

Spotify swings to loss as it adds 200,000 audiobooks to paid service

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Spotify's push beyond music has tipped the streaming service into the red again, after it acquired the rights to 200,000 audiobooks for premium subscribers, with Prince Harry's autobiography and comedian David Mitchell's *Unruly* proving to be among the most popular with listeners. The world's biggest music streaming service, which has been offering 15 hours of free audiobook listening a month to premium subscribers in the UK, Australia and the US since October, said related start-up costs contributed to a €75m (£64m) operating loss in the fourth quarter. Among the most popular audiobooks on Spotify are Prince Harry's *Spare*, Yuval Noah Harari's *Sapiens: A Brief History of Humankind*, Rory Stewart's *Politics on the Edge*, Rebecca F Kuang's *Yellowface* and Mitchell's *Unruly*. Costs associated with a mass redundancy programme also contributed to the loss, Spotify said. Stripping out the exceptional charges, Spotify reported a €68m operating profit in the fourth quarter. In the run-up to Christmas the company announced a 17% cut to its global workforce, about 1,500 jobs, having cut 600 in June and 200 in January. Spotify increased premium subscriber numbers by 4% quarter on quarter to 236 million in the final three months of the year, an increase of 10 million, making for a record year of 31 million new subscribers. The Stockholm-based company is on a drive to achieve sustainable profitability, after operating losses hit €446m last year, despite growing monthly active users by 23% to 602 million by the end of the year. Losses were lower in the fourth quarter compared with the €270m loss reported for the same period in 2022. Price rises failed to dent new subscriber growth and also increased revenues, which rose 9% quarter on quarter to €3.7bn. Spotify has tempered its once lofty ambitions to diversify away from the hyper-competitive core music streaming service, where it competes with Amazon and Apple and global record giants take a significant chunk of revenues in licensing fees, wielding the axe in its podcasting operation. In June, the company ended its multimillion-dollar deal with the media group run by Prince Harry and his wife, Meghan, the Duchess of Sussex, by mutual agreement. The couple produced just one series under their Archewell Audio podcast imprint after inking the agreement in 2020 for a reported \$20m. Having spent hundreds of millions buying podcasting firms, Spotify moved to merge the studios Parcast and Gimlet into a single division after cancelling 10 shows from the two companies. Nevertheless, Spotify remains focused on must-listen content and last week struck a multi-year deal reportedly worth up to \$250m with the comedian and podcaster Joe Rogan, whose podcast has been the most popular globally at Spotify for the past four years. However, the new deal ends Spotify's exclusivity with *The Joe Rogan Experience*, which will be available on several other podcast platforms as well as YouTube. Spotify will handle all advertising sales for the podcast. The company said total ad-supported revenue grew 12% year on year in the final quarter to €501m, an all-time high.

“Music advertising revenue grew double-digits driven by growth in impressions sold and stable pricing,” the company said. “Podcast advertising revenue grew in the healthy double-digit range, driven by significant growth in sold impressions across original and licensed podcasts and the Spotify Audience Network, partially offset by softer pricing.”