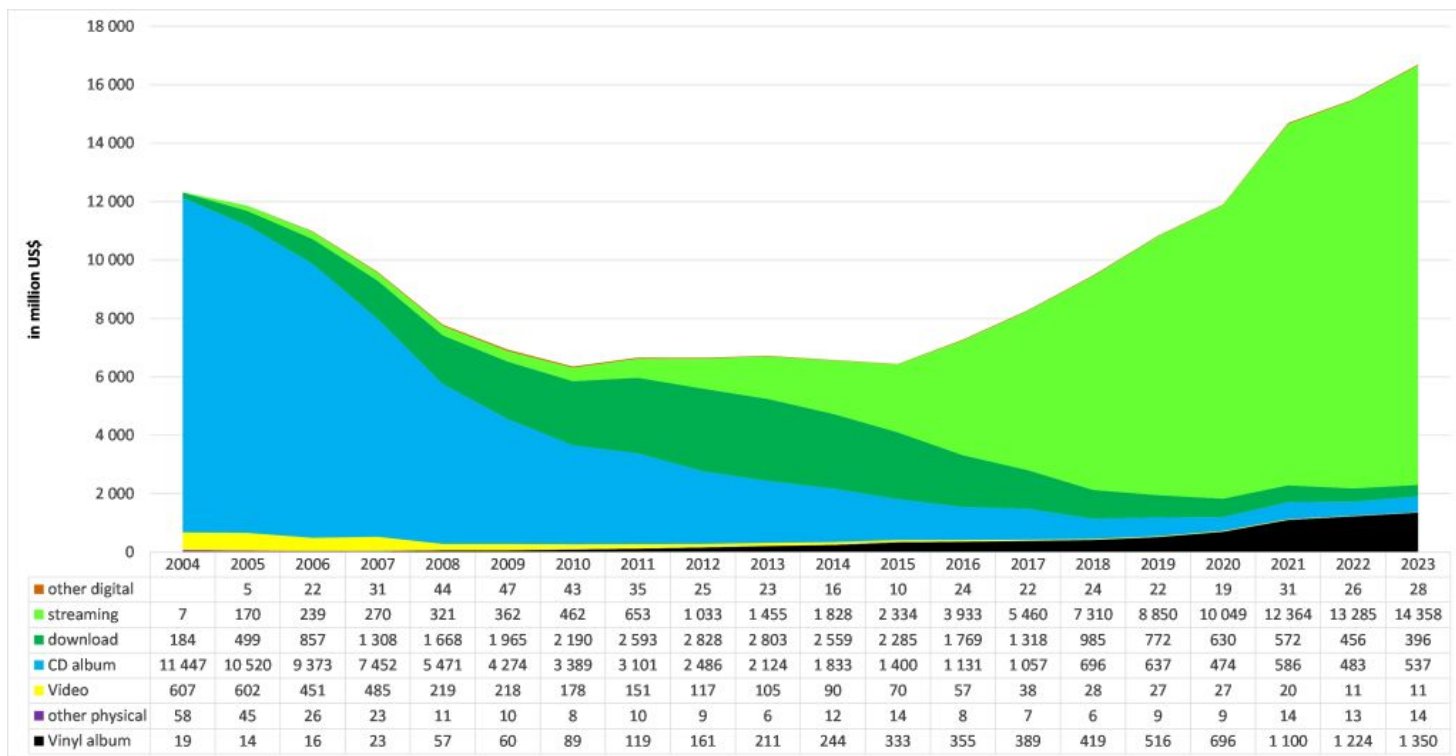




Spotify & The music streaming industry

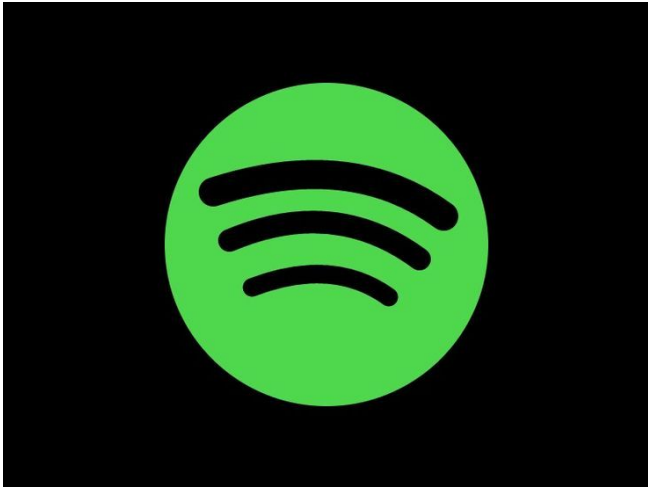
Shreeharsha G Bhat – BE21B037



Spotify

Founded on : April 23rd 2006

Founders : Daniel Ek and Martin
Lorentzon



Before 2006



Before 2006

- Library offering organization and storage of Mac users' music collections
- End to End
- Buy to Listen
- Apple music (2015)
- Stopped in 2019



Market Structure: (online music streaming)

Spotify

Apple Music

Amazon Music

YouTube

Pandora

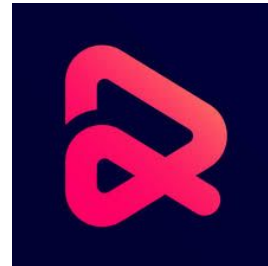
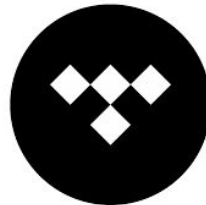
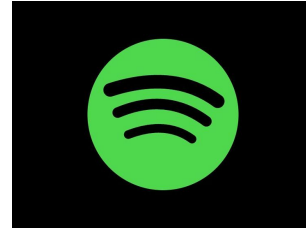
SoundCloud

Resso

Tidal

Tencent Music

Gaana Music



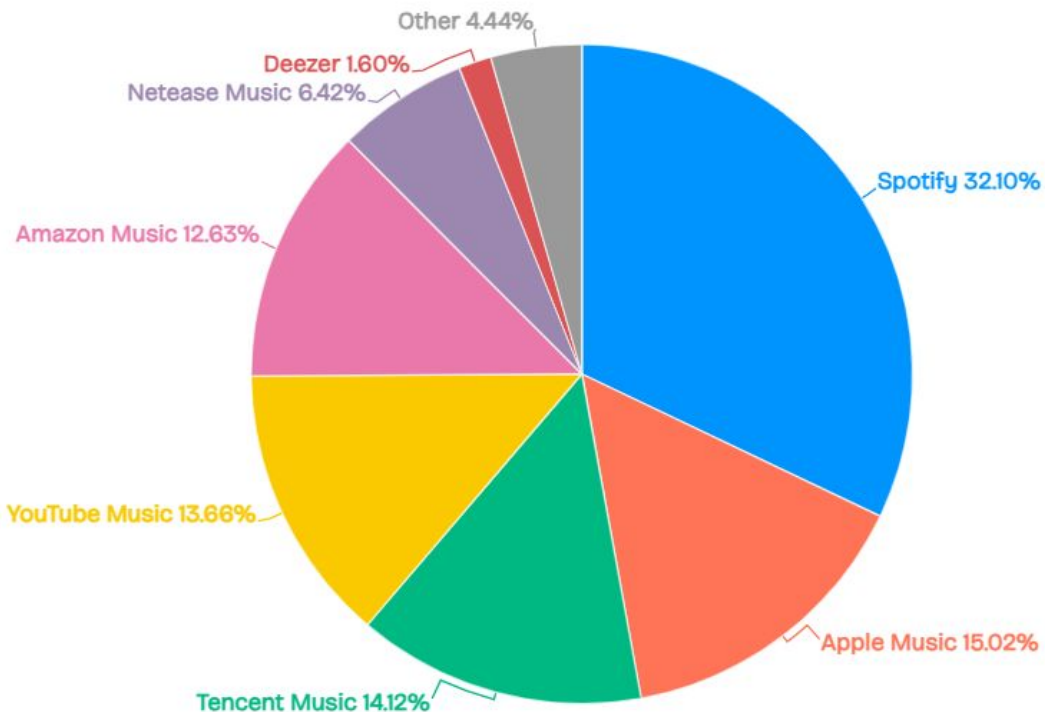
Global music streaming market share

Spotify – 32.1%

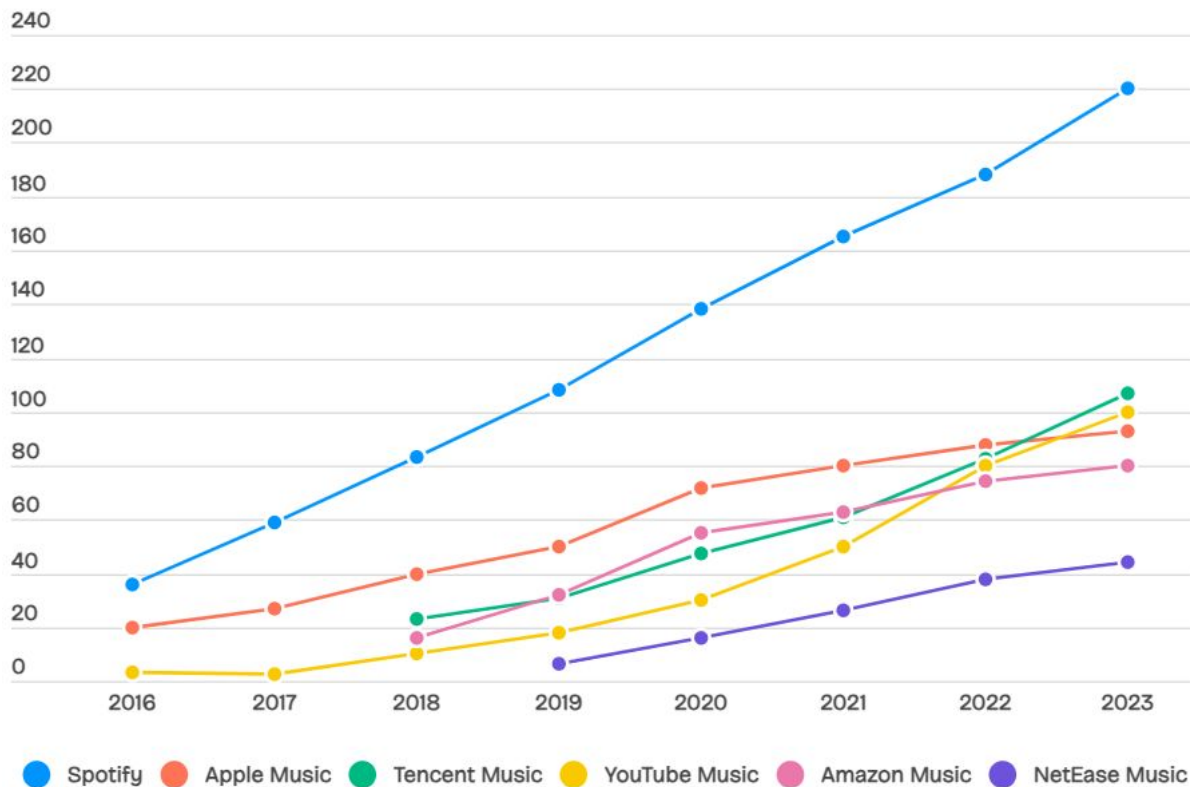
Apple music – 15.02%

Tencent Music – 14.12%

Youtube Music – 13.66%



Music streaming subscribers



Barrier to Entry:

- **Licensing complexity:** Negotiating agreements with artists, labels, and publishers
- **Competition:** Fierce rivalry among major players like Spotify, Apple Music, and Amazon Music
- **Regulatory Hurdles:** Navigating complex legal frameworks and privacy concerns

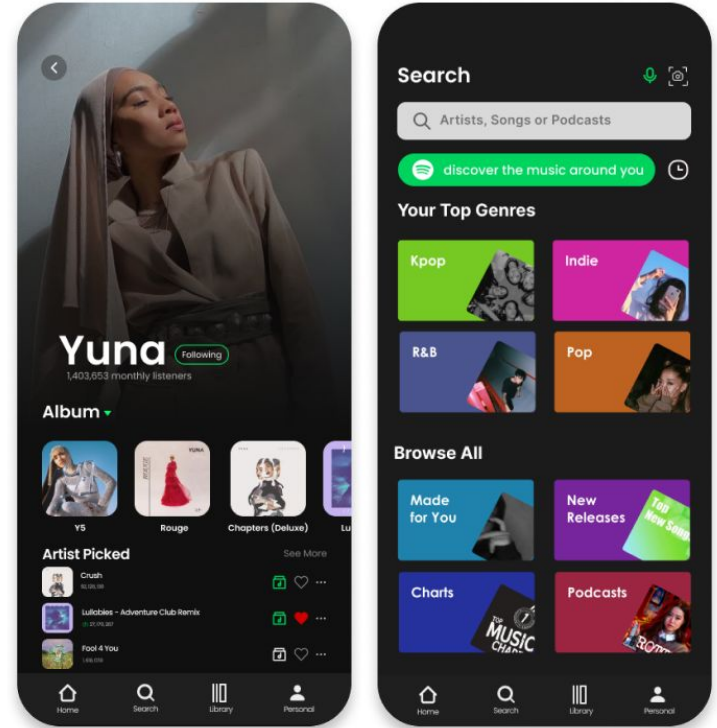
Why did spotify take the lead?

- Spotify employs a large group of music curators.
- Spotify (This is< Coldplay >)
- Spotify Radio (algorithm)
- Tech Collaborations
(Facebook, Samsung, PS, Uber)



Why did spotify take the lead?

- User Interface
- Personalised playlists (weekly and daily discoveries)
- Cross-Platform Compatibility
- Social Features: Know what your friends are listening to
- Pricing and Plans



Free vs Premium (Incentives) :

Free

All tracks and podcasts available

Multiple Ads appear between songs

Lower audio quality

6 song skips / hour

6 song searches / hour

Premium

All tracks and podcasts available

Ad-free music streaming


Higher audio quality

Access to exclusive content

Download songs

Personalized playlists


Pricing strategy:

 Premium

Mini

₹29 for 1 week


- 1 mobile-only Premium account
- Offline listening of up to 30 songs on 1 device
- One-time payment
- Basic audio quality

 Premium

Individual

₹119 / month


- 1 Premium account
- Cancel anytime
- Subscribe or one-time payment

 Premium

Duo

₹149 / month


- 2 Premium accounts
- Cancel anytime
- Subscribe or one-time payment

 Premium

Family

₹179 / month

- Up to 6 Premium accounts
- Control content marked as explicit
- Cancel anytime
- Subscribe or one-time payment

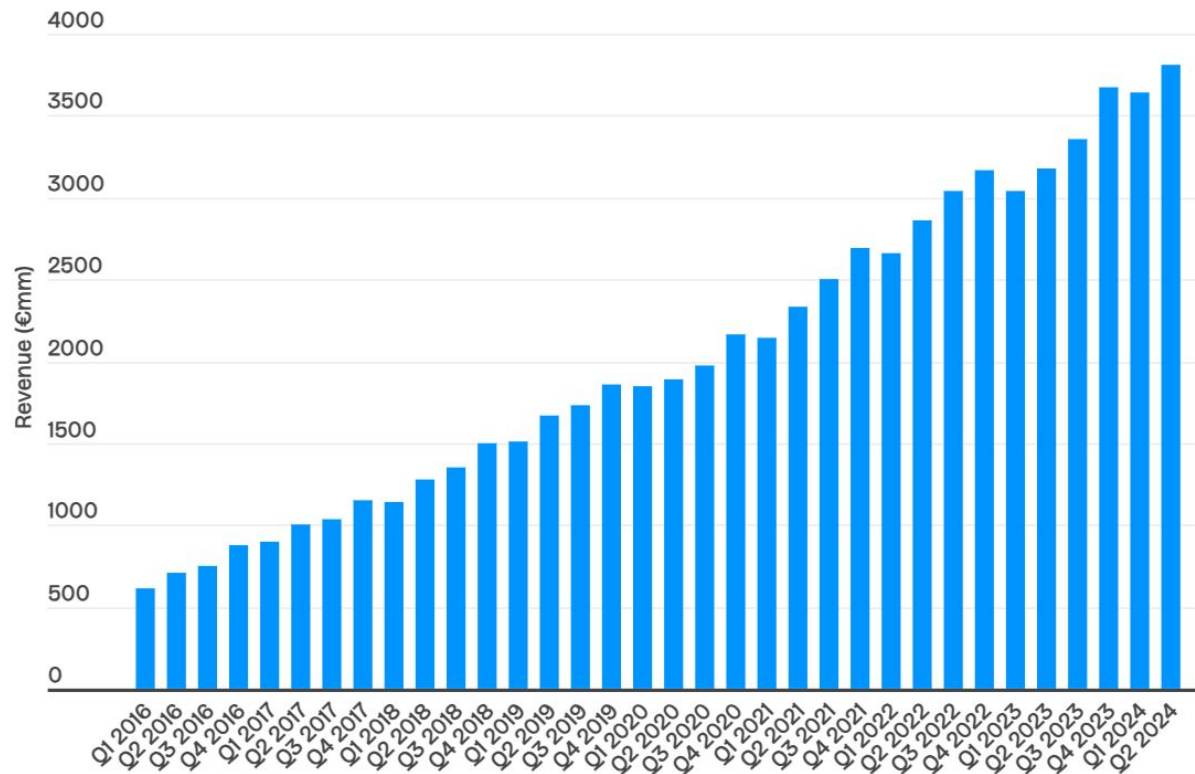
 Premium

Student

₹59 / month

- 1 verified Premium account
- Discount for eligible students
- Cancel anytime
- Subscribe or one-time payment

Spotify quarterly revenue:



Spotify PnL:

Server maintenance (Fixed Costs)

Paying royalties (Variable Costs)

Earnings: Premium Users / Ads

Spotify annual net income / loss 2009 to 2023 (\$mm)

Year	Net income / loss (\$mm)
2009	-18.8
2010	-28.5
2011	-45.4
2012	-83.6
2013	-63
2014	-188
2015	-230
2016	-539
2017	-1235
2018	-78
2019	-186
2020	-581
2021	-34
2022	-430
2023	-532

Source: Company data, [Music App Report](#)

Thank you