# The service model canvas

Service: **Spotify**     Created by: **Neil Turner**     Date: 15/1/15

## USERS

Who are / will be the service users?
Who are the most important users?

- **Music lovers** – Likely to already have a well established music collection (physical or digital). Want access to lots of music and to listen to the latest tracks. Want total control over their music. More likely to listen to their music than the radio.
- **Music likers** – Not as fanatical about their music but still plays an important part of their life. Might not have an established music collection and more likely to listen to the radio than their own music.
- **Music rarelys** – Rarely actively listens to music (it might be on in the background) and wouldn't consider themselves a music lover. Will occasionally seek out music e.g. dinner party background music.
- Music likers likely to be the larger group but music lovers more important as likely to be early adopters and trend setters.

## SERVICE PROPOSITION

Why would someone use the service?
What value does the service bring?

- Ability to play (almost) any music at will.
- Access to music anywhere (e.g. home, work)
- Discover great music
- No longer have to carry music collection with you (e.g. physical CDs, MP3s).
- Find out what others are listening to.
- Find out what the latest music is.
- Show off your great music taste to friends.
- Create shared listening experiences (e.g. playlist).
- Create anywhere playlists.
- Run out of space on your phone / MP3 player? Never have to worry about available space again.

## CHANNELS

Through which channels (e.g. online, mobile, telephone, shop) is / should the service be available?
Which channels are most cost effective?
Which channels are users like to favour?

- Streaming via website
- Mobile app
- Desktop app
- Apps likely to provide best user experience, but require initial download overhead.

## KEY ACTIVITIES

Which key activities are required to deliver the service?
Which are the most important activities?

- Signing artists
- Curating content (e.g. Playlists)
- Blogging
- Promoting Spotify (e.g. music festivals, music websites)
- Updating website and app
- Resolving support issues

## CHALLENGES

What current challenges exist?
What challenges do you foresee in the future?

- Persuading artists to buy-in to the royalty model
- Persuading customers to upgrade from the free service, to the premium service
- Changing in-grained music listening habits (e.g. radio, buying albums)
- Differentiating from other similar music streaming services (e.g. napster)
- Technology not ready yet for all users (e.g. Broadband connection)
- Music labels / Artists pulling music
- Undercut by competition (e.g. subscription price)

## ACTORS

Who is / will be involved in delivering the service?
Who are / will be the key partners, suppliers and stakeholders?

- Support staff (e.g. customer service)
- Artists
- Music labels
- Music bloggers and journalists
- Media (e.g. Radio, music TV channels)

## USAGE

How should / do users use the service?
How frequently is / will the service be used?

- Self-service (inc. resolving problems)
- Balanced usage (to avoid peaks of demand)
- Share and recommend service to friends and family
- Create playlists
- Download apps (e.g. mobile)
- Seek out recommendations and new music
- Daily usage for power users
- A few times a week for regular users
- Monthly, or less for infrequent users
- Very long user life cycle (if the service continues to deliver and benefits outweigh the costs)

## COMPETITORS

What other similar services are available?
Who are the key competitors?
What other options do users have?

- Other streaming services e.g. Amazon Prime music, napster
- Digital downloads e.g. iTunes, Google play
- Illegal download sites e.g. BitTorrent
- Physical music e.g. CDs
- Radio
- Music TV channels

## KEY RESOURCES

Which key resources are / will be required to deliver the service? (physical, technology, people etc.)

- Website
- Mobile app
- Desktop app
- Content delivery infrastructure (e.g. web servers)
- Product development team
- Marketing team
- Customer support team

## COSTS

What costs are involved delivering the service?
What is the most cost effective way to deliver the service?

- Music royalty payments
- Infrastructure costs (e.g. web servers)
- Product development costs (e.g. website, apps)
- Support costs (e.g. help)
- Customer self service (to reduce support costs)

## ROI

How will the service deliver a return on investment?

- Customers upgrading to premium subscriptions
- Advertising revenue stream (free subscription only)
- Partners (e.g. music labels) paying to be featured
- App purchase royalties

## KPIS

Which KPIs are / can be used to track the performance of the service?
What are the key KPIs?

- Number of subscriptions
- % of premium subscriptions
- Song plays
- Frequency of use
- Shares (e.g. playlists)
- Number of available songs / artists
- Customer satisfaction (e.g. Net promoter score)
- App purchases
- Email subscriptions
- Music discovery usage (e.g. Radio, Discover feature)