



## Key Partnerships

Partnerships in the music industry are essential to making the business model work. Spotify has many important corporate partners

### Record Labels

Partnered with Record Labels, received investment. Help to manage DRM and copyright laws

### Facebook

Facebook integration in 2011 helped Spotify grow exponentially in global market

Ongoing partnerships with content producers and labels



## Key Resources

### Huge MAU, Brand, Partners

- Large MAU base gives them leverage over industry
- Brand synonymous with streaming, trusted in the space
- Partners help drive path to profitability



## Key Activities

### New Products, Maintain Sub Base

- Continue launching new content, like Podcasts, to keep engagement high
- Ensure that churn on Premium Sub base continues to be maintained



## Value Proposition

**Subscription-based streaming music service. Stream curated playlists and new music anywhere, on any device:**

- No need to download files and clog up device memory when listening to music
- New songs and podcasts constantly coming out, no need to 'buy' music



## Customer Relationships

### Cater to Premium Subs

- Offer continuous incentives to keep Premium Subs in the service
- Continuous product improvements keep customers engaged



## Channels

### Digital and Events

- Main customer channel is through the mobile app; majority of customer base is Millennials
- Offering more and more physical events



## Customer Segments

### Millennials, European Market

- Streaming represents 75% of music industry's revenues
- Millennials are responsible for the majority of the 'streaming revolution'
- 35% of Spotify's MAUs come from Europe, as the service started in Sweden in 2006
- US market increasingly competitive, represents 27% of MAUs



## Cost Structure

**Licensing-** Spotify has paid more than \$10 billion in royalties to artists and labels

**Platform-** Platform R&D is a large cost item

**Marketing -** Sales & Marketing costs remain high, as competition for new users continues to increase



## Revenue Streams

**Premium Memberships:** average cost per month is \$10 per month in North America. ARPU is €4.76 globally as of Q3 '19. Premium Subs drive 90% of revenue

**Ad-Supported:** freemium users can use Spotify, but they will see Ads. Represents 10% of Spotify's revenues.