

SPOTIFY



# Team noMads



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Mohan  
Shirva**

**FOLLOW**



**Denzil  
Ritesh**

**FOLLOW**



**Pranali  
Pradeep  
Pawar**

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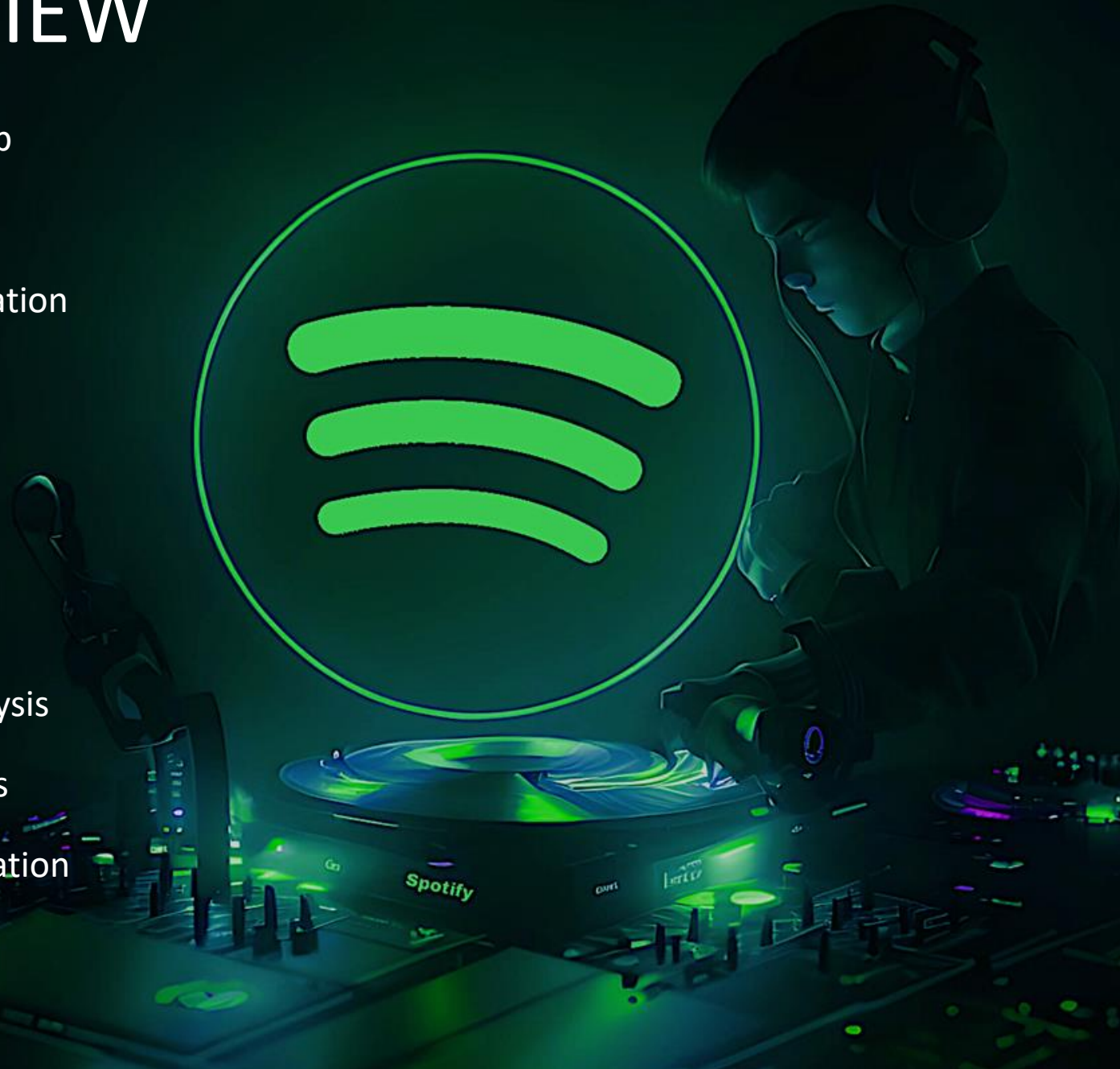


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# OVERVIEW

1. Product Roadmap
2. Innovation
3. Disruptive Innovation
4. Stickiness
5. Value Creation
6. Market Strategy
7. Market Types
8. Competitor Analysis
9. Financial Analysis
10. Critical Appreciation
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# PRODUCT ROADMAP

2006-2010

## Features

- April 2006 - Spotify was founded in Stockholm, Sweden by Daniel Ek and Martin Lorentzon.
- October 2008 – Spotify was released in Scandinavia, United Kingdom, France and Spain as a Desktop only Interface.
- Launched an invitation-only closed beta version, allowing a limited number of users to access the platform using a Freemium Business Model.



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- Negotiated with major and independent music labels and publishers.
- Spotify offered record labels and publishers a share of revenue from subscriptions and ads, motivating them to license their music to the platform.





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## Revenue

- During the initial 2 years Spotify did not make any revenue but was looking to expand its userbase.
- In 2009 the company generated a revenue of \$17.7 million.
- In 2010 the revenue grew to almost \$100 million.



# PRODUCT ROADMAP

2011 - 2015

## Features

- 2011 - Spotify launches Apps platform for third-party integrations and introduces Follow and Discover features for artist and friend updates.
- 2013 - Spotify Connect debuts for seamless playback across devices.
- 2015 – Spotify launched the Discover Weekly feature for personalized playlists based on listening history.

Spotify



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## Acquisitions & Expansions

- 2011- Spotify acquires “The Echo Nest” for advanced music recommendation.
- 2014 - Acquisition of Seed Scientific bolsters Spotify's data analytics capabilities.
- Between 2011 and 2015 they expanded globally, launching its service in multiple countries and started offering podcasts along with music streaming.





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## Revenue

- In 2012 the company generated a revenue of \$577 million.
- In 2013 the company generated a revenue of \$1.03 billion.
- In 2014 the company generated a revenue of \$1.3 billion.
- In 2015 the company generated a revenue of \$2.18 billion.



# PRODUCT ROADMAP

2016 - 2024

## Features

- 2017 - Launch of Daily Mix playlists combining favorite tracks and new discoveries.
- 2020 - Introduction of Group Session for simultaneous listening with friends.
- 2023 - Rollout of podcast subscriptions for creators to offer exclusive content and Integration of live events features for discovering and purchasing event tickets within the app.



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- 2022 - Acquisition of Nuggets.ai for enhancing recommendation algorithms.



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2016 - 2024

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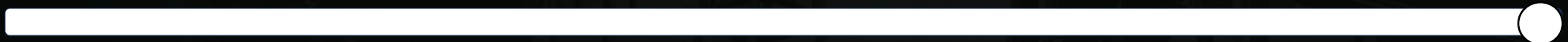
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## Revenue

- In 2016 the company generated a revenue of \$3.11 billion.
- In 2018 the company generated a revenue of \$6.04 billion.
- In 2020 the company generated a revenue of \$9.14 billion.
- In 2023 the company generated a revenue of \$13.7 billion.





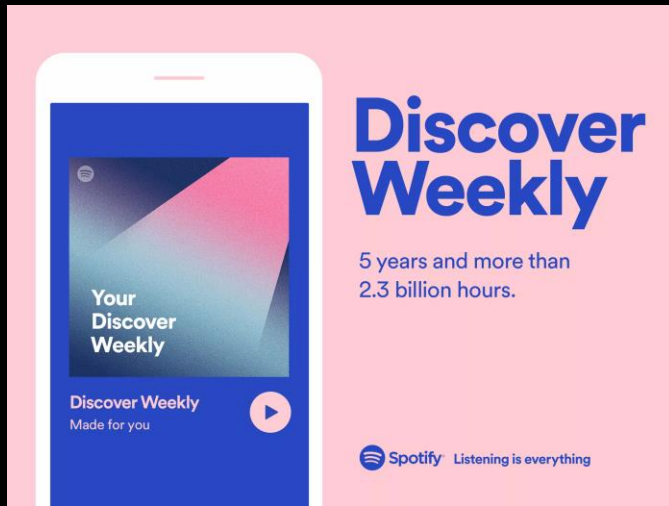


Search



# INNOVATION

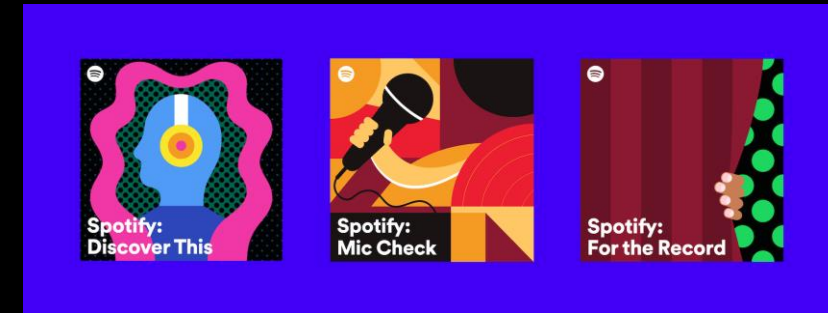
It Begins Here.



Spotify learns you better than your best friend



From Solo Jams to Social Jams  
Sharing Playlists



Music that moves you? Done.  
Binge-worthy podcasts? Check ✓

SEE MORE



Search



# DISRUPTIVE INNOVATION

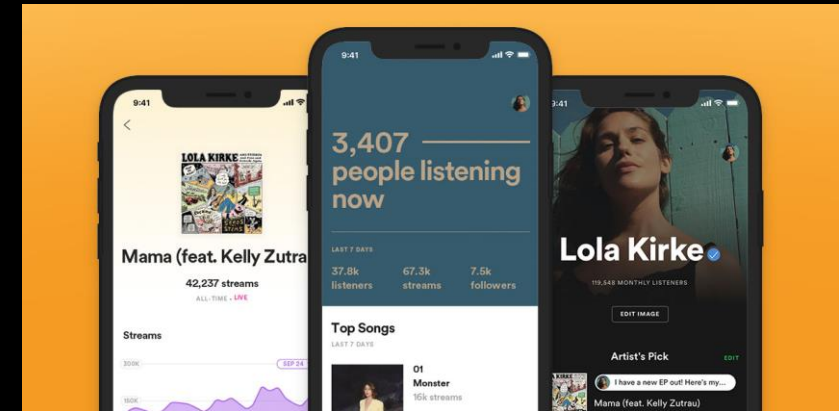
It Will Begin Here.



Challenging the traditional music industry model by offering on-demand streaming instead of ownership.



Democratizing access to music for a wider audience through its freemium model.



Creating a network effect where user data benefits both listeners and artists.

SEE MORE







# LEGAL ACCESSIBILITY TO MUSIC

Spotify now offers a legal and affordable platform for music lovers to enjoy their favorite tunes.

# HIGH QUALITY MUSIC

Spotify offers top-notch audio quality, with tracks reaching up to 320kbps, surpassing many other streaming services and music platforms.







# CROSS PLATFORM FLEXIBILITY

Spotify's Cross-Platform Flexibility lets users access their account seamlessly across multiple devices with one ID, offering a unified experience tailored to different lifestyles.



# CUSTOMIZATION

Spotify allows users to personalize their profiles by selecting favorite artists and songs, which the algorithm then uses to recommend music tailored to their tastes and preferences.

# VALUE CREATION

## USERS

- Spotify acts as a gateway to millions of tracks and engaging content.
- Enables users to access Spotify via a single user ID across mobile, tablet, and other connected devices.
- Users can create a personalized profile by picking their favorite songs and adding them to their playlists.



## CONTENT CREATORS

- They pay artists or their record labels or the rights' holder any song royalties per stream that they get from their uploaded content.
- Helps content creators grow by providing insights through real-time statistics.
- Allows artists and other content creators to build their brands on its platform.



## ADVERTISERS

- They allow advertisers to place ads on its platform for a fee.
- The ad studio empowers advertisers to create ad content of different kinds to market their goods and services.
- Provides them with the tools to track the performance of their ads.



## INVESTORS

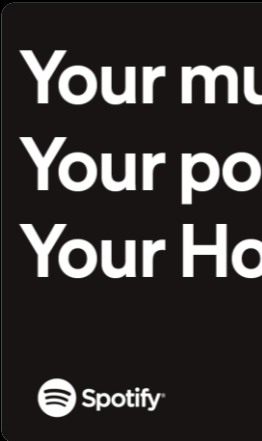
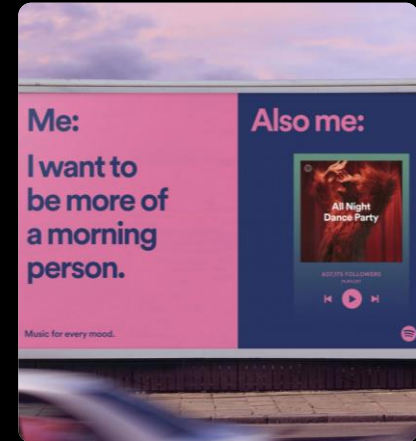
- Spotify is the market leader with 550 million monthly active users and continues to expand globally.
- They are continuously innovating with different products and are consistently growing year over year.
- With Spotify's expansion into other markets like audiobooks, investors have confidence in its future growth.





# MARKETING STRATEGY

## Pricing Strategy



# MARKETING STRATEGY

## Emotional Advertising



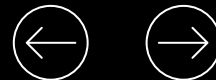
**Your music.  
Your podcasts.  
Your Home.**



# MARKETING STRATEGY

## Personalization

**Your music.  
Your podcasts.  
Your Home.**



# MARKETING STRATEGY

Brand x Artist  
Collaboration



# MARKETING STRATEGY



● Social Media Synergy



# MARKET TYPES

## NEW MARKET

- The first legal way to listen to music without physical product or ownership.
- Instant, high-quality audio without any downloads (Streaming) and ability to share socially (playlists).
- Pivotal deal with Big 4 Record labels (Sony, Universal, Warner, EMI) provided a huge selection.



## EXPONENTIAL MARKET

- From EU countries in 2008, US launch in 2011, SE Asia Mexico Launch 2013 to global 180+ markets in 2021.
- **2013:** 30 million users; 8 million subscribers  
**2024:** 602+ million users; 36 million subscribers.
- Market leader in music streaming market with a 30.5% market share in 2024.



## ADJACENT MARKET

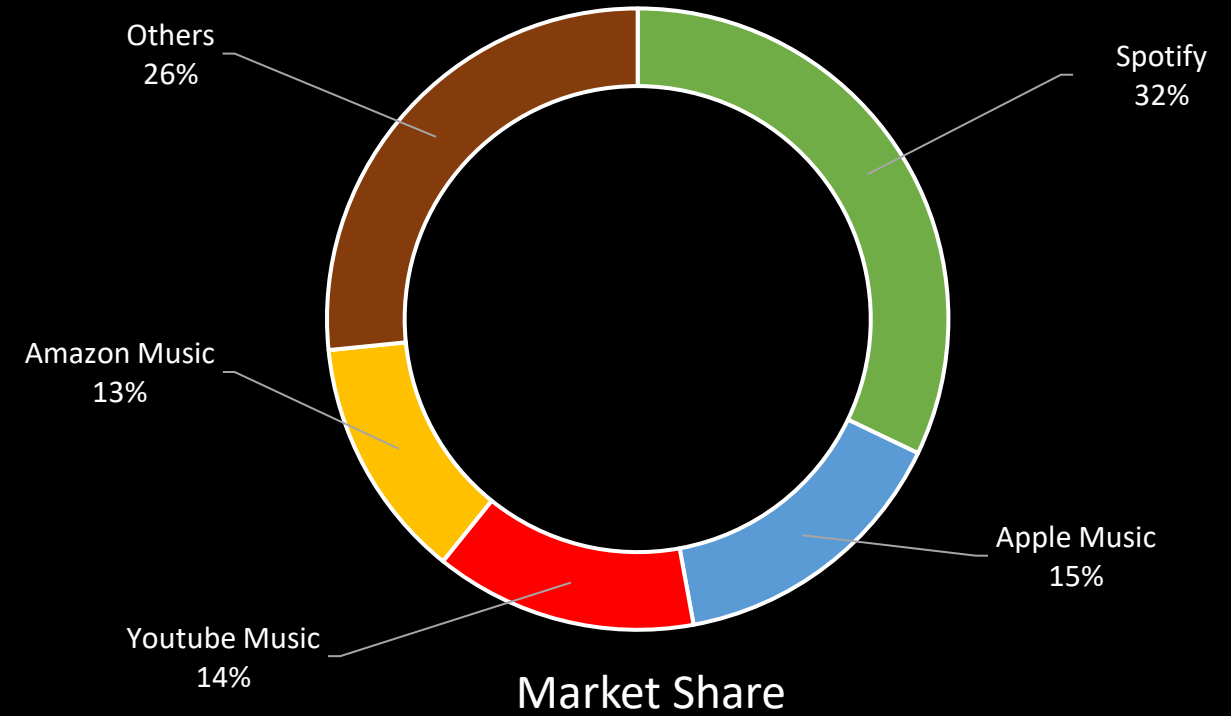
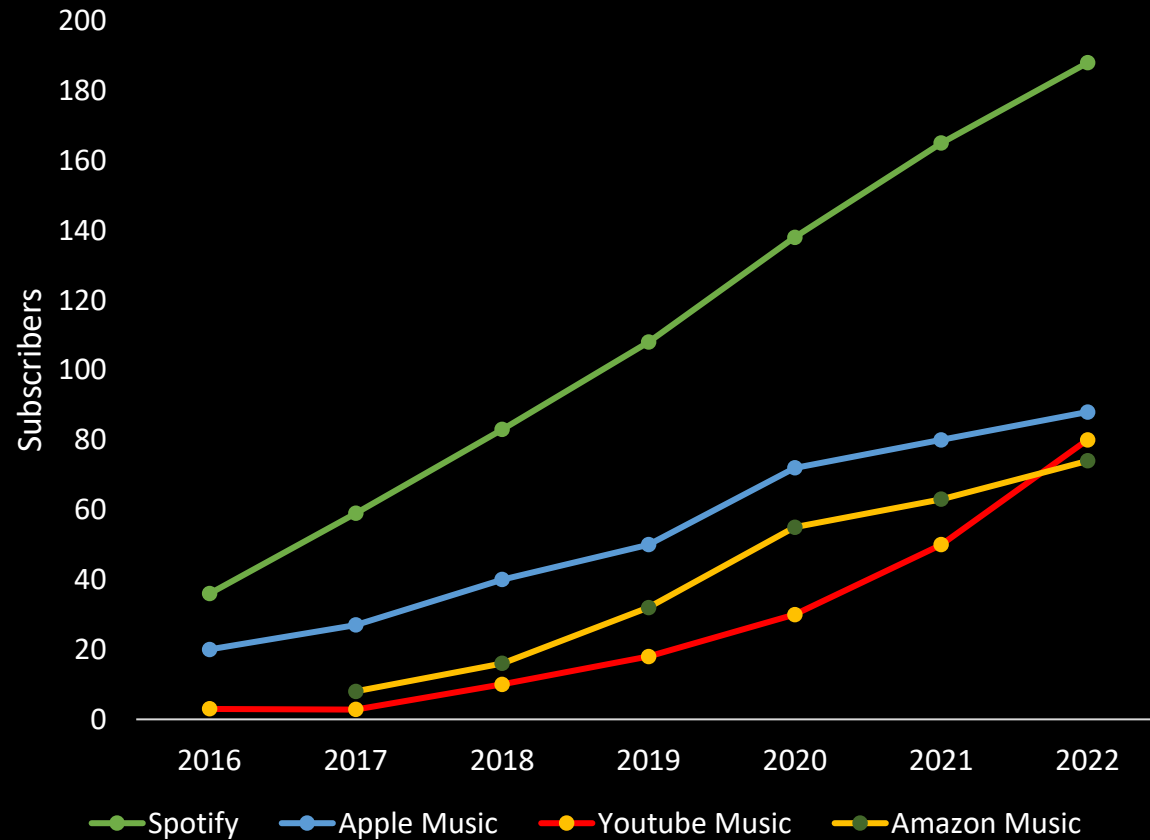
- 2015: Spotify for Podcasters; exclusive podcasts and higher engagement. AI backed Voice Translation introduced in 2023.
- 2022 – Audiobooks for premium members (Australia, UK, US) Acquisition of Findaway – audiobook production company shows that Spotify plans to dominate in this growing market







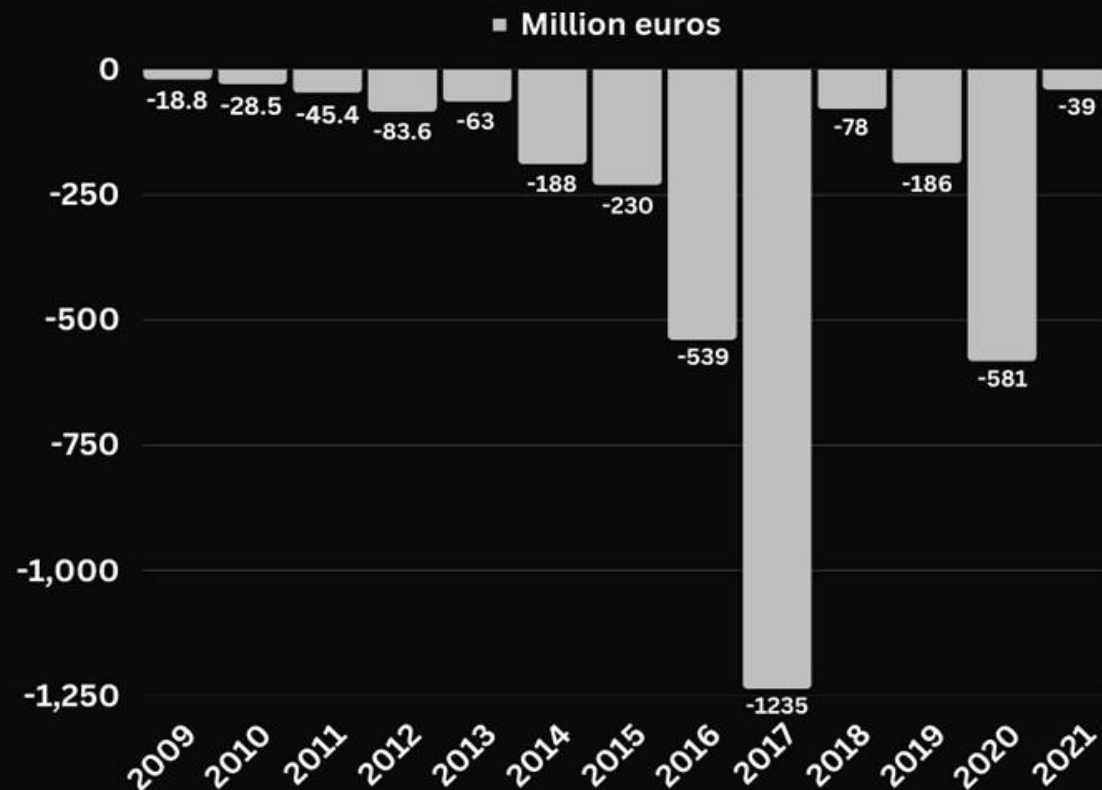
# COMPETITOR ANALYSIS



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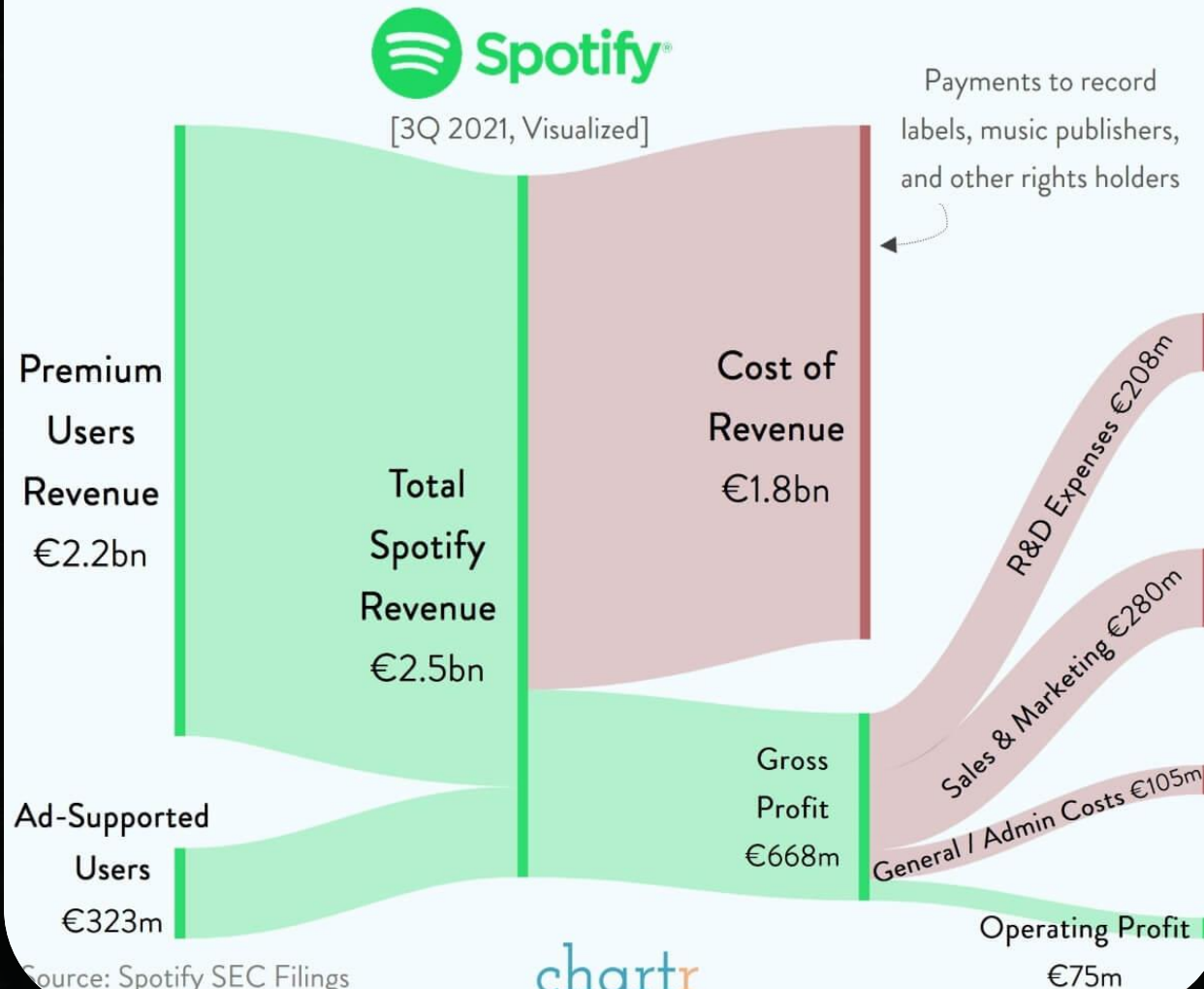
# FINANCIALS

## SPOTIFY PROFIT



# FINANCIALS

## How Streaming Giant Spotify Makes, And Spends, Its Money



# FINANCIALS

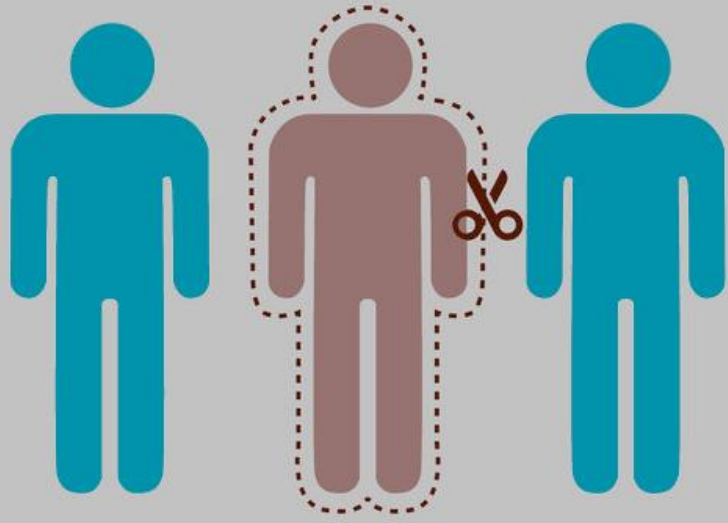
## Spotify Royalty System

$$\begin{array}{c} \text{Spotify monthly revenue} \\ \times \\ \frac{\text{Artist's Spotify streams}}{\text{Total Spotify streams}} \\ \times \\ \sim 70\% \text{ to master and publishing owners} \\ \times \\ \text{Artist's royalty rate} \\ = \\ \text{Artist payout} \end{array}$$

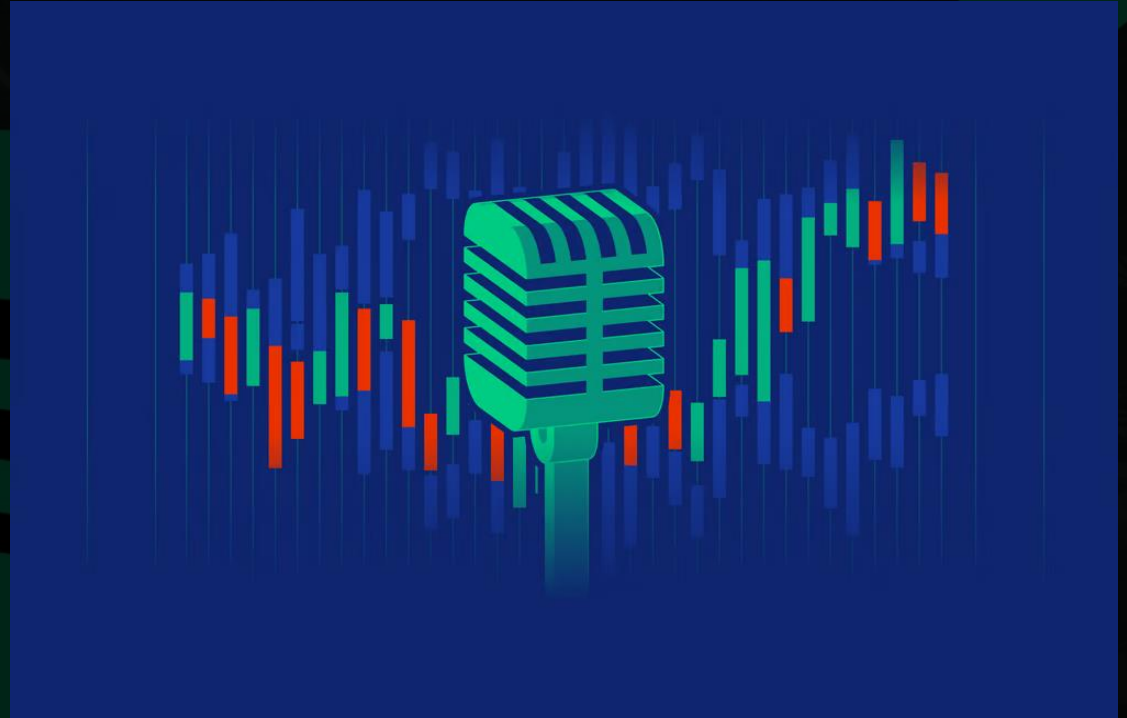
Source: Spotify

GOODWATER  
CAPITAL

# CRITICAL APPRECIATION



**Launch Spotify Records**  
– Cut out the middlemen



**Invest in Music**  
– Own the rights to music



# CRITICAL APPRECIATION

## Positive Impact

- Legalized music streaming
- Promotion of Independent/small artists
- Accessibility and Convenience



## Negative Impact

- Low royalties for artists
- Decline of CD/Physical albums
- Niche music is overshadowed



## Areas of Improvement

- Diversification : Smart speakers
- Platform integration: AI & Brain-computer interface
- Better Artist Relations







THANK YOU

# REFERENCES

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