



# **Key element to join each music streaming platform Compared to Spotify**

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### **Abstract**

This paper is an analysis of the reason behind consumer decision and comparison between each music streaming service, especially Spotify. The study aims to bring out the prominent points affecting decision and to emphasize consumer attitude toward paid subscription toward the marketing mix. Key findings from this study can be used for music streaming services to further create new innovation and product differentiation to match consumer preference and eventually expand their market share. Secondary research was gathered through various sources such as online articles and blogs, news sites and other internet sources. Conducting questionnaires accomplished by surveying 350 respondents to determine consumer's consumption and attitude toward the streaming services will contain both qualitative and quantitative analysis.

## **Chapter1**

### **Introduction**

With the advent of technological advancement, the demand and supply for music streaming services has increased positively. Previously, the construction of the stage and audience platform needed high cost and lots of human capital. Unlike nowadays which artists possibly produce and distribute their audio through digital service which allow the listener to access. With music being one of the central pillars of culture, alterations to the music industry often have acute social effects and are manifested in day-to-day life.

Music was initially distributed in the form of physical performance then changed to record as cassette and CD until nowadays which offers us both offline and online platforms. Music streaming industry is one of the music distributions that currently play a vital role in the industry since the early 1990's. In the first period it was created to solve illegal underground music which allows people to download songs without paying and give more opportunity to unsigned artists to share their audio. The music streaming service rapidly grew in the first short period because of the music industry revolution and user's demand. Then in the early 20 century, Apple launched the Ipod, the MP3 storage device, to replace the traditional cassette and CD player. With an increasing trend of this device, digital music has become popular and being the mainstream way of listening to music. Later on other companies launched the music platform involving the technology that can analyze a user's music taste, which guides all brands to be established and follow the trend. And in response to an insufficient relationship of partnership and collaboration between record label and artist, a payment method was applied to improve online sale revenue.

Online music distribution platforms allow both signed and unsigned artists to share their audio with fans and allow them to leave comments, Spotify is one of the platforms. At the beginning Spotify was launched to tackle the music piracy issues. This platform offers an infinite catalog of music for users, not only the paid version. Artists received part of loyalty payment each time the user streamed their song. Spotify business model is considered the revenue structure in the form of advertisement play on the free version and the monthly paid subscription(premium). At that time even Spotify was not the first platform to emerge but appeared as the best quality, innovative in marketing approach, technological applied and provided various subscription options which made them rapidly gain much attraction from new users. Later on, big tech companies like Amazon and Google launch their own services.

However, the more competitors the more criticism across each platform arose, making each music streaming platform pull out their enthusiasm to stimulate sales against each other. And with the increasing trend of technological advancement and its accessibility, every platform has to create their own uniqueness of the feature to attract customers. The intense competition among music streaming platforms is now making it more difficult to choose the right style for customers. However, the variables that affect consumer decisions are adjusted to create the key differentiation of each company.

### **Objective**

The main objective of this study is to examine how different key elements affect a user's decision in joining other music streaming platforms compared to Spotify. The study area of emphasis includes the reason behind the customer's decision to choose their preferred service and the competitive advantage of each music streaming provider, and highlight success factors for music streaming service to develop their marketing strategy. The consideration also separately understands consumer behavior in different demographic categories and behavior of consumer toward marketing mix in terms of their consumption.

These four questions below would serve the paper to gain more understanding of the topic “ why people would choose Spotify over other music streaming services”.The research will revolve around these questions from the study objective:

1. What key elements affect customer decision in choosing music streaming service?
2. What are those relationships between each music streaming service and its consumer's behavior?
3. What are the reasons behind those decisions?
4. How does Spotify match up to its competitors?

## Chapter2

### Literature Review

Individual streaming platforms provide their unique feature to capture demand differently from others. From analyze most used platform of thai customers – it contain Spotify, Joox, apple music, and Youtube – Spotify is the leader among all services as well as it record globally with the highest market share recorded globally at 36% or accounted as 271 million users while the whole music streaming service industry also rising to the 32% over last two years. Spotify doubled their share over Apple music which is second. Spotify maintained its top spot with the help of promotional activities like free Spotify Premium for three months, price cuts, customized campaigns like Spotify and a focus on exclusive content. Other companies have started focusing on music streaming and have sufficient cash at their disposal to give stiff competition to Spotify. Apple Music is making improvements in its app like the introduction of night mode, curated playlists to target a group, etc.

According to Mr. Rattapon Jangwan(2026) considering customer behavior in each different group of online music streaming services consumers both who subscribe for free accounts and those who have paid a monthly flat rate for the services, related to the characteristics of each music streaming service. Thai people who use online music streaming services are classified into different segments based on levels of demands when using online music streaming services. Therefore, this is the key for music streaming provider's succeed. However, There are four challenges (McKinsey, 2016) for online music streaming services relative to thai customer behavior in using this service which explain the following.

1. About 60% of thai people have low disposable income compared to other Asian countries. This will be one of the challenges of the service providers
2. Thai people have low willingness to pay for monthly subscriptions for two reasons. First, there is still widespread of piracy in the country. Second, the cost of mobile data needed to use for the services is relatively high compared to their income level.
3. Since the smartphone market is currently divided into high-end and low-end, we could definitely support the first two challenges. The mass market of the users is in the second group which uses lower-end smartphones. However, the current cost of using a paid account for online music streaming services are averagely only suitable for the income level of high-end smartphone users.

4. Many Asian countries still have not taken advantage of the digital music industry. Therefore, advertising on music streaming is still relatively low compared to other markets in the US, where the ad-supported streaming services are growing steadily (Friedlander, 2016).

Therefore, many people still insist on consuming the music without paying. And it causes the different behavior between users who paid and who have incentive for a free version. What the music streaming provider must concern is their market strategies in order to capture their target demand.

Moreover, a study of Alexander Benlian, Jonathan Dörr, Thomas Hess, and Thomas Wagner identified the music piracy which made the transition from illegal to legal listening. Their research found that the provider identifies music as a service or MaaS and offers benefits that piracy does not. First, they found that customers who spend most of their time listening to a lot of music may enjoy streaming services more because of the increased sound quality of the legal streaming sites. Poor sound quality is often associated with illegally downloaded music files. Also, people who download music illegally may have to search several sites in order to find the song they want. The fact that because the legal service provides a better quality and faster download, it switches consumers behavior from pirates to streaming. Thus, this study could be concluded that “MaaS is a viable alternative to illegal music consumption” (Benlian). Besides, consumers' interest to purchase depend on their willingness to pay simultaneously with their ability to pay for the product and services. Through willingness and ability to pay and also change in purchasing habits, it influences diverse elements such as cultural factors, social factors, psychological factors, personal factors, the influence of family members, economic factors and social media. These factors are not considered by marketers but in fact should be taken into account to determine how far the factors that affect consumer behavior consumer purchases (Kotler & Keller, 2012).

1. Cultural factors include culture, subculture and social status. Culture defines the desire and behavior to obtain the most fundamental value, perceptions, preference and the circumstance of others vital institutions. This was learned by the members within the community. Culture can shift value as well as subculture that can separate based on experience and common life situations including nationality, religious, racial, and

geographic region. Lastly, social status or social division is relatively homogeneous and permanently structured hierarchically.

2. Social factor consists of reference group, the family, the role and social status of consumer and personal factors.
3. Psychological factors include motivations, perception, learning beliefs and attitude. Besides, four factors that also motivate individual decisions are influence of situational, psychological, socio-cultural and marketing mix which are arised from consumers themselves (Berkowitz, 2010).
4. Personal factor is defined as a person's psychological characteristic which differs from other people causing a related response consistent and enduring to the environment. Buying decisions are influenced by this characteristic including; age and stage of life cycle, personality and self-concept. Consumer buying behavior always reflects why do consumers buy products with an interest? What are the factors influencing them? How do they take purchase decisions? Why should marketers know about the status of consumption and impact of external environment on buyer's decision, etc (Sujatha Trivikram, 2016).

In addition to Linus Adolfsson and Eric BonFré(2020), in order to analyze the competitive advantage of each music steam service empirical data would focus to understand the source of its clearly included of freemium, catalogue, product and feature, and the brand itself which is a key differentiate. Firstly, freemium models have always been used as an initial selling advertisement. That is why it requires a constant balancing between providing a sufficiently good experience for its free users whilst providing enough value-add for its premium users. However, since one company applies freemium the others will follow consequently it is not a fixed competitive advantage. Secondly, the library of songs and albums offered to customers could possibly be important as much as the key differentiation. Most of the services focus on their target market rather than expanding their catalogue. The one who focuses on domestic songs can gain more market share in that region. Thirdly, with an intense innovative environment among music streaming services, features were initially tested to find out what the customers wanted. Fourthly, music streaming providers overall track various metrics related to its brand, such as: awareness, consideration, and net promoter score (NPS). Being the top-of-mind brand associated with music streaming is very important,

as long as of course the NPS for it is positive. Many firms want to become the household name for music streaming.

On the surface, Spotify offer millions of songs and it is flexible platform because it allow user to stream music without paying monthly fee because of it free version, also they allow user to stream the service over Wi-Fi to a growing number of audio products, and got a full-range music ecosystem which user could listen to everywhere. In addition, Spotify has apps for the three major mobile platforms, Windows and Mac desktop and a Web player. You can use Spotify across different devices from smart speakers to game consoles to phones.

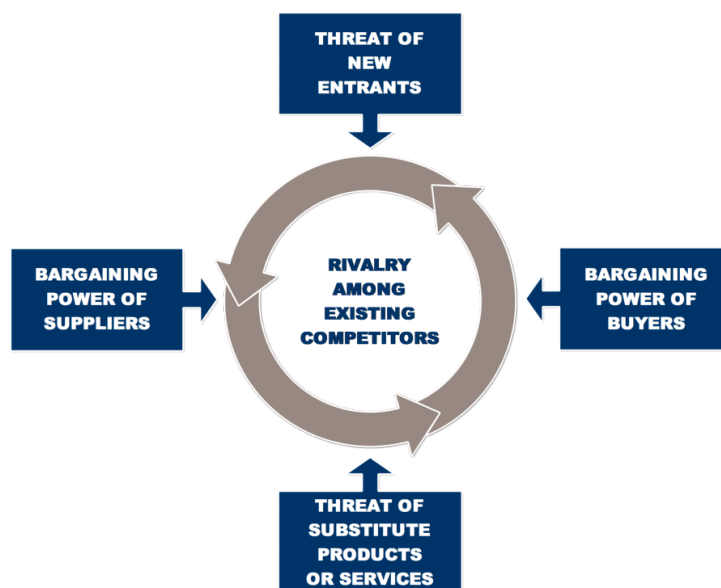
Recently, social feature let customer connect to their social media account (eg. Share playlist directly or post the currently listening on timeline). Even though without the premium version users are not allowed to access every song and there are no live radio features, and it costs more for the family package than Apple music, Spotify still hangs at the top above apple music and others, and trends suggest it will continue. Spotify's target market mainly consists of traditional early adopters and opinion leaders which includes tech-savvy, music enthusiasts, musicians and record labels. 50 percent of users are ages 18-34, and 24% of Spotify's users are from households making roughly \$100,000. Nearly 3 in 5 of Spotify's web visitors are males (Lipsman, 2011).

## Chapter3

### Theoretical Framework

#### **Porter's five competitive force**

Since the company knows their environmental information among their industry which affects the profitability, they will be able to adjust their strategy. So in order to analyze the competitive advantage of each music streaming service, I would like to use the work of Porter's five competitive forces (1980) as an analytical framework since it is a powerful management tool for analyzing the current industry profitability and attractiveness by using the outside-in perspective. This model identifies external competitive environments including these followings.



The first competitive environment is a competitive rival. It refers to the number of the competitors including who they are and their possibility to compete with your business. When there is an intense environment among rivalry, companies can attract customers with aggressive price cuts and high impact marketing campaigns. Moreover, with higher rivalry both suppliers and buyers could switch to another good deal from other companies. On the other hand, where competitive rivalry is minimal, and no one else is doing what you do, then you'll likely have tremendous strength and healthy profits. The second competitive environment is supplier bargaining power. This is determined by how the supplier could gain more power in controlling the prices or how expensive the company accounted for switching from one supplier to another. With few suppliers their stronger position and ability to charge

the buyer more. On the opposite side, the buyer bargaining power is how easy the buyer could drive the price down. When there are few buyers in the market it means the buyer will gain more power. The next force is the threat of substitution. This defines the likelihood of the customer in finding alternative choices. For instance, if a company supplies a unique software but charges a high price, people may substitute the easier software which is cheaper. Thus, this could weaken the business position and threaten your profitability. And the last force is the threat of new entry. Each business's position could be either affected by the company itself or others' ability to enter into the same industry. So, think about how easily this could be done. If it takes little money and effort to enter your market and compete effectively, or if you have little protection for your key technologies, then rivals can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it. Hence, Five forces analysis could be described as a tool helping organisations to understand the factors affecting profitability in a specific industry, and can help to inform decisions relating to: whether to enter a specific industry; whether to increase capacity in a specific industry; and developing competitive strategies.

#### **4P Marketing and 4C Marketing**

4P marketing is one of the fundamental theories in business proposed by E. Jerome McCarthy, an American marketing professor who wants to consult and manage systematic marketing. However many other marketers saw this theory as too much focusing on product and internal factors are possibly control based on budget, human resource and innovation. Thus 4C was introduced to adjust the uncontrollable external factors, for instance, economic problems, competition, consumer belief and preferences. These two theories are applied to business called marketing mix. 4P included product, price, place and promotion while 4c included consumer, cost, convenience and communication which paired respectively.

For the 4P part the first category is the product and service which is made to fulfill consumer needs and provide convenience. The product has to be understood its features and benefits in order to plan the production and marketing strategy. In addition the service experience provided by the manufacturer is in this category as well. Secondly, price is what the consumer needs to pay for those products and services. Thirdly, place consisted of establishment of the production as well as where the products are distributed. Producers and

operators must ensure that their products and services are readily available. There is a place of distribution for the target audience and consumers. Fourthly, We may be familiar with the discount, exchange, giveaway, promotional activities to entice consumers to purchase products. An important factor in enhancing sales of products and services is advertising.

Besides, in the 4C part we must consider the convenience of customers as to what kind of products and services they really want. Rules of this theory are product becomes customer, price becomes cost, place becomes convenience , and promotion becomes communication. Initially, the producer must study consumer behavior to forecast demand and develop products and services to meet the needs of consumers. If products and services are not needed it shouldn't be produced. Then set the price which is the cost that consumers have to pay to obtain that product and service. Price is an important component of the Marketing Mix because it influences the decision of the customer. Therefore, marketers must pay attention to the source of their own products and services. Apart from price, convenience is an essential tool to increase sales because it is another option that makes consumers decide to buy products. Lastly, communication is what marketer concerns since it conveys both producer and consumer needs. Hence, to start doing business product and service planning is important in order to offer a suitable solution to meet the needs of customers. Find out the price that consumers are willing to pay and suitable locations related to customer behavior. Good location, convenience and communication is what customers want.

### **Methodology**

In order to achieve the study objectives that were previously stated, this study would contain both secondary and primary data. In secondary data sourcing, I would collect each music streaming service's information to analyze their structures and marketing strategies. Marketing mix research is the most effective way to collect data analyzed. Each set of information will be gathered from other research from various sources such as literature review, news, and empirical data. This has given a better understanding of what those music streaming services currently provide in Thai market within this industry.

After conducting the first part, primary data research will contain an online questionnaire by using a convenience method by distributing it via facebook and a messaging application LINE. There will be a list of 9 questions which will be answered by 350 thai

respondents who use a music streaming service The survey containing two parts as these following;

Part1 : Consumer demographic information will be asked as a key factor in the analytics sector which included;

- age
- occupation
- income

The respondents will be analyzed from age gaps, occupations, and income in corresponding to their behavior when choosing service. Whether each group of respondents' demographics had an impact on their decision.

Part2 : Consumer behavior toward the chosen service and reason behind their decision. All choices from each question have covered the most frequently used devices, steaming, and answers in common which were provided by the researcher.

- What is your mobile operating system?
- What is your current music streaming service?
- Do you use a premium subscription?
- How long do you spend time on that service in a day?
- How much is your reasonable price for a music streaming subscription?
- Rate the reason affect your decision making

The result interpretation will summarize consumer behavior of both subscribed and unsubscribed consumers and how each service has provided enough seductive ways to impact on consumers' behaviors. The results from respondents will also be juxtaposed in order to explore the relationship between those information. Analysis will involve the result's Pivot table. This approach of data gathering benefits the survey analysis for these following reasons; representation of more organized information such as summarize, sort, group and count, make a clear data analysis, and possibly link data to extended sources. It is particularly useful since there are 350 response answers which hold long rows and columns.

## Chapter4

### Data analysis and Result

#### **Secondary data**

#### **Spotify Porter's five competitive forces analysis**

##### **1. Competitor rivalry**

Competition intensity focuses on factor determination such as seller concentration, diversity of competitors, product differentiation together with excess capacity and exit barriers. Spotify stays in the industry with a medium to high risk due to plenty of competitors. Currently, the main competitors are Apple music, JOOX, and Youtube. The streaming costs are close which make it low switching cost. The number of music streaming lines and people who subscribe to them are increasing day by day. Understanding Spotify's position that it is wrong to focus on individual streams requires an understanding of the broader economic logic of streaming, which depends upon the totality of streaming rather than the aggregation of individual streams.

##### **- Apple music**

Apple is dominant in the digital content provider industry. Apple's iTunes generates 75% of revenue from consumer spend on digital music each year. This means the other competitors could not match the revenue generating power as iTunes did. Apple has unique innovation, and produces unique products and services. So suppliers have little choice but to agree with Apple's terms and conditions. Moreover, customer who doesn't use apple devices couldn't use this platform (Apple First sells the hardware like iPods, iPads and iPhones that play digital content like music, movies etc. to consumers and then it sells them the content to consume. ) Consumers are locked in Apple's product-services ecosystem. Thus, Apple music is an excellent choice If you already invested heavily in Apple devices. In the short run there seem to be no substitutes because people will not always change their behavior frequently, but in the long run as technology develops further a substitute could emerge.

##### **- JOOX**

Joox is a music streaming service owned by Tencent, it is one of the top biggest music streaming apps in Asian markets such as Hong Kong, Indonesia, Malaysia, Myanmar, Thailand and also the South African market. The company aims

to attract more VIP subscribers to strengthen its audience's engagement and generate long-term revenue since the revenue model contains 50% of VIP subscription and the other 50% comes from ads and brand content. Thai entertainment company WorkpointTV is the only digital TV provider to partner with Joox who fulfil its online-to-offline strategy. They intend to offer a greater variety of audio content and add new features.

- Youtube

Youtube has established itself as a largest video hosting engine which allows users to upload, view, rate, comment and subscribe to other users. It offers a variety of content and with a lack of restriction on any type of content means users can consume more content than others. Youtube use different technology from various companies since Google Inc. has brought youtube google become their main supplier which means youtube can make use on google technologies and other facilities, for instance, using trueview for video ads which also user to skip ads in 5 second but if user pay for premium there will be no ads disruption. Business penetration keeps the company's new rival in the market remain at a moderate level because even it highly penetrates itself but most of the content was uploaded by the users instead of an official account. Moreover, it also competes with old electronic devices since they provide many types of content ex. Tv, radio. Thus, youtube has a higher threat than the competitors like spotify, apple music and joox which mainly offer music streaming services.

## **2. Supplier bargaining power**

In this case it is artists. Only a restricted amount of people are against publishing their songs on Spotify and it is because they are against music streaming services, so there is nothing special for Spotify. The company's revenue has been growing since the launch of subscription services and international expansion. Being in an international state means it can reach a wider audience and expand their business more efficiently. Moreover, Spotify has used co-marketing and partnerships with publishers to increase audience reach by embedding diverse formats of widget.

Nevertheless, whereas Spotify main competitors rely on single machine learning, Spotify developed three predominant machine learning strategies to create more satisfying features. This offered a new chance of engagement of the user and the artists. First, they

utilize collaborative filtering to develop user profiles. Users can explore a variety of playlist set up by the brand and the artist gains more opportunity in finding new fans. Second, they rely on outsource components such as text from blogs and news to observe feedback from articles related to songs and artists. Moreover, Spotify works through social media such as Facebook, Twitter and Instagram to share what the users are listening to and send to their friends. This utilizes the apps to get benefits in attracting new users while enhancing their product offering. Lastly, utilize audio models to create strategies associated with fundamental similarities between songs. With these components, Spotify will capture user preference by their specific data.

### **3. Buyer bargaining power**

Spotify is now facing low to high bargaining power of buyers. Even they have the standard of providing all users for free accounts and offer a premium service but Spotify customers can choose to stay at the freemium version or switch to the premium version. Moreover, if a free user does not want to deal with the advertisement, they could switch to premium or switch to other brands. The company is putting much effort to hear the comments of its members and harmonize its strategy & services with their likes & dislikes. They continually add new options such as partnerships with artists or merchandise by purchasing through Spotify. Once again, the future potential of bargaining power of the buyer is unsure how it will play out. Spotify needs to conduct an analysis of potential influence and prepare to meet buyer preference in order to stay competitive. If the basic features and standard price are too similar, it is still comparable. Whereas, if they offer less advertisement, discounted premium subscription or more services, in the future bargaining power of buyers might decrease and stay in a higher competitive position compared to other brands.

### **4. Threat of substitute**

The substitutes for Spotify can be its competitors or radio streams, however the thing is that in Spotify you have the opportunity to individualize your own playlist for free even if you are seeing ads on your stream every time. To be honest, the largest potential risk can be Spotify itself because of their own free version. Even Spotify could generate their revenue from the ads, but it would be better to have more reach to the premium customers.

## 5. Threat of new entrants

Technical barriers are low because they already have great market shares. Spotify has a large subscription base and is available on a global level. So it would be pretty hard to enter the industry and gain market share, unless they conduct an analysis of the blue ocean method. Otherwise content rights negotiations can be hard with all studios.

To further emphasize Spotify and both red and blue ocean, we may initially know that a new company within the industry tends to focus on doing well before seeking out for the blue ocean. This industry is filled with diverse buyer utility. The current red ocean is focusing on the simplicity of use. However, many big companies also do the same in offering an ease of use, for example, just type the artist name or the radio station to find their needs. On the other hand, blue ocean has been expanding to the industry where to go beyond ease of use, for example, the fun and social feature association along with their product.

## 4P Marketing Mix

**Table1** Comparing marketing mix

Comparing point	Spotify	Apple Music	Joox	Youtube
Price	129-209 THB	69-295 THB	59-139 THB	95-239 THB
Free trial	1 month	3 month	daily sharing on social media or 1 month	1 month
Devices	IOS, Android, Windows, Mac, Webplayer	IOS, iTunes	IOS, Android, Webplayer	IOS, Android, Webplayer
Song quality	Highest - 320 Kbps High - 160 Kbps Normal - 96 Kbps Low - 24 Kbps	High - 256 Kbps Normal - 128 Kbps	Highest - 20-30 MB High - 6-10 MB Moderate - 3-4 MB Normal - 1-2 MB Low - 0.5-1 MB	High - 256 Kbps Normal - 128 Kbps Low - 48 Kbps
Distinctive feature	Ai create playlist  Recommend new song	Lots of thai song  Highest quality	Less internet used server	Large music libraries (international new and old song)

				Algorithm for user data
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## 1. Spotify

The core product of Spotify is the music which is available on their platform. The highlight is an intelligent AI that will help create Playlists and select songs for that user, there are many Thai, Western, Japanese, Korean songs to choose from, both new and old songs. But there are not too many country songs.

Spotify offers consumers the option to listen to their content for free or pay a subscription fee which can be canceled at any point for the premium account.

- 129 baht for individual subscription
- 169 baht for couple sharing up to 2 accounts
- 209 baht for family sharing up to 6 accounts

Spotify is solely online making the content easier to access for consumers via Apple store, Google play, Microsoft system, Mobile Application, Computer and web player, Tablet, Car audio (included Android auto, Apple carplay, BMW, Buick, Cadillac, Chevrolet, GMC, Mini, Polestar, Tesla, Volvo, VW), Playstation, Xbox, Smart TV, Smart speaker

Spotify has various approaches to promotion. The company has strong ties with social media platform Facebook with many advertisements shown not only in the advertisement sidebar but also sponsored posts showing up in consumers' new feeds. Originally word-of-mouth played a big part in Spotify's growth which stemmed from its US launch which employed 'Beta' testing as a way to gain interest and potential new customers (Chaffey and Ellis-Chadwick, 2016).

## 2. Apple music

An IOS application which has a highlight on a lot of songs to choose with many new and old Thai and Western songs from the latest, updated simultaneously with America to very old Japanese songs, Korean songs and other foreign songs. The highlight is the ease of use and usage of a small amount of internet and gives a better sound compared to other music apps.

Apple music offers a three-month free trial then after that will charge according to the package the user chooses.

- 69 baht for student subscription as long as your student status is verified
- 129 baht for individual subscription
- 199 baht for family sharing up to 5 accounts
- 225 baht for individual Apple one account
- 295 baht for family sharing Apple one account

Apple One is an all-in-one subscription that bundles up to six Apple services.

### **3. Joox**

The highlight is a lot of Thai songs, including new, old and country songs. It can be said that it is a lot more than other brands. Along with another function that other apps do not have is the Karaoke function to sing alone, sing in a duet with other users. There are also western songs and other international songs such as Japan and Korea to choose from as well.

JOOX is now available on iOS, Android and Desktop (Windows/Mac), allowing users to enjoy a high quality music experience anytime, anywhere. And it offers consumers the option to listen to their content for free or pay a subscription fee which can be canceled at any point for the premium account. Moreover, offer a daily premium listening if sharing music on a user's social media account.

- 59 baht for 1 week subscription
- 99 baht for first 3 months
- 129 baht for individual subscription
- 139 baht for 3 accounts sharing

### **4. Youtube**

YouTube has a large selection of music libraries, both new and old, including Thai, Western, Japanese, Korean and other foreign music. In other words, if the official YouTube channel has any song, it will be on Youtube music as well. The highlight is the abundance of music and the algorithm that stores user data as accurately as the Spotify app, and you can switch between songs and MVs at any time.

Youtube offers consumers the option to listen to their content for free as a main feature or pay a subscription fee for the premium account including different packages.

- 95 baht for student subscription

- 159 baht for individual subscription
- 239 baht for family sharing up to 5 accounts

#### **4C Marketing mix**

First of all, in terms of customer Spotify diversifies itself from the competitors through following characteristics; free account, being able to share, availability to customize playlist even if you are free users, and a way to discover artists or songs. With these Spotify satisfies the needs of entertainment though music for its user. In terms of cost, the access to free music represents just the value of time of ads you are exposed to, but compared to the radio for example, this is much less. And in the premium subscription, there are no ads. Also users could listen to higher quality music and more additional features, so it is not costly at all. In terms of convenience, Spotify not only provides the convenience for the consumer by offering their service at any place with any device, but they also make it easier to find by being on their social media. Finally, in terms of promotion, Spotify is always accessible for them to ask questions, comments or recommendations, and responds to their tweets and comments in a good time, which means they have a good channel of communication with them, while its competitors don't have a channel so embedded in their everyday life.

#### **Primary data**

##### **Questionnaire/Survey Results**

From collected demographic data from 350 respondents, there were 19.1% aged below 18 years old, 37.7% aged between 19 to 25 years old, 9.7% aged between 26 to 30 years old and 33.4% aged above 30 years old. Most of the respondents were students at 37.7%, 30.6% were employees, 9.7% were employers, 7.7% were freelance, 5.7% were government officers and the rest were 8.6%. And for income terms, about half of the respondents earn less than 15,000 baht per month at 42.4% followed by 35% and 22.6% of those who have income between 15,000 to 35,000 baht and above 35,000 baht, respectively.

There are 56.86% who pay for a monthly subscription while the other 43.3% of respondents do not use a paid subscription account. For a more specific perspective, 58.94% of those who did not use a monthly subscription have income less than 15,000 baht.

In terms of consumer behavior, respondents were asked separate questions about their consumption. The majority were using IOS operating systems at 62.6% and 37.4% were using Android systems. Asking the respondent's current music streaming service, Spotify have the most music streaming users at 51.7% while 26.9% were Youtube users, 9.1% were 11.4% were Joox users, 0.6% were Google users and 0.3 were Amazon users. More than half of the respondents pay for a monthly subscription.

**Table2** Frequency and percentage of demographic profile

Respondent's Demographic		n	%
Age	under 18 yers old	67	19.1
	19-25 years old	132	37.7
	26-30 years old	34	9.7
	above 30 years old	117	33.4
Occupation	student	132	37.7
	employee	107	30.6
	employer/ business owner	34	9.7
	freelance	27	7.7
	government officer	20	5.7
	other	30	8.6
Income/ Monthly salary	less than 15,000 baht	148	42.4
	between 15,000 and 35,000	123	35
	more than 35,000	79	22.6

**Table3** Frequency and percentage in consumer behavior of music streaming service

Respondent's Consumption Behavior		n	%
Mobile operating system	IOS	219	62.6
	Androind	131	37.4
What is your current music streaming service?	Spotify	181	51.7
	Youtube	94	26.9
	Apple music	32	9.1
	Joox	40	11.4
	Google music	2	0.6
	Amazon music	1	0.3
	Other	0	0
Do you use a premium subscription?	yes	199	56.7
	no	151	43.3
How long do you spend time on that service in a day?	less than 1 hour	94	26.86
	between 1 and 4 hour	189	54
	more than 4 hour	67	19.14
How much is your reasonable price for a music streaming subscription?	59-99 baht	197	56.29
	100-159 baht	116	33.14
	160-199 baht	25	7.14
	above 200 baht	12	3.43

There are some analyses from the relationship between respondent demographic profile and their consumption. Firstly, There is a barrier to entry for paid users. The

theoretical discussion about the challenge faced by streaming providers. Those who earn less than 15,000 per month and who spend time on music streaming service per day less than one hour a day would not prefer to pay for subscription. Secondly, the reason behind the fact that people may not choose apple music over others is because there is no free subscription.

**Table4** Mode of respondent voted for their preference of choosing music streaming service

Reason behind consumer decision	Scale voted					Mode	
	1	2	3	4	5	rate	n (respondent)
Music library	17	3	36	53	142	5	142
Price	11	32	45	79	48	4	79
Free trial	28	41	61	31	23	3	61
Music quality	18	67	50	38	34	2	67
Social feature	73	28	29	21	19	1	73

**Table5** Mode of respondent voted for their preference of choosing music streaming service

(Separate subscriber and unsubsubscriber)

Reason behind consumer decision	Mode of 199 subscribed users			Mode of 151 normal users		
	rate	n	%	rate	n	%
Music library	5	70	35.17	5	42	21.10
Price	4	40	20.10	5	32	21.19
Free trial	3	29	14.57	3	18	29.03
Music quality	2	28	14.07	2	23	32.39
Social feature	1	37	18.59	1	20	40.82

In terms of the reason behind the user's decision for choosing each music streaming service, respondents were given multiple selections to rate scale of answer options (1-5 from less to the most accurate preference) from these reasons; music library, price, free trial, music quality, social feature, etc. The table shows that the music library had the highest exposure toward all respondents at 40.57% followed by 22.57% of who aware about price, 20.85% of

who aware of social feature, 19.14% of who aware of music quality and 17.43% of who aware of free trial promotion. However, if we separately consider subscriber and unsubsubscriber, the percentage from overall voters from each category shows that unsubsubscriber are more concerned about price as much as the music library.

For more specifically, using the pivot table (Table 6-9) to determine the average score of reason behind customer decisions among users of each application and to find the relationships of each demographic category. The tables also show that essential factors considered individually are similar to the overall data results. Average score of the music library is the highest score from all categories. Even the above table shows that unsubsubscriber are more hesitant about monthly price, both paid and not paid users still got an alike number of percentages. (Table6)

## Chapter5

### Conclusion

#### **Total respondent profile**

From total respondents of 350 people, the proportion of age between 19 to 25 and above 30 years old were almost equally distributed and being a majority. This predisposes them to be significantly influenced with technology and experienced its development first hand over lifetime. However, there are some respondent from age below 18 and between 26 to 30 also.

#### **Respondent consumption behavior**

Researchers use the level of interest from user decision to separately analyze respondents based on their preference. Using mode to check the attitude behind their decision of choosing each music streaming service, then separately calculate the behavior according to their demographic information and their current using music streaming service. They mostly focus on the music library. Moreover, most of those who spend over 1 hour and earn more than 15,000 baht will choose to pay for the monthly subscription.

#### **Music streaming market**

Music Streaming Industry can be called an oligopolistic market and firms should be careful while making decisions since there is a mutual interdependence between competing firms. With an increasing number of subscribers day by day, it is obvious that consumer demand rises. Initially, Apple has introduced digital music stores which lead other companies in the industry to adapt these new changes by making digital catalogues. However, Spotify is currently dominating the market globally. Nowadays music streaming services immensely rely on a model of providing a music catalog expansion of roughly 30M tracks for ad-free listening. The competition among them is up and running because people tend to bend towards the application which matches their preference and lifestyle. As we see from the survey result which uses mode to check the consumption preference toward music streaming service, the reason behind consumer decision of all applications is quite similar. Most respondents are aware of the music library. Also, their decision to use monthly subscriptions rely on their demographic profile not only music streaming service's marketing mix. The product in the market is almost the same so it is important to somehow differentiate yourself

from competitive rivals and create competitive advantage. Youtube, Joox and Apple music the main competitors, however, will need some changes in order to compete in Thai market where Spotify holds the largest percentage of users. Youtube is already corporate by Google, one of the large technological companies. Joox is also popular among thai customers because of their selected thai songs. Apple music is known for and gains the benefits to generate profit under Apple Inc. The marketing mix of every application provides the homologous product to the industry. With these opportunities for management to extract value from its machine learning capabilities Spotify could further differentiate its product and maintain its leadership position in the music streaming space.

### **Limitation**

Even though the research found insightful and useful information of consumer behavior towards each music streaming service, the overall study still creates limitations. First, the research has limited time constraints on data collection; the survey sample size might not be able to represent the entire population. Thus, Also, some information is lost so the analysis might be able to be interpreted in other ways. Therefore, further applications of this study should be considered with more cautions.

In terms of recommendation, according to the study the result of consumer behavior is quite similar which could not apparently study the willingness to pay of the consumer toward each different marketing mix. Since the brand individually acquires customers to use their service from their own unique marketing activities, finding more data of their marketing activities would lead toward the next level of customer acquisition.

## Appendix

**Table6** Average voted for their decision based on their current use of music streaming service.

What is your current music streaming service?	Do you use a premium subscription?	Average scale				
		Music library	Price	Free trial	Music quality	Social feature
Spotify	yes	4.65060241	3.342857143	2.685714286	2.9875	2.4
	no	4.428571429	4.292682927	4	3.291666667	3
<b>Total Spotify user</b>		4.605769231	3.693693694	2.989010989	3.057692308	2.458333333
Youtube	yes	3.780487805	3.37037037	2.857142857	2.55	2.5
	no	3.885714286	3.285714286	2.772727273	2.958333333	1.913043478
<b>Total Youtube user</b>		3.828947368	3.333333333	2.813953488	2.772727273	2.2
Apple music	yes	4.133333333	3.821428571	2.4	2.965517241	2.074074074
	no	-	-	-	4	-
<b>Total Apple music user</b>		4.133333333	3.821428571	2.4	3	2.074074074
Joox	yes	4	2.857142857	3	3.142857143	1.857142857
	no	3.857142857	3.3	3.166666667	3.333333333	2.631578947
<b>Total Joox user</b>		3.894736842	3.185185185	3.125	3.285714286	2.423076923
Google music	yes	3	-	-	-	-
	no	5	3	4	2	-
<b>Total Google music</b>		4	3	4	2	-
Amazon music	yes	3	-	-	-	-
	no	-	-	-	-	-
<b>Total Amazon music user</b>		3	-	-	-	-

**Table7** Average voted for their decision based on their ages

	Average scale				
	Music library	Price	Free trial	Music quality	Social feature
<b>under 18 yrs old</b>	4.777777778	3.837209302	3.194444444	2.45	2.033333333
<b>19-25 years old</b>	4.194690265	3.551020408	2.731182796	3.019230769	2.450549451
<b>26-30 years old</b>	3.884615385	3	2.875	3.368421053	2.625
<b>above 30 years old</b>	3.925373134	3.553571429	3	3.363636364	2.090909091

**Table8** Average voted for their decision based on their occupation

	Average scale				
	Music library	Price	Free trial	Music quality	Social feature
<b>student</b>	4.198113208	3.582417582	2.670588235	3.010638298	2.365853659
<b>employee</b>	4.3375	3.589041096	3	2.818181818	1.893617021
<b>employer/ business owner</b>	4.19047619	3.153846154	3.230769231	3.2	2.642857143
<b>freelance</b>	4.176470588	3.666666667	3.266666667	2.933333333	3
<b>government officer</b>	3.583333333	3.666666667	3	3.285714286	2.285714286
<b>other</b>	3.933333333	3.5	3.111111111	4	2.888888889

**Table9** Average voted for their decision based on their monthly income

	Average scale				
	Music library	Price	Free trial	Music quality	Social feature
<b>less than 15,000 baht</b>	4.277108434	3.804597701	3.072463768	3	2.344827586
<b>between 15,000 and 35,000</b>	4.156862745	3.469879518	2.794520548	3.022988506	2.295774648
<b>more than 35,000</b>	4.151515152	3.266666667	2.761904762	3.020833333	2.341463415

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