



LCMB7003 Strategic Management

Lecturer's name: Amare Desta

Zulf Khan

Name: Rifatun Nabi Chowdhury Rian

ID: 2510637

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Section 1

Organisational Context and Overview – Spotify

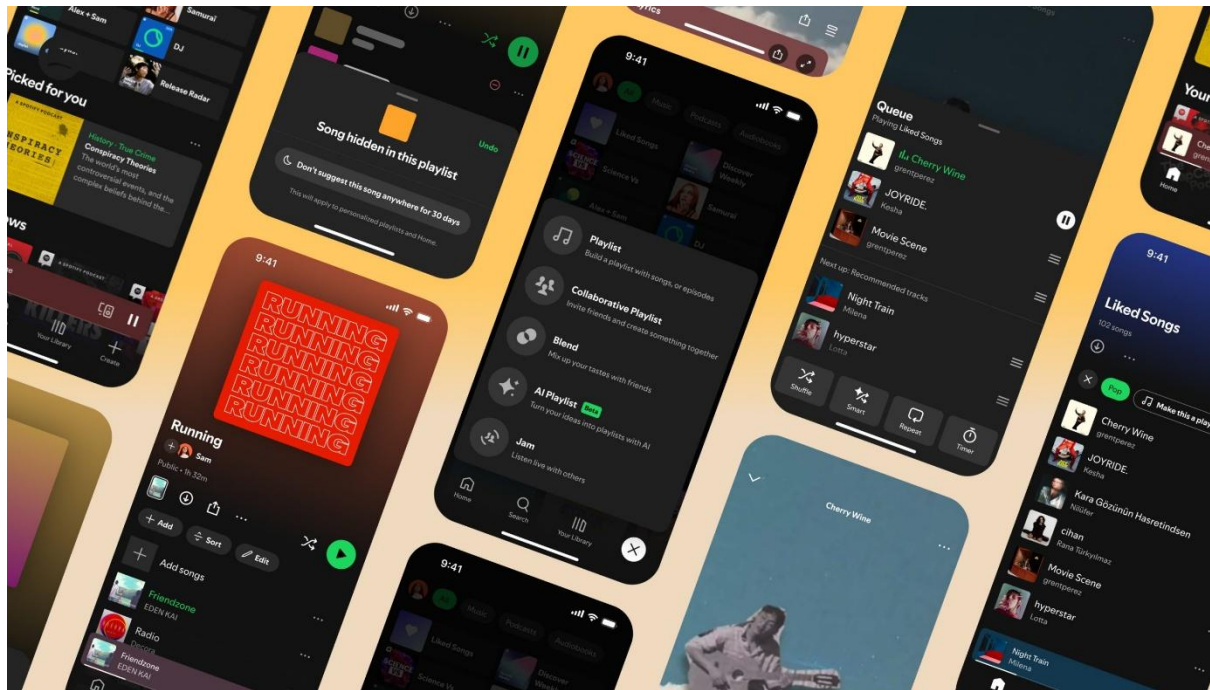


Figure: Spotify (Spotify, 2025)

Spotify is a music streaming company that provides digital music streams, that have been founded in 2006 in Sweden, with Daniel Ek and Martin Lorentzon being its founders (Spotify, 2023). The formation of the company was because of the need to provide an alternative and easy means of music piracy, which was achieved by the provision of a vast library of songs to the users online. Since its inception, Spotify has been international, i.e. it is presently operating in over 180 countries. It also deals in podcasts and audiobooks, which also entrench the company in the digital entertainment industry. In the year 2023, Spotify announced that it had over 600 million users and this past year earned over €13 billion in revenue, but this was not profitable due to high royalty payments (Spotify, 2023).

Spotify is also aimed at unlocking human creativity by not only letting artists share their content but also making it easy for users to access. It strives to become the most popular audio platform in the world. The company has a freemium business model, which includes free services that can be played via adverts and a premium service option that has more features. The model has developed a large user base and enabled the rapid market penetration (Johnson *et al.*, 2011). However, the failure to convert free users into paid subscribers remains a challenge as far as long-term profitability is concerned. Premium users are the greatest source of revenue at

Spotify, and the high switching costs and the stiff competition prevent the company from maintaining a robust competitive edge.

The business model of Spotify is harmed by a dependence on record labels to acquire content. The strong royalty cost increases the bargaining power of suppliers and reduces the profit margin, and here, This makes it difficult for Spotify to achieve stable profitability for Spotify to achieve stable profitability. This shows its weaknesses in its ability to sustain the competitive advantage to the extent that its revenue growth might not necessarily translate to financial success. So, it appears that Spotify puts more emphasis on expanding the market with less profitability. This makes the long-term sustainability of the current strategy doubtful.

External and Internal Environment Analysis

PESTEL Analysis (External Environment)



Figure: PESTEL Analysis (Yusop, 2018)

Spotify is an organisation that operates within an international digital ecological ecosystem in which its operational decisions are influenced by external influences to some extent. Such macro-level forces can be studied via the PESTEL framework, yet there is no profound extent of elucidating deeper problems in the industry (Johnson *et al.*, 2017).

Political and Legal Factors

Spotify depends a lot on copyright laws and licensing regulations as it relies on the ability to access the music content of record labels. Spotify must enter into costly licensing agreements or be challenged through expensive legal actions about the oppressive intellectual property

legislation in well-known markets such as the United States and the European Union. The increasing regulations on data privacy and web-related services have forced organisations to improve their data protection infrastructure. These aspects augment the complexity in operations and reduce strategic flexibility. As much as PESTEL dictates regulatory pressure, it fails to paint a vivid picture of how record labels are dominant, hence commanding great power over the price and availability of material.

Economic Factors

Spotify relies on the dynamics of the world economy, i.e., consumer income and spending, to earn income. The inflation of the entire world in 2022-2023 was approximately 6-8%, resulting in a smaller amount of disposable income and a general decrease in price sensitivity among people. It could adversely affect the increase in subscriptions, whereby users can use free alternatives instead of the paid services. In the meantime, the subscription economy has grown rapidly, raising its growth rate upwards of over 15% annually (Statista, 2024). This presents some opportunities that Spotify could exploit to acquire additional users. Despite such growth, the big issue is how to turn the users into profit, whereby the high payments made on royalties force margins downwards.

Social Factors

The social context has been changing, and these changes have helped to grow Spotify. As can be seen, music ownership has been replaced by streaming platforms, with the younger audience gravitating towards using them because they are convenient and personalised. The second pattern has led to the high expenditure on exclusive content by the Spotify company. This has been brought about by the growth in podcast consumption by over 20% globally (Deloitte, 2023). The trends can also cause certain headaches because consumers are also insisting on free or cheaper services, and Spotify will hardly be able to increase the subscription prices.

Technological Factors

Spotify has a technology-based strategy. This company considers a user with the assistance of artificial intelligence and data analytics and suggests personalised recommendations to improve the user's experience. This makes the customers more involved and retained. Competitors such as Apple and Amazon have an equal opportunity, or even an edge, to be just as technologically advanced, thereby sidelining the uniqueness of Spotify. The very fast

technological change makes entry into the market less difficult, and the competition from other new digital platforms is even stronger.

Environmental Factors

The environmental factors have little influence on Spotify, which can be directly affected since the company is online. However, there is mounting pressure on businesses to meet Environmental, Social and Governance (ESG) expectations. Spotify has been working on increasing its sustainability level, but the efforts are not a part of its strategy.

Critical Perspective

A PESTEL analysis will provide a clear, generalised view of the external environment; however, it is too inaccurate to serve as an answer to the key strategic questions at Spotify (Whittington *et al.*, 2020). It does not comprehensively look at the industry-specific issues that would bring supplier power or rivalry within an ecosystem. This means that there is a need to have more frameworks which can be used to make another analysis.

Porter's Five Forces Analysis

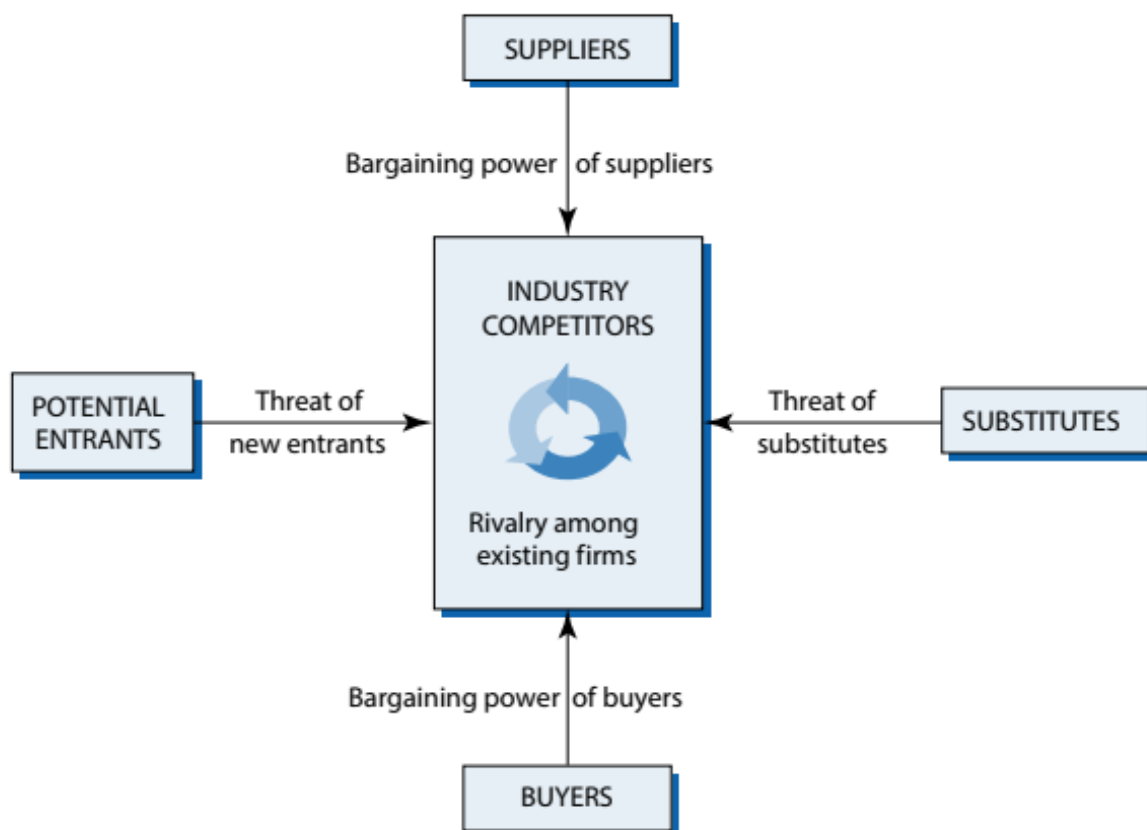


Figure: Porter's Five Forces Analysis (Pangarkar and Prabhudesai, 2024)

The Five Forces model suggested by Porter will enable one to observe in greater detail what kind of competition Spotify will be involved in. It must be looked at critically concerning the competition in a digital platform.

Competitive Rivalry (High)

Music streaming is very competitive (Gamble *et al.*, 2015). Spotify competes with such leading services as Apple Music, Amazon Music and YouTube Music. Its benefits include strong financial backgrounds and powerful networks among companies. An example would be the Apple Music service, which relates to the Apple products, and the Amazon Music that is included in the Amazon subscriptions, the Prime products. It creates a strong customer base and reduces the ability of Spotify to be differentiated. As a result, it means that Spotify must keep up with innovations, the market, and premium content to be competitive.

Supplier Power (Very high)

The strength of suppliers is one of the most threatening issues to Spotify. The bulk of music practice in the world is under the scrutiny of some record labels, where Universal, Sony and Warner are the most common record labels in the entire world. This causes them to possess high bargaining power, that is, they can pay very high royalty payments. Spotify pays its suppliers a significant portion of its revenues, thereby reducing profitability (Grant, 2018). The factor of high supplier power, as demanded by Porter, allows no firm to achieve any form of profits, and it is very evident in the financial performance of Spotify. The dependency has a structural weakness in its business model.

Buyer Power (High)

The bargaining power of customers is high, with low switching costs. The users can easily switch between streaming platforms without the need to go through tons of costs and effort. This increases the price sensitivity and inhibits Spotify from increasing prices on subscriptions (Hill *et al.*, 2017). In addition to this, the strength of customers can also be augmented by the fact that free WebIPs such as YouTube exist. Thus, Spotify should focus on improving user experience and competitive pricing to attract and retain customers.

Substitutes Threat (High)

There are quite a few alternatives to Spotify. They are free streaming services, social networking, like TikTok and unauthorised piracy. Such substitutes include the same kind or a

substitute in the form of entertainment that enables the force of competition. This forces Spotify to continue with the innovations, as well as offer something unique as a retention factor to its users.

Potential New Entrants (Median)

The threat of new entrants is mediocre. Although it is very expensive to venture into the music streaming market both in terms of investment in a technological infrastructure and in terms of licensing, the nature of the industry is digital, so new entrants can venture into the market. There is some protection given to Spotify because it has a strong brand name and economies of scale.

Critical Perspective

Although Porter's Five Forces provides some useful information, it is not comprehensive to know the digital ecosystem's role. Other companies like Apple and Amazon are competent among themselves not only in the music service but also in integrated platforms or the combination of different services. It means that Spotify does not compete with the companies, but ecosystems, and it is a drawback of Porter's model.

Internal environment analysis (VRIO Framework)

The VRIO model makes it possible to analyse the internal strengths of Spotify according to the criteria of resources that have a sustainable competitive advantage (Barney and Hesterly, 2015).

Resource	Valuable	Rare	Imitable	Organisation	Insight
Algorithm	Yes	No	No	Yes	Temporary competitive advantage
Brand	Yes	Yes	No	Yes	Strong but not fully unique
User Data	Yes	No	No	Yes	Widely available in the industry
Platform	Yes	No	No	Yes	Scalable but not rare

Table: VRIO Analysis of Spotify

Recommendation Algorithm

One of the primary resources that personalises user experience and makes use of data and artificial intelligence to create recommendations is the recommendation algorithm employed by Spotify to customise the usage of the platform. This is a good idea because it improves participation and engagement. However, this is not a unique situation, and the competitors are able to develop systems like that. Further, it can be imitated in the long run, reducing its duration benefit.

Brand Strength

Spotify has an excellent global reputation when it comes to innovations in music streaming. This attracts customer loyalty and recognition in the market. The fact that the brand is quite unique and imitable helps to gain a competitive advantage. But its great rivals, such as Apple, reduce its individuality.

User Data

Spotify collects a lot of user data, which helps the company to improve deals and advertising strategies. This is one of the resources that is useful and facilitates the decision-making process. Data analytics will be a common tendency across the industry, so it can hardly be considered unusual.

Platform and Scalability

The platform adopted by Spotify is highly scalable to allow it to access millions of users worldwide. This will make it easier to expand and produce. Despite being the most scalable, the list of platforms that can be scaled is not limited to it, and other digital platforms can do the same.

Critical Perspective and Competitive Advantage

Although Spotify has several valuable resources, not everything is completely scarce and inimitable on Spotify. This limits its ability to achieve a long-term competitive advantage. In addition, it is highly dependent on record companies, which reduces its ability to leverage its inner strengths. The company is highly organised and continues to innovate, but its competitive positioning is more based on continuous improvement than on its excellent and unique resources. This means that Spotify has not been able to gain a long-term strategic advantage, and the latter is more pronounced within a highly competitive digital industry that is changing.

CSR and Sustainability

Spotify and its contribution to Corporate Social Responsibility (CSR) and sustainability have become particularly important because of the ongoing negative publicity concerns regarding matters of artist payment and its ethical practices (Fogel, 2016). These include, morally, the fact that artists are relatively paid low sums per stream, which has been victimised by musicians and other stakeholders in the industry. This creates an ethical issue of fairness and fair value in its Spotify commercial technique.

Spotify has developed various initiatives to add value to the artists, including promotion features, data analysis and exposure on the platform. Enhancing the degree of transparency in the payments as well as meeting the Environmental, Social and Governance (ESG) standards by reducing its carbon footprint, formed another objective of the company. With such activities, there is a certain level of devotion toward social and environmental accountability. Yet, profitability and just remuneration to artists seemingly are at opposing ends. Spotify streams a lot with the streaming model, and in effect, artists receive roughly the same revenues accordingly. The CSR activities, therefore, appear to be rather responsive, rather than proactive, because they are designed to address the criticism, as opposed to altering the nature of the payment model. It implies that CSR is not a fully integrated component of the long-term plan of Spotify.

Balanced Scorecard Analysis – Spotify

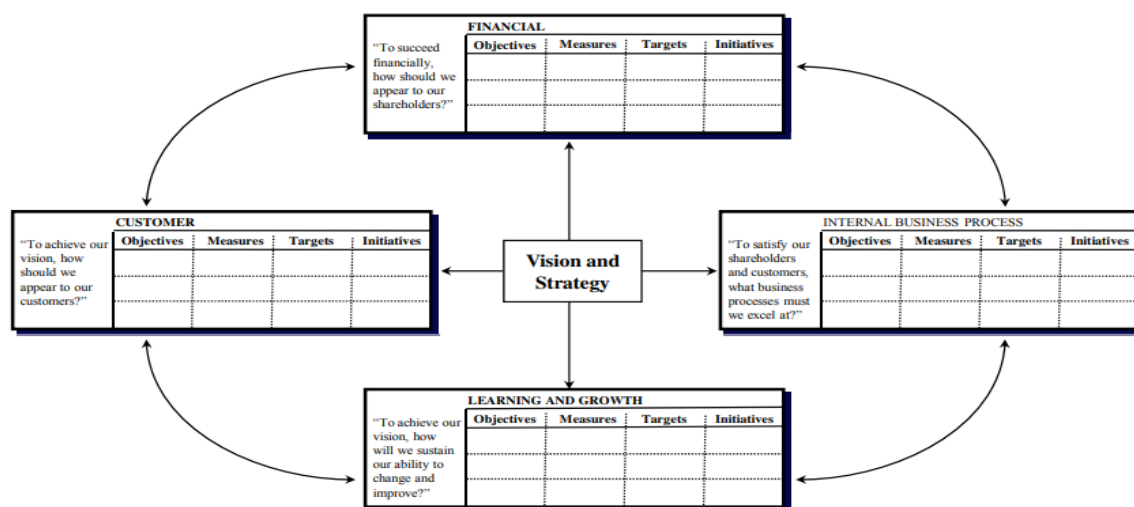


Figure: Balanced Scorecard (the framework) (Hasan and Chyi, 2017)

The Balanced Scorecard provides a comprehensive end-to-end strategy for tracking the performance of Spotify by using both financial and non-financial aspects of the strategy (Kaplan and Norton, 1996). Other than focusing purely on the results, it identifies the contribution of several organisational factors as they drive toward higher strategies.

The user development, personalisation, diversification of content and the enhancement of profitability are the basis of the strategy used by Spotify. The Balanced Scorecard assists in gauging the attainment of these strategic priorities through various aspects.

Perspective	Objectives	KPIs	Targets	Initiatives	Critical Insight
Financial	Improve profitability and reduce dependence on royalty-heavy streaming	Revenue growth, gross margin, operating profit, and premium ARPU	Increase operating margin by 5%; improve gross margin; increase premium ARPU	Reduce royalty costs, expand advertising revenue, and diversify income streams	Strong revenue growth but weak profitability due to high royalty costs
Customer	Increase retention and improve premium conversion	Monthly active users, premium subscribers, churn rate, conversion rate, playlist engagement	Reduce churn by 10%; increase premium conversion rate; grow user base beyond 600 million	Enhance personalisation through AI, improve user experience, and expand content offerings	Strong user growth but high switching due to low switching costs
Internal Business Processes	Improve platform efficiency and enhance	App engagement rate, content discovery	Increase engagement rate; improve	Improve AI recommendation system, optimise platform	Strong innovation but high operational costs and uncertain podcast returns

	content delivery	rate, podcast ad revenue, platform uptime	content discovery; increase podcast monetisation revenue	performance, expand podcast monetisation	
Learning & Growth	Strengthen innovation and develop AI and data capabilities	R&D investment, number of new features, AI capability development, and employee skills	Increase R&D investment; enhance AI capability; launch new features regularly	Invest in AI and data analytics, develop creator tools, and improve employee capabilities	Strong innovation focus but high investment risk with uncertain returns

Table: Balanced Scorecard Analysis of Spotify

The Balanced Scorecard analysis reveals that Spotify excels in customer growth and innovation, driven by its vast user base and ongoing investment in technology and content. But its financial result is poor due to high royalty expenses and continued losses. Investment in podcasts is expensive and entails a lack of predictable returns, although Spotify is still increasing its presence in this market (Spotify, 2023). This indicates that Spotify's strategy is not completely balanced, as it focuses on growth and innovation, rather than financial performance.

Financial Perspective

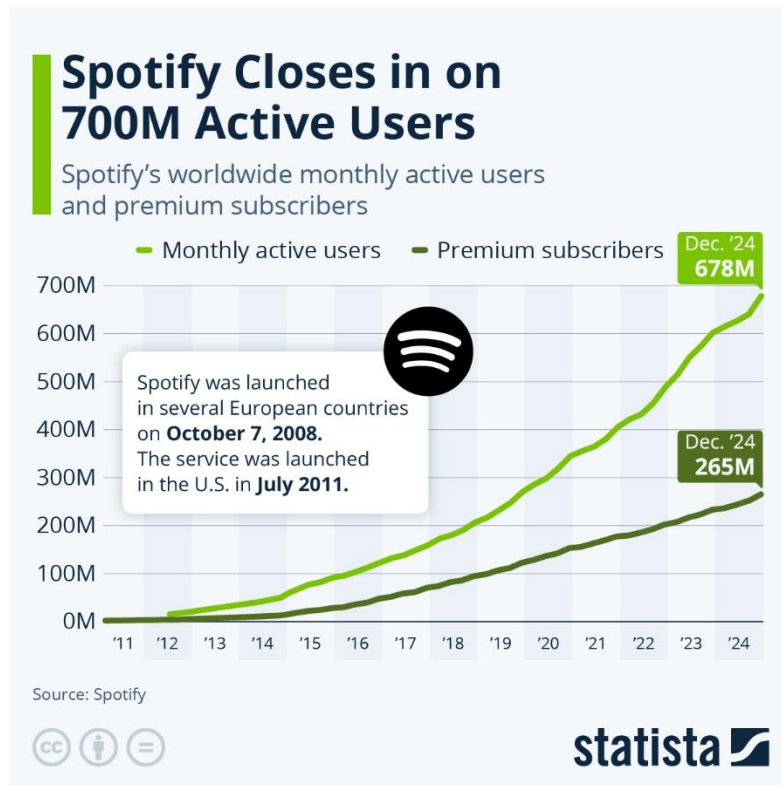


Figure: Spotify user growth over time (Statista, 2024).

The graph shows that the number of users at Spotify has been rising significantly over time. This expansion has not been accompanied by profitability, which is one of the strategic imbalances between expansion and financial performance.

Spotify has been registering a remarkable increase in revenue with its global revenue of over €13 billion, as of 2023, but profitability is diminishing due to the high expenses in royalty payments (Spotify, 2023). Spotify is also experiencing growth in revenues, and the negative operating margins at the company are worsening (Spotify, 2023). Its highest revenue is subscription income, which is supported by the increasing number of users across the world. However, when this growth occurred, Spotify continued to struggle with issues of profitability. Royalties to record houses are expensive and reduce the profit margins. The company will fail to generate a constant net income. This indicates that even though Spotify is faring quite well in terms of increasing its revenue, it is not faring well with converting the same into sustainable revenue. The focus on its user base development might mean that monetary results are now driven by quantities, rather than effectiveness.

Customer Perspective

Spotify has been enjoying high customer growth, and the number of user accounts globally is more than 600 million, particularly in the creation of customer attraction and retention (Santoso and Johanes, 2025). It gets over 600 million monthly active users and over 230 million premium subscribers across the world via its freemium business model (Spotify, 2023). One of the competencies is personalisation, and Spotify relates data analytics and algorithms to give a personalised playlist and suggestions. This also increases the consumer experience and customer loyalty. However, the client's need to receive free or low-cost services is high, which limits the alternative of increasing prices that are provided by Spotify. The switching cost is also not very high, making it very easy for users to switch to other services such as Apple Music or YouTube Music, creating an additional burden to add value to the users on the side of Spotify.

Internal Business Processes

The operations of the company are concentrated on technological innovations and the platform efficiency of Spotify. One of its advantages is that it has a recommendation algorithm which enhances positioning and user engagement. Their focus is on continuous development of the platform, through improvement of the user interface and content delivery. Spotify has made substantial investments in podcasts and exclusive content, but these investments can be characterised by substantial expenses and low predictability of financial returns (Spotify, 2023). These initiatives prefer innovations, but the investments are massive, and investing might not necessarily lead to a fast financial payoff. This is dangerous and risks that internal operations are working on their growth and expansion, but not efficiency in operations.

Learning and Development View.

Spotify concentrates on education and innovations, that is, artificial intelligence, data analysis and content creation (Spotify, 2023). These investments are not only oriented at incremental personalisation, enhancement of user experience and incremental innovation over the long term. The introduction of podcasts can be defined as the endeavour to make the content more varied and reduce reliance on music streaming. However, this is an expensive and unreliable approach, and not always certain to become profitable since it is not guaranteed that investments in podcasts will be lucrative. This means that the learning and development processes adopted at Spotify are not geared towards short-term benefits but to growth opportunities.

Critical Perspective

Overall, the Balanced Scorecard of Spotify refers to a particular strategic trend. The company does appreciate user growth, but innovation and market expansion in all these aspects are at the expense of financial performance. Awareness of customer acquisition and engagement is very high, but profitability scores are low. This imbalance means that the Spotify approach is geared towards scale, rather than developing sustainable value. As the company is still evolving, its overall financial sustainability is not guaranteed, casting doubts on the efficiency of its overall strategic solution.

Strategic Choices and Implementation

The business and corporate level strategic choices of Spotify can be assessed, along with the way the company executed the changes and how the company coped with them (Lynch, 2018). These choices are not only a pointer to the firm's focus on expansion, innovation and expansion of markets, but also a set of strategic risks.

Business-Level Strategy

Spotify mostly uses a differentiation business strategy at the business level. The company will make differentiations through its outstanding user experience, playlists and advanced recommendation algorithms. Customised playlists and Discovery Weekly are among the features that enable the viewer to interact more with the platform and offer a more personalised listening experience. This difference has helped Spotify to generate an influential brand, as well as to attain a substantial number of users across the globe.

This is being eroded. Other competitors, such as Apple Music and Amazon Music, are offering similar features such as customised recommendations and integrated services (Hracs and Webster, 2021). This implies that the distinction is losing its uniqueness and being imitated by Spotify. This reduces its ability to remain at a high level of competitive advantage in the long run, especially in an industry where the switching costs are low.

Corporate-Level Strategy

Spotify has been keen on diversification and expansion on a corporate level. Some of its notable tactics include its expansion into podcasts, including exclusive content and the purchase of podcasting companies. This will assist in reducing the dependence on music streaming and create new revenue streams. Spotify is also undergoing internationalisation; it is expanding into new markets, aiming to earn a bigger global base of users. The presence of telecommunications

and device equity is further enabled by an agreement with phone providers and gadget manufacturers.

The podcast strategy is a challenge, irrespective of such strategic campaigns. Its costly investment in both quality content acquisition and production places it in a financially stressed position, but the payoffs of the investment are not certain. Unlike music streaming, where the demand has been established, the profitability of podcasts on a long-term basis is not as predictable. This implies that podcasting will not be contributing value to Spotify since it is likely to undermine its basic business idea.

Change Management and Strategy Implementation

Spotify has shown promising potential in terms of transformation via rapid innovation and the creation of platforms on a continuous basis. The company constantly modernises its services and introduces new functionalities to stay in tune with the competition (Bailey *et al.*, 2018). The flexibility that it can achieve due to its lean organisational structure enables it to make decisions quickly, both of which are useful in the fast-paced digital world.

The rapid expansion and continuous innovative progress are also threatening (Wheelen *et al.*, 2018). Diversification into non-essential products, such as podcasts, and the global market can lead to a discrepancy in approach and make it more complicated. The organisational culture and emphasis may also be subjected to test whenever responding to different types of content and services. This highlights the question of whether Spotify can be able to strike a balance between growth and strategy consistency.

Critical Perspective

In general, strategic choices of Spotify are based on an ambitious growth strategy, although one might also mention the potential weaknesses. Differentiation and diversification can be helpful in growth, though it is more difficult to preserve. The business strategy of diversifying into other valences might weaken its merits and pose strategic risks in the long term.

Strategic Evaluation and Recommendations

SWOT can be used to analyse the existing strategy of Spotify and highlight the key strengths, weaknesses, opportunities and threats. Despite being as effective a summary as SWOT may be, it does have its shortcomings in the description of the nature of dynamism and swiftly changing digital competition dynamics.

SWOT Analysis (Strategic Evaluation).

Strengths	Weaknesses
Strong brand	Low profitability
Large user base	High royalty costs
Opportunities	Threats
Podcasts	Apple ecosystem
Emerging markets	Regulation

Spotify has a great user base and a strong international brand as its main strengths (Sletten, 2021). The platform is reputed as the most popular in terms of music streaming and is a high performer in terms of customer interaction with the assistance of personalised recommendations. These are the strengths that enable Spotify to compete in an extremely saturated market.

The company also has significant weaknesses. One of the main issues is low profitability, where the levels of royalty granted to record labels reduce profit margins. This is a pointer of structural dependence on suppliers, whereby there is no power to control costs. Besides, the company's approach of differentiation is beginning to decline since the rivals can offer the same features.

Spotify possesses several opportunities. This extra digital audio investment in podcasts and other aspects provides extra revenue sources. Another prospect could also be expansion in the new markets, as the increase in internet penetration and the number of smartphone consumers are also promoting user development. These opportunities cannot be accomplished without substantial investment and may not pay off immediately.

The threat of external forces towards Spotify is significant. Such ecosystem-based firms as Apple and Amazon are quite compelling, as they integrate music services into other products (Kreutzer *et al.*, 2024). In addition, tightening up one of the regulations and the legal requirements can also increase the cost of operations.

SWOT is a quite plain and yet fixed tool, though it assists in putting these aspects in place. It cannot provide an ultimate perspective in terms of the interaction of these factors over time and the rate at which the competitive environment is transpiring. Therefore, more strategic thought processes should be used to overcome the obstacles of Spotify.

Recommendations

One of the priorities of Spotify should be vertical integration, which helps to consolidate the strategic position of the company. Spotify can invest in or produce its material or license its rights to generate music to reduce its dependence on the record labels. This is a direct resolution of the issue of high power of suppliers as mentioned in Porter's Five Forces analysis, and would improve cost control and profitability.

Second, Spotify should increase its non-subscription sources of revenue. This could be through diversification of new digital products, new innovative advertising products and services, or content. The substantial reliance on subscription can be harmful to financial flexibility, and risk can be addressed through diversification.

Additionally, as an approach using strategic alliances, Spotify needs to think about the development of its ecosystem. Cooperation with technology companies, telecom organisations, and device vendors can guarantee an enhanced customer retention rate, as well as gain competitive advantages in the style of Apple and Amazon.

Finally, Spotify must transform it into a strategic orientation to profitability and not on endless expansion. Despite the role growth has played, success in the long run has been pegged to the achievement of sustainable financial performance. This would translate in terms of VRIO to the establishment of increased unique and inimitable resources that can hardly be replicated by competitors.

Overall, these recommendations will address the key strategic flaws of Spotify, and a more viable competitive advantage will be developed. The proposed strategies can be analysed with the help of the SAF framework. In terms of suitability, vertical integration will fix the issue of supplier power stated in the Five Forces analysis. The financial risk also includes the aspect of the cost of high investment in these strategies, in terms of acceptability. On the feasibility front, this will entail implementation based on the economic profitability and the organisational capacity of Spotify.

Section 2: Reflection

Description

In making this evaluation, I could conduct an analysis of the Strategic management of Spotify through some of the key theory frameworks, such as the PESTEL Framework, Porter's Five Forces Framework, VRIO, the Balanced Scorecard and SWOT. It involved an investigation into the business model of Spotify, its industry, its internal strengths and strategy. To understand how Spotify operates within the framework of the entire music streaming business in the world, I reviewed several academic resources, industry analysis publications and statistics.

I have followed the assessment requirements that provide the structure of the report, which starts with the introduction to the organisation, then the external and internal analysis, analysing the organisation's strategy and providing recommendations. I listened with interest to ways of relating theory and business practices in practice, in particular, how Spotify achieves its competitiveness and how it maintains it.

Feelings

My initial approach to the assignment was not easy, because there are a lot of strategic models that are required to be applied within one organisation. There was no simple description, and further evolution of critical analysis was difficult to realise in the beginning. The selection of information that is related and is not out-of-date was also a challenge, since in the world of Spotify, where the market is very dynamic, the information should be up to date.

I felt more confident in the work with the models and how they can be compared to each other, continuing the work. I have started to note the different perspectives of how the different structures can give us different clues about strategy. An example is that PESTEL is more focused on external factors as compared to VRIO, which focuses on internal strengths. This helped me to be more organised and analytical. After completing the assignment, I felt more comfortable with the evaluation of strategies rather than just making descriptions.

Evaluation

The strong points of the approach include the fact that multiple strategic layouts were applied in analysing Spotify under varying perspectives (Skog *et al.*, 2021). This has helped me to have a general understanding of the external environment as well as internal capabilities. I could

also establish strategic issues like dependency on record labels and the effort of Spotify to grow, and at the same time, ruin profitability.

There were also some weaknesses in my approach. In other cases, I had to rely on the models too much without questioning their deficiencies. To illustrate this point, the application of SWOT and the PESTEL would not put a lot of emphasis on the critical analysis of the environment, but I would rather list the factors. The integration of real-world information and theory would be challenging under different circumstances, as not all theoretical concepts are related to the business model of Spotify directly.

Analysis

This task provided a deeper understanding of strategic management and its practice. The key lessons include that there exists no universal model that can explain the strategy of a company. PESTEL does indeed provide a broad overview of the external factors, but it does not provide descriptions of the industry competition. Supplier power is highlighted in the Five Forces by Porter, but it leaves out ecosystem competition¹ because it plays an important role in the case of Spotify.

I also learned the reality about the wide difference between the theory and the business practice in the real world. Strategic models may assist in the analysis of situations, but are oversimplified in complex situations. Practically speaking, dynamic companies like Spotify are complex and an ecosystem with numerous forces interacting at the same time. Employing Spotify as an illustration, despite VRIO suggesting that competitive advantage is grounded in resources that are hard to find and imitate. Spotify's resources, such as its algorithm, can be copied by competitors, limiting long-term payoff (Jokinen, 2025).

The other important learning experience was the importance of critical thinking. Models must be challenged and not accepted as wholesale explanations of what is pushing them to their extremes. This plan helped me to develop superior arguments, along with a more critical form of writing.

Conclusion

Overall, this assignment enabled me to gain a more in-depth understanding of what strategic management is and how it could be utilised to respond to a real-life scenario. I could study how to analyse the internal and external environment, and I also learned how to critically review strategic decisions. The other lesson that the process allowed me to practice more successfully

is the fact that it also enabled me to connect theory with practice in relation to and ensure that my arguments are supported by evidence.

The crux of this assignment is not merely the implementation of strategies achieved through the simple application of models, but decoding them as well. The weaknesses inherent in each of the frameworks in the production of more realistic and effective strategy analysis are important to know.

Action Plan

In future assignments, a new way of achieving my objectives would be to make my theoretical models more critical by doubting and connecting them to reality in a better way. I would also like to have more recent and diverse sources of materials to prove my point.

Secondly, I will improve my learning in synthesising different models rather than synthesising by models. This will help in building a high level of analysis which is consistent. The other thing that I would do is spend more time improving my academic writing style in such a way that it will come across as lucid and academic.

Finally, I will continue developing my research and analytical abilities that will be required at the postgraduate stage of learning and practice. With such improvements, I would wish to produce an improved work that would portray my critical thinking and my practicality in strategic management.

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