

Spotify reaches 100 million paying subscribers

April 29 2019



Streaming giant Spotify said the 100 million paying subscriber mark was an "important milestone" in the company's history

Swedish music streaming giant Spotify said Monday it had amassed 100 million paying subscribers, but the company also fell back into the red

and reported a first quarter operating loss.

"Premium subscribers grew to 100 million, up 32 percent year on year," Spotify said in a press release, calling it an "important milestone" in the company's history.

The strong growth in paying subscribers was attributed to promotions in the United States and Canada, as well as continued growth in "family plans", where multiple users can share one account.

Revenue from premium accounts increased to 1.385 billion euros (\$1.545 billion) for the quarter, up from 1.037 billion euros over the same period in 2018, the company said in a statement.

Spotify also reported that total monthly active users, which includes listeners with free ad-supported accounts, had grown to 217 million, up 26 percent compared to the same quarter the year before.

Paying subscribers are at the heart of Spotify's business model as the company's premium users account for more than 90 percent of revenue, despite being less than half of the platform's active users.

Even though the company saw an increase in revenue, it also reported a wider operating loss of 47 million euros for 2019's first quarter, compared to a loss of 41 million euros for the same period the year before.

Spotify said its rising share price significantly increased operating expenses for the quarter as the company had accrued social costs, such as payroll taxes associated with employee benefits, tied to stock options.

Spotify, which is listed on the New York Stock Exchange, has seen its stock price increase more than 20 percent since the start of the year.

However Spotify shares traded down about 1.5 percent at \$136 after US stock markets opened on Monday.

The music streaming company has been steadily losing money as it has prioritised a rapid expansion into new markets, but surprised investors in February when it reported an unexpected operating profit of 94 million euros.

© 2019 AFP

Citation: Spotify reaches 100 million paying subscribers (2019, April 29) retrieved 26 April 2024 from <https://phys.org/news/2019-04-streaming-spotify-million-paid-user.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.