

Spotify Project | Final report

Data Analyst: Thomas

Client/Sponsor: Spotify –
Sara (Head of Strategy), Mark (Director of Revenue), Olivia (VP of Operations)

Project Objective:

As part of the Data Analytics training, the goal was to develop an interactive dashboard for Spotify that analyzes key business metrics and provides actionable insights for strategic decision-making. The project aimed to address the specific needs of three main stakeholders: Strategy, Revenue, and Operations.

Approach:

Based on the initial Scope of Work, the project followed these main steps:

1. Data Review & Validation

- Validated and corrected key metrics such as *Total Revenue*, *Cost of Revenue*, *Gross Profit*, and *Total Cost* in Google Sheets
- Added *Net Profit*, which was missing from the original dataset

2. KPI Development

- Researched standard KPI logic for Freemium business models (e.g., using a 3% churn rate to estimate user lifespan and LTV)
- Created and added the following derived metrics:
 - **Ad ARPU**, calculated using the same logic as Premium ARPU
 - **Customer Acquisition Cost (CAC)** for Ad and Premium users, based on allocated Marketing and R&D costs
 - **LTV and LTV/CAC ratios** for both user segments
- Validated calculated values (e.g., Premium ARPU) by comparing with existing data

Approach, continued:

3. Dashboard Design

- Developed three focused Tableau dashboards:
 - **Overview** – a high-level summary of key metrics for the Strategy lead
 - **User Details** – detailed KPIs on ARPU, MAUs, and LTV/CAC for the Revenue team
 - **Cost Structure** – cost breakdown and trends for the Operations perspective
 - Created an **Annotations** page to document KPI formulas and assumptions
 - Added an **Executive Summary** to synthesize key insights and strategic recommendations
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Results:

- A functional **Tableau dashboard** tailored to the needs of different stakeholders, combining visual clarity with business relevance
 - **Actionable insights**, including:
 - Focus on improved monetization of Ad-supported users rather than reducing this user group
 - Increase Free-to-Premium conversion to improve profitability
 - Identify cost-saving potential in R&D and Marketing without compromising service quality
 - Clear and consistent visualization of complex relationships within a Spotify-branded dashboard design
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