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A Real Options based Valuation of the Music Streaming Service Spotify

By Niklas Berger

AV Akademikerverlag. Taschenbuch. Condition: Neu. Neuware - This book analyses Spotify, the current market leader of music streaming services. It provides a mathematical model which calculates future pay-outs of artists and the equivalent number of album sales needed to be indifferent between streaming and selling CDs. It shows that a musician's net income from Spotify could increase up to five times on average which rises the equivalent number of sold albums, necessary to offset these opportunity costs. Spotify's real options based valuation calculates two different market values: first, \$ 8 bn with exponential growth assumptions and a Geometric Brownian Motion approach, second, roughly \$ 1 bn with an Ornstein- Uhlenbeck process and a long-term mean market share of 40 %. Additionally, this book provides a break-even analysis of three different scenarios and shows the corresponding future profitability: when Spotify increases its current market share of 37 % up to roughly 50 %, it will report in black figures in 2016 even with an increase in costs of 82.3 % annually. 72 pp. Englisch.

Reviews

It is great and fantastic. Better then never, though i am quite late in start reading this one. Your life period will likely be transform once you comprehensive reading this book.

-- **Blanca Davis**

An extremely wonderful book with lucid and perfect information. It is one of the most awesome publication i have read. Your life period will probably be enhance the instant you total looking at this pdf.

-- **Prof. Dan Windler MD**