

Google, music labels launch China download service

March 30 2009, By JOE McDONALD , AP Business Writer



Kai-Fu Lee, president of Google China, speaks at a ceremony to launch Google's free music download service for China in Beijing, China, Monday, March 30, 2009. Google Inc. and major music companies launched a free Internet music download service for China on Monday in a bid to help turn a field dominated by pirates into a profitable, legitimate business. (AP Photo/Alexander F. Yuan)

(AP) -- Google Inc. and major music companies launched a free Internet music download service for China on Monday in a bid to help turn a field dominated by pirates into a profitable, legitimate business.

The advertising-supported service will offer 1.1 million tracks, including the full catalogs of Chinese and Western [music](#) for Warner Music Group Corp., EMI Group Ltd., Sony Music Entertainment and Universal Music and 14 independent labels, the companies said. It will be limited to use by computers whose Internet protocol, or IP, addresses show they are in

mainland [China](#).

"This is the first really serious attempt to start monetizing online music in China," said Lachie Rutherford, president of Warner Music Asia and regional head of the global recording industry group, the International Federation of Phonographic Industries.

Chinese pirate Web sites offer downloads of unauthorized copies of music despite repeated lawsuits and government crackdowns. Legitimate producers have no estimate of lost potential sales, but some Chinese performers have announced they were no longer recording because piracy made it unprofitable.

The venture gives Google a new way to compete in a market where its research shows 84 percent of people say finding music is their main reason to use search engines, said Kai-Fu Lee, Google's president for Greater China.

"With today's offering, we complete the puzzle and offer a complete set of services that are fully integrated," he said.

China has the world's biggest online population, with some 300 million Internet users, according to the government. Online commerce is still modest in China and most Web surfers are looking for music, games and other entertainment.

Lee said the company was optimistic that use would grow rapidly but he declined to give any revenue forecasts.

EMI launched a separate venture with China's dominant search engine, Baidu Inc., in January 2007 to compete with pirates by allowing free streaming pop music from China, Hong Kong and Taiwan. It sells downloads for a small fee.

Google's service is to be run by Top100.cn, a 3 1/2-year-old Chinese Web site partly owned by Google. The site will sell advertising on its download page and split revenues with music companies, said its CEO, Gary Chen.

Providers will abide by Chinese censorship and withhold songs that are banned by the communist government, Rutherford said.

"When you're in the music business in China you know you have to follow the regulations," he said. "We wouldn't give files to people in China (in situations) where a song has been banned."

Google, headquartered in Mountain View, California, has struggled to expand in China, where it says it has about 30 percent of the search market. Baidu's market share is just over 60 percent, according to research firm Analysys International.

Google's Lee declined to comment on Beijing's blocking of its YouTube video-sharing service last week. China occasionally bars its Internet users from seeing YouTube to prevent access to videos considered critical of communist rule or unflattering to the government.

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