

## Extended Essay

**How has the acquisition of Shazam led to growth of Apple?**



JFG920,

Business Management HL,

3821 Words

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## Introduction

In 1976 Steve Jobs, Steve Wozniak, and Ronald Wayne founded the Apple Computer Company. Apple Inc. creates, produces, and sells smartphone devices (iPhone), computers (MacBook), and portable digital music players (iPod). The company sells a range of software, Cloud based services, accessories, and third-party digital content (Apple TV+) and applications. Parts of the company include the United States, Europe, Greater China, Japan, and the entire Asia-Pacific region. The North and South American regions include North and South America. Part of Europe includes countries in Europe, India, the Middle East, and Africa. Part of Greater China includes China, Hong Kong, and Taiwan. The remainder of Asia Pacific includes Australia, Australia and Asia which are not parts of other operating companies.

Shazam, on the other hand, is a reputable music identification service offered by Shazam Entertainment Ltd. ([www.shazam.com](http://www.shazam.com)) in London, England. Mobile phone users can see which speakers (radio, TV, stereo, etc.) are currently playing commercial recording ...). When users hold their phone while listening to music for a few seconds, an audio sample is sent to the Shazam database, which compares it to the fingerprint database of millions of songs.

Apple had fruitfully finalized the acquisition of the widely held song recognition app, Shazam. The corporation has confirmed that it acquired Shazam and its development team last December, in 2017 for \$ 400 million<sup>1</sup>.

This Extended Essay will look at Apple's growth in technology, finance, and Music streaming market after Shazam's acquisition.

This Extended Essay will attempt at answering the question: **“How has the acquisition of Shazam led to growth of Apple?”**.

## Research Methodology

This report has used secondary research for its findings. Which is mainly tech-journals like (apple insider and 9to5mac) and newspaper articles, these articles and journals helped in

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<sup>1</sup> Welch, Chris. “Apple Completes Shazam Acquisition, Will Make App Ad-Free for Everyone.” *The Verge*, The Verge, 24 Sept. 2018, [www.theverge.com/2018/9/24/17896350/apple-shazam-app-acquisition-complete-free](http://www.theverge.com/2018/9/24/17896350/apple-shazam-app-acquisition-complete-free).

collecting technological data which helped in comparing Apple with different companies in the market and evaluate How Apple is doing better than the competition? or How Apple has a monopoly in the Music market. Websites like “Statista” have supplied the paper with growth charts and numerical values of subscriber counts and few financial disclosures on the topic. Scholarly journal articles have also supplied the paper with more data about the market and Shazam’s effect on Apple. This paper has also used Business Management IBDP coursebook Paul Hoang 2014 for defining Business terminology and tools used in this report.

Using three key tools: Product / Market Growth Grid (Ansoff Matrix), Michael Porter's Five Forces Analysis, and SWOT Analysis; this sense of meaning is confirmed. Although, as the course of the story will reveal, only SWOT analysis gives the thesis the edge of self-expression.

Data has been explored and evaluated by Ansoff Matrix, Porter's 5 Forces and SWOT Analysis. First, “the Ansoff matrix is a selection analysis tool that can help managers select and implement a variety of products and strategies to grow the market” (Paul Hoang 2014). Ansoff's matrix provided a strategic analysis of the reasons after Apple opted to market itself into the online music industry and AR (the unpopularity we see in reality). Second, Porter’s 5 Forces framework “is a way to examine business competition by understanding the intensity of the industry competition”, this provided insight into the online music streaming market and where Apple stands in that race. Finally, SWOT analysis is “a simple but very useful decision-making tool, which can be used to assess the current and current status of a product, product, business, proposal or decision.” (Paul Hoang 2014). SWOT analysis is where we see Shazam's benefits played out at Apple's liking and how it fits into Apple's goal.

### **Strategic planning and management of Apple**

The success of Apple Inc. linked to the ability to use business power to overcome flaws and threats, and to seize opportunities in the industry. The company's SWOT analysis provides insight into strategies to increase business growth in terms of its strengths and opportunities.



Figure 1.0; SWOT Analysis Pre-Acquisition of Shazam

### Strength:

Apple had been awarded the “Most Innovative Business” award in the world for the 3<sup>rd</sup> time in 2012<sup>2</sup>. Apple’s financial performance has also been phenomenal when compared to other companies, by 2013 the company had almost \$ 103,000,000,000 in *cash*<sup>3</sup>. The closed ecosystem of Apple has kept its customers locked in the company as not all apps and services provided by Apple are available on other devices from its competitors which leaves the customer to stay loyal to the brand and with a huge brand recognition of Apple new customers are also within reach of the company.

### Weakness:

<sup>2</sup> “The World’s 50 Most Innovative Companies of 2012.” *Fast Company*, 1 Jan. 2000, [www.fastcompany.com/most-innovative-companies/2012](http://www.fastcompany.com/most-innovative-companies/2012).

<sup>3</sup> Dillet, Romain. “Apple Now Has \$137.1 Billion In Cash, More Than HP’s Annual Revenue And Vietnam’s GDP.” *TechCrunch*, TechCrunch, 23 Jan. 2013, [techcrunch.com/2013/01/23/apple-now-has-many-billions-in-cash-more-than-hps-annual-revenue-and-vietnams-gdp/](http://techcrunch.com/2013/01/23/apple-now-has-many-billions-in-cash-more-than-hps-annual-revenue-and-vietnams-gdp/).

Apple has always been pulled down due its high pricing of products when compared to its competitors like Samsung, Oppo etc. Apples operating system IOS and MAC OS are also vastly different from the industries standard Android and Windows which makes it tough for the company to have a huge market share as there is only one company with IOS and MAC OS user rights which is Apple itself.

#### *Opportunity:*

Companies like Google and Amazon have been entering the online web-based services market which has a huge potential where Apple can lead by diversifying themselves into different services.

#### *Threat:*

Apple's iTunes can face intense competition from online music stores like, Spotify and with companies like Amazon<sup>4</sup> entering the online music market the competition will be intense for Apple.

### **Why acquire Shazam?**

Shazam is perhaps the most established organization in the realm of smartphone applications with solid data base and acknowledgment from more than 1 billion clients who have downloaded the application. Any exertion from Apple to repeat this innovation and its huge data base would take a ton of time with doubtful outcomes. Most likely the greatest profit by Apple's side is that it will hurt competitors as they will be blocked from incorporating Shazam to their product and promoting their brand through this application any longer. Back in 2015<sup>5</sup> Shazam had improved its AR capabilities to use the camera of the device and identify certain tags of a sponsored brand take the user to the link of the brand, this helped Shazam gain \$30 million from new investors and had an evaluation of One Billion Dollars.

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<sup>4</sup> "Amazon Music." *Wikipedia*, Wikimedia Foundation, en.wikipedia.org/wiki/Amazon\_Music.

<sup>5</sup> Shaul, Brandy. "Shazam Introduces Visual Recognition to Identification Platform." *Adweek*, Adweek, 29 May 2015, [www.adweek.com/performance-marketing/shazam-introduces-visual-recognition-to-identification-platform/](http://www.adweek.com/performance-marketing/shazam-introduces-visual-recognition-to-identification-platform/).

Apple recognized the opportunities presented by AR technology and wanted to innovate in it. Hence, Shazam an app already developed with decades of data and good performance and recognized by 1 billion users and not only helping Apple with AR technology but also improving their own music streamer of the time iTunes. Shazam has been in the Apple ecosystem for a very long time from being one of the first apps on the apple app store to being one of the Top 10 apps of the year 2013 and being integrated with Siri in 2014<sup>6</sup>, it was only plausible that Apple strikes a deal with Shazam which was evaluated at a billion dollars.

The deal being closed in at around \$400 million dollars, was a bargain of a deal for Apple.

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<sup>6</sup> Hughes, Neil. "Siri Partners with Shazam to Recognize Songs in IOS 8." *AppleInsider*, AppleInsider, 19 Sept. 2014, [appleinsider.com/articles/14/09/19/siri-partners-with-shazam-to-recognize-songs-in-ios-8](http://appleinsider.com/articles/14/09/19/siri-partners-with-shazam-to-recognize-songs-in-ios-8).

## Product/Market Expansion Grid

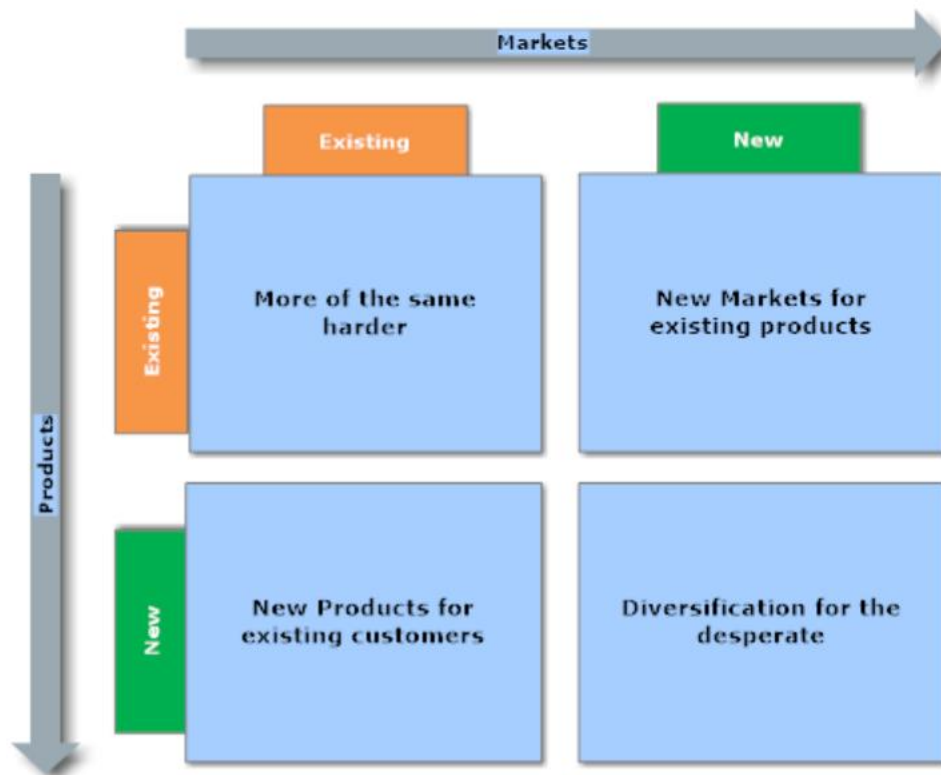


Figure 2.0; Ansoff matrix

### Market Penetration

This strategy aims at growing the market share with minimal risk. Apple is known for using this strategy often. Apple refurbished its music streaming application iTunes after acquiring Beats<sup>7</sup> and using their music streaming service and turned it into Apple Music for online music streaming market. Refurbishing the Beats music service Apple saved a lot of resources and time to enter the market while the Music industry is a very intense and competitive market, Apple chose this strategy as there was a minimal risk involved in redeveloping the service, and Apple has been entering the online cloud-based services market for a while now since the iPhone sales has been dropping down. Acquirement of Shazam helped Apple in improving the quality of Apple music and its music library, also luring in the users of Shazam as the company integrated the application with Apple music. The users of Shazam can now

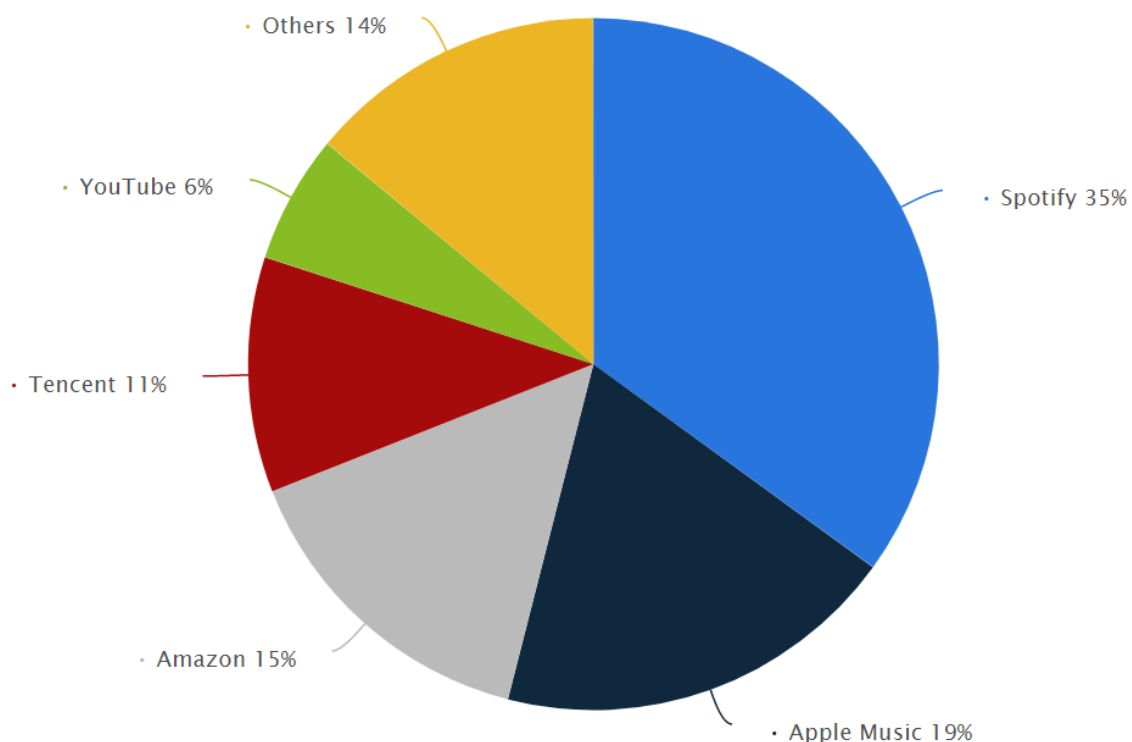
<sup>7</sup> Amber Neely | 2 hours ago, et al. "Apple's next NeXT: How Buying Beats Launched a Sneak Attack on the Future of Sound." *AppleInsider*, [appleinsider.com/articles/17/11/30/apples-next-next-how-buying-beats-launched-a-sneak-attack-on-the-future-of-sound](https://appleinsider.com/articles/17/11/30/apples-next-next-how-buying-beats-launched-a-sneak-attack-on-the-future-of-sound).



identify music by Shazam and Shazam gives them an option to save it to their Apple music library, increasing its users.

### Music Streaming Industry Competition Analysis

The main reason is that Shazam's worldwide usability is to discover music and Apple had just entered the online music industry with Apple Music in June 2015<sup>8</sup>, while compared to its massive competitors like Spotify who have been in the market for nearly a decade. Apple being a tech giant has been struggling in the market with immense competition and the addition of Shazam has certainly boosted the company in this market. The analyses below will reveal the standing of Apple in the market and how much pressure there is in the market and how Shazam has been helping Apple sustain and grow in the market.



*Image 1.0; Music Streaming Industry Market Share distribution as of 2019*

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<sup>8</sup> "Introducing Apple Music - All The Ways You Love Music. All in One Place." *Apple Newsroom*, 23 Jan. 2021, [www.apple.com/uk/newsroom/2015/06/08Introducing-Apple-Music-All-The-Ways-You-Love-Music-All-in-One-Place/](http://www.apple.com/uk/newsroom/2015/06/08Introducing-Apple-Music-All-The-Ways-You-Love-Music-All-in-One-Place/).

The music streaming industry is very valuable but plays with many enterprises especially Apple Music, Spotify, Amazon, and Pandora. One of the best digital music streaming service ahead of Apple Music is Spotify, providing its customers access to masses of songs, and podcasts from artists around the world. Apple Music has an average of 68 million subscribers worldwide, while Spotify has an estimated 130 million subscribers per month. Spotify has a global market share of 35%, the biggest competitors being Apple Music at 19% and Amazon Music at 15%.

## **Michael Porters 5 Forces**

### **• Consumer Negotiation Power**

The ability of consumers to reduce the price they give depends on two factors: their fee sensitivity and their ability to negotiate with industry companies. Cost fluctuation is often determined by factors such as product categorization, rivalry, and product value to consumers. However, consumer negotiation power is determined by consumer knowledge about the rates of music streaming services on the market, from Apple Music to competitors such as Spotify and Amazon Music, Google Play. Considering the above, Apple Music has great potential to negotiate subscribers due to the availability of many streaming services such as Spotify, Amazon Music, Google Play, and Pandora, which presents the same high-quality content (music, videos, podcasts). At the equivalent rate, that means the cost of switching between different streaming services is much lower. Both Apple Music and Spotify have a monthly subscription fee of \$ 9.99 or \$ 14.99<sup>9</sup> for family membership, which means there are no conversion costs, so customers can choose from a variety of streaming options at no additional cost.

Apple uses iTunes for all hardware products and produces playable audio files for hardware products. This creates a cycle in which consumers have no choice but to stick to Apple's software, which greatly reduces the ability to negotiate with consumers.

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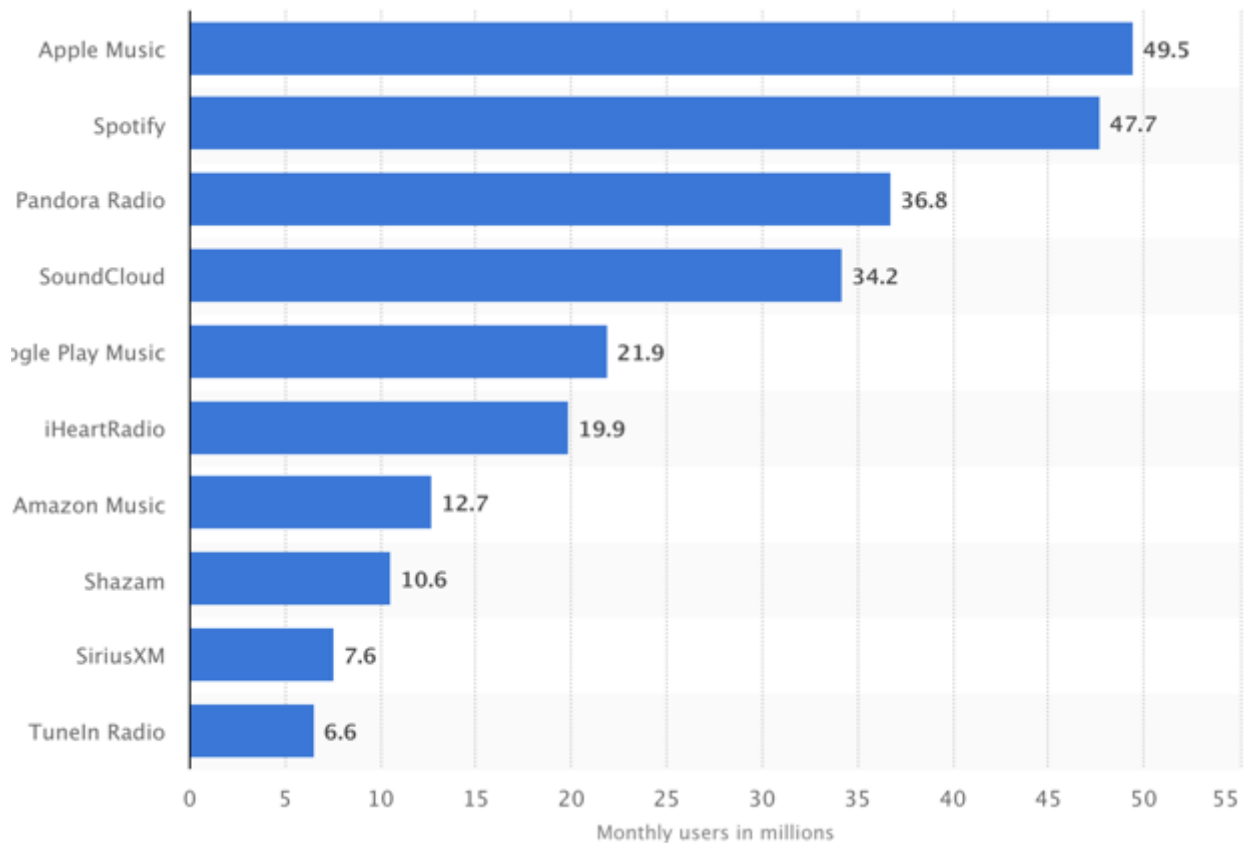
<sup>9</sup> Republic World. "Apple Music vs Spotify: Which Streaming Service Is Best for You?" *Republic World*, Republic World, 2 Dec. 2020, [www.republicworld.com/technology-news/apps/apple-music-vs-spotify-which-streaming-service-is-best-for-you.html#:~:text=Family - \\$14.99/month,-6 Premium accounts&text=Unlike Apple, Spotify also offers,mode and also features advertisements.](http://www.republicworld.com/technology-news/apps/apple-music-vs-spotify-which-streaming-service-is-best-for-you.html#:~:text=Family - $14.99/month,-6 Premium accounts&text=Unlike Apple, Spotify also offers,mode and also features advertisements.)

## • Competitive Rivalry

A key element of state competition and profitability at the grassroots level is competition between companies in the industry. In some industries, companies face fierce competition as prices run below price levels and industries lose considerably. While in some industries price competition is oppressed and hostility is concentrated in advertising, innovation, and other non-price items. The size of the competition is governed by aspects such as vendor screening, competitive diversity, invention classification, and excessive strength and external barriers. Looking at these factors, we see that Apple Music is highly competitive in the music streaming industry due to the existence of numerous other streaming services such as Spotify, Amazon Music, Google Play, and Pandora, in terms of streaming costs. To stand out Apple music provides users with high quality content (music, videos, podcasts). This reduces the cost sharing between streaming services and allows users to select amongst numerous streaming services. And because users prefer high-quality, low-cost products, Apple Music has lowered its music prices by announcing an annual payment plan for \$ 99 contrasted to the monthly music program for \$ 9.99<sup>10</sup>. The annual plan saves the customer \$ 20.88 per year, or a total of \$ 8.25 per monthly subscription. It has greatly increased its competition with its main rival Spotify.

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<sup>10</sup> staff, Leah Yamshon and Macworld. "Apple Music FAQ: The Ins and Outs of Apple's Streaming Music Service." *Macworld*, Macworld, 29 July 2020, [www.macworld.com/article/2934744/apple-music-faq-the-ins-and-outs-of-apples-new-streaming-music-service.html#:~:text=Apple Music costs \\$9.99 per,subscribe for \\$4.99 per month](http://www.macworld.com/article/2934744/apple-music-faq-the-ins-and-outs-of-apples-new-streaming-music-service.html#:~:text=Apple Music costs $9.99 per,subscribe for $4.99 per month).



*Image 2.0; Monthly user of streaming services 2019*

### • Threat of alternatives

Consumer prices are determined to pay for the product depending on the readiness of other products. Lack of product exchange means consumers are not priced in terms of price. However, the proximity of alternatives means that consumers will move to alternatives as the price of the product increases (demand increases in price). The degree to which replacement reduces price and profit hangs on the buyer's inclination to replace. This, too, depends on their price / performance ratio. Given the above features, it can be noted that Apple music has a high risk of being replaced. Other methods especially music streaming internet site like Deezer, radio stations like Pandora, and broadcast stations like Last FM can play offline music. If more people want to listen in to music on the radio, podcasts, broadcast websites, etc., this will affect the viability of Apple music, as few people will subscribe to the service.

## • **Supplier negotiation capacity**

The negotiating power of suppliers is determined by the negotiating control of industry consumers. The only disparity is that corporations in the industry are now consumers and suppliers of inclusion manufacturers. Related Features Corporations in the industry can change amongst different input providers and the negotiation power of every single group. With many music streaming services on the market, established Apple Music providers (artists) compete well. Therefore, artists have the power to negotiate higher prices to stream their music. In 2014, for example, pop star Taylor Swift<sup>11</sup> confiscated all music from Spotify and other streaming services and signed a unique contract with Apple Music. This is because Spotify users can use the free of charge version of Spotify to listen to their music without registration and play songs by artists. Apple does not have a free of charge alternative, and music is only accessible to paid subscribers, so there is a lot of money for each song played by artists.

Then again, the negotiation power of suppliers (artists) is exceptionally low, since they cannot negotiate with a digital aggregator such as Apple Music, Spotify, or Amazon Music at a lower price, which is why certain conditions must be agreed upon. Nevertheless, music streaming service industries are great platforms for selling music from diverse musicians and are a great means to increase music sales with each song being played, benefiting mutually musicians and the streaming service. This has led singers like Taylor Swift to make all their music available again<sup>12</sup>.

## • **The threat of new entrants**

This is considered a major threat by Apple Music due to the low cost of switching and product division, the entire music streaming applications offer the same services. For example, in 2015-star rapper and businessman Jay z bought a trivial and disjointed

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<sup>11</sup> Alter, Charlotte. "Taylor Swift Removed All Her Music from Spotify." *Time*, Time, 3 Nov. 2014, [time.com/3554438/taylor-swift-spotify/#:~:text=Taylor Swift Just Removed Her Music From Spotify,-Taylor Swift performs&text=Taylor Swift has decided,a pleading blog post Monday.&text=Swift refused to allow her,for Spotify users to enjoy](http://time.com/3554438/taylor-swift-spotify/#:~:text=Taylor Swift Just Removed Her Music From Spotify,-Taylor Swift performs&text=Taylor Swift has decided,a pleading blog post Monday.&text=Swift refused to allow her,for Spotify users to enjoy).

<sup>12</sup> Flanagan, Andrew. "Taylor Swift Returns To Spotify, Amends Her Relationship To Streaming." *NPR*, NPR, 9 June 2017, [www.npr.org/sections/therecord/2017/06/09/532238490/taylor-swift-returns-to-spotify-amends-her-relationship-to-streaming#:~:text=Taylor Swift Returns To Spotify, Amends Her Relationship To Streaming,-Facebook&text=Taylor Swift performs during her 1989 world tour.,-Graham Denholm/Getty&text=Judging by the headlines Friday,finally returned to streaming services](http://www.npr.org/sections/therecord/2017/06/09/532238490/taylor-swift-returns-to-spotify-amends-her-relationship-to-streaming#:~:text=Taylor Swift Returns To Spotify, Amends Her Relationship To Streaming,-Facebook&text=Taylor Swift performs during her 1989 world tour.,-Graham Denholm/Getty&text=Judging by the headlines Friday,finally returned to streaming services).

streaming service known as 'TIDAL' which generates more than 0.5% of the leading broadcast services market and costs more than \$ 600million<sup>13</sup>.

There is a strong threat from Google, as its operating system now provides 75% of all mobile devices worldwide. This means that when Google gets into digital music streaming it can enjoy great success because of the large number of customers it works with.

## How has Shazam helped Apple?

Shazam is proud of its song recognition features which Apple can greatly use to its benefit as Shazam is taking on greater technological advances. Shazam launched the visual recognition engine in 2015<sup>14</sup>, followed by augmented reality platform in March 2017 that allowed users to use its Shazam app on advertising other products like perfumes by using specialized codes which can be scanned by shazam and will present a 3D hologram on the screen of the user's device. Apple is devoting profoundly in this region (Augmented Reality), with CEO Tim Cook pointing out that AR technology could bring Apple a great prospect to grow. The company's newest iPhone X and 8 are designed for use with AR systems, while Apple's AR Kit<sup>15</sup> API gives the company a chance to lead the way in introducing AR developers.



<sup>13</sup> Kosoff, Maya. "Jay Z's Once-Mocked Tidal Is Now Worth \$600 Million." *Vanity Fair*, Vanity Fair, 24 Jan. 2017, [www.vanityfair.com/news/2017/01/jay-z-just-received-a-huge-new-investment-valuing-tidal-at-600-million](http://www.vanityfair.com/news/2017/01/jay-z-just-received-a-huge-new-investment-valuing-tidal-at-600-million).

<sup>14</sup> Shaul, Brandy. "Shazam Introduces Visual Recognition to Identification Platform." *Adweek*, Adweek, 29 May 2015, [www.adweek.com/\[erformance-marketing/shazam-introduces-visual-recognition-to-identification-platform/](http://www.adweek.com/[erformance-marketing/shazam-introduces-visual-recognition-to-identification-platform/).

<sup>15</sup> Inc., Apple. "ARKit - Augmented Reality." *Apple Developer*, [developer.apple.com/augmented-reality/arkit/](http://developer.apple.com/augmented-reality/arkit/).

#### *Image 4.0; Shazam Features*

Separately, Shazam's broader algorithms also aid Apple, which helps to make its AI services like Siri better, as all the staff of Shazam has been brought into Apple who had created and worked on that said algorithm.

The \$ 400 million acquisition is enough for European Commission officials to begin a thorough investigation in April. The Electoral Commission is concerned about two key issues: first, Apple removes the preference to listen in to Shazam-discovered music on other streaming services, and furthermore, access to Shazam records is limited only to Apple.

Apple gets the green light to buy Shazam, Apple has acquired an app with about 150 million users a month. Shazam is also downloaded billions of times in more than 200 countries, at least 90 more markets than the previously released Apple Music group.

## Financial Growth

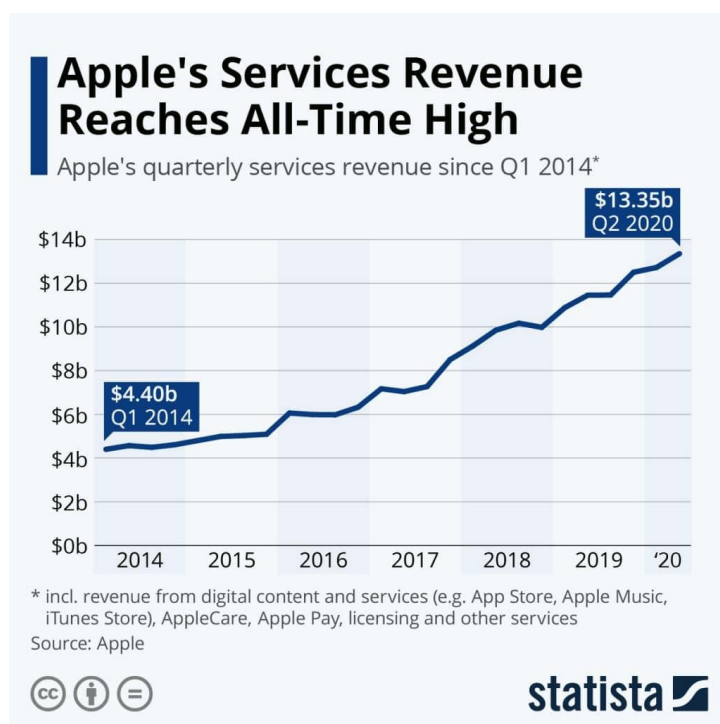


Image 3.0; Apple services revenue Growth chart

Apple's diversification into different online services has been very profitable to the company<sup>16</sup>, the services are 19% of the annual revenue of Apple which is second biggest contributor to its revenue after the iPhone at 50% of the revenue. By assuming that all customers pay the \$10 fee of Apple music then Apple music makes almost \$ 6 Billion dollars per year.

<sup>16</sup> Kumparak, Greg. "Services Really Are Becoming a Bigger Part of Apple's Business." *TechCrunch*, TechCrunch, 30 Apr. 2019, [techcrunch.com/2019/04/30/services-really-are-becoming-a-bigger-part-of-apples-business/](https://techcrunch.com/2019/04/30/services-really-are-becoming-a-bigger-part-of-apples-business/).



## Strategic planning and management of Apple Post Acquisition.



Figure 3.0; SWOT Analysis Post Acquisition of Shazam

### Why is Shazam so important?

Because Apple has access to certain user information for non-functional areas (currently), it offers significant benefits in understanding what 150 million Shazam users are experiencing. This data cap will help Apple develop its new music and music acquisition skills, a place where Daniel Ek's Spotify is known to be successful. By well recognizing the musicians whose customers follow them, as well as the types of music they listen to and if they are highly active, Apple can learn several useful things. Think of field-specific artist

products, artist-led video content, 24/7 Beats 1 radio shows, or even a new music discovery service. Services used for identification.

Along with Shazam, Apple also gets big data on music preferences and listening habits. Which artist, which city's most popular song, and which audience is targeted? This information is especially useful in marketing campaigns and discussions with right holders. According to the statement, companies like Apple have had a cultural impact on consumer behaviour. The importance of knowing what the user is doing is a moral question and Facebook is impressive. In 2013, the public ignored it and the social network bought an Onavo VPN provider. The app promises to protect data traffic users when using public WLAN. However, the discovery provided Facebook information through data streaming, and the company had already warned that new services at the time, such as WhatsApp, Instagram, and Snap Chat, were becoming more popular. Facebook has tried to buy all three of them. Successful via WhatsApp and Instagram. Both are important for today's company. Shazam serves as a warning system for Apple and Apple Music alike.

While Apple confirms Shazam's acquisition not only bought software but the entire team behind the software brings professional power and decades of R&D to the company. Apple as a resource-intensive company will incorporate all the resources into the engineering team now that will work for Apple and develop and improve the best audio features of all Apple devices - from handsets, desktops and laptops to smartphones and tablets. Not to mention the advanced Apple music and Siri they will get from the extensive use of Shazam research and programs.

Apple music brought out a "Shazam Discovery Top 50"<sup>17</sup> chart that gives its users a list of the top songs in their area found by shazam. Even if you get any new song, the user will be able to add that song to their Apple music library, and even Android Apple Music users will be able to do the same.

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<sup>17</sup> *Shazam Data Is Powering Apple Music's Newest Chart, the ...* [techcrunch.com/2019/08/20/shazam-data-is-powering-apple-musics-newest-chart-the-shazam-discovery-top-50/](https://techcrunch.com/2019/08/20/shazam-data-is-powering-apple-musics-newest-chart-the-shazam-discovery-top-50/).



*Image 5.0; Shazam Top 50 List*

Shazam's investigation and technology could give Apple the considerably needed momentum in the smart speaker's market.

Apple's HomePod is not as well positioned in the Smart speaker's market as its competitors like Amazon Echo and Google. According to a Q1 2018<sup>18</sup> report, the HomePod has shipped only 600,000 units over a period - compared to 4 million Amazon Echo googles and 2.4 million Googles.

If, as we know, smart speakers are changing the music industry, Apple cannot afford Google and Amazon voice assistant technology to outperform their owns Siri. That is where Shazam arises in. As Siri effectively responds more, so does Apple-powered hardware. This could make the HomePod a more attractive offering for future generations of customers - and it will lead to increased use of Apple Music.

In January 2016, Fortune explained that six months after the launch, Apple Music reached 10 million paid subscribers, and six months after arriving at the same customer company that took the competition for music streaming Spotify for six years<sup>19</sup>. This customer base was expanded to 11 million executives in February 13 million in April 15 million in June 17 million in September 20 million in December 27 million in June 2017, 36 million in February, 36 million in February 2018.38 million in March 2018 (just five weeks after the previous

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<sup>18</sup> "Strategy Analytics: Amazon's Global Smart Speaker Share Falls Below 50% in Q1 2018 as Competition Heats Up." *Strategy Analytics: Amazon's Global Smart Speaker Share Falls Below 50% in Q1 2018 as Competition Heats Up* / *Business Wire*, 17 May 2018, [www.businesswire.com/news/home/20180517006158/en/Strategy-Analytics-Amazon's-Global-Smart-Speaker-Share](http://www.businesswire.com/news/home/20180517006158/en/Strategy-Analytics-Amazon's-Global-Smart-Speaker-Share).

<sup>19</sup> *Apple Music Now Has over 11 Million Subscribers - The Verge*. [www.theverge.com/2016/2/12/10981012/apple-music-11-million-paid-subscriptions](http://www.theverge.com/2016/2/12/10981012/apple-music-11-million-paid-subscriptions).

record, 40 million in April 2018, 50 million from May 2018, 56 million from December 2018, and 60 million from June 2019<sup>20</sup>.

By July 2018, Apple Music had won Spotify among the number of paying customers in the United States of America<sup>21</sup>.

## Conclusion

Reflecting the above industry assessment, Apple is like any other enterprise facing many diverse disputes such as high power to negotiate with suppliers and consumers but the biggest threat has been greater rivalry from companies like Amazon, Google, etc. by entering the music streaming industry the company is facing stiff competition as it is late entrants to the market, with major competitors such as Spotify, Amazon Music and Google Play offering the same service leading to price wars, free trial offers and strengthening broadcasting service advertising. However, Apple Music through its integration with Shazam has upgraded the music library and the “Shazam Discovery” playlist has improved the service, and providing more music information, and gaining more space increases the loyalty of its customers. Apple already has a single authority in the music industry giving Apple music on the edge of its competitors; Apple owns Beats which makes earphones and speakers to listen to music, Apple has Apple Music which is the median where the user has access to music and now Apple owns Shazam on how the user will find the music and will quickly go to the Apple Music thanks to integration with the iPhone software already installed Apple music and 3 months of free subscription for iPhone users.

Shazam Overall, it is an integral part of Apple's new growth and innovation, from the Augmented reality to song recognition software with seamless applications for Apple. Shazam has brought changes to Apple products and services and helped Apple music bring more users to the platform and bring it to its market leader Spotify.

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<sup>20</sup> Owen, Malcolm. “Eddy Cue Says Apple Music Has 60 Million Subscribers.” *AppleInsider*, AppleInsider, 27 June 2019, [appleinsider.com/articles/19/06/27/eddy-cue-says-apple-music-has-60-million-subscribers](https://appleinsider.com/articles/19/06/27/eddy-cue-says-apple-music-has-60-million-subscribers).

<sup>21</sup> *Apple Music Has Reportedly Overtaken Spotify in U.S ...* [mashable.com/article/apple-music-beating-spotify-us-subscribers/](https://mashable.com/article/apple-music-beating-spotify-us-subscribers/).

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## Appendix

### Appendix 1: Newspaper articles.

# Why did Apple buy Shazam? Here are five potential (and particularly good) reasons

By Nick Pino September 24, 2018

5 reasons why Apple would want Shazam in-house



Pino, Nick. "Why Did Apple Buy Shazam? Here Are Five Potential (and Particularly Good) Reasons." *TechRadar*, TechRadar, 24 Sept. 2018, [www.techradar.com/news/why-did-apple-buy-shazam-here-are-five-potential-and-particularly-good-reasons](http://www.techradar.com/news/why-did-apple-buy-shazam-here-are-five-potential-and-particularly-good-reasons).

TECH

# Apple proved that it is no longer just an iPhone company

PUBLISHED WED, MAY 2 2018-11:44 AM EDT | UPDATED WED, MAY 2 2018-12:21 PM EDT



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Apple CEO Tim Cook.  
David Paul Morris / Bloomberg / Getty Images

For the past 10 years, the investment story on Apple was fairly straightforward.

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FDA advisor explains why she voted against recommending Pfizer's Covid vaccine for emergency use



Mark Cuban: 'Monthly direct payments' to Americans is better than government assistance programs

Jyarow. "Apple Proved That It Is No Longer Just an iPhone Company." *CNBC*, *CNBC*, 2 May 2018, [www.cnbc.com/2018/05/02/apple-proved-that-it-is-no-longer-just-an-iphone-company.html](http://www.cnbc.com/2018/05/02/apple-proved-that-it-is-no-longer-just-an-iphone-company.html).



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## Why Apple's Services business is so valuable

\$7 billion last quarter alone.

By Rani Molla | @animolla | May 3, 2017, 6:00am EDT

f t SHARE



Apple CEO Tim Cook and Internet Software and Services SVP Eddy Cue | Drew Angerer / Getty

When Apple reported its second-quarter results yesterday, one of the first things it touted was the “strong momentum” of its Services business, which includes iTunes and Apple Music, the App Store, iCloud, Apple Pay and more.

While the company's results are still mostly driven by the iPhone, it's increasingly trying to portray Services as a growth narrative of its own.

Why?

### 1. It's big.

Apple's Services segment generated \$7 billion in revenue last quarter, its “highest revenue ever for a 13-week quarter.”

It was the second quarter in a row that Services revenue passed \$7 billion. And “it's well on

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### THE LATEST

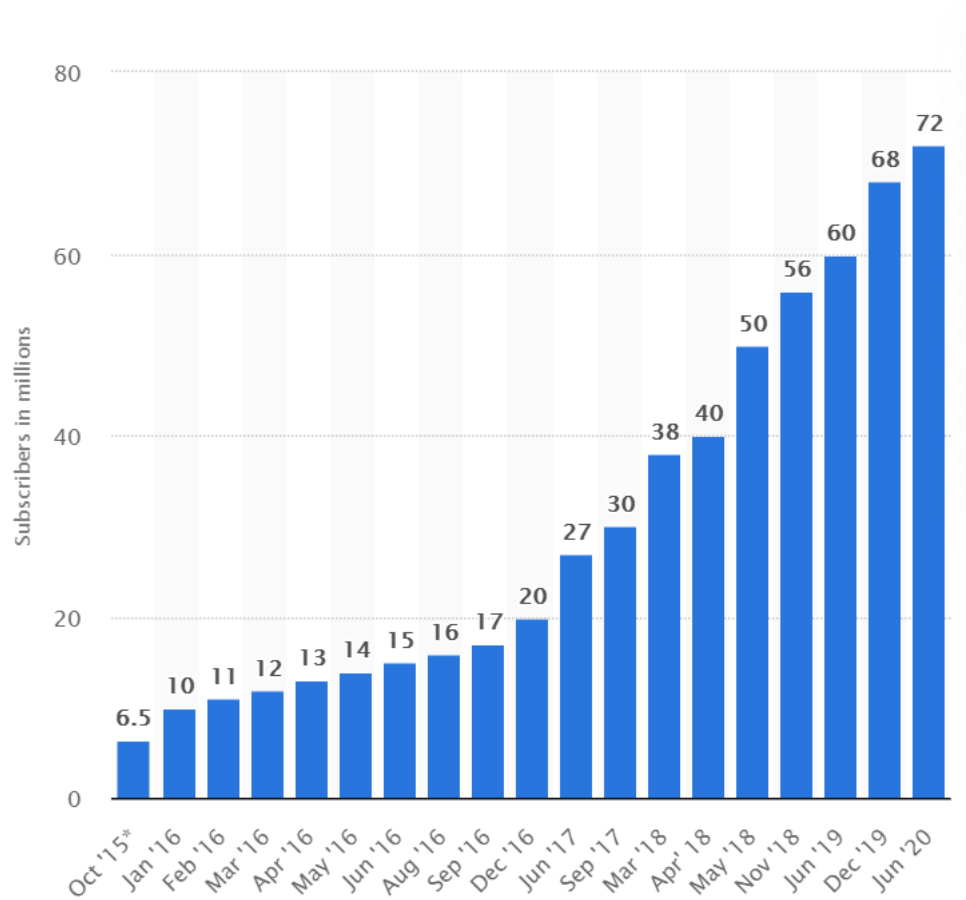


Disney thinks you'll be ready to see Black Widow in theaters by May

Molla, Rani. “Why Apple's Services Business Is so Valuable.” Vox, Vox, 3 May 2017, [www.vox.com/2017/5/3/15523268/apple-services-business-revenue-growth](http://www.vox.com/2017/5/3/15523268/apple-services-business-revenue-growth).



## Growth of Apple music



## Appendix 3

### Q1 2018 report of Smart speakers' sales.

Exhibit 1: Global Smart Speaker Shipments by Vendor in Q1 2018 <sup>1</sup>

Global Smart Speaker Market by Vendor: Q1 2018 (Shipments in Millions of Units)					
Vendor	Q1 '18 Shipments	Q1 '18 Market Share	Q1 '17 Shipments	Q1 '17 Market Share	Growth Y/Y
Amazon	4.0	43.6%	2.0	81.8%	102%
Google	2.4	26.5%	0.3	12.4%	709%
Alibaba	0.7	7.6%	0.0	0.0%	~
Apple	0.6	6.0%	0.0	0.0%	~
Xiaomi	0.2	2.4%	0.0	0.0%	~
Others	1.3	13.9%	0.1	5.8%	806%
<b>Totals</b>	<b>9.2</b>	<b>100.0%</b>	<b>2.4</b>	<b>100.0%</b>	<b>278%</b>

Source: Strategy Analytics Smart Speaker service

<sup>1</sup> Numbers are rounded.

