



A DEEP DIVE INTO USER BEHAVIOR & PRODUCT OPPORTUNITIES



UNDERSTANDING THE TARGET USER SEGMENT



Defining Different User Segments

Casual Free Users (Ad-supported)

- Use Spotify occasionally, mostly for background music.
- Not highly engaged and may switch to other platforms.
- Find ads annoying but tolerate them since they don't use the app frequently.

Engaged Free Users

- Listen regularly but are on the free tier.
- Explore recommendations, playlists, and new music often.
- Experience frustration with ads and limited skips but are not yet convinced to upgrade.

Switchers (Multi-App Users)

- Users who frequently switch between Spotify and other platforms like YouTube Music, Apple Music, JioSaavn, or SoundCloud.
- Often use multiple platforms based on content availability (e.g., regional music) or pricing.
- Hard to retain because they are not fully committed to Spotify.

Premium Subscribers

- High loyalty and engagement
- Expect exclusive features and a superior experience

Chosen Segment: Casual Free Users

Why This Segment?

Largest segment with the highest churn risk

- Casual free users make up the majority but contribute low listening time.
- Switch frequently between platforms, reducing engagement.

Competitor Threats

- YouTube Music and JioSaavn offer a better free-tier experience (background play, fewer ads).
- Regional music availability is a key factor in user migration.

Potential for High Impact

- If we improve engagement, these users spend more time on Spotify instead of switching.
- Increasing their retention can drive higher ad revenue and conversion to Premium.

Chosen Segment: Casual Free Users

Current Pain Points & Hypotheses

Ad Fatigue:

Ads interrupt listening and users leave instead of continuing.

Limited Control:

Skips and shuffle-only mode frustrate users and reduces engagement.



Better Free Alternatives:

Users switch to another platform due to ads interruption or to find new songs or regional content, making Spotify less attractive.

Music Library Gaps:

Some regional content is missing, pushing users to competitors.

Guesstimate on Potential Impact

- 1.Total Spotify users in India (estimated): ~100 million (Approx)
- 2.Free-tier users in India: ~80 million (80% of total users)
- 3.Casual Free Users (Target Segment): ~50 million
- 4.Average listening time per day (Casual Free Users): ~30 minutes
- 5.Average listening time per day (Premium Users): ~90 minutes

If we increase listening time for Casual Free Users by just 10 minutes/day, what would happen?

Ads per hour on Free Tier: ~5 ads
Extra ads served per user (10 min increase): ~1.5 ads
Revenue per 1,000 ads (CPM estimate): \$2
New revenue per day for 50M users:
(50M×1.5)÷1000×2=\$150,000/day

Annual revenue increase: ~\$55M

Current Free to Premium conversion rate: ~30%

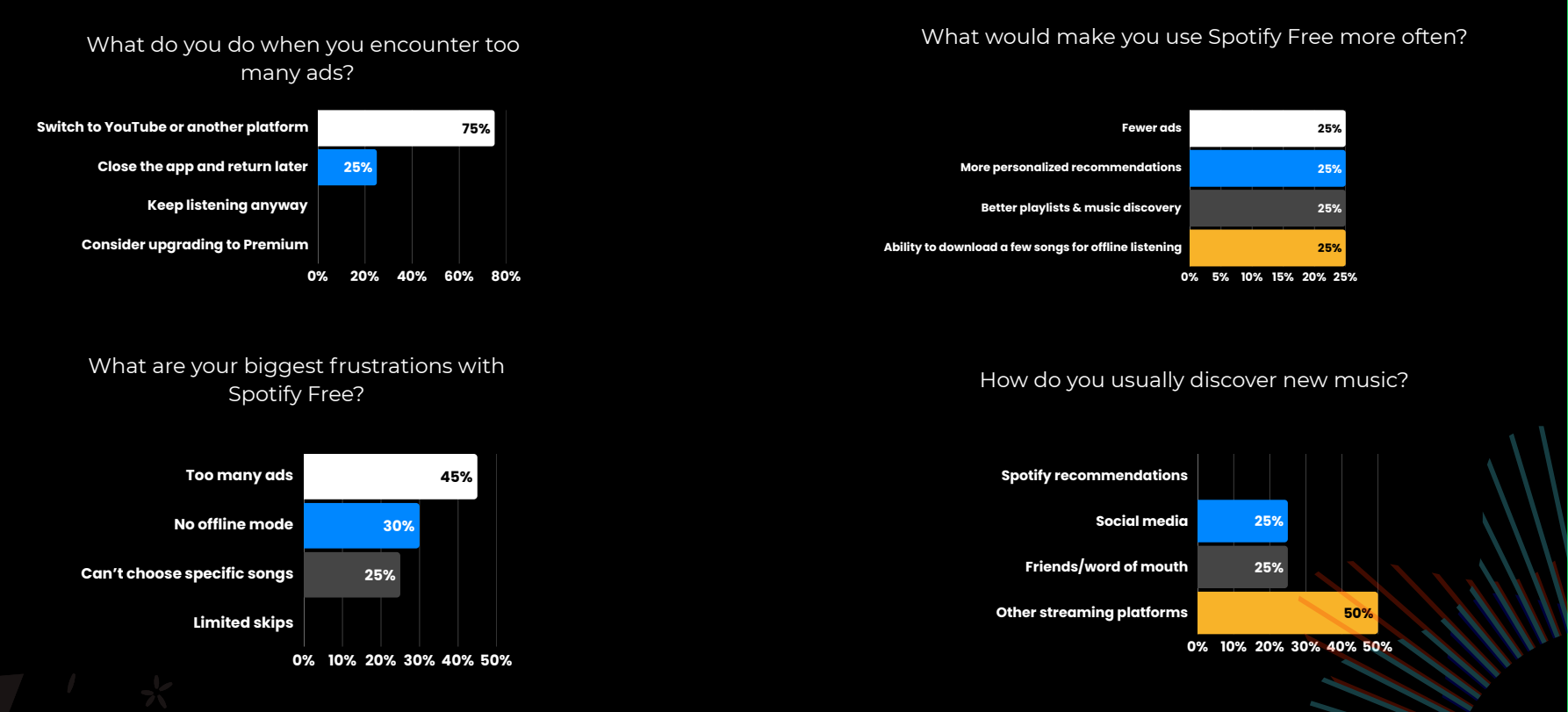
If engagement increases, even a 0.5% improvement leads to
50M×0.5% = 250,000 New Premium Users

Extra Premium Revenue (assuming ₹119/month per user): 2,50,000 X ₹119 = ₹29.75M/month (~\$3.6M/month)

Annual Premium revenue increase: ~\$43M



USER RESEARCH: UNDERSTANDING CASUAL FREE USERS



Insights from 5 User Interview

Frequent Ad Interruptions – 60% of Free users say ads are disruptive, and many leave after 1-2 ads.

Lack of offline download – 50% Users say they need offline download during commute.

Lack of Personalized Discovery – 80% Users find Spotify's free-tier recommendations less engaging.

Competitor Influence – 50% users switch to YouTube for New songs, lyrics, or regional content.

Pain Points and potential impact

Motivations & Preferences



High Interest in Offline Mode – 50% say they would use Spotify more if offline listening was available.



Better Playlists Increase Engagement – Users with strong personalized recommendations listen longer.

Actionable Changes to Drive Engagement



More Flexible Ad Experience (e.g., Watch 1 Ad for 60 Minutes Ad-Free instead of 30 minutes).



Better Free-Tier Personalization (improve song discovery for Free users).



Limited Offline Mode for Free Users (e.g., Save 10 Songs for Offline Listening).

PROBLEM FRAMING CANVAS



What is the true problem?

Casual Free Users are not spending enough time listening on Spotify due to:

- Ad interruptions disrupting the listening experience.
- Poor discovery experience
- Competitor platforms providing a better experience for certain needs (lyrics, offline playback, regional content).

Who are the Customers Facing the Problem?

Casual Free Users (Ad-supported)

- Use Spotify occasionally, mostly for background music.
- Not highly engaged and may switch to other platforms.
- Find ads annoying but tolerate them since they don't use the app frequently.

How Do We Know It's a Real Problem?

User Research & Surveys:

- 75% of Free-tier users say ads are the biggest reason for switching platforms.
- 50% say they use YouTube for new songs & discovery instead of Spotify.
- 50% say they find song discovery on Spotify lacking.
- Many Free users don't engage with personalized playlists (like Discover Weekly).

What is the Value Generated by Solving This Problem? For Customers:

- 👍 Improved listening experience—fewer ad interruptions, better discovery, and more playback control.
- 👍 Better music discovery—personalized playlists reducing the need for manual searches.
- 👍 Reduced switching to competitors—Spotify becomes the go-to app for music.

What is the Value Generated by Solving This Problem? For Customers:

- 💰 Higher engagement & session duration which will bring more ad impressions, increasing revenue.
- 📈 Increased Premium conversions which will help users see value in upgrading.
- 👤 Stronger retention & loyalty within which fewer users will switch to competitors.
- 🌐 Expansion in Tier-2 & 3 cities will solve offline listening & low-data challenges.

Why Do We Solve This Problem Now?

- ▲ Increasing Competition: Platforms like YouTube Music, JioSaavn, and Wynk are aggressively gaining market share. Early intervention will help Spotify defend its position.
- ▲ Rising User Expectations: Users now expect seamless, uninterrupted listening experiences with personalized content.
- ▲ Growth in Regional Content Consumption: Competitors are rapidly expanding regional language libraries and tailored playlists, attracting a key demographic Spotify may lose without action.