Spotify Membership Persona and Conversion Factor Study

Background

The digital age has revolutionized the way we access and consume music. Spotify, one of the leading music streaming services, has provided millions with an extensive library of songs and podcasts. While many users opt for the free, ad-supported version, there exists members that chooses the premium experience. Premium membership not only enhances the user experience by eliminating ads and offering offline listening, but it also represents a steady revenue stream for companies. The predictability and continuity of this income are vital for the sustainability of the platform. This user experience research will delve into understanding:

- 1. Three types of users:
 - a. Premium member (Paid subscription)
 - b. Free member (Ad-supported)
 - c. Free member with willingness to upgrade to premium
- 2. Key factors in determining free users' willingness to upgrade to the premium plan

Research Method

This research used survey data from two sources:

- 1. Primary Source: A survey was conducted using Google Forms, gathering data on user behavior, demographics, membership status, and willingness to upgrade. The survey questions were consistent with those found in the Kaggle dataset for comparative analysis.
- 2. Open source: An open-source dataset from Kaggle on Spotify user behavior was used for this research: https://www.kaggle.com/datasets/meeraajayakumar/spotify-user-behavior-dataset

The combined dataset consisted of responses from 600 Spotify users, enabling a robust analysis through descriptive statistics and machine learning techniques. Raw data and Python code could be found at: https://github.com/Zihannah11/MA-Thesis

User segments were created based on the following criteria:

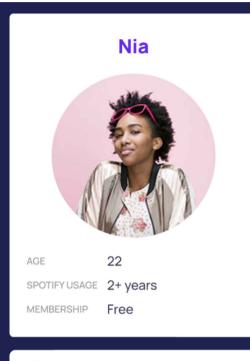
- a. Premium member: spotify_subscription_plan = Premium (paid subscription)
- b. Free member: spotify_subscription_plan = Free (ad-supported)

c. Free Member with willingness to upgrade: spotify_subscription_plan = Free (adsupported) & premium_sub_willingness = Yes

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Main Findings

1. Personas based on membership status



As someone who's always on the move, Spotify Free fits perfectly into my lifestyle. I can listen to playlists during my commute or while working out. Sure, the ads can be a bit annoying, but the variety of music makes it worth it.

Personality

Resilient Mindful

Bio

Nia fuels her late-night work sessions with melody. She prefers soothing tunes for relaxation and stress relief after a day's work. Despite the occasional interruption by ads, she values Spotify's ability to seamlessly integrate into her leisure time. Nia has a keen ear for harmonious music, making Spotify's playlist recommendations a cherished tool in her daily routine. Her smartphone is her window to an endless array of melodies, making every night an opportunity to discover a new favorite tune or revisit a beloved classic.

Listening Habits

- Favorite is melody; enjoys tunes that are harmonious and soothing
- Seeks relaxation and stress relief through music
- Relies on Spotify's curated playlists to discover new music
- Rarely listens to podcasts, showing a strong preference for music over spoken content

Frustrations

- Despite understanding the trade-off of using the free version,
 Nia finds the frequent ad interruptions increasingly jarring
- Despite her clear stance on not wanting to switch to a premium subscription, the constant promotion of premium features within the app can be frustrating.

Aria



AGE

25

SPOTIFY USAGE 2+ years

MEMBERSHIP Free,

Willing to upgrade

Spotify is my go-to audio oasis, but those pesky ads can really kill the vibe sometimes.

Personality

Curious

Discerning

Tranquil

Bio

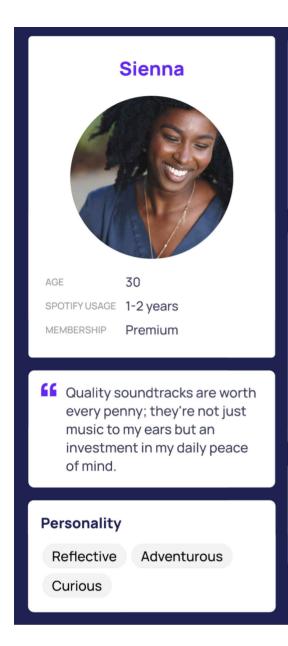
Aria is a young professional who has integrated Spotify seamlessly into her daily life. She relies on Spotify's library to provide a soundtrack for her nightly unwind time or as a travel companion. Aria appreciates a well-curated playlist and new music recommendations to introduce her to new songs and artists. Although satisfied with the free service, she is enticed by the premium offerings and shows readiness to invest in an enhanced experience.

Listening Habits

- She's often on-the-go and use Spotify on mobile devices
- Prefers music over podcasts, with a particular interest in melody
- Mostly listen to music at night for relaxation at the end of day
- Discover new music through recommendations and playlist
- Rarely listens to podcasts, but when she does, prefers the 'Lifestyle and Health' genre

Frustration

Interruptions that break her melody-induced trance, seeking a sanctuary from ads.



Bio

Sienna is a discerning listener and a dedicated Spotify Premium member. Her day unwinds with the chords of her favorite tunes, with Spotify as her reliable muse for both the daily commute and the quiet night in. Sienna's taste in music is a reflection of her inner world—melodic, resonant, and serene. Her willingness to pay for a premium subscription highlights a value placed on personalized, ad-free experiences.

Listening Habits

- Always on the move; she use mobile devices for access to music
- · In her music library, melody takes center stage
- At night, she recharges while listening to Spotify's soothing melodies
- She discovers new musics through Spotify recommendations
- Although she rarely listens to podcasts, she appreciates well-crafted storytelling and seeks longer episodes

Frustrations

Despite enjoying the discovery through playlists, Sienna might
find frustration in the repetitiveness of Spotify's curated playlists over time

The current research has crystallized into three distinct personas—Nia, Aria, and Sienna—each representing a different membership status of Spotify's user base. Their collective narratives provide invaluable insights into the needs, desires, and experiences that shape the platform's user experience.

- Personalization as Key: Aria's and Sienna's reliance on curated playlists and personalized recommendations underscores the value of Spotify's discovery algorithms. However, their ratings on recommendation satisfaction indicate room for refinement.
- Frustrations and Aspirations: Frustrations, such as ad interruptions for Nia and Aria, provide direct feedback on areas for improvement. Sienna's occasional dissatisfaction with playlist repetitiveness points toward an opportunity to enhance content variety and freshness.
- Lifestyle Integration: The seamless integration of Spotify into the daily routines of our personas indicates a strong alignment with lifestyle needs. This presents an avenue for promoting features that cater to life's various moments, from commutes to workouts.

2. Key factors in premium membership conversion

To understand which factors significantly impact a user's decision to convert to a premium membership, I employed logistic regression modelling on the survey data. The analysis of feature importance reveals several key influencers on the likelihood of users upgrading to premium membership, sorted by their importance:

- 1. **Music Listening Occasions**: The research identifies specific contexts—namely "Study Hours", "While Traveling", and "Leisure Time"—where music listening shows a strong positive correlation with the likelihood of premium membership conversion.
 - Potential Implication: Highlighting Spotify's enhanced listening experience during these pivotal moments could serve as an effective strategy to encourage free users to upgrade. For instance, targeted marketing campaigns or in-app promotions could highlight the benefits of ad-free, uninterrupted listening during study sessions or commutes.
- 2. **Influence of Music on Mood**: The study also highlights how music's impact on users' moods, especially emotions related to sadness and melancholy, is a significant factor in the decision to transition to a premium membership.
 - Potential Implication: This insight suggests tailoring marketing messages to emphasize Spotify Premium's ability to offer a more personalized and mood-enhancing music experience. Features like mood-based playlists, curated by music therapists or psychologists, could be promoted to cater to users seeking emotional support through music.
- 3. **Music Discovery on Spotif**y: How users discover music on Spotify also plays a critical role in their willingness to upgrade. Users who discover new music through playlists are shown to have a higher conversion rate, whereas those relying on recommendations exhibit a lower conversion rate.
 - Potential Implication: This indicates an opportunity to enhance the recommendation system algorithm to boost the conversion rate to premium subscriptions. Additionally, promoting curated playlists and emphasizing the discovery experience could be a compelling proposition for free users to upgrade and unlock the full potential of Spotify's music exploration capabilities.

Recommendations

Based on the insights gathered from this user experience research, the following strategic recommendations are proposed to enhance user satisfaction and increase the conversion rate from free to premium membership on Spotify:

1. **Enhance Personalization and Recommendation Systems**: Invest in refining the discovery algorithms by incorporating more user feedback loops and diversifying the sources of music recommendations to reduce repetitiveness and better cater to individual tastes.

- 2. **Leverage Music Listening Occasions**: Create and promote playlists and features designed specifically for "Study Hours," "While Traveling," and "Leisure Time," highlighting the premium benefits that enhance these experiences through marketing campaigns, in-app promotions, and curated playlist offerings.
- 3. **Improve Music Discovery Features**: Enhance the recommendation system algorithm to improve the accuracy and relevance of music recommendations and playlists, encouraging users who discover new music through these means to convert to premium memberships. Additionally, promote curated playlists and the discovery experience as a key benefit of upgrading.
- 4. **Targeted Marketing and Promotions**: Develop targeted marketing and promotional strategies based on the identified key factors influencing premium conversion. For example, offer trials or discounts for premium access during identified high-value occasions like study sessions or commutes. Tailor messaging to highlight benefits aligned with users' listening contexts and mood preferences.
- 5. **Continuous Research and Testing**: Implement a program of ongoing research and A/B testing to validate the effectiveness of implemented recommendations, identify new trends and user needs, and iterate on strategies for optimizing premium conversion rates and overall user satisfaction.