

Unleash Spotify's Potential

*Recommendations for Spotify to win in the heated race
for U.S. subscribers*

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AGENDA

- Spotify's Business Performance Overview
- Issue and Solution
- Recommendations
- Conclusions

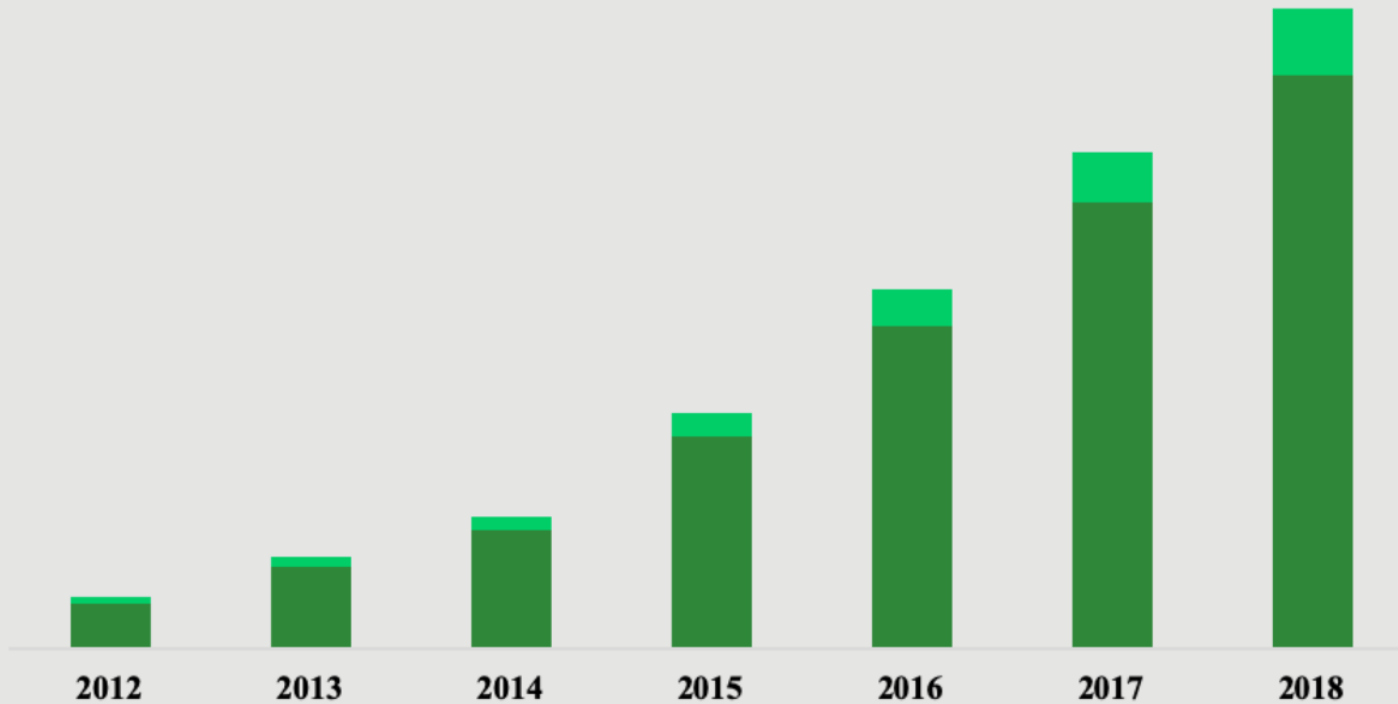
Spotify Has Not Once Reached the Break-even Point



Source: © Statista 2019 /Spotify

Spotify's Revenue Depends More on Subscribers

■ Premium ■ Ad-Supported



Source: © Statista 2019/Spotify

Apple Music Overtakes Spotify in Paid U.S. Subscribers

Growth Rate of Premium Subscribers



1.5-2%



2.6-3%

Spotify needs to...

- Sustain current user base
- Attract new users and potential subscribers

Recommendation 1

New Features

What's new?

To increase *interactions* between artists and users...

- Different levels of premium accounts
 - Four levels from \$4.99 to \$24.99
 - Behind the scene videos
 - Ticket lottery opportunities
- Reward system
 - Allow users to show support to artists of their choices
 - Board of the top contributors for songs
 - Beneficial to both Spotify and the artists

Similarities between *Spotify* and *Twitch*

More
Male
Users

Identical
Age
Distribution

Monthly
Active
Users

Average
Users
per Day

A Glance at Twitch's Strategy

Cheers gains

\$14 million

after the launch on June 2016

Premium fees:

\$4.99 / mo

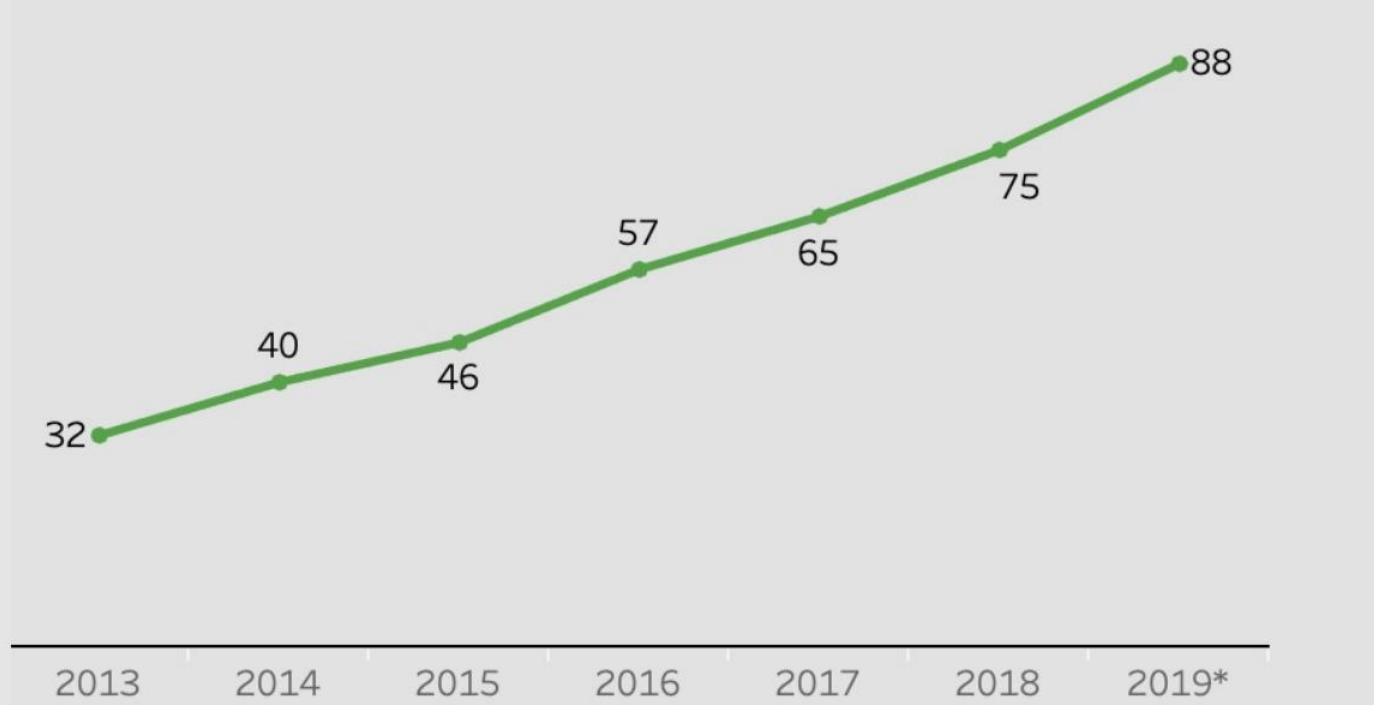
\$9.99 / mo

\$24.99 / mo

Recommendation 2
Podcast

Podcast market has a great potential in the U.S.

Monthly listeners are shown in millions



* The number of monthly listeners in 2019 is projected.

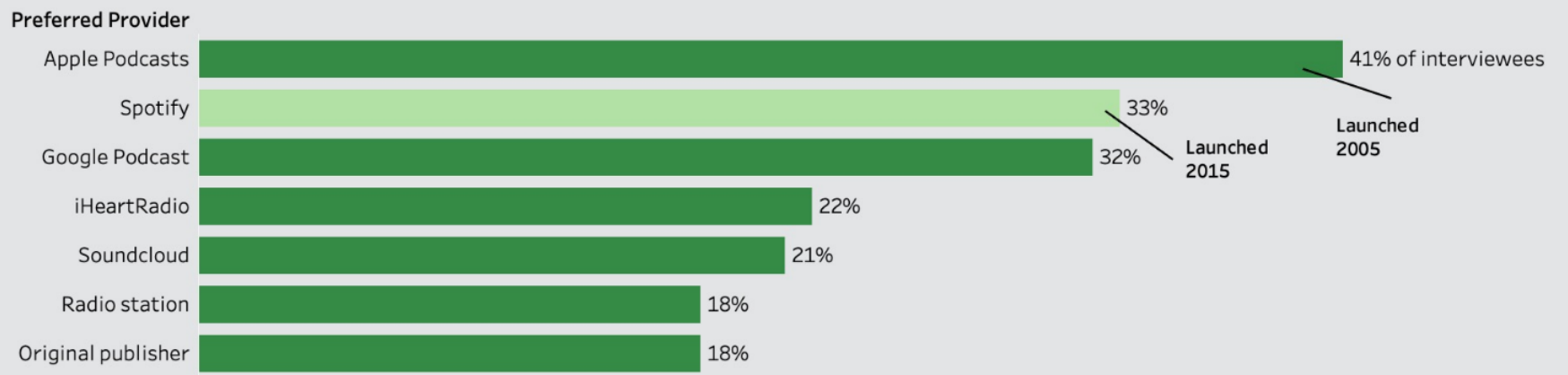
Growth rate of Podcast hours
on Spotify in 2019

178%

Podcast has encouraged
both **user engagement** and
premium user conversion

Spotify is the second favorable podcast provider in the United States

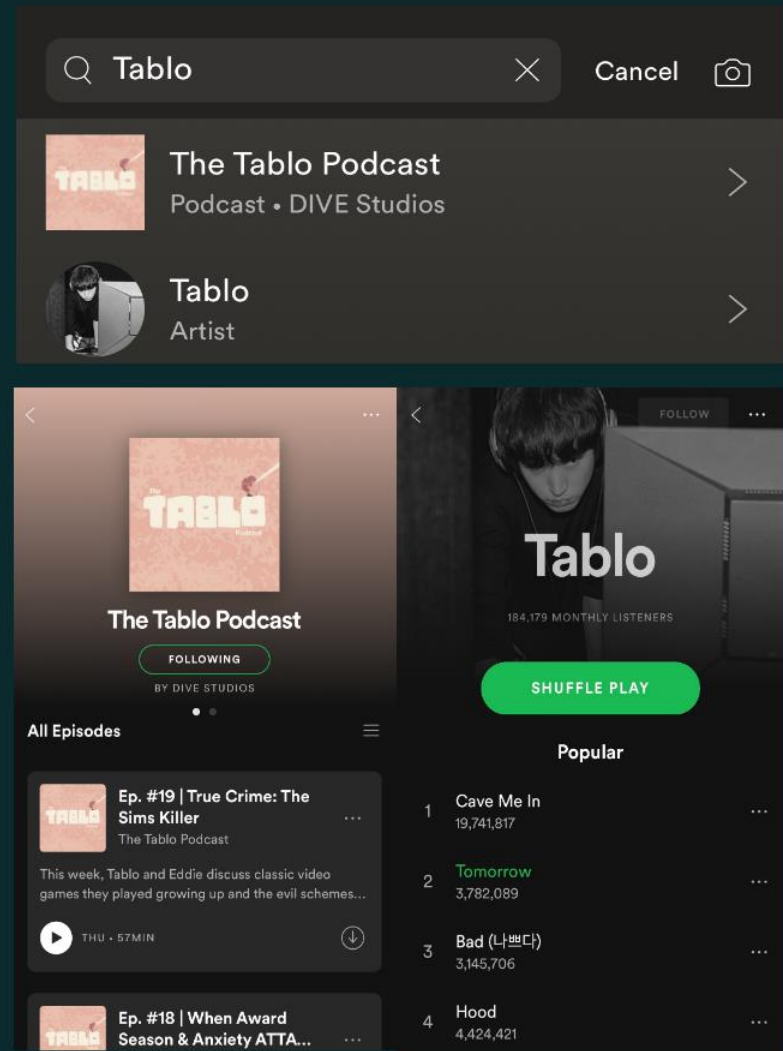
As of March 2019



What's next?

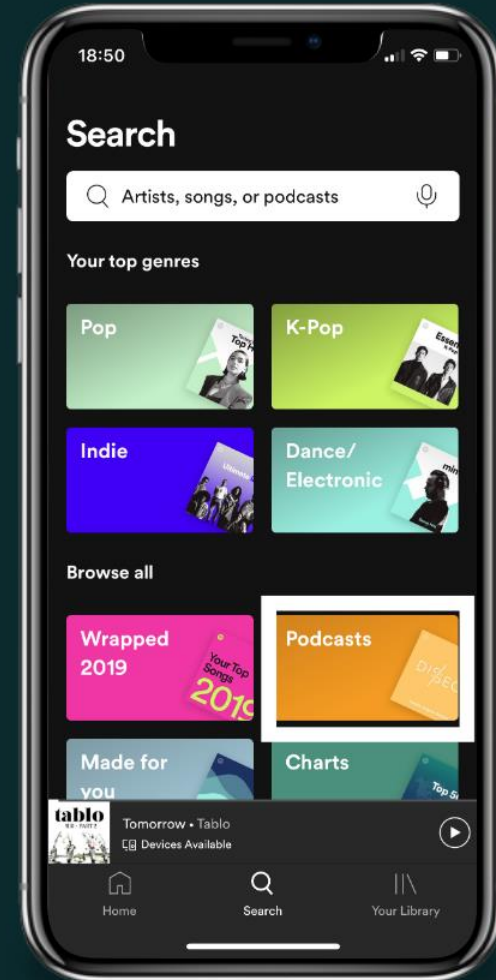
To better embrace *Podcast*...

- Integration between artists and their podcast programs
- More original and exclusive Podcast contents produced by artists



What's next? (cont.)

- Create a separate tab for Podcast
- Put in more advertising efforts on Podcast



Recommendation 3

Personalization

or even better, hyper-personalization

We've been so lucky to share this time with you.


Here's something for you to share with the world.

Or hide.

Or whatever.

We're big fans of you either way.

Spotify Premium 2019 WRAPPED



TOP ARTISTS
Mac Miller
Kendrick Lamar
DRAM
9th Wonder
J. Cole

MINUTES LISTENED
19,954

TOP SONGS
Lakshmana
balcony view
Echoes
Schehmetmoll
Dropped My Cassett..

TOP GENRE
Lo-fi beats




Spotify Premium MY DECADE WRAPPED

TOP ARTISTS
Kendrick Lamar
J Dilla
Kanye West
Run The Jewels
J. Cole

TOP SONGS
Seal Cove Pond 10/..
Hood Politics
How Much A Dollar..
Complexion (A Zulu..
Mamma

TOP GENRE
Hip hop




This holiday season, first wrap then unwrap!

Spotify's Download Blitz in three days after *Wrapped* Dropped

2018

1.5 million

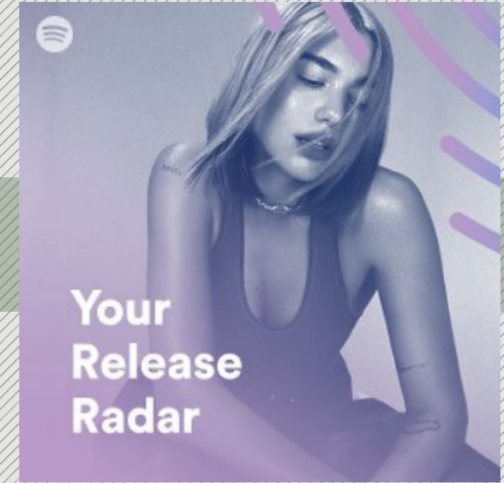
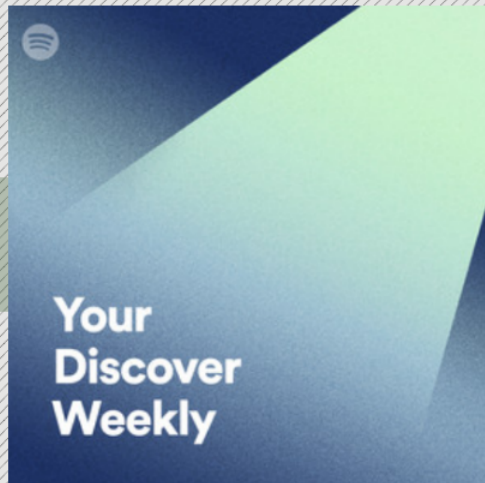
2019

2.3 million

(a 53.3% surge)

Beyond *Wrapped*...

A peep into Spotify's Current Personalized Touches



30% of streams are "algotorial"

So far, these personalized touches have led to ***increases*** in crucial indicators.

80%

in Repeats Listens of Songs Found in "Discover Weekly"

66%

in Number of Times People Have Saved Tracks

35%

in Number of Discovered Songs

What's next?

Taking users' *content experiences* to the next level...

- Improve the Discover feature
 - Uniqueness
 - Frequency
 - Adaptiveness
- Automated playlist organization
- Integration and collaboration with other platforms
 - Social media
 - Media-services providers

CONCLUSION

- Problem: Poor profit performance
- Fact: Revenue is largely dependent on premium fees from subscribers
- Solution: Sustain current user base, and attract potential users
- Recommendations
 - (1) *New features*
 - (2) *Podcast*
 - (3) *Personalization*

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THANK
YOU