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EXPLORING EUROPEAN CONSUMERS' PERCEPTIONS AND PREFERENCES OF MUSIC STREAMING SERVICES

Major Players in Europe and Insight from Consumers and Professional Experts

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Abstract

In a market characterised by content homogeneity and where attraction is crucial, music streaming services must innovate to differentiate and enhance premium offerings. This paper analyses European consumer perceptions and preferences influencing platform choice in music streaming and explores interests in emerging trends such as AI integration and live experiences. Through literature review, preliminary interviews, perceptual mapping and conjoint analysis, the study identifies key factors shaping consumer behaviour and decision-making. Findings suggest actionable implications for music streaming platforms, emphasising consumers' price sensitivity, brand loyalty, user-friendly interfaces, personalisation, and the integration of innovative features to remain competitive and enhance consumer engagement.

Keywords: Market Research, Expert Interviews, Perceptual Map, Conjoint Analysis, Consumer Preferences, Consumer Perception**,** Music Streaming Platforms, European Market

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1. Introduction

Subscription-based business models, which offer continuous access to products or services for recurring fees, have redefined consumer engagement and revenue generation driven by evolving consumer preferences and technological advancements (Forbes Business Council 2024). European consumers, in particular, have shown a growing interest towards subscription-based models despite having a lower average number of subscriptions (3.2) compared to Americans (4.5) (Tongue 2024a). Related to this model, particular attention is given to the rise of streaming services, driven by increasing internet access and growing consumer demand for digital content. Characterised by their flexibility, vast content libraries, and affordability, these services have significantly transformed the global media and entertainment industry (Statista Research Department 2024). Music streaming services (e.g., Spotify, Apple Music, YouTube Music, etc.) have reshaped the way individuals access and enjoy music for millions of users worldwide. These services, both offering free and premium versions, have had significant influence on consumer listening habits, other than generating substantial revenue (Leu 2024). Unlike other streaming services, music platforms share almost identical tracks and artists, offering consumers similar listening experiences (Tongue 2024b). In addition, while the catalogue size may differ slightly between platforms in absolute numbers, track exclusivity is rare, thus, most songs are available across all platforms (Knox and Datta 2020). Music remains the core content on these platforms (Runcie 2019), and unlike video streaming (e.g., Netflix) which produce region-specific content (Harber-Lamond, Marshall 2024), music libraries and playlists are globally accessible without limited availability and geographical restrictions (Hansen 2024). These factors highlight the challenge of content homogeneity that these platforms face. In this regard, preliminary interviews with industry experts have revealed the emergence of new trends in artificial intelligence (AI) and live experiences within the industry. These suggest the platforms' efforts to innovate and diversify (Tongue 2024) while also predicting future changes in the landscape of music consumption.

Consumer behaviour in music streaming platforms in Europe is a notable aspect worth analysing, as it differs significantly from that of other streaming services. Although 34% of European consumers subscribe to music services, compared to 70% for video streaming platforms (Tongue 2024a), they are four times less likely to switch between music streaming platforms compared to video services and tend to use only one music platform (Shaw 2024). These statistics suggest a strong consumer loyalty within the music industry, which is additionally highlighted by Spotify's status as a key competitor to Netflix. Spotify has maintained a low monthly churn rate of 2% throughout the year (Shaw 2024). Additionally, in 2023, Europe was the second-largest region in terms of revenues for the recorded music industry (IFPI 2024). Therefore, the combination of revenue impact and growing interest in subscriptions make European consumers a compelling demographic to investigate. A noteworthy aspect concerns Spotify, which plays a dominant role in the European market, holding more than 50% market share, compared to 30% globally (Apple 2024). As of 2024, Europe represents Spotify's largest regional market for premium subscribers, accounting for 38% of its total premium subscriber user base (BlackLinko Team 2024). This is particularly relevant given that music streaming services, such as Spotify, often operate on a freemium model, offering free access to music alongside a premium, paid subscription. Despite the growing prominence of the industry, however, existing literature has mostly explored issues related to piracy, royalties, artist revenue, and the broader industry, with limited attention given to consumer perception and platform choice (Sinclair and Green 2016).

For these reasons, this study conducts an in-depth analysis of European consumers' behaviours, attitudes, and preferences, focusing mainly on factors influencing platform choice, with the purpose of assessing how music streaming platforms can diversify and innovate. Specifically, it focuses on the core experience of music provided by these platforms, thus excluding non-music content (e.g., podcasts and audiobooks). Hence, the following research questions are addressed:

- W*hen every music streaming service has almost identical tracks and artists, how is each platform perceived and differentiated by European consumers?*
- *What attributes of music streaming platforms are valued the most by European consumers when selecting a platform?*

This work builds on theoretical input and empirical methods. Following the introduction, **Chapter 2** provides a market overview of the music streaming industry and its key players. **Chapter 3** reviews current literature on consumer behaviour in music streaming platforms, whilst **Chapter 4** gathers market insights from consumer and expert interviews. **Chapter 5** applies the perceptual map methodology to examine how platforms are perceived and market players' positioning. **Chapter 6** explores how consumers value different features of music services through conjoint analysis. **Chapter 7** investigates European consumers' interest towards emerging AI adoptions and live experiences within the music industry. **Chapter 8** discusses the main findings and draws managerial implications, limitations and suggestions for future research.

Findings from the perceptual map revealed that music streaming platforms differ by affordability, innovation, user experience, and niche appeal, while users prioritise broad content, intuitive experiences, and modern features. Moreover, the conjoint analysis identified price and listening features as key drivers of platform selection, with music recommendation and social interaction as secondary to the music experience. Lastly, the exploration of emerging trends highlighted consumers' appeal for music discovery and recognition tools and the premium value of exclusive live experiences.

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2. Market Overview and Majors Players

2.1. Market Overview

In 2024, 67% of worldwide music industry revenue came from music streaming services, whereas physical sales only accounted for 16.1% (Duarte 2024). In 2023, the music streaming industry was valued at $41.52 billion (Howard 2024) and is expected to reach $104.09 billion by the end of 2032 – accounting for a compound growth rate of approximately 10.8% (Howard 2024). Music streaming platforms have experienced exponential revenue growth from 2005 to 2022, with the highest increases occurring from 2014 to 2015 and 2020 to 2021 (Duarte 2024; Figure 8 in Appendix). On June 30th, 2015, Apple Music was released (Rogès 2023), a potential cause for the revenue increase of $1.8 billion in music streaming. This impact illustrates that although Apple Music may not be the market leader (Leu 2024), it has played a key role in driving the rapid growth of the global market. Regarding the significant revenue growth in 2020, the COVID-19 global pandemic was undeniably the most impactful factor of that year. Forced into lockdown, consumers may have turned to music as an escape, as supported by studies showing that music can improve mood (Pfizer Medical Team 2023).

The advent of digital music distribution began with file-sharing services (i.e., Napster), which rapidly evolved into a major challenge for the recorded music industry in the late 20th and early 21st centuries (Parvez 2021). These services allowed millions of users to illegally download copies of songs, albums and even unreleased content. As a result, the music industry was severely damaged by depriving artists and record labels of rightful compensation (Parvez 2021).

The launch of Apple's iTunes and iPod in 2001 was revolutionary as digital music legally entered the marketplace. Both enabled users to not only "own" a musical file but also to organise and listen to their music in a personalised manner (Milano 2024). In turn, consumers could shuffle albums and listen to any desired music genres. iTunes later launched its music store in 2003, which enabled customers to purchase songs for 99 cents (Milano 2024).

Online stores such as iTunes, however, were still an expensive solution as consumers had to buy their preferred music independently. This also failed to provide an effective solution to illegal downloads, as users continued to use websites to save their desired music content on personal devices. To address this high-cost consumption model, which continued to drive online piracy, the concept of music streaming services emerged (Sakpal 2023). These new services allowed users to access an extensive library of songs and albums instantly, online and on-demand, by paying a monthly subscription. Compared to downloading or storing individual files on their devices, the model of music streaming services delivered music files to users' devices via the Internet by hosting and storing these files on the platforms' servers (Sakpal 2023). This enabled users to listen to music on any device with an internet connection. The groundbreaking factor of music streaming services was allowing individuals to discover new artists and genres without repeated monetary investments (Sakpal 2023). Therefore, subscription models have eliminated the risk associated with music purchases, allowing users to explore new music without financial commitment.

Nowadays, the music streaming industry involves the "process of digital distribution and streaming of musical content over the internet" (Howard 2024). All streaming services allow users to access a wide library of music for free in a limited version of the platform or through a paid subscription plan, unlocking the premium version. Furthermore, people can create and share personal playlists, listen to pre-made playlists suggested by the platforms' algorithm, and access a wide catalogue of other audio content, such as audiobooks and podcasts (Howard 2024).

People spend on average, 20 hours per week streaming music (Durrani 2024) – showing individuals' strong engagement with music streaming services. This can be driven by attributes such as interface, affordability, increase in personalisation, extensiveness or recommendation systems (Durrani 2024). Furthermore, platforms have been diversifying their content by integrating podcasts and audiobooks to retain users and increase platform engagement and appeal. As a result of music streaming's integration into daily routines and lifestyles, streaming time per individual has increased by 1 hour and 42 minutes since 2023 (Durrani 2024).

Regarding the market's development, Figure 9 (in Appendix) reveals that steady growth of subscribers occurred from 2015 to 2023 without decline (Duarte 2024). Given that the revenue and the subscribers' growth are positively correlated, it is not surprising that the development of subscribers follows a linear increase alongside music streaming service's increase in revenue. The rise of subscribers throughout the years may be attributed to the increase in affordability of high-speed internet, technological developments, and advancements of mobile devices- all of which contribute to the convenience of on-demand music streaming (Durrani 2024).

While the music streaming industry has developed widely, it still faces challenges, notably its extremely high competitiveness level. When it comes to competitive advantage, price, features, and content exclusiveness are often the focal points of differentiation (Howard 2024). Furthermore, the music streaming industry is complex and regulated by challenging licensing agreements between record labels, artists, and music publishers (Howard 2024). These agreements facilitate the payment of royalties to ensure that artists and labels are compensated for the use of their music. This complex system presents challenges for streaming platforms, as they must balance the costs of licensing music with the need to generate revenue to sustain their business and provide value to their users (Howard 2024). Having to balance these costs whilst offering an ad-supported free platform version makes it particularly challenging to be profitable for music streaming services, especially for those who rely exclusively on this type of business operation. To ensure profit, music streaming companies have focused on intense cost-cutting efforts and revenue growth achieved through an increase in subscription prices as well as a push to grow paid memberships (i.e., converting users from free to premium plans) (Fischer 2024). For instance, the market leader Spotify has only recently started to report profits and anticipates being on track to achieve its first full profitable year since its launch in 2006 (Fischer 2024). Deezer, on the other hand, continues to report negative figures for 2024 (Dredge 2024).

Examining music streaming, the market faces content homogeneity. All major players have a subscription-based model, a wide-ranging music catalogue, including pre-made playlists, an enjoyable user experience with personalisation features, and a relatively good recommendation algorithm (Howard 2024). Additionally, these must constantly develop their services, leveraging technological advancements in the industry. As most music streaming platforms perform on a global scale, components such as cultural norms, legal licensing terms and regional consumer behaviours may all impact market trends (Howard 2024).

The worldwide music streaming market share in 2023 (Figure 10 in Appendix) reveals that Spotify is the leader, evidenced by a market share of 30.5%. It is followed by Apple Music (13.7%) and Tencent Music (13.4%), a Chinese service (Leu, 2023). Spotify's predominant market share may be due to its early market entry and its innovative features (Garret 2024). Apple Music has achieved a notable market position with its strong brand and exclusive partnerships with artists (Pereira 2024). Amazon Music (13.3%) benefits from being integrated with Amazon Prime and accessing its large client base (Blanchet, Cohen and Tricarico 2024). YouTube Music (8.9%) leverages its seamless integration with YouTube (Rosyadi 2024). Lastly, the French brand Deezer (1.5%) has a small market share due to the competition from larger players (Garret 2024).

2.2. Major Players

Given the competitive market, music streaming platforms have opted for differentiation strategies focused on specific aspects. To provide an extensive understanding of how consumers view and select their preferred platform in Europe, five renowned music streaming brands were carefully selected. This selection includes Spotify and Apple Music, the two major players in the industry, as well as Amazon Music and YouTube Music, which are integrated with their respective parent brands. Deezer is also studied due to its European origin. This section will justify the selection of brands to analyse in the perceptual map and conjoint analysis.

Spotify was the first player to successfully commercialise music streaming in 2008. It is distinguished by its user interface, social features and recommendation algorithm. Furthermore, it has become the “premier destination for music discovery” (Garret 2024) due to its algorithm-based personalised playlists (powered by AI), which recommend new songs or albums based on user’s frequent music genres. Additionally, towards the end of the year, Spotify releases their so-called “Spotify Wrapped”, a detailed analysis of users' music listening habits throughout the year. This has become an anticipated and fan-favourite feature for all Spotify users, and it is often shared over social media. Moreover, Spotify’s social attributes allow users to collaborate on playlists or make a “Blend playlist that automatically pulls from both users’ music tastes” (Garret 2024). The community aspect developed by Spotify has led users to have an emotional connection with the platform, resulting in strong customer loyalty. Regarding prices, Spotify offers the following subscription plans: Student (5.99€), Individual (10.99€), Duo (14.99€), and Family (17.99€). Alternatively, the service is available for free (Spotify 2024).

Apple Music is one of the primary audio streaming solutions for Apple users, as it integrates flawlessly with Apple’s software. However, unlike other players, it does not offer users a free version. Instead, consumers are provided three free months of Apple Music after they set up their new Apple device. Following this trial, users may choose between Student (3.99€), Individual (7.49€), or Family (11.99€) subscriptions plans (Apple 2024). It provides its users with over 100 million songs to stream on-demand, as well as a diverse range of assembled playlists, exclusive content, and radio stations (Blanchet, Cohen and Tricarico 2024). Apple Music 1 is one of the service's biggest features, which is a global radio station "featuring some of the world's biggest DJs" (Garret 2024). Apple's strategy to stand out from its competitors centres around exclusivity and scarcity. It has consistently invested in unique partnerships with artists (e.g., Ed Sheeran) or record labels to launch limited and distinct content (e.g., stripped-down versions, live recordings of songs or albums, etc.). With this approach, "Apple has effectively established itself as a symbol of status" (Pereira 2024).

Amazon Music might be the default platform for Amazon Prime subscribers as the latter automatically have access to Prime Music as part of their basic membership. However, this subscription "limits most albums to shuffle play", meaning users cannot listen to every song on-demand (Blanchet, Cohen and Tricarico 2024). If users wish to unlock premium features, they must pay an additional fee on top of their regular Prime subscription to access the premium version – Amazon Music Unlimited. The service integrates seamlessly with Amazon's assistant, Alexa, and releases new exclusive singles as well as weekly covers named "Amazon Originals" (Rosmarin 2019). Similar to its competitors, Amazon Music Unlimited offers its users curated playlists and helps them discover new music. On the other hand, it does not provide supplementary content such as podcasts, live radio, or audiobooks (Rosmarin 2019). Regarding prices, Amazon Music Unlimited offers the following subscription prices: Individual (10.99€), Family (17.99€) – considering a regular Amazon Prime membership of 4.99€ (Amazon Music 2024).

For individuals who are active **YouTube** users and have opted for a YouTube Premium subscription, YouTube Music may be the preferred platform, given its inclusion as a benefit of the premium package. Users can choose between its free version or Student (3.49€), Individual (6.99€), or Family (10.99€) plans (YouTube Music 2024). It offers a boundless music catalogue that includes official tracks, music videos and user-uploaded content (Rosyadi 2024). Due to its development, YouTube Music transcends live performances and remixes – both fan favourites.

This implies that users can listen to any audio from any YouTube video, such as "unreleased songs, live performances, covers and live concerts" (Rosyadi 2024). Similarly to its competitors, this platform offers features such as personalised and discovery playlists. However, there is room for improvement as these are not as advanced as its competitors (Rosyadi 2024).

Launched in France in 2007, **Deezer** offers an extensive music collection and exclusive features. What sets Deezer apart in the industry is its "large amount of selected FM radio stations available" (Garret 2024). On the other hand, given that people use music streaming services as an alternative to radio, this might not be a strong competitive advantage. Deezer provides users with a variety of podcasts, music quizzes and continuous recommendation playlists. However, Deezer is a local French-focused music streaming service (Tambini 2024) – which may limit some consumers. Deezer was included in this study as it is the only European platform – other than Spotify – where music is the core product and the reason why the company was born. Apple Music, Amazon Music and YouTube Music, instead, are part of a brand ecosystem and are not the core products and business of their affiliated company. Deezer's singular focus enables them to prioritise their user experience and artist relations, leading to more specialised features and a deeper connection with the music community. Nevertheless, the other platforms can leverage their parent companies' resources and broader user bases. Deezer is available via the following plans: Individual (11.99€) and Family (19.99€), or for free in an ad-supported version (Deezer 2024).

SoundCloud was created in 2007 and became the dominant platform for musicians seeking to launch their careers in the industry. Due to this, they cater to a more niche audience, primarily focused on independent artists, emerging musicians, and music enthusiasts seeking "fresh" music (Clark 2024). At the same time, similar to the other players, SoundCloud still offers social features and offline listening, and it enables users to create personalised playlists. Additionally, it offers both a free version and the following subscription plans: SoundCloud Go (3.49€) and SoundCloud

Go+ (7.99€) (SoundCloud 2024). The platform has become a central point for sharing original music, remixes, and covers, often outside of the mainstream industry. In fact, many use SoundCloud in addition to their primary preferred streaming platform to complement their music discovery (Clark 2024). However, its smaller user base and less mainstream appeal make it less suitable for a broader analysis of the music streaming market. Given its target audience and the specific features, SoundCloud was excluded from this study to focus on the major players shaping the mainstream music streaming landscape (Clark 2024).

In summary, the analysis of the key players in the music industry highlights the critical challenge of content homogeneity they face. However, in an attempt to differentiate themselves, music streaming platforms seem to replicate each other, as seen by the similar features and subscription plans they share. Therefore, when it comes to differentiation and innovation, this analysis underlines how the execution of platform features is a distinguishing factor, which must be considered by all music streaming services.

3. Preliminary Interviews

3.1 Methodology - Design and Respondents

For qualitative research, a total of 20 preliminary interviews were carried out to ensure a rigorous understanding of the target audience's needs and preferences. Sixteen of the interviews were with customers, while the remaining four were with industry professionals. All preliminary interviews were completed through Zoom meetings, in person, or by phone call. Regarding the customer interviews (Table 11 in Appendix), the demographics vary across age, nationality, and platform preference to ensure that the results were accurate and not biased. As for the professional interviews (Table 12 in Appendix), these are individuals who are currently working or have previously worked in the music industry. A total of 60 professionals were contacted through

LinkedIn, however, only three accepted to be interviewed – the remaining one was found via personal network. To guarantee result precision and reliability, the professionals interviewed for this study worked in different companies and departments.

The consumers' interview questions were structured in four main parts. The first one defined demographic data such as age, nationality and professional/student status. Secondly, the music streaming preferences of respondents were investigated, exploring the subscription plan chosen, services used, satisfaction levels and preferred features. The third section analysed under what circumstances consumers would consider switching to a different platform and which one they would choose. Lastly, the fourth part centred around features consumers think might be missing or would like to have in the future.

The experts' interviews were organised into four main sections. The first part was focused on inquiring about the typical consumer profile for music streaming services. The second section analysed product preferences, whilst the third examined perceptions and associations of different players. The fourth and final part concentrated on the future, more specifically on what actions music streaming platforms can undertake to grow exponentially.

3.2 Insights From Consumer Interviews

On average, these interviews lasted between 15 to 45 minutes, and a total of nine prepared questions were asked. The objective of these interviews was to fully understand customer needs and motivations. Additionally, it allowed for in-depth analysis of any aspects of music streaming platforms requiring improvement or are currently missing.

Analysing **Spotify** users, it was possible to conclude that consumers enjoy Spotify's prices, song recommendation algorithm, functionality, the "Spotify Wrapped" feature, and the ability to share playlists. Moreover, only two Spotify customers interviewed did not have a paid subscription plan, both of whom were in the fifties age group. When asked about the reasons for not subscribing to the premium plan, one individual indicated that the free version adequately met their current needs. They explained that they primarily listen to music online and that the song recommendations provided by the free version are satisfactory. The other interviewee stated that they keep using the free version because of freedom of choice – they did not have a desire to listen to music in a structured way. Regarding the remaining Spotify interviewees, they explained that the reasons for having a premium subscription were to avoid ads, enjoy on-demand listening and have unlimited song skipping. Overall, consumers were very satisfied with the platform however, space for improvement was found. A sample of young adults in their early twenties believed that Spotify's song recommendation algorithm isn't always accurate and podcasts are not showcased very effectively. Additionally, individuals would like to have access to audiobooks as well as some specific songs or remixes which are available on YouTube and SoundCloud – but not on Spotify. In addition to this, some also mentioned that they would enjoy the inclusion of video clips on the platform to watch simultaneously whilst listening to the song – this has since been added to Spotify this year.

For **Apple Music**, consumers found the platform to be very simple, aesthetically pleasing, and convenient as it is part of the Apple ecosystem and offers an extensive catalogue of songs. Unlike the Spotify users analysed previously, there was only one consumer – in the fifties age bracket – who also used YouTube and Spotify in addition to their Apple Music subscription. Since there is no free version available, all interviewees used Apple Music's premium version. Nevertheless, consumers stated that Apple Music's free 3-month trial was a good incentive. When looking at satisfaction levels, customers were extremely happy with Apple Music's offers, still, there is potential for enhancement. Younger respondents, particularly those in their early twenties, expressed a desire for a more diverse range of playlists and music remixes. Even though there is the possibility to create and share collaborative playlists with friends using Apple Music, consumers felt frustrated over the inability to access their friends' Spotify playlists. In addition to this, users conveyed a need for Apple Music to become a more informative app and have artists' upcoming tour dates, a link to their website or direct access to merch. Lastly, an individual in their fifties mentioned that including other types of content, such as comedian shows as well as concert recordings, would be a valuable addition to Apple Music.

Regarding **Deezer**, the French interviewee valued the possibility of having the app included in their phone subscription plan with the French provider Orange. This individual also appreciated the ability to download music for offline listening and enjoyed the personalised playlists generated for them based on a selected "mood". Addressing key areas for improvement, the user found the inability to access their peers' playlists as frustrating since the majority use Apple Music or Spotify. Moreover, the interviewee indicated that the platform is not very user-friendly, podcasts are not showcased effectively, and the price is high when compared to other streaming services.

Looking at **YouTube**, it is important to note that during the interviews, all six individuals (across all age groups) used YouTube as a supporting music streaming service to complement their experience from their primary platform, not YouTube Music. This shows that consumers are slightly confused about YouTube Music's existence and what it has to offer – perhaps because of miscommunication or ineffective marketing from YouTube. Nonetheless, users valued the platform's live session videos, vast library of songs, rare performances, visual content and accessibility to podcasts. Examining consumer insights into YouTube's future development, they would like the platform to include more informative content about music, such as song creation, related anecdotes and cultural background.

To conclude, the preliminary interviews revealed that consumers have a wide range of diverse preferences. Concerning attributes, all interviewees stated that price is a decisive factor when it comes to selecting their primary music streaming service. Individuals explained that if there was a music platform that had a similar value offering but with cheaper prices, that would be a reason to switch to a different provider. Whilst Spotify and Apple Music are recognised for their features, extensive catalogue and convenience, there is still a desire for further customisation options and improved algorithms. YouTube is valued for its visual content and exclusive catalogue, whereas Deezer is criticised for its prices, lack of social interaction and difficult interface. The findings indicate a need for continued innovation for all platforms to ensure consumers' needs are successfully met. All main associations mentioned in the consumer interviews will be considered for the perceptual map and conjoint analysis.

3.3 Insights From Professional Interviews

On average, the professional interviews lasted about 22 minutes to 1 hour and 5 minutes, and a total of seven arranged questions were asked. Additional questions were inquired to complement the discussion based on the expert's insights and answers. These interviews aimed to obtain a more thorough understanding of music streaming platforms from a firsthand perspective. Additionally, these discussions enabled critical thinking due to the rare opportunity to acquire information that cannot be found during secondary research.

The first interviewee was an associate communication manager for **Spotify**, responsible for PR social media and reporting to the Head of Communication. Although based in Lagos (Nigeria), they were still familiar with the European market, having lived a significant amount of time in the UK and collaborating with Spotify's global team. Regarding consumers' decision-making process, they stated that the most important factors are sound and the user interface. Clarifying their answer regarding sound, they explained that normally, any user can identify the difference between a good audio quality and a very bad one. Hence, a minimum standard audio quality is required because a consumer will leave the platform if it is insufficient. However, it is hard for an average user who doesn't have any experience or professional knowledge of music to differentiate high levels of audio quality. Regarding psychological associations, consumers find Spotify to be more user-friendly and to have more interesting and creative features. The professional clarified that this may be related to the fact that Apple Music is not the main product of Apple. Hence, Spotify must be more innovative and maintain their consumers' entertainment because their business' success depends solely on that. On the other hand, people perceive Apple Music as a niche, sophisticated and convenient app as they don't have to download anything. Regarding the different market players and essential features that each platform must have, high-quality audio and user friendly were the interviewee's answers. They specified that since each major player is offering the same content, how they execute it is the distinguishing factor. For instance, Spotify implementing the lyrics feature, and recently introducing AI DJ, were necessary to obtain a competitive advantage, given the increasing demand among younger generations for effortless and rapid solutions.

The second interviewee was a product manager apprentice for **Deezer**. The interviewee stated that Deezer's biggest markets are France, the UK, Germany, Brazil and the US. Their work entails improving app features, collaborating with developers and analysing market opportunities. When discussing customers' decision-making process, they asserted that consumers look for efficient search, good audio quality and personalisation. Regarding good audio quality, similarly to the previous interviewee, they agreed that people want to know they are listening to good audio quality. However, once again, the lack of knowledge regarding good audio quality levels was mentioned. Concerning consumer loyalty, their point of view was that customers tend to stay loyal to their chosen platform. The reason behind this is that after individuals have used the same platform for a significant amount of time, they are hesitant to lose their digital music identities, such as their playlists, the algorithm created specifically for them, and their liked songs. Consumers feel attached to their music platform because it is something personal that represents them – thus, switching platforms seems challenging. However, if someone does, in fact, change platforms, the interviewee clarified that it can be because the user is extremely unsatisfied with the platform, perhaps they lost access to their account or because of social pressure. Therefore, if someone's family and friends all use the same music streaming platform, it is very likely that the user will switch to the same provider so that they can be connected to their loved ones. Looking at the future of music streaming services, such as trends that are currently shaping the industry, the interviewee highlighted that many people think that the integration of podcasts was successful – however, the answer is not that simple. Despite Spotify having invested a lot of money in podcasts and audiobooks, the return on investment was low. The same occurred with Deezer as they attempted to follow Spotify's strategy but failed to achieve the desired success. Moreover, the professional believes that AI-generated music could potentially have a massive impact in music streaming. They clarified that this is a very challenging and sensitive subject because of the ethical questions that arise when discussing this kind of topic. As a result of this, small artists, especially those who create low-fidelity music, can be negatively affected since customers can now pay AI music generators and own the music they listen to. Lastly, the interviewee believes platforms will begin to create a deeper connection between artists and their fans. For example, Deezer developed a concept called "The Purple Door", where a surprise artist, usually French, gives an exclusive concert for their top percentile listeners. In addition to this, they also developed a contest where they partner up with an artist, and the winners can win backstage tickets for concerts, and access to private listening sessions of an album before launch or to a studio recording of a song.

The third interviewee was the EU Merch Manager for **Amazon Music**, having previously worked for Diskover Co. in Madrid and Warner Music Spain. They explained that the average profile for a music streaming platform user is around 15 to 35 years old – however, this differs across platforms. When it comes to Apple Music and Spotify, these two platforms are more popular amongst the younger generation. Amazon Music tends to attract a slightly older demographic, such as parents, because these customers enjoy using Alexa for convenience. Regarding loyalty, the interviewee expressed the same opinion as the previous experts, indicating a general tendency among users to remain on a single platform. They affirmed that Spotify is the most widely used, primarily because of its community features, since sharing playlists with friends strengthens user retention. Related to key features consumers desire, they noted that the ability to create personalised playlists and foster a sense of community is crucial. Group playlists and the option to listen together with friends enhance the platform's social aspect, turning it into more than just an app. Additionally, features like "Spotify Wrapped", which provides personalised summaries of user's listening habits, are highly appreciated as they add a personal touch to the experience. Furthermore, price is also an important factor in the decision-making process since the free version's trial is what draws in new customers. Lastly, bundled perks, such as Amazon Music being included with an Amazon Prime subscription, can encourage consumers to choose or switch to a specific service. Concerning perceptions of music streaming platforms, the expert noted that from their point of view, it is all about convenience. They explained that consumers seek a platform where they can find everything in one place. They want a single app that offers music, social interaction, merchandise and useful information. When discussing the evolution of the music streaming industry, the interviewee believes that platforms should focus on deepening the connection between artists and their fans. This could be achieved by incorporating features that allow fans to unlock exclusive content based on their loyalty to a particular artist. For instance, platforms could allow users to access personalised music videos, limited merchandise, special artist-created playlists, virtual meet-and-greets, discounted concert tickets or live Q&A sessions. They also affirmed that streaming platforms are leveraging advanced algorithms to provide users with tailored recommendations, which is expected to continue and become even more advanced.

The fourth and final interviewee was the former vice president at **Warner Music Group** and former CEO of **Qobuz**. With respect to consumer's decision-making process, they asserted that people do not tend to change platforms easily for two reasons. Firstly, music streaming services all offer the same deal, namely, their music catalogue is nearly the same. As a result, users are not compelled to switch to competing services to fulfil their needs – unlike Netflix, HBO Max and Disney+. Secondly, consumers have created many personalised playlists on their streaming platform, which is an attribute they are reluctant to lose. As for good audio quality, similar comments were made, agreeing with previous interviewees. In terms of fundamental attributes, the expert clarified that the three most important factors are playlist algorithms, quality of music, and prices. Regarding psychological associations consumers may have with music streaming platforms, the professional affirmed that individuals utilise the criteria that are important to them – even if it is not utterly accurate. For instance, since Spotify is number one in the market, consumers believe it is the best platform as it has the biggest catalogue – nevertheless, this is not true. Likewise, many people undermine other platforms by saying that Deezer only has a French library or that Qobuz has a smaller music catalogue – which is false. The interviewee stated that marketing, the brand's image and reputation also play a big role in how people perceive different platforms. Brands will orient their marketing to be able to target the right population and conquer their target audience. Considering the future trajectory of the music streaming industry, the expert argued platforms will have to develop a strategy that enables them to create more revenue. It will either be achieved through an increase in the number of subscribers or a more premium offer.

To conclude, there is a clear development towards an even more personalised future when it comes to playlist algorithms and the implementation of AI. Furthermore, it is apparent that attraction is a more significant factor than retention, and music streaming platforms are progressively becoming more and more social. Lastly, audio quality is, in fact, an important attribute. However, average users are quite unknowledgeable about it. The associations mentioned in the professional interviews will be considered for the perceptual map and conjoint analysis.

4. Conclusion

4.1 Managerial Implications

The findings of this study present actionable strategies for music streaming platforms to meet the changing consumer needs and differentiate themselves in an evolving market. Platforms should focus on offering comprehensive features set to attract and retain users, as the demand for full functionality is evident across respondents and brands. Moreover, as price is among consumers' most considered factors, it is crucial to justify higher price points by increasing the value of their offerings, developing unique features that further fulfil consumers' needs, and effectively communicating their benefits.

Spotify's success in the market is a good representation of how brand image and reputation are key. Given the challenge of content homogeneity, platforms must prioritise current and upcoming features (e.g., in-app music identifiers, personalised recommendations, etc.) that enhance their image and give value to their users' experience. For instance, Spotify should continue to enhance its advanced personalisation and cross-compatibility features to maintain its leadership position in the market. Other than including listening features, music platforms should leverage consumers' attractiveness towards live experiences by focusing on features which allow them easier access to live events and a closer connection to their preferred artist. This not only strengthens the symbiotic relationship between platform, artist and user but also increases consumer engagement with the brand. An additional key recommendation is to invest in marketing campaigns to raise awareness of the music platform itself and its new premium features. Referred to the latter, this study underlines how consumers are largely uninformed of the new initiatives currently implemented. Despite this, however, most surveyed consumers valued features such as “Access to Concert Tickets” and “Unique Live Experiences” enough to consider upgrading to the premium version of a music platform, if these features were included. A potential solution, therefore, is to adopt a targeted advertising strategy that delivers different personalised ads, each highlighting the distinct benefits of the premium features offered. By integrating these into the listening experience of free-tier users, music platforms can effectively communicate the value of their premium offerings. For premium users who are not exposed to advertisements, communication through in-app notifications and newsletters should be improved, for users to stay informed about the recently introduced initiatives. Another finding highlights consumers’ difficulty in distinguishing YouTube Music from YouTube. To tackle this, YouTube Music could strengthen its communication strategy by leveraging its parent platform to increase its budget-friendly positioning, as well as improve its algorithmic and interface functionalities.

To address the diverse consumer preferences, it is crucial for music platforms to conduct an effective market segmentation, considering consumers’ price sensitivity as a key factor. To tackle the “free mentality” mindset and the “zero-price effect”, platforms such as Apple Music could benefit from implementing a Freemium model to broaden their appeal and increase consumer attraction. Alternatively, platforms could introduce subscription plans tailored to specific user segments, differentiated by the features included. For instance, higher-paying consumers who are more driven by features could be interested in subscribing to a plan which includes exclusive features present in the premium version. Instead, entry-level plans offering basic features related to the core listening experience could attract price-sensitive users.

This study mentions Deezer’s strong position in the French market and its untapped potential to enhance its competitiveness in the European landscape. Despite providing features that align with consumer preferences, it struggles with delivering users a seamless and intuitive experience compared to its competitors. Furthermore, its limited international awareness hinders its potential success. To address these, Deezer should prioritise its improvement of the user interface as well as refine its strategies to strengthen its international presence by building on existing and new partnerships to strengthen its brand image across European countries.

To conclude, leveraging the insights from this research, music streaming platforms must adopt strategies focusing on effective communication, introducing innovative features, and emphasising differentiation to attract consumers and tackle challenges such as price sensitivity and content homogeneity. In doing so, they meet their users' evolving expectations while navigating the dynamic music streaming landscape.

4.2 Limitations of the Study and Implications for Future Research

The research conducted for this thesis was subject to several limitations that should be acknowledged and that may represent opportunities for future research.

Common to all analysis

Firstly, the study group for both the interviews and surveys (i.e., perceptual map and conjoint analysis) were predominantly Spotify users. This could have biased the results as respondents may have had a more positive perception of Spotify due to familiarity and personal preference as well as its position in the market. For the perceptual map, this may have resulted in limited perceptions and more neutral ratings for other platforms of this study. In the conjoint analysis, participants may have chosen a profile containing Spotify without considering other platforms, leading to biased responses. Future research should recruit participants from a wider range of music streaming platforms to capture a more diverse set of perceptions and preferences. This would ensure a more balanced distribution of respondents across streaming platforms to mitigate platform-centric bias and allow for a clearer comparison.

Secondly, most respondents were young individuals, limiting the relevancy of the findings to a wider demographic. Older generations may have different preferences and priorities when choosing a music streaming service. Although this was discussed during the analysis, future research should aim to collect a wider variety of answers, with each age group being sufficiently and equally represented, to increase the accuracy and representation of the results.

Thirdly, the concentration of respondents from specific European countries, primarily Belgium, Italy, Portugal, France, Germany, and the UK, may limit the relevancy of the findings. While these countries are significant markets for music streaming services, they may not fully represent the diverse preferences and behaviours of all European consumers. The study does not account for potential regional disparities in user preferences and pricing sensitivities, which may vary across countries. Future research should limit the scope of analysis by focusing on a selected European country or region with similar behaviours to better localise the research. Alternatively, if studying the broader European market, future research should expand data collection across multiple European countries to ensure a broader and more balanced representation, which would allow to better account for regional disparities in user perceptions and behaviours.

Lastly, respondents were unfamiliar with Deezer as evidenced by the low count of Deezer users in the analyses, suggesting that the platform is not widely known across the European market. However, excluding Deezer from the study could have potentially limited the overall understanding of the music streaming European market as well as the credibility of the final conclusions. Hence, future research should access a larger sample of Deezer users to enhance the reliability of the analysis for the brand.

Applicable to the perceptual map

The perceptual map analysis was limited by a relatively small sample size, with only 150 valid responses collected. This small sample constrained the diversity of impressions captured, limiting the generalisability of the findings. A larger sample size would have allowed for more comprehensive insights and ensured a more robust representation of user perceptions. Future research should aim to increase the number of participants to enhance the reliability of the analysis. Moreover, some of the associations used in the perceptual analysis, such as “Algorithm Relevance”, “Seamless Cross-Compatibility”, and “Intuitive User Interface”, were not abstract enough. While efforts were made to explain these associations in more conceptual terms to gather abstract perceptions from respondents, the level of abstraction may have still influenced participants' ability to provide immediate and instinctive associations. Future analyses should focus on incorporating more abstract and intuitive associations to capture spontaneous and instant perceptions from users, ensuring a deeper understanding of their brand impressions.

Applicable to the conjoint analysis

Firstly, the conjoint analysis was also limited by a relatively small sample size, falling short of Conjointly’s recommended minimum responses due to time constraints imposed by the thesis timeline. Given the limited pool of participants, the findings may not be entirely representative of the broader population. To address this limitation, future research should extend the data collection period, ensuring that the minimum sample size requirements are met before closing the survey. This approach would enhance reliability and would make the results more meaningful.

Secondly, the vertical layout of the conjoint choice-sets on mobile devices made it difficult to compare options side-by-side, requiring respondents to remember the options available. This may have impacted their decision-making and results’ accuracy. Future research should consider using another platform than Conjointly, or simplify profile sets by reducing text, using images instead of text if possible, and providing level descriptions beforehand or above the page to improve visual processing and comprehension.

Finally, the study focuses on a limited set of attributes such as “Price”, “Advertisement” and “Social Features”. Additional factors such as audio quality, subscription plan options, music size library and member accounts per plan could influence consumers' preferences. Additional research should incorporate other attributes to investigate their importance and accurately illustrate consumers' complex decision-making process.

Applicable to the additional research

The additional research which investigated consumers' interest in emerging trends within the music streaming market also suffered from a small pool of respondents. This may have been impacted by a limitation in time to collect responses, which in turn may have prevented the accuracy in determining consumers' interest towards the new trends. Future research should consider a larger timeframe to collect more answers from a diversified pool to improve the meaningfulness of the analysis.

Implications for future research

Future research could focus exclusively on consumer preferences for premium offerings specifically, to analyse consumers' willingness to pay beyond the subscription prices currently set by streaming platforms, considered for this study. Subsequently, this approach could help identify the optimal pricing of subscription plans to secure conversions from free to paid plans, which may limit the zero-price effect bias. Additionally, future research could also investigate how the recent introduction of non-music content, such as podcasts and audiobooks, into music streaming platforms, adds value to the offering and how it may influence consumer preferences and perceptions when differentiating between and selecting a platform.

Given the importance of user attraction over retention within the music streaming market, future research should thoroughly investigate the behaviour, motivations and boundaries faced by non-users, whereas this paper primarily focused on current users. A comprehensive understanding of the reason why people do not subscribe to music streaming services could help identify strategies and business opportunities that support customer acquisition.

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6. Appendix

Appendix: Market Overview

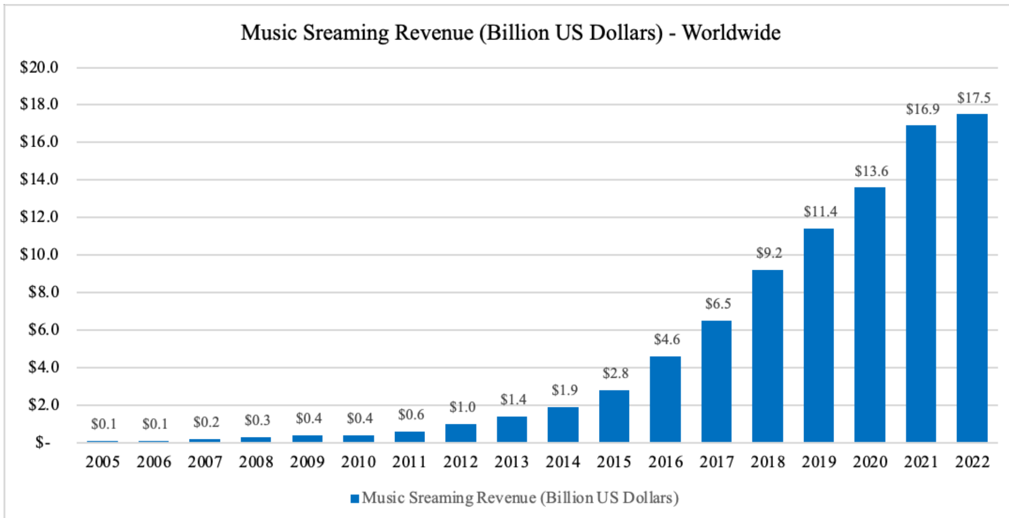

Figure 1: Growth of Music Streaming Revenue Worldwide from 2005 to 2022 (Source: Moore 2023)

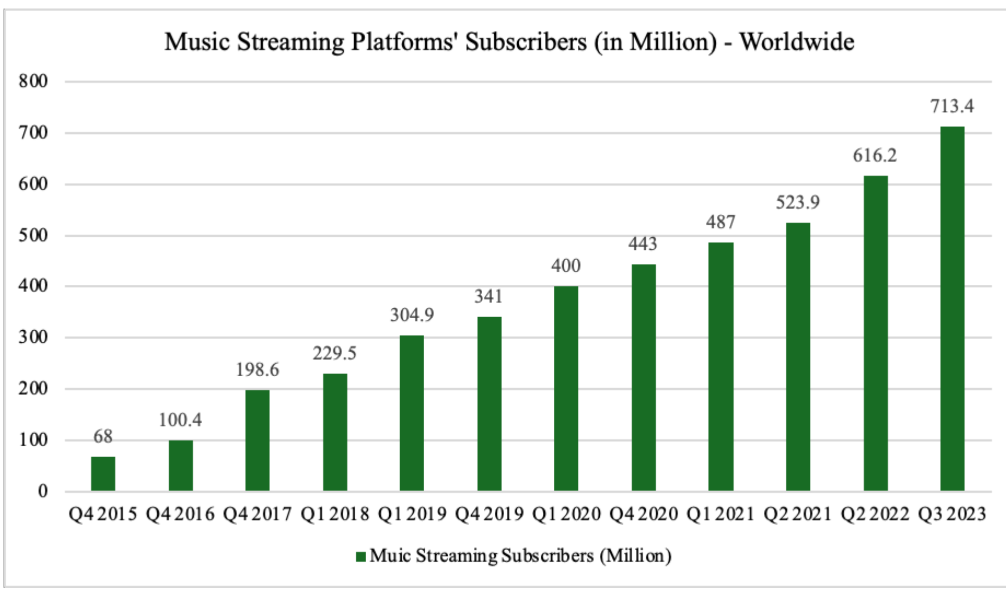

Figure 2: Growth of Music Streaming Subscribers Worldwide from 2015 to 2023 (Source: Moore 2023)

Group Part

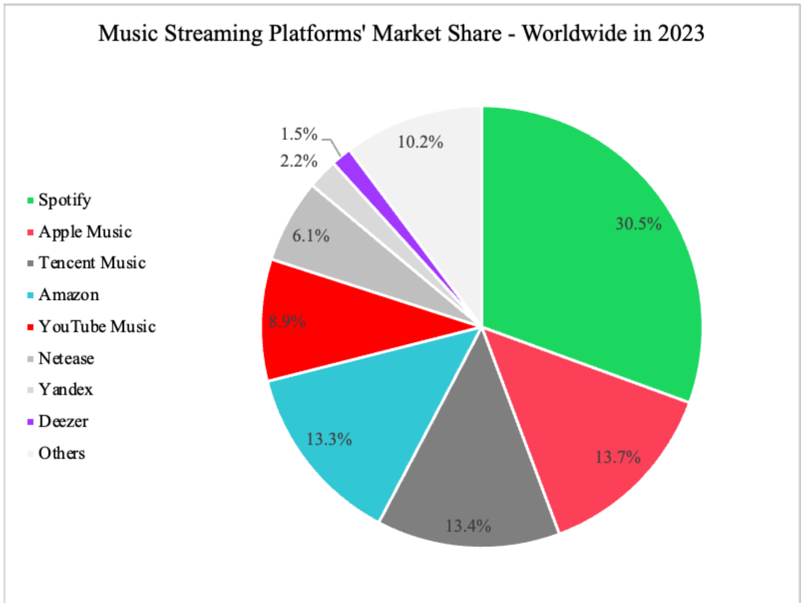

Figure 3: Music Streaming Services Market Share Worldwide in 2023 (Source: Leu, 2023 in Statista)

Group Part

Table 1: Prepared Script for Consumer Interviews

Consumers Interview Questions	
Part 1: Demographic Data	
Q1	Age
Q2	Nationality
Q3	Professional or Academic status
Part 2: Music Streaming Preferences	
Q4	Do you use music service platforms? If yes, how many?
Q5	Which ones do you use and why? What is your favorite aspect? (NB: If someone is using multiple, you'd need to ask the WHY for each of them)
Q6	How long have you been using this platform? Did you use another one prior to the current platform? If so, what made you switch?
Q7	Are you using the Premium or the Free version?
Q8	*For those using premium version* : What features encouraged you to go Premium rather than staying on the free version? If you are using the Premium version, do you feel that you are getting your money's worth? (i.e.: are you satisfied with what you are paying for?)
Q9	*For those using free version* : If you prefer to stay with the free version, why is it that you won't convert to the premium?
Q10	What features, other than music, do you use? (i.e.: podcasts, buying artists' merch through the music service provider)
Q11	Are you satisfied with the features in the platform? Rate your satisfaction from 1 to 10.
Part 3: Complaints or Negative Feedback	
Q12	What factor would be a reason for you to switch platforms? Which platform would be your next best alternative?
Part 4: Missing Features and the Future of Music Streaming Platforms	
Q13	Could you think of any feature that would make your subscription or music listening experience better (perfect even?) which you are missing from your platform?

Group Part

Table 12: Prepared Script for Expert Interviews

Experts Interview Questions	
Part 1: Typical Consumer Profile	
Q1	Based on your industry's expertise, what is the general profile of consumers in the music streaming platforms? Do they tend to stay loyal to one provider or have multiple accounts across brands? Do they easily switch between platforms?
Part 2: Product Preferences	
Q2	With your expertise, what do you consider essential features to have for music streaming platforms? Based on your understanding of this market's consumers and their behavior and needs, what is the most valuable for them?
Q3	In your opinion, what are the crucial factors that determine the consumers decision making process when choosing a platform and/or switching from one platform to another?
Part 3: Perceptions and Associations of Different Players	
Q4	According to your professional knowledge, how do consumers perceive the different music streaming services players in the market?
Q5	Based on your knowledge of the consumers profiles and the market, which psychological associations consumers have or may have regarding music streaming platforms?
Part 4: How Can Music Streaming Platforms Grow	
Q6	What are the trends shaping the future of music streaming services and that will be essential to be competitive in the market?
Q7	Similarly, which features do you think music streaming platforms should have in the future?