

SOTIFY

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WHAT IS SPOTIFY?

Since its launch in 2008, Spotify has revolutionized the way people experience audio. By shifting from a transaction-based model (buying music) to an access-based model (streaming on demand).

Spotify has become the world's #1 audio streaming platform

Business models



Free with ads



Premium subscription (ad-free)



Special plans (Family, Student, Duo)

Value proposition



Personalization through advanced algorithms



Access to music and podcasts anytime, anywhere



Multi-platform experience (mobile, PC, TV)

675M+ users worldwide
263M+ premium subscribers
Available in 180+ markets

100M+ songs
6.5M+ podcasts
350K+ audiobooks



About

Macro

Micro

Conslusions

MACRO



POTERS FORCE

Threat of New Entrants	Bargaining Power of Suppliers	Bargaining Power of Buyers	Threat of Substitutes	Industry Rivalry
Low - Moderate	High	High	High	Very High
<ul style="list-style-type: none">• Licensing music from record labels is expensive and complex.• Building a strong brand and recommendation algorithm takes years.	<ul style="list-style-type: none">• Music labels hold strong power over Spotify because they control music licensing• Major labels (Universal, Sony, Warner) take a large percentage of Spotify's revenue	<ul style="list-style-type: none">• Users have many choices• Users can easily cancel and switch to another service.• Freemium model makes users less loyal, since many stay on the free version with ads	<ul style="list-style-type: none">• Free YouTube videos• TikTok & Instagram Reels• Piracy & illegal downloads• Spotify competes with platforms offering music + video (YouTube Music)	<ul style="list-style-type: none">• Price competition is strong• Spotify does not have exclusive artist deals, unlike Apple Music and Tidal.

STRENGTHS

- Market leader
- Extensive catalog (variety of content)
- Advanced AI-driven personalization
- Cross-platfom synchronization
- Successful freemium mode

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WEAKNESSES

- Low profit margins for high music licensing costs
- No HiFi audio
- Few exclusive releases
- Depends on record labels like Universal, Sony, and Warner for its music library

OPPORTUNITIES

- Integration with smart devices and voice assitants
- Live content integration
- Invest in original content
- Launch HiFi audio
- Social music sharing
- Enhance social features

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THREATS

- Strong competition
- Pressure from the music industry as higher royalty demands
- Regulatory changes
- Piracy and free music platforms
- Dependence on data-driven recommendations

SCOPE

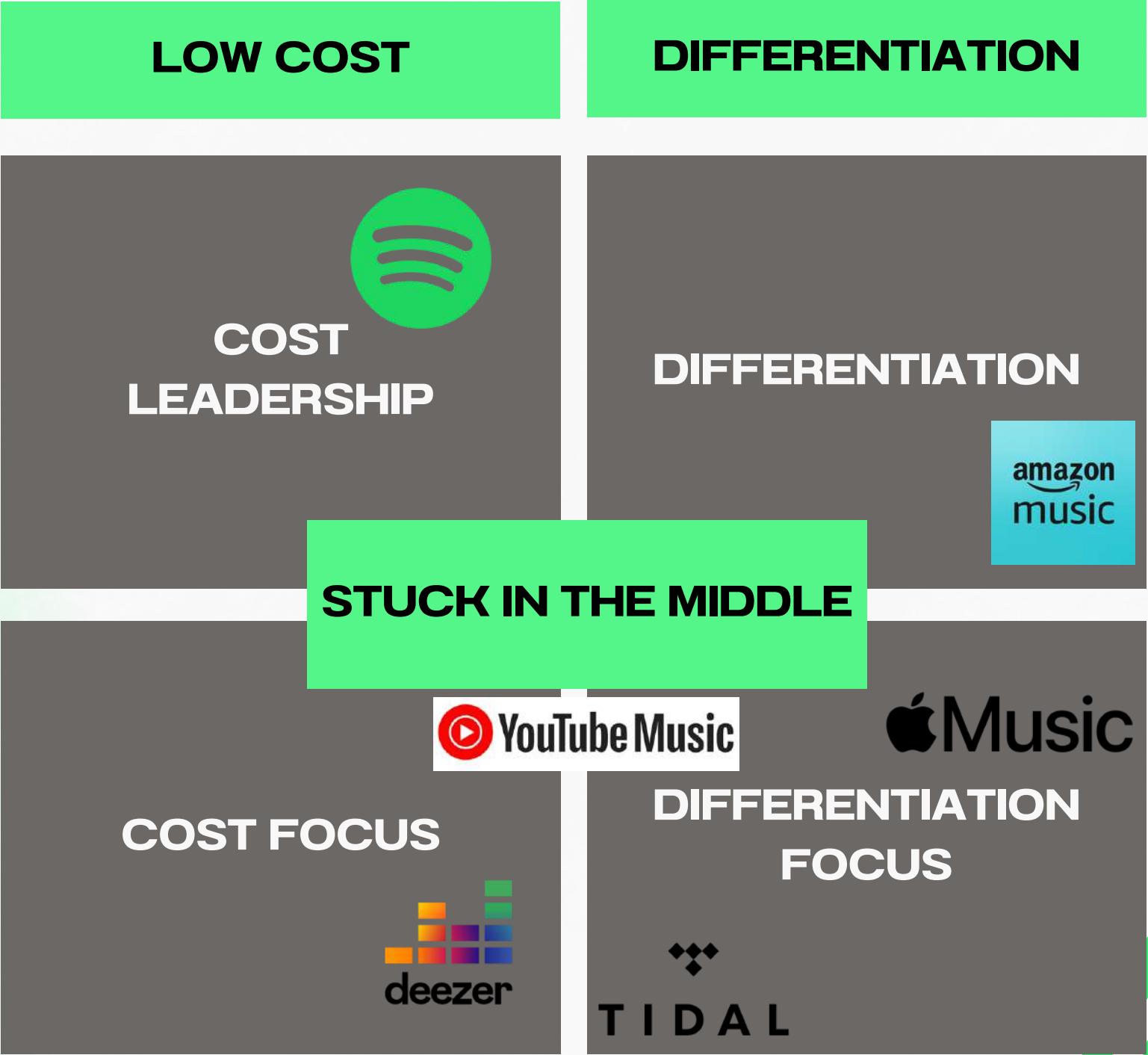
*Market situation
vs.
competitors*

SCOPE

TOTAL MARKET

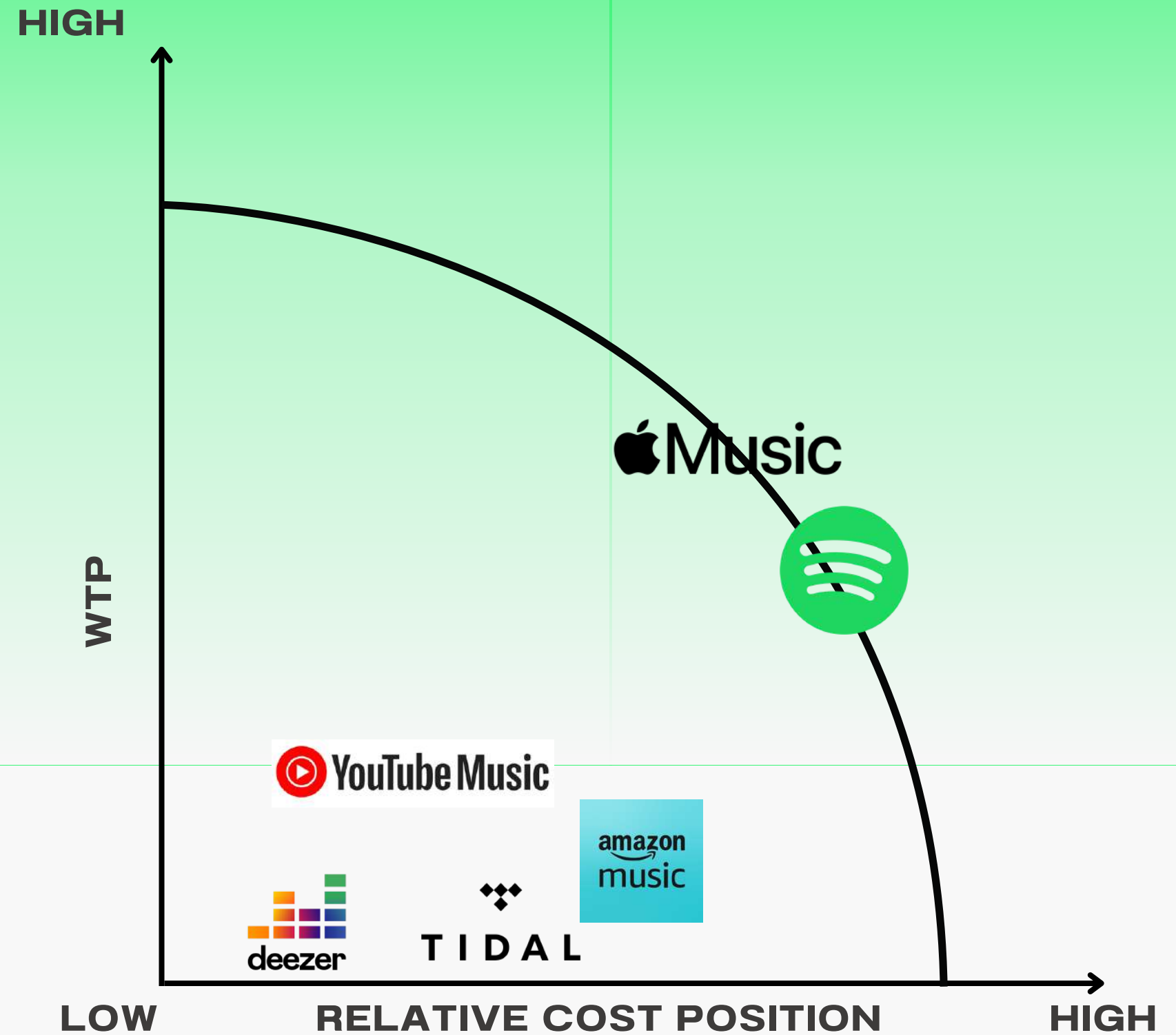
NICHE MARKET

COMPETITIVE ADVANTAGE



POSITION

of Spotify



INCOME STATEMENTS 2024

Metric	2024
Total Revenue	€15.7 billion
Gross Margin	32.2%
Operating Income	€1.365 billion
Net Income	€1.138 billion
Total Assets	€12.01 billion



REVENUE FORECAST

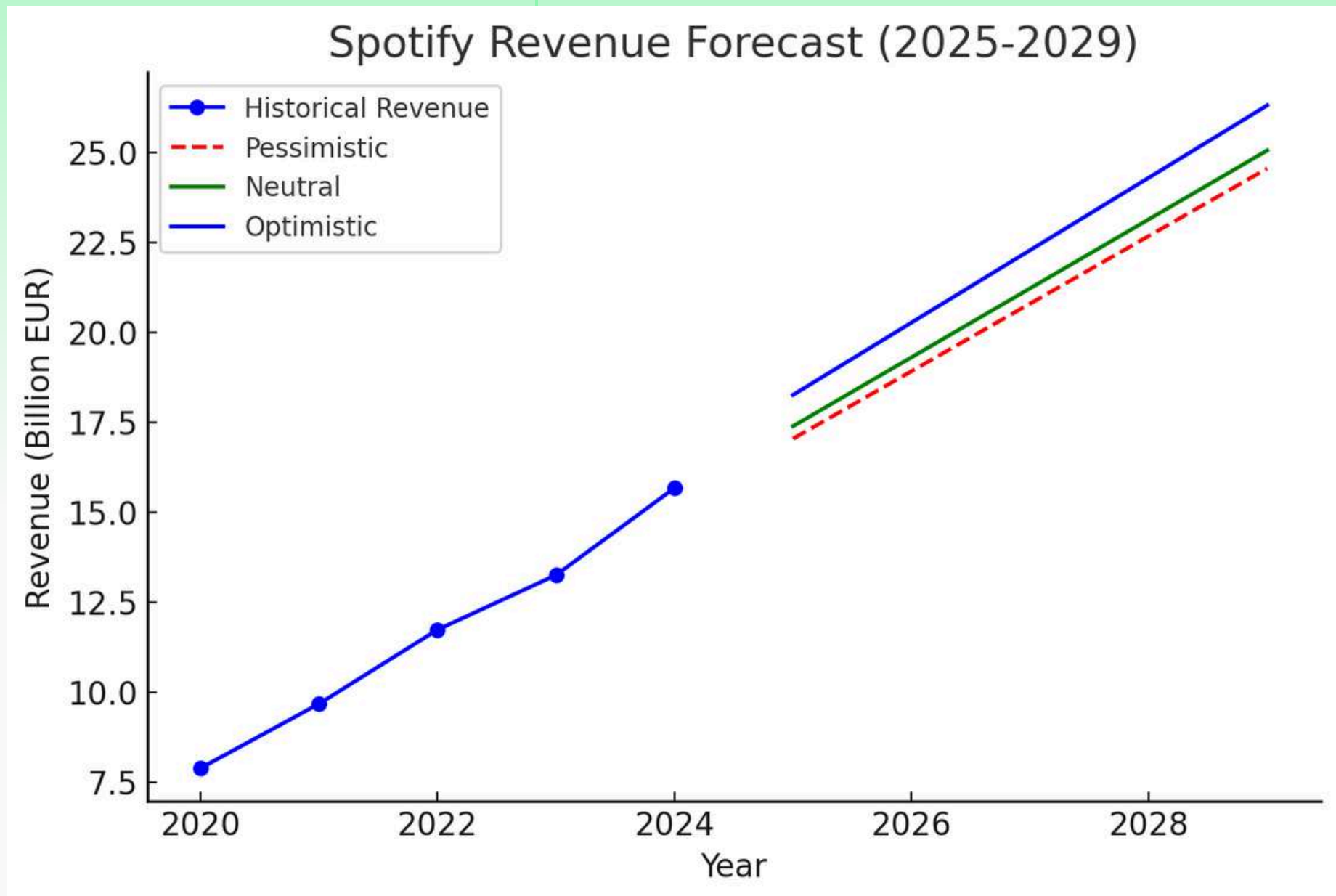
2025-2029

Year	Pessimistic	Neutral	Optimistic
2025	17.04	17.39	18.26
2026	18.92	19.3	20.27
2027	20.8	21.22	22.28
2028	22.67	23.14	24.29
2029	24.55	25.05	26.3

REVENUE FORECAST

2025-2029

- **Pessimistic Growth Rate (-2%):**
16.75% per year
- **Neutral Growth Rate:**
18.75% per year
(based on historical data)
- **Optimistic Growth Rate: (+5%):**
23.75% per year



OPPORTUNITIES

- Better audio quality (HiFi & Spatial Audio): Growing demand for high-quality sound.
- Original content (Podcasts & Audiobooks): Reduces dependence on record labels.
- AI-powered recommendations: Improves user experience with better playlists.
- Social media integration: Music discovery through TikTok, Instagram, and YouTube.
- Live content: Live performances, virtual concerts, and interactive experiences.

RISKS

- Strong competition: Apple Music, YouTube Music, Amazon Music, and Tidal are gaining users.
- High licensing costs: Music labels take a big share of revenue.
- Tougher copyright laws New: regulations could make music streaming more expensive.
- Privacy concerns: Users worry about how streaming services use their data.
- Changing user habits: TikTok and YouTube are shifting how people discover music.



MICRO

OPPORTUNITY



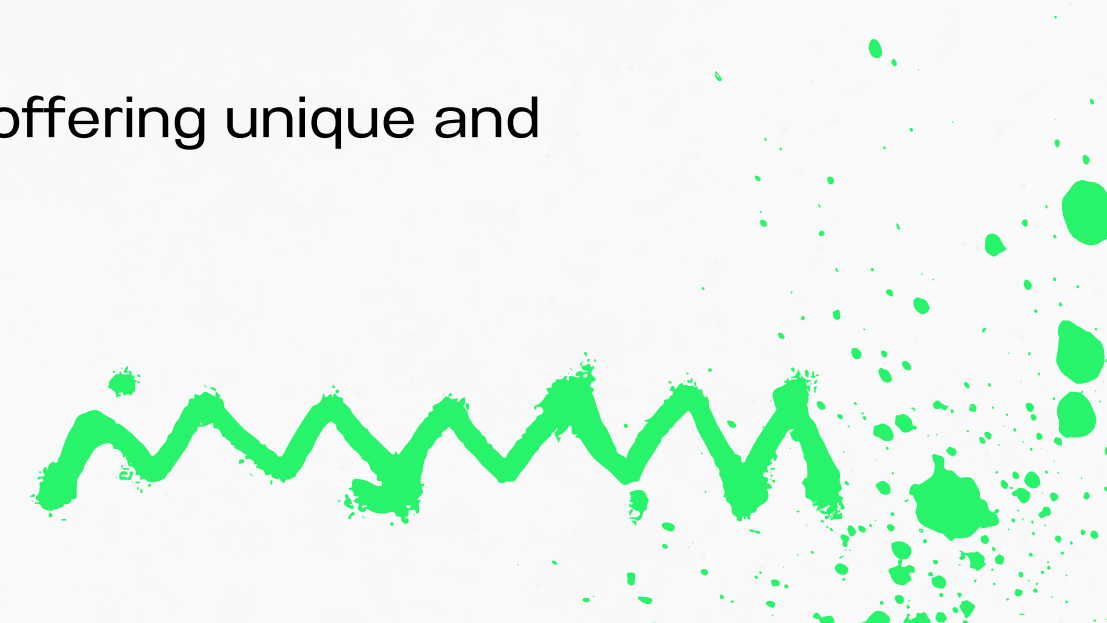
Investing in exclusive podcasts and audiobooks, Spotify can reduce its dependence on record labels and traditional music licensing agreements.

This strategy allows the company to:

- Own and control more content
- Leading to higher profit margins
- More sustainable business model

Original content helps to:

- Differentiate Spotify from competitors
- Attract new users
- Increase customer retention by offering unique and engaging audio experiences





SCHEDULE

AboutMacroMicroConslusions

	Q2-2025	Q3-2025	Q4-2025	Q1-2026	Q2-2026	Q3-2026	Q4-2026	Q1-2027
Research & Planning Identify top content creators, negotiate contracts, analyze competitor strategies.								
Initial Content Release Launch exclusive podcasts & beta test audiobooks.								
Expansion & Monetization Introduce subscription-based audiobooks, ad-supported podcasts.								
AI & Personalization AI-generated recommendations, optimize user engagement analytics.								
Expansion & Diversification Expansion based on user feedback, marketing push, and strategic partnerships.								
Scaling Data analysis for optimization, renegotiation of contracts, and content scaling.								

RELEASE *Plan*

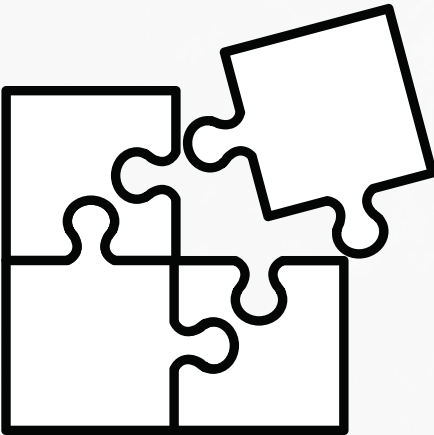


Cost estimation:
€600M

The cost breakdown includes content production, platform development, marketing, and operational expenses.



Time:
2 years
2025-2027



Expected ROI

Year 1	High investment, no profits.
Year 2	Growth in ads & subscriptions, 15% revenue increase.
Year 3	Increase in engagement & monetization through premium content, 30% revenue increase

OPPORTUNITIES

- Increased engagement
- AI-driven recommendations
- Diversified revenue streams beyond music

RISKS

- High production costs
- Strong competition
- User resistance to premium content

MITIGATION PLAN

- Freemium model ensures user adoption before premium expansion
- Partnerships with top creators ensure strong market entry



CONCLUSIONS

Spotify's investment in original content will:

- Reduce dependence on record labels, leading to higher profit margins.
 - Diversify revenue through ads, subscriptions, and sponsorships.
 - Expand into new markets, competing with Audible and Apple Books.
 - Strengthen Spotify's leadership in audio content.
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THANK You