

# Market Research: Spotify

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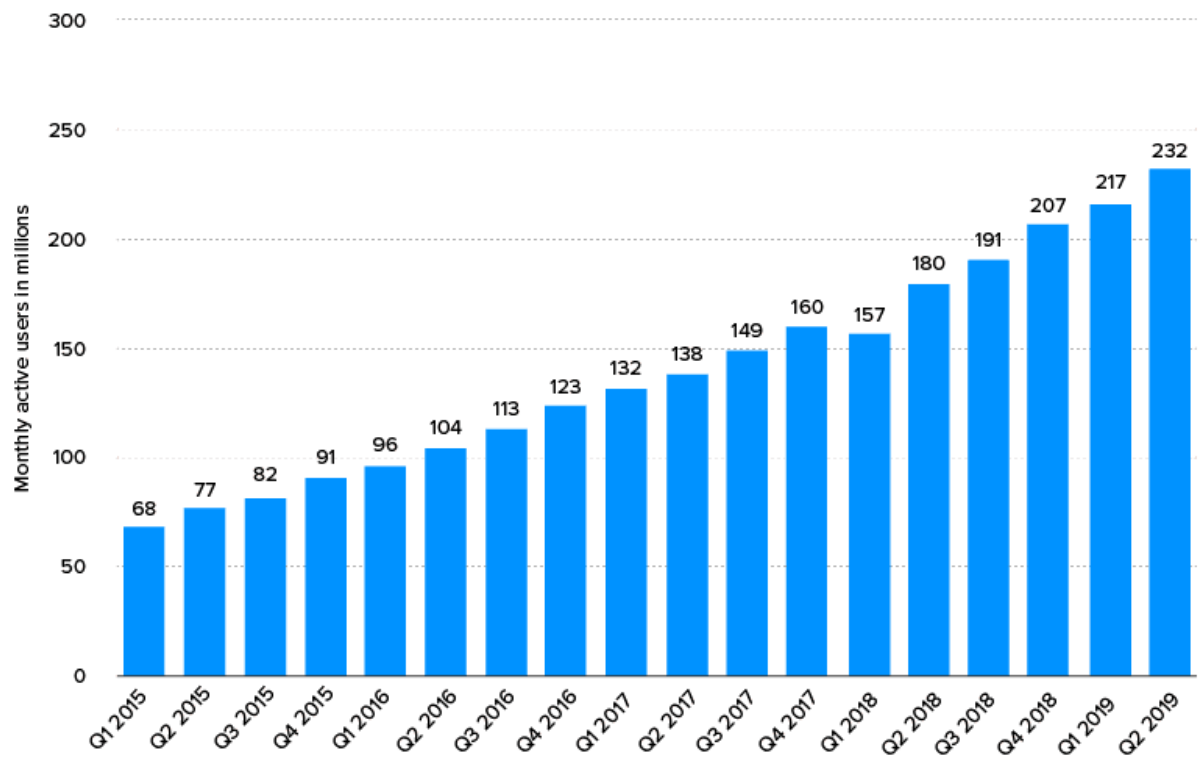
### General Info

- **Spotify's total valuation is \$29.5B.** - The company made a total valuation of \$29.5B in 2019, which is nearly 1.25x of the projection from its valuation in 2018. This significant growth is the reason behind the spike in demand for a reputed entertainment app development company who can help chart a journey similar to that of Spotify.
- **Spotify is available on multiple platforms.** - Besides Android and iOS platform, the company has applications available on Apple macOS computers and Microsoft Windows. The company also introduced the 'Spotify Connect' functionality to enable users to listen to music from a wider range of entertainment systems.
- **Spotify app gained 20M+ installs for July, 2019.** - The application became the most downloaded mobile app under Music category for July 2019 with 20M+ installs. This was a 35% increase from the value recorded in July 2018.
- **It is operating in around 79 countries.** - From Austria to Japan, Canada, Australia, and Egypt, Spotify has gone live in 79 countries and is planning to enter many more regions. This gives a clear indication that the music streaming application is on a mission to make its availability in every corner of the world.

### User Statistics

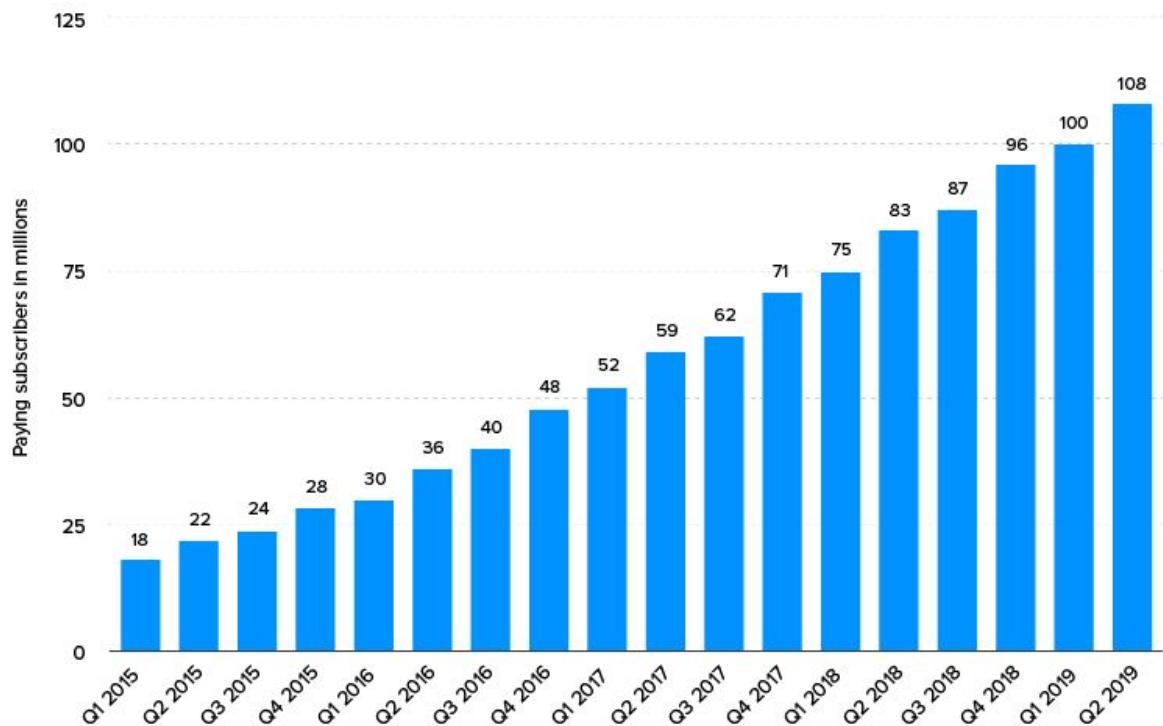
- **Spotify has 232M active users.** - As recorded by June 2019, the number of Spotify monthly active users is around 232M. The audio streaming company is hoping to reach the range of 245M- 256M by the beginning of 2020.

## No. of Spotify MAUs 2015-2019



- **Spotify has 108M premium subscribers.** - Another Spotify user statistics to watch out for is that the media streaming application has gained 108M premium subscribers along with 124M ad-supported app users. Whereas, they are planning to get a total of 117-127M premium users by the end of this year.

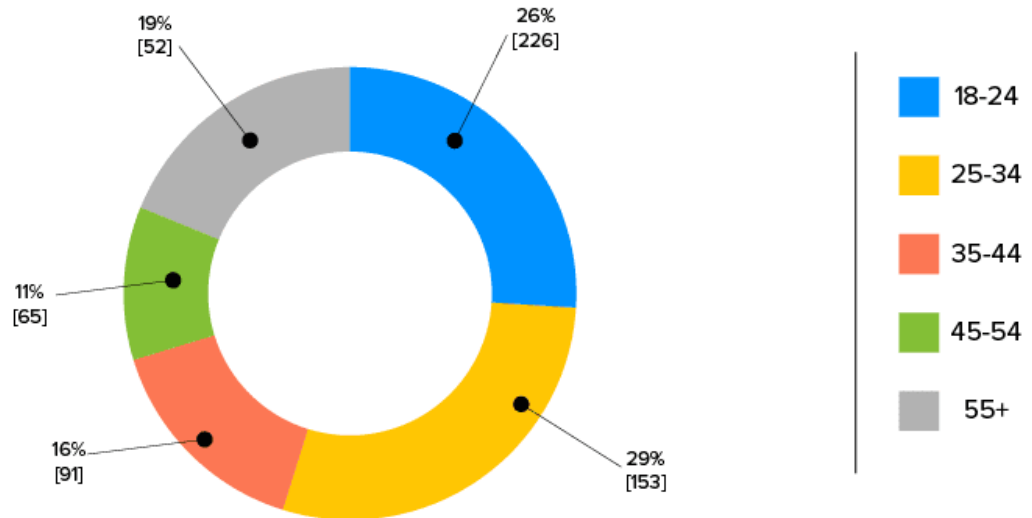
## No. of Spotify Premium Subscribers Across the Globe



This gives a clear indication that Spotify business model of targeting both free and premium users individually is a success formula. So, every Entrepreneur wishing to enter the music streaming domain must consider it while discussing the idea with their team.

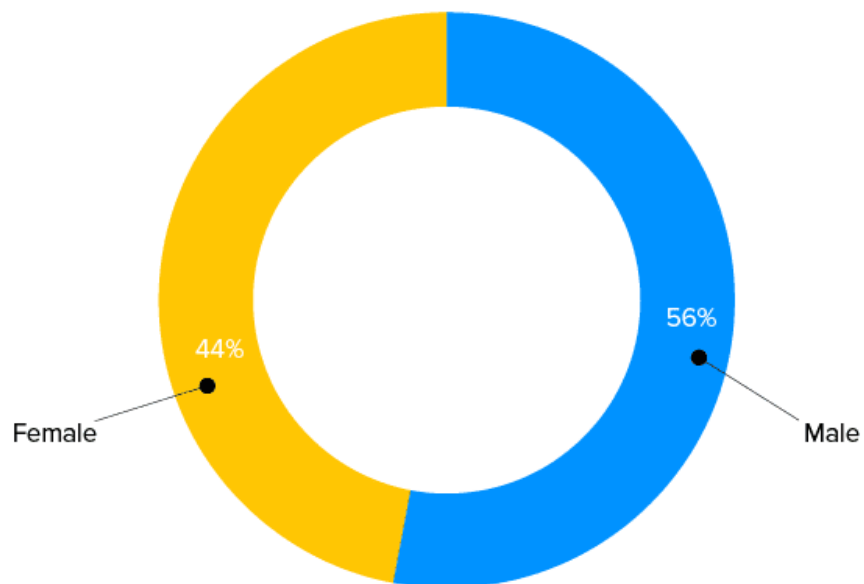
- **55% users have registered on Spotify via their Facebook accounts.** - By offering social media integration service, Spotify has cut down the hassle of creating a unique account and increased the chances of user acquisition. Something that can be concluded from the value shared above.
- **29% of Spotify users are millennials.** - It's true that one-fourth quarter of Spotify user base are millennials, the app is ruling hearts of all. As depicted in the graph below, people from all walks of life are enjoying Spotify music streaming service.

## Spotify User Statistics via Age Demographics



- **56% of Spotify users are male, 44% are female.** - It's true that Spotify is a male-dominating platform, it is slowly and gradually gaining appreciation from female users also. This can be concluded from the following graph.

## Spotify User Statistics via Gender Demographics



- **45% of music listeners have migrated from Pandora to Spotify.** - Though Pandora set the foundation of On-demand music streaming service, it is losing its users to Spotify. As per the cloud-based music streaming statistics for 2019, nearly 45% of Pandora users have switched to Spotify and are content with their decision.

## Usage Statistics

- **52% of users are listening to songs on Spotify from their smartphones.** - Spotify, the music streaming services, is available on different platforms. But still, smartphones and tablets are the two platforms where Spotify is getting more love. Around 52% of Spotify users are accessing its services from smartphones, while 10% from their tablets.
- **A Premium subscriber consumes about 2.4MB per minute on Spotify.** - To enjoy the best streaming quality, a premium user devour 2.4MB per minute, which counts to 115.2MB every hour. This subscription cost is much higher than what is demanded by Spotify's competitor, Apple Music.

So, to ensure that people do not deviate towards Apple's service, the application also brought the option to change the setting to normal streaming speed. And, this way, enjoy music streaming without making a hole in their pocket.

- **Spotify is being tuned by users 148 minutes every day.** - On an average, users listen to songs on Spotify for 148 minutes every day on their cross-platform device. This is yet another Spotify usage statistics that shows that this On-demand entertainment application is enjoying higher user satisfaction level.
- **A user devotes time to 40 artists weekly.** - On an average, a user listens to tracks from 40 different artists a week. This gives an impression that Spotify come up as a platform that offers higher discoverability option to artists and make them connect to a wider audience easily.
- **There are more than 450 thousand podcast lists on Spotify.** - The Spotify podcast feature is also gaining a huge momentum in the marketplace. There are around 450 podcast lists available on the platform, while many more are hoping to be added soon.

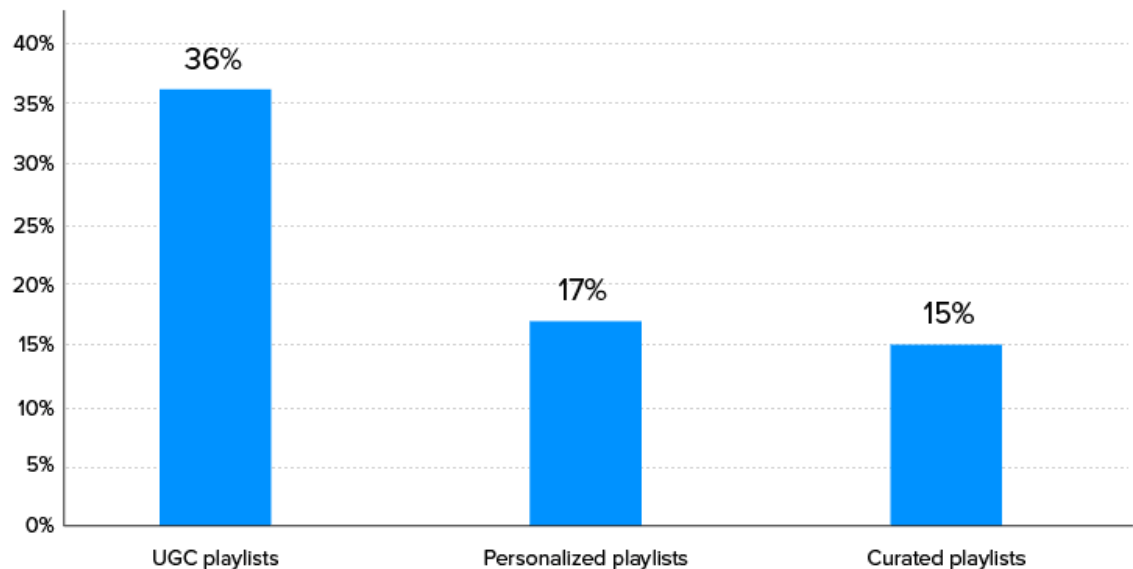
This can be said from the fact that the application now empower users to share podcast on Snapchat and the recent news hinting that Spotify might broadcast Sports and News podcasts as well. Something that shows that Sports and News domain will also get revamped with the advent of podcast service.

- **Around 50M+ tracks and 3B+ playlists are available to users.** - As per the latest Spotify stats, the app offered more than 50M tracks and 3B playlists curated depending on different factors, such as theme, mood, age, and gender. These songs, that includes both

the modern and ancient ones, have not just proven to be a challenge for others On-demand music service providers but also for radio.

- **Over 20,000 songs are added everyday on the platform.** - Spotify offers users with a unique facility to upload tracks from their personal devices, in addition to listening to those already available. A ripple effect of this is that around 20,000 songs enter the Spotify platform on a daily basis.
- **17% of playlists played on Spotify are personalized.** - The type of playlists available on Spotify are broadly divided into three categories – UGC, personalized, and curated playlists. Among these, 17% of playlists enjoyed by users are personalized.

## Percentage of Different Types of Playlists Listened on Spotify



- **Nearly 20% of songs available on the app have never been played.** - Despite the fact that Spotify has made it extremely easy for artists to spread their music and get the limelight, there are still various songs that go undiscovered. As per the Spotify statistics 2019, about 20% of available songs have never been tuned by anyone on the platform.

## Music Streaming Services Trends

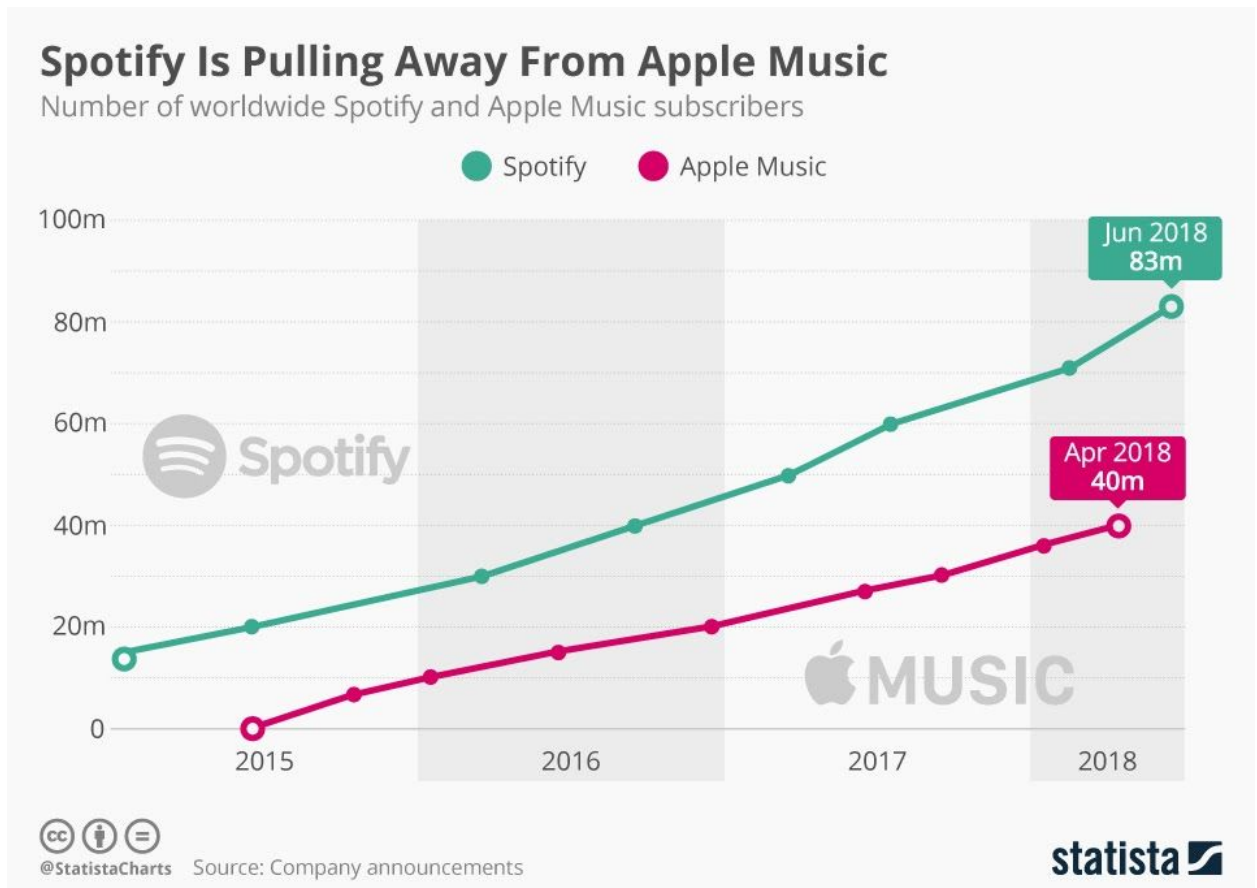
- **Spotify vs. other music streaming services** - In the US, Spotify was overtaken by Apple Music as the biggest subscriber music service in July 2018. Both services reported around 20 million subscribers at the time. Since then, Apple has pulled further ahead, with 28 million US subscribers to Spotify's 26 million.

Spotify is a global enterprise, however, and, in 2018, launched across 13 countries in the Middle East and North Africa. Mexico City boasts the world's biggest concentration of

Spotify users (after launching in 2013). Spotify doesn't reveal specific user numbers in Mexico's capital city, however.

Looking at the global picture, Spotify remains comfortably in the lead. Since the below graphic was produced, both Apple Music and Spotify subscriber numbers have increased by some way, with Spotify topping 100 million in Q1 2019, and Apple Music hitting 50 million.

As of April 2019, it is thought that Apple is growing at a slightly faster rate than Spotify (2.4-2.8% compared to 2-2.3% respectively).



- In terms of market share of the global streaming services (H1 2018), Spotify was at 36% (unchanged), while Apple had climbed from 17% to 19%. Amazon is a touch further behind on 12%, while Tencent Music – the offering of the Chinese online behemoth of the same name, claimed around 8% by virtue of its 17.6 million subscribers.

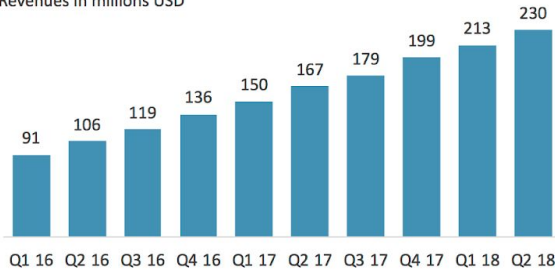
According to Midia, 230 million streaming music service subscribers brought in \$3.5 billion worth of revenue in the time under consideration.

## Global Streaming Music Subscription Market H1 2018

Global Streaming Music Subscription Market, H1 2018 (All Revenues Are Label Trade Values)

### MUSIC SUBSCRIPTION REVENUE BY SERVICE

Revenues in millions USD



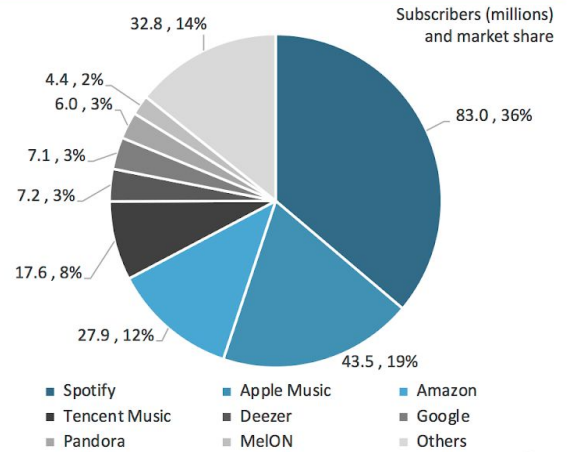
### MUSIC SUBSCRIPTION MARKET METRICS

**229.56m** Music Subscribers H1 2018

**\$3,498m** Music Subscription Revenue H1 2018

Source: MIDIA Research Music Subscriber Market Share Model 09/18

### MUSIC SUBSCRIBERS BY SERVICE

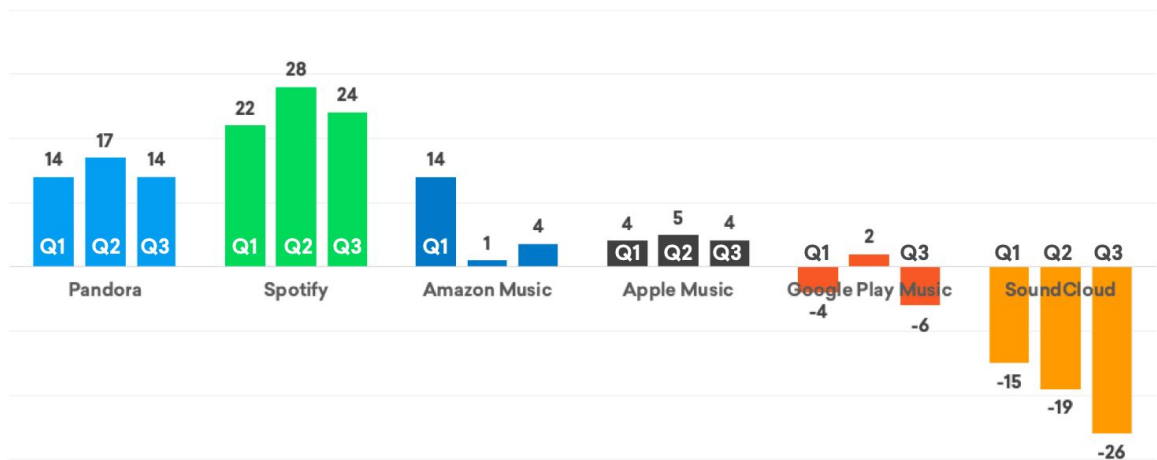


**MIDIA**

- Spotify user satisfaction** - Spotify is well out in front when it comes to user satisfaction. Using the NPS scale – which measures how likely a customer is to recommend a product or service – Spotify consistently scored in the 20s over the last three quarters of 2017. Apple, on the other hand, did not manage more than a 5, while Google Play Music was in negative figures. This survey only looked at US users.

### Music Streaming: Net Promoter Scores (NPS)

NPS is a customer loyalty metric that gauges how willing a customer is to recommend a product or service. It ranges from -100 to 100, where 100 is the desired score.



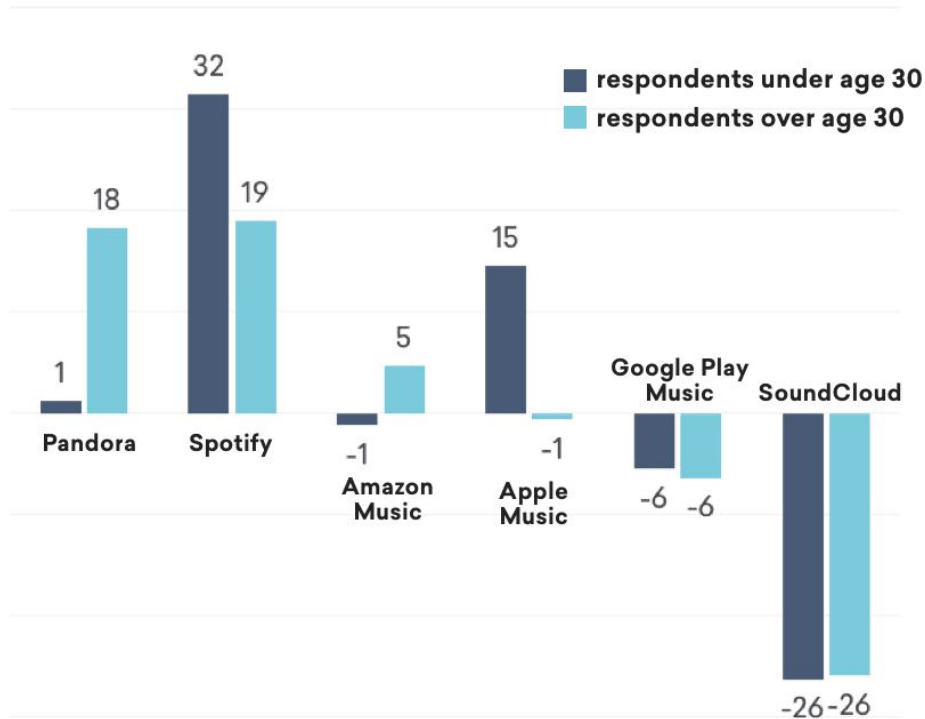
Source: Consumer survey of 9,000 people in the United States, age 18-65. (Q2-Q4 2017)

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- Spotify user satisfaction by age** - Spotify's lead is even stronger among users under the age of 30. The younger demographic consistently give a more positive score across platforms, apart from Pandora, which seems to score very well with over-30s. Perhaps we might take from this that those who have experience with physical media are still a touch sceptical about streaming music.

### Music Streaming NPS by Age



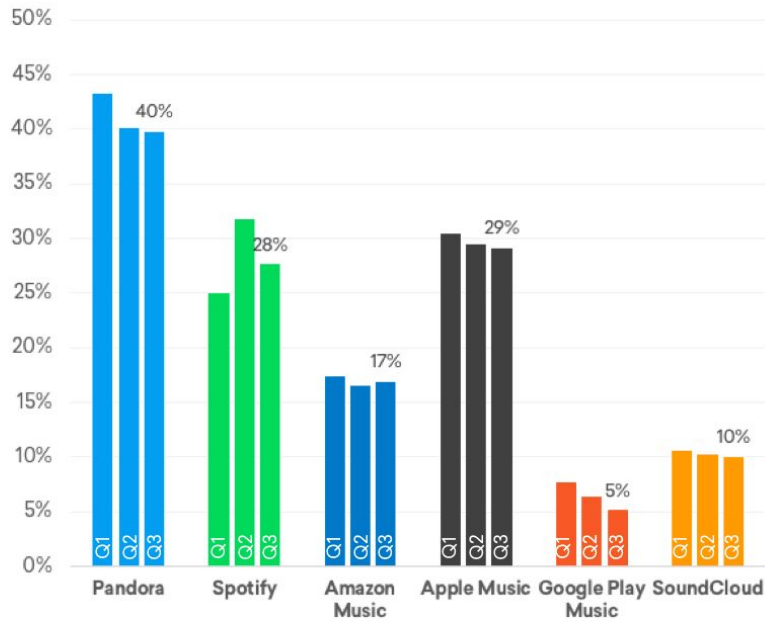
Source: Consumer survey of 3,000 people in the United States, age 18-65. (Q4 2017)

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- Spotify devices** - Breaking down streaming services by operating system gives some unsurprising results. iOS users are more likely to have used Apple Music, while Android users are more likely to have used Google Play Music. Aside from that there's not a great deal in it – expect when it comes to Spotify, which seems to be (or have been in the last three quarters of 2017 by US users) a good deal more popular with iOS users.

## iOS Users: Music Streaming Usage Distribution

Which have you used in the last 3 months?

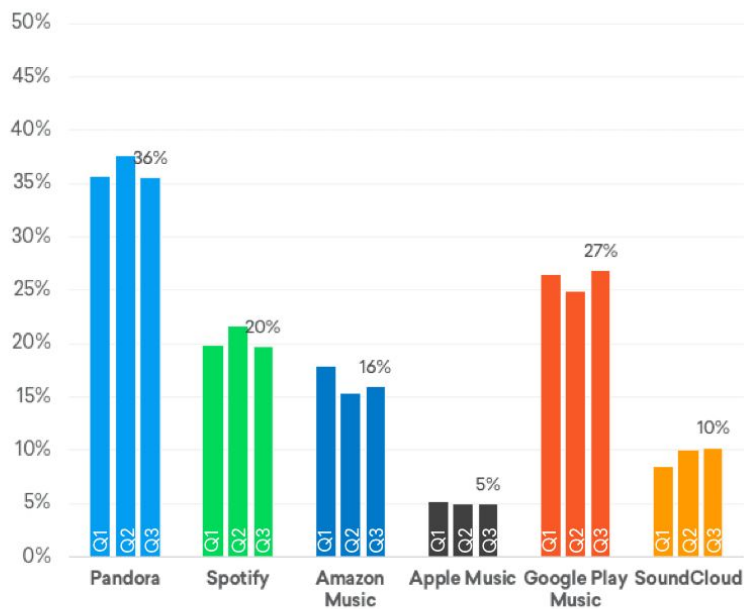


Source: Consumer survey of 9,000 people in the United States, age 18-65. (Q2-Q4 2017)

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## Android Users: Music Streaming Usage Distribution

Which have you used in the last 3 months?



Source: Consumer survey of 9,000 people in the United States, age 18-65. (Q2-Q4 2017)

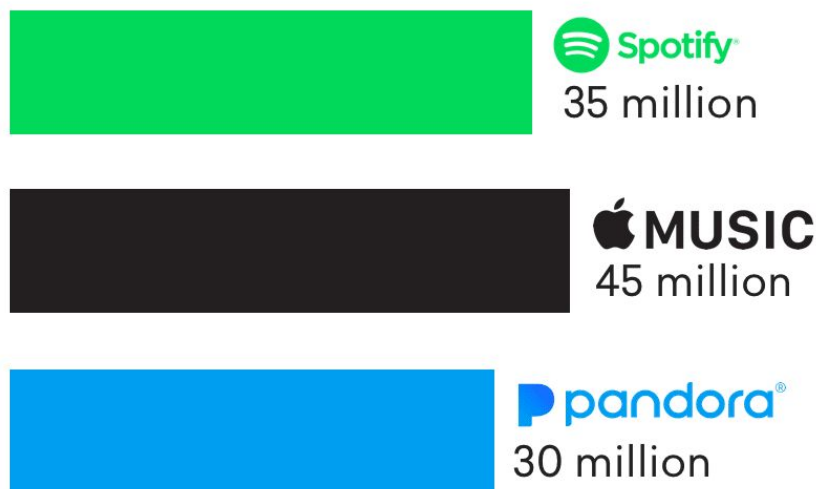
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## Content

- **Spotify may be the world's biggest streaming service, but it does not boast the largest music repository.** That accolade must go to Apple Music, which boasts no fewer than 10 million tracks more than its rival service at the time of this graphic. Spotify has recently upped its count of the number of available tracks to 40 million +. Pandora lags behind at 30 million.

### Label Tracks on Streaming Services (2017)

# of song tracks and variety are uniquely augmented through Spotify's shared and curated playlists

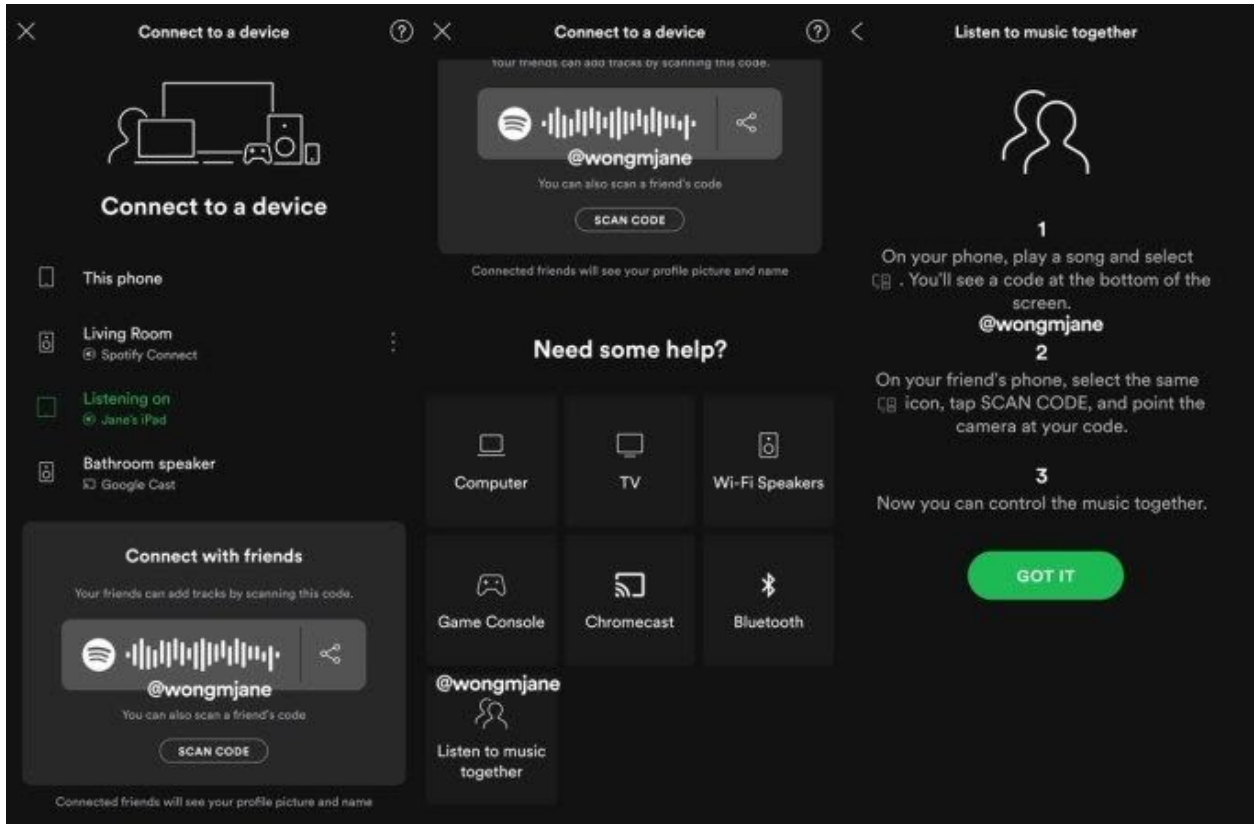


Sources: Apple, Spotify, Pandora (The Verge)

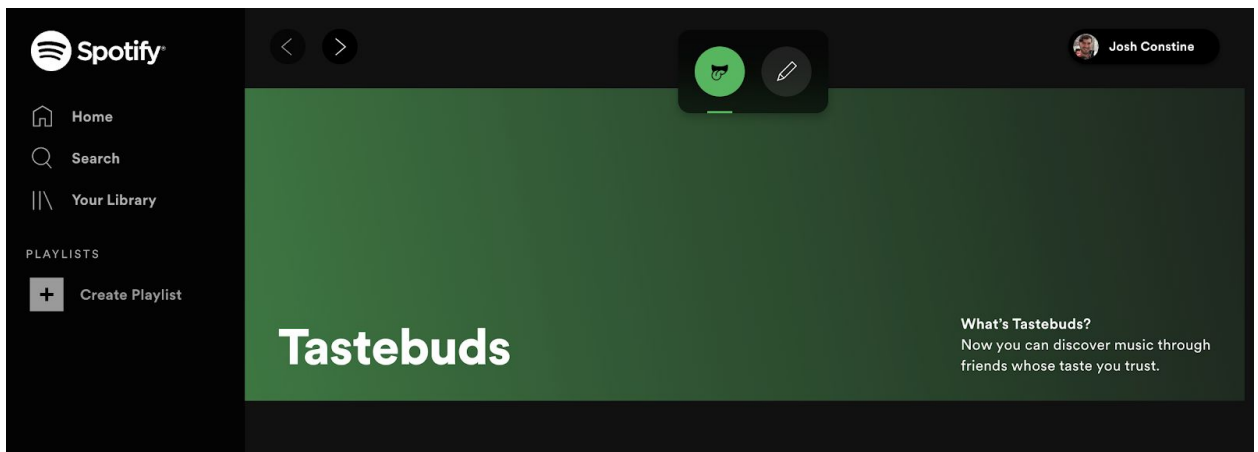
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## Roadmap

- Spotify has prototyped an unreleased feature called **“Social Listening”** that lets multiple people add songs to a queue they can all listen to. You just all scan one friend's QR-style Spotify Social Listening code, and then anyone can add songs to the real-time playlist. Spotify could potentially expand the feature to synchronize playback so you'd actually hear the same notes at the same time, but for now it's just a shared queue.



- Spotify is prototyping a new way to see what friends have been listening to, called “Tastebuds.” Despite how discovering music is inherently social, **Spotify has no features for directly interacting with friends within its mobile app after axing its own inbox in 2017 (due to low engagement) and keeping its Friend Activity ticker restricted to desktop.**



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