



Milestone 3 - Product Note

Team - Product Growth Team
Contributors – Prabhas Rai
Status - Ongoing Process
Launching- In upcoming months

Problem Definition

What is the problem?

Gen Z and millennial free users on Spotify face difficulties in discovering new music due to inadequate personalization in recommendations. This results in low engagement and frequent app-switching (64.3% of users), ultimately decreasing retention and revenue for Spotify. Freemium users encounter numerous challenges in navigating and utilizing the platform effectively.

Who is facing the problem?

The primary group impacted comprises Gen Z (13-25 years) and millennial (25-40 years) free users, constituting a significant portion of Spotify's global user base. Over half (53.6%) of these users switch to other apps seeking better music discovery experiences.

What is the business value that will be unlocked by solving the problem?

Addressing this issue could lead to several benefits:

- Reducing app-switching from 64.3% to 44.3%

- Increasing average session time by 30% (from 41 to 53 minutes)
- Achieving a projected 12-18% increase in ad revenue
- Driving a 6-9% growth in premium subscriptions within six months¹.

How will the target users benefit if the problem is solved?

- They will find it easier to discover new content without leaving Spotify.
- Recommendations will become more diverse and engaging, reducing boredom.
- Users will gain access to trending songs in real time, enriching their listening experience.

Why is it urgent to solve this problem now?

- Competitors are rapidly enhancing their content discovery features, threatening Spotify's user retention.
- The high rate of app-switching is directly diminishing engagement and revenue.
- Spotify is missing out on potential revenue from premium upgrades.
- Acting swiftly will help Spotify maintain and strengthen its competitive position in the market.

Goals (in Priority Order)

- Increase Time Spent by Gen Z and Millennial Freemium Users
Enhance engagement by improving discovery and personalization to extend session durations.
- Improve New Content Discovery
Make it easier for users to find relevant new music and podcasts, increasing engagement and reducing boredom.
- Reduce App-Switching Behavior
Lower the percentage of users leaving Spotify for other platforms, aiming for a measurable decrease in switching rates.
- Drive Premium Conversions
Encourage more free users to upgrade to premium by highlighting the value of more extended engagement and better discovery.

Non-Goals (Areas Out of Scope)

- Redesigning the entire Spotify UI is not part of this initiative; the focus remains on targeted improvements for discovery and engagement.
- No modifications will be made to core playback functionality.
The project aims not to add new premium-only features but to enhance the free user experience.

Validation of Problem

User Validation

- 64.3% of Gen Z free users switch apps due to repetitive playlists and poor recommendations.

- 53.6% of Gen Z users seek better discovery tools elsewhere, citing boredom with Spotify's algorithm.

Survey Data

- 75% of Gen Z users desire a larger music library but struggle to navigate Spotify's catalog.
- Over 40% abandon sessions within 10 minutes if recommendations feel stale¹.

Understanding the Target Audience

User Segment

- Primary: Gen Z (13-25 years) and Millennials (25-40 years) on Spotify's free, ad-supported tier.
- These groups account for about 55% of Spotify's global users, with Gen Z alone representing approximately 251 million users worldwide.
- Most free-tier users are under 35, with 71% in this age bracket.

Needs

- Personalization: Recommendations that reflect individual tastes, moods, and cultural moments.
- Less Disruption: Minimize ad interruptions and UI clutter that disrupt listening.
- Reduced Boredom: Combat repetitive playlists and lack of fresh content.

Goals

- Stay engaged longer with tailored, fresh content.
- Enjoy ongoing, seamless discovery experiences.

Pain Points

- High app-switching rate (64.3%).
- Content fatigue and boredom.
- Limited control over customization and recommendations¹.

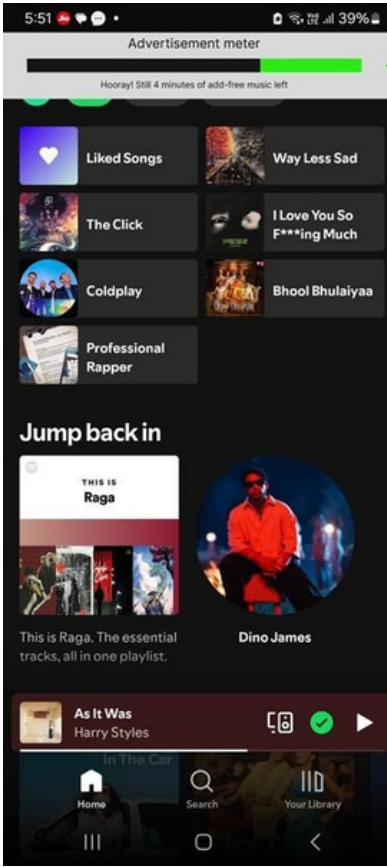
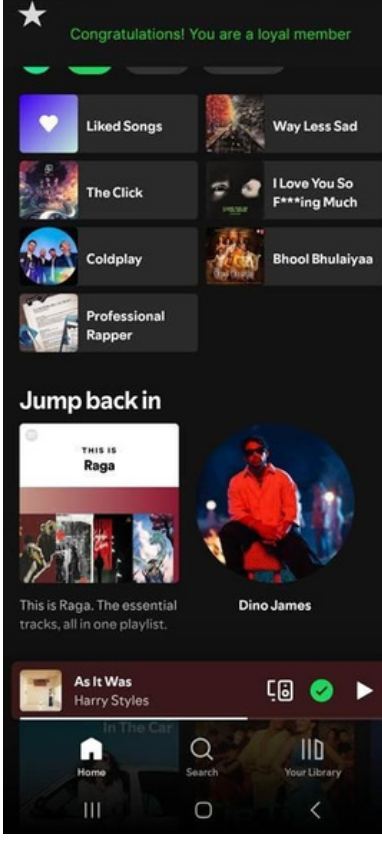
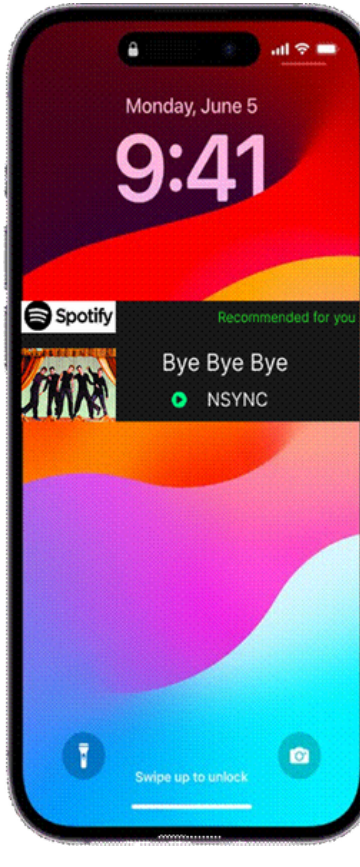
Why This Audience Matters

- Cultural Influence: Gen Z and Millennials are digital natives shaping music and cultural trends globally.
- Business Impact: They constitute the majority of free users, influencing ad impressions and potential premium conversions.
- Rapid Growth: Gen Z's listening has increased by 67% YoY, making them Spotify's fastest-growing demographic¹.

This comprehensive understanding underscores the critical need to improve personalization and discovery features to retain and expand this vital user segment.

Solutions

Design UI

		
<p>A subtle progress bar or timer on the player screen shows when the next ad will streaks get fewer ads per play. Users will also receive a gentle notification sound 10 seconds before an ad break.</p>	<p>Users who listen daily or maintain engagement being a “loyal member,” and a badge of the star is displayed on the left-upper corner for the rest of the day.</p>	<p>Users receive tailored notifications for decreasing app switching by displaying new releases and popular music according to listening patterns.</p>

Launch Readiness

Steps leading up to launch

1. Design Phase
Finalize the UI/UX for the Discovery feature, including detailed wireframes and user flows. (2 weeks)
2. Development Phase
Engineering teams implement both front-end and back-end changes required for the Discovery experience. (2 weeks)
3. QA & Internal Testing
Conduct thorough quality assurance to ensure the feature is stable and delivers accurate, personalized recommendations. (2 weeks)
4. Stakeholder Sign-Off
Secure final approvals from the Product, Design, Engineering, Marketing, and Customer Support teams. (3 weeks)
5. Beta Testing (Limited Rollout)
Execute a soft launch to select users or markets for A/B testing and monitoring performance. (1 week)
6. Full Public Launch
Begin a gradual, global rollout to all Spotify free users. (1 week)

Launch Checklist

- Feature Toggle Ready: Ability to enable or disable the Discovery feature for risk management.
- User Education: Update onboarding flows, tooltips, and notifications to introduce and explain the Discovery feature.
- Support & FAQs: Ensure customer support teams are trained and all help documentation is updated.
- Performance Monitoring: Set up real-time tracking for engagement, session duration, and app-switching rates.
- Marketing & PR Alignment: Coordinate push notifications, social media campaigns, and in-app banners to promote Discovery.
- Customer Feedback Channels: Establish mechanisms for collecting user feedback after launch.

Experimentation Plan

- A/B Testing: Evaluate differences in user engagement, session duration, and app-switching between Discovery-enabled and control groups.
- Pre/Post Analysis: Track key metrics such as average listening time and retention before and after the feature launch for the same user cohort.
- User Surveys & Feedback: Gather qualitative insights from beta users and early adopters to inform future improvements.

Open Questions and Decisions

Open Questions

- How to balance trending content with personalized recommendations?
Decision: Prioritize a blend, leaning towards personalization for relevance, while still showcasing trending content to encourage discovery.
- Where should the "Discovery" tab be located?
Decision: Place the Discovery tab in the bottom navigation for high visibility and easy access, based on user research indicating better engagement.
- What is the optimal ad frequency without harming user experience?
Decision: Limit ads to a maximum of 4 per hour, with clear scheduling and optional user controls (such as delay or skip), to minimize frustration.
- How will success be measured after launch?
Decision: Use metrics like session duration, app-switching rates, engagement with discovery (clicks, listens), and premium conversions.

What Has Been Descoped

- Full UI Redesign: The scope is limited to the Discovery feature; a complete UI overhaul is not included.
- Live Recommendation Updates During Playback: Deferred to future releases to ensure current feature stability.
- Collaborative Discovery Features: Excluded from the initial launch to keep the project manageable.

Trade-Offs Made

- Scope Limitation: Focused on core Discovery features, postponing a full UI redesign and advanced real-time updates.

- Discovery Tab Placement: Chose bottom navigation over integration within search, prioritizing visibility for launch.
- Content Focus: Prioritized music and podcasts, with video and other media types planned for future phases.
- Ad Experience: Opted for fewer, better-timed ads with user control options, accepting some revenue trade-offs for a better user experience.