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Table of Contents

INTRODUCTION	2
A BRIEF HISTORY	2
THE MARKET	4
PRODUCTS	7
.....	8
CUSTOMER BASE	10
PRICING STRATEGY	11
THE MACRO ENVIRONMENT	12
MAJOR COMPETITORS.....	14
FINANCE.....	18
THE LEAN BUSINESS	20

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Introduction

This essay will cover the macro and micro details of the company Spotify, a streaming company that originated in Stockholm, Sweden. It will cover the brief history of the company, the products and current market the company is operating in. As well as an analysis of the micro and macro-economic environment it currently faces and its response to these environments. Since its origins, Spotify has rebranded several times in response to the ever-changing music industry and its consumers.

A Brief History

In October 2008, Spotify was officially launched into the European music industry as a new way to consume music using a digital platform (Lidsky, 2018). Spotify has become one of the biggest music streaming platforms in the music industry today. These platforms which are also known as DSPs (Digital Service Providers) allow consumers to have access to 50 Million songs at the touch of a button (Iqbal, 2021). The company was originally founded in 2006 in Stockholm by Daniel Ek and Martin Lorentzon, however, the head office now resides in London (Parsons, 2018). The original business model was created in response to the negative economic effects that piracy and illegal file sharing sites like Napster were having on the recorded music industry (Lidsky, 2018). During the 1990s as a society, we saw a rise in illegal file-sharing of recorded music, partly due to a rise of digital technology providing easier access to sites such as Napster and Pirate Bay (Witt, 2016). This had a drastic economic effect on the music industry and heavily cut into the profits that labels and artists had been receiving from recorded music for decades (Witt, 2016). Spotify was created as a direct response to this economic change within the music industry (Lidsky, 2018) as a way to make music digitally available to consumers and

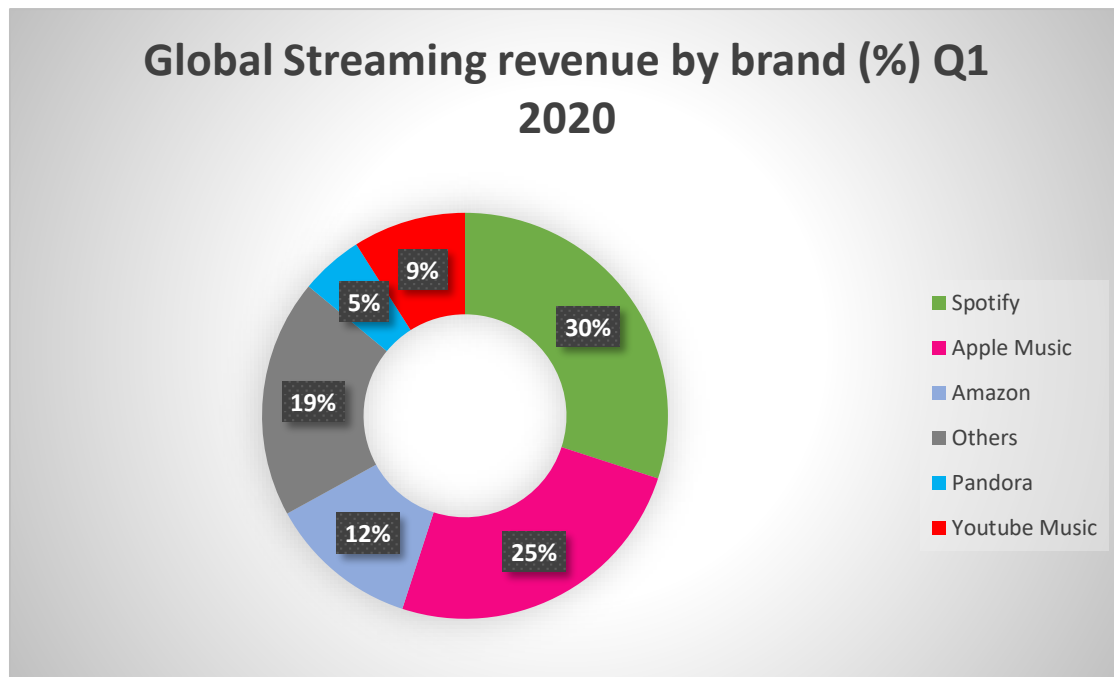
more accessible than a physical product, all while providing much-needed income to both labels and artists.

The original business model that was used in 2008 only allowed the consumer to sign up for a free service with advertisements, which ultimately led to a \$4.4 million loss in 2008 (Parsons, 2018). This model was later expanded into the £10 a month ad-free version of the platform that is commonly known today (Lidsky, 2018). In 2011, Spotify received a \$100 million investment that allowed them to launch the service in the United States, during this time they decided to expand the business further by securing relationships with the major record labels (Parsons, 2018), therefore allowing them to secure more content for the platform and expand their audience further. Labels became interested in the platform as they saw it as a way to overcome the negative economic effects that illegal downloading and piracy have had on the music industry as a whole. Sean Parker, the co-founder of the illegal file-sharing service Napster was brought on board to accomplish successful deals with the major record labels (Parsons, 2018).

Spotify has been rebranded several times since its origins, each time bringing an expansion of content and services which has had a positive effect on its economic growth. It now includes content such as Music Videos and Podcasts, allowing the service to appeal to a wider audience and thus increasing the number of subscriptions (Stassen, 2020). During the last quarter of 2020, the company saw a growth of 27% more MAU (Monthly Active Users) compared to the quarter previously, bringing the total of MAU's to 345 Million at the end of 2020, 155 million of them being paid premium subscribers (Spotify, 2021) and 199 million of them using the free ad-supported version of the platform (Spotify, 2021).

The Market

The global music streaming market was valued at 20.9 billion USD in 2019 and has since expanded, with an estimated growth rate of 17.8% from 2020 to 2027 (Grandview Research, 2020). The rise of digital over the last two decades has seen consumers favour both smart devices and the digital platforms that exist within them (Grandview Research, 2020). Consumers now want to experience content at the touch of a button and favour digital content that is becoming more accessible by the month compared to older physical formats (Witt, 2016). With music streaming platforms adding more content such as podcasts, audiobooks and unique tailored made playlists, there is no sign of their popularity decreasing any time soon (Eriksson *et al.*, 2019). In 2019 the industry saw that 341 million consumers opted to have a paid streaming account (FPI, 2019). It was reported that in 2018, streaming profits made up around 75% of the global recorded music revenue (Banor *et al.*, 2019) and in 2019 the industry saw an 8.2% growth in recorded music revenue globally, making the fifth consecutive year of growth for the industry (IFPI, 2019). This is an example of the positive economic effect that streaming has had on the recorded music industry as the recording industry has seen a consistent rise in revenue since streaming platforms entered the mainstream, especially compared to the days in the early 2000s where illegal file sharing and piracy had become more popular (Witt, 2016).



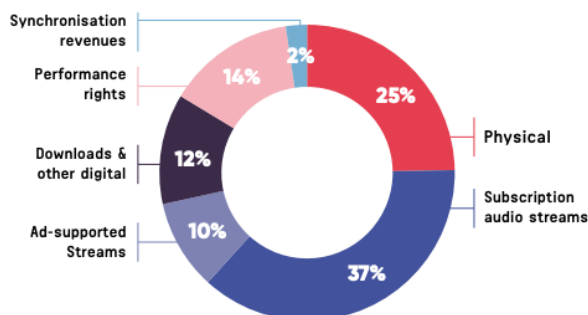
Source: Counterpoint Technology Market Research

The music streaming market saw an economic impact from the Covid-19 Pandemic, in the first financial quarter of 2020 most services saw growth in paid monthly subscribers at around 35% (Kumar, 2020). This was higher than the rise of monthly active listeners on the platforms, which the market saw rise by 20% (Kumar, 2020), indicating that a large number of consumers already used streaming platforms but switched to a paid subscription account to access premium services. However, the market did see these positive effects slow during the second quarter of 2020, specifically in the month of April and May (Kumar, 2020). During these months it was reported several streaming services witnessed payment failures and consumers switching to free ad-supported accounts rather than premium paid accounts. Spotify reported in their second quarterly report of 2020, that they saw the most decreases in consumer activity in countries that were most affected by the Covid-19 Pandemic (Spotify, 2020). This market decrease was only temporary as by June most services saw a return to their predicted level of growth and daily active users (Cooke, 2021).

The global music streaming market is forever expanding and launching onto new markets. In 2020 we saw the platform Apple Music launch in 52 additional countries around the world, allowing them to expand their global market and revenue stream (Schroeder, 2020). Some of these locations include areas of Africa, the middle east and Latin America, this addition now means the service is available in 167 countries and regions across the world (Schroeder, 2020). In February of 2021, we have seen Spotify follow this expansion onto new markets around the globe, after launching in 80 new countries (Stassen, 2021). These new markets also include locations across Asia, Africa and Europe allowing the service to be offered to over a billion more consumers (Stassen, 2021). This is bound to have a positive economic effect on the market as countries such as Nigeria are seeing the rise of rapid urbanisation which is encouraging a large amount of economic growth and a higher internet population, which will ultimately cause a higher use of internet services (Myers, 2016).

IFPI Global Music Report 2019 – Global Recorded Music Revenue

Global Recorded Music Revenues by Segment 2018



Top Ten Music Markets 2018

01 USA	06 South Korea
02 Japan	07 China
03 UK	08 Australia
04 Germany	09 Canada
05 France	10 Brazil

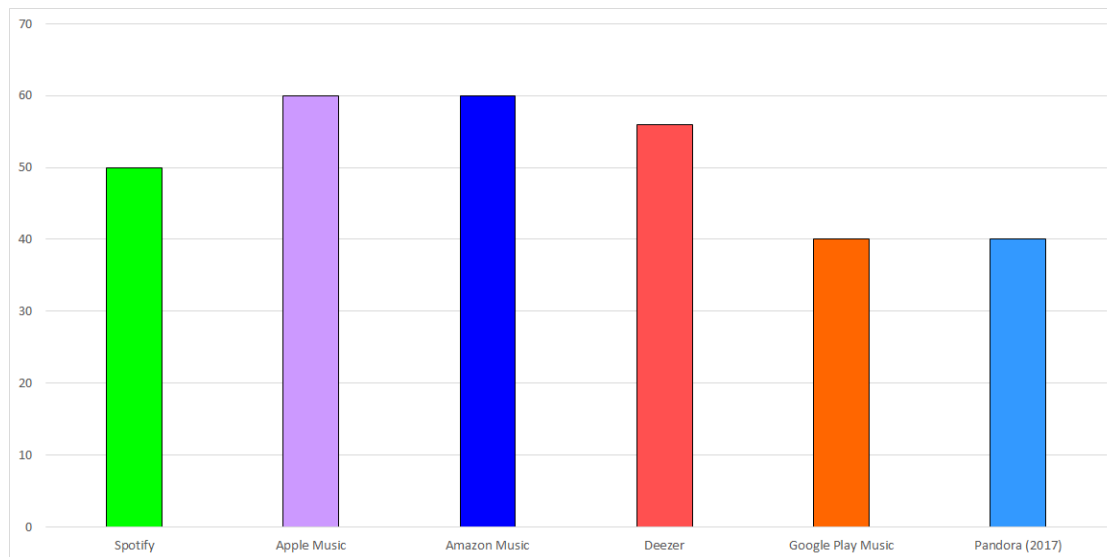
(IFPI, 2019)

Products

Spotify offers its consumers a range of different products, this section will discuss what they currently offer and analyse how that has affected the company's economic growth and place within the streaming market. This section will also discuss the companies 'Two-Sided Marketplace' and the positive effect that has had economically on the company (Schafer, 2019).

From the onset, the main product that Spotify provided to both free and premium subscribers was music in a digital form. In 2008 when the service was first launched, this was a platform like no other, it allowed consumers to stream music digitally for the price of \$10 a month or by subscribing for a free account that required consumers to hear adverts (Eriksson *et al.*, 2019). The main issue the service had at the beginning was providing their consumers with a large library of songs and a range of genres (Cooke, 2015). This was an important aspect to consider when developing the platform, as offering a range of content, would allow the platform to be more appealing to a wider consumer base subsequently allowing the company to gain larger profits. This is one of the main reasons that Spotify prioritised relationships with record labels so early on, specifically major record labels as this allowed the company to legally gain licenses for the content they needed to supply to their platform, while providing income (Eriksson *et al.*, 2019).

Reported number of songs on Spotify vs. rival platforms, millions



Source: Spotify, Apple Music, Amazon, Deezer, Google.

Spotify may have been the first music streaming platform on the market but as pictured above we can see that they no longer possess the largest sum of songs compared to some of their competitors within the streaming market (Iqbal, 2021). In recent years the platform has rebranded to offer content and services that are exclusive to Spotify (Music Business Worldwide, 2018), therefore allowing them to market exclusive content to their potential consumers (Music Business Worldwide, 2018). An example of this type of exclusivity would be the recent Taylor Swift music video for the track 'Delicate' (Music Business Worldwide, 2018), which was provided as an exclusive product of Spotify. We have also seen the platform partner with labels and artists to provide exclusive sessions and 'behind the scenes' content, allowing consumers to have access to extra services and content, other than the main product of recorded music (Brandle, 2019). As of 2021, we have also seen that the platform is planning to add the option of 'Spotify HiFi' allowing consumers to access CD-quality audio via a streaming platform for the first time (Reilly, 2021). This

will be the first time a streaming platform has achieved this, hopefully allowing Spotify to attract more consumers from their competitors.

In 2017 Spotify launched the App "Spotify for Artists", a service which allowed artists to access real-time statistics regarding their content on the platform (Perez, 2017).

For example, Artists have access to audience demographics such as age and location, as well as their listener's gender and how they consume their music (Perez, 2017). This has become a major selling point for the platform as it allows their clients, 'The Artists' to access data and demographics that will allow them to market their music more effectively, subsequently providing more subscriptions to Spotify.

This app also allows artists to engage with their fanbase to a greater extent by providing them with social media style actions such as personally designed playlists and the ability to post social content and announcements (Perez, 2017).

We have also seen further product development outside of music for the platform, with their recent addition of podcasts (Stassen, 2020). The platform has started to offer video and audio podcasts to its subscribers, some of which are exclusive to Spotify (Stassen, 2020). Along with providing a space for podcasts, the platform has also invested in producing and developing podcasts with creators (Carman, 2019).

Over the last few years, the platform has been in the process of launching its 'Two-Sided Marketplace' (Kreps, 2020). This allows the platform to boost its revenue as it would require labels to pay for services such as marketing, plugging and song placement on the platform, by accepting a lower royalty payment (Aziz, 2020). This product development is a game-changer for Spotify as it allows them to gain income back from the labels that they provide royalties to, which for a company that operated at a loss at the beginning is a positive move in the right direction (Steele,

2020). In the next few years, the platform is hoping this product model will have a positive economic effect for the artists within the music industry as the company will have more income to invest into other areas, such as Spotify for Artists and Royalty rates (Steele, 2020).

Customer Base

Spotify has the largest customer base of any streaming service on the market with a record number of 345 million monthly active users reported at the end of Q4 of 2020 (Spotify, 2021). These users were mainly located within Europe and North America; however, the company also saw dramatic increases in their consumer growth within India, possibly as a result of some recent 'forecast driven' marketing campaigns (Spotify, 2021). The company saw 74 million net additions to their consumer base over 2020, compared to the 2019 net addition of 64 million (Spotify, 2021). This consumer growth was seen across both premium and free ad-supported accounts. Overall, the service has not seen a long-lasting effect on MAUs (Monthly Active Users) due to the Covid-19 Pandemic and has witnessed a return to predicted growth within the North America and Europe markets (Kumar, 2020). However, in Latin America and the rest of the world, the service has seen improvement regarding MAUs but numbers remain slightly below Covid-19 levels as of December 2020 (Kumar, 2020).

Spotify's main revenue streams come from subscriptions from their premium accounts, so it is becoming increasingly important to encourage paid subscriber growth amongst their consumers. In 2015 Spotify had 18 million premium paid subscribers using their platform (Statista, 2021), by the end of 2020 this had risen to 155 million, with a record 30 million net addition in the year 2020 alone (Spotify, 2021). This growth was contributed to by all regions but lead by Europe and Asia,

this was most likely supported by the launch of the platform in the Russian market in mid-2020 (Ingham, 2020). The streaming service saw the highest uptake and retention in their family and student premium plan options, the family plan allows multiple consumers to subscribe as a group for a lower price compared to an individual plan. Family plans have also increased the age range of subscribers as the service has seen a rise of consumers over the age of 45 (Ingham, 2020). Premium accounts are becoming increasingly important as the market sees competitors adapt and become more appealing to Spotify consumers.

Pricing Strategy

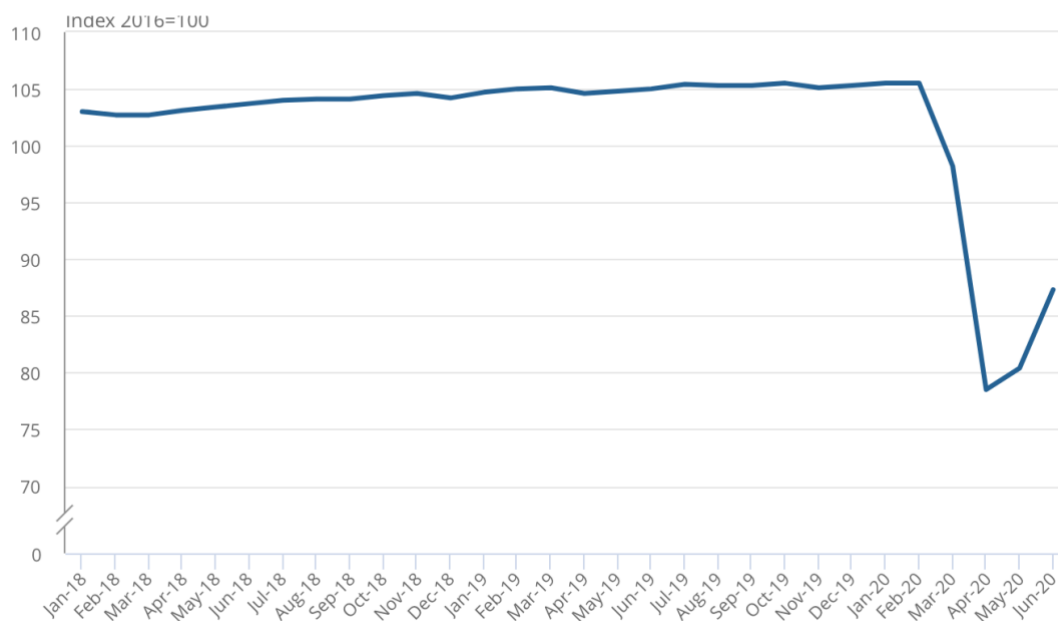
Spotify offers several different subscriptions plans and prices to their customers, the platform is also one of the only DSPs to still offer the option of a free account that is funded by ad revenue. The platform offers three different paid subscriptions plans, their individual plan is priced at £9.99, this plan allows listeners to access premium features such as being able to skip tracks and listen to music offline. The two remaining plans are a student plan priced at £4.99 and a family plan priced at £14.99, both these plans have access to premium features, additionally, the family plan allows up to five accounts to access the premium feature through one subscription fee.

The other account option available on the platform is a free account that doesn't have access to premium features such as offline listening, and the listener will also have to experience advertisements from different companies every few songs. At the end of Q4 of 2020, Spotify reported that 199 million MUAs had chosen this option compared 155 million MAUs choosing premium. The company has also stated that 80% of their premium subscribers started off using a free ad-supported account (Eriksson *et al.*, 2019), so this option is vital to both their pricing strategy and their

subscriber growth. However, it has been heavily argued by Artists in the industry that this option should no longer be available as ‘music should not be free’ (Britton Morgan, 2018), but Spotify has stuck with their original pricing strategy despite this criticism. This strategy has proven to improve premium subscribers’ number long term and therefore drastically improve revenue.

The Macro Environment

**Monthly gross domestic product (GDP), seasonally adjusted, UK,
January 2018 to June 2020**



Source: The office of national statistics.

2020 massively affected the global economy as a whole, in the UK we saw GDP fall by 9.9% in 2020 (Stephens, Cross and Luckwell, 2020) due to the Covid-19 pandemic, the largest fall in GDP since records began. This fall was due to lockdown and social distancing measures affecting both the manufacturing industry and consumer spending habits. However, most recent figures show the economy narrowly missed a double dip recession, with GDP growing by 1% in the final quarter

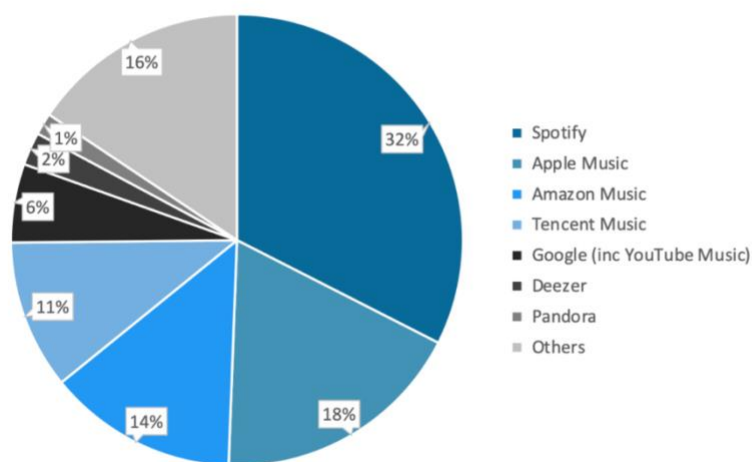
of 2020 (Partington, 2021), due to looser social distancing restrictions and the incentive of the Christmas period for consumers. Despite this, the UK experienced the worst annual economical fall within the G7 in 2020, the US suffered an annual GDP fall of 3.5%, Germany experienced a 5% fall and France experienced an 8.3% annual GDP fall (Partington, 2021).

This decrease in the economy is partly because of the change of consumer spending habits due to the Covid-19 pandemic. Due to lockdowns and social distancing measures a lot of companies faced ongoing closures and a dramatic decrease in income over the year, this unfortunately caused unemployment rates to rise and left a lot of the public in difficult financial situations (King, 2021). This increase of unemployment and the increase risk of becoming unemployed, has caused many people to save a lot more than they normally would in comparison with other years (King, 2021). Consumers are deciding to be much more careful with how and what they spend their money on, experts believe that over the next year we will see a lot of consumers follow 'The Lipstick Effect' (Hughes, 2020). The Lipstick Effect is an established economic theory that explains that when consumers are faced with a recession, they may spend more on little luxuries rather than large luxuries (Hughes, 2020). This is a theory that would benefit Spotify as even though spending habits have changed and other industries are facing financial struggles, as long as the platform price for their service remains easily affordable they should not see a dramatic decrease in premium paid subscribers within the next year.

Major Competitors

Spotify has a number of major competitors operating within the music streaming market, as digital technology advances and demand for digital streaming increases, the market is likely to experience even more competition than in recent years. Spotify has been able to hold onto the largest global market share within the streaming market for a number of years. But, as competitors match subscriptions prices and develop their own unique services, it is becoming increasingly harder for Spotify to maintain their lead within the market. However, Spotify has still maintained a large customer base as they are one of the few services that provide a free account to subscribers which is supported by ad revenue (Iqbal, 2021).

Despite strong growth from Amazon and Apple, Spotify retains the same global music subscriber market share in Q1 2020 as Q1 2019



400 million

Music subscribers globally in Q1 2020

Source: MIDiA Research Subscriber Market Shares Model 06/20

MIDiA.

(Graph 1) (Mulligan, 2020)

Apple Music

Apple Music is a service that was created by the leading technology company Apple. Apple was founded by Steve Job and Steve Wozniak in 1972, the first product that was created was an Apple computer but the company eventually expanded their

products and are now one of the leading companies providing consumers with smart devices and digital services (Rawlinson, 2017). The company launched Apple Music in 2015, to some criticism amongst artists and labels within the industry. This was regarding the fact that the platform wasn't planning on paying artists while consumers enjoyed a three-month free trial (Dredge, 2015). The platform listened to the criticism and now offer one of the highest royalty's payments on the market.

Apple's subscription plans work in a similar way to Spotify, they offer an individual plan priced at £9.99 a month, a family plan priced at £14.99 and a student plan priced at £4.99 (Maranan, 2021). However, the platform pays larger royalties' rates to their artists and labels compared to Spotify (Pastukhov, 2019), which arguably is not an advantage to the everyday consumer but definitely an economic advantage for the industry as a whole.

Music streaming royalty rates

DSP	Weighted Average	International Electronic Artist	Mid-Scale Hip-Hop Artist	Digital Music News	The Trichordist
Amazon Music Unlimited	0.01196	0.01265	0.01125	N/A	0.01175
Rhapsody / Napster	0.01064	0.00791	0.00682	0.01900	0.01110
Tidal	0.00989	0.00900	0.01030	0.01250	0.00927
YouTube Red	0.00802	0.00656	0.00658	N/A	0.00948
Apple Music	0.00563	0.00544	0.00564	0.00735	0.00495
Google Play Music	0.00551	0.00575	0.00527	N/A	0.00543
Deezer	0.00436	0.00262	0.00319	0.00640	0.00567
Amazon Prime	0.00339	0.00278	0.00294	N/A	0.00395
Spotify	0.00318	0.00292	0.00222	0.00437	0.00331
YouTube (Official Music Content)	0.00164	0.00148	0.00196	N/A	N/A
Pandora	0.00151	0.00171	0.00123	0.00133	0.00155
JioSaavn	0.00126	0.00108	0.00162	N/A	N/A
UMA (vk.com)	0.00102	0.00277	0.00019	N/A	0.00013
YouTube (ContentID)	0.00087	0.00122	0.00156	0.00069	0.00028
Yandex	0.00050	0.00054	0.00040	N/A	0.00051
Tencent QQ (China)	0.00040	0.00040	N/A	N/A	N/A

(Pastukhov, 2019)

Apple Music does provide some exclusive products and services which act a selling point for this particular platform. Some of these products include a web-based radio station which originally started as Beats One but has recently evolved into Apple

Music 1, Apple Music Hits and Apple Music Country (Stassen, 2020). Apple Music 1 and Apple Music Hits provide listeners with live radio shows similar to what is offered on the streaming service Pandora (Stassen, 2020). Apple Music Country will take on a slightly different format and will provide consumers with a live schedule of different podcasts style programmes and be tailored specially for the Country audience which is a major market in the US, and increasing at a good rate globally (Shaw, 2020). This live radio format is a service that Spotify does currently not offer and is definitely a selling point for some consumers.

Apple Music is by far Spotify's main competitor within the streaming market, and with matched subscriptions rates there are only a few areas where each service can maintain their customer base and predicted growth. Apple Music's biggest strength would be its customer loyalty they have generated through selling other digital products such as Smartphones and computers (Heisler, 2019), this is probably the biggest threat to Spotify.

Amazon Music

Amazon Music was launched in 2007 and has experienced a large amount of growth since then. The platform held 14% of the paid subscriber market as of the first financial quarter of 2020 (Mulligan, 2020), this was just 2% below Apple Music, making the platform the third most popular in the market. The platform saw a 1% of rise of subscriber growth between Q4 of 2019 and Q1 of 2020 and counterpoint research have also stated that the platform saw a 104% growth of subscribers between 2019 and 2020 (Kumar, 2020). Even though these numbers don't cause immediate threat to Spotify as they still control 32% of the market (Graph 1), the

company should still be wary of their competitors gaining further control over the market.

Similar to Apple, Amazon also sell other products to their customer base, the company is one of the biggest online market places available to consumers today. The company which started as an online marketplace for books, soon became one of the world's biggest companies, in 2018 the company was responsible for 45% of global revenue for online sales (Palumbo, 2019). In 2018 the company also became the third largest smart device seller (Palumbo, 2019), selling products such as e-readers and smart speakers. The company also generates a large amount of revenue from offering services such as Amazon Prime, which is a subscription service that allows consumers faster access to their marketplace, video streaming and access to a basic version of Amazon Music. The company generates 6.8% of its revenue from subscriptions services such as Amazon Prime (Ang, 2020). Providing consumers with a bundle of digital services and an array of own brand smart devices has definitely aided the growth of Amazon Music within the global streaming market. This allows consumers to have access to multiple digital services all from one account, this ease of access to multiple products is an element the brand shares with their rival streaming company Apple. However, this not currently a market that Spotify has expanded to, which could be threat to company being able to retain a majority share of the market. Especially considering that Amazon Music has seen a rise of subscribers over the age of 45 (Ingham, 2020) an audience demographic that has been increasingly hard for Spotify to grab the attention of from the onset.

Tidal

Tidal was launched in 2015 by array of industry leading musician in hope that they could provide the streaming industry with a platform that paid larger royalties to artists and label as well as provided consumers with higher quality content (Dredge, 2015). The fact that Tidal is an artist owned company is a unique selling point for the platform as it is more likely to attract loyal music fans to their platform as consumers feel they are giving money straight back to the artists who created the content.

However over recent years the company has not seen the same amount of subscriber growth as other platforms, it is predicted that as of 2020 the company only holds a 5% share of overall music subscribers globally (Dormehl, 2020). The platform is only available in 56 countries, which is dramatically lower than the leading platforms Spotify and Apple.

Tidal subscribers do also benefit from high quality audio as the service uses FLAC audio files for streaming which allows consumers to experience high quality audio with a file of a small size (Dredge, 2015). However, this subscription plan is priced at \$19.99 which is double the price of the majority of their consumers individual plans and with Spotify expanding to offer CD quality audio in 2021 (Reilly, 2021) this may no longer be a selling point for the service.

Finance

Spotify ended 2020 in a strong financial position, experiencing substantial MAU growth after having more subscriber growth than previously predicted (Spotify, 2021). The company predicted this was because of an acceleration of users engaging with the platform's new podcast content (Sweeney, 2021). The company also witnessed Free Cash Flow of 74 million euros within their 4th quarter, with a total

revenue of 2,168 million and a gross profit of 575 million (Spotify, 2021). The company saw an increase of 21% from the 4th quarter of 2019 of their gross profits. These findings show that even though the company had a drop in growth in Q2 of 2020 because of Covid-19, unlike many other companies Spotify has managed to end the year with a successful amount of financial growth. This is most likely due to consumers having to spend more time at home due to Covid-19 and requiring easier access to streaming and entertainment services (Sweeney, 2021).

Despite Spotify ending 2020 in a good financial position, there were some areas that took a hit due to the pandemic. As the platform still offers a free service to consumers, the platform relies heavily on AD revenue to be able to fund these users. Due to the pandemic the platform witnessed a more conservative advertising market as other companies slashed advertising budgets to cut costs (Perez, 2020). This saw Spotify experience a 25% decrease of ad revenue in Q2 and Q3 of 2020 compared to the previous year (Perez, 2020). Even though ad revenue is not the company's main revenue driver, it is still an essential part of the companies pricing strategy, especially regarding the newly launched podcasting side of their business (Aswad, 2020). It is also investing more into this side of the platform selling its own podcasting ads and providing tools for podcast creation (Perez, 2020). This decrease in ad revenue also adds support to the company's critics who believe the free version of the platform should no longer exist as it is unfair to artists.

Spotify have not always been in such a good financial position and operated without any profits for a number of years. In 2016 the company witnessed a net loss of 539 million, this grew to 1,235 million by 2017 but by 2018 the companies net loss had decreased to 78 million (Lovely, 2019). One reason for this is because the company found themselves paying billions to labels and rights holders, it was reported in 2019

that as of December 31st 2019 the company had spent more than 15 billion in this area. Along with this, the company's royalty payment plan is based on play counts and revenue, so as the platform popularity increases these costs will rise alongside (Ingham, 2020). This explains the companies increase in original content over the last few years as even though it will cost the platform a large sum of money to acquire, produce and record content such as podcasts, in the long run it will provide the company with higher amounts of revenue as they won't have to pay a third party for the use of the content.

The Lean Business

The lean start-up business model allows companies to launch their business with minimal risk compared to other business start-up methods. The lean start-up favours experimentation over-elaborate planning, the method relies on customer feedback to aid development of a product compared to traditional "big design up front" development (Blank, 2013). The process requires a business to produce a "minimum viable product" otherwise known as an MVP. A minimum viable product is the most pared down version of a product that a company could produce. The product must still have enough value for consumers to wish to purchase it and it must demonstrate enough future benefits to retain early consumers. However, the product must always provide a feedback loop to aid in future development and it must cost the company the bare minimum to produce and distribute (Becker, 2020). The aim is to create a product that acts as a "starting line" for the future fully fledged product and allows customers feedback to direct the future development of the product (Jahandarpour, 2016).

An issue with the lean business model is that it requires businesses to focus more on the short-term plan rather than the long term. When a company focuses on just a MVP and customer feedback, they may become so focused on adapting a product to receive a 100% good feedback, that it eventually effects the businesses long term success. The reality is that in today's market it is almost impossible to create a product that pleases every consumer, and with every industry becoming saturated with competition it may not be the best model to use when starting a new venture.

A positive of the lean start-up is that it allows companies to be able to release a product on to the market quicker compared to using traditional methods. The company will be able to release a simpler product therefore requiring less time to produce the product in the first place. This subsequently costs the business less money, so companies would not require a large amount of upfront costs to start production. Therefore, this reduces the risk of losing a large amount of money towards the beginning of a business, a factor that is becoming increasingly important due to economic difficulties caused by the pandemic.

Even though Spotify are now a multimillion-pound company, they could still benefit from using the lean start-up methodology within some areas of their business. For instance, Spotify could use the model when launching new products onto the platform such as live podcasts or radios in the future. This will allow the company to be more experimental within product development while avoiding high financial risk. This would be a strength for the company especially considering the streaming market is becoming increasingly competitive and Spotify will need to think quick when designing and launching new products. An example of the company already using lean methodology is when launching the platform in India. Due to economic differences between India and Spotify's normal audience demographic, the platform

decided to launch a more affordable version of their premium feature, that allowed consumers to access some premium features for a lower price (Stassen, 2020). This also allowed the company to being able to compete with rivals within the Indian streaming market as the competitors offered services at a lower price. In the future the platform could adapt this pricing strategy for other territories as a way to encourage free account users to switch to the more financially viable premium account. Especially considering the platform is receiving more and more critics surrounding their low royalty payments. In this situation the company could learn from consumer feedback in India and create a version of their mini premium subscription that could benefit all involved in other countries.

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