




Know the Product




Spotify is a music streaming platform



640 million monthly active listeners




€13.25 billion in revenue




€19.83% YOY growth in revenue

Vision and Mission Statement



Vision :To be the cultural platform where creators can break free and everyone can enjoy an immersive artistic experience.



Mission :Unlock human creativity by empowering a million artists to live off their art and billions of fans to enjoy and be inspired.

Business/Revenue Model

Revenue Stream	Description
Premium Subscription	Primary revenue stream for spotify provides users with advertisement free listening
Advertisement Revenue	Advertisers pay spotify to reach to their target audiences through audio and display advertisements

Understanding the problem

Goal to be achieved : Increase content engagement among users who are paying but rarely watching and engaging on the platform and bring inactive subscribers back to the platform and encourage regular content consumption.

Interpreatation

Increase retention rate of current users who are subscribed currently by improving platform engagement between the user and the platform also try to bring back users who are inactive to actively engage with the platform

Actor	Constraints
Creators	Bound by the rules and regulations of the platform
Users	Subscription type and content availability
Market Regulator	Exercise control over apps like Spotify to safeguard user data privacy 1

Overview

What is the core issue?

- **Core Issue** : Users are not engaging enough with Spotify which in turn is resulting in lower user retention rates.
- **Understanding the users** : Point of focus is a user base where there are premium users who have **paid for the subscription yet still choose not to engage with the platform**



[Link](#)

What is the urgency for Spotify to focus on the issue?

- **Exponential growth of premium subscription market** : The rate of music listeners paying for premium music streaming services has increased by 7% neglecting such opportunity can lead to loss of revenue growth opportunities.
- **High competition**: The Indian music streaming market is competitive, with many new entrants such as YouTube music, Wynk, Resso trying to gain market share in such situation user retention becomes an important issue to focus on.
- **Increasing demand for streaming rather than offline music** : Music listeners in India are spending 72% more money monthly and 15% more time weekly on music in 2023 compared to 2022 with such rise in demand other players have intensified race to grab users hence user retention is a key issue to focus on.



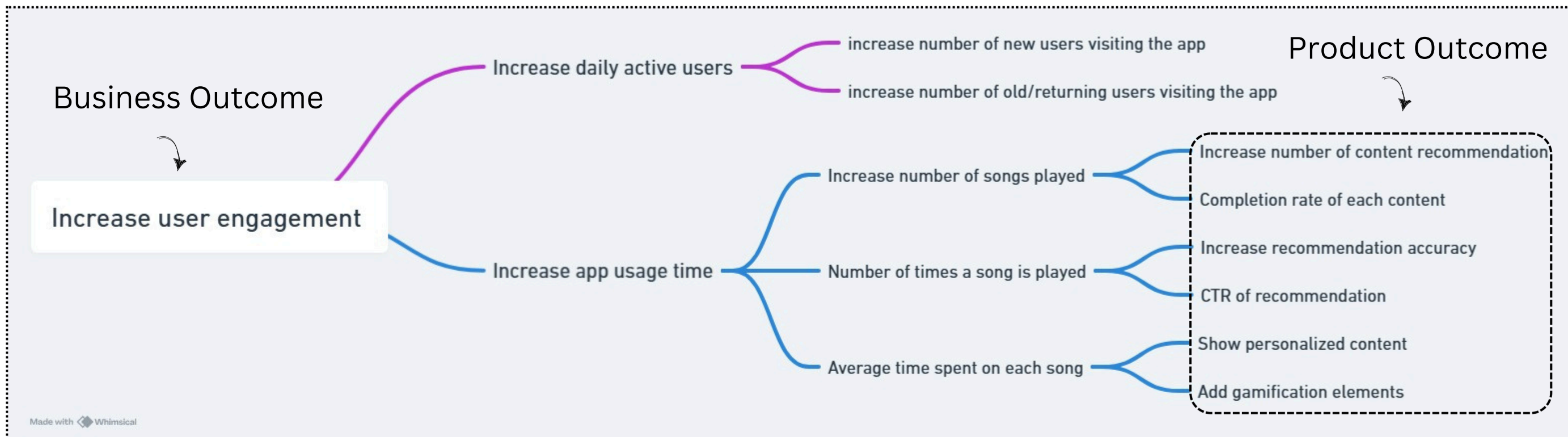
How is Spotify trying to solve this issue?

- **Personalised AI driven playlist** : Spotify's personalised playlist creation such as **Spotify wrapped**, Spotify's Weekly wrapped to provide users with personalised experience.
- **Gamification** : Spotify introduces listening challenges where users can **earn badges and rewards** for exploring new genres, completing playlists, or reaching specific listening milestones.
- **Brand collaborations** : In June 2024, Spotify **partnered with Royal Enfield** for a year-long collaboration that merges music with motorcycling. **Hyundai** became the first brand to sponsor Spotify's "Discover Weekly" playlist in India.



How are the competitors solving this issue?

- **YouTube Music** : Exclusive content and collaborations, Flexible plans tailored for students and Indian audience community engagement through posts.
- **Amazon Prime music** : Integration with prime membership allowing users to get into prime ecosystem, Exclusive contents.
- **Gana** : Bundle offer with telecom operators, Localised playlist and songs, focused and inclined towards adding more regional content on the platform.



Derived Product Outcome

- Increase number of content recommendation.
- Increase completion rate.
- Increase recommendation accuracy.
- CTR recommendation.
- Show personalised recommendations.
- Add gamification elements.

Hypothesis

Algorithmic Limitation :Users are not able to get right content to engage with.

Content Saturation : Users are finding overwhelming amount of content compared to other competing platforms.

Availability of content : Unavailability of content due to various serious such as exclusive to other streaming apps.

Search Inaccuracy : Users are not able to get matched result or content they are looking for.

Target user segment

Premium subscription mobile users aged between 18-25 working professionals and students who residing in tier 1 cities.

Why?

Working professionals in Tier 1 cities represent a valuable segment for Spotify, possessing both the disposable income to invest in premium entertainment subscriptions and the tech-savviness to fully utilize the app's features.

Target estimation

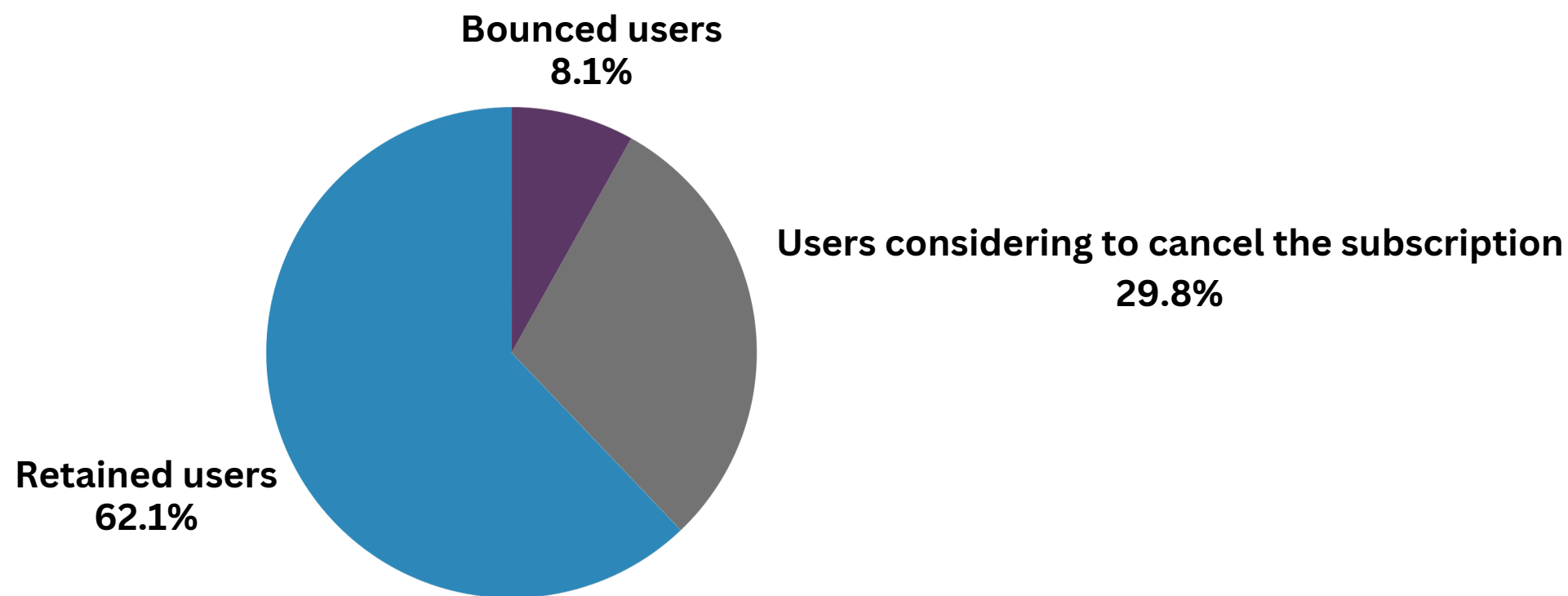
- Total Spotify India Premium Users: 4M
- Assumed 18-34 age group proportion (global data applied to India): **55% of 4M = 2.2M**
- Estimating only 18-25 users:
- If we assume a rough 50-60% split of the 18-34 group falls in the 18-25 range (based on general age distributions in tech and music platforms), then:
- **50-60% of 2.2M = ~1.1M to 1.3M**

User Research

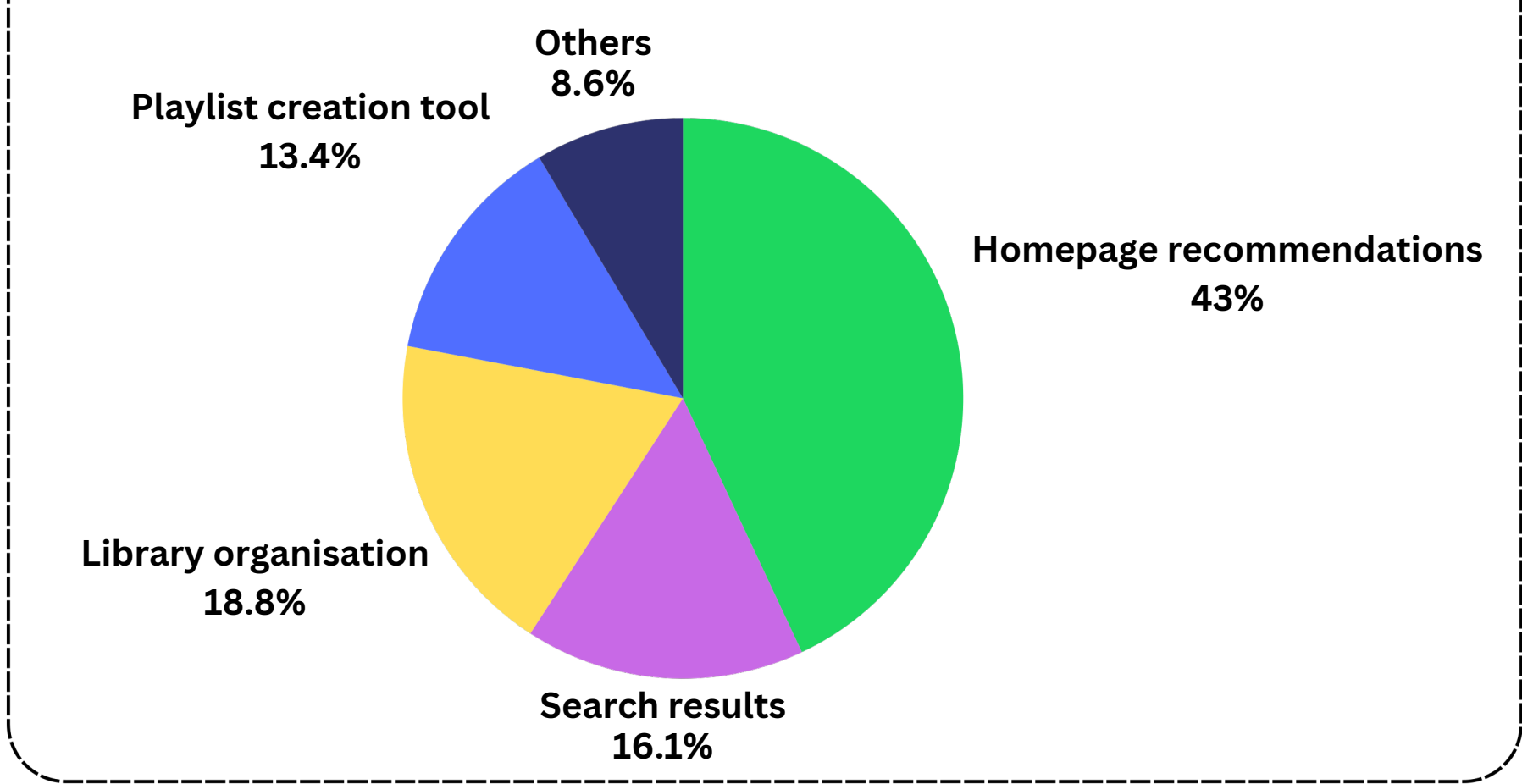
The user insights were derived from user research conducted and had **37 respondents and 2 user interviews** expressing various issues regarding engagement problem with Spotify.

Research insights

- Many users are struggling with the user recommendations and are clearly unhappy with the recommendations made by the algorithm.
- Users are unable to find content on the platform leading to users choosing alternative apps such as Youtube music or Prime music.
- 3 out of 37 respondents have cancelled the subscription while 11 premium users are considering cancelling their subscription stating that they are not finding any value in paying and using Spotify.



- 43.2% of users feel their home recommendation page is cluttered or they are overwhelmed by choices



- Users also pointed out to the missing ecosystem features which are present on other apps such as YouTube and Amazon prime video as reasons to engage with these alternative apps more than Spotify

Listening directly from the user



Riddhi | 21 years | Hyderabad | Female |
Student | Mobile user | **Premium user**

“I had a certain mood, didn't really have a song in mind but spent over 30 mins scrolling through playlists and skipping songs but couldn't find a song that went with my mood.”

Issue : User is facing content discoverability issue where she is not able to find the content type she is looking for even after putting a significant amount of time to discover content.

Need: User requires a efficient discoverability mechanism through which content discoverability is much more faster and suits her taste at a given time.



Shrutik Vikhe | 25 years | Bodhgaya | Male |
Student | Mobile user | **Premium user**

“Spotify recommendation feel vague sometimes. It switches between genre and my biggest frustration is having artists I don't like in my recommendation”

Issue : User is able to find content but the content posed in front of him is irrelevant to him leading user frustrated with irrelevant content and recommendation.

Need: User needs content library more focused and tailored to his personal taste which helps to keep in engaged and help get deeper into the content category.

Jobs to be done

When I try to listen to and enjoy music

But I struggle to find the right music and content which suits my taste

Help me discover and easily engage and listen to music and podcasts seamlessly without much effort to find them

So that I can enjoy my entertainment without any disruptions



What is the true problem?

Spotify users are facing significant **challenges in discovering relevant content, often feeling overwhelmed by the cluttered homepages and ineffective recommendations**. This disarray leads to low user engagement and interaction with the platform. As a result, many non premium users leave and premium users opt to cancel their premium memberships, contributing to increased churn rates.



How do we know the problem is real?

User insights : **68.75% of premium users have reported similar engagement issues** to the point of considering to cancel the subscription.



[Link](#)

Secondary research : **Many users have expressed disappointment with the falling quality of recommendations and less engaging content** on Spotify. The latest example for such incident would be the disappointment expressed by users for the Spotify Wrapped up for the year 2024



Why should invest any time or money in solving the issue?

Revenue optimisation : Premium user base makes up a large chunk of Spotify revenue hence retaining such user base is important and providing them with the desired content is important.

Changing market landscape: With many new entrants entering into the market it is important for Spotify to not only grow its user base but also important to retain existing user base and not loose market share to other new entrants like YouTube music, Amazon Prime and Ganna.



Win - Win situation what each side would gain?



Users




- Personalised experience
- Less search fatigue and mindless scrolling
- One stop entertainment option



Spotify

- User Loyalty
- Sustain its market share in expanding market
- Revenue optimisation with less users dropping off

Solutions

Feature	What is it and what to expect?
Like Slider 	Users are provided with a slider to rate recommendations on a predefined scale, content is shown as per the inputs received on the predefined scale giving them greater control over their music discovery instead of relying solely on the algorithm to decide their preferences.
Circlesync 	A circle of users is formed, allowing members to view each other's playlists and what a user is currently listening to and see which songs are most frequently played within the group allowing users to discover more diversified content across platform
Deep Dive mode 	A Spotify feature that lets users explore hyper-specific music niches through customizable filters for subgenre, era, mood, and cultural influences. It offers tailored playlists, and interactive discovery tools helping user engage more.

Prioritisation

Featu re	Ease of use	Impa ct	Effort	Confid ence	Score
Like Slider	HIGH (3)	HIGH (3)	LOW(1)	MID(2)	18
Circle Sync	MID (2)	HIGH (3)	LOW(1)	MID(2)	12
Deep Dive Mode	HIGH (3)	HIGH (3)	LOW(1)	HIGH(3)	27

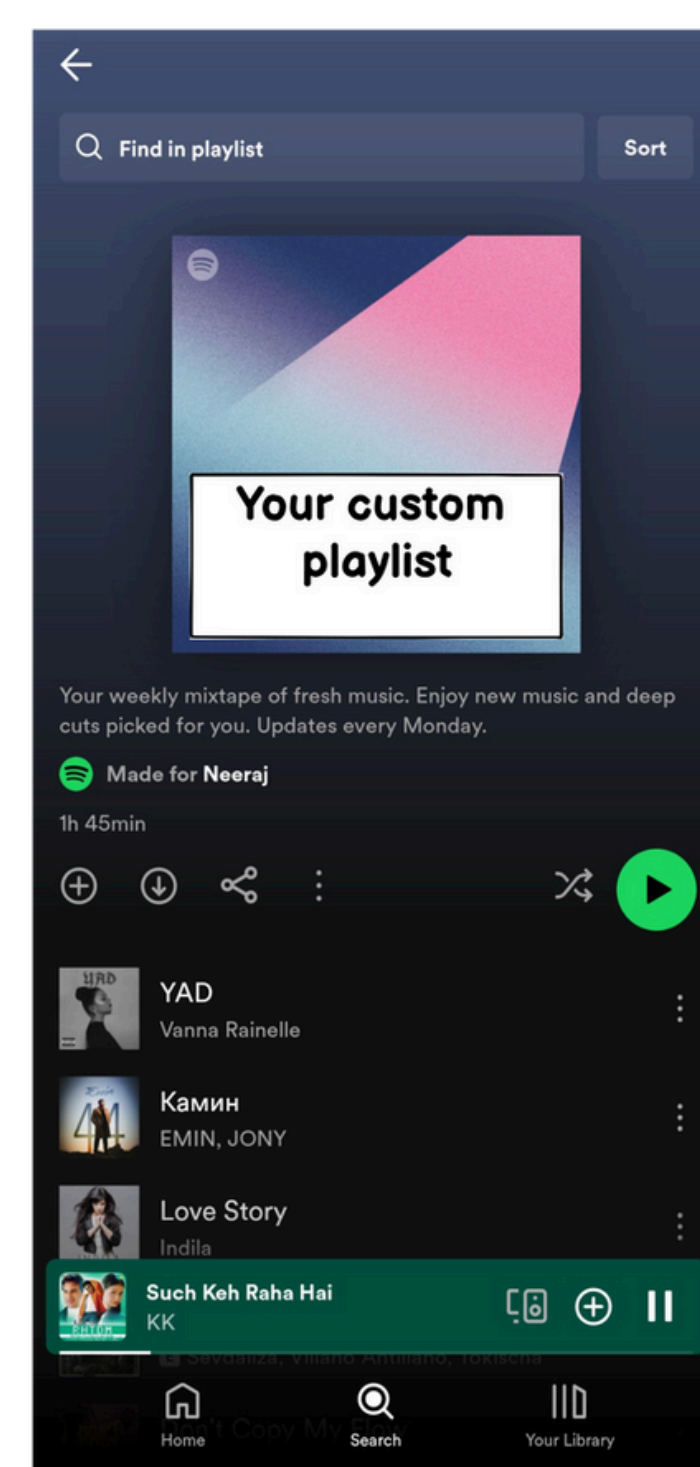
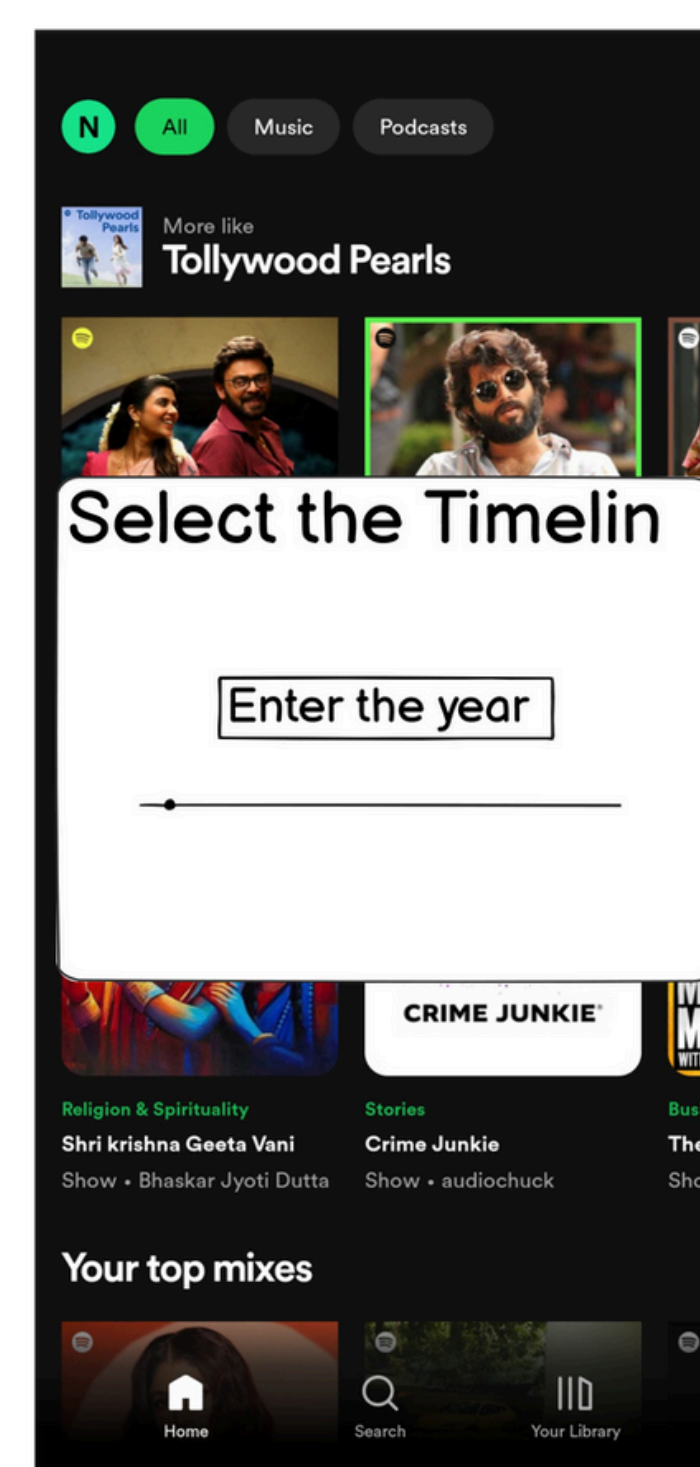
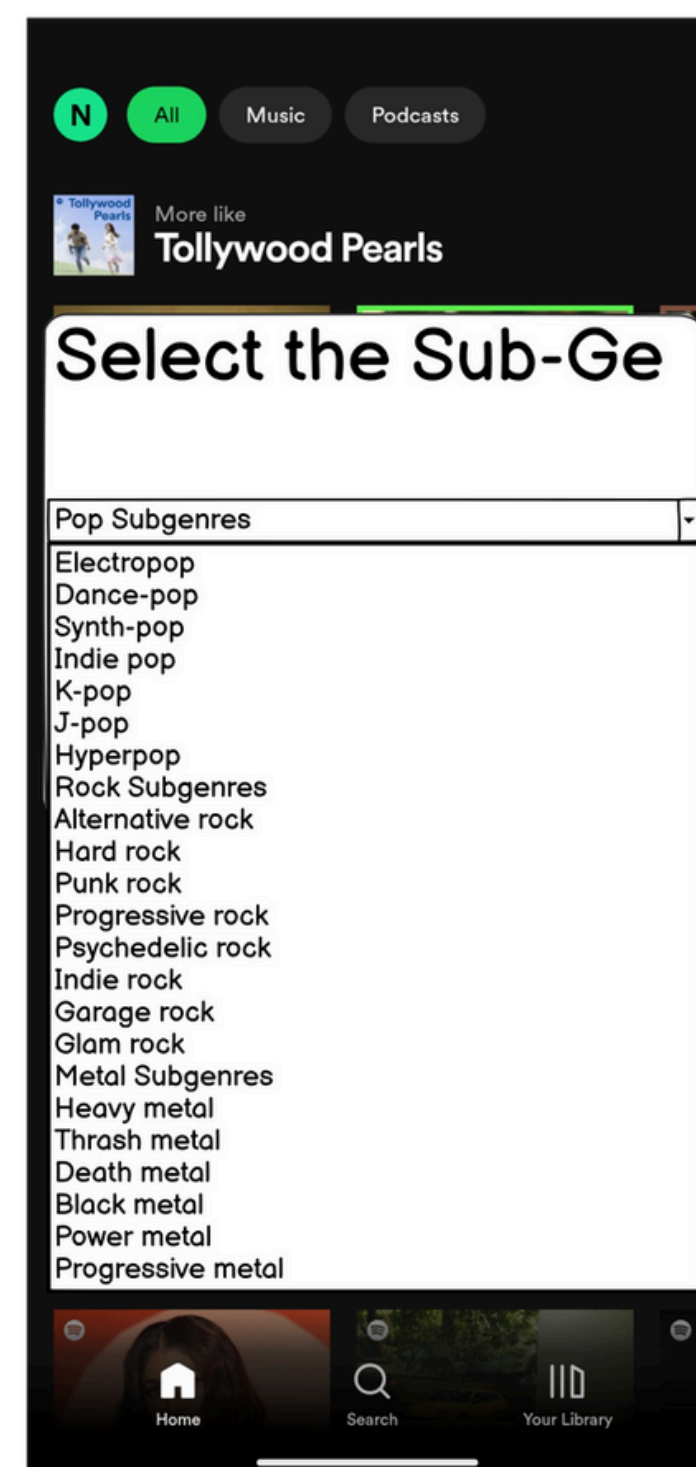
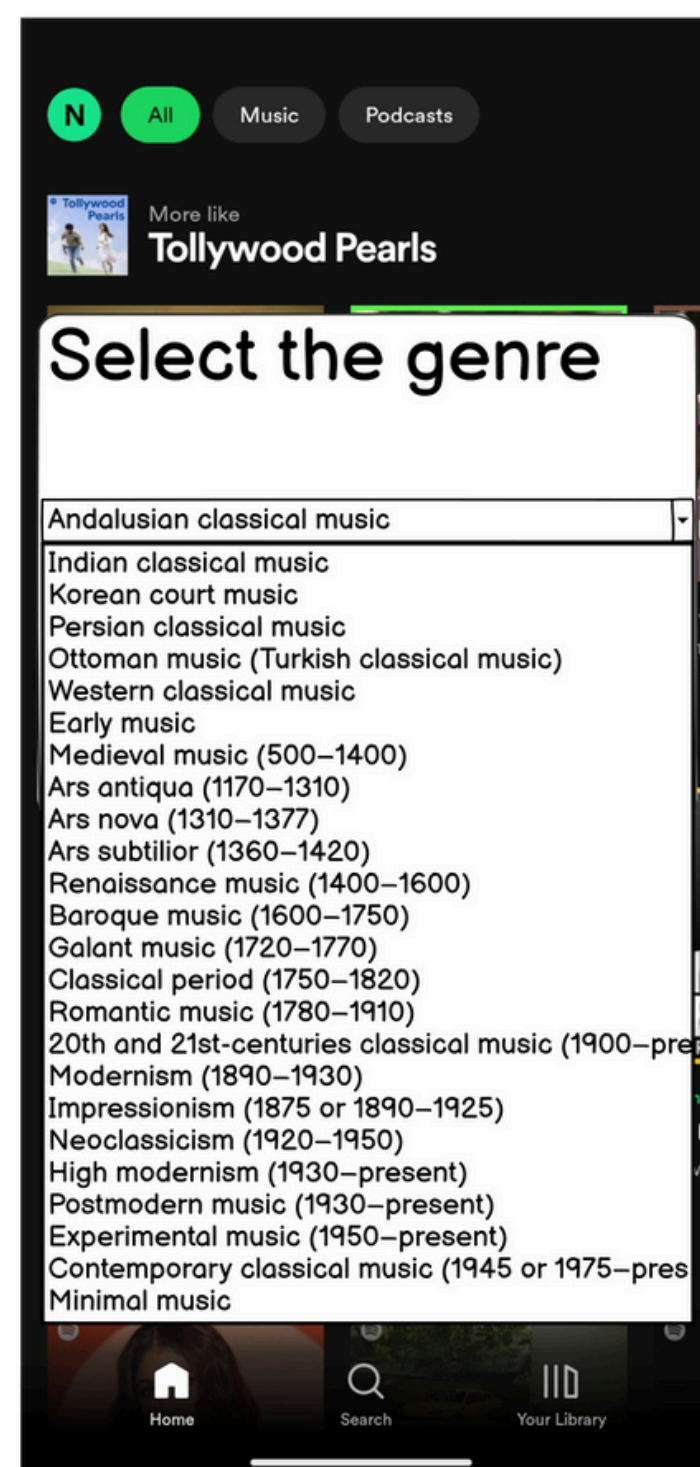
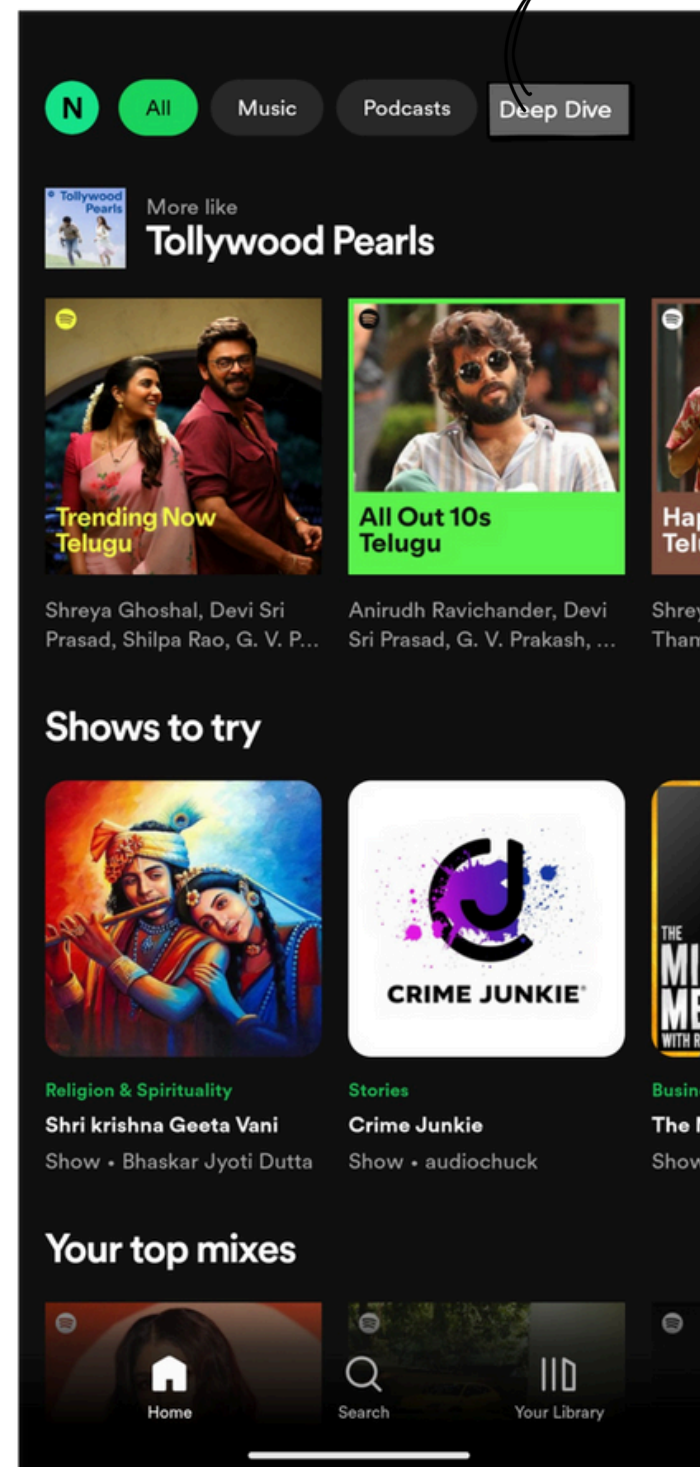
Intention for deployment and expected impact

Thegoal ofdeploying thisfeatureis to provideusers with greater control and access to their content, rather than relying solely on recommendations generated by the Spotify algorithm. This will enhance content discoverability, drive higher user engagement, and ultimately improve retention rates.

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Wireframes

Deep Dive buton



Deep dive button allows user to gain more control over suggestions

Users goes through custom filters allowing them to choose the type of content

Each filters allow for more clear content category the user is looking for

Timeline filter uses time as a parameter to search of music belonging to a particular timeline

Generation of custom playlist based on user inputs 8



Metrics tracking

What is the behaviour we are tracking	Goals we are trying to achieve	Metrics Name
Overall user engagement (North star metric)	Measure how much time users spend actively listening	Total Monthly Active Listening Time per User (NSM)
Daily active usage L1	Understand how frequently users engage with Spotify	DAU/MAU Ratio (Stickiness)
Session frequency L1	Track how often users open the app daily	Average Sessions per User per Day
Session duration L1	Ensure users spend more time per session	Average Time Spent per Session
User retention L2	Ensure users return after a period of time	Day 1, Day 7, Day 30 Retention Rate
Churn tracking L2	Identify how many users leave Spotify	Churn Rate (Users Who Stop Using Spotify)
Subscription retention L2	Track premium user renewals	Premium Subscription Renewal Rate



Risks and mitigation

Risk 1 : An abundance of filter options might confuse or intimidate casual users who prefer a straight forward experience.

Mitigation : Design an intuitive UI with clear default settings and guided tutorials or onboarding prompts that progressively reveal advanced options as users become more comfortable.

Risk 2 : Some hyper-specific filters may return few results if the underlying library lacks sufficient tagged tracks or metadata.

Mitigation : Enhance metadata tagging through a combination of machine learning and human curation, and allow for fallback or “related” category suggestions when a niche is underrepresented.

Risk 3 : Users entrenched in their regular listening habits may not notice or explore the new feature.

Mitigation : Roll out an engaging onboarding process with periodic in-app highlights, notifications, or incentives to encourage exploration and adoption.