

Spotify:































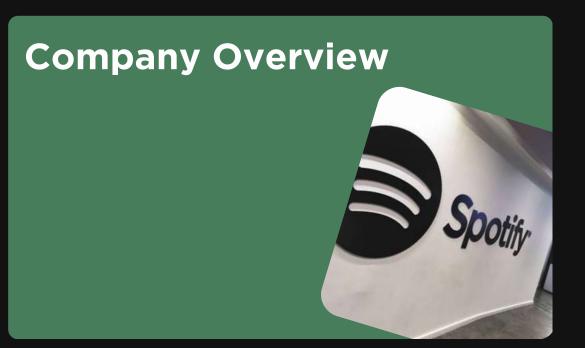




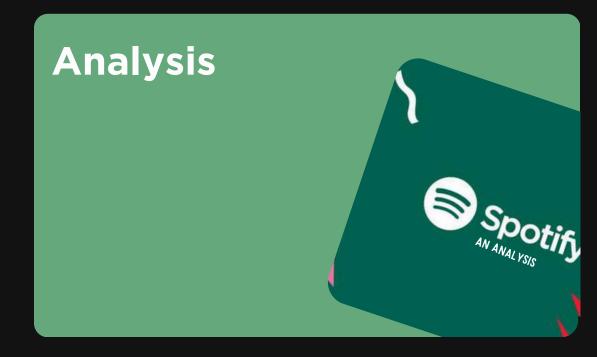


The Commerce Society, SRCC















COMPANY OVERVIEW

Spotify is a digital music streaming service that provides instant access to its vast online library of manifold music genres, podcasts and audiobooks.

It was launched in 2008 by Swedish entrepreneurs Daniel EK and Martin Lorentzon.



On an average, a user spends 2.5 hours on this platform.

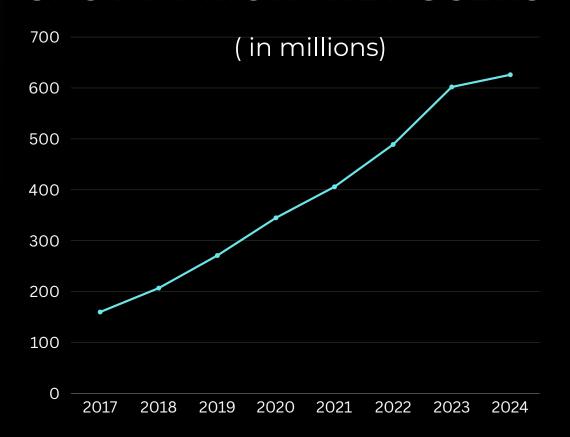


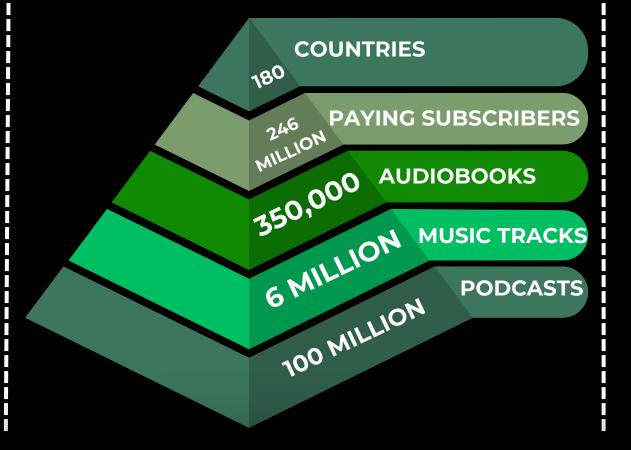
More than 35% of Spotify users are under 24 years old.



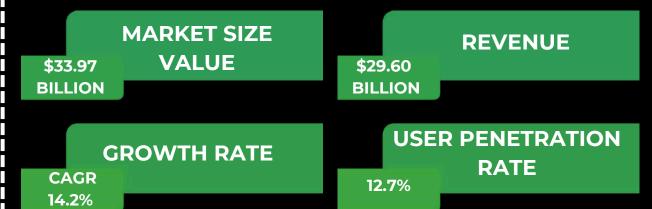
More than 60,000 tracks are updated every day.

SPOTIFY MONTHLY USERS

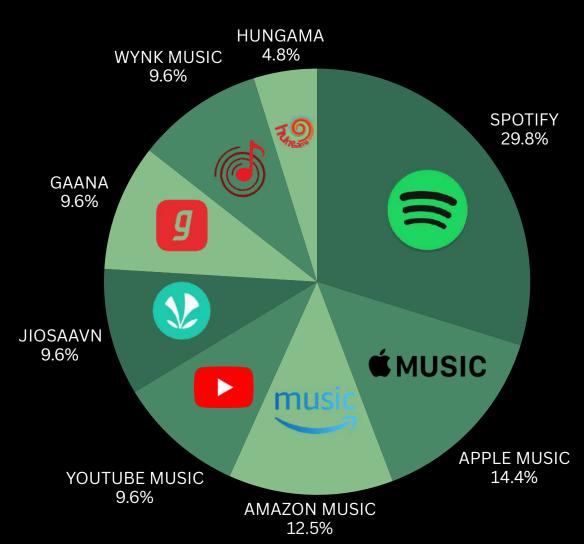




INDUSTRY OVERVIEW



KEY PLAYERS



Future Vision

Overview Business Model Analysis Marketing Strategies Partnerships,& Sustainaibility

Business Mode

Key Partners



Technology providers



Music labels



<u>Podcas</u>ters



Channels



Mobile app

À ♣ ♠
Third Party
Integration



Social Media

Key Resources



Library Algorithms





Customer Segments



Listeners



Artists and Creators



Advertisers



Freemium Model



- New Users
- Revenue from ads
- Active Users (324 million monthly active users.)

Premium Model



- Monthly subscription revenue
- Premium Benefits
- Subscribers (210 million premium)

Customer Relationships



324 million monthly free users



220 million

premium

Over 5 million artists on the platform

€500 million in revenue from advertisers

Cost Structure



Licensing Fee



Technology Costs



Marketing Costs



Operational Costs

Revenue Streams



Premium Subscriptions



Create Tools



Partnership Deals



Ad Revenue

Future Vision

Porter's Five Forces Analysis

1. Threat of New Entrants

- Low
- High capital requirements needed to set up.
- Strong brand loyalty of Spotify.



2. Bargaining Power of Suppliers

- Medium to High
- Major record labels have major bargaining power and control over content.
- Expensives licensing fees impact profitability.



3. Bargaining Power of Buyers

- Medium
- Price sensitivity of consumers towards premium subscriptions.
- Lack of differentiation in pricing.



4. Threat of Substitute Products or Services

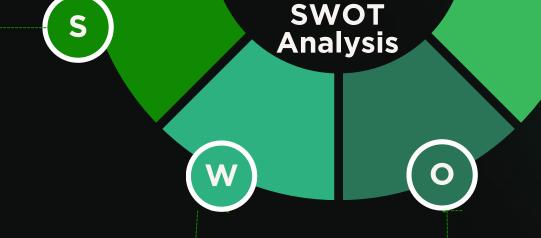
- Low
- Free streaming with convenience.
- Similarity in product offerings.
- Radio services don't provide personalisation.



5. Intensity of Competitive Rivalry

- High
- Music streaming industry is highly competitive.
- Similar offerings so they may engage in price wars to attract and retain users.





Strengths

- Large user base
- Extensive content library
- Personalized Recommendations
- Freemium Model

Weaknesses

- Incomplete licensing agreements
- Slower innovation pace compared to competitors
- Offline listening limitations for free tier

Opportunities

- Investing in Exclusive Content
- Engaging in Strategic **Partnerships**
- Strengthening Podcast Offerings
- Leveraging Technology and Al

Threats

- Intense Competition
- Increasing Royalty Costs
- Regulatory Changes and Copyright Issues
- Dependence on Third-Party Content

Stock Performance Post-IPO

2018 Open: \$165.90 (fluctuated significantly).

2018 Close: \$132.00 (sharp drop by year-end).

2023 Close (Estimated): \$250+ (strong recovery).

SPOTIFY IPO

Partnerships, & Sustainaibility

Key Financials at IPO

Revenue (2017): €4.09 billion;

Net Loss: €1.24 billion.

Monthly Active Users (Q1 2018):

159 million.

Premium Subscribers (Q1 2018):

71 million.

IPO Pricing and Valuation

Reference Price: \$132 per share (set by Spotify).

Day 1 Trading Prices: Opened at \$165.90 and closed at \$149.01.

Market Capitalization: Valued at \$26.5 billion on Day 1.

IPO OVERVIEW

Date of IPO: Spotify's IPO via direct listing occurred on April 3, 2018 IPO Method: Direct Listing (no new shares issued, existing shares sold) Stock Symbol: Spotify's shares

trade publicly under SPOT.

Analysis **Business Model** Marketing Strategies Overview

Future Vision

Innovative Features

- Social Media Integration
- Music Categorization
- Reccomendations



Engagement & Interactivity

- Dark Interface,
- Visually Appealing Design
- Social Interaction



Simplicity & Accessiblity

- Simplified Navigation
- Cross PLatform Consistency



Understanding User Needs

- User & Market Research
- Personalisation Recommendation



Easy Playlist Sharing & Innovation



Price

Freemium Pricing Model

- Individual (₹744/ month for 1 account),
- Duo (₹968 / month for 2 accounts),
- Family (1117/month for up to 6 accounts),
- Student (371/month for 1 account).

- Spotify is available in 237 countries and territories.
- Europe: 93 million users (38%).
- Latin America: 66 million users (27%).
- North America: 54 million users (22%).
- Rest of the world: 32 million users (13%).

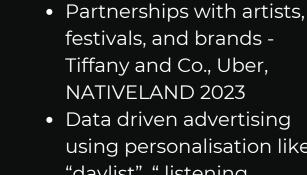




- Diverse product portfolio
 - Songs 100 million+
 - Podcasts- 6 million episodes
 - Audio books-350000 only in Premium Plan

Product





• Data driven advertising using personalisation like "daylist", "listening personality"

Promotion

• Influencer Marketing and

Social media marketing.

SPOTIFY WRAPPED

Highly personalized and interactive End-of- Year experience that positions Spotify as a part of the user's personal identity.



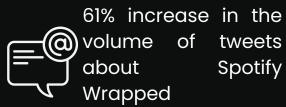
It was first launched in 2015 as "Year in Music" and later 2016 renamed "Wrapped"



Success evident from the attempts of replication by Apple Music, Duolingo, Zomato etc.



Partnerships, & Sustainaibility





UI/UX Working

- Data Collection
- Date modelling
- Personalisation



#SpotifyWrapped hashtag that trends annually on X and has 66.5 billion views on TikTok



- PILLARS of the Campaign
- Personalisation
- Emotional connect
- Data driven insights



The campaign had mentions in 2023

Business Model Analysis Marketing Strategies Overview



SUSTAINABILITY AND CLIMATE CHANGE

January 2015:

Sony

It was called PlayStation Music. The service will let users import their Spotify settings into their

PlayStations.

March 2017:

Waze

It helped users to access music in the Waze App and get both the best directions and playlists in the car without having to switch screens.

April 2018:

Hulu
Together they
created an
entertainment
bundle which
included
discounted rates
for school and
university
students.

May 2020:

Netflix
To curate
podcasts around
Michael Jordan
documentary
"The Last Dance"
and also
provided users
with exclusive
soundtrack

May 2022:

Roblox
To connect with artists and perform interactive quests in the metaverse and also launched the game "Spotify Island".

July 2022:

FC Barcelona
Spotify became
the official
streaming
partner of FC
Barcelona.
Spotify also
sponsored the
teams' the
training shirts.

ARTIST EMPOWERMENT



Direct Marketing

Spotify's Ad Studio enables artists to create targeted ads, reach audiences based on demographics and listening habits so that their music reaches the most relevant listeners

Analytics and Education

The Spotify for Artists platform offers insights into audience and offers educational resources to musicians to develop their careers.

Emerging Talent Discovery

Initiatives like Fresh Finds and Spotify RADAR connect new artists with broader audience and provide crucial exposure.



Platform for Awareness
Spotify leverages its platform
to raise awareness and drive
engagement on climate
change.



Net Zero Emissions by 2030 Spotify is committed to achieving net zero greenhouse gas emissions by 2030.



Climate Action Initiatives
Spotify collaborates with
climate organizations,
scientists, and young climate
champions.



Climate Content Creation Spotify creates content focused on science and solutions related to the climate crisis.

Overview Business Model Analysis Marketing Strategies Partnerships,& Sustainaibility Future Vision

COMPETITORS

Feature	Spotify	Apple Music	YouTube Music	Amazon Music
Free Tier	Yes	No	No	Yes
Music Library	70 million+	70 million+	80 million+	70 million+
Podcasts	Yes	No	Yes	Yes
Music Videos	Yes	No	Yes	No
Exclusive Content	Yes	Yes	Yes	Yes
Offline Listening	Yes (Premium)	Yes (All plans)	Yes (Premium)	Yes (Premium&Unli mited)
Subscription Rate	\$9.99/month	\$10.99/month	\$9.99/month	\$9.99/month (Prime)

FUTURE VISION

SUSTAINABILITY AND ARTIST SUPPORT

Ensuring fair artist pay and sustainable eco-partnerships.

INTERACTIVE AND VISUAL CONTENT

Integrating music videos, lyrics, and artist interviews into the app.

EXPANDING NEW GENRES & CULTURE

Showcasing niche genres, emerging artists, and global music.

IMMERSIVE AUDIO EXPERIENCES

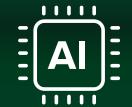
Spatial audio offers a liveperformance feel with sound from all directions.

HYPER-PERSONALISATION

Al-powered playlists adapting to mood, activities and weather in real-time.



Consumer preferences change fast. Without new features, Spotify risks losing users to competitors.



Al and new platforms threaten Spotify. Its new music video feature competes with YouTube.

CHALLENGES



Spotify's pro-rata system over-rewards top artists and favors popular ones, limiting smaller creators' exposure.



Poor telecom infrastructure limits Spotify's expansion to 37% of the global population.

Overview Business Model Analysis Marketing Strategies Partnerships,& Sustainaibility

Future Vision













