

ASSIGNMENT 1 - INITIAL COMPANY RESEARCH

Student Name: Arianna Gonzalez

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COMPANY: (Include in-text citations) Spotify

Parent Company (or Holding Company) Name: NA

Brand/Division/Subsidiary Name:

Niland SA	France
S Servicios DeMúsica México S.A. De C.V.	Mexico
Sociedad Recaudadora SSMM México S.A. De C.V.	Mexico
Sonalytic Ltd	United Kingdom
Soundtrap AB	Sweden
Spotify AB	Sweden
Spotify Australia Pty Ltd	Australia
Spotify Austria GmbH	Austria
Spotify Belgium NV	Belgium
Spotify Brasil Serviços De Música LTDA	Brazil
Spotify Canada Inc.	Canada

Spotify Denmark ApS	Denmark
Spotify Dijital Müzik Ticaret Ltd. Sti	Turkey
Spotify Finance Ltd	United Kingdom
Spotify Finland OY	Finland
Spotify France SAS	France
Spotify GmbH	Germany
Spotify Hong Kong Limited	Hong Kong
Spotify India Private Ltd	India
Spotify Italy SRL	Italy
Spotify Japan K.K	Japan
Spotify Ltd	United Kingdom
Spotify MENA FZ-LLC	United Arab Emirates
Spotify Netherlands B.V.	Netherlands
Spotify Norway AS	Norway

Spotify Poland Sp. z o.o.	Poland
Spotify Service AB	Sweden
Spotify Singapore Pte Ltd.	Singapore
Spotify South Africa	South Africa
Spotify Spain S.L.	Spain
Spotify Sweden AB	Sweden
Spotify Switzerland AG	Switzerland
Spotify Taiwan Ltd.	Taiwan
Spotify Technology Holding Ltd.	Cyprus
Spotify USA Inc.	Delaware, United States of America
SpotifyOOO	Russia
Tunigo AB	

<https://www.linkedin.com/pulse/confused-terms-subsidiary-affiliate-division-others-gary-kirshenbaum>

Parent company structure: (begin with a brief history, mention its relationship to the brand you selected, and note its current financial position below):

Spotify does not have an overarching parent company, but does have several large shareholders. Firstly, six separate institutional shareholders own "...about 55-57% of total shares outstanding." (Johnston, 2021, p.5) The shareholders that comprise that group start with "Daniel Ek (who) owns 34.5 million shares of Spotify, representing 18.2% of total shares..." (Johnston, 2021, p.6) Daniel Ek is a co-founder of Spotify and chief Executive Officer (CEO) of the company. Mr. Lorentzon, a co-founder Spotify and Vice Chairman owns 11.8% of total Spotify shares. (Johnston, 2021) His position within Spotify's structure makes him, "...responsible for designing and implementing strategies, budgets, and goals." (Johnston, 2021, p.7) Bailie Gifford and Co. own 11.3% of Spotify shares, Morgan Stanley owns 9.5% of total shares, Tencent Holdings Ltd., a prominent investor in the music industry owns 8.8% of shares, and finally T. Rowe Price Associates and Inc., (subsidiary of T. Rowe Price Group Inc.) owns 7.1% of all shares. (Johnston, 2021)

Brand/Division/Subsidiary Detail (begin with a brief history, identify the CEO, and what part it plays in the success of the parent company, i.e. percent of business):

Spotify is originally a Swedish company, founded in 2006 in Stockholm was founded by Daniel Ek (owns 18.2% of Spotify shares) and Martin Lorentzon (owns 11.8% of Spotify shares). (Parsons, 2018) Currently the head office is now in London, but, "...much of its research and development remains in Stockholm." (Parsons, 2018, p. 9) Spotify's operational streaming service was launched later, in 2008 and worked differently than it does today. Paid subscription operated as they today but, similarly to the new platform Clubhouse, Spotify originally "...limited the sign-up for free services by making it invite-only." (Parsons, 2018, p. 10) They changed this the following year and in 2011 Spotify, "...received a \$100 million investment that it used to fund its launch into the United States." (Parsons, 2018, p. 12) And by the next year the company was offered in apple and android app stores. In the year 2016 Spotify saw another round of funding, this time for over a billion dollars, "...based on the plan that it would launch on the stock market in 2017." (Parsons, 2018, p. 15) This did not happen that year but, it did happening the following year, 2018.

Parent company financial position (Refer to assignment attachment: "Financial Information Source" for these five financial measures. Remember to include currency and year.)

- **Year over Year** (Stock price going up or down? Give stock price at beginning and end of the most recent 5-year period):

2018-19: -2.79

2019-20: -9.92

2020-21: + 52.96

(Spotify Technology S.A. (SPOT), 2021)

- **Compare stock performance to a market index** (note the percentage of change in the market index, and compare it to the percentage of change in the stock price for the same period):

Spotify's stock moved very similarly to the DOW intel from Oct 2018 to May 2020 and after that, Spotify skyrockets in price and has much more worth than the DOW index. (Spotify Technology S.A. (SPOT), 2021)

- **Net Income:**

-711,000

- **Net Profit Margin:**

-17%

- **Debt to Assets Ratio:**

0.061 - 6.1%

(Spotify Technology S.A. (SPOT), 2021)

BUSINESS LINES OF BRAND OR DIVISION (Include in-text citations)

Include a description of the Product or Service Line and the Product or Service example. Do not assume your decision-making client knows what "Mass Effect" is. She may be an Accounting VP, not a gamer. Emphasize benefits to potential and current customers.

Product/Service line A - Individual Subscription Plan

Example of Product/Service line A: One account (\$9.99/month), ad free, play anywhere, on demand playback.

Product/Service line B - Family Subscription Plan

Example of Product/Service line B: Six accounts (14.99/month), ad free, play anywhere, on demand playback, block explicit music, family mix playlist, Spotify kids.

Product/Service line C - Student Subscription Plan

Example of Product/Service C: One account (4.99/month), ad free includes access to hulu (ad supported) and Showtime, play anywhere, on demand playback.

(Pick Your Premium, n.d.)

TARGET MARKET FOR BRAND OR DIVISION (Include in-text citations)

Complete these segmentations for each Example of the Product/Service you identified above. Segment the Market according to what you learned in Introduction to Marketing. Be specific. Avoid broad generalizations like “worldwide”, “everyone” and “all ages.”

Example of Product/Service line A: Individual Subscription Plan

- **Geographic:** U.S.
- **Demographic:** All 25- 29 year olds (millennials) who make on average 50,000 USD per year.
- **Psychographic:** Interested in customizations and personalization, and spends copious amounts of time online.
- **Benefits Sought by consumer:** Ad free, control over music played.
- **Usage Rate of consumer:** Extremely frequent, daily.

Example of Product/Service line B: Family Subscription Plan

- **Geographic:** U.S.
- **Demographic:** All parents ages 30-50, making 60- 100,00 USD per year, with more than one child.
- **Psychographic:** Busy people, hyper focused on their professions and providing for their family. Motivated by family and main fears are also surrounding family life.
- **Benefits Sought by consumer:** Larger number of accounts, ad free, control over music played, parental controls.
- **Usage Rate of consumer:** Extremely frequent, daily.

Example of Product/Service line C: Student Subscription Plan

- **Geographic:** U.S
- **Demographic:** High school and college student ranging between 18-24 years old, many dependents.
- **Psychographic:** Fast attention spans, used to quickness and convenience, multitaskers focused on experience.
- **Benefits Sought by consumer:** Control over music played, discounted price.
- **Usage Rate of consumer:** Extremely frequent, daily.

(Arias,A. Kabbas, C. Meuse, B. Russo, M. & Zimmerman, B., 2016)

DIRECT COMPETITION FOR YOUR BRAND OR DIVISION (Include in-text citations)

Each Competitor's Product/Service below should align with the Examples of your company's Product/Service identified above. For example, Competitor Company 1 Product/Service below should be compared to Example of Product/Service line A above.

Name of Competitor Company 1: Apple Music

Competitor Company 1 Product/Service: Student Subscription Plan - The apple music student subscription plan costs \$4.99/month, allows users to control the music played and includes features like on screen lyrics, music videos, specially curated playlists and access to radio stations. Apple Music also easy pairs with all apple products and other speakers in order to create an ecosystem of sound all controlled by the users chosen device. (Features, n.d.)

Competes with your Product/Service A: Spotify Student Subscription Plan - Spotify's student subscription plan costs \$4.99/month and allows access to the SHOWTIME and HULUY (ad supported) streaming services. It also allows on-demand playback and the ability to play music anywhere. This plan also includes features like lyrics provided by Genius on songs the website has lyric pages for, music videos for select songs and special curated playlists. Finally, Spotify keeps a log of devices in order to easily change from one to another. (Pick Your Premium, n.d.)

Apple Student Plan	Spotify Student Plan
\$4.99/month	\$4.99/month
On-demand playback	On-demand playback
On screen lyrics	Genius provided lyrics on some songs
Music videos (those available)	Music videos on some songs
Curated Playlists	Curated Playlists
Easily pairs with apple products and other speakers.	Keeps log of devices in order to easily transition from one to another.
Ad free	Ad free
	Access to HULU (ad supported streaming service)
	Access to SHOWTIME (streaming service)

Name of Competitor Company 2: Tidal

Competitor Company 2 Product/Service: Individual Subscription Plan - The Tidal subscription plan (individual, only plan) costs \$9.99/month and includes features like curated playlists, on demand playback, music videos and offline listening. Finally, Tidal's plan is ad free and also

allows access to radio stations and includes live-streaming features for users to connect with their favorite artists. (Home, n.d.)

Competes with your Product/Service B: Spotify Individual Subscription Plan - The Spotify individual Plan costs \$9.99/month for ad free music the listeners can listen to offline. This plan also includes features like lyrics provided by Genius on songs the website has lyric pages for, music videos for select songs, on demand playback and special curated playlists. Finally, Spotify keeps a log of devices in order to easily change from one to another.

Tidal Individual Plan	Spotify Individual Plan
\$9.99/month	\$9.99/month
Ad free	Ad free
Offline listening	Offline listening
Music videos	Music videos
On demand playback	On demand playback
Curated playlists	Curated playlists
Access to radio stations	Genius proved lyrics
Livestreams	Log devices to easily switch from one to the other

Name of Competitor Company 3: Pandora

Competitor Company 3 Product/Service: Family Subscription Plan - The Pandora Family Subscription Plan costs \$14.99/month and allows for up to six accounts all of which include features like, offline listening, unlimited skips, on demand playback, curated playlists and is ad free. (Pandora Premium for Families, n.d.)

Competes with your Product/Service C: Spotify Family Subscription Plan - The Spotify Family Subscription costs \$14.99/month allows for up to six accounts, all of which include specially curated playlists, parental controls, on demand playback and offline listening. Finally the family is also ad free and allows access to Spotify Kids: a separate app made just for kids. (Pick Your Premium, n.d.)

Pandora Family Plan	Spotify Family Plan
\$14.99/month	\$14.99/month
Up to six accounts	Up to six accounts
Offline listening	Offline listening

Pandora Family Plan	Spotify Family Plan
On demand playback	On demand playback
Curated playlists	Curated playlists
Ad free	Ad free
	Parental controls
	Spotify Kids

Rank the 4 companies (each Competitor Company listed above and the Company you selected for this Assignment). List the companies *in order of success*. Rank the most successful as #1. Include the metric/numerical evidence used as the basis of the ranking. The metric/numerical evidence can be annual revenue, annual profit, ticket sales, concert tour revenue, fan base size, twitter followers, consumer reviews, age of company, size of company, etc. *DO NOT USE current stock price as a measure of success, since it does not offer the necessary context.*

Ranking:

Company #1: Spotify - Spotify was founded 15 years ago and had its IPO years ago. Spotify's average annual revenue over the past four year is \$5,998,250 and an average annual gross profit of \$2,484,750. (Spotify Technology S.A. (SPOT)) On social media, Spotify has amassed 4.1M twitter followers (Spotify Twitter, n.d.) and 6.5M followers on instagram (Spotify Instagram, n.d.). Finally, Porter (2021) states that "Spotify now boasts 155 million premium subscribers and 345 million monthly active users..." (p.1)

Company #2: Apple - Apple released its platform Apple Music six years ago (Apple, 2015) and since then has gained 9.8M followers on twitter (Apple Twitter, n.d.) and 4.5M followers on Instagram. (Apple Instagram, n.d.) Finally, according to Curry (2021), "72 million people subscribe to Apple Music as of June 2020" and "...made approximately \$4.1 billion revenue in 2020...". (p. 9)

Company #3: Pandora - According to Banton (2020) Pandora was founded 21 years ago and was "...taken over by Sirius XM Holdings in 2019." Its parent couple, Sirius XM has an average annual revenue of \$6,757,455 over the past four years and an annual profit of \$3,903,308 over the past four years. (Sirius XM Holdings Inc. (SIRI), 2021) Since its adoption of social media, Pandora has accumulated 530.6K twitter followers (Pandora Twitter, n.d.) and 378K instagram followers. (Pandora Instagram, n.d.) Finally, according to Curry (2021), "Pandora has 58 million monthly active listeners." (p. 13)

Company #4:Tidal - According to Dredge (2015) Tidal was "...originally started in Scandinavia in 2009." (p.1) Its was called WiMP at the time and was launched its parent company Aspiro. Over the passed twelve years Tidal has gained 331.5K twitter followers (Tidal Twitter, n.d.) and 711K Instagram followers. (Tidal Instagram, n.d.) Finally, in the year 2016 Tidal reported a total of approximately 3 million subscribers. (Dorsey, 2021)

FINDINGS: (Include in-text citations)

Research leads to findings. Summarize your findings here in **two or three well-developed paragraphs (a well-developed paragraph will contain 4-6 sentences)**. Describe your findings (data), and note whether it was significant or not. Explain what the data you found implies, or says, about your subject. Avoid overstating the importance ("*XYZ is sure to dominate the competition for years to come!*"). Try to be objective in your description. Use both quantitative and qualitative data from your research:

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Its YoY number from 2018 to 2019 where, -2.79, -9.92 from 2019-20, and + 52.96 from 2020-21. Spotify's stock moved very similarly to the DOW intel from Oct 2018 to May 2020 and after that, Spotify skyrockets in price and has much more worth than the DOW index. (Spotify Technology S.A. (SPOT), 2021)

Spotify is the leading service as it was founded 15 years ago and had its IPO years ago. Spotify's average annual revenue over the past four year is \$5,998,250 and an average annual gross profit of \$2,484,750. (Spotify Technology S.A. (SPOT)) On social media, Spotify has amassed 4.1M twitter followers (Spotify Twitter, n.d.) and 6.5M followers on instagram (Spotify Instagram, n.d.). Finally, Porter (2021) states that "Spotify now boasts 155 million premium subscribers and

345 million monthly active users...". (p.1) A large factor in this may be that, compared to the next three most popular services, it always has more features, while matching the price.

REFERENCES: (APA Format)

List *at least* 3 references below using the APA long form guidelines for formatting. Each reference must also have a corresponding in-text citation above to show where it was used. It must be formatted using the APA short form guidelines. Each of the five sections above (Company, Business Lines, Target Market, Competition, Findings) must include at least one in-text citation.

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