

A Music Ally Primer

2024

Spotify



Overview

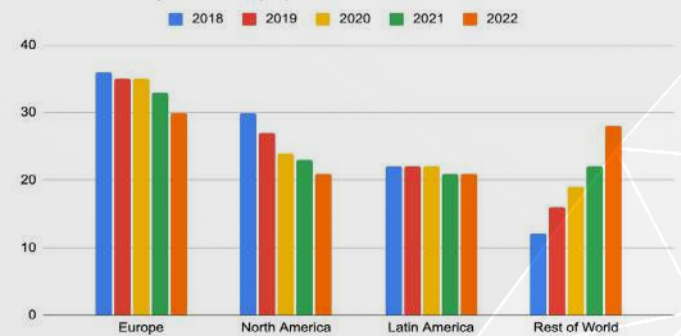
Spotify's Market Presence and User Base

Spotify's reach spans across 180+ markets, with its Monthly Active Users distributed mainly in Europe (30%), North America (21%), Latin America (21%), and Rest of World (28%).

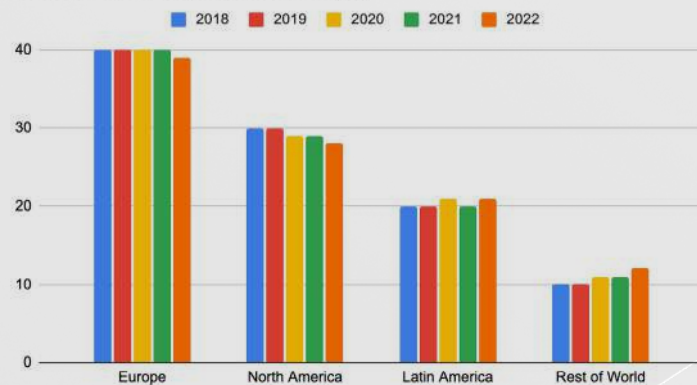
Interestingly, while Europe's share of Spotify's Monthly Active Users dropped from 36% to 30% between 2018 and 2022, the continent's share of Spotify's Premium Subscribers stayed constant at around 40%.

Its Premium Subscribers are also primarily based in Europe (39%), North America (28%), Latin America (21%), and Rest of World (12%).

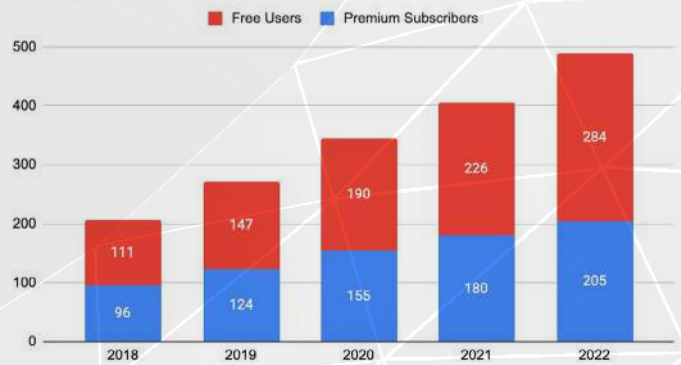
MAUs Territory Shares (%)



Subscribers Territory Shares (%)



Spotify: Premium Subscribers and Free Users (m)



Q1 2023 Users (Million)

515
Monthly
Active Users

210
Premium
Subscribers

317
Ad-supported
MAU's

Spotify's Market Share Revenue and Financial Performance

Spotify continues to be a dominant player in the music streaming subscription market, controlling over 30% of the market according to recent research by MIDiA. The company's financial performance is strong, **with revenue in Q1 of 2023 increasing by 14% year on year to reach €3.42 billion**. However, Spotify did record an operating loss of €231 million for Q4 2022. Despite this, the company has paid out almost \$40 billion to the music industry since its launch in 2008 and estimates that it generates around 20% of global music revenues. This shows the important role Spotify plays in the music industry and its ongoing commitment to supporting artists and creators.

Label & Artist Distribution on Spotify

Spotify's impact on the music streaming industry is undeniable. However, a closer look at the platform's label and artist distribution reveals an interesting dynamic. In 2022, 75% of Spotify streams were from the three major labels plus indie licensing agency Merlin, leaving only 25% for indie labels and DIY artists not licensed through Merlin. Although major labels accounted for nearly 70% of the tracks added to Spotify's flagship 'New Music Friday', more than three-quarters of the 57,000 artists who generated over \$10k in annual payouts were DIY artists releasing through a distributor. Additionally, nearly 35% of these top earners came from outside the top 10 music markets.

These statistics suggest that **while major labels continue to have a strong presence on the platform, DIY artists and smaller labels are also making significant gains.**

Listening Habits

Spotify has witnessed a trend in listening habits, as **nearly one-third of the tracks on its Weekly Top Songs chart are now catalogue tracks**. This trend has been on the rise, up from 23% in 2021 and 13% in 2020. Goodwater Capital statistics reveal that 31% of listening time on Spotify is spent in playlists curated by the platform, while the majority of streams on its platform come from active listening - people choosing what to stream.

"Spotify recommendations drive close to half of all users' streams."

- Gustav Soderstrom, Spotify executive

**€11.7
billion
revenue
in 2022**

**14%
year on year
revenue
increase**

**1/3
of tracks in
Weekly Top
Songs are
catalogue**

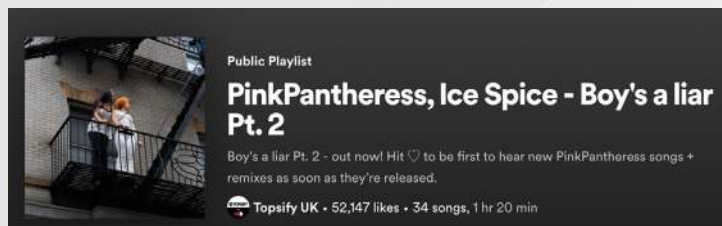
Marketing Best Practices and Strategies for Indie Labels

#1 Artist Discography Playlists



A best practice for artists is to create and house their own discography playlists on their profile, whether or not they have an official 'This Is' playlist created by Spotify. This gives every artist the opportunity to promote their catalogue and have control over the way they present it. A few best practices to make the most out of this catalogue playlist below:

- **Structure:** Feature the newest music at the top.
- **Content:** You can even feature the newest track several times - as it's new, people will want to hear it more.
- **Titles:** You can utilise playlist titles in a clever way, to drive SEO for the playlist.



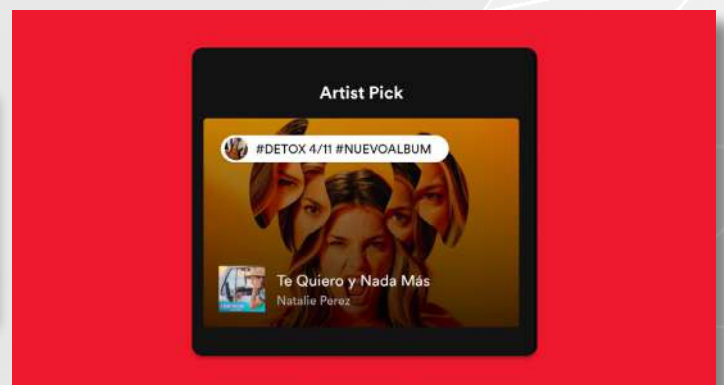
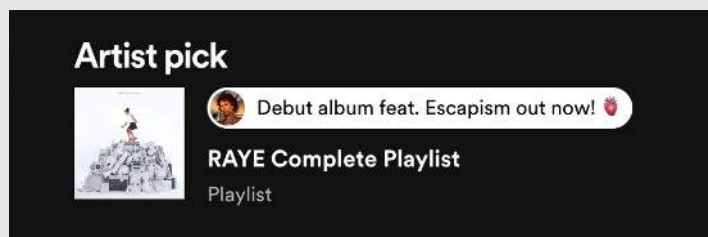
- **Description:** Again, you can utilise the description to drive SEO for the playlist by mentioning popular tracks. You should also consider adding a call-to-action for listeners to follow the playlist to drive long-term engagement (see example above).
- **Hashtags:** We have also heard anecdotally, that including hashtags in the title or description of an artist playlist might influence music being recommended within Spotify's new discovery feed.



#2 Artist Pick

The Artist Pick may be regarded as a simple tool, but it can go a long way in helping you promote your artist's music more effectively.

- **What To Pick?** We recommend choosing the **artist discography playlist or album** as the Artist Pick, instead of a single track. In this way, you can drive streams across the artist's catalogue and Spotify freemium users on mobile will be able to listen as well (if it's a single track, Spotify might play a different artist as they can't play on demand). However, **you can also promote merch and tour dates** so be sure to feature the artist's current promotional priority here.
- **Messaging:** You're able to add a short message to the Artist Pick. Consider how to use this space in the most effective way. For example, RAYE released her debut album after seeing huge success for her track 'Escapism' on TikTok. With the message below, her team was aiming to capture the attention of listeners who might only come to her profile for this specific track, and drive them to her album and discography.
- **Imagery:** You can also utilise the imagery you can upload to the Artist Pick for marketing purposes. For example to debut artwork for an upcoming release, driving fans to the artist profile and Artist Pick - which in turn can drive them to the artist's discography.



#3 Canvas

Spotify's Canvas feature is a valuable tool to showcase the artist's branding and drive more active engagement via 3-8 second looping visuals uploaded alongside tracks. **According to Spotify, adding a high-quality Canvas to a track has increased streams by up to 120% and saves by up to 114%, in addition to lifts in artist profile visits and shares.** And Canvas will only grow in importance, since Spotify introduced its new feed that allows users to discover new music by flicking through Canvas videos within playlists or suggested music based on hashtags. [You can read more about the new feed and its implications on artist marketing here.](#)

Best Practices

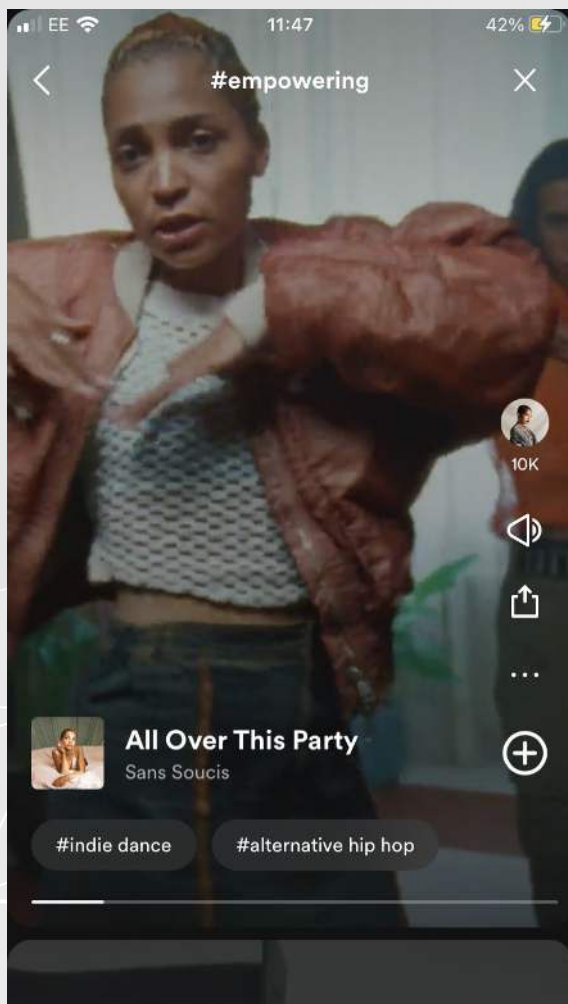
- Choose footage without talking, singing or rapping
- Avoid rapid video cuts or intense flashing graphics (*although IMPALA's digital committee would like to highlight that flashing and more eye catching imagery can work well across certain types of releases*)
- Remember to focus the action in the "safe area"

- Consider excluding the song title and artist name
- Tell a story through Canvas by creating a theme or narrative
- You can update in real-time

Strategic Uses Of Canvas

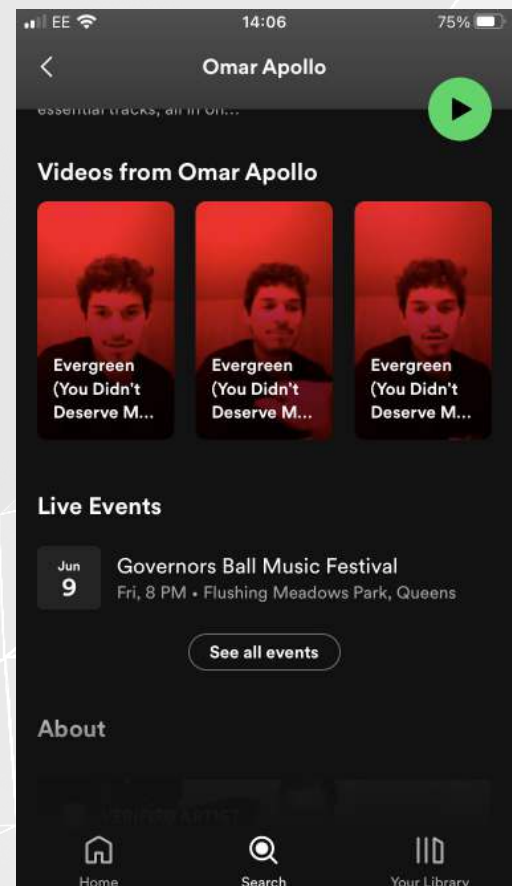
- Teasing upcoming music or collaborations
- Including fans or UGC art within the Canvas
- Hiding easter eggs within the Canvas (such as password to access exclusive content)

Strategies like the ones above help drive fans to the artist profile where they actively stream the songs, which not only drives streams in itself but valuable active streams from the artist profile, which is a valuable metric for Spotify to consider when deciding which artists and music to support through editorial and algorithmic playlisting.



#4 Clips

Alongside Canvas, some artists are now able to upload vertical videos of up to 30 seconds directly to their artist profile. Clips [which are only accessible on mobile] are attached to artist profiles and can be attached to tracks and albums, providing the artist with the opportunity to talk directly to their listeners and provide more context. Clips don't expire, so you can control how long they stay on a profile. Note that Clips are being rolled out by Spotify in waves so some artists may not yet have access to this feature.



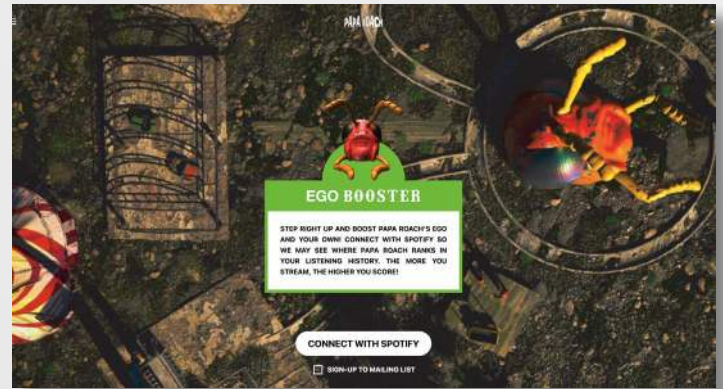
Inspiration for Clips

- Share the story behind a song
- Announce an upcoming release
- Have the artist introduce themselves
- Feature a collaborator
- Show off new merch

#5 Spotify API

Spotify's Web API enables the creation of applications that can interact with Spotify's streaming service. The API is freely accessible and developers can build experiences for music campaigns that can drive marketing objectives (e.g. follows, saves, streams) while engaging fans. Please find a few examples below:

Papa Roach Ego Booster



Hot Chip Playlist Generator



Cleopatricks Game



#6 Discovery Mode

Discovery Mode is a new tool within Spotify For Artists, that allows you to reach new audiences without the need for upfront investment. Labels can specify tracks of an artist that they would like to be boosted in Spotify's 'Radio' and 'Autoplay' modes – i.e. played to listeners who are most likely to enjoy them. However, those streams generate a 'promotional' (i.e. lower) royalty rate for the label. This signal increases the likelihood of the selected songs being recommended, but does not guarantee it.

Spotify has pitched this as a positive development, saying that artists taking part in Discovery Mode:

- Artists see **+50%** in saves
- **+44%** in user playlist adds
- **+37%** in follows during the first month of Discovery Mode

However, Discovery Mode has been contentious within the industry, compared by critics to radio 'payola' – the infamous practice of paying commercial radio stations to play songs without disclosure.

IMPALA is one of those critics, and in its 10-step streaming plan called for "no reductions in royalties in exchange for enhanced plays, or privileged treatment in algorithms, or other features that recreate elements of payola".

If you do however want to try Discovery Mode, you should be aware that there are some eligibility criteria.

The artist involved must have at least 25,000 monthly listeners; the track must have been released on Spotify for at least 30 days; and must have been streamed in Radio or Autoplay in the last seven days.

Your distributor will also need to be one of the companies participating in Discovery Mode.

Early case studies of the tool suggest that it can be useful in prolonging the momentum of a campaign, and can be used strategically in combination with Marquee ads (more info below).

#7 Marquee

Marquee is Spotify's on-platform advertising tool that you can use to reach premium listeners. **You can promote new albums, singles, and EPs with this full-screen, sponsored recommendation to listeners who have shown interest in the artist's music.** You can advertise to premium streamers on-platform, rather than having to drive them from another digital platform to Spotify. As Marquee is **priced on a cost-per-click basis**, you only pay when people actually click on the Marquee, plus, it filters out people who have already intentionally streamed from the new release. Spotify says that on average, listeners who see a Marquee are over 2x more likely to save a track from the new release for future streaming.

Marquee Strategy

- You can run Marquee ads at any time within the first three weeks after release.
- Choose a start date that best aligns

with your campaign goals. If you want the greatest and quickest impact, start the campaign on release day and coordinate your promotional efforts. You will likely see higher engagement (e.g., conversion rate, streams per listener). If you want a delayed boost, start your campaign after release day.

Audience Targeting options include:

- **Super listeners: Most dedicated active listeners in the last 28 days**
- **Moderate listeners: Active listeners who intentionally streamed your music many times in the last 28 days**
- **Light listeners: Active listeners who intentionally streamed your music once or a couple times in the last 28 days**
- **Previously active audience: Listeners who used to be in your active audience but haven't intentionally streamed your music in at least 28 days.**

Booking via Spotify for Artists:

- Marquee is available within Spotify for Artists for teams in the US, UK and Australia (the team must have one of these countries set as their billing country).
- The minimum budget for a campaign is \$100.
- Artists must meet one of the following eligibility requirements in at least one of the available markets: more than 5,000 streams over the past 28 days or more than 1,000 followers.

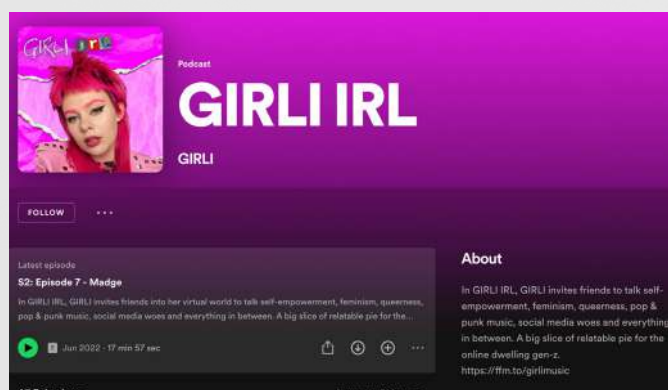
Booking via a Spotify Representative

- Teams outside of the US, UK or Australia will have to book Marquee via a local Spotify representative.
- To book Marquee with assistance from a local representative, submit your info [here](#).

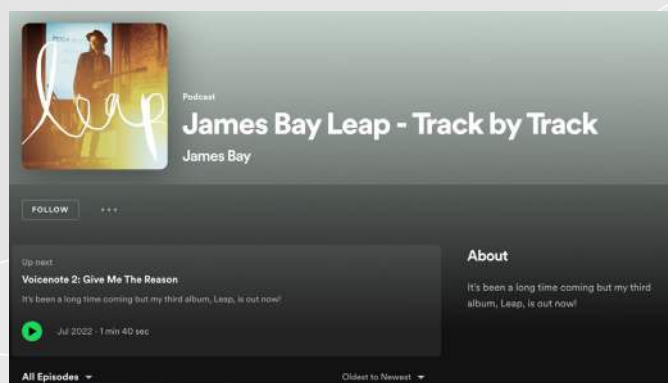
#8 Anchor

Spotify owns Anchor, the world's largest podcast hosting platform. Anchor is part of the [Spotify for Podcasters](#) platform and allows anyone to create and host a podcast for free. **While podcasts artists create are not automatically attached to their music profile, artists can utilise podcasts to connect with their audience and promote their music.**

For example, [GIRLI](#) created a podcast discussing topics that were mirroring themes of her latest album at the time. By inviting guests to her podcasts, she was tapping into new audiences to promote her music to.



James Bay uploaded [Track by Track Voicenotes](#) as a podcast to Spotify.



His team then created a [playlist](#) combining both the album tracks and accompanying voicenotes which fans could dive into on the artist profile.



#9 Spotify Popularity Index

The Spotify Popularity Index is an important value that Spotify uses internally to rank all artists and tracks on a scale from 0 to 100. It gives you insight into how the Spotify algorithm currently evaluates the artist and their music. The higher the popularity index, the more likely the algorithm is to recommend the artist to new listeners, and place their music in algorithmic playlists like Release Radar and Discover Weekly. It is also believed that this index influences other editorial decisions.

Generally speaking, songs that are being played a lot now will have a higher popularity than songs that were played a lot in the past. Therefore, the frequency and recency of streams across an artists catalogue are important. Which in turn means, if you can increase catalogue streams in advance of a new release - the artist's new release is more likely to be algorithmically recommended and playlisted across Spotify. Some quick tips to help achieve this:

- Update artwork to drive fans to the profile
- Update Canvas to drive fans to the profile
- Run ad campaigns driving to the artist's playlist in advance of a release
- Run a playlist competition, for example using this [free tool](#)
- Create organic content that promotes catalogue, example [here](#)

Opportunities for Indie Labels

RADAR

Spotify's RADAR program is a global artist development program that gives emerging artists a marketing push both on- and off-platform. Selected artists will get slots on Spotify's programmed playlists as well as other types of marketing support and editorial content on Spotify. RADAR artists are selected using a combination of data and editorial decision-making by Spotify's local teams.



RADAR FIRST LISTEN

Frequency

Frequency is Spotify's global initiative to celebrate Black art, entertainment, creativity, culture and community on- and off-platform. Through cultural partnerships, content, an ambassador program, and more, Spotify aims to further connect the Black community to upcoming and established Black creators.



partnerships with nonprofit organisations, and new content experiences. Spotify's new EQUAL hub features the work of women artists and podcasters, with over 200 playlists showcasing women on their cover art.

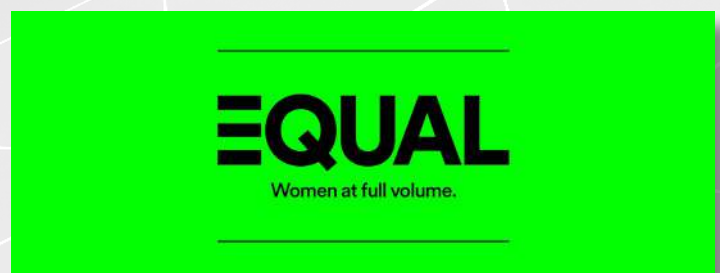
GLOW

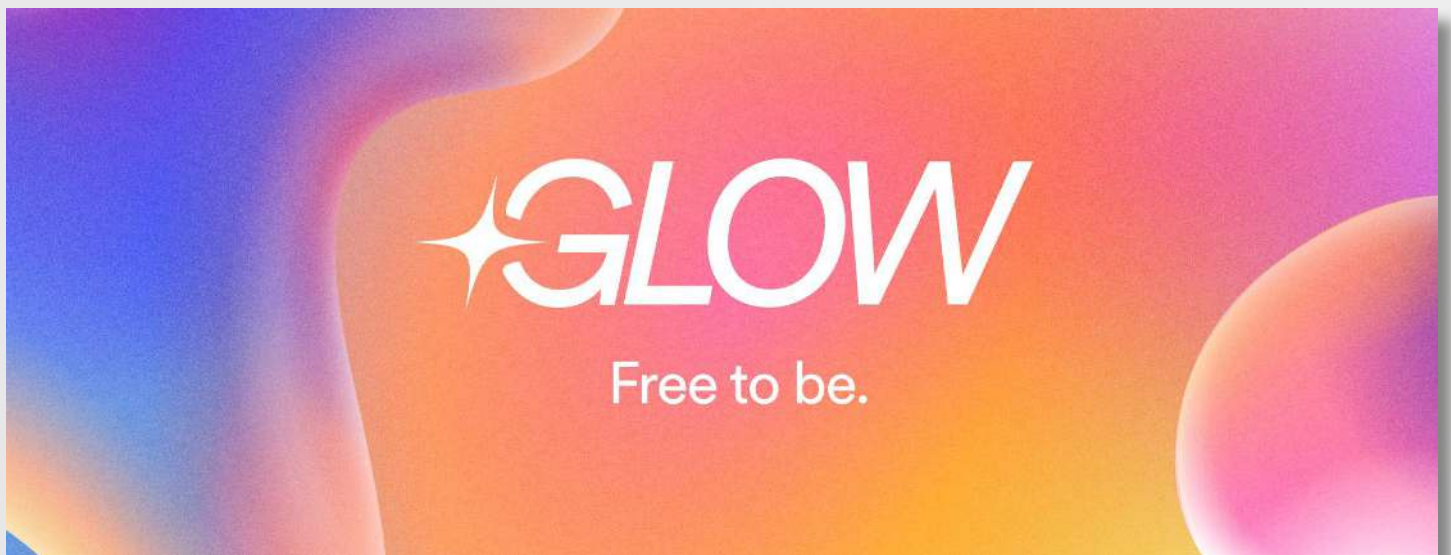
Spotify's GLOW program aims to amplify the profiles of LGBTQIA+ artists year-round through a range of initiatives including playlists, advertising, and collaborations.

The program features a GLOW hub within Spotify, a flagship playlist, and a cohort of 11 artists selected for billboard advertising in the US and other marketing support.

EQUAL

Spotify's EQUAL initiative is dedicated to promoting gender equity in the music industry and celebrating women creators. The campaign includes on- and off-platform support,



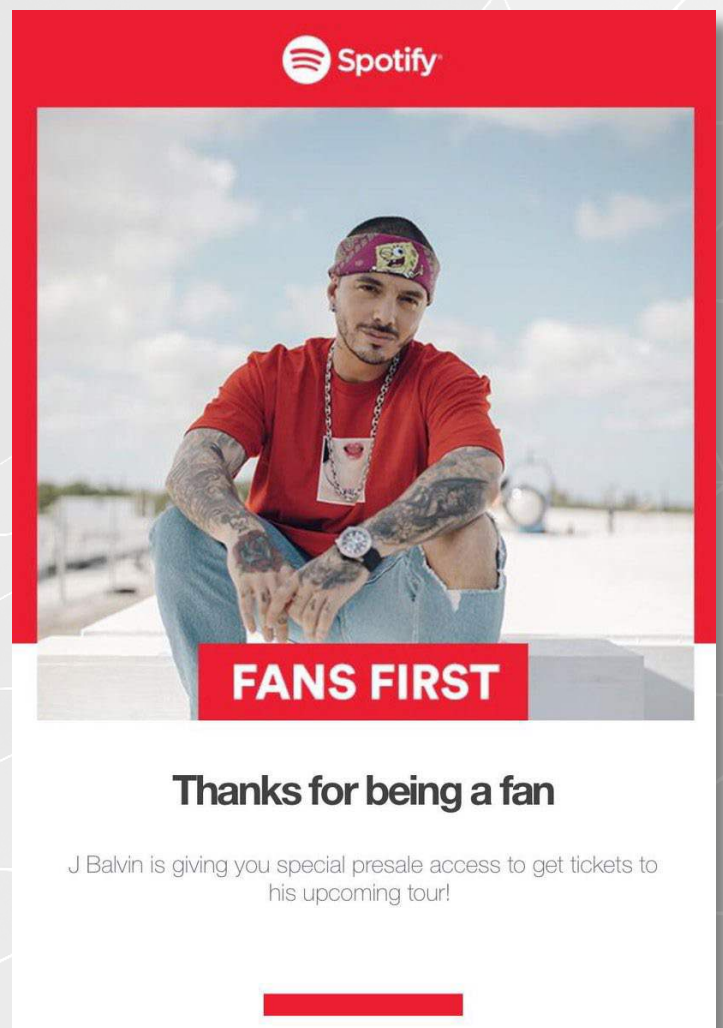


Fans First

Spotify Fans First is a program that uses Spotify data to identify and reward an artist's most passionate fans with an exclusive offer or experience envisioned by an artist and their team. Spotify announced in February 2023, that they would be expanding the pool of artists that are eligible for the program.

Artist Follows

Spotify followers are important as it shows you how well the artist is capturing their audience on Spotify. This audience is also more likely to find new releases of the artist across Spotify, such as via their Release Radar playlist. **There are tools you can utilise to incentivise listeners to follow, for example via follow-to-unlock activations.** For example, smart link providers such as [Linkfire](#) or [Feature.fm](#) provide useful features to implement these activities.



Inspirational Case Study



HAAi Spotify Partnership (Mute Records)

British Independent label Mute wanted to establish their DJ HAAi as a full-fledged artist and incorporated a partnership with Spotify into the overall campaign strategy in 2022.

The label presented the music and campaign plan early to get Spotify's support.

EQUAL

Spotify's initiative, EQUAL, has taken various actions to promote and support women artists in the audio industry. This includes forming global partnerships, organising events, developing new content experiences, and providing both on- and off-platform assistance. The goal of these efforts is to create a fair and inclusive environment for women in audio and to recognize their valuable contributions. This is a possible entry into a partnership with Spotify.

- HAAi was announced as Spotify's EQUAL Ambassador for June which included on-platform and OOH support.

Playlist Cover Features

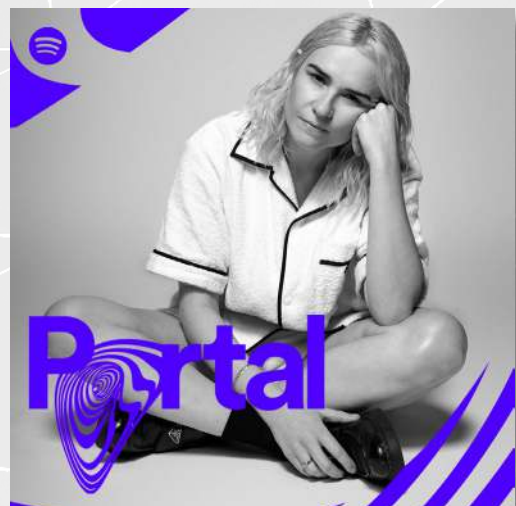
Support from Spotify included HAAi being featured on the cover of Altar (Spotify's popular editorial playlist for electronic dance music) as well as several other playlists.

Marquee

The team at Mute also ran advertising using Spotify's on-platform Marquee tool which allowed them to target premium streamers directly on the platform and direct them to HAAi's release at the time.

Fans First Initiative

Spotify's Fans First is an email marketing initiative that allows artists to offer special or exclusive deals, such as early access to concert tickets or merchandise, to their most loyal followers on the platform. Mute also launched a Fans First initiative as part of the campaign prioritising HAAi's dedicated fans and offering them show tickets and exclusive merch.



Results & Key Learnings

Although it's not possible to isolate the specific impact of the Spotify initiatives on the overall campaign results, it's reasonable to suggest that they had a significant influence on the overall outcome.

- Album launch show **sold out** in minutes

Social growth between
12% & 33%

- Debut full live performance at Earth **sold out** within a few hours

48% increase
In Spotify streams

374% increase
In Spotify monthly listeners



Conclusion

This primer has provided independent labels with a better understanding of the opportunities and challenges that exist on the Spotify platform. With **over 515 million monthly active users in more than 150 markets**, Spotify presents a valuable platform for independent labels to reach a global audience.

Through the various marketing strategies being used on Spotify, independent labels have a range of tools and techniques available to them to maximise their presence and profitability on the platform.

Moreover, the inspirational case study presented in this primer serves as an example of the successful use of Spotify by an independent label. By leveraging the platform's various programs and features, **Mute was able to establish their artist HAAi as a full-fledged artist and triple her monthly listeners on Spotify.**

As Spotify continues to innovate and expand its offerings to users and labels alike, there are sure to be more opportunities for independent labels to succeed on the platform. **By staying up-to-date on the latest trends and strategies, and utilising the available resources, independent labels can unlock the full potential of Spotify and achieve their business goals.**

Tools & Resources

- [Further Reading: Music Ally Sandbox: Spotify's New Marketing Tools](#)
- [Web API: Spotify For Developers](#)
- [Hot Chip Playlist Generator](#)
- [Papa Roach Ego Booster](#)
- [Cleopatricks Game](#)
- [Spotify Marquee Booking Form](#)
- [Spotify for Podcasters](#)
- [GIRLI Podcast Example](#)
- [James Bay Track by Track Voicenotes](#)
- [James Bay Mixed Playlist](#)
- [Mixtape by The Creative Corporation \[Spotify Experiment\]](#)
- [Example: Ellie Goulding creates organic content that promotes catalogue](#)
- [Linkfire](#)
- [Feature.fm](#)