

Spotify increases premium price plans as streaming services feel strain

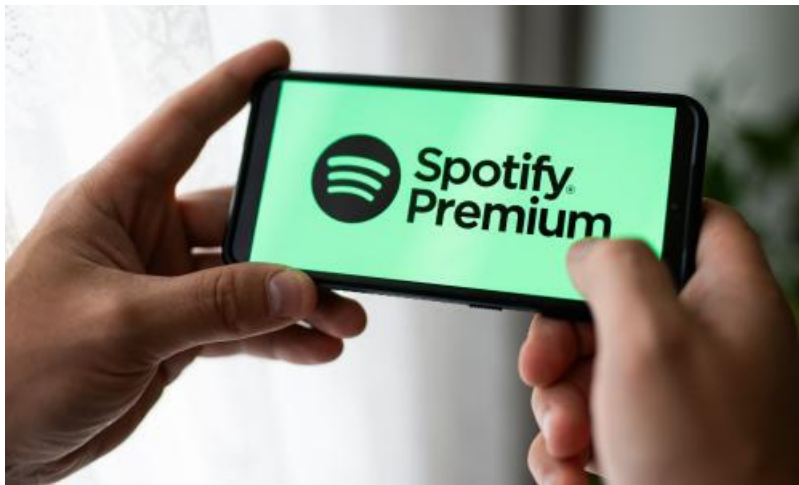
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Spotify has raised prices for its premium plans across several countries, including the US, UK and Australia, as the music-streaming company looks to boost profitability in an uncertain economy. Monday's move will result in a \$1-a-month price increase for Spotify's US plans, with the premium single now starting at \$10.99 (£8.57), duo at \$14.99, family at \$16.99 and the student plan at \$5.99. The leading music streamer worldwide has moved in recent months to boost margins with hundreds of job cuts and a restructuring of the podcast unit, which it had built up with billions of dollars in investment. On Tuesday, Spotify reported a 27% improvement in monthly active users to 551 million in the April to June period – beating forecasts of 530 million users. Spotify premium subscribers have jumped another 17% year over year to hit 220 million, also exceeding expectations. The extra 36 million users represented Spotify's largest quarterly net addition performance in its history. Total revenue also grew 11% year to year to €3.2bn. The price increases come at a time when streaming services, both audio and video, are under rising investor pressure to boost profitability after years of prioritising user growth. Rivals services from Apple and Amazon.com and Tidal have all increased prices this year, while YouTube also raised prices last week on its monthly and annual premium plans in the US for the first time since the subscription service was launched in 2018. Spotify, which had indicated in April that it would raise prices in 2023, had also raised prices in 46 countries last year. In the UK, prices have increased by £1 a month, to £10.99 for an individual plan, £14.99 for a duo and £17.99 for a family. In Australia, prices are increasing by A\$1 a month for an individual, to A\$12.99, and by two dollars a month for duo and family plans, to A\$17.99 and A\$20.99 respectively. The Sweden-based company is due to report its results for the second quarter on Tuesday. In January the streaming company said it was cutting about 600 jobs, or 6% of its workforce, admitting it had expanded too quickly during the coronavirus pandemic. Its co-founder and chief executive, Daniel Ek, said he had been “too ambitious in investing ahead of our revenue growth”. Spotify paid a reported \$100m in 2020 for an exclusive licensing deal with Joe Rogan, whose podcast has millions of listeners. It also paid a rumoured \$25m for an exclusive podcasting deal with Michelle and Barack Obama in 2019, an agreement that ended last year. It paid a reported \$20m for its deal with a media group run by Prince Harry and his wife, Meghan, the Duchess of Sussex, in 2020. That contract ended by mutual agreement in June after the couple produced only one series for Spotify under their Archewell Audio production company.