Spotify Case Study

Exploring Technology, User Experience, and the Future of Music Streaming

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This case study examines Spotify's role at the intersection of music, technology, and user experience. It explores how innovations such as AI-driven recommendations, curated playlists, and social sharing shape audience engagement and listening habits. By analyzing Spotify's global strategy and evolving business model, this project reflects my interest in how digital platforms transform the way people experience and connect with music.

Founded in 2006 and launched in 2008, Spotify has become the most used music streaming service in existence. Creators Daniel Ek and Martin Lorentzon had done this by creating a platform that appeals to a broad audience. Its reach has been so big that Spotify covers 42.4% of the total digital population. Spotify uses machine learning sets and social trends, to set itself apart from its competitors. Specifically, the integration of social media, AI-created playlists, and user-recommended songs have all allowed Spotify to flourish in a highly competitive market.

This model attracts a relatively younger consumer base and targets cultural trends. To keep an older audience, Spotify has the same algorithm for podcasts. Additionally, Spotify is catered to all languages, which makes it a global phenomenon. Spotify is considered a "stress-free" experience as its AI system eliminates the paradox of choice. With Spotify's target demographic being late teens to late thirties, the unemployment rate is a major factor in its success. To combat this, Spotify runs a free subscription model where listeners get one to four minutes of ads per hour of streaming. The business model may seem like a perfect solution, however, due to high royalty costs, the revenue difference generated from free and premium users has caused Spotify to fluctuate in its profit. Spotify may need to make subscription model changes if they want to keep up with their rivals who happen to be tech giants.

These companies include Amazon, Apple, and Google, making up 70% of the music industry's revenue alongside Spotify. As music shifts away from physical and into streaming fully, this percentage will increase. These companies have somewhat of an upper hand because they have a loyal customer base outside of music streaming. Specifically, Apple already has customers in the Apple ecosystem, making it an easy decision to buy Apple Music. To stay at the top, Spotify needs to constantly market itself aggressively and continue to innovate with user-friendly features. Not only does Spotify have to worry about competitors, as Censorship and political regulations vary from region to region, Spotify must keep up with legal challenges to keep its wide user base. Alongside censorship, the gray area that is AI-cloned voices has caused major setbacks for Spotify. Its third-party licensing framework can be very beneficial to get a wide variety of music and podcasts, however, copyright can be hard to judge with an estimated 11 million artists on Spotify. To combat this, Spotify has successful partnerships with major labels and artists. Its partnerships have expanded its overall reach and content variety.

<u>Environmental Analysis</u>

A premium streaming service like Spotify is considered a luxury to many people, and thus the global economy plays a crucial role in Spotify's revenue and user growth rates. Numerous factors such as employment rates and market conditions can affect a person's disposable income and consequently affect their inclination to pay for a music streaming subscription, especially when a surplus of free alternative options are available. As a global company, Spotify has to account for many different international variables, including exchange rates, inflation rates, and competitor pricing when considering its own pricing and expenses. Since these factors fluctuate so frequently, they will inevitably impact the company's revenue and lucrativeness.

What differentiates Spotify from other music streaming services is its use of current technological advancements, specifically artificial intelligence and machine learning. Spotify has been investing in and working with artificial intelligence for around a decade to create personalized content like "Discover Weekly", a playlist released to each user every Monday that uses the listener's frequently played artists and genres of the week to introduce new songs and artists they make like, and its newest development; the AI DJ. This new tool curates a custom lineup of songs based on the user's listening activity and provides commentary on the selected tracks and artists, and can be prompted to provide new suggestions if the user is unsatisfied. Features like this help Spotify stand out from the rest of music streaming services, which draws in new users and strengthens customer loyalty with long-time users by showing them that even newer and better ideas are on the horizon.

Since technology is at the core of Spotify's business model, it relies heavily on technological innovations to continue to develop and deliver new features for its platform. Continual investment in technology allows Spotify to maintain a competitive advantage in the streaming world. With increasing technological adaptations, Spotify bears financial risk which in the constantly adapting technological climate, may not be worth it in the long run.

Spotify's success is extremely reliant on societal trends and music consumption methods. The shift to digital music and streaming caused Spotify to grow exponentially and emerge as the dominating music streaming platform. However, the downside of being a company with such a specific purpose is that as technology advances and new methods of streaming music develop, Spotify could suffer immensely.

Like most companies, Spotify's strategy is influenced by its demographic. People of ages 18 to 34 make up 55% of Spotify's users, making them the company's target demographic. Additionally, most of this age range is very active on social media. With this crossover of consumption in mind, Spotify provides features like "Spotify Wrapped" which are meant to be shared on social media, further incentivizing people of this age range to subscribe to the service. Moreover, since Spotify is a global service, it must cater to people of all backgrounds and cultures, which it can do by localizing music recommendations based on the country where each user is located.

Another factor Spotify considers is societal lifestyle changes and music's different purposes. As car AUX ports and mobile phone usage have become more popular, streaming services like Spotify have become integral to everyday life, replacing radios and portable audio players. Additionally, societal shifts toward remote activities like working and exercising from home have allowed Spotify to create new content that targets these demographics, like intellectually stimulating podcasts and inspirational playlists.

Similarly, a trend that Spotify has picked up on is society's need to categorize music for different purposes. Whether a user wants to listen to music to relax, cry, focus, etc., Spotify has a playlist for them. This increases user listening activity as it draws in listeners who would previously not listen to any music if they couldn't find the specific kind of music they were looking for.

Spotify is at the intersection of many different industries, which means there are numerous laws and regulations that the company must consider and deal with, which will vary based on location. Regulatory frameworks affect Spotify's licensing agreements, operations, and profitability. Because Spotify's business model relies on licensing content from third parties, - record labels, independent artists, and podcast creators - any changes in copyright laws will directly affect how Spotify functions. Legal challenges often arise from disputes with artists and rights holders over royalties and licensing agreements, which are integral to Spoitfy's content offerings. Recently, with the rise of artificial intelligence, many songs have been created using the AI-cloned voices of famous artists. This has caused new issues for the company, as Spotify has had to decide whether or not these infringe on the artists' copyrights. Additionally, since copyright laws are different everywhere, in countries where intellectual property laws are not strongly enforced, Spotify could face significant financial losses due to piracy or the unauthorized streaming and use of their content. In the face of rapid technological advancements, Spotify is facing a new level of ethos when it comes to musical creation, as ensuring the protection of intellectual property is crucial for maintaining Spotify's reputation and success.

As a digital music streaming service provided globally, Spotify is prone to many political regulations and censorship, differing from country to country. Despite the extensive global coverage, some countries don't have access to Spotify, including China, Ethiopia, Libya, Somalia, Sudan, Iran, Iraq, Myanmar, Cuba and Venezuela. Censorship directly correlates to the political climate of different countries, as the laws that affect what kind of content Spotify is allowed to distribute are different everywhere. Across all countries where the streaming platform is accessible, Spotify does not permit dangerous, deceptive, sensitive, or illegal content. Political instability can lead to uncertainty in regulatory policies and economic conditions, potentially affecting Spotify's investments in those regions. Political factors that may influence Spotify's streaming capacity include government stability, trade policies, and international relations. For instance, trade agreements and regulations can determine market access and operational costs in different regions.

As a company that depends on user data to create personalized content, Spotify has to pay close attention to data protection and privacy regulations, and how they differ across the world.

The EU's General Data Protection Regulation, for example, imposes strict requirements on how Spotify can collect, use, and disclose personal data from its users. Changes in these laws can cause a need for major adjustments in practices, for not strictly abiding by these regulations can raise concerns about user privacy and misuse of data.

Navigating this complex political and legal landscape requires Spotify to be proactive and able to adapt quickly when encountering new regulations or political climates, allowing them to continue to grow and succeed as a company.

Spotify's position as a leader in digital music streaming services is shaped by its economic, technological, societal, legal, and regulatory environments. Spotify's commitment to technological innovation allows it to offer a unique and personalized experience that differentiates it from competitors. While the company faces challenges due to a complex and intertwined legal and political environment across different countries, Spotify remains active and responsive by continuing to innovate and implement new strategic adaptations, which is crucial for maintaining its current market position in the unpredictable world that is music streaming.

Industry and Competitor Analysis

The music industry has seen major shifts within the last decade as consumer behavior transitions away from physical and downloaded formats to streaming. Further boosted by the COVID-19 pandemic, digital consumption of music has faced a huge surge in popularity, estimating that around 78% of people listen to music via a streaming service. This transition has led the industry to reach a compound annual growth rate of 6.5% over the past five years, bringing revenue to reach an estimated 17.8 billion in 2024. In our current age, streaming brings in the most revenue for the recorded music business, accounting for 84% of revenue in the music industry as a whole. With a few key companies dominating the market share, this industry can be characterized as an oligopoly. The top four companies in the United States make up about 70% of the industry revenue.

A majority of revenue from streaming stems from subscription models for these platforms. Paid subscriptions reached an all time high in 2023, generating over $11 billion in revenue across 97 million subscriptions. Users pay monthly fees to listen to thousands of songs across genres without interruption from ads. Most platforms offer several models, including free ad-supported versions and student discounts. However, the average price for a premium model typically ranges from $7.99-$11.99 across the main platform services. In lue of the ad-supported offering, some platforms have an additional line of revenue from advertising. In the United States, projected revenue from advertisements on music streaming services is estimated to reach a value of $2.95 billion in 2024. Specifically, Spotify’s annual earnings in 2023 accumulated 13% of revenue from advertising on music and podcasts. However, it is important to note that this proportion has remained relatively constant over the past couple of years, meaning there is little room for growth or innovation in the advertising sector of the industry.

Furthermore, streaming services build up their song catalog and offerings by negotiating deals with labels, distributors and publishers. Licensing agreements with an artist's music on their platforms plays a key role in the industry's economics. These agreements typically outline which countries the music can be streamed in, for how long, and how much the service will pay in royalties. Spotify's model designates 70% of its revenue to pay royalties. An artist makes around $3,000-$6,000 for every one million streams on Spotify, averaging out to be about 4.5 cents per stream in 2020. Thus, artists aim to increase streams in order to increase their revenue. Spotify celebrated a major milestone in 2021 marked by over 1,000 artists earning over $1 million from streams. Additionally, in 2021, Spotify paid out more money than ever to rights holders, at around $7 billion. This number is the largest amount paid by one retailer to the music industry in history. More artists are sharing their music now more than ever. Only 12% of the top streams in the US were from the list of top 50 artists, essentially meaning that more streams are coming from those beyond "superstars". Furthermore, streaming has brought a new level of accessibility to music, meaning there are lower barriers to entry in the industry for artists. In 2021, 10% of artists who made more than $10,000 on Spotify put out their first release within the past two years. The power of streaming allows artists to advance their careers quicker than ever.

On a global scale, the United States generates the highest revenue in the streaming market. The industry is highly concentrated by a couple main platforms. As previously mentioned, there are four dominant players within the domestic market. Spotify and Apple Music maintain the largest share, followed by Amazon Music and Youtube. Based on percentage of subscribers, Spotify champions competitors at around 31%. Apple music comes in around 15% and Amazon Music and Youtube at 13%. Amazon Music, founded in 2007, became one of many business segments under the Amazon umbrella. With a library of over 100 million podcasts and songs, personalized recommendations, and incorporation of Amazon Alexa, the platform has positioned itself as a notable competitor and is the fourth-largest music streaming platform in the world. Youtube Music, launched in 2015, offers a vast library of songs, live performances, music videos, covers, and remixes, in conjunction with their user-generated content. The platform has curated millions of active users worldwide and offers exclusive content that sets it apart from competition. Other domestic competition includes Pandora, Soundcloud, Tidal, Napster, iHeartRadio, and SiriusXM. However, these platforms are not as widely popular as the main four.

While Amazon and Youtube are significant competitors for Spotify, their primary threat is Apple Music. Quick to emerge as a dominant player, Apple Music has over 75 million songs, personalized playlists, and user-friendly experiences. The platform offers various subscription models, extending its appeal to a larger consumer base. Its close ties to Apple products promotes accessibility and provides a major competitive advantage. Users can easily access their music on iPhones, iPads, Apple watches, and other Apple technology devices. Additionally, the platform features “Beats 1 Radio”, providing access to live shows and interviews from well-known artists. The combination of content offerings and accessibility across Apple products, bundled in a $10.99 monthly plan, secure its position as the second leading streamer in the domestic market. Their subscribers over the past decade have substantially increased and follow a pattern of continuous growth. In 2022, the platform had 88 million subscriptions, compared to 11 million in 2015. Additionally, Apple Music pays more to artists per stream than its competition. However, it does not offer a free ad-supported model.

Spotify and Apple Music are multinationally operating services, meaning their presence is prominent worldwide. However, on an international scale, there are a few platforms that are more popular in specific regions. For instance, Tencent Music Entertainment owns three separate apps in China – KuGou, QQ, and Kuwo – that are the most popular streaming services in the country. Of the three, KuGou comprised the largest consumer base, reaching a number of 350 million active listeners. Their typical audience ranges from ages 19-28, while QQ music targets older generations. TME is one of the largest providers, accumulating over 600 million active users. Their reported revenue grossed a 39,1% increase to 12.10 billion yuan (1.70 billion USD) in the 2023 fiscal year. However, unlike American services, TME's paying users are not all subscribers. Instead, revenue streams from purchases of digital albums from their service. Mobile music streaming is highly popular amongst Chinese citizens, however, paying for these services is not. Platforms generate little revenue per user and consumers are more likely to lean towards free sources in substitute. In 2020, only 8% of the user base were paying for subscriptions. In another corner of the world, Gaana is India’s most popular streaming platform with over 185 million active users and estimated worth of $700 million in 2022. Backed by Tencent and Times Internet, the platform's unique offerings are centered around the Indian music market, such as Bollywood and regional tracks in other languages. Surges in Punjabi pop boosted the platform's popularity and the user experience created a loyal consumer base. It has positioned itself as the largest streaming and entertainment platform in South Asia where most of its revenue is generated from advertising. However, the platform has been facing severe drops in performance at a 45.4% downturn in the 2023 fiscal year ending in March and has since sought to promote the switch to a paid subscription model.

As technology advances and patterns in consumer behavior are ever-changing, competition in streaming is intense. Players are constantly striving for more market share through exclusive content deals, introducing innovative features, and aggressive marketing. The industry is considerably saturated with numerous platforms growing in popularity. In trying to retain users in a rapidly evolving market, competitors are always at odds balancing their breadth of song offerings, maintaining a reasonable price, and leveraging data to provide a personalized listening experience. However, through Spotify’s brand recognition, loyal consumer base, and unique features, the streaming platform has been able to maintain its competitive advantage to continuously meet consumer needs and maintain its leading position in the industry.

<u>Consumer Analysis</u>

Spotify's official advertising page emphasizes its incorporation into listeners' lives, stating, "Spotify is a constant presence in listeners' lives, accompanying them wherever they go." This connection with consumers is reflected in the company's remarkable success as an audio streaming business. As of 2023, Spotify reached 42.4% of the total digital population, a significant increase from the pre-pandemic figure of 35%. Today, Spotify stands as the leading platform in the audio-streaming business with over 600 million monthly active subscribers. Evidently, much of Spotify's success can be attributed to its appeal to consumers all across the globe. From new music to podcast episodes, Spotify carries something for everyone.

However, before looking into the different tactics Spotify uses to appeal to consumers, we must first understand who the average Spotify listener is. The Spotify consumer is largely made up of young adults who are likely to be living with their families. In fact, consumers between the ages of 18-24 years old were 85% more likely than the average user to visit Spotify in January 2023. Spotify listeners also invest their time in other forms of media. To illustrate, listeners were 46% more likely to purchase a book offline compared to the average consumer. Additionally, in December 2022, they exhibited a 91% increase in streaming over 50 pieces of video content daily. In general, Spotify listeners predominantly represent younger demographics and engage with various forms of media for entertainment. Thus, it is safe to say that the core of Spotify's audience is heavily involved in the zeitgeist of contemporary society.

Spotify's expansive listener base owes much to its integration into the fabric of contemporary culture. As stated by Spotify Advertising, "Audio is a rich space for reaching audiences through the culture they love, with 70% of millennials and 62% of Gen Zs believe that streaming platforms at large, including audio, have significantly shaped how they discover and connect with broader culture." Despite its biggest competitor, Apple Music, possessing superior sound quality and a similar price point to Spotify Premium, Spotify's connection to modern culture continues to attract a larger consumer base.

Communities among consumers are formed around cultural affinities: shared passions and interests, no matter how niche they may be. As consumers, Spotify listeners want to be exposed to new things that are specifically catered towards their likes. This is where Spotify's curated playlists come into play. Playlists made by Spotify like "Discover Weekly" and "Daily Mix," use sophisticated machine learning to analyze consumers' listening habits. Spotify's algorithm is based around tracking similar consumer behavior patterns and applying them to each listener. For instance, if one consumer likes listening to artists like Olivia Rodirgo and Sabrina Carpenter, Spotify will suggest similar music based on the preferences of other listeners who also enjoy these artists. These playlists have become a loved feature of the app as consumers excitedly find new music and share their playlists with friends. These playlists are more than just a collection of songs. They also reflect cultural moments and trends and specifically apply them to the consumer. These playlists are curated for different moods and/or activities, allowing Spotify to connect with consumer lives and influence what consumers are listening to. Along with their ability to engage with individual listeners, these playlists also foster connections among consumers. By connecting consumers with one another, Spotify creates a community within the platform.

Another reason why these personalized playlists seem to have such a great influence on consumers is due to the psychological phenomenon, "the paradox of choice." This phenomenon states that the more effort we put into choosing, the less we enjoy the experience. When the number of choices becomes greater than expected, our brains are forced to shift gears more than usual. This results in the act of choice leading to a negative impact as our brains go into overdrive. All in all, the less we have to think about a choice, the happier we are. Spotify's use of curated playlists actively combats this phenomenon. Spotify product director, Matthew Ogle, is the genius behind the "Discover Weekly" playlist. Ogle realized the solution to the paradox of choice was clear: unique, personalized mixtapes for every user. With these playlists, users no longer have to spend time finding new music. Instead, Spotify does it for them. Making the musical experience blissful for audiences strengthens users' connection with Spotify. It becomes a pleasurable activity of seeing the new songs Spotify has recommended to the user. Notably, those who use the "Discover Weekly" function spend double the amount of time on the app in comparison to those who don't use the function. Inherently, these playlists evolved to bring a new sense of joy when it comes to finding new music as they limit the stress that comes with decision making.

Not only do these playlists strengthen listener activity, but it also helps artists. When it comes to established and well known artists, Spotify's interactions with consumers also provides data about their audience's interests and listening patterns. This information allows artists to make calculated decisions about tours, releases, and engagement strategies. Spotify also aids new artists build platforms for new music and podcast episodes. Since the launch of Discover Weekly, growing audiences have had the opportunity to build a greater scope for new listeners. A Spotify representative stated in an interview with Vox, "Ten billion times a month, listeners across both Spotify and Spotify Premium stream a new artist they had never heard before. That means ten billion discoveries every month; ten billion chances for artists to win a new fan." Thus, not only do consumers turn to Spotify as a means to listen to new things, but also to generate a following for their own pieces. From creators to listeners, Spotify is able to reach consumers through its integration of curated playlists.

However, Spotify's appeal to consumers doesn't end at new playlists. In fact, Spotify functions as a form of social media just as much as it stands as an audio-streaming business. Spotify is set up in a way that music becomes a community experience. Like other music streaming services, Spotify allows you to follow your friends and see what they're listening to. However, where Spotify differs comes with their "Spotify Wrapped" feature. Spotify Wrapped has recently become viral in the marketing scheme. Every December, Spotify offers users a personalized breakdown of their listening habits from the past year. Though, before going into *why* Spotify Wrapped is a success for consumer culture, we have to understand *how* the feature works. According to Time Magazine, A Spotify spokesperson says data used for the 2023 Wrapped spans streamed content from January to an unspecified date “a few weeks prior to launch”—Nov. 29 for this year. Workers at Spotify intend to leave the cut-off date as late as possible to ensure users receive a truly personalized experience. For a song or podcast to be considered streamed, it must be listened to for at least 30 seconds. The most awaited end-of-the-year statistics — top album, top artists, and top songs — are all based on a collection of stream counts.

In December 2022, there were 120 million visitors to the app, marking it as the annual peak in visitation to the platform. There are 2 specific aspects on what makes Spotify “Wrapped” so desirable to consumers. For one, it tells consumers more about themselves: who they are listening to, what type of listeners they are similar to, what percent of an artist’s listeners they are a part of. For example, in the latest Spotify Wrapped, users were ascribed personalities like the “Vampire” and “the Alchemist” to describe what kind of listener they are. This feature grows even more as consumers compare their Wrapped with their friends and other users across the internet. In December 2022, social media saw over 1000 pieces of content shared that contained the words "Spotify Wrapped." Posts like these generated 2.7 million likes across all social media platforms. Comparing and contrasting listening habits with friends through “Wrapped” is one of the most enjoyable aspects for Spotify listeners.

Users enjoyed this function so much that a separate app, Receiptify was created to track listening data similarly to the “Wrapped” function. Created by Michelle Lui, Receiptify takes listening data from streaming platforms like Spotify and presents the information in the form of a receipt. The app uses metrics such as top artists, songs, genres, and customizes each receipt to a different time period in order to compare and contrast one’s listening habits — essentially it serves as a Spotify Wrapped alternative as it's available all year round. Additionally, this marketing trend has so much influence on consumers that many other platforms have adopted it. These apps include Apple Music and YouTube Music, as well as unexpected players like Pandora and even services outside the music realm, such as Grubhub and Duolingo. This widespread adoption of Wrapped by other platforms further underscores Spotify’s influence in contemporary consumer culture.

Spotify’s success in the consumer sphere stems from its understanding and connection with its main demographic. The bulk of Spotify’s listener base is considerably interested in contemporary culture as well as self-identification. Having features on the app that allow them to connect with their peers and learn more about themselves through music is one of Sppotify’s greatest strengths. Evidently, Spotify’s multifaceted approach, encompassing personalized recommendations, community engagement, and artist support, cements its position as not just a music streaming service but also as a cultural phenomenon. From many different angles, it is evident that Spotify moves with the consumer in mind. These approaches have also proven to have worked as Spotify stands as the leading business in the audio streaming industry. All in all, Spotify's unparalleled success in this industry is a testament to its deep understanding of and connection with its consumer base.

Company Analysis and Strategy

Throughout the journey of the acclaimed music distribution company, Spotify now consists of a multitude of both strengths and weaknesses. The company itself has had much success, and as of December 2022 it had over 480 million active users. This was both successful in that it brought more content creators and advertisers, creating a cyclical and exponential growth in the company. The amount of content streamed increased 20% from 2021 to 2022, substantiating this continuous success.

A large part of Spotify's widespread success comes from its extensive content library. The library contains millions of ranging contents, from songs to podcasts. The content also ranges in genres and languages, allowing for a larger and more diverse audience to utilize its collection; there is something for everyone. Spotify also uses this to the best of their abilities, creating personalized content for users based on their listening habits, this content including playlists and radios, as well as other recommendations for songs and podcasts. They utilize a service called "DJ," where they take advantage of AI algorithms to further personalize the user's experience. This is a very good strategy by Spotify to enhance user engagement and to keep its subscribers loyal and active. Spotify is also able to attract users through its payment model. The company offers both free and paid subscriptions, the free subscription providing ad-supported content and the premium, ad-free subscription. This allows Spotify to monetize their site through both ads and its subscription fees, earning through all of its users. Another strength of Spotify's is their successful partnerships with major labels and artists as well as companies they have acquired, such as podcasting companies. This has expanded their library and types of content while also increasing its market reach, allowing their company to grow and make a name for itself. Which is its most successful aspect: its brand recognition. Spotify has grown increasingly popular over the past years, and in that it has high brand awareness and loyalty. Its logo and colors are recognizable alongside its interface, making it a unique and known service in the music industry.

Alongside its prominent success, like any company Spotify has its weaknesses. One of the biggest weaknesses is its lack of profitability. A large portion of the revenue that Spotify earns is paid in royalties to artists, record labels, as well as other rights holders. These high royalty costs added onto Spotify's investments towards growth and development contribute to its lack of consistent profits. While they also make money from its free users through advertising, Spotify earns significantly less than they do from its paid subscribers, further adding to its challenge in earning revenue. Another weakness falls in their third-party deals. Spotify's dependence on content from outside artists and record labels puts them in a precarious position as they are vulnerable to significant changes that could affect their content base, including content removal, licensing disputes, or contract renegotiations. Spotify also faces challenges in competition, especially with large tech companies. These companies, such as Apple, Amazon, and Google, also have their hand in the music streaming industry. They are extremely large and successful companies, providing them with significant resources as well as varied revenue sources. Because these companies are already so successful in other factions, they offer additional features than Spotify, such as bundled services and lower prices. This means that consumers who are already loyal to these other large companies may use these other streaming services out of ease and financial reasons.

With these strengths and weaknesses in mind, Spotify's strategy is clear in that its focus is on user expansion, enhancing user engagement, as well as diversifying its content and profit sources. They have been working towards this through innovating their platform, utilizing technological expansions through AI to implement more user-friendly features that draw in more audiences, as well as continuing to build partnerships that boost their content offerings from different artists to their more relatively new content from the podcast business. This generates more revenue and users by providing podcasters with a platform, drawing in new content and new customers simultaneously. These factors, especially the high emphasis on user personalization, furthers Spotify's differentiation from the other large competitors. Their strategy makes their prospects fairly favorable, as they remain to lead in the marketplace and their tactics aim to heighten their growth trajectory. It is, however, significant to bring attention to the danger of their competitors but if they continue to innovate at such a pace, they should remain in the lead.

These strategies and decisions of Spotify's come from the team behind the music company itself. Daniel Ek is the founder, Chief Executive Officer, as well as the Chairman of Spotify's board of directors. Ek was born and raised in Stockholm, Sweden, where Spotify is currently based. Before he founded Spotify in 2006, Ek had founded Advertigo, which is an online advertising company that was later acquired by Tradedoubler. He also held senior roles at Tradera, which was a Nordic auction company that was later acquired by eBay. His previous experience in other tech start-ups led to much success as he now is the CEO of Spotify and still serves in the boards of directors at multiple other private companies. Daniel Ek was helped by Spotify's co-founder, Martin Lorentzon, who is also on the current board of directors. In 1999, Lorentzon founded Tradedoubler, which was an internet marketing company based in Sweden. He has also served on the board of directors at Telia Company, which is Sweden's main telecom operator. With a background in technology and engineering, he and Ek have worked together to make Spotify the best it can be. Another very important member of the team is Gustav Söderström. He is the Chief Product and Technology Officer and Co-President of Spotify. In the past, he has served as the CEO of Kenet Works prior to Yahoo! Mobile. Then in 2006, he worked as the Director of Product and Business Development for Yahoo! Mobile. In 2009, he joined Spotify and started working it up. His past in technology companies provides much credibility for his current role at Spotify. While these are some of the main executives of Spotify, there are thousands of other employees, all working towards the same goal of Spotify's success in the global market.

After doing a deep dive into Spotify: looking at their employees, their strategies, and their strengths and weaknesses, there are some recommendations that could be given to their top management to continue their growing trajectory as the leading music streaming company globally. Because one of their largest weaknesses is their lack of consistent and high revenue, I think that creating more subscription tiers could help boost earnings. Right now there is only free with ads and one premium tier ($10.99 a month for an individual subscription). While they have family plans and student discounts, adding another tier in between with less ads could be efficient in gaining more subscribers, since subscriptions bring in more revenue than ads. Spotify could also explore other sources of revenue, perhaps in partnerships with concert venues or festivals to simultaneously reach larger audiences while also earning more. While the platform focuses solely on music and podcast streaming, they could expand into new markets or partnerships, for example a partnership with or an acquisition of "Audible," to obtain more audiobooks that people could pay for one by one or have access to in another tier that costs more, but includes access to more audiobook content. While Spotify has been evolving in terms of technology and AI, continuing to invest in this newfound, growing technology could keep them ahead of other competitors and enhance the platform even further in terms of personalization and advertising.

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