

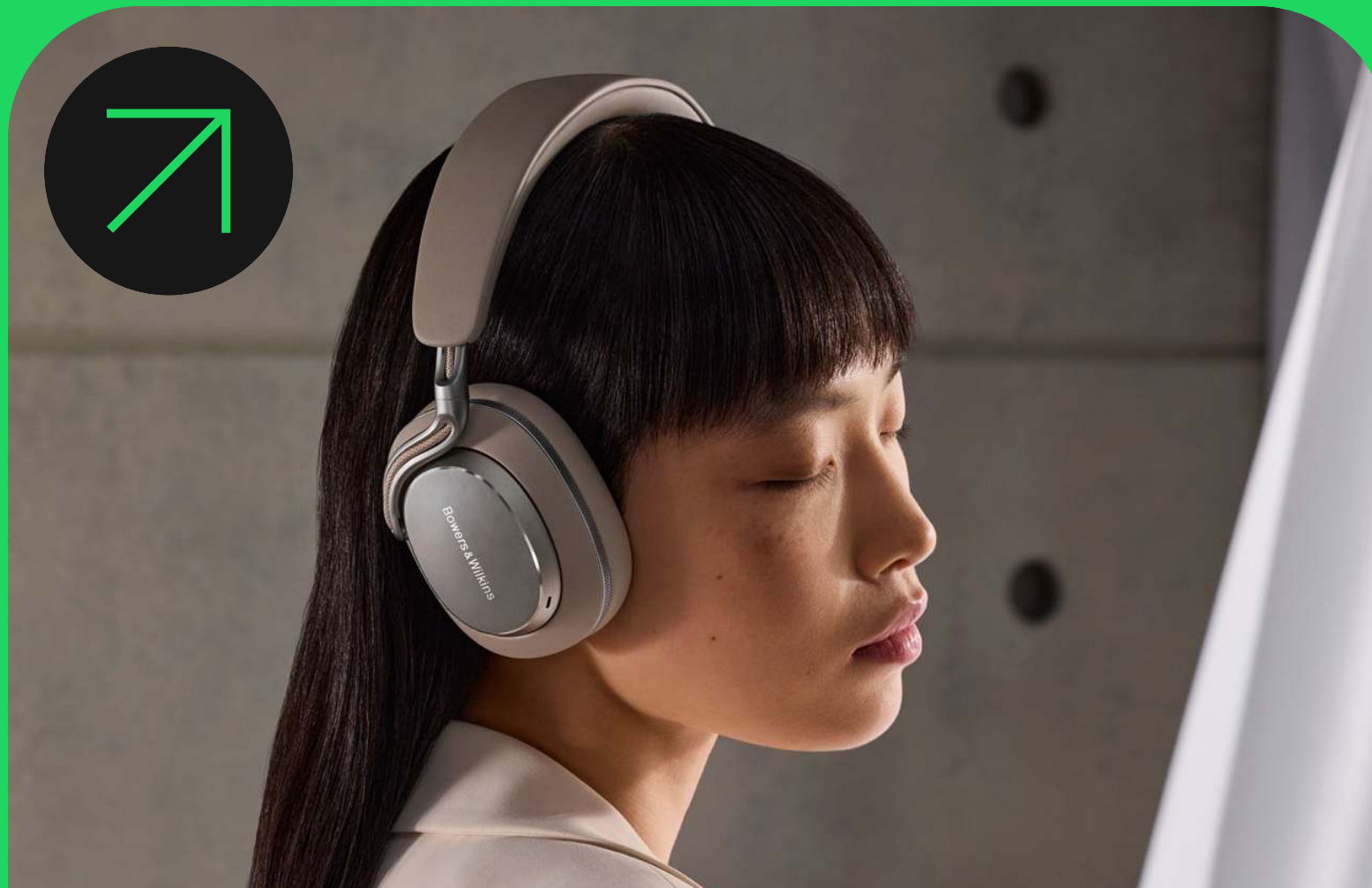
GROUP 03



Strategy



SPOTIFY



DIGITAL MARKETING STRATEGY

PHASE 2

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Jema Salvino

Sarelle Alcantara



AGENDA

³ **STRATEGY RECAP**

⁷ **CHANNEL STRATEGY**

¹⁷ **BUDGET ALLOCATION**

²² **KEY METRICS**

²⁵ **CUSTOMER JOURNEY MAPPING**



BRAND OVERVIEW

- Created as a music streaming platform and developed into a music video platform, audio book channel, and a live-event coordinator.
- **\$17.2B** of in **total revenue** for 2025, with a dominant holding of over **31% market share** in the US and global streaming market.



DIGITAL FOCUS AREAS

FIRST PARTY DATA CAPTURING



Increase email subscriptions by **20%**

- Revised newsletters and social media strategies.
- Stronger promotions through SMS and email.

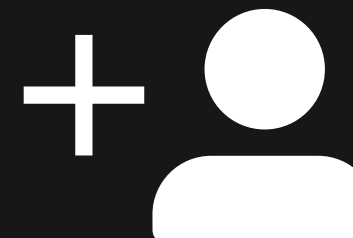
SEO OPTIMIZATION AND ORGANIC TRAFFIC



Increase organic traffic **25%** by Q4

- Optimize key words in Artists bio and album synopsis'
- Update podcast transcriptions for easier discovery through Google searches.

MAXIMIZE CONVERSION AND USER RETENTION



Increase premium conversion and retention by **15%** in 6 months

- Subscription gifts for loyal, premium users
- Finish rollout of lossless audio to all markets by 2027

➤ AUDIENCE

NAT

TARGET AUDIENCE

\$35,000 - Average Salary for Gen-Z Users*
\$109,000 - Average Salary for Millennial Users*



/1 The Connoisseur

- Interests in playlist curation, live events, and listening spaces.
- Average salary of \$80k - \$105K with loyalty to the premium subscription.
- Emphasis on developing lossless audio for user retention.



/2 The Traveller

- Appeal to older users (23-40+)
- Highest income ceiling and potential for revenue (HHI - 200k+)
- Improve SEO and personalization for convenience painpoints.



/3 The Overachiever

- Acquisition of students and aspiring athletes.
- Low income due to part-time work or unemployment (~30K per year).
- Focus on free-premium conversion through promo and student deals.



POSITIONING



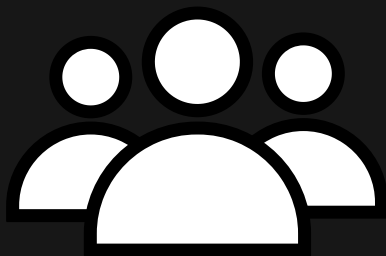
VALUE PROPOSITION

“The standard digital-age listening experience for everyone.”



Accessibility

Options for trial use and promotional subscriptions.



Universal Appeal

Wide variety of content for all ages, genders, and identities



Multiplatform

Accessible through all devices and E-Readers

SWOT ANALYSIS



STRENGTHS

Personalized video ad strategy through AI and Geofencing.

(2x higher content engagement rate through video format ads)

Interactive social media campaigns, including the viral Spotify Wrapped.

(Drove a record breaking 125 million in engagements and 25% in social media mentions in 2025.)

OPPORTUNITIES

Simpler UI and enhanced performance design for appeal to new users.

(Strong UX designs, including Wrapped, have generated over 400% increase in app downloads within 48 hours.)

Stronger creator collaborations, including campaigns and playlisting.

(Ad revenue increased by 18% in 2024, allowing higher budgets on collaborations.)

WEAKNESSES

Primarily dependent on other platforms for advertising (TikTok, X, etc.)

(A majority of the \$1.5B in ad spend went to third parties rather than brand infrastructure.)

Difficulty with ad synergy due to various artists and creator brand strategies.

(Create one campaign (e.g Spotify World) that portrays partnered artists in a unified story for the platform)

THREATS

Over-saturation of ad campaigns from other platforms (“Wrapped” strategy).

(Data-driven searches are more prominent as first-party data becomes more valuable to investors.)

Increased security measures regarding the use of tracking data and cookies.

(Avoid fines from international countries due to privacy restrictions. Spotify vs. Sweden 2023.)

CHANNEL STRATEGY OVERVIEW

How Spotify plans to drives growth across the funnel

/1 Paid Social



Awareness → Acquisiton

TikTok, Instagram, YouTube
Ads targeting new users and
free-to-premium upgrades



/2 SEO and Organic

Discovery → Traffic

Non-branded keyword
targeting, playlist intent
pages, podcast & artist
content.



/3 CRM and Email

Retention → Loyalty

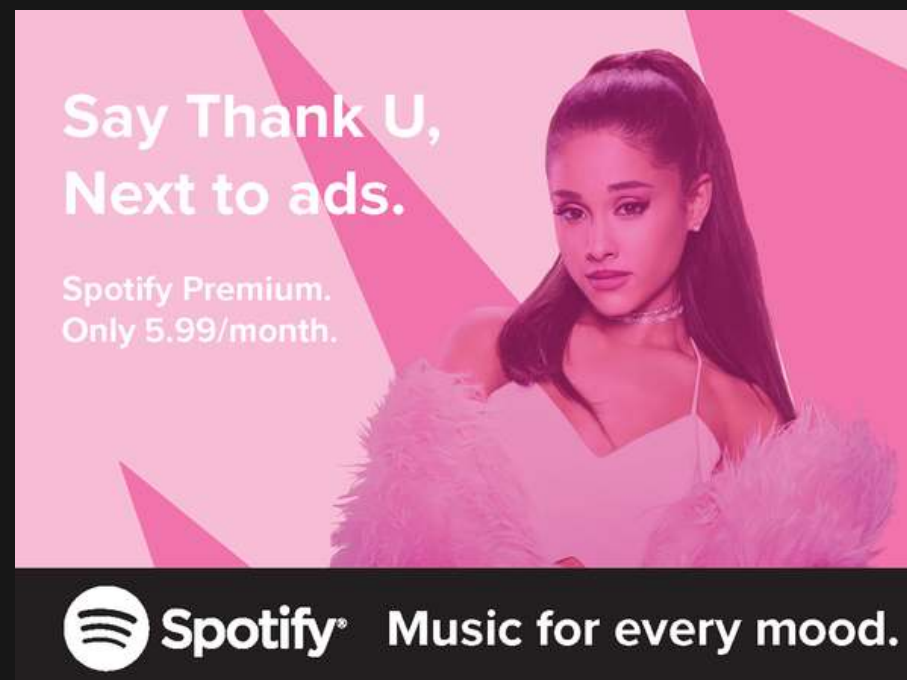
Personalized push
notifications, lifecycle
emails, re-engagement
campaigns that build habit
and engagement



/4 Influencer and Artist

**Reach → Cultural
Relevance**

Creator partnerships,
artist campaigns.
Expanding reach and
shareability



Each channel maps directly to one of three strategic objectives



STRATEGIC OBJECTIVES

Aligning Growth with Outcomes

Objective 01

+20% Email Subscribers

Primary Channel: CRM & Lifecycle

- Email Platform
- Push Notifications
- In-App Prompts

In-app sign-up flows → personalized recommendations → higher email opt-in rates → first-party data growth

Objective 02

+25% Organic Traffic

Primary Channel: SEO & Content

- Playlist Pages
- Artist Bios
- Podcast Transcripts

Non-branded keyword rankings
→ discovery outside the app → users enter the funnel earlier

Objective 03

+15% Premium Conversion

Primary Channel: Paid + Partnerships

- TikTok/ IG ads
- Youtube
- Influencers
- Wrapped

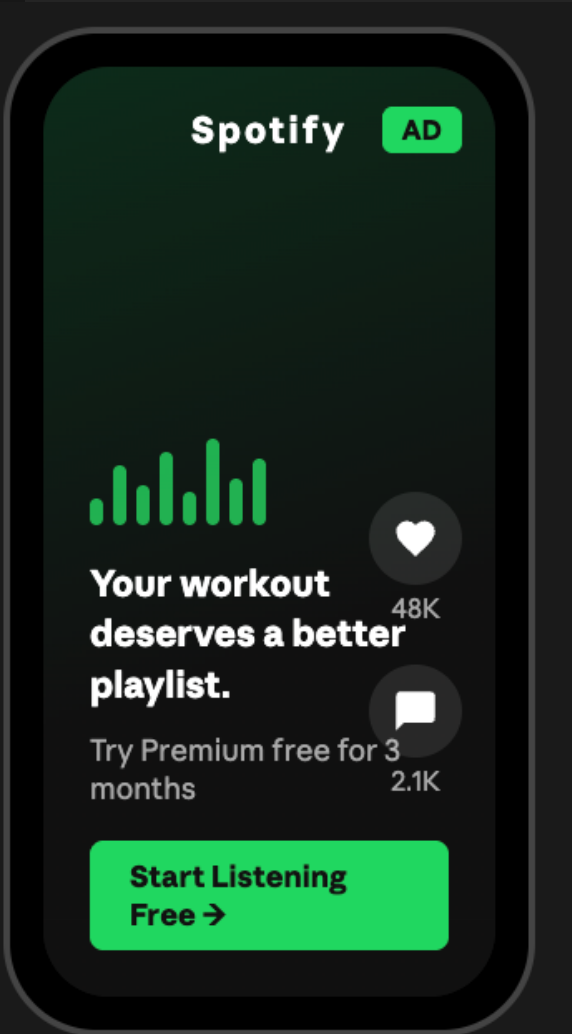
Cultural relevance + paid retargeting → repeated value exposure → free-to-premium upgrade

CAMPAIGN MOCKUPS

Execution Across Paid Social, Email, and In-App

PAID SOCIAL

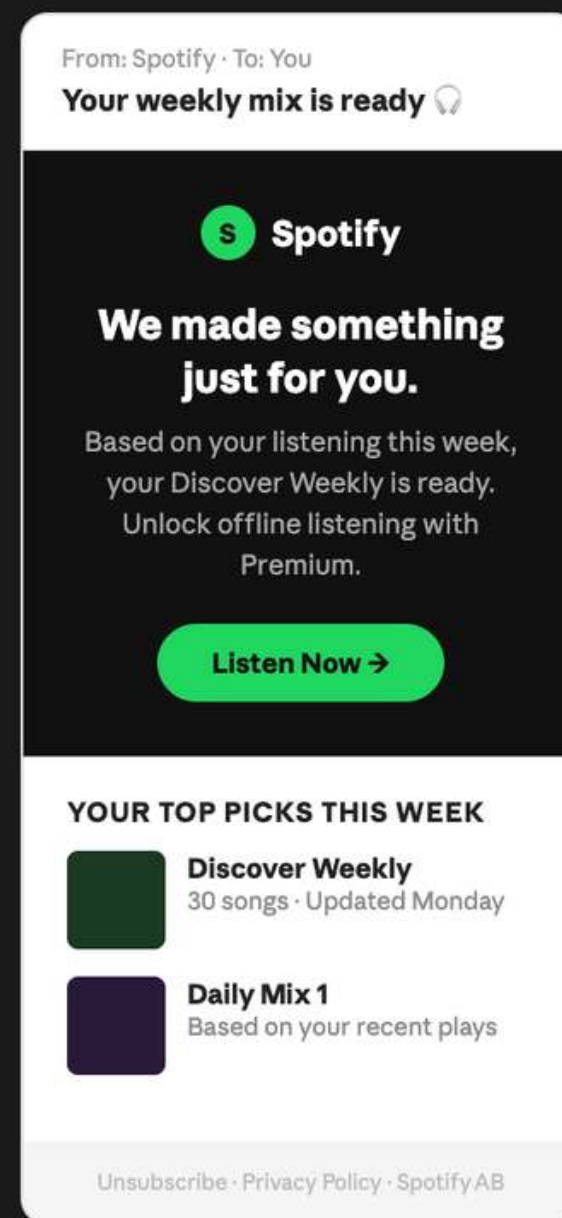
TIKTOK AND INSTAGRAM AD



Platform: TikTok, Instagram
Reels Format: 15–30 sec in-feed video
Target: The Overachiever, The Connoisseur
CTA: 3-month free Premium trial
Budget: \$70.5M social ads allocation
Activity-based copy mirrors how users search — by mood, not brand name. Free users who've hit skip limits get retargeted with upgrade offers.

CRM AND EMAIL

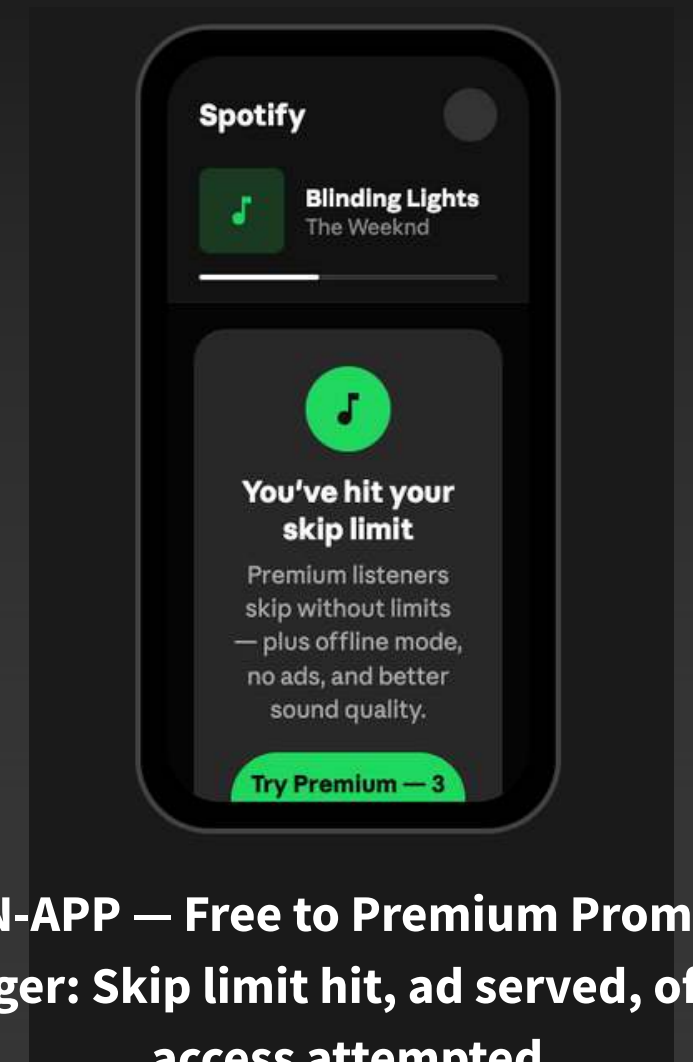
EMAIL MARKETING



Platform: Email / Push
Notifications Trigger: Sent every Monday based on listening data
Target: The Connoisseur, The Traveller
Goal: +20% email subscribers
Budget: \$100M email platform + \$31.25M personalization
Personalized content unique to each user increases open rate and trust. Offline listening CTA targets free users at their highest intent moment.

IN-APP

FREE → PREMIUM PROMPT



IN-APP — Free to Premium Prompt
Trigger: Skip limit hit, ad served, offline access attempted
Target: The Overachiever, The Traveller
Goal: +15% premium conversion in 6 months
460M free users targeted \$120 annual revenue per converted user
Friction is the trigger — premium value is the answer. Conversion is engineered through repeated exposure to what free users can't access.



MOCKUP

NAT

SPOTIFY dyson

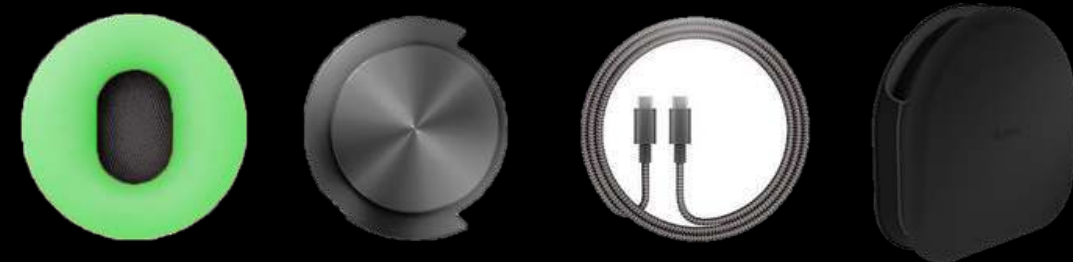
The ultimate lossless experience.

OnTrack Headphones

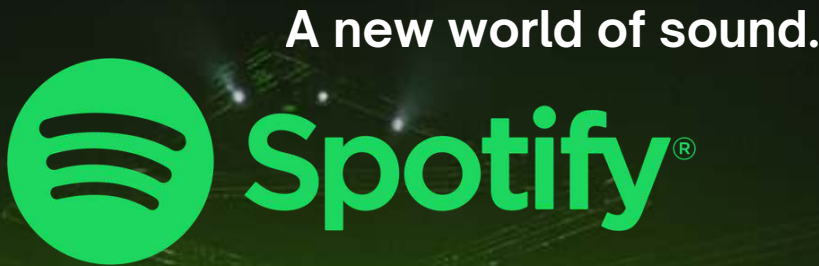
MSRP: \$499.00

*Comes with 12-month subscription to
Spotify premium*

MOCKUP 1



MOCKUP



Echosphere Experience

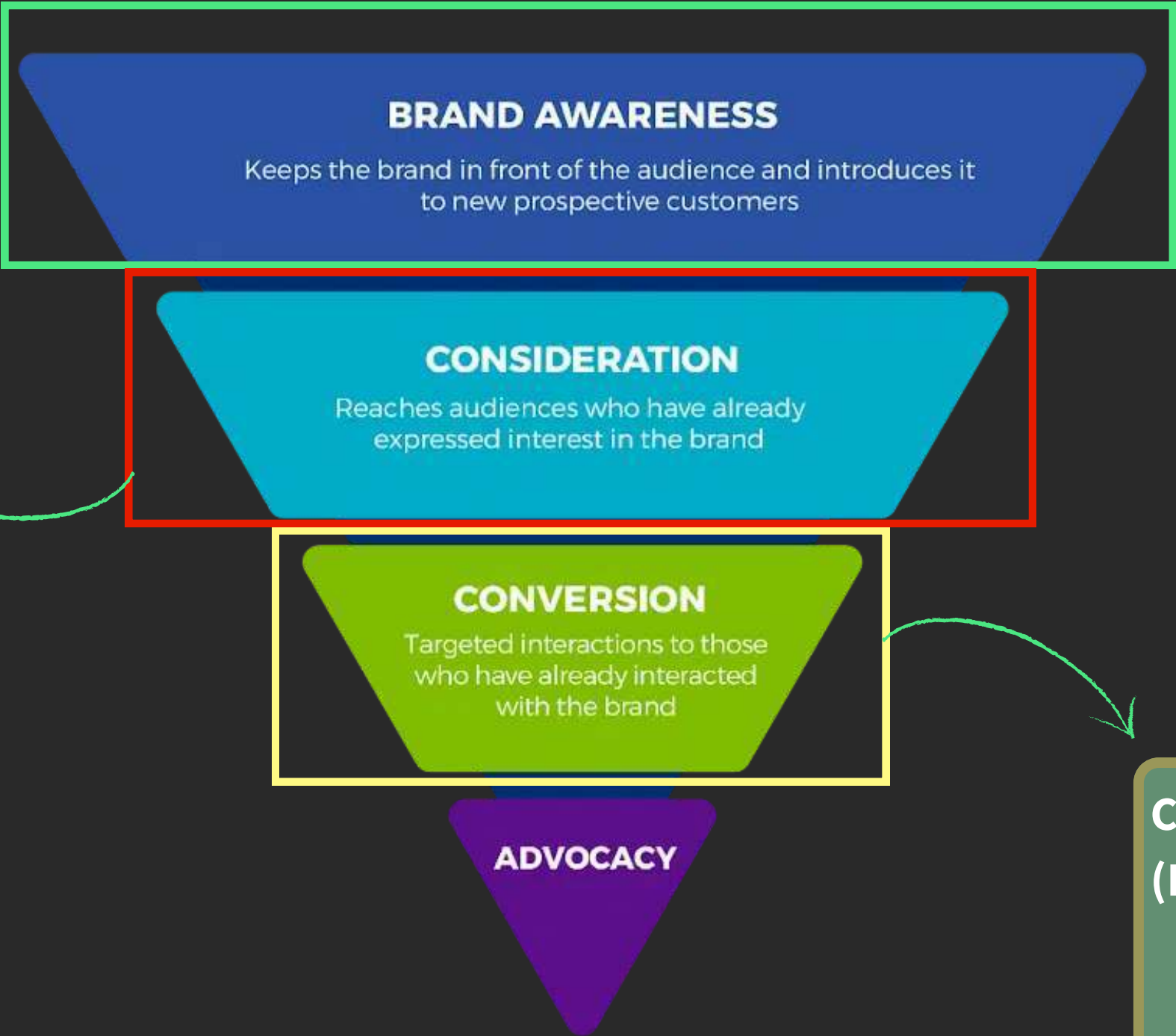
Lollapalooza

JCDecaux

MOCKUP 2



DIGITAL CONTENT MARKETING FUNNEL



**Consideration — 40%
(PRIMARY FOCUS)**

- SEO & Organic Discovery
- Content (Playlists, Podcasts)
- Search Optimization

Awareness — 35%

- Paid Social (TikTok, Instagram)
- YouTube Ads
- Influencers

**Conversion & Retention — 25%
(HIGH PRIORITY)**

- CRM (Email, Push Notifications)
- Personalization (Offers, Recommendations)

- Increase email subscriptions by **20%**
- Increase organic traffic **25%** by Q4
- Increase premium conversion and retention by **15%**



➤ Budget

GEOVANA

BUDGET OVERVIEW

➤ Marketing Budget

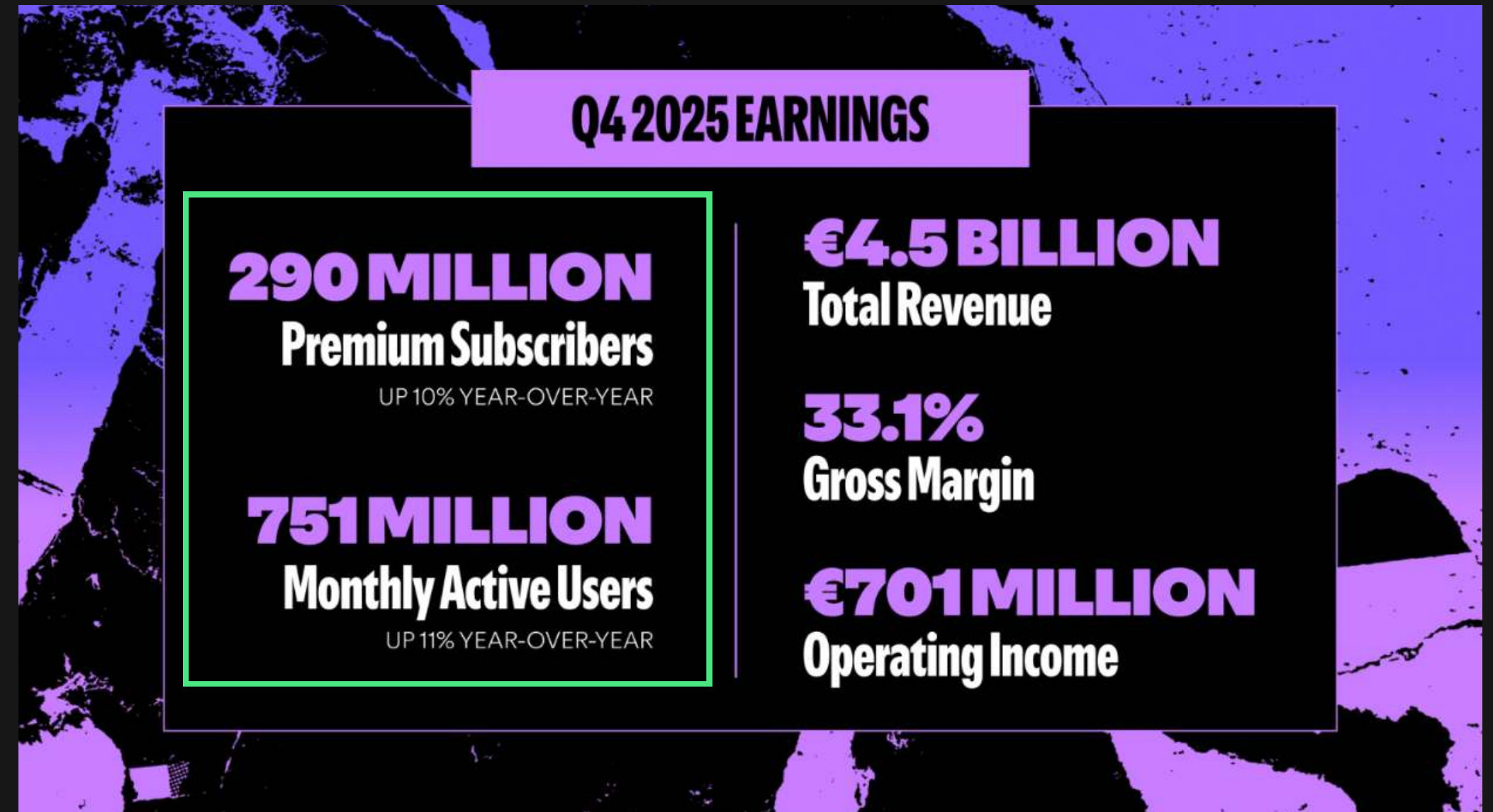
- Total Revenue for 2025 = \$17.2B
- Total marketing budget= \$1.3B (8% of revenue)

➤ Digital Allocation

- 45% of Marketing budget = **\$585M**

➤ Why this level of investment

- 751M Monthly Active Users
- 290M Premium Subscribers
- Global, digital-first platform





Tactic	Volume	Cost	Total
Paid Media (\$175.5M)			
Google Search	~35M clicks	\$2 CPC	\$70M
YouTube Ads	~875M views	\$0.04 CPV	\$35M
Social Ads (TikTok/IG)	~8.8B impressions	\$8 CPM	\$70.5M
CRM & Lifecycle (\$146.25M)			
CRM Platform	~50M users	\$2 per user	\$100M
Push Notifications	Fixed	—	\$15M
Personalization	Fixed	—	\$31.25M
SEO & Content (\$128.7M)			
Content Production	~40K assets	\$500 each	\$20M
SEO Tools	Fixed	—	\$8M
Site Optimization	Fixed	—	\$100.7M
Partnerships (\$134.55M)			
Tier 1 Influencers	~800	\$50K	\$40M
Tier 2 Influencers	~8,000	\$5K	\$40M
Artist Campaigns (incl. Wrapped)	Fixed	—	\$54.55M
Total	\$585,000,000		

Built using industry benchmarks:

- Google Ads → ~\$2 CPC
- Social Ads → ~\$8 CPM
- YouTube → ~\$0.04 CPV
- CRM → ~\$2 per user
- Influencers → \$5K–\$50K tiers

Total Allocation:

Category	% Allocation	Budget (USD)
Paid Media	30%	\$175,500,000
CRM & Lifecycle	25%	\$146,250,000
SEO & Content	22%	\$128,700,000
Partnerships & Creators	23%	\$134,550,000
TOTAL	100%	\$585,000,000

Quarter Breakdown:

Quarter	Budget %
Q1	22%
Q2	24%
Q3	24%
Q4 (Spotify Wrapped)	30%



OBJECTIVE 1:

+20% EMAIL SUBSCRIBERS

- CRM & Lifecycle (Primary Driver)

Tactics:

- Email platform (\$100M)
- Push notifications (\$15M)
- Personalization (\$31.25M)

What this drives:

- Email sign-ups through in-app prompts
- Re-engagement campaigns
- Personalized recommendations turns to higher opt-in

Impact:

- Directly increases first-party data
- Builds long-term communication channel

OBJECTIVE 2:

+25% ORGANIC TRAFFIC

- SEO & Content (Primary Driver)

Tactics:

- Content production (\$20M)
- Site optimization (\$100.7M)
- SEO tools (\$8M)

What this drives:

- Higher ranking in non-branded search
- More discovery outside the app
- Increased inbound traffic

Impact:

- Captures users earlier in journey
- Reduces reliance on paid ads

OBJECTIVE 3:

+15% PREMIUM CONVERSION & RETENTION

- Paid Media + Partnerships (Primary Driver)

Tactics:

- Google Ads (high-intent users) (\$70M)
- YouTube ads (engagement) (\$35M)
- Social ads (TikTok/IG) (\$70.5M)
- Influencers + artist campaigns (\$134.55M)
- Spotify Wrapped (Q4 push included)

What this drives:

- New user acquisition
- Premium sign-ups
- Cultural relevance = demand

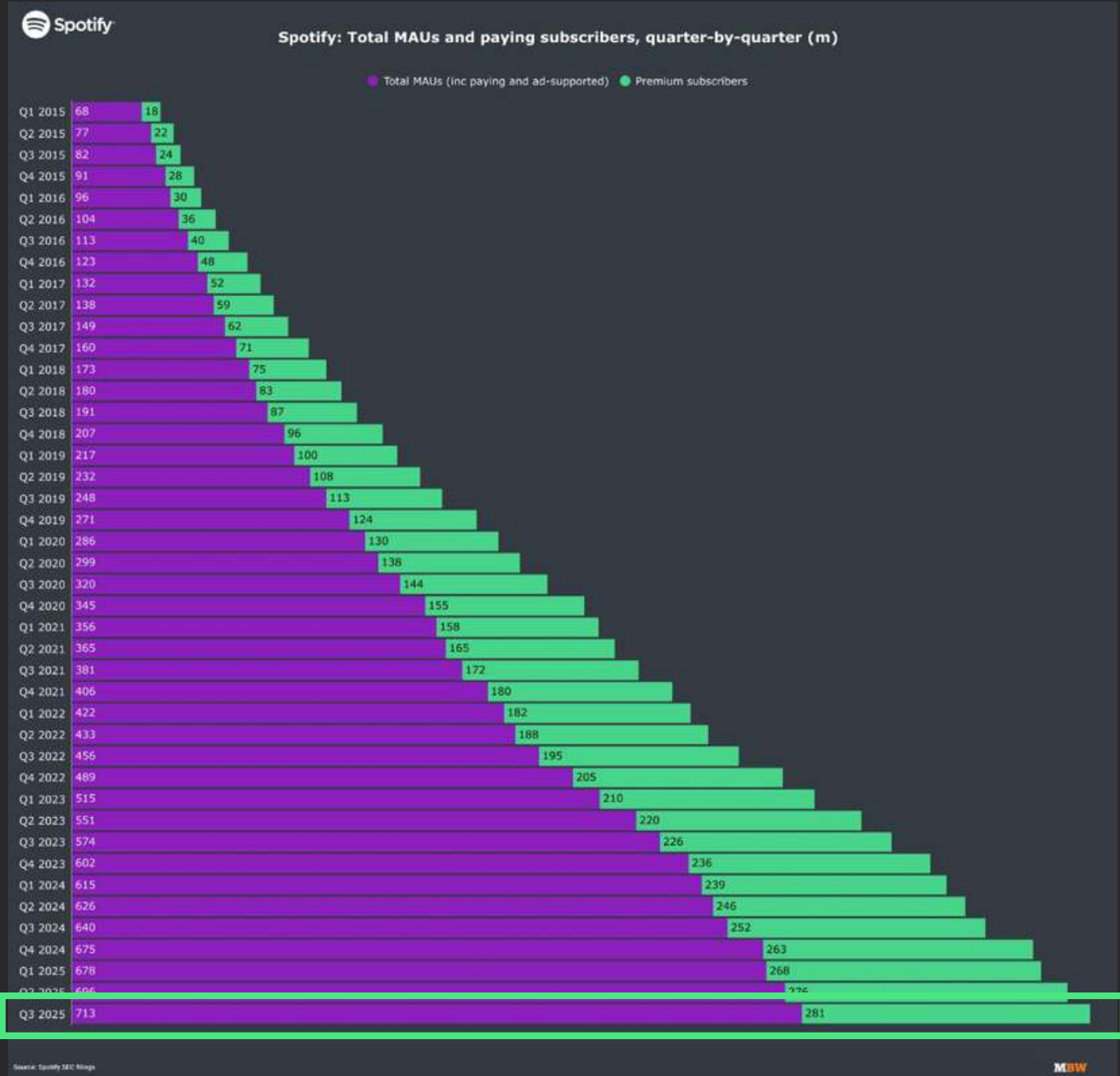
Impact:

- Higher conversion rates
- Increased customer lifetime value (LTV)
- Stronger retention

Budget

GEOVANA

ROI & IMPACT



Impact of Premium Subscriber Increase:

3–5% increase in conversion (460M free users)

From 10% → 15%

$460\text{M} \times 3\% = 13.8\text{M users}$

$460\text{M} \times 5\% = 23\text{M users}$

Potential Revenue Impact:

\$120/year per user

15M users → \$1.8B

25M users → \$3.0B

Supports Core Objectives

CRM → +20% email subscribers

SEO → +25% organic traffic

Paid & Partnerships → +15% conversion

Fixes Key Weaknesses

Improves SEO visibility

Expands beyond seasonal campaigns

Balances Growth

Short-term → Paid & partnerships

Long-term → SEO & CRM



“Shifting Spotify from awareness-driven growth to conversion-driven growth.”



FULL FUNNEL KPI FRAMEWORK

BUSINESS CONTEXT

- 751M Monthly Active Users
- 290M Premium Subscribers

MEASUREMENT APPROACH

- Awareness → Discovery growth
- Acquisition → User action
- Retention → Long-term value

Business KPI's

- Customer Acquisition Cost (CAC)
- User growth

WHY THIS MATTERS

- Freemium model → conversion drives revenue
- Retention drives long-term growth



SEO Performance

- Organic traffic (+25% goal)
- Keyword rankings (non-branded)
- Click-through rate (CTR)
- Time on page



Paid Media Performance

- CTR (Click Through Rate)
- CPA (Cost per acquisition)
- ROAS (Return on Ad Spend)

Email / CRM Performance

- Open rate
- Click-through rate (CTR)
- Conversion rate



BENCHMARKS

- Google Ads CPC $\approx$ \$2
- Social CPM $\approx$ \$8
- YouTube CPV $\approx$ \$0.04

RETENTION & REVENUE METRICS



Core KPIs

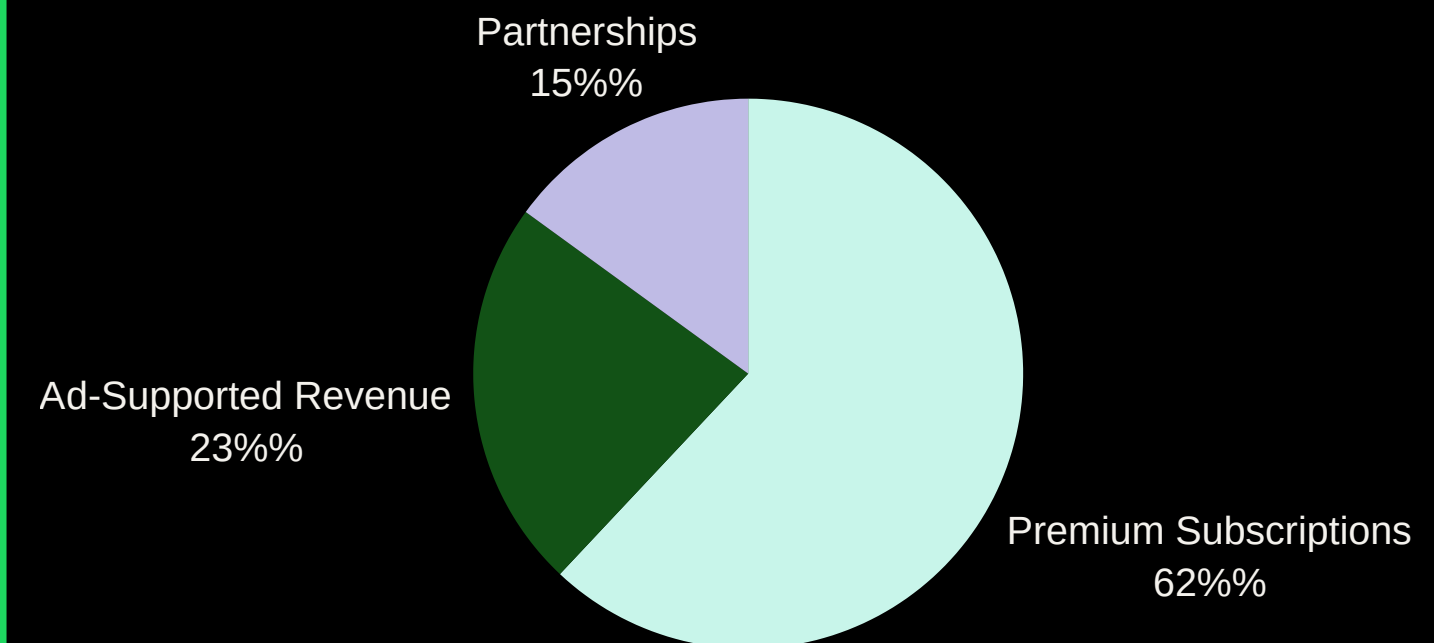
- Premium conversion rate (+15% goal)
- Churn rate
- Engagement time
- Customer Lifetime Value (CLV)

Revenue Impact

- Avg Premium = \$120/year
- +3–5% increase in conversion rate
- → 15M–23M new users
- → \$1.8B–\$3B revenue

Why It Matters

Spotify's freemium model means that conversion directly drives revenue. Retention is critical because long-term users create sustainable growth. Higher engagement leads to increased customer lifetime value. Each of these metrics connects directly to overall business performance and helps measure long-term success.



Source: AI-generated data.
Replace or verify before use.

MEASUREMENT TOOLS & STRATEGY



01



Tracks website traffic, user behavior, and conversions. Helps measure sign ups, app downloads, and how users move through the funnel.

03



Measures keyword rankings, organic traffic, and search visibility. Helps track SEO performance and non-branded discovery growth.

02



Analyzes paid campaign performance including CTR, CPA, and impressions. Helps optimize ad spend and improve conversion efficiency.

04

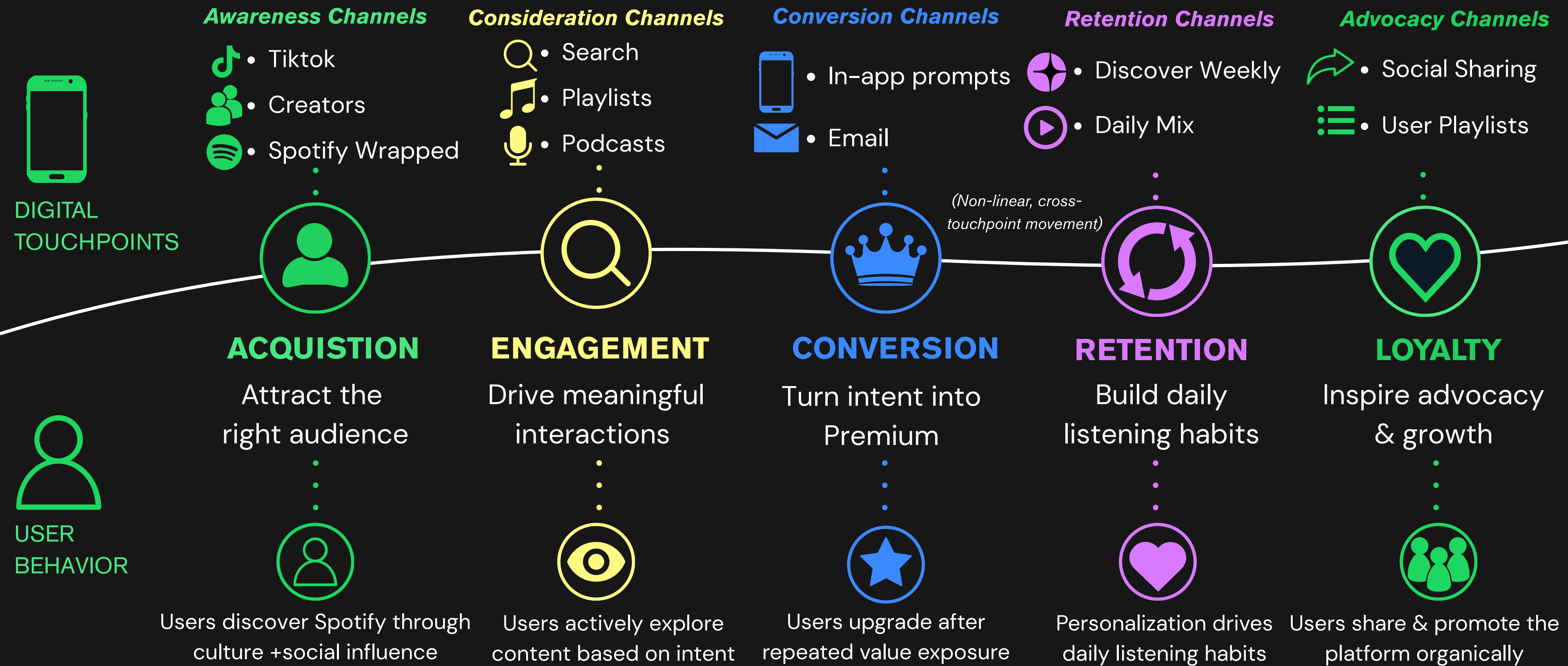


Tracks listening behavior, engagement time, retention, and premium conversions. Connects marketing efforts to long-term user value.

OUTCOME: CONNECTS MARKETING PERFORMANCE TO REVENUE GROWTH AND LONG-TERM RETENTION

CUSTOMER JOURNEY MAP

FROM DISCOVERY TO LIFELONG LOYALTY



BUDGET WEIGHTED TOWARD ENGAGEMENT AND RETENTION FOR LONG-TERM VALUE



1 ENGAGEMENT RETENTION LOOP

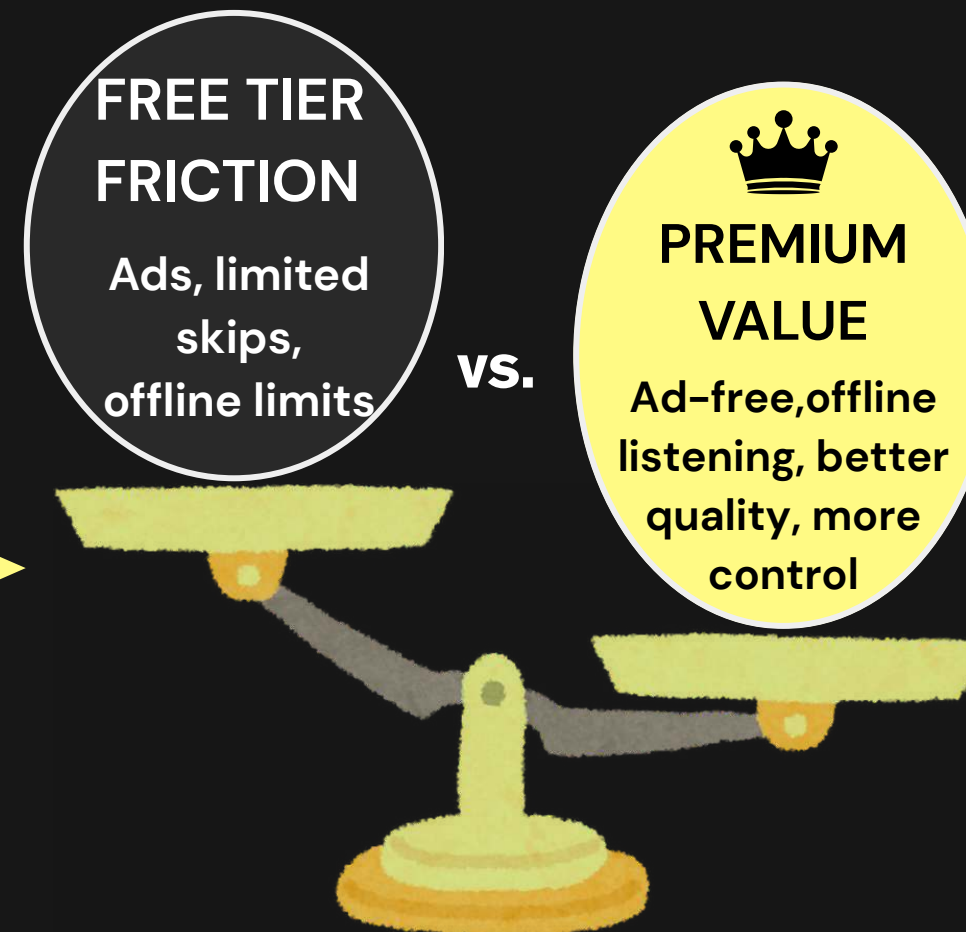
Usage fuels personalization.



The more users engage, the **better the experience gets.**

2 FRICTION vs VALUE

Conversion is delayed to maximize long-term value



Users upgrade when the **value** of Premium outweighs the **friction** of the free tier.

Driven by in-app prompts, CRM, & premium feature exposure

3 RETENTION DRIVES REVENUE

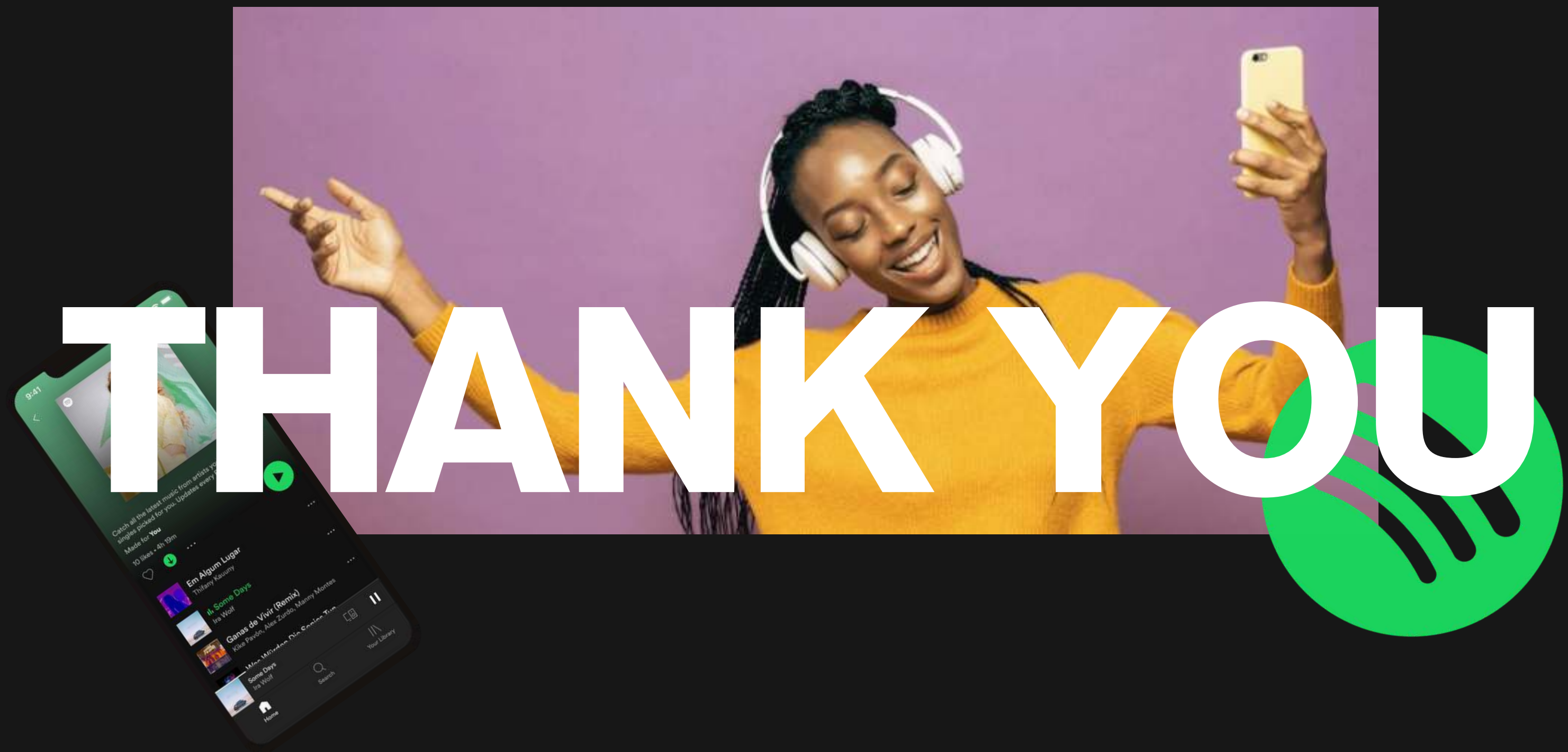
Subscriptions reward consistency.



More retention = more stable revenue

Retention is the engine behind **predictable growth.**

Impacts: Churn ↓ | LTV ↑ | Time spent ↑



APPENDIX

<https://www.bls.gov/ooh/media-and-communication/announcers.htm#tab-5>

https://businessmodelanalyst.com/spotify-target-market/?srsltid=AfmBOopzXSu9E4HtmxpUOxwijS77mQltSNje1WGKHhbdy4nz6ljmIR-_

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