AI-DRIVE FEATURES AND IMPLICATIONS

SPOTIFY

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WHAT IS SPOTIFY?

Created in 2006 by Daniel Ek in Sweden; but the platform officially **launched** in 2008

It is a music and podcast **streaming platform** with over 100M tracks ad personalizable playlists.

Spotify' has a high global reaching; with **over 550M +** users in over **180+** countries, and approximately **230M+** premium supscribers.

The brand's **business model** consists of subscriptions, advertisements, partnerships and one-of-a-kind features (like Spotify Wrapped)

Some of Spotify's **key competitors** are Apple Music, Amazon Music, YouTube Music --notably, Spotify is the only one without 'Music' in the name

CONCERNS & ISSUES

1. Overall, Spotify faces concerns about the role of **blurred lines AI creates** as it is integrated to with new featyres such as AI DJ
2. **Pay Issues:** AI-generated content creates an unclear royalty framework for artists, creatives, and enigineers.
3. **Recognition Issues:** Such as complications crediting users creating playlists, small, artists not being recognized for lack of data
4. **User Trust:** Consumers are skeptical about generated content, how algorithms are genrated and the ethics of AI in the music industry

Goals and Objectives

1

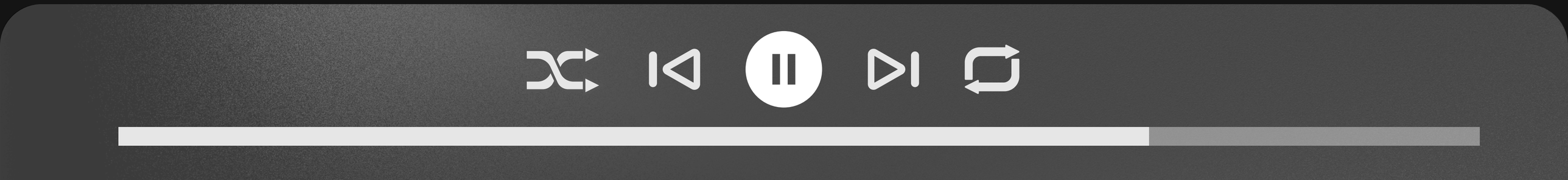
Goals

- **Enhance understanding** of the impact of AI on **user trust, artist recognition, and ethical concerns** in the music streaming industry and provide **insights for Spotify's future decisions**

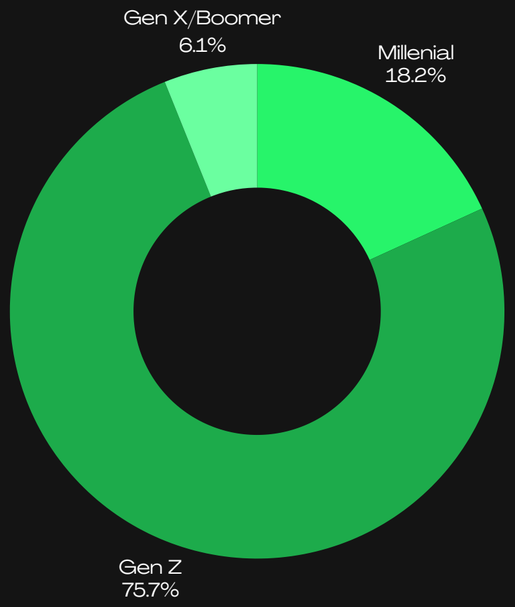
2

Objectives

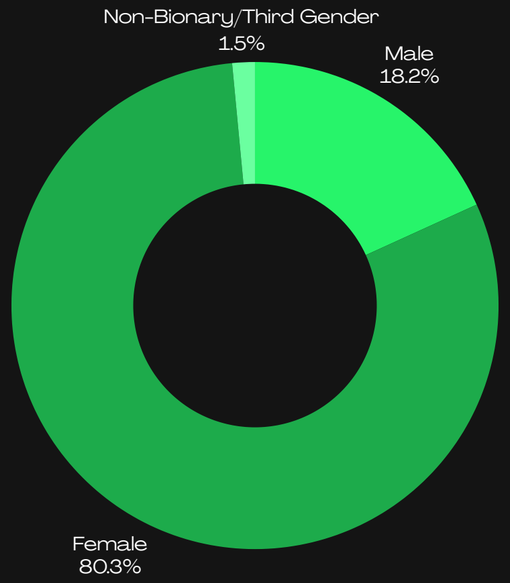
- **Evaluate user trust** in Spotify's AI-driven features, including factors influencing engagement with AI DJ & personalized playlists.
- **Assess user awareness** of AI's role in content curation and their **ethical concerns,** particularly regarding content curation.
- **Analyze the influence** of Spotify's AI features on **music discovery** and the **promotion** of new artists.



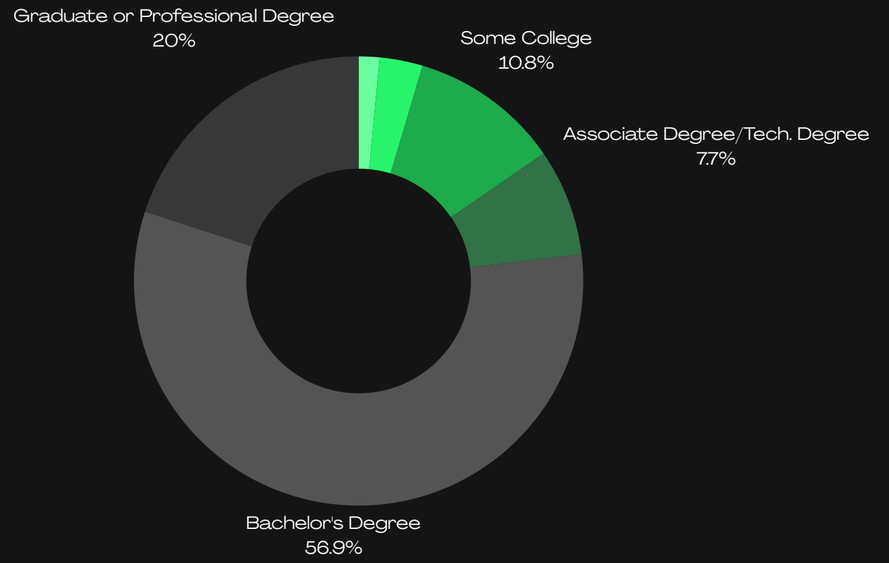
PARTICIPANT INFORMATION



GENERATIONS



SELF DESCRIPTION



EDUCATION

CLIENT SITUATION OVERVIEW

SWOT ANALYSIS

STRENGTHS:

- LEADER IN THE MUSIC STREAMING MARKET
- AI-POWERED PERSONALIZATION
- ADVANCED ENGAGEMENT TOOLS
- DIVERSE CONTENT LIBRARY
- GLOBAL REACH

WEAKNESSES:

- HIGH OPERATING COSTS
- INCONSISTENT USER EXPERIENCE (REPEAT PLAYLISTS)
- LIMITED ORIGINAL CONTENT

OPPORTUNITIES:

- EXPAND AI FEATURES
- GROWTH IN UNTAPPED REGIONS
- AI TOOLS TO ASSIST ARTISTS AND PODCASTERS
- ADVANCED ANALYTICS --> STRONGER CAMPAIGNS

THREATS:

- ARTIST RISING DEMANDS FOR BETTER ROYALTIES
- CONSUMER DATA CONCERNS
- COMPETITION (I.E APPLE MUSIC)
- REGULATIONS ON AI USE, PRIVACY, AND COPYRIGHT

SURVEY METHOD OVERVIEW

SAMPLING METHOD

1. Tools for data collection: online survey using **Qualtrics**
   - Structured questionnaire with targeted questions

2. Data Visualization & Analysis:
   - Qualtrics Stats iQ
   - Bar and pie chart

3. Sampling method:
   - **non-probability** sampling method
   - specifically convenience sampling

4. Measurements:
   - nominal
   - interval
   - ordinal
   - ratio
   - in-depth questions
   - likert

5. <u>Number of participants:</u>
   - 68 responses in total
   - 1 did not consent to participate

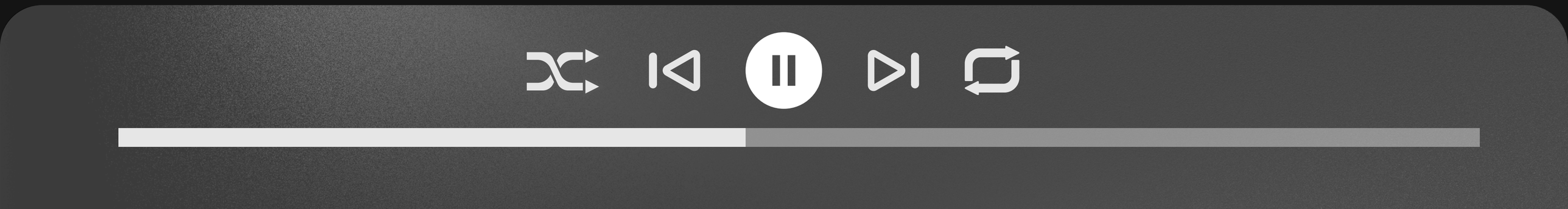
SAMPLING METHOD AND EVALUATION

- **Non-probability sampling** method, specifically convenience sampling
- Participants were recruited through:
  - social media platforms
  - outreach within our networks

Evaluation of this sampling method
- allowed quick data collection
- results may not be generalizable to the broader Spotify user base
- small sample size somewhat limits statistical significance
- could use quota sampling for future studies to better represent different user demographics

MEASUREMENTS
QUESTION TYPES

NOMINAL	age, gender, type of Spotify subscription, highest level of education achieved
INTERVAL	Spotify usage frequency, subscription duration, frequency of using Spotify's AI-driven features
ORDINAL	rankings of streaming services, music genres, and music eras
RATIO	time spent using Spotify and amount of money willing to pay for subscription with improved AI features



MEASUREMENTS

QUESTION TYPES (CONT.)

IN-DEPTH QUESTION

- Ways of searching/listening music
- Usage of specific AI-driven features
- Awareness of AI's assessment of user's listening history
- acceptance levels of AI's ability to analyze listening habits
- dependability of AI features pertaining to musical needs and preferences
- level of ethical concerns about AI-generated music

AI-DRIVEN CONTENT LIKERT-SCALE

- level of trust in AI-driven features
- the extend to which AI DJ is easy to use and customize
- whether or not AI should have more expanded role in music streaming services
- whether more creative freedom by artists are allowed through the integration of AI features in music streaming services

MEASUREMENTS

QUESTION TYPES (CONT.)

FREE RESPONSES

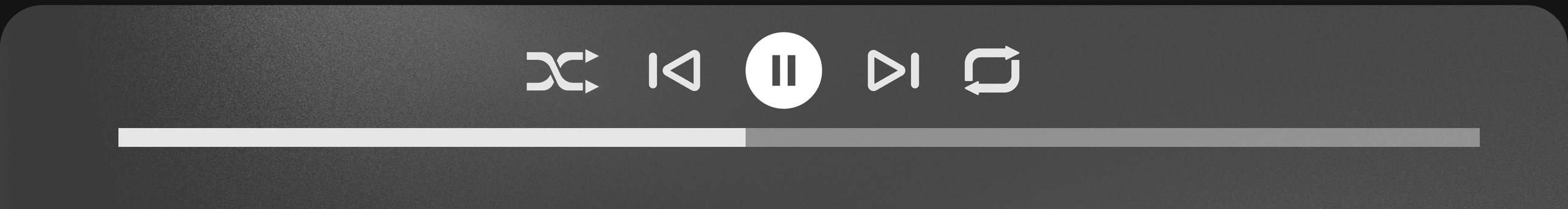
- factors that increase users' trust in AI features
- factors that would make AI DJ more user-friendly
- ways AI would play a bigger role in music streaming

USER-GENERATED PLAYLIST LIKERT-SCALE

- Spotify's algorithm's impact on promotion of specific artists
- Spotify's algorithm's impact on promotion of new music release
- the significance of algorithm's roles in helping users discover new artists

INTELLECTUAL PROPERTY LIKERT-SCALE

- level of importance for AI-generated music to respect artists' IP
- acceptance levels (comfortable or not) of AI-generated music being included in music streaming platforms alongside human created music
- level of importance for Spotify to have clear policies on ethical use of AI in music production

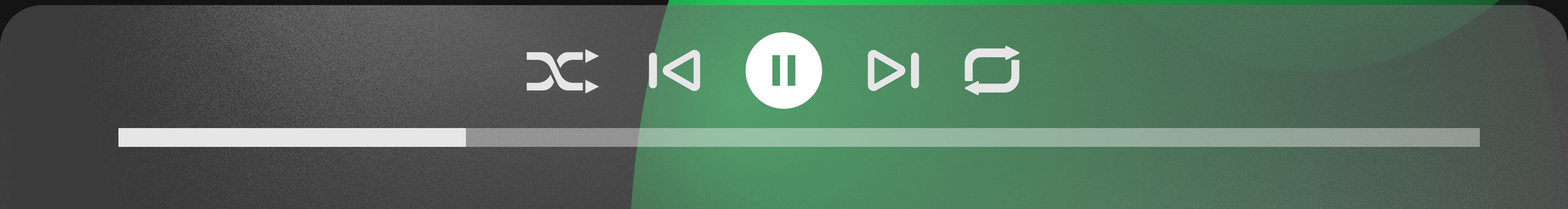


KEY INDEPENDENT VARIABLES

- Gender
  Age
  Education
- Whether/how users are using Spotify AI-driven features
- Different streaming behaviors by users

KEY DEPENDENT VARIABLES

- User engagement with Spotify's AI-driven features
- User trust of Spotify's AI-driven features
- User awareness of Spotify's AI services and its ethical implications



RESULTS & SIGNIFICANT RELATIONSHIPS

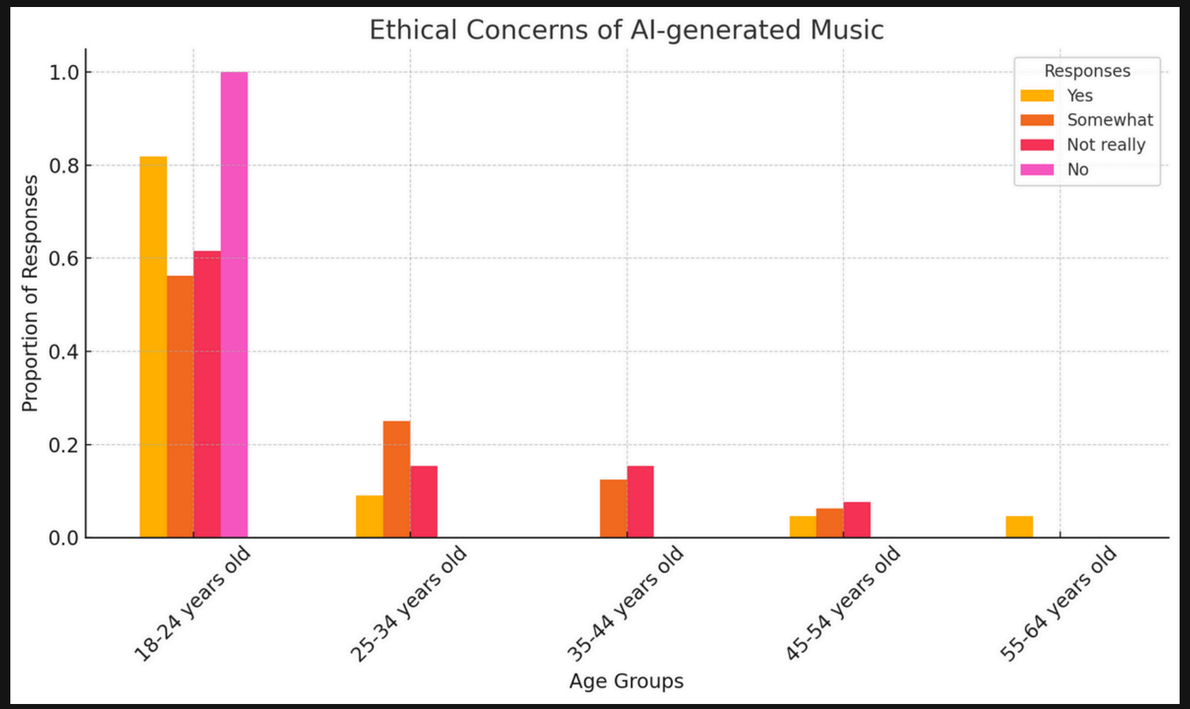
SURVEY FINDINGS

Highlights

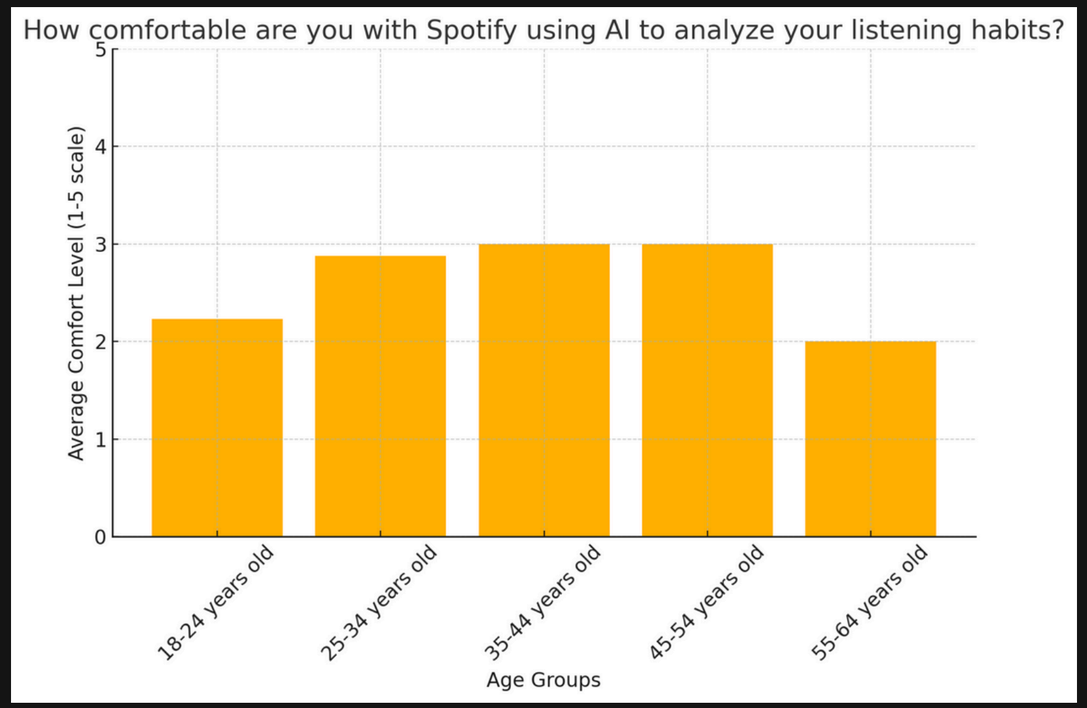
- AI has **Enhanced** User Experience
- **High Satisfaction** with Playlist Curation Algorithm
- **High Confidence in Effectiveness** of Algorithm for Discovery
- **Moderate Perception** of Algorithm's Role in Music Preference Alignment
- **High Discoverability Rate** of New Artists via Spotify
- **Importance of** AI-Generated Music **Transparency**
- **Distrust** with AI-Generated Music
- **Importance** of Fair AI Practices & IP Protection on Platforms

AGE & AI

Ethical Concerns

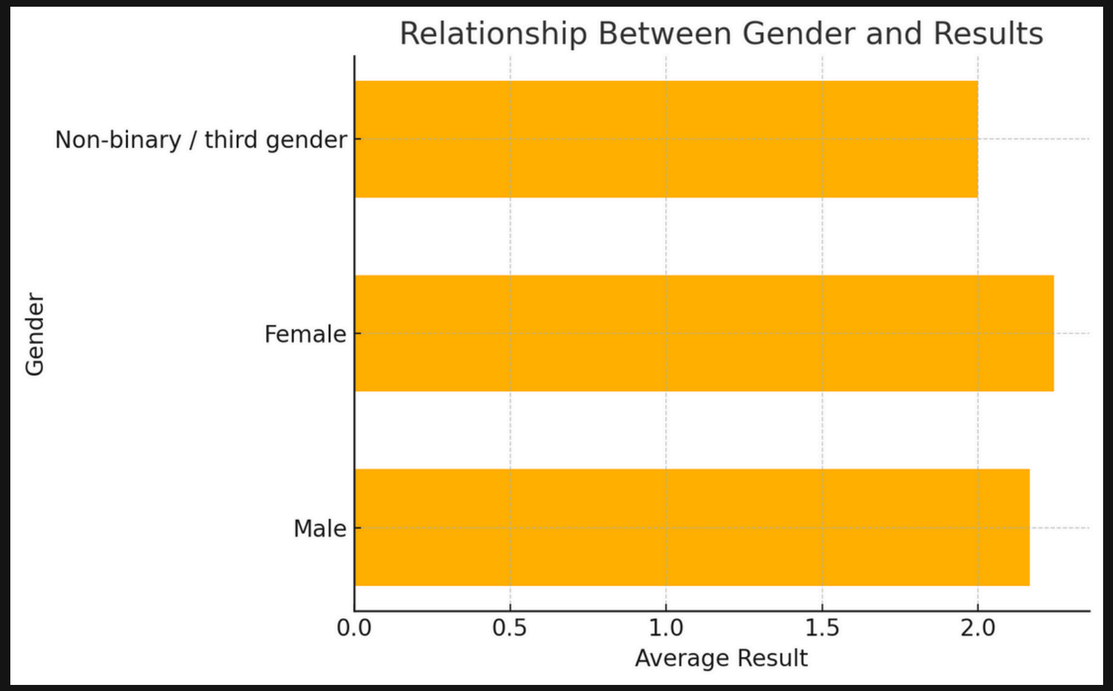


Comfortability

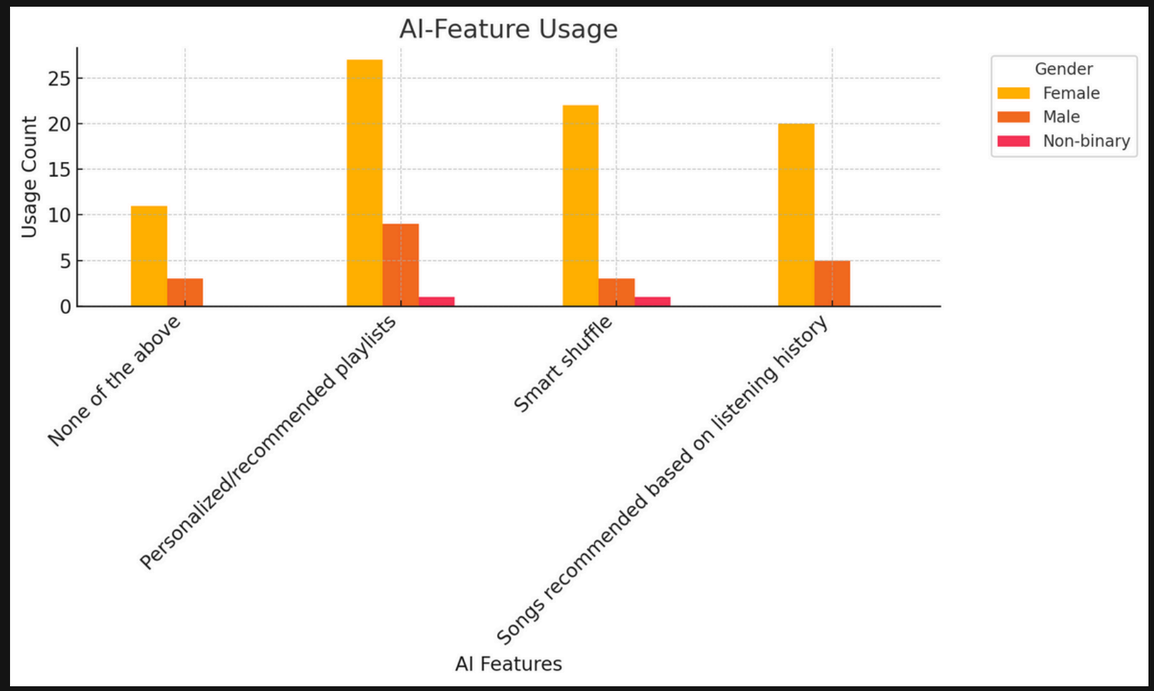


GENDER & AI

Trust

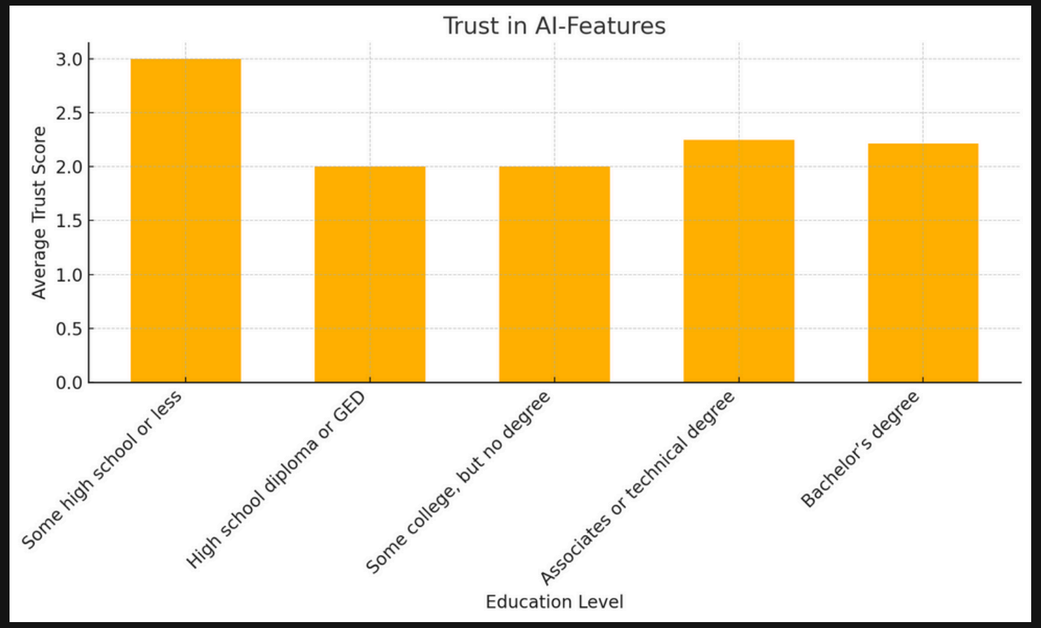


Usage of AI Features

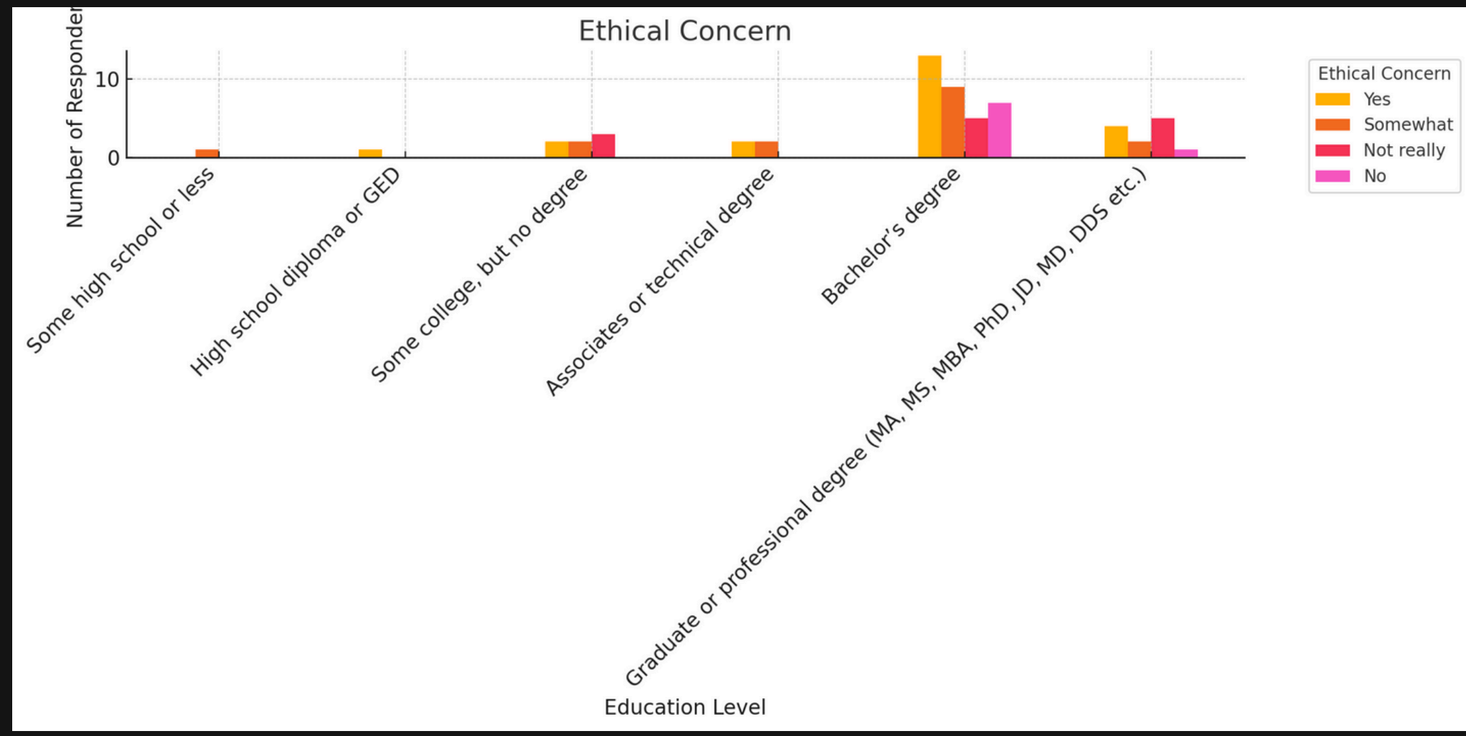


EDUCATION LEVEL & AI

Trust

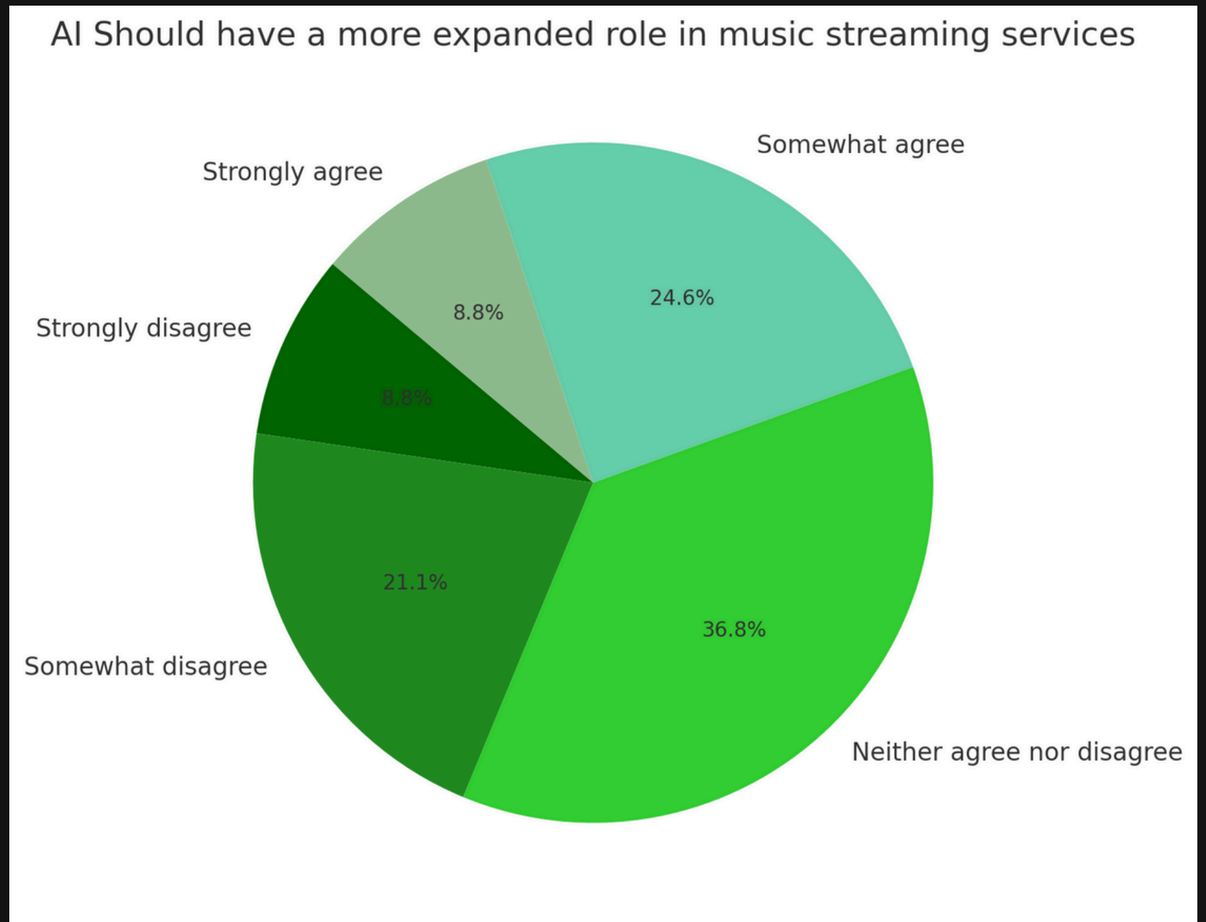


Ethical Concerns



AI-FEATURE USAGE & ROLE IN MUSIC STREAMING

Expansion of AI in Music Streaming



INSIGHTS

INSIGHT 1

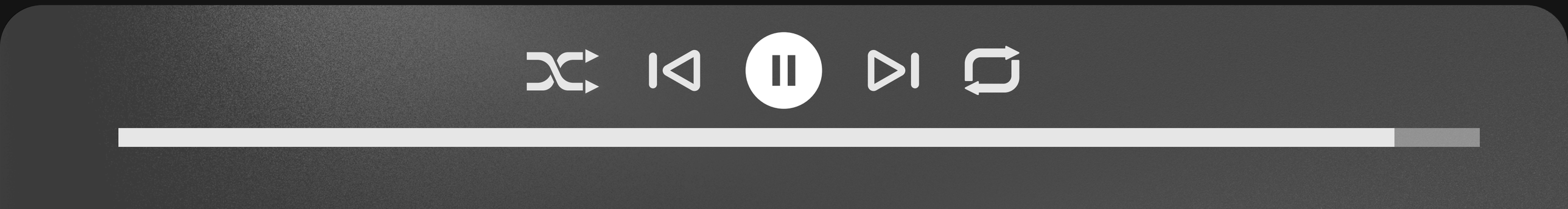
Demystify AI personalization: This could include visualizing how user data shapes recommendations or ensuring users have control over their data.

INSIGHT 2

Enhance AI Personalization: Invest in user-centric AI development to better cater to diverse preferences, particularly for underserved genres or niche music.

INSIGHT 3

Users do not find the AI-driven features highly dependable for meeting their musical preferences. Enhance the accuracy and adaptability of AI algorithms to reflect evolving user tastes. User feedback mechanisms could also refine AI recommendations in real time.



INSIGHTS (CONT.)

INSIGHT 4

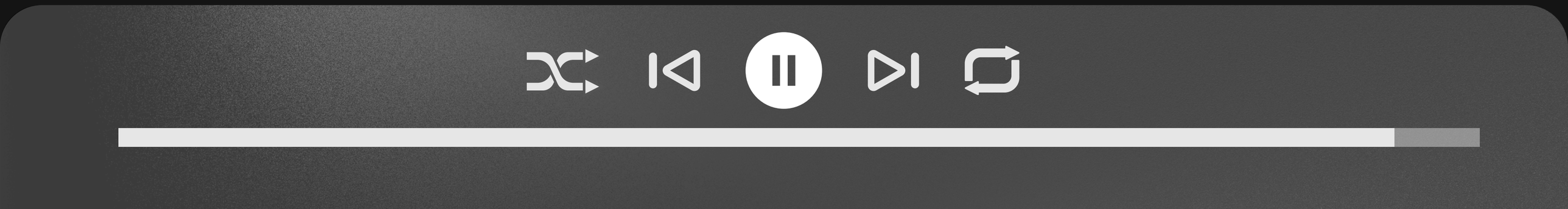
Although users are not overly worried about AI encroaching on human creativity, Spotify should proactively address the ethical use of AI, ensuring content respects artists' intellectual property and avoids exploitation.

INSIGHT 5

Strength in music discovery: Spotify can leverage this strength to highlight its role as a music discovery platform. Initiatives like "Behind the Algorithm" could explain how artists are promoted fairly and offer transparency into AI curation.

INSIGHT 6

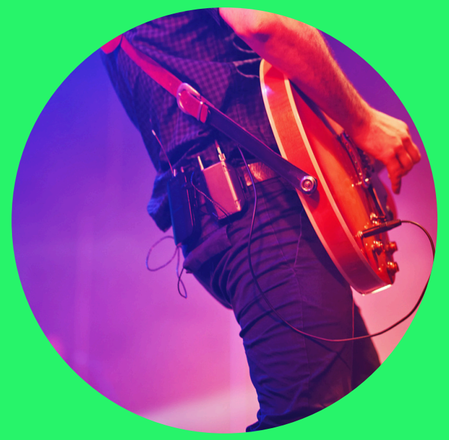
Artist Collaboration: Partner with emerging artists to create "AI-curated but artist-driven" playlists, spotlighting new talent while maintaining user interest.



SUGGESTIONS AND RECOMMENDATIONS

WHAT CAN SPOTIFY DO?

1. Increase transparency about AI-driven features and foster open communication
2. Address data privacy and security concerns
3. Prioritize ethical use of AI and artist rights and fair compensation
4. Be proactive in addressing concerns about AI and value consumer feedback



KEY TAKEAWAYS

FOR PR PRACTITIONERS

- Participants are skeptical of AI and algorithms.
- The majority are not comfortable with Spotify using AI to analyze listening habits.
- Ethical concerns about AI-generated music and privacy concerns exist.
- Participants would trust AI-generated features to recommend songs and the like.
- Consumers would like more transparency and information on Spotify's use of AI.
- Participants find artist IP an important issue.
- Participants express the need for clearer policies and AI regulation.

SURVEY EVALUATION:

ADDRESSING RESEARCH GAPS

- Overall successful survey addressing key research questions with valuable insights.
- Missed cultural music category and wider representation + lacking ethnic background data.
- A broader and more diverse sample population.
- Omission of questions about languages spoken.
- Ask more open-ended questions.

THANK'S
FOR
WATCHING
Q&A