1. **Company Description**

"Spotify transformed music listening forever when it launched in 2008. Discover, manage and share over 100 million tracks and over 5 million podcasts titles, for free, or upgrade to Spotify Premium to access exclusive features for music including improved sound quality and an on-demand, offline, and ad-free music listening experience. Today, Spotify is the world's most popular audio streaming subscription service with 515m users, including 210m subscribers in over 180 markets." [1]

1. Strategic Focus and Plan

   1. Mission

      "Our mission is to unlock the potential of human creativity—by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it." [1]

   2. Business Definition

      "We're not just shaping the future of audio. We want to help shape a better future for society and the planet too." [1]

   3. Core Competency and Sustainable Competitive Advantage

      i. Spotify believes that it has many different core competency and sustainable competitive advantage:

         1. "At Spotify, we're revolutionizing the way the world listens by turning up the volume on diverse voices, championing equity & inclusion and ensuring our platform is a place where everyone can belong." [1]

         2. "The climate crisis is one of the most pressing issues of our time. It's something that affects us all, no matter where you are or what you listen to. We must all work to be part of the solution so that our planet and all people can continue to thrive for generations to come. Our approach to tackling the climate crisis has two parts. We have committed to reaching net zero greenhouse gas (GHG) emissions by 2030. And we are leveraging our platform to raise awareness and drive engagement among millions of listeners and creators." [1]

3. "Artists deserve clarity about the economics of music streaming. This site (Spotify Loud and Clear) sheds light on the global streaming economy and royalty system." [1]

    ii. Spotify has a strong interface that enhances the user experience through a simple interface to just play and go with millions of songs and podcasts right at your fingertips. One of Spotify's greatest strengths draw from the events they host in collaboration with popular artists, including pop-up events to provide listeners [2].

2. Situation Analysis

    1. Environmental Scan

	Positive	Negative
Society	The music streaming industry is unwavering; regardless of the rapid changes in society the platform does not change	
Economy	The music streaming industry stays relatively stable regardless of economic status. However, events like COVID-19, where there is a surge of free-time or there is a larger consumption of media, the music streaming industry surges.	
Technology	Easily adaptable with the evolution of technology.	In recent years, the advancement and prevalence in technology has made piracy much easier than

		before. This threatens subscription numbers of music streaming services with an increasing number of people turning to piracy. [3]
Regulation	The process of getting copyrights for global music streaming might be made simpler by regulations. This enables the platforms to grow globally and provide listeners a variety of music. In addition to promoting competition, there are regulations that shield the industry from monopoly and ruthless rivalry. More streaming options are available to users with better pricing or services.	Regulations within the music industry are strict, following censorship of media (satire media) and copyright (permission from artists). Such regulations thus prevent music streaming services from displaying specific popular music albums on their platforms. Government may impose regulations that require music streaming platforms to promote local artistes rather than international artistes *Country dependent*

2. Industry Analysis

    i. According to Grand View Research, the global music streaming market size is currently projected to reach US$10.20bn this year and is expected to expand at a compound annual growth rate (CAGR) of 5.11% from now until 2027, due to the growing use and adoption of digital platforms and smart devices across the population. [4] Many factors, such as the

COVID-19 pandemic, the rise in 5G connectivity, the expansion of the podcast genre, licensing deals, and services including more and more quality-of-life features (e.g. real time song lyrics, music videos, etc.) contribute to this forecasted growth. [5]

3. Competitor Analysis

    i. Apple Music

        1. Strengths: Content includes exclusive music, videos, web series and feature films. It also comes pre-installed into Apple products. Flexible subscription plans that can be connected across multiple devices.

        It sells physical albums and it also provides peripheral products such as exclusive photocards with Kpop idols' albums which also increases the sales.

        2. Weaknesses: Exclusive only to Apple Products.

    ii. Amazon Music

        1. Strengths: Comes with Amazon Prime; Up to 10 different devices

        2. Weaknesses: Poor user interface. Missing music albums in their streaming service.It does not offer a freemium plan and is completely free of advertising.

4. **Customer Analysis**

i. The typical Spotify user is young adults – Millennials and Gen Z. They typically enjoy the personalized experience offered by the platform. More than a third of the time spent on Spotify is listening to playlists, of which 36% are created and shared by other users. [6]

ii. Customers also require strong relationships established by the company in order to maintain long-term use of their products. When utilizing their services, customers may have questions or concerns, thus Spotify has developed a service-based website with Community Service to address these concerns. Moreover, the integration between Spotify and social networks such as Facebook and Twitter allows for community members to share content and connect across different platforms, widening the community's reach.

iii.   According to feedback on Consumer Research from 2021 to 2022, the most significant requests concern poor and irregular app performance (bugs, wrong recommendations), alongside other quality of life features (removal of unwanted ads, offline use). A lack of these quality of life features act as obstacles to a smooth listening experience. Also among pain points is the unavailability/exclusivity of content. When a music service brands itself as a one-stop-shop for users, the need to pay for multiple services (or even just changing platforms) is less than appreciated. [8]

5. Company Analysis

    i.   BCG Analysis

        1.

	*	?
Market Growth Rate	Spotify	
5%	$	Dog

My market share relative to the largest competitor

    2. As of 2021, the market growth rate in the United States was 5.11%, which is above the chosen Market Growth Rate threshold of 5% [4]. Additionally, Spotify held 31% of global music streaming market share, more than twice that of Apple Music's 15%. [7] Therefore, with a high market share in a quickly growing market, Spotify is a star company.

  ii. Business Unit / Products to be focused on

    1. Audio streaming

 iii. Diversification Analysis

    1. Product Development: Since Spotify is a subscription based service, we want to add to Spotify's services and enhance the user's experience and make it worthwhile. Since Spotify works directly with artists, our idea is for Spotify to host concerts that are exclusive for Spotify subscribers.

6. SWOT Analysis

| Strengths	Weaknesses
1. Brand reputation: Due to its stability and substantial song catalog, Spotify has earned a solid reputation and favorable reviews. It is seen as dominating the sector. 2. It brought a change to the industry: Spotify wants to solve the issue of music business piracy. Users felt valued thanks to the subscription offers it provided.	1. Less exclusive artist/products 2. Less diversification 3. Insufficient revenue: since Spotify pays labels, copyright holders and the writers, it hardly makes profit .
Opportunities	Threats
1. Increasingly widespread internet connectivity. 2. Partnership: Promoting the platform through artists can increase sales and user interest.	1. Increasing regulations relating to streaming services 2. The increasing royalty prices imposed by copyright reduce Spotify's profit and the funds they have for advertising and R&D. If Spotify lacks funds, other companies may outsell it in terms of market share.

Citations

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Market-Product Grid

Market		Non-Premium	Premium
High income	<18	1	2
	18-35	1	3
	35-45	0	3
	>45	0	2
Low income	<18	2	1
	18-35	3	2
	35-45	2	2
	>45	1	0
Key: 3 = Large market; 2 = Medium market; 1 = Small market; 0 = No market ▮ = Current Segment; ▮ = Potential Market			

Perceptual Map
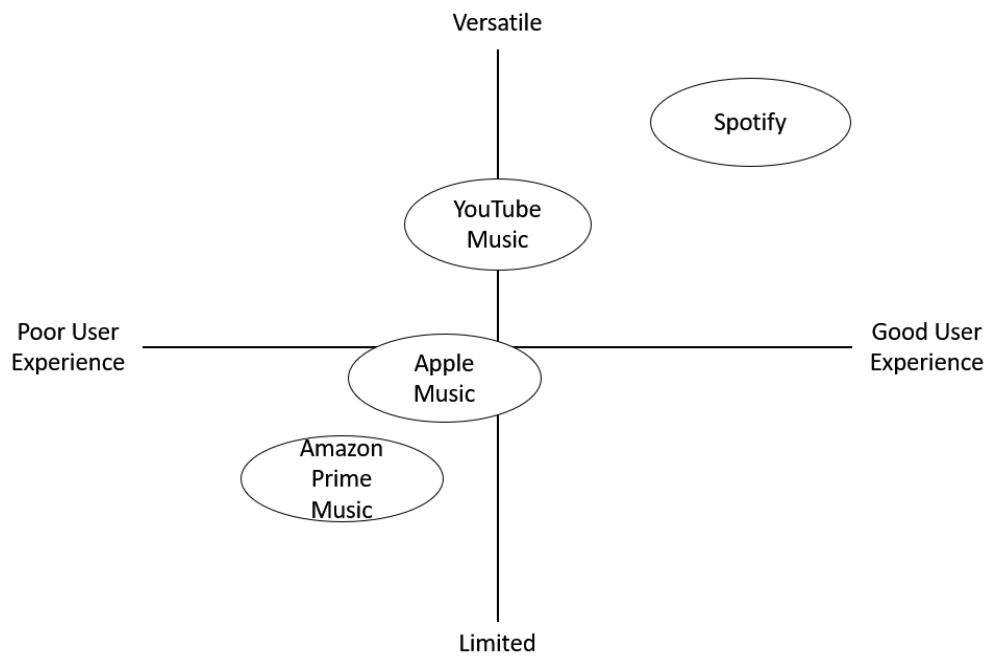
We think that Spotify should maintain its current position in the perceptual map because Spotify is the winner in both aspects of good user experience and versatility in the music streaming platform industry. It is able to provide the best of both worlds, which is what users are normally looking for in music streaming services.

Positioning Statement

For budget-conscious music lovers who enjoy versatility across platforms and a seamless user experience, Spotify is the music streaming platform that gives you [millions of songs] through a simple play-and-go experience which is accessible anywhere. With Spotify, you will be able to fully customize your listening experience at a fraction of the cost.

New Product Idea Evaluation Form

Please *individually* evaluate new product ideas that your group members have generated (<u>two ideas from each group member</u>) <mark>using a</mark> <mark>five-point scale (5 = good, 3 = fair, 1 = poor)</mark>. After evaluating the ideas *individually*, please combine the evaluations of your group members and choose the best idea.

Ideas	Significant point of difference "Is the new product significantly different from existing products in the market?"	Sensitivity to customer needs "Does this new product satisfy the needs of our existing consumer segment(s) or new consumer segment(s)?	Market attractiveness "Does the market of the new product have a great deal of potential? Do you think the market would grow?"	Timing "Is today a good time to introduce the product? If not, when would be a good time?"
Spotify Concerts	5	4	4	5
Spotify Lite Free	1	5	3	5
Spotify Community Radio	3	2	2	5
Spotify Rewards (Sponsored playlists)	5	4	3	4
Spotify Offline Mixtape	1	3	3	5
Spotify Ad-Supported Playlists	4	3	3	5
Spotify Live	1	5	3	5
Music Video Synchronization	2	1	4	3

Playlist sharing (NP and P)	3	5	4	4
Spotify Music Education Hub	5	1	2	3
Spotify Games	3	2	2	5
Spotify Music Workshops	4	1	3	3
Spotify Sleep (Mode)	3	4	3	5
Spotify Threads	2	4	4	5
Spotify Karaoke	2	3	3	5

    = New Product Idea with highest overall evaluation

Concept Development

Spotify Concerts

Concept 1: A family-friendly, budget-conscious concert experience designed to foster bonds and create lasting memories with friends and loved ones.

Concept 2: An interactive, freeform concert whereby the Spotify Premium members are able to engage different artists to generate a creative & free environment for all ages to enjoy.

Concept 3: An exclusive concert that unites top listeners with similar tastes to create an extraordinary and immersive concert experience, where both concert-goers and artists thrive in a fun and engaging environment.

Focus Group Interview

Decide who you want to interview, and how many sessions your team wants to run, explaining why.

Our group has decided to conduct only one group interview, with participants within the age range of 18 to 35 years old, because the new product (Spotify Concerts) we have decided on based on the evaluation form is more applicable towards people within said age range.

Additionally, most of the participants we have chosen for our Focus Group have low annual income and are Spotify non-premium users. This is to ensure that the findings from our discussions are as relevant to our target group as possible.

Summary of Focus Group Interview

The focus group interview consists of 5 participants and their demographic information are as such:
1. Name: Low Shi Quan
   a. Age: 22
   b. Gender: Male
   c. Ethnicity: Chinese

d. Job: Student

 2. Name: Muhammad Hamizan Harun

      a. Age: 23

      b. Gender: Male

      c. Ethnicity: Malay

      d. Job: Electrical Engineer Trainee

 3. Name: Jamie Lim

      a. Age: 35

      b. Gender: Female

      c. Ethnicity: Chinese

      d. Job: Data Analyst

 4. Name: Jasmine Tan

      a. Age: 30

      b. Gender: Female

      c. Ethnicity: Chinese

      d. Job: Research Fellow

 5. Name: Michelle

      a. Age: 27

      b. Gender: Female

      c. Ethnicity: Chinese

      d. Job: Freelance Photographer

Since the participants do not know of one another prior to this, the moderator started the Focus Group by asking participants simple Yes/No questions to help break the ice between them. As the Focus Group proceeded, the moderator started asking more complex questions to prompt the participants to express their views more confidently. After a certain comfort level has been reached, the moderator starts asking more critical (open-ended) questions regarding our new product idea and the 3 different concepts we have created. The following are our findings:

(1) Will the new product concept be significantly different from other existing products on the market?

The interviewees believed that the "Spotify Concert" environment was different from other types of concerts since it had distinctive stage designs, themed performances, and individualized fan experiences. One person brought up the fact that no concert was ever held in which performers performed any songs the audience desired. Other participants agreed that this is important to them and held the view that adding a bit of spontaneity and creativity would unquestionably enhance the concert experience.

Participants were also excited about the chance to network with other concert-goers who have similar musical preferences. 3 participants found it difficult to interact with others when they go to concerts. They claimed that while they genuinely wanted to take in the atmosphere created by the concertgoers surrounding them, it was quite challenging to approach them right away. All of the participants agreed that the elements, such as online forums, gatherings before concerts, and post-concert talks, are truly new and fit their demands.

(2) Will the new product concept help reduce the brand's weaknesses or enhance its strengths?

Our respondents told us that Spotify's strengths, compared with other competing brands, stem from how well Spotify lends itself to social activity, such as the ease sharing individual songs or playlists across other social media platforms, or the ability to summarize users' listening habits into Spotify Rewind. On the other hand, listed weaknesses mainly concerned the platform's anglocentrism (i.e., focus towards and designed for English speaking audiences).

The new product concept, in their opinion, further strengthens Spotify's social aspect, while also having the possibility of allowing the brand to appeal more to non-English listeners (by collaborating with their favourite Asian artists on the concerts).

(3) Will the new product market be attractive?

All interviewees had positive feelings on our new product. They all said that they love concerts and wishing to see more concerts. One participant mentioned that this new product is an

evolution, as covid just end could also increase the demand for fans to watch concerts, as there is higher demand, therefore means that currently this product will have large market share and is attractive. Another interviewee commented on our new product as a creative innovation, which really attracted her, and as none of the competitors had done so, it could attract high volumes of users.

(4) Will today be good timing to introduce the new product?

All of the participants agreed that it would be good if our new product can be introduced to the market as soon as possible. Their reasoning was that there is no other music streaming platform that is currently working with artists to create their own concert series. Hence, this novel idea has the highest potential to succeed sooner rather than later.

(5) Will the product quality be good enough to meet the target market's needs?

Given the participants' answers, the product quality will be good enough to meet the target market's needs and wants. The average ticket price of the top 5 most streamed artists being $743, due to resell prices, according to Spotify and SeatGeek, the participants believed that an average of $300 was a fair price to see their top artists. Furthermore, ticket vendors, like Ticketmaster, pass high fees onto the consumer, causing a surge in price. After presenting concept 3 to the participants, they strongly agreed that the product would radically change the market and achieve its goal of uniting top listeners.

In conclusion, the "Spotify Concert" concept appears to fulfill unmet demands in the market and play to the brand's advantages, according to the focus group interview. The participants' positive feedback, the perceived market appeal, and the ideal launch window highlight the potential success of this original and unique product concept.

Questions:

What music streaming platforms do you use, if you use any?

What do you think are some of the strengths and weaknesses of Spotify and how would you distinguish Spotify from its competitors like Apple Music?

Do you like concerts?

Do you wish you could attend more concerts?

Do you think the pricing of concert tickets are unfair/expensive due to fees?

How would you describe your initial impression of "Spotify Concert" based on the provided description?

What aspects of this exclusive concert series do you find most appealing or exciting?

Do you think the addition of our concept would set Spotify apart from the competition and do you think it's a good time to introduce this product?

What do you think is a fair price to see your favorite artist?

Out of the 3 concepts shown, which do you resonate with the most?

What are the reasons behind your choice?

Branding Strategy

We have decided to name our product as 'Spotify Concerts', following the Brand Extension strategy. Spotify is currently the largest music streaming platform in the market and is reputable for being attentive towards their users' needs and preferences. By leveraging on this reputation, target consumers will be able to gain instant recognition of the new product and also accept it more readily.

Pricing Strategy

For our Pricing Strategy, we will utilize the market pricing. This allows us to fairly compensate the artists, while maintaining high quality concerts without the high fees associated with many ticketing platforms. During the launch of our product, we will also run a promotional campaign that incentives users to join Spotify Premium in exchange for a discount on their first Spotify Concert, with an average discount of 10%.

It would be hard to gauge a price estimate as the demand and popularity of artists vary.

Taylor Swift - Average Cost: $215

               Average Resale - Reputation Tour $279 | Eras Tour $2,424

               Spotify Concert Cost: $95

Drake - Average Cost: $300

      Resale: $450

      Spotify Cost: $100

BTS - Average Cost: $300

      Resale: $818

      Spotify Concert Cost: $95

All of these values are calculated by the estimated profits for artists and venue cost based on prior data. Additionally, we added a 10% charge to maintain our venue. With this analysis, we are far below the average price for current concert tickets and what our focus group would pay, $200.

Channel Strategy

Where will consumers buy the product/service? Specify the retail channel(s) you would like to use (3 points).

We will be using Direct Channel, whereby users will only be able to purchase Spotify Concerts' tickets from either Spotify's application or their official website.

Discuss why you believe the retail channel(s) is (are) best for your product/service (3 points).

Normally, for concert sales, intermediaries, such as Ticketmaster, Eventbrite etc., charge an exorbitant fee for using their platforms. Since Spotify will be selling the tickets directly to consumers, such retail fees can be waived, allowing us to lower production cost as much as possible. As such, it will also be easier for us to target the lower income, non-premium users.

Furthermore, as stated in previous sections, since our main goal is to encourage non-premium users to subscribe with Spotify, ticket sales will only be opened for Spotify premium members only. By settling ticket sales internally, Spotify will be able to track membership status and identify premium users from non-premium users and also first time subscribers. This complements our Pricing Strategy (first time subscribers are given 10% discounts) by making membership tracking easier.

What possible channel conflicts would you expect to face when using the retail channel(s) (3 points)?

The lack of intermediaries reduces potential channel conflicts that arise from using Indirect Channels.

What would you like to do to provide a differentiated consumer experience (3 points)?

At the actual concert, we will set up multiple event booths/pop-up store, such as Spotify Photobooths, Goodie bag stations, Merchandise stores etc., where consumers are able to feel more integrated with the event and have a more customisable and unique experience.

Additionally, sample concert videos will be displayed on Spotify websites to show consumers the overall concert experience, minimizing their perceived risk and uncertainty towards purchasing the tickets.

Promotion Strategy

Given the nature of the new product, we will be focusing more on the digital aspect rather than the conventional aspect of the promotion mix. We have decided to use Digital marketing (specifically Social media) and Direct marketing to promote Spotify Concerts.

Social media, such as TikTok, Instagram, and YouTube, will be utilized to gain widespread impressions on popular platforms while also increasing organic marketing through shares and creating an environment where people can share their experiences. Concert teasers will be uploaded on Spotify's official social media accounts, giving consumers insights on how the concert environment and atmosphere will be like. A sample YouTube page is as shown:
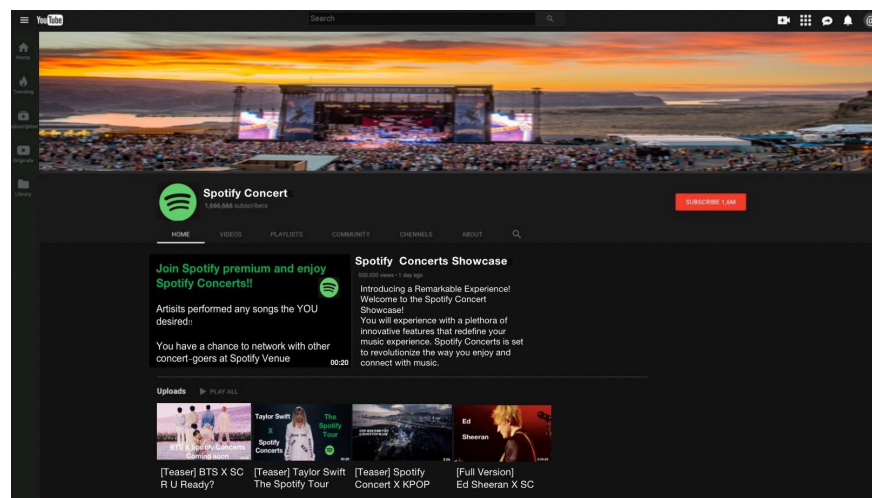
Direct Marketing will be used to target top listeners with a specialized message, via email, from Spotify and the artists themselves to invite these listeners to a one of a kind concert.

TV Ad

You get on ticket master, praying you'll get tickets to see your favorite artist after a long wait for tour.

Tickets are sold out!

You're sad so you listen to your favorite artists.

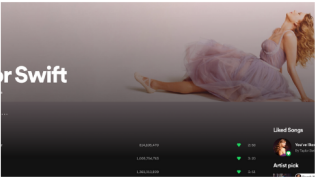Well, this isn't the reality for Spotify Concerts. [Close laptop - Black screen transition into concert]

Experience #1

Experience #2

Experience #3

Print Ad