

Marketing plan spotify



Spotify was launched in October 2008 in Sweden as a music streaming service. It offers a wide variety of music, working in conjunction with working with a wide variety of music labels. Presently it only operates in parts of Europe, however there is the potential for expansion as outlined in this Marketing Plan Spotify. Spotify is available on Linux, Mac Os X, Microsoft Windows and mobile devices of iOS, Android, Symbian Windows or Palm's HP webOS software.

Spotify attracts over 750, 000 paying subscribers across its market, making it the biggest retailer in Norway and Sweden and the number two digital service in Europe after iTunes (IFPI 2011). However due to its lack of marketing, Spotify suffers from a lack of communication and brand awareness to its potential target market and its current consumers. 1. 2 Identification of the key issue/basis for plan A Spotify Premium Account is where the customer pays $\text{€}10$ a month for unlimited streaming of music with no advertisement (see Appendix 7. 6). There has recently been a significant decrease in the level of customer demand for Spotify Premium Accounts due several reasons: lack of brand awareness, increased music piracy, and consumers becoming more selective.

Therefore a short term (12 month) Marketing Plan Spotify has been developed that aims to address the significant decline in sales, specifically in the UK geographical region. Diagram 1: Ansoff (1965) product market growth matrix The diagram above represents the Ansoff Matrix: Generic Strategies for growth which is a model for product/market growth and expansion. The green ' yes' beside Marketing Penetration highlights the chosen route which this Marketing Plan Spotify is taking to overcome Spotify's significant decline

in sales. Market Penetration is commonly used to drive sales of the existing products in the current markets.

ORGANISATIONAL STRATEGIC POSITION

2. 1 Organisational vision, mission and strategic intent Spotify's mission statement is: " We want to connect millions of people with their favourite songs and create a service that people love to use. We believe music should be easily accessible and that listening to music will make people live richer lives. We want to create a win -win situation for people who love listening to music and people who love creating music" (see appendix 7. 1. 3. 1). The company appears to have no vision statement however the mission statement is very visual itself.

The company strategically differentiates from its competitors (see appendix 7. 1. 2. 2) by meeting the needs of the majority of its consumers who want to listen to music as cheaply as possible and for those who want to listen to and stream music for free, revenue is created from advertisements played between songs. The development of Spotify's products are at the heart of making the product as simple as possible for its consumers to use. This means their team are constantly making improvements to add to ease of access. Jon Mitchell UK Country Manager, believes this makes people fall in love with their product and adds to its sustainability. Furthermore Spotify working with other technology companies means that they are at the forefront of technology with multi-platforms to host their product on. (AOP 2011)

An example of such product development is Sonos partnership with Spotify which has allowed premium users to stream music in any room in the house by Sonos Multi – Room music system which is available in seven European countries (IFPI 2011). Furthermore Spotify is set to start streaming live shows and concerts on the 5th of April 2011. This first gig will be in Koko nightclub in London featuring Delphic, Pony pony run run, and the Naked and Famous (Complex 2011 and CMU 2011). Complex (2011) further adds to this by stating that Jonathon Foster the general manager of Spotify states that: Giving people access to live music at home is the next part in the Spotify Experience and there is more expected in the future.

Business to consumer: Spotify is comprised of three different types of membership that vary in price. They are called: Premium, Unlimited and Open. Premium is £9.99 a month, it enables access to Spotify on mobiles, an offline mode for playlists, no advertisements and unlimited streaming of music. Unlimited is £4.99 a month which allows unlimited streaming of music to be played with no advertisements. Open is completely free with advertisement in between streaming of tracks.

Business to Business: For businesses who wish to advertise with Spotify via the Open member, Spotify can target specific audiences for the adverts according to demographic, location and mood. Advertising can incorporate banners, audio or even advanced video (Ikroh 2011). Business to consumer: The price ranges from £9.99 with Premium to free with Spotify Open. This is viewed upon by most customers as value for money (Get Satisfaction 2010). Business to Business: The cost of advertising is calculated by Pricing

is by CPM (Cost Per Thousand Impressions) – ≈ 10 CPM for audio ads and ≈ 6 CPM for display ads (Ikroh 2011).