

**Problem Statement :** increase content engagement among users who are paying but rarely active on platform.

### What is Spotify :

Spotify is a popular music streaming platform that offers songs, podcasts, and audiobooks.

It has both a free version with ads and a premium option without ads and offline listening.

Spotify is one of the **top music streaming platform in India**

### How does Spotify earn?



- Premium Subscriptions (87% of Revenue)
- Ad-Supported Free Tier (13% of Revenue)
- Podcast Monetization
- Data & Analytics Services

### Actors Involved :



Payment Gateway



Artists



Advertisers



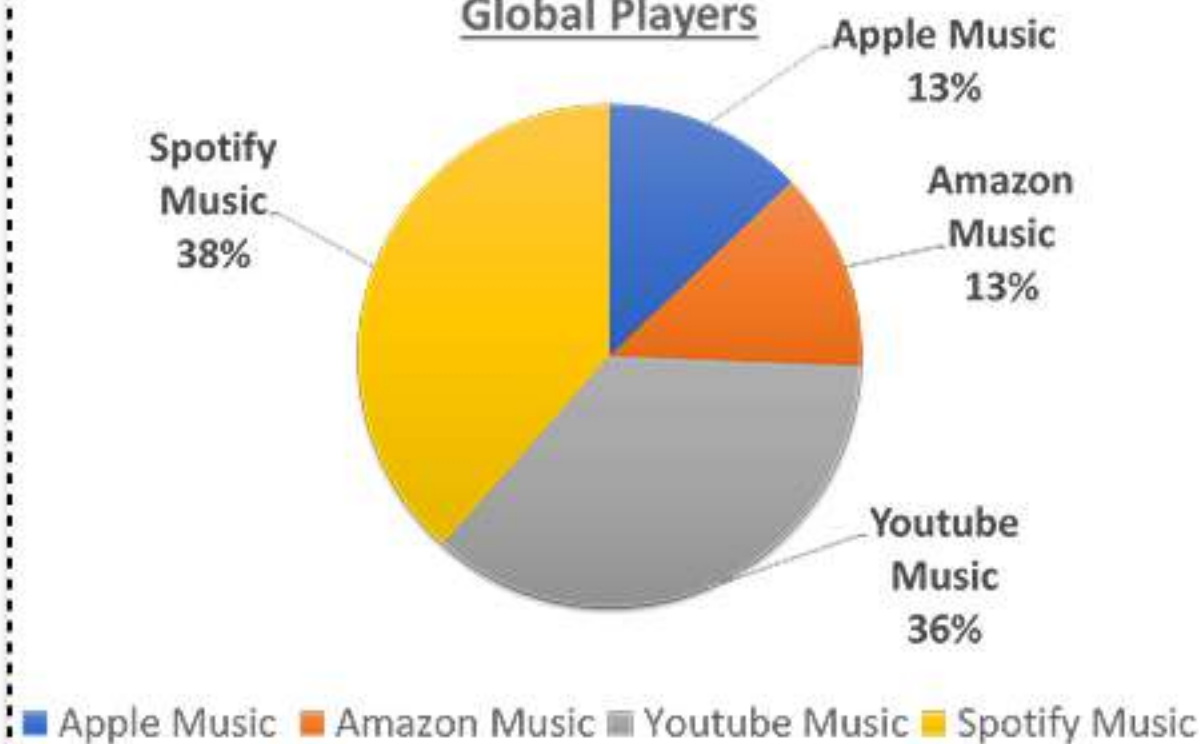
Podcasters



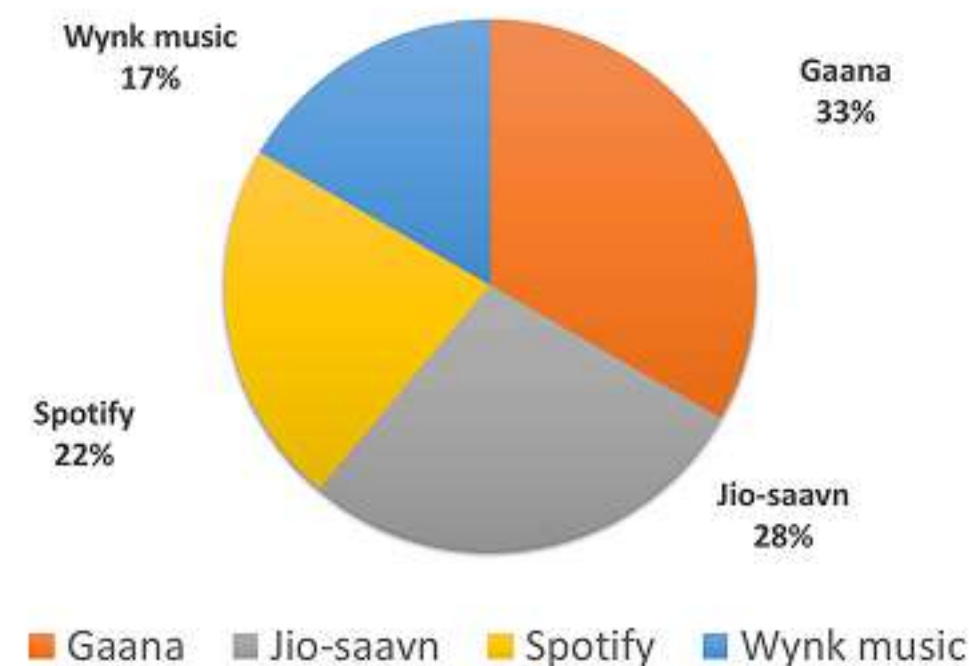
Listener

### Competitors:

Global Players



Indian players



### Monthly Active Users (MAUs):

**675 million**, a 12% year-over-year increase



**Premium Subscribers: 263 million**, up by 11% from the previous year.



**Total Revenue: €15.7 billion**, a 16% growth compared to 2023.

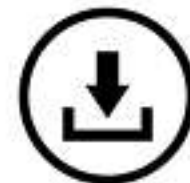


Presence in **108 countries and territories**

### About:



Launch 2008



1 Billion



Martin Lorentzon



Daniel Ek

**Founders**

Overview

User research

Problem framing

Solution

User Flow

Wireframes

Metrics

Pitfall & Mitigation



40% of users forget to use Spotify Premium regularly.

Churn of 20% of users due to payment failures or technical issues.

### Insights from Surveys and Interview



**Auto-Renewal:** Many users keep subscription active due to convenience or forgetfulness.



**Lack of Personalisation:** Users feel the platform doesn't cater to their specific needs or habits.



**Value Perception:** Subscribers don't see the worth of premium features if they're not actively using them.

Targeted Segment Gen-Z & Millennials

many users only use it occasionally and think free version is enough.

40% people said Introduce personalized reminders (e.g., listening streaks) to increase engagement.

25% of users switched to competing services for better content or pricing.



**Ansh patil, 28**  
**Marketing Head**

"Ansh signed up for Spotify Premium but now rarely opens the app, leaving his questioning why he's still paying for it."

#### Pain Points:

- Too busy to explore or enjoy the platform fully.
- Doesn't see the value in paying for features they rarely use.

#### Motivations:

- Wants to feel they're getting value for their money.
- Open to rediscovering Spotify if it fits into their busy lifestyle.

#### Goals:

- To make the most of their subscription or cancel it without regret.
- To find easy ways to integrate music/podcasts into their daily routine.



**Sara, 25**  
**Medical Officer**

"Sara subscribed to Spotify Premium for ad-free listening but rarely uses it, leaving her feeling like the subscription isn't worth the cost."

#### Pain Points:

- Feels like she's wasting money on an unused subscription.
- Overwhelmed by too many choices on the platform.

#### Motivations:

- Wants to feel her subscription is worth the cost.
- Open to rediscovering Spotify if it's easy and convenient.

#### Goals:

- To either start using Spotify more or cancel without regret.
- To find simple ways to enjoy music without spending extra time.



Impact Mapping = > €34.54 Billion

**Assumption :** “Smart pause “ Will target existing Spotify users, aiming to increase engagement  
Increase ARPU by 20% , enhance user experience, and drive more frequent, high-value streaming activity monthly.

**Current Revenue:** €15.7B annually

**Projected ARPU Expansion:** 20% uplift driven by enhanced engagement and churn mitigation.

**Forecasted Revenue :**

€15.7B × 1.2 = €18.84B annually.

**Total Potential Revenue:**

€15.7B (current) + €18.84B = €34.54B annually.

### Key Product Outcomes to Drive Increased ARPU for Spotify

- Increase Subscription Value:  
Introduce exclusive content, high-fidelity audio, and bundled plans to encourage upgrades.
- Enhance Content Discovery:  
Leverage AI-driven recommendations and smart playlists to boost listening time.
- Content Availability:  
Expand regional and niche content libraries to cater to diverse user preferences.
- Optimize User Experience:  
Simplify navigation, refine UI, and introduce interactive features to enhance engagement.

### What is The True Problem?

Low engagement among subscribed users leads to a lack of habit formation, reducing the perceived value of Spotify and increasing churn.

Inactive users cancel subscriptions due to poor recommendations, competition, or lack of personalized content, impacting retention and revenue.



Spotify and Apple Music dominate the streaming space, with Spotify leading among younger users, driven by personalized recommendations and engaging premium perks.

### Why should we solve this problem?

- Prevent Revenue Loss – High churn leads to a decline in recurring revenue, impacting Spotify’s long-term profitability.
- Strengthen Market Position – Competitors like Apple Music and YouTube Music are attracting disengaged users, making it crucial to retain subscribers.
- Maximize Customer Lifetime Value – Engaged users are more likely to renew subscriptions, explore new features, and generate higher revenue over time.

### Value generated by solving this person for users?

- Better Music Experience – Users get personalized recommendations and curated playlists, making Spotify more engaging and enjoyable.
- Higher Subscription Value - Subscribers feel they are getting more value from their paid plan, reducing the likelihood of cancellations.
- Seamless Discovery – Improved AI-driven suggestions help users easily find new songs, podcasts, and audiobooks tailored to their taste.

### Value generated by solving this problem for business

- Higher Retention & Revenue Stability – Reducing churn ensures consistent premium subscription revenue and long-term business growth.
- Stronger Competitive Edge – Engaged users are less likely to switch to competitors like Apple Music or YouTube Music.
- Increased Customer Lifetime Value (CLV) – Active users explore more features, upgrade plans, and contribute to higher overall revenue.

Overv

User

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## Jobs-To-Be-Done By Spotify

"When I subscribe to Spotify but rarely use it, and I don't find enough reasons to return, provide me with engaging recommendations, exclusive content, and seamless discovery so I can integrate Spotify into my daily routine and get the most out of my subscription."



### Spotify Smart Pause

Pause Premium, Enjoy Limited Listening & Earn Rewards!"

- Users can pause their premium subscription but still access limited ad-supported listening.
- While on pause, users earn points for listening (e.g., 10 points per song). Users can redeem points for:
  - Discounted premium re-subscription
  - Exclusive content & artist meetups
- Limited ad-free hours
- Bonus for Active Listeners – Users with higher engagement in pause mode get extra discounts when they return to premium.
- Users get reminders of songs they listened to on the same date in past years,



### Spotify Reconnect

Rediscover Favorites, Get Smart Reminders & Enjoy Fresh Picks!"

- Personalized Playlist – create a special mix with users old favorites, nostalgic songs, and new recommendations.
- Smart Reminders – Spotify will send a friendly notification via email, push, or SMS at the best time for you.
- Always Improving – If users skip songs, Spotify learn and update the mix to better match user taste.
- Fun Extras – user can share their mix, unlock exclusive content, and even earn small rewards for listening!



### Spotify VIP Access

Exclusive Releases, Special Playlists & Insider Perks!"

- Premium users get exclusive first access to new songs, albums, and podcasts before they become available to the general public.
- Special playlists curated by artists, extended podcast episodes, and unreleased tracks accessible only to paid users.
- Custom recommendations for exclusive content based on past listening behavior, ensuring users always get relevant premium experiences.
- Subscribers can participate in live chats, polls, and exclusive fan interactions with their favorite artists or podcast hosts.



## RICE FRAMEWORK

Feature	Reach (0-5)	Impact (0-5)	Confidence (0-5)	Effort (0-5)	RICE Score (Reach × Impact × Confidence / Effort)
Spotify Smart Pause	5	5	5	3	41.7
Spotify Reconnect	4	4	5	2	40.0
Spotify VIP Access	3	4	4	4	12.0

**Reach** = 5 → More users consider canceling, so a pause option keeps them in the ecosystem.

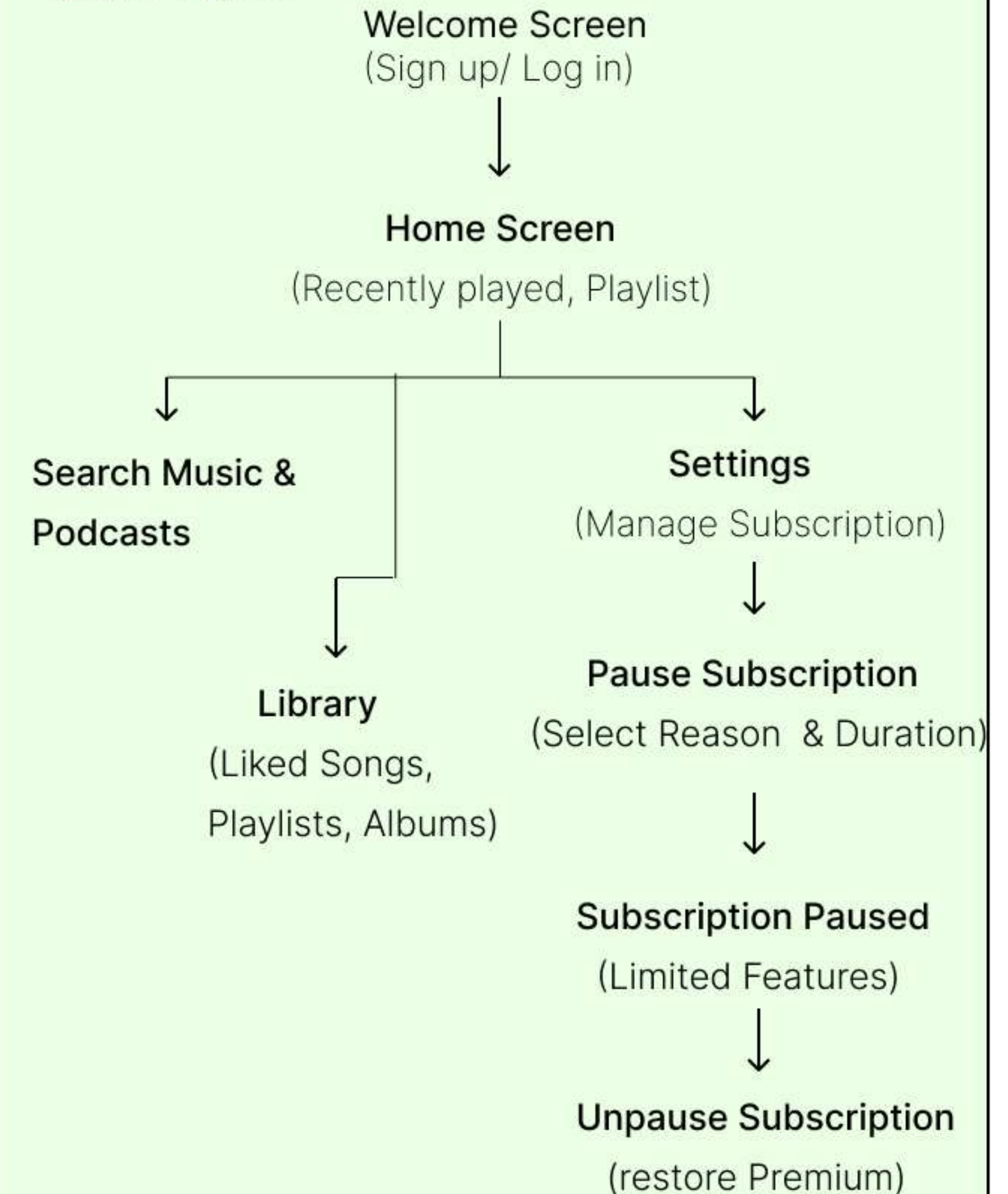
**Impact** = 5 → **Directly reduces churn** and gives users a reason to return.

**Confidence** = 5 → **Strong industry examples** (e.g., pausing subscriptions in Netflix or SaaS) show it works.

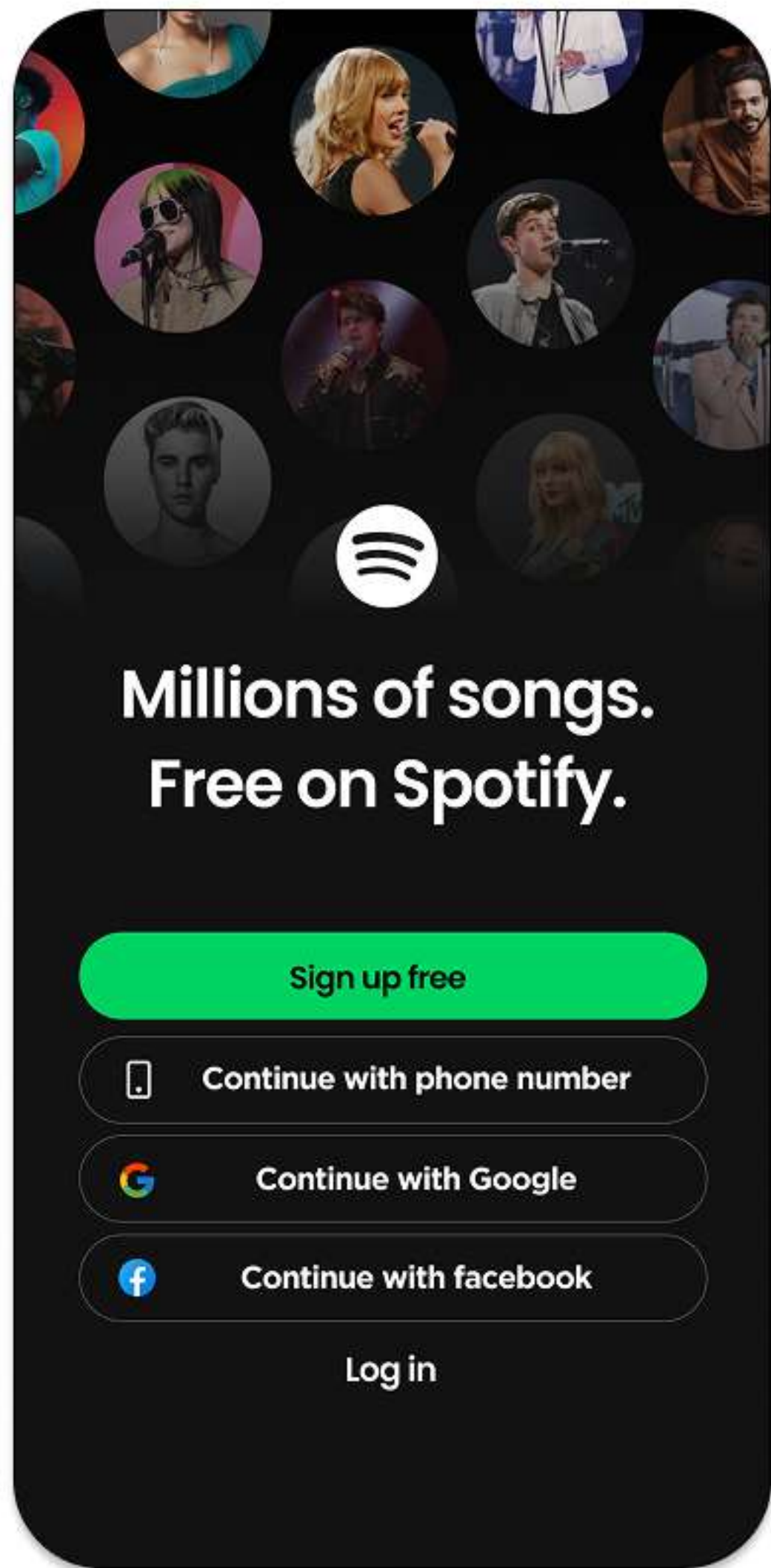
**Effort** = 3 → Requires some development but lower effort than VIP Access.

Prioritizing **“Spotify Smart Pause”** allows users to temporarily pause their Premium subscription while still enjoying limited ad-supported listening, reducing the likelihood of cancellations. During the pause, users can earn points for listening, which can be redeemed for discounts, exclusive content, or ad-free hours, making their return to Premium more rewarding. 🚀

## USER FLOW

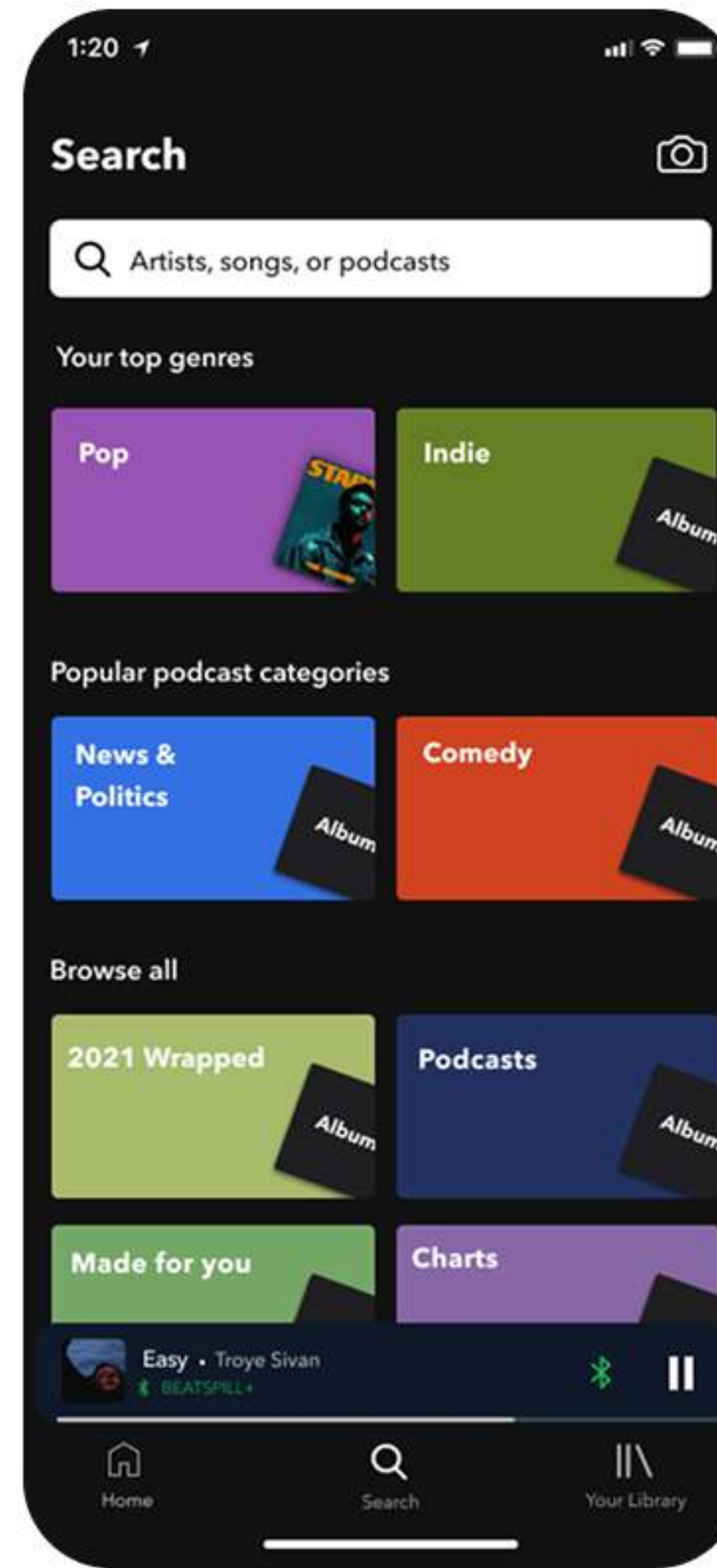
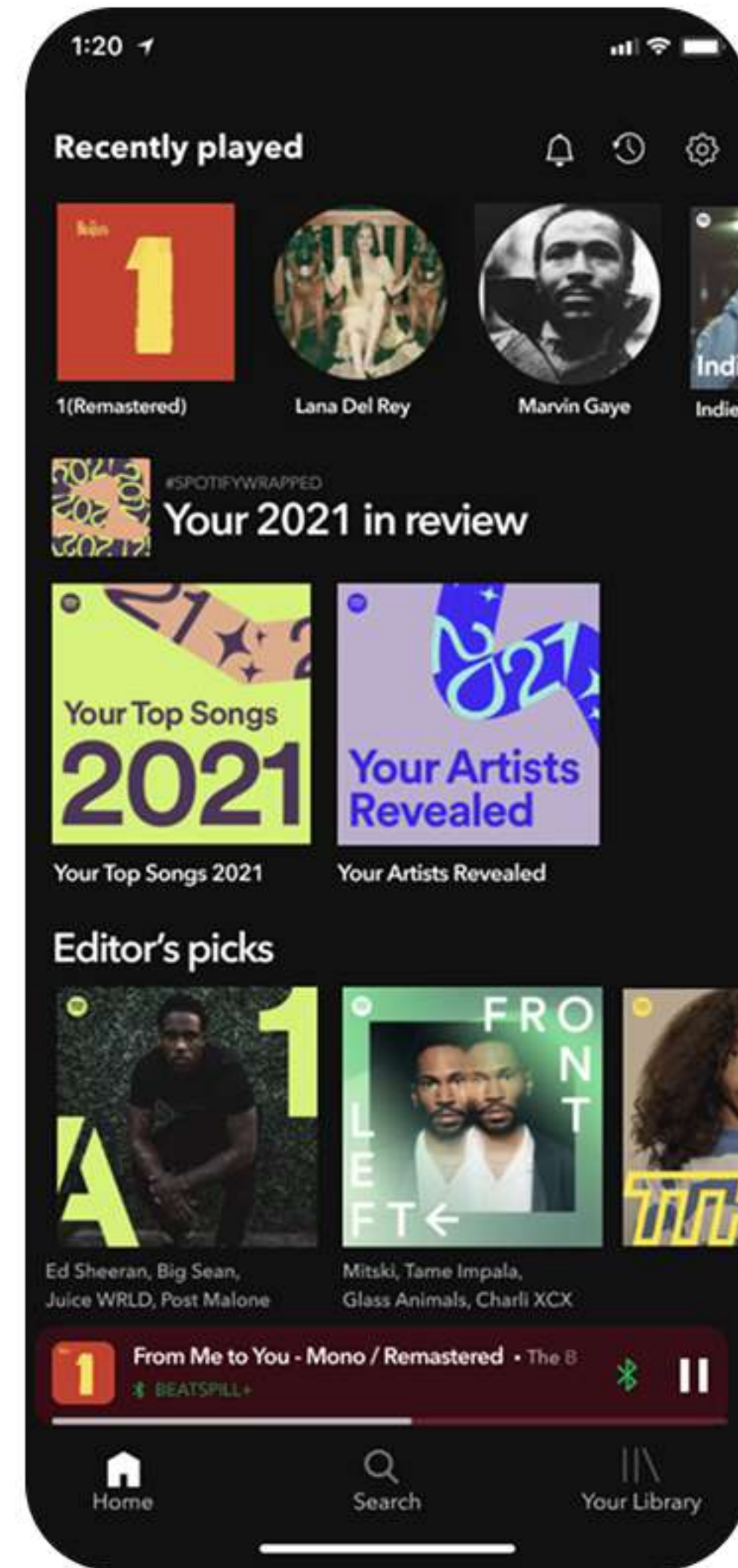






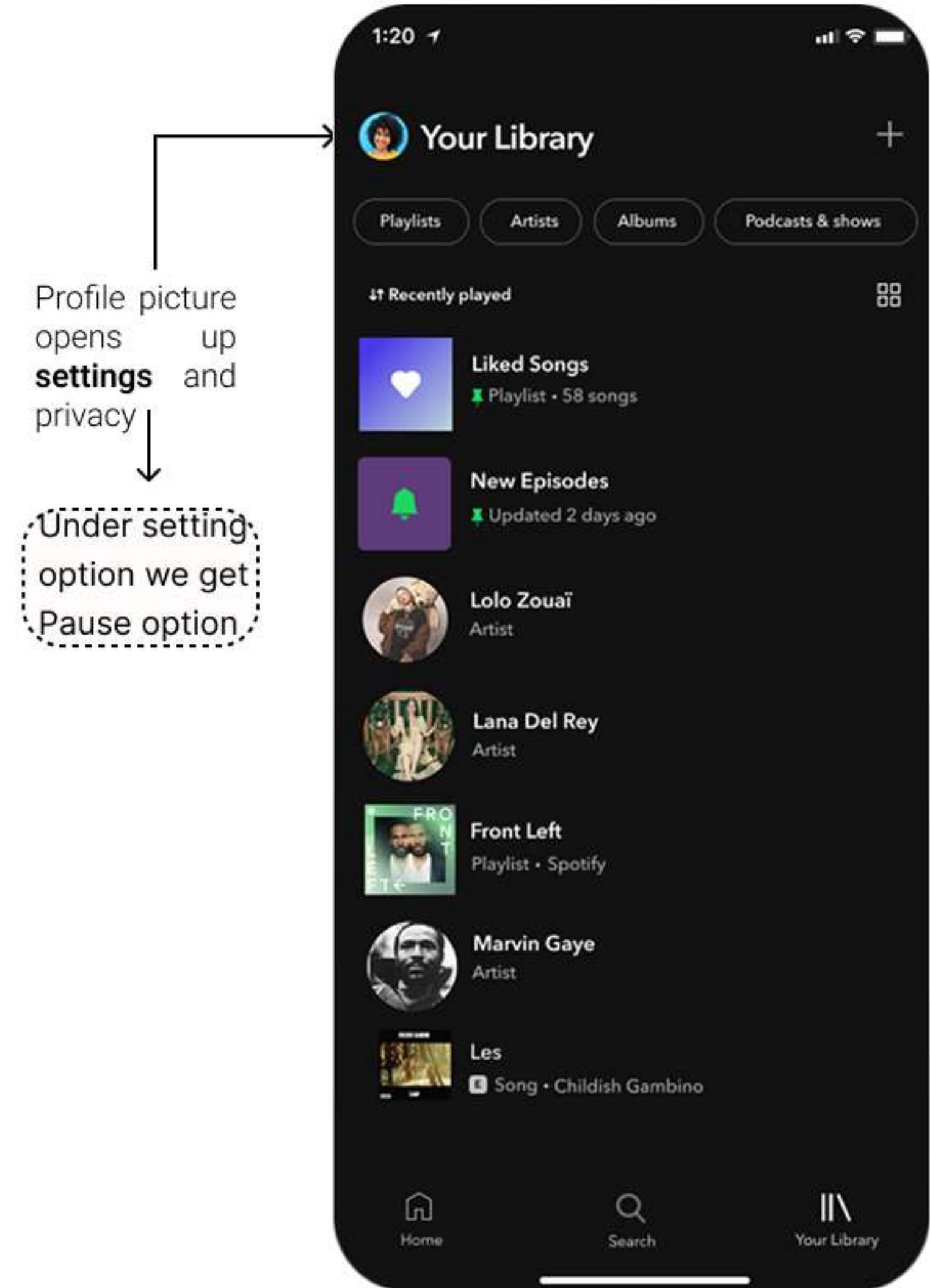
Spotify's welcome screen with options to sign up for free or log in using phone, Google, or Facebook. A bold tagline highlights free music access.

Home screen showing recently played songs, personalized recommendations, and editor's picks based on user activity.



Search page with a search bar, top genres, and popular podcast categories, making discovery easier for users.

Library section where users can access their liked songs, playlists, albums, and podcasts, with recently played items displayed at the top



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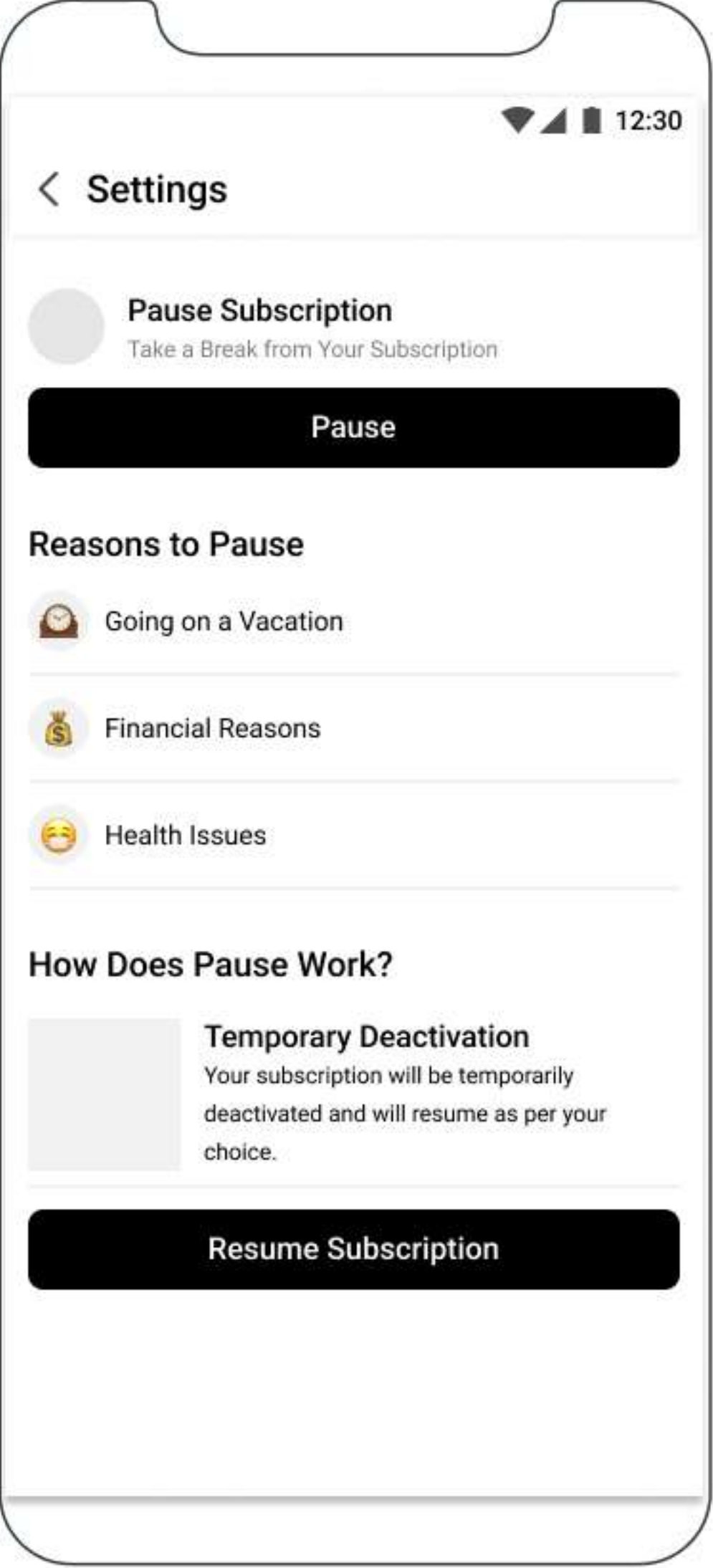
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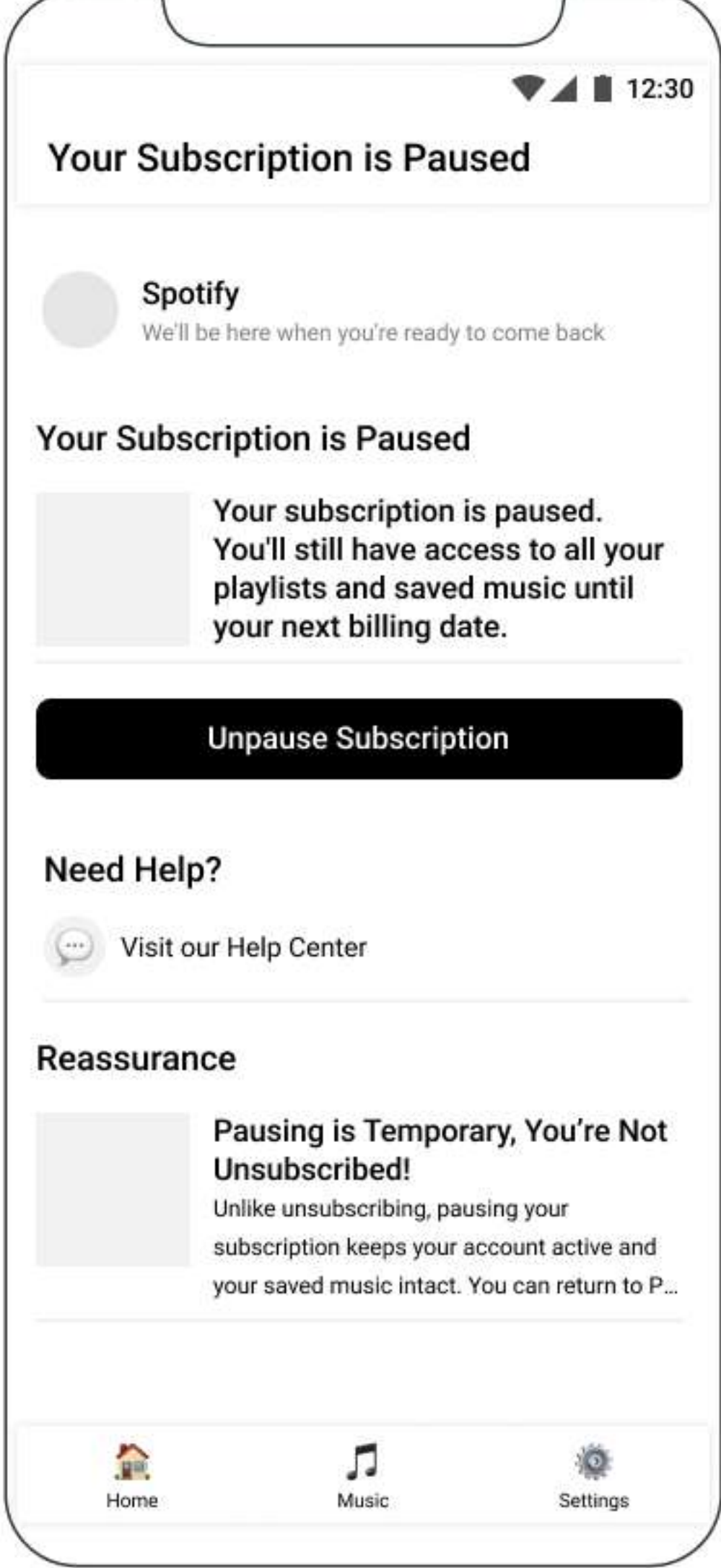
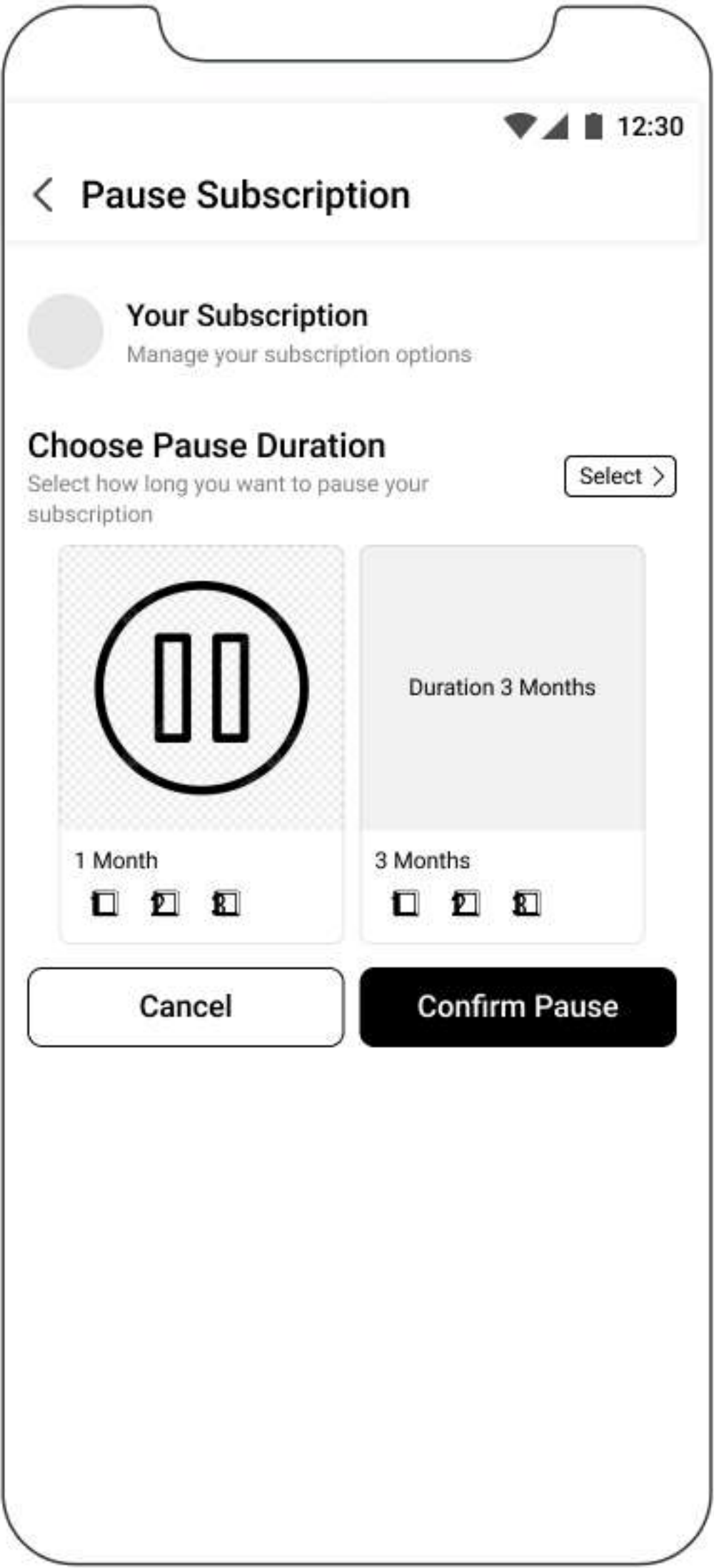
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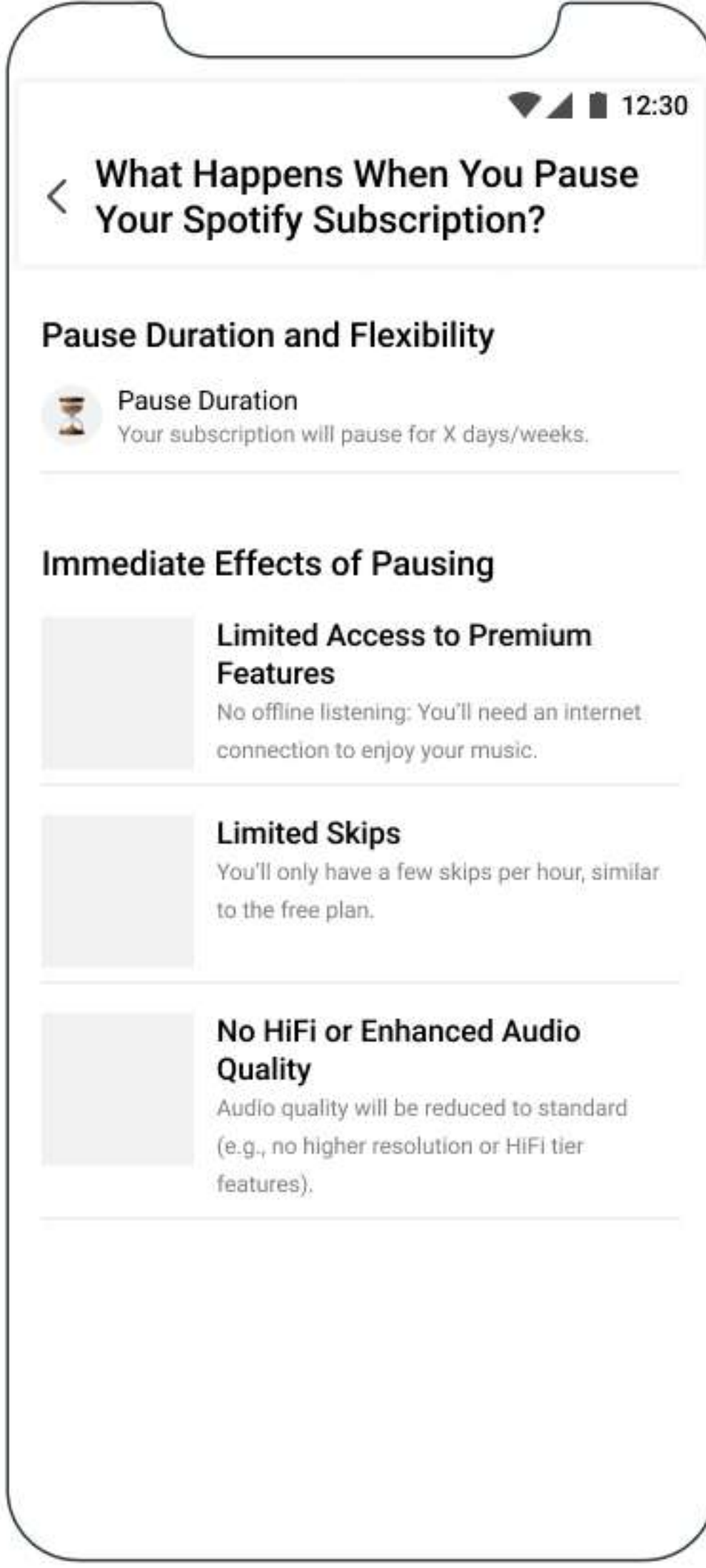


Users choose the duration (1 or 3 months). A **Confirm Pause** button finalizes the selection.



Confirmation screen shows the subscription is paused but playlists and saved music remain accessible. Users can **Unpause Subscription** anytime.

Explains the effects of pausing, including **limited skips, no offline mode, and reduced audio quality**, ensuring users understand the trade-offs.



Users can pause their subscription, see reasons for pausing, and understand how the pause feature works. A **Resume Subscription** button allows quick reactivation.





### North Star Metric

Increase in Listening Time per Paying User  
(To drive user retention by enhancing content engagement and habit formation.)



### L1 Metric - Reactivated Listeners

Growth in Monthly Active Paying Listeners (**MAPL**)  
Tracks the increase in previously inactive premium users who resume streaming.



### L2 Metric - Engagement Rate by Content Type

Average Engagement per Content Category  
Measures likes, playlist additions, and shares for podcasts, music, and audiobooks among reactivated users.

### Future and Scope

- Enhanced Personalization: AI-driven smart playlists and listening reminders to encourage habit formation.
- Interactive Engagement: Social features like "Listen Together" or podcast discussions to boost stickiness.
- Increased Platform Revenue: Expand opportunities for premium content upsells and personalized ads (for free-tier users).
- Listener Growth: Helping inactive subscribers rediscover their favorite content with contextual nudges.
- Improved Accessibility: Personalized audio summaries, voice search, and localized content recommendations.

#### TYPE

#### METRIC

#### GOAL

L1 - Reactivation

# of Reactivated Premium Users

Increase the number of paying users returning to listen.

L2 - Engagement Metrics

Increase % Engagement of Reactivated Users

Ensure engagement levels match or exceed those of active users.

Adoption

New Feature Adoption Rate

10% growth in users engaging with personalized AI-driven re-engagement features (e.g., "Daily Listening Reminder").

Engagement 1

Listener Retention Rate

40% Month-on-Month retention of previously inactive users.

Engagement 2

Average Engagement per Reactivated User per Month

30% increase in listening hours per reactivated user.

Retention

Churn Rate Reduction

Decrease churn by 10% within 1 month through consistent engagement efforts.

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## Pitfall

User Churn After Pause (Users may forget to resume or find alternatives.)  
Feature Misuse (Users might exploit pauses to avoid continuous payments.)  
Benefits (If users can pause, they might not see the need to stay subscribed.)

## Mitigation

Time-Limited Pause: Restrict pause duration (e.g., 1-3 months) to prevent long-term revenue gaps.  
Reactivation Nudges: Send personalized reminders, exclusive offers, and early reactivation incentives.  
Fair Usage Limits: Set a maximum number of pauses per year or require a minimum active period between pauses.  
Exclusive "Always-On" Perks: Offer loyalty rewards for continuous subscriptions (e.g., legacy pricing, early access).

## System Design

