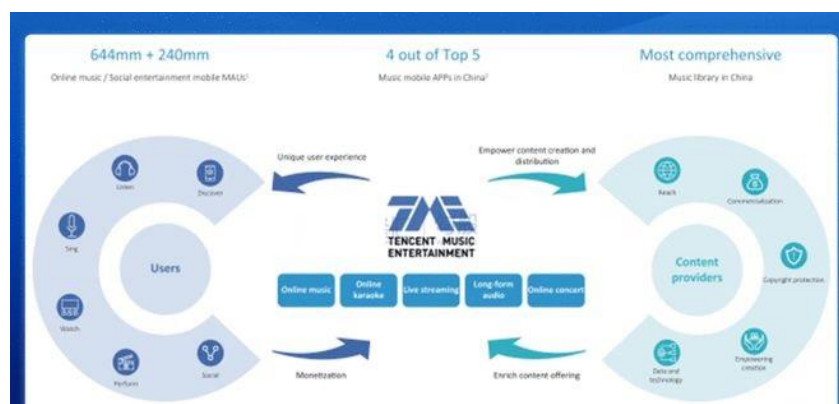


Figure 4. Tencent music closed loop business and product system. (Tencent Music Analysis Report 2021 <https://max.book118.com/html/2022/0316/8036132077004063.shtm>)

2.2 Weakness: Ecological construction lacks obvious characteristics

Content is the foundation to support the operation of streaming media platform. Tencent's biggest competitor, Netease Cloud Music, started with comments with the characteristics of "emo", and "suppressing the cloud by the net" became a catchword among young people. Netease's Yuncun Community and Villager Square provide users with an open and harmonious communication environment. After losing the backing of exclusive copyright, Tencent's efforts in the content community lag slightly. Most of the popular and dynamic comments in the community are in double digits and Netease Cloud's popular post comments can reach three to four digits. The gap is obvious.

2.3 Opportunity: metaverse wave

On the one hand, music is one of the best consumer scenarios in the metaverse wave; On the other hand, it creates a new transmission path and provides a new window for the music industry in the longer term.

On the 2022 New Year's Eve, Tencent Music launched TMELAND, China's first virtual music carnival. As one of the key directions, many platforms virtual music performances held several times to explore since last year. The advantage of TMELAND is that creating the immersive experience is a panoramic view of performance, by leaps and bounds in the whole experience has the very big breakthrough, music content, use scenarios to widen again, maximum meet the user's imagination to the future music scene. The business attributes of the metaverse and Tencent music are very consistent. On the one hand, Metaverse Music can further amplify the social attributes of Tencent music and give full play to the potential of social products. By then, key indicators such as monthly activity and payment rate are likely to rise further.



Figure5. TMELAND

2.4 Threat

2.4.1 Post Copyright Era

Once the user experience is platform for users "music copyright, the better the more experience," but now the industry has entered the deep, only the copyright foundation has been unable to support the increasingly fierce competition, more complete audio type service, sound music creation service system as well as who is closer to the young people, become the focus of all platform focus on fighting.

2.4.2 The impact of short videos on online music

In 2019, Tik Tok launched "On-demand streaming music service" with social functions. Last year, TikTok entered into a partnership with Universal Music Group. Users can use all the music owned by Universal to create short videos, and music creators will also get "fair pay" from it.

Similarly, in China, short video platforms, mainly in Tik Tok and Aauto Quicker, are grabbing users' attention. Tik Tok's APP has more and more complete functions, and it is possible to enter music listening in the future, which poses a big threat to Tencent Music and other major music streaming media.

3. Conclusion And Suggestion

In summary, it is my opinion that Tencent Music has great potential to be one of the dominant music entertainment enterprises 10+ years from now. First of all, it has a dominant position in the music streaming industry due to its accumulation over the past decade, such as copyright, user size, technical support and other advantages. Second, the concept of the metaverse is on the rise and is expected to become a hot area in the next decade. Tencent Music's TMELAND has already made active and effective moves in this area, so it will add a lot of competitiveness to its dominance in the future. Finally, although Tencent Music has some shortcomings compared with its competitors and also faces some challenges brought by the change of the development environment of streaming media, I think its overall advantages far outweigh its disadvantages. I believe Tencent Music has enough strength to cope with these challenges and continue to enhance its core competitiveness in the future

Based on the above analysis of Tencent Music, I put forward three suggestions for its future development. First, Tencent Music should take advantage of the technology advantage of Tencent Group, strengthen music development in the metaverse field, and occupy a dominant position in the future emerging fields in advance. Second, Tencent Music should expand to the field of short video, create music short video and other linkage projects, grab more consumers' attention. Third, Tencent Music should learn from its competitor NetEase Cloud Music and strengthen the construction of its own content community, so as to expand its influence among netizens.

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