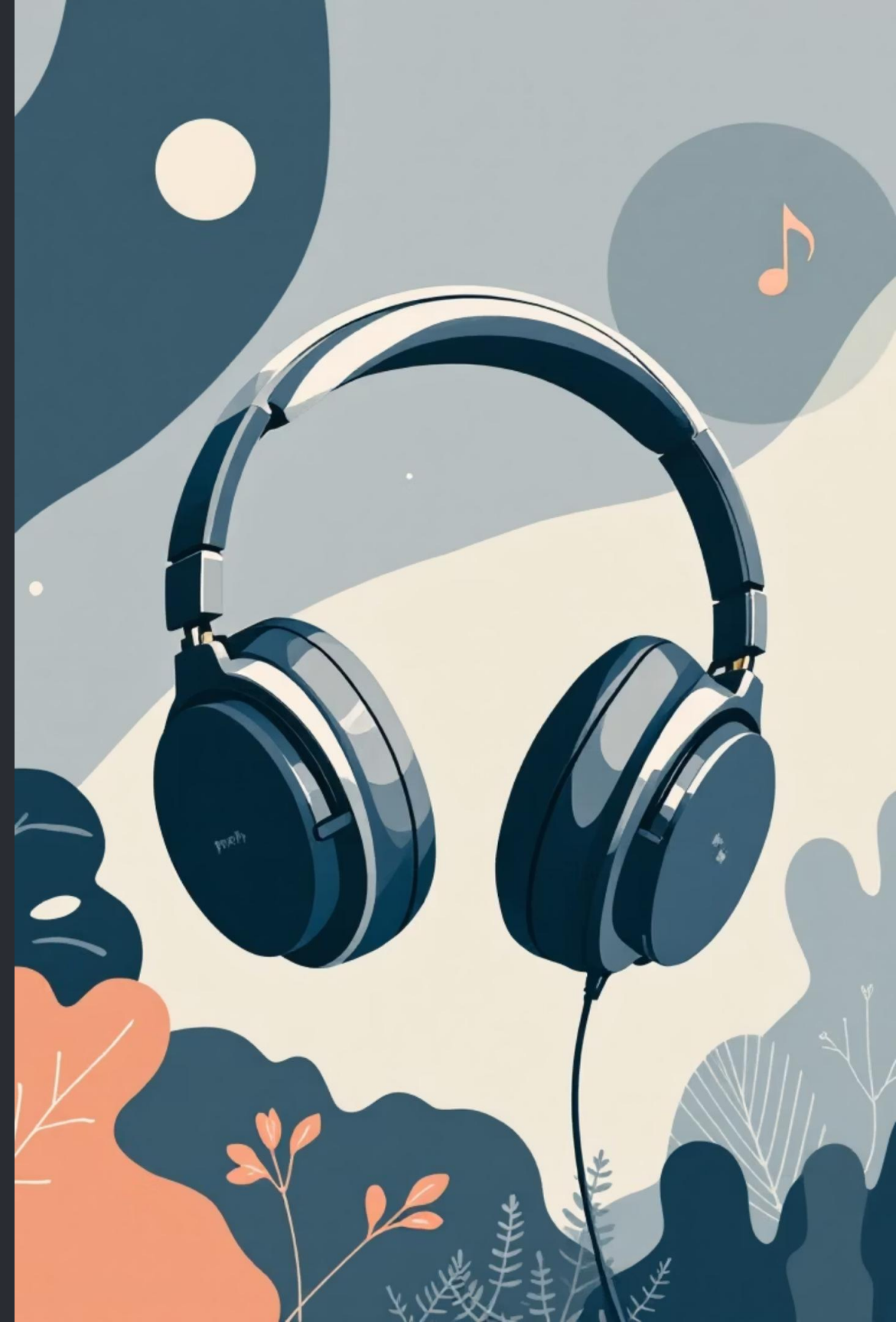


Unlocking Growth: Artist-Based Subscriptions at Spotify

A strategic approach to converting 432 million ad-supported users into subscribers through personalized subscription tiers



Spotify Performance Highlights

User Base Growth

As of September 30, 2025, Spotify has reached **713 million monthly active users**, representing an impressive 11% year-over-year increase. This growth demonstrates continued market expansion and platform adoption.

However, **432 million users remain on ad-supported plans**—representing a massive untapped revenue opportunity.

Revenue Breakdown (Q2 2025)

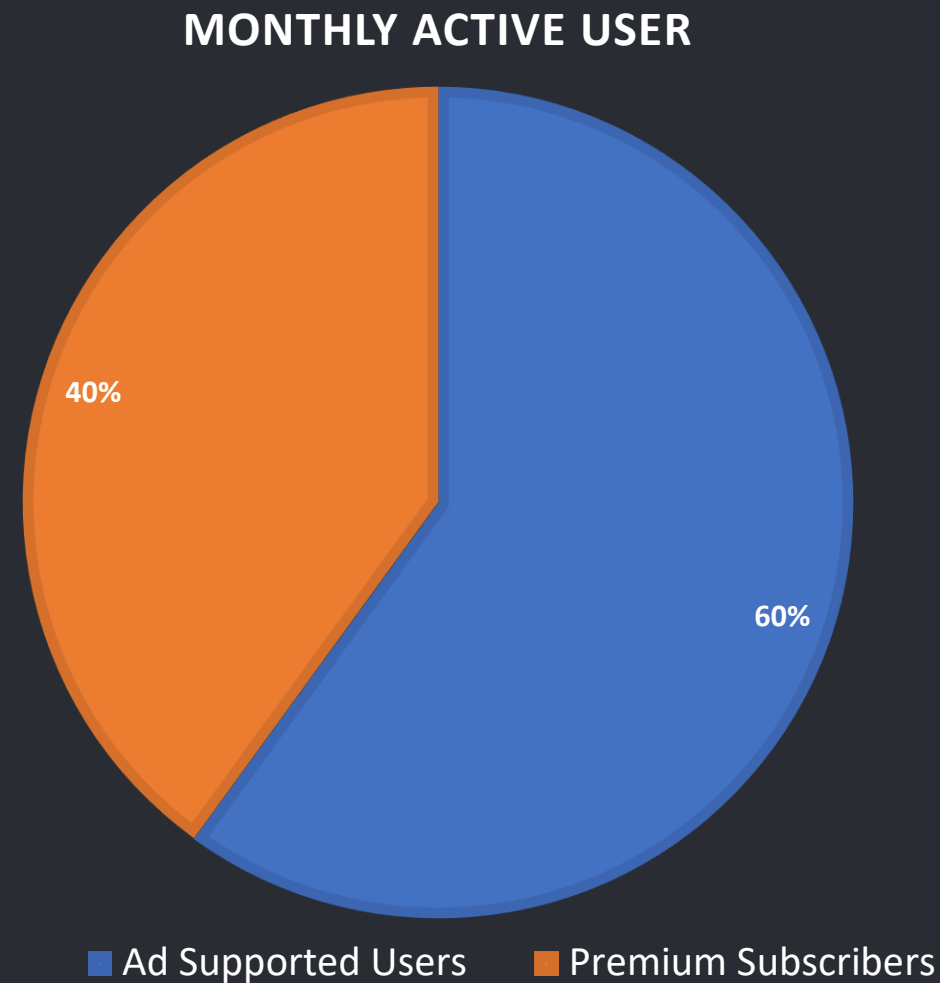
Subscription Revenue: ₹394.8B (90% of total)

Ad-Supported Revenue: ₹46.0B (10% of total)

Total Revenue: ₹440.8B

The disparity between subscription and ad revenue highlights the critical importance of conversion strategies.

The Subscription Conversion Challenge



The Subscription Conversion Challenge

With 60% of our user base on free plans, understanding their barriers to conversion is essential for sustainable revenue growth.

User Insights: Why They Don't Subscribe

We conducted extensive user research to understand conversion barriers. Here's what we learned:

User 01

"I don't find the subscription plan worth it."

User 02

" Ads are pushing me to subscribe, but the subscription cost is too high."

User 03

"Since I listen to only selected tracks, I don't see a reason to upgrade."

User 04

"I don't want to pay to listen to music."

User 05

"I usually listen to my library songs only."

Key Barriers to Conversion



Price Sensitivity

At ₹350 monthly for the cheapest plan, many users find the full Premium subscription too expensive for their listening habits.



Limited Usage Patterns

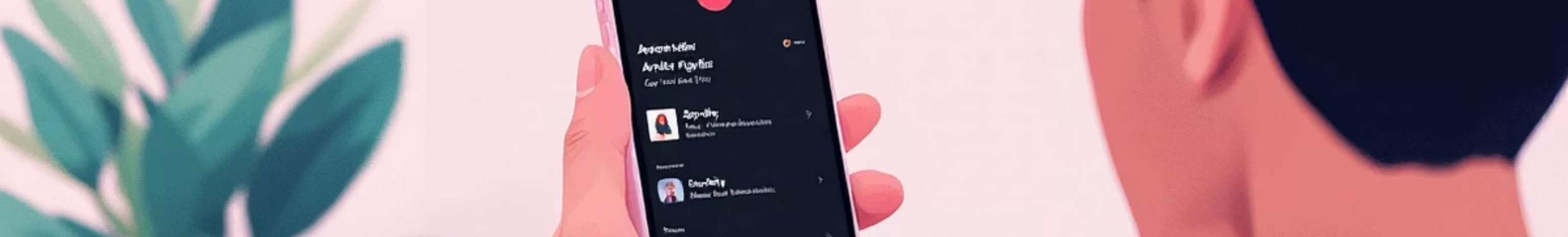
Many users listen to a narrow selection of artists repeatedly and don't see value in unlimited access to 100M+ songs.



Perceived Value Gap

Users struggle to justify the cost when their listening behavior is selective and routine-based rather than exploratory.

The Insight: 40% of ad-supported users listen to selective artists on loop daily—they need a personalized solution, not an all-access pass.



Introducing: Artist-Based Subscription Plans

Two new subscription tiers designed to match how users actually listen—offering premium benefits for their favorite artists at accessible price points.

1

Select 4 Plan

Choose 4 artists and unlock premium features exclusively for their music

- Ad-free listening for selected artists
- High-quality audio (320 kbps)
- Download for offline listening
- Cancel anytime flexibility

Pricing: Monthly or quarterly subscription options

2

Select 6 Plan

Choose 6 artists and enjoy enhanced premium benefits across more of your favorites

- Ad-free listening for selected artists
- High-quality audio (320 kbps)
- Download for offline listening
- Cancel anytime flexibility

Pricing: Monthly or quarterly subscription options

Strategic Rationale

The Problem

Reducing the full Premium price would damage overall revenue and devalue the product.



The Solution

Create a personalized middle tier that matches actual listening behavior without cannibalizing Premium.



The Benefit

Users pay for what they value most while experiencing premium quality that builds loyalty.

This approach transforms the conversion challenge into a win-win: users get affordable, personalized access while Spotify captures revenue from previously unmotivated segments.



Target Audience & Conversion Goals

40%

Daily Ad-Supported Users

Users who listen to selective artists on loop every day and find full Premium too expensive

130M

Conversion Target User

30% of the 432M ad-supported users converted by next quarter

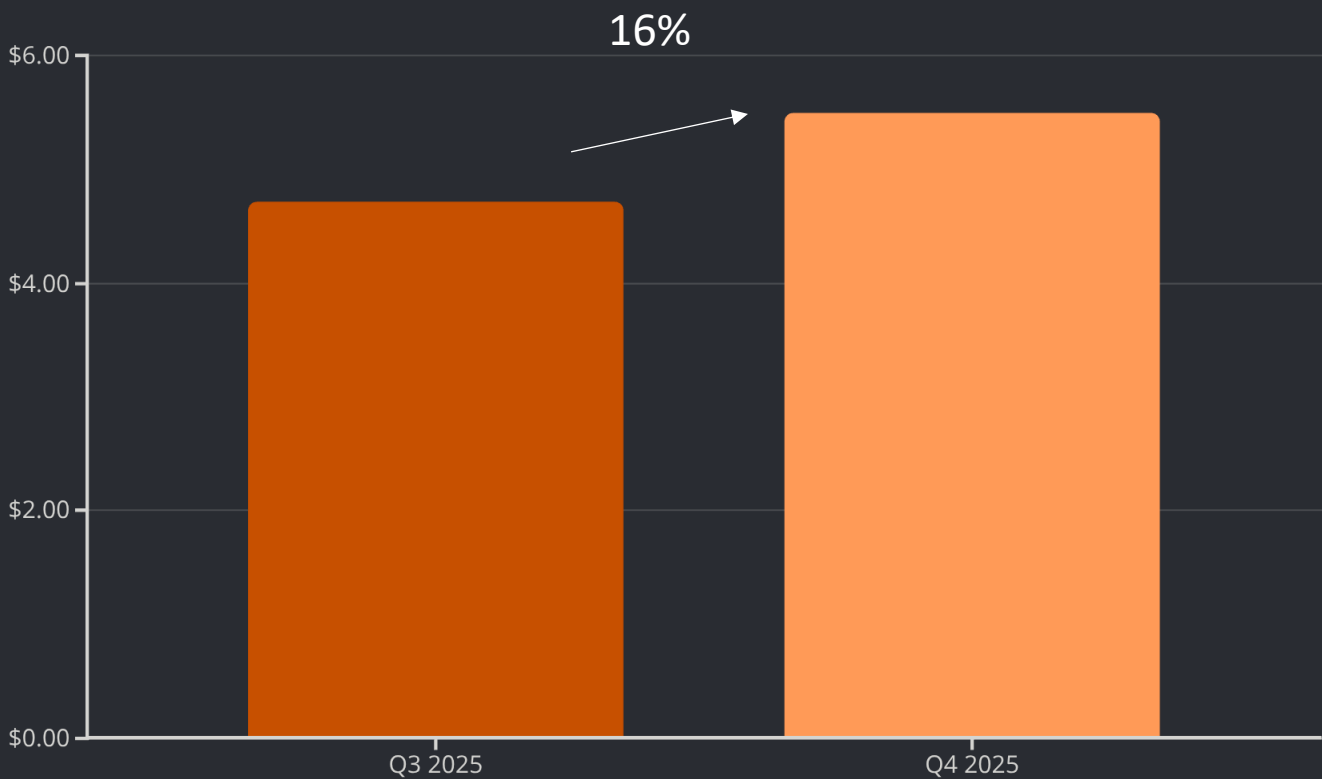
30%

Target Rate

Converting 30% out of the 40% who fit the ideal profile (MAU)

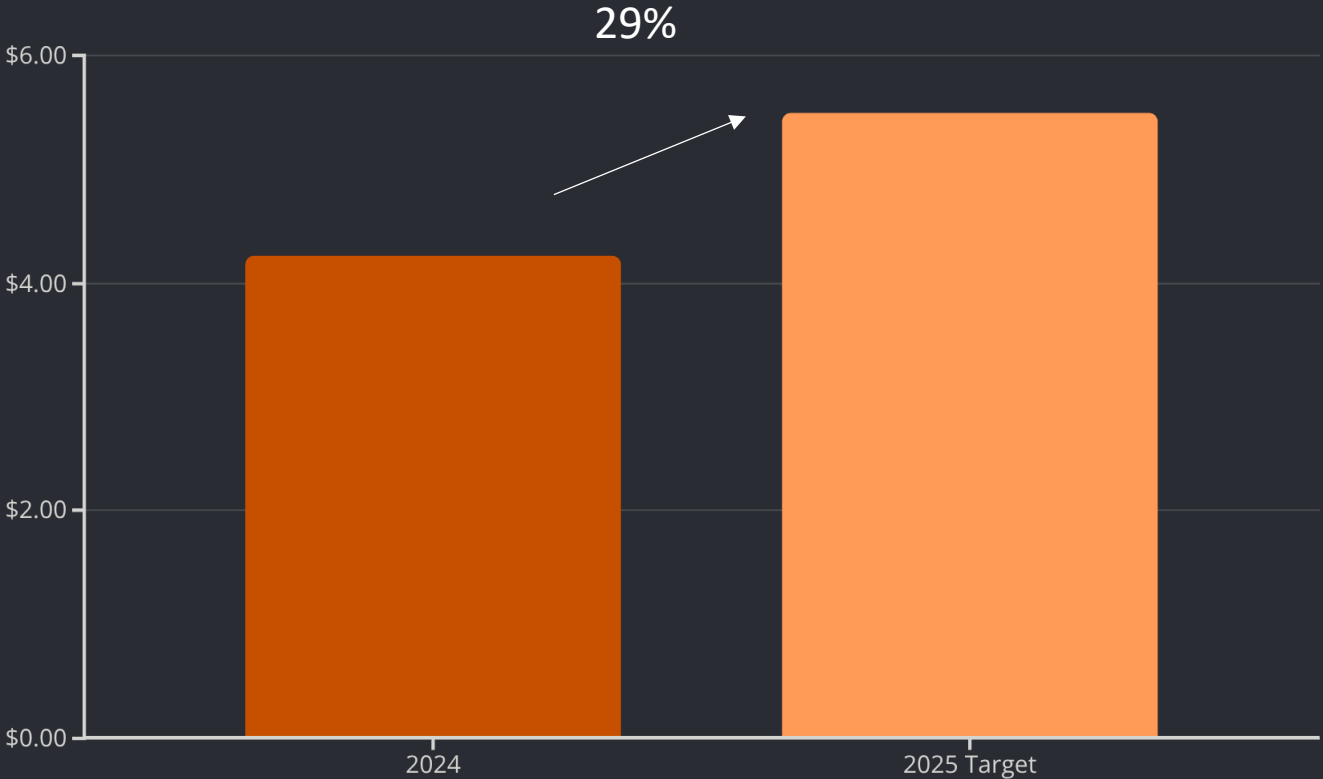
Projected Business Impact

Quarterly Revenue Growth



This represents a 16% Q-o-Q growth.

Annual Revenue Growth



This represents an 29% Y-o-Y growth.

Expected Additional Revenue: 5.5 Billion EUR annually from this initiative alone, driven by converting high-engagement users into paying subscribers.

Next Steps: Launch Strategy

01

User Testing & Refinement

Pilot program with 5% of target audience to validate pricing and artist selection experience

02

Marketing Campaign Launch

Targeted in-app messaging and email campaigns highlighting personalized value proposition

03

Performance Monitoring

Track conversion rates, retention, and revenue impact weekly against projections

04

Iterate & Scale

Optimize based on user feedback and expand to broader markets if targets are met

For Prototype refer the link: <https://spotify-artist-subsc-uum2.bolt.host>

Thank You