

Spotify Dashboard: Closing report

1. Overview

The interactive Spotify Dashboard was designed to meet the specific needs and offer actionable insights related to the user growth, revenue and cost of operations. Specific needs for Sarah (Head of Strategy), Mark (Director of Revenue) and Olivia (VP of Operations) were considered and fulfilled.

2. Key steps in Dashboard Development:

Data exploration: The data was provided in Google sheets. Dataset contained all necessary information in a wide format. The information was provided in quarterly format from Q4 2016 until Q1 2023.

Data cleaning: Rows with missing values (mostly Q4 2016) were discarded. There were no other missing values. There were several cases of calculation error which were rectified before using for analysis.

Analysis: The cleaned data was used to identify the trend in different measures such as user growth (MAU), revenue, cost of revenue, ARPU and expenditures (operational cost). Analysis was also done to find the percentage contribution from each user type (Premium and Ad supported) towards different metrics.

Dashboard development: An interactive dashboard was designed using Tableau to meet the requirements of stakeholders. Dashboards can be used to visualise the trends in different metrics. Different filters can be used to visualise the data based on user type and date range. There is also an option to visualise data either quarterly or yearly.

3. Key insights

There has been a consistent increase in the MAU for both Premium and Ad supported users.

Although the Ad supported MAU is higher compared to Premium, a major fraction of Revenue comes from Premium users. It is to be further noted that Premium users account for a major proportion of Cost of Revenue.

There is also a consistent reduction in the Premium ARPU.

In terms of distribution in expenditures, Sales & Marketing incurs most expenses compared to Research & Development and General & Administrative cost.

4. Recommendations

Although the overall MAU is increasing, the numbers may be improved. It is recommended to reassess the Ad supported user experience and improve the revenue from this user category.

The declining premium ARPU is concerning. It becomes more important as premium users account for a major fraction of revenue. Implementing some price adjustment or other strategy like discount offer can improve premium ARPU.

A high cost of revenue needs reconsideration towards licensing cost.

5. Conclusion

Spotify has experienced robust user growth and revenue expansion since 2017. However, declining Premium ARPU and increasing costs highlight areas for improvement. The recommendations provided aim to balance growth, revenue optimization, and cost efficiency to ensure Spotify's long-term success.