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Spotify and Disruptive Innovation

Spotify and other streaming services show similarities of disruptive innovation. A disruptive innovation creates a new market that disrupts an already existing market making the old market insignificant. Spotify offers music for free, while limiting the ability for a user to choose what songs are played and when. For a cheap subscription, “premium Spotify owners” can listen to whatever music they want whenever they want.

Before Spotify, music was bought on CD’s, bought and downloaded from iTunes, or pirated. Music Streaming has upheaved these industries, like how Netflix disrupted Blockbuster. A Spotify payed subscription offers more music than downloading or CD purchases can offer for much cheaper. Even piracy which is considered “free” is no longer as appealing. Spotify offers an organized platform with easily accessible music. With the integration of Network effects, Spotify has been able to attract users by allowing them to listen to friend’s playlists, custom playlists, or suggest songs that fit a user’s taste. Spotify’s offerings vastly outweigh the older music markets to the point where they can no longer compete.