



Customer satisfaction

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Study branch: Business Administration

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Master Thesis Assignment Form

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- PEPPERS, Don a Martha ROGERS. 2017. *Managing customer experience and relationships: A strategic framework.* 3rd ed.. Hoboken, New Jersey: John Wiley. ISBN 978-1-119-23981-9.
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Anotace (poznámka)

Cílem tohoto výzkumu je zprostředkovat porozumění ve směru, jakým zákaznická spokojenost rozvinula moderní technologie a změnila způsob, jakým lidé poslouchají hudbu. Zákaznická spokojenost je pro společnosti klíčem k udržení zákaznických žánrových preferencí, očekávání a přání. Vzájemné propojení vývoje ekonomických událostí na makro, mikro a společenské úrovni ve spotřebním průmyslu vytvořily nutnost, aby byla pro uspokojení svých zákazníků každá společnost jedinečná. Hlavním zaměřením tohoto výzkumu je tedy zákaznická spokojenost s ohledem na přijímání hudební služby na soukromé úrovni. Porozumění zákaznické spokojenosti s cílem porozumění zážitkům zákazníků z přenosu hudby již bylo široce diskutováno. Poslouchání hudby se v současnosti výrazně změnilo ve srovnání se začátkem 20. let. Aplikace pro přenos hudby Spotify se používá k odražení literatury se současnou situací na trhu. Výzkum se provádí a analyzuje u 100 různých respondentů - připojených uživatelů přenosu hudby. V tomto výzkumu je rovněž diskutováno pochopení zákaznickovi zkušenosti ve spojení těmito uživateli. Účinnost tohoto rozhodnutí se posuzuje na základě různých analýz.

Klíčová slova

Spokojenost zákazníka, chování spotřebitele, vnímaná hodnota, kvalita služeb, věrnost zákazníka, Spotify hudba, očekávání zákazníka, SERVQUAL.

Annotation

The research aims to give insight into how customer satisfaction has revolutionized modern Technology and how music is listened to. Customer satisfaction is a key for companies to retain the customer's genre preferences, expectations, and desires. The interlinked economic developments on the macro, micro, and societal levels in the consumption environment have created the need for every company to be unique to satisfy their customers. This research's primary focus is customer satisfaction with respect to the acceptance of music service on a personal level. Insights of customer satisfaction have been discussed broadly to give an understanding of the music streaming experience of customers. Music listening changed a lot in the present with comparison to the early '20s. Music streaming application 'Spotify' is used to reflect the literature with the current situation in the market. The research is analyzed and is conducted on 100 different online music streaming users as respondents. Understanding the customer experience towards these users are discussed in the research. The effectiveness of this decision is judged based on different analyses.

Keywords

Customer satisfaction, consumer Lifecycle, perceived value, Quality, Service quality, Customer loyalty, Spotify music, Customer expectation, SERVQUAL

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List of abbreviation

MAU: Monthly active users.

UI: User Interface

PC: Personal computer

SERQUAL: Service quality

ADS: Advertisement

ACSI: American customer satisfaction index

1 INTRODUCTION & DESIGN OF THE STUDY

1.1 Introduction of the study

Measurement on how the customers view the service provided by the company is customer satisfaction. Some of the factors that influence customer satisfaction in the present-day are discussed by many researchers in speculating the service-related component that has an immensely prestigious effect on customers decision making measures; these factors include Quality of service, customer satisfaction and customer value (Cronin.Jr, 2000) However, various researchers see the relationship between customer satisfaction and customer loyalty has been highlighted questionably that companies should not depend entirely that customer satisfaction is the primary and exclusive antecedent for customer loyalty (Kamakura, 2002). Another study that proposes that only twenty percent of customer purchasing behavior is based on customer satisfaction (Leroi-Werelds, 2014). Different studies conducted in the early research on marketing interpretations and services suggested that to develop and retain a long-term relationship with the customer, it is significant to maintain strong customer relationship management. Initially, the element of assurance and trust is enhanced by customer satisfaction in relationships with customers, which is considered the key driver for gaining customer loyalty (Gwinner, 1998)

1.2 Problem Statement

Finding customer satisfaction is one of the most concerning issues that business organizations need to consider. Customers are the end goal for every business since it is the customer who creates revenue and demand. To retain customers, firms need to identify what customers expect from them. Major decisions in the company are taken considering this factor of retaining existing customers and earning new customers. So that creates the problem of finding what satisfies the customer.

1.3 Need for the study

Growing market around different sectors has created the need for analyzing customers based on their expectations. Customer satisfaction is one common key factor that every organization needs to focus on for developing a precise relationship with their customer. A

study on customer satisfaction creates new innovative ideas for companies to retain their customers and hold the company's position in the market.

1.4 Scope of the study

Companies, to provide quality service, must understand what aspect of their service satisfies the customer the most and what does not. To find the most satisfying factor of Spotify is the main scope of this study. The study speaks about how satisfaction affects customers personally and in general.

1.5 Objective of the study

- To find how customer satisfaction affects the whole consumer behavior.
- To understand the root of satisfaction and other terms that support customer satisfaction.
- To suggest Spotify with the customer's views on its current performance and what could be improved to increase customers.
- To understand the significance of customer perceived value and Quality towards satisfaction.
- To suggest the areas in which customer satisfaction and dis-satisfaction support both customers and the organization.

1.6 Chapterization

The chapter representation of this report is as follows:

- **First** Chapter tells about the Introduction and Design to the study, Problem Statement, Need and Scope of the study, Objectives of the study and Research Methodology of this project
- **Second** Chapter explains about the Review of Literature
- **Third** Chapter explains about the Company profile of Spotify.
- **Fourth** Chapter explains the Research Methodology with Research Design, Sample Design, Data Design, Questionnaire Design, and Tools for Analysis.
- **Fifth** Chapter explains the Data analysis and Interpretation of the data collected
- **Sixth** Chapter gives the findings, suggestions, and conclusion of this report

1.7 Limitation of the study

- This study is limited to a sample size of only 100 Spotify users. Hence the sample collected need not be a more accurately representative of the universe.
- There might be a personal bias of the respondents that affect the original data.

1.8 Conceptual framework

The conceptual framework for my study is taken from the American customer satisfaction index model. The model uses interviews from the customer as an input to a multi-equation model. ACSI was found and developed at the University of Michigan's Ross school of business. On the left side of the model, as shown in figure 1, it describes the cause and effect drivers of customer satisfaction, such as customer expectation, perceived value, and perceived Quality. Customer satisfaction is focused on the center while the outcomes, including customer complaints and customer loyalty, are on the right side of the model.

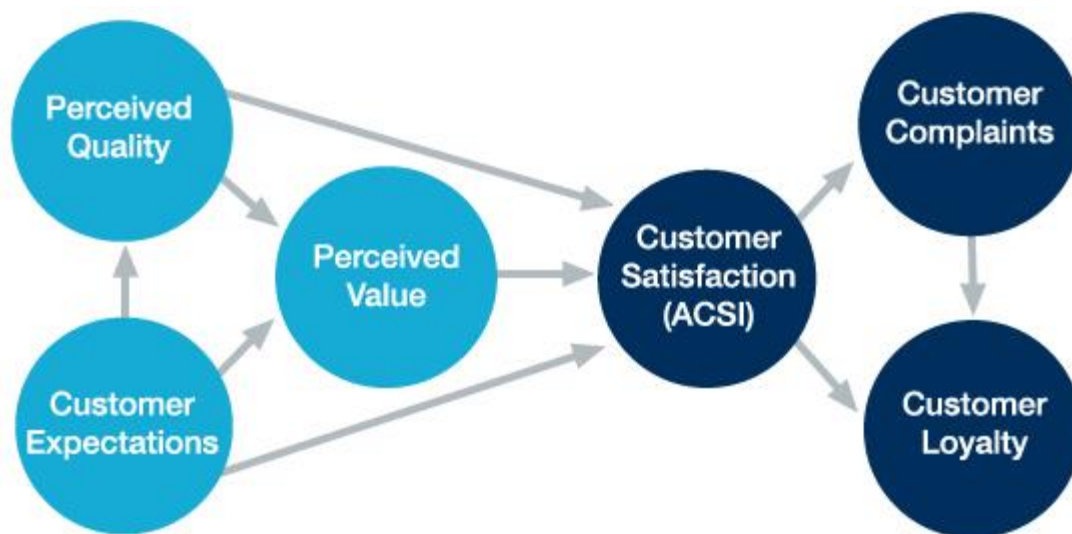


Figure 1: American customer satisfaction index model.

Source: (American Customer Satisfaction Index)

Customer satisfaction is a measure of different aspects of satisfaction that reflects the product or service provided by the company.

Customer expectation is a measure that includes both previous experiences with the company and information received from advertising and word of mouth.

Perceived Quality is a measure of customer evaluation on the consumption of products and services of the company that is evaluated in terms of Quality.

Perceived value is related to the price paid and how customer values the price when compared to the product or service received from the company.

Customer Complaints is a post-purchase activity that reflects the dissatisfaction of the customer towards the service or product purchased.

Customer loyalty is a critical component of this model that reflects the positivity of customers after using the service provided by the company that makes them satisfied. Customers prefer to stay with a particular brand which creates an emotional connection between the customer and the company (American Customer Satisfaction Index)

2 REVIEW OF LITERATURE

2.1 Introduction

A Literature review is a text from a scholarly paper related to customer satisfaction, which includes the current knowledge, including substantive findings of the factors of customer satisfaction, as well as theoretical and methodological contributions related to it. Literature reviews are a secondary source and do not report new or original experimental work. For two main reason, customer satisfaction and loyalty are vital in modern day business. First, customers are scarce resources; it is far easier to obtain from an old customer than from a new one. Second, customer loyalty and satisfaction have a positive effect on the profitability revenues of the company (Rosenberg, 2017) Special Features, functions, reliability, sales promotions, and customer support are the most important keys to reaching and exceeding customer satisfaction. Customers who are satisfied usually rebound and motivated to buy more. Besides buying more, they also reach to other potential customers by sharing their experience (P, 2016).Every business organization's success is dependent on customer satisfaction. Customers are the "first" priority for the business, and then comes profit. Companies that are successful in satisfying customers remain in top position in a market. Present-day companies are aware that expanding market value involves satisfying their customer.

2.2 Consumer Lifecycle

Over time the customer life cycle has reached different stages and various methods are used to define them. Sterne and cutler view on the phase of the customer lifecycle is explained in the below figure 2.

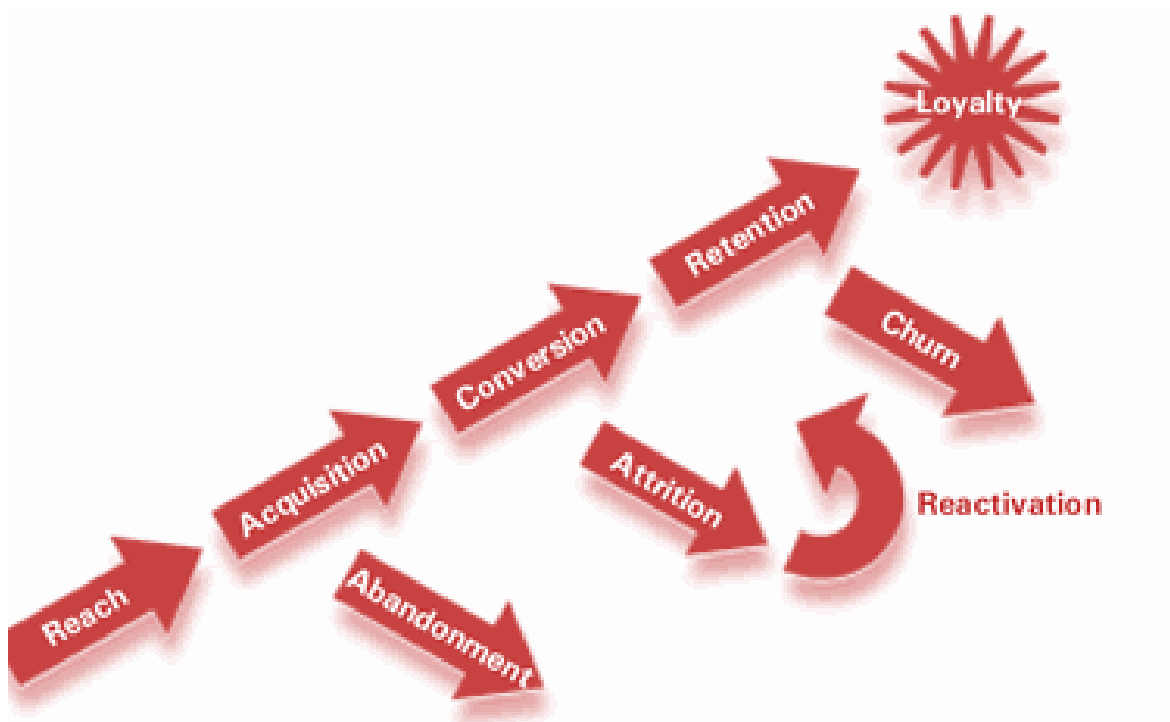


Figure 2: Customer life cycle

Source: (E-Metrics Business Metrics For The New Economy, 2000)

- Reach: Targeting people's attention that we want to reach for the product and take them to the next stage.
- Acquisition: onboarding the customers that have been targeted into the influence sphere of the organization.
- Conversion: Creating a transaction of value exchange between the customer those have been onboarded.
- Retention: Maintain a strong customer relationship to make sure that customer queries are answered and keep the customers by selling them more.
- Loyalty: the emotional bond that is created between customer make them choose our service compared to other competitors. (E-Metrics Business Metrics For The New Economy, 2000)

2.3 Customer Satisfaction

Customer satisfaction is defined as the key to achieving goals in the service environment, it involves around needs and demands of customers by exceeding them. (Lam, 2004). Customer service is an encounter between two or more people, while the result is positive

or negative. Customer service is intangible, personal, and difficult to measure. It is an activity that everyone experiences in their day to day life. Service industries are the main industries that concentrate on customer satisfaction as they sell service as a product. Service industries do not produce any products to sell to their customers. The transaction between the people is measured, which is complex, personal, and subjective. Customer satisfaction not only involves providing best service to customers but also depends on the employee's job satisfaction and emotions. While speaking about customer satisfaction, consumers increasing knowledge and capabilities pose challenges to business. Indeed, marketers connect to the customer by analyzing the needs and educating about the service to develop the business. Companies in the customer-centered industry have adapted themselves in building customer relationships by skilled marketing engineering, and Technology plays a vital role in offering new ways to obtain customer satisfaction and loyalty.

Customer satisfaction in a business strategy is a very crucial component to maintain retention and product repurchase. For an increased customer satisfaction companies must sell ideas and methods after the completion with all necessary documents, for e.g. when a customer buys a car after taking a better look at the car and the engine capacity, mileage and if there any scratch around, after checking all this measures customer feel satisfied and interested to post more question which makes the customer comfortable, in other hands if the company uses only build and sell method then the customer will expect exactly what's in the info of car and don't feel comfortable ask question and the experience of customer wouldn't be as better in the previous situation, and this might end up in complaints in future and a bad customer experience . By avoiding such practices, the company has high chances of getting customer loyalty with extended life cycle of customer and building a positive WOM. When the company's product and service are satisfied as per customer expectation, it makes the customers to purchase frequently and recommend products or services to other customers. By ignoring or disregarding the needs of customers, a business organization cannot grow (Tao, 2014) .

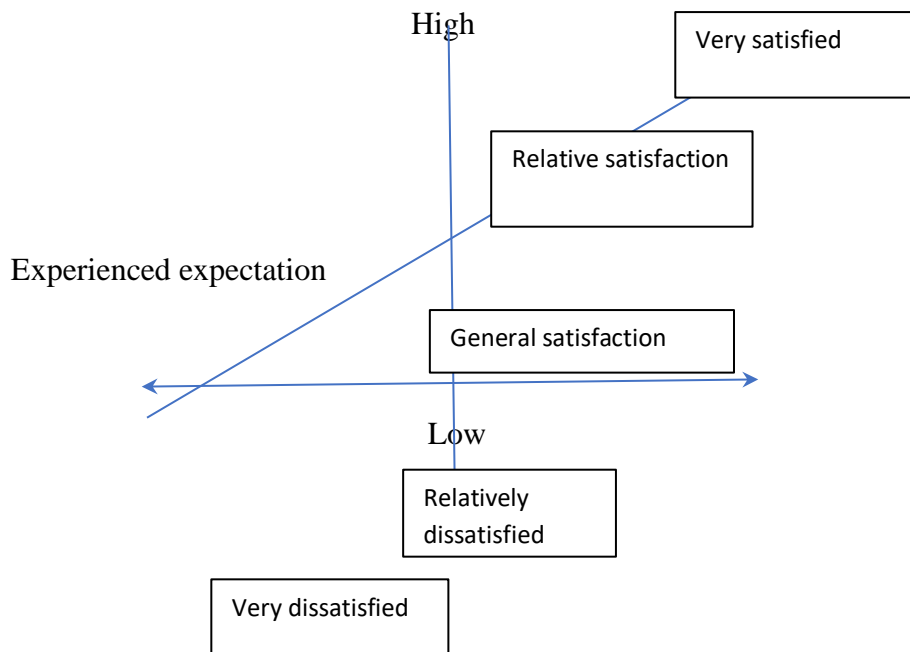


Figure 3: Customer satisfaction analysis model

Source: (Tao, 2014)

Customer relationship management triangle law explains Customer expectations = customer satisfaction. From figure 3, we see customer satisfaction is negatively correlated with customer expectations. The figure reflects the difference between customer expectation and customer experience. There are five divisions in the figure (very dissatisfied, relatively dissatisfied, general satisfaction, relatively satisfied and very satisfied).

Customer satisfaction becomes higher when customer experience falls with customer expectation. On the other hand, when compared with expectation, lower customer satisfaction is a cause of worse customer experience. Customer satisfaction from a company can be improved in two ways. First, by improving the service to build better customer experience and second by managing the customer expectation effectively. The first approach is used in the organization to achieve great success. In the future, companies will still need to make some adjustments for continuous improvement (Tao, 2014).



Figure 4: Achieving customer satisfaction

Source: Own contribution

Customer satisfaction is the asset of the organization. It seems simple enough, but it is hard to measure. The success depends upon how many customers it has, how much they spend, how often they used to spend. Customers who are satisfied also promptly pay their bills, which greatly improves cash flow- the lifeblood of any organization. Service industries are using customer satisfaction to measure the Quality of the service which they provided. Customer satisfaction is the major purpose of quality management. The successful firms carefully cultivate customer satisfaction and loyalty. (Tao, 2014)

2.4 Service quality

Consumer is the center of the universe for every business that exists. Organizations live or die based on the Quality that is provided to the customer. Developers of the model observed (Parasuraman, 1985) the Quality of service by defining the gap between expectation and performance delivery.

Internal company factors that are responsible for setting service levels in different stages and managing their implementations are analyzed in the SERVQUAL model. Customer needs and expectations is been examined in regards with organizational and their experiences with the company in the model below(Figure 5).

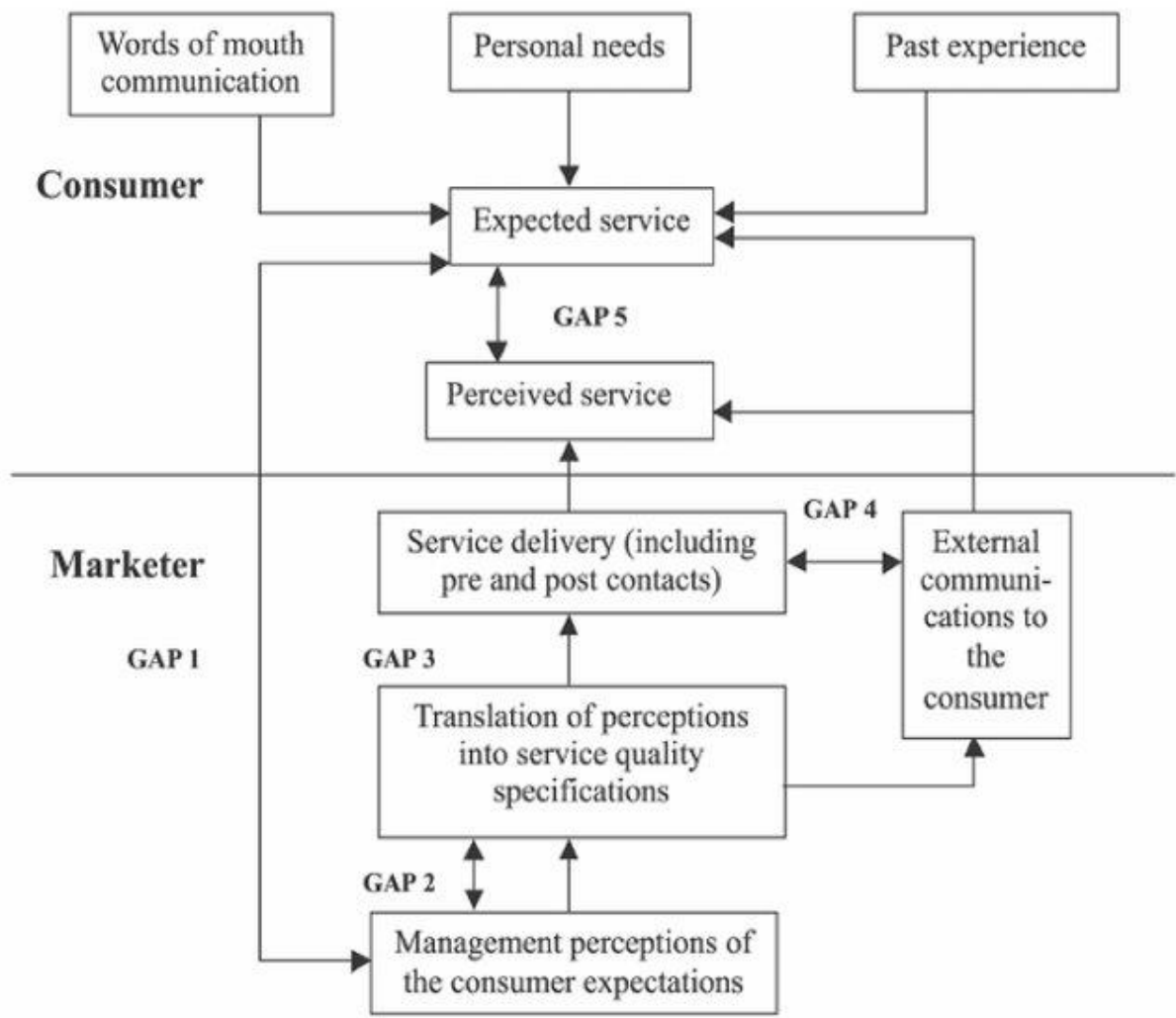


Figure 5: Zeithami and Parasuraman's SERVQUAL model.

Source: (Parasuraman, 1985)

2.5 Customer expectation

Service delivery that serves as a standard point against the judged performance is customer expectation. It is essential to know what kind of service quality a customer is expecting during a transaction (Zeithaml, 2009). It is important for companies to end the gap between perception and customer expectation to build a long-term relationship and satisfy the customer. (Zeithaml, 2000)

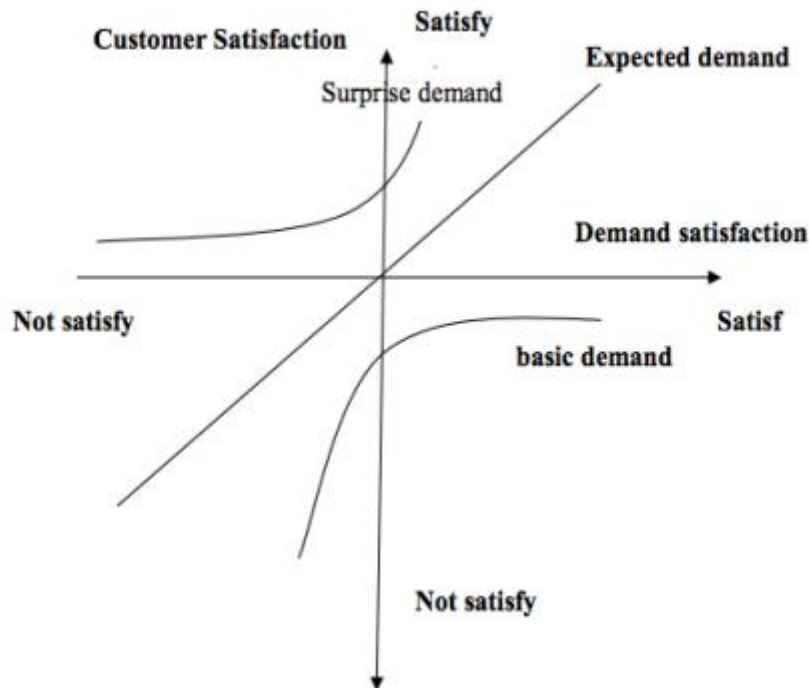


Figure 6: Kano model.

Source: (Zeithaml, 2003)

Above figure 6, illustrates kano model with three different kinds of demand that occurs based on customer expectation.

Basic demand is the service considered to be provided to a customer. It implies that the customer is satisfied less even when the service provided is adequate.

Expected demand is the relationship between customer satisfaction and demand satisfaction, which is linearly related. In this situation, both the service demanded by the customer and the service provided by the firms are directly proportional.

Surprise demand is considered that the customer is highly satisfied by the service even though the seller does not provide adequate service.

2.6 Perceived value

It is the customer who decides the standard and measure for service and product rather than the supplier (Vargo, 2004). The maximum price that a customer is ready to pay based on the benefit that they receive from the given product or service is known as perceived value. In marketing, there are three different types of value, as mentioned in figure 7: EXPECTED, ACTUAL, and PERCEIVED.

$$\underbrace{\frac{\text{Perceived}}{\text{Expected}}}_{\text{Financial Performance}} = \underbrace{\frac{\text{Perceived}}{\text{Actual}}}_{\text{Communications}} \times \underbrace{\frac{\text{Actual}}{\text{Expected}}}_{\text{Design}}$$

Where:

Expected = Performance customer expects to receive on any benefit.

Actual = Performance customer actually receives on any benefit.

Perceived = Performance customer perceives receiving on any benefit.

Figure 7: Marketing Ratio of Perceived value.

Source: (E. Sexton, 2009)

Expected value: The value which the customer hopes to receive from the product or service.

Actual value: The value which the customer receives from the product or service. **Perceived**

value: The value that customer believes based on the level of performance on product or service. When customer expectations are not met, there is a design problem on the benefit of the product or service received (E. Sexton, 2009).

2.7 Customer loyalty

According to Oliver, loyalty is defined as "a deeply held commitment to rebuild and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors" (Richard, 1999)(p33).

Thomas and Tobe say, "loyalty is more profitable." (Thomas, 2012),. It is profitable to retain existing customer than spending on new customer. Loyal customers will think twice before changing their preference to another brand. Loyalty on a brand makes customer to give others a positive word of mouth. A customer-centered approach is a key to achieve loyalty from a customer. Loyalty is built after multiple business transactions between the customer over time. (Thomas, 2012)

Loyal customers will encourage their friends and surroundings to buy your product and think twice before changing their mind on switching with other competitors. Customer loyalty is not gained by accident; it is constructed through design and sourcing decisions.

Customer-centered approaches that recognize the interest and wants of service receiver should be considered for customer loyalty. Frequent transaction over time creates customer loyalty. (Thomas, 2012)

2.7.1 Relation between customer satisfaction and loyalty

Customer loyalty is a consequence from customer satisfaction (Fornell, 1992) There is a remarkable relationship between customer satisfaction and customer loyalty. Customer those who are highly satisfied are tending to be more loyal than those customers who are not satisfied. Unsatisfied customer loyalty will decline over time automatically (CHI, 2005).

Customer loyalty increases significantly when satisfaction achieves a certain level and customer loyalty will decline automatically if the satisfaction decreases to a certain stage. Besides, highly satisfied customers tend to be more loyal than the customers who are less satisfied. Customer loyalty to an increase in both sales and profitability. Altogether, there is a significant positive relationship between satisfied customer and a loyal customer (CHI, 2005) .

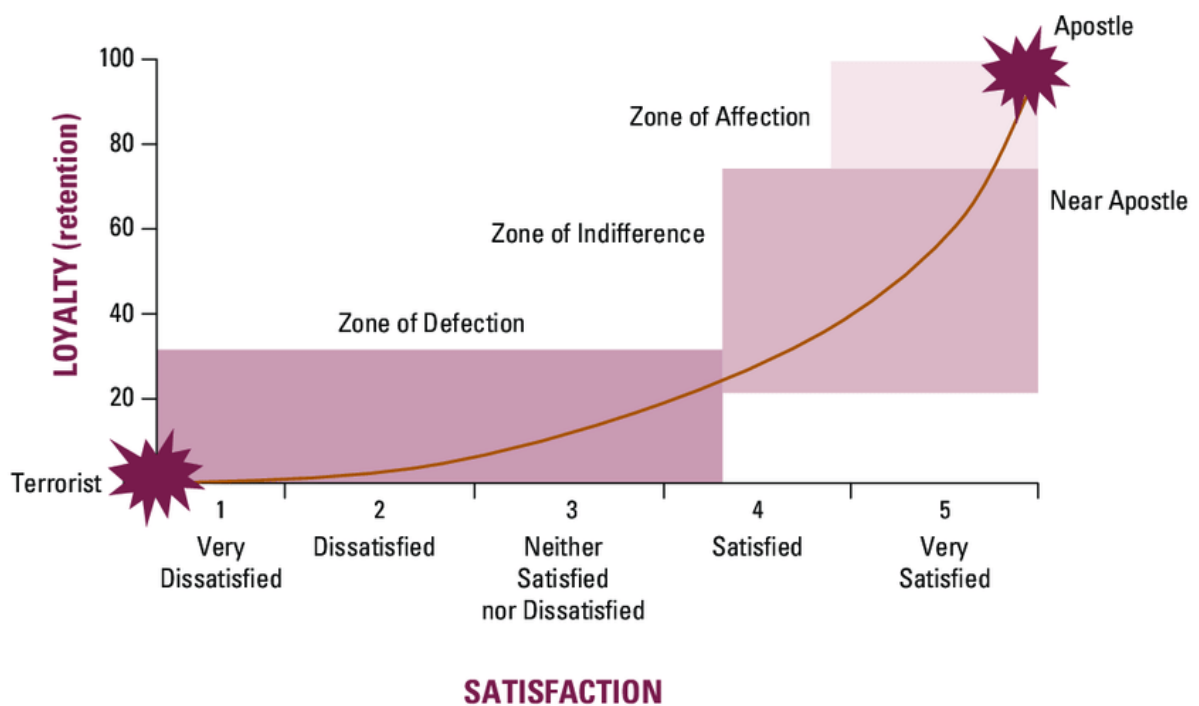


Figure 8: Relationship between Customer Satisfaction and Loyalty

Source: Adapted from “Why Satisfied Customers Defect,” Harvard Business Review, , p. 91. (JONES, 1995)

The figure 8 mentioned above depicts the relationship between customer loyalty and customer satisfaction. The customers are divided into three different groups and three different zones. Extremely dissatisfied customers are the terrorist group customers; these customers give a negative word of mouth (WOM). Apostles is a loyal customer to a company and are truly satisfied with the service provided by the company. These customers in the zone of affection are ready to pay more for the service and are not ready to switch to another brand. Every satisfied customer is a driver of loyalty so satisfaction is an important factor for loyalty (Heskett, 2008) .

3 COMPANY PROFILE

3.1 Introduction

Spotify is a digital music-streaming service platform that was founded in 2006 by Daniel Ek and Martin Lorentzon. Spotify is headquartered in London and led by its CEO Daniel Ek. Spotify gives its subscribers on-demand access to songs on their desktop computers, laptops, smart-phones, tablets, and home entertainment systems. Spotify allows its users to follow what other people listen to from celebrities to friends. Spotify enables its users to search for music and create a playlist via Spotify, including other social media (Facebook, Instagram, and Twitter). Spotify also allows small and beginner-level music and song creators to stream in their platform with Spotify for artists. Spotify is one of the frequent updating online platforms that reflects day-to-day customer life in their new slogan "Music for everyone."



Figure 9: Spotify logo

Source: (Spotify logo)

3.1.1 Vision Statement

"We envision a cultural platform where professional creators can break free of their medium's constraints and where everyone can enjoy an immersive artistic experience that enables us to empathize with each other and to feel part of a greater whole."

Spotify has a vision that fulfills the requirements for the music and encourages the creators and other users to enjoy professional digital artistic music experience that enables us to be on the same wavelength and undergo greater whole Music experience.

Spotify stimulates harmony and empathy more, rather than just showing itself as a service provider. The company's platform, which incorporates culturalism, gives the idea for connecting the linkage between everything it does. It helps artists to show their creativity openly without putting any pressure on the artist with a user-friendly platform.

3.1.2 Mission Statement

“Our mission is to unlock the potential of human creativity – by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it.”

The mission statement focuses on the creativity that provides opportunities for the artist, which will attract its fans and provide opportunities to get inspired. (Spotify: Vision | Mission | Core Values | 2019 | (A Complete Analysis), 2019))

3.1.3 Company History

Spotify was initially stated as a start up in Stockholm, Sweden by Daniel EK and Martin Lorentzon, in 2006. After the 2 years of launch event in 2008, it offered free music with advertisement on where they could also upgrade £10 a month ad-free subscription where it gives access over 50 million tracks. The parameter searches could be artist, genre, or album and share, edit, create playlist. Spotify is available over Asia, Africa, America, Australia, New Zealand, Switzerland, and across the European nations. (How Spotify came to be worth billions, 2018)



Figure 10: Spotify founders

Source: (Spotify's co-founder reportedly sold \$40 million worth of his stock, 2018)

Spotify earned 1 million paid subscribers across the European nations during March 2011. (Spotify hits milestone with 1 million subscribers) This was double during the same year in September and reached four million paid subscribers in August 2012. It currently occupies 79 global markets with 286 million active users. It contains over 50 million tracks, 1 million pod-casts title, and with 4 billion playlists. Spotify faced a fall in late February by countries which are affected by the Covid19 pandemic, but it has seen a recovery over the fall. It was the leading revenue maker among all other digital music streamers with 133 million Premium users till April 2020.

3.1.4 Business Model

Spotify acts as an intermediate between artist and users being the revenue generators to the company. Spotify lets artists to upload their music for free and pays them back based on the number of times the songs are listened to by the users.

Users: The users of Spotify are divided in two categories a) free-tier users and b) Premium users.

Free-tier users: Users those who do not have any subscription fee and are limited to certain Special Features of the platform. Free-tier users are those who don't create any revenue directly to the company.

Premium users: Users pay a certain subscription price to get full access to the application that includes ad-free music experience.

Advertisers: To fund the royalties listened by the free tier users Spotify enables advertisement while free tier users listen to any music. The fund generated by advertisers is the revenue created by free-tier users indirectly.

Right holders: This includes Labels, publishers, distributors, and independent artists. The below figure shows how Spotify generates its revenue. (How Spotify makes Money — Business Model, 2019)

3.1.5 Spotify Operations

Spotify has implemented Squads and agile design for operations inside the company workplace. The key goal of Spotify is to give autonomy and flexibility to its workers. To increase the input of employees, Spotify finds employees' ability from all aspects by involving them to work with different teams from different backgrounds. The figure below shows an example of Squads designed operation. The figure shows the web technology guild that consists of employees from different departments working in the same project.

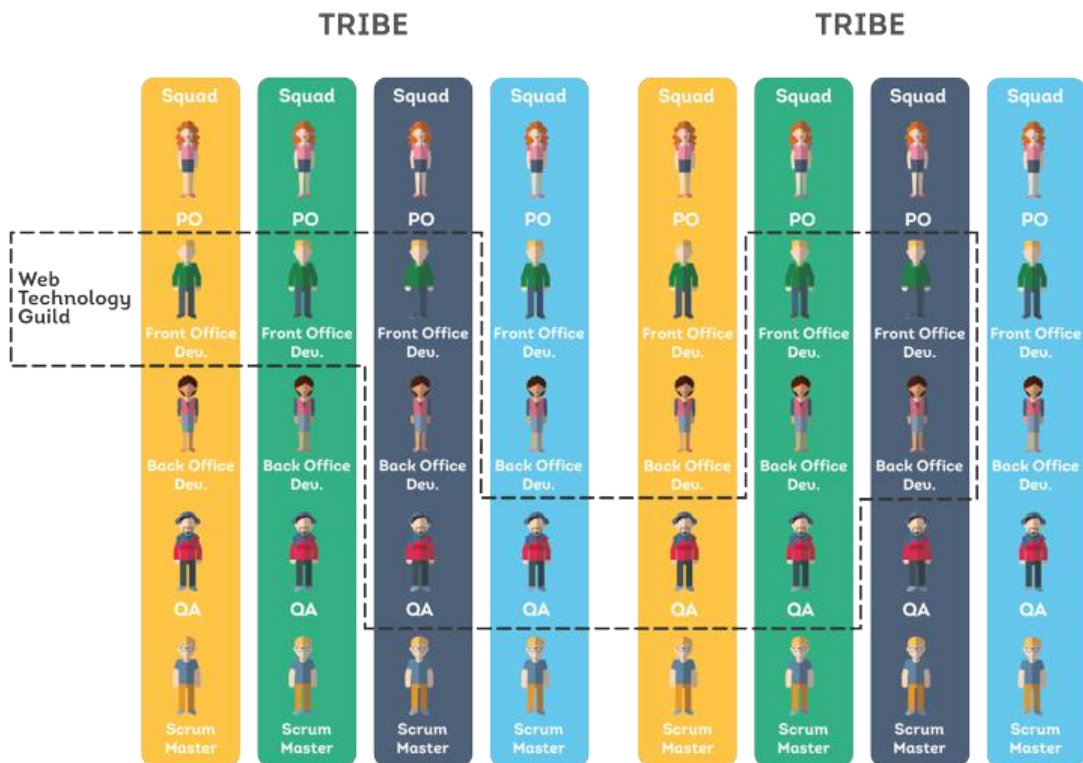


Figure 11: Spotify operations model

Source: Adapted from (2 Things Your Company Can Learn From Spotify Squads and Agile Design)

The modern agile design workplace helps in efficiency with workspace management. To improve the well-being of employees, Spotify has created a workspace with a different atmosphere that keep employees work more efficiently. That includes enabling all employees with flexible access to Focus spaces/Team meeting rooms/Relaxation spaces/collaboration spaces/Private rooms for call/Concentration spaces/Multipurpose spaces.

Place: Spotify performs on as many platforms as it could like iOS, macOS, Android, Windows tablets, and smart-phones. Users will be able to use Spotify web for listening to music without an Application, but it does not support downloads for offline music. Other wide range of entertainment systems like speakers, receivers, smart-watches, cars can be connected through "Spotify Connect".

3.1.6 Business Strategy

Spotify's business structure is determined in two main stages.

a. Algorithm-based suggestion

Spotify provides a set of algorithms designed for music suggestions to its customers, which makes it unique among its competitor. Spotify is well-designed in a way that provides the best algorithm to give every single customer a specifically customized playlist with the help of its algorithm. Algorithms make users experience better, based on their behavior in using the applications. The more the customer uses the application, the better the algorithm works.

b. Exclusive content collaboration with the artist

Initially, Spotify has faced licensing issues with the artists, that made them create an exclusive content collaboration with its artist. This means that Spotify does not really own any songs or does not have to license with any right holders.

3.1.7 Financial Structure

Founders Fund made a small investment in Spotify during February 2010(19). Around dollar, 1\$ billion valued funds were raised in June 2011 to support the US launch. In April 2015, 8.4\$ billion funding had been raised with the report from the wall street journal stating

that it was seeking around \$400 million. Through the convertible bonds, it raised another \$500 million funding in January 2016. (Spotify Nears Deal to Raise \$400 Million at \$8.4 Billion Valuation, 2015)

3.1.8 Initial Public Offering (IPO)

Spotify started initial public offerings from February 2018 and listed in New York Stock Exchange, where its value was estimated at around \$6.3 billion to \$23 billion. Its IPO was one of the biggest in the tech sector. Spotify did not issue new shares, which means that the company's existing shareholders will go to the market directly. This lets investors get their returns anytime. CNBC reported that after the issue of IPO, Spotify opened more than 25% above its reference price of \$132 on April 3, 2018.

3.1.9 Monetization

Spotify had lost \$4.4 million just after the launch in 2007. Spotify launched a sponsored playlist in which the bands focus their audience with a Spotify matching marketer for a suitable playlist. Spotify was not a profitable company in 2017. In 2020 it announced its Q1 revenue amounted to \$2 billion where the operating loss is estimated over \$18 million and gross profit is about \$511 million in which 1.84 billion came from subscribers. (Spotify Will Now Let Brands Sponsor the Most Popular Playlists, 2016)

3.1.10 Financial Report

Key financial performance measures of the different segments gross (loss)/profit are mentioned in the table below.

Three months ended March 31,2020.

Table 1:Financial report

Segments	Gross Profit/ loss	2020	2019
Premium	Gross Profit	481	362
Ad-supported	Gross Loss	9	11
Consolidated	Gross Profit	472	373

Source: Adapted from (The U.S. Securities and Exchange Commission)

- Spotify quarterly revenue in first quarter of 2020 stood at €1.85 billion (\$2 billion), €1.7 billion (\$1.84 billion) of which came from Spotify Premium subscribers.
- Spotify annual revenue in 2019 at € 6.7 billion (\$7.3 billion), with gross profit of €1.7 billion (\$1.8 billion).
- Spotify lay claim to 36% of the global streaming market.
- Spotify market cap in early May 2020 was \$26.9 billion.

3.1.11 Future of Spotify

One of the main goals for Spotify is to update real-time lyrics special features to 22 new countries. While going ahead, Spotify founder EK says, "Spotify expects to add between 2-7 million subscribers with smaller operating losses". Focusing on new premium subscribers with improving the experience of existing premium subscribers has been a key goal for Spotify. EK also mentioned that by the end of the financial year 2020, it targets between 143-153 million subscribers and 328-348 million total monthly active users (MAUs).

3.1.12 Swot Analysis

Spotify as a piece of online music streaming company advertises through different social media sites such as Instagram, Twitter, and Facebook. This is a strength that targeted at the younger audience as 47% of users are aged 13-24 (Spotify - Statistics & Facts, 2019)The music industry is a trendsetter for this revolution, where social media are increasingly used for sharing information about music albums and songs also for the sharing of the music itself (Dewan, 2004) which consequently, is a key strength for Spotify’s marketing.

Table 2 :*Swot Analysis of Spotify*

<p>Strength:</p> <ul style="list-style-type: none"> ✓ Strong fan base around social media. ✓ High consumer suggestion involved. ✓ Entirely new concept in market. 	<p>Weakness:</p> <ul style="list-style-type: none"> ✓ Complicated UI for older generation. ✓ Expensive subscription price.
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<p>Opportunity:</p> <ul style="list-style-type: none"> ✓ Huge young population coverage. ✓ Wide range of collection 	<p>Threat:</p> <ul style="list-style-type: none"> ✓ Highly competitive market ✓ Illegal downloads
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Source: Own contribution

Spotify, a social factor that increases streaming of music rather than downloading (Dredge, 2014). The technological factor would be a particularly important one for Spotify as Technology is continuously advancing. More technological items use Spotify such as laptops, tablets, PlayStation, Television, and automobile. This improvement in Technology provides Spotify a wider audience platform for its users. Copyright on songs would be a legal factor for Spotify. Spotify is not authorized to use songs from artists unless given permission. This may affect Spotify as they cannot do anything about it if popular artists do not give permission. Economics is a factor that impacts the profitability of Spotify. For e.g., if the economy falls such as recession, That will result in drop of disposable income of customers (P. Jenkins, 2012) Therefore , music is not a necessity and there is a possibility of illegal streaming, Spotify customers may cancel their memberships to save that extra bit of money and thus, resulting in fewer customers for Spotify.

3.1.13 Strategies used by Spotify for customer satisfaction

Every company needs Special strategies to hold their customers as they are the lifelines of the business. When customer retention helps for the growth it also pays way to form a strong strategy for customer satisfaction. And, here are the few strategies followed by Spotify.

- **Spotify knows their customer:** Knowing their customers could be challenging. Spotify knows its customers beyond common identification like age, location, gender. It finds the taste and preference of the customers and what they need. This extends the efficiency of the application and gets connected with the customers easily and promotes customer loyalty where they refer to their friends and family.
- **Spotify Offers Personalized service:** Every company is unique, similarly every customer is unique; therefore, apart from providing a wide range of music and podcast,

Spotify also offers personalized services based on their past activities and ensures their fulfillment. This means it will provide you a personalized tracks wherever you are and whatever frame of mind you are in, like parting, workout, relaxing, Spotify will surprise you. (7 Effective Strategies to Increase Customer Satisfaction, 2018)

- **Turn to social media:** Being a top brand, Spotify uses social media as a powerful tool and provides space for generating new ideas as customers could directly interact with the brand like the Spotify community tab in which the users could get fast support from the experts. If there is not already an answer there to your question, post it and someone will quickly answer. Users will suggest and vote on new ideas for Spotify or simply discuss music playlist with other users.
- **Provide additional benefits:** Even though the company provides good services, customers always expect little extra for what they pay and the servicers who bridge this gap lead the market. By knowing this, Spotify satisfies that extra little expectations by issuing some Special Features like data saving mode, collaborative playlist, recover deleted playlist, integration with google maps, private sessions, stream to another device, and Spotify radio.
- **Act on negative reviews and complaints:** Spotify values its customers like their boss. It provides various support services for their customers to overcome their conflict as soon as possible. Help Site was launched to answer the queries and how to get the most out of it. Customers can contact Spotify directly on their site if they don't find any solution on community or any other support site (12 Actionable Strategies to Improve Customer Satisfaction in 2020, 2020)

4 RESEARCH METHODOLOGY

4.1 Introduction

In this section, a detailed illustration of the present work research is mentioned. The research methodology is a systematic way of solving a problem. A research design is a condition of arrangements used for the collection and analysis of data. It aims to combine relevance to research purpose with economy in procedure. In this project, the research design used is descriptive research. The research strategy used is survey strategy. Survey is the collection of data from a given population of analysis of an issue. Here the questionnaire is given to the respondents for collecting the information. (S. S. Chandra, 2017)

4.2 Sample Design

The sampling design is a finite plan for obtaining the samples from a given population. It is a process used in statistical analysis in which a predetermined number of observations is taken from a larger population. The sampling design used in this project is convenience sampling. Convenience Sampling is a non-probability sampling technique where individuals are subjected to, because of their convenient accessibility and proximity to the researcher. (S. S. Chandra, 2017)

4.2.1 Population

The collection of individual and objects that have similar characteristics is a population. The entire group of people or objects is which the researcher wishes to generalize the study findings. Population consists of 120 respondents using different online platforms. (S. S. Chandra, 2017)

4.2.2 Target Respondents

The Target Respondents of this research are users of Online music streaming applications. The Respondents are from different parts of the world with different backgrounds and ethnicity. The number of entities available in the defined population is its size. The population size for the survey is about 120 people. Target respondents taken from 120 respondents are 100 individual respondents. (S. S. Chandra, 2017)

4.2.3 Sampling Method & Type

The method used for sampling is convenience sampling. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. Convenience sampling is a non-probability sampling method. Convenience Sampling is a sampling where the first available data source will be used for research without additional requirements. In other words, this sampling method involves getting participants wherever you find them and typically wherever is convenient. Inconvenience sampling no inclusion criteria identified prior to the selection of subjects. All subjects are invited to participate. The sample size is 100 respondents for the research. Approximately 150 questionnaires were circulated among the users and about 120 responses obtained. Out of these 120 approaches 100 were considerable. The response rate was 80%. (S. S. Chandra, 2017)

4.3 Type of Data Used

4.3.1 Primary Data

Primary sources of data are original sources from which the researcher directly collects data that have not been previously collected and is the firsthand information collected through various methods such as observations, interviews, corresponding emails, and questionnaires. The primary data is acquired from the respondents by means of questionnaire. (S. S. Chandra, 2017)

4.3.2 Data Source

Different instruments are used to conduct the evaluation such as records, surveys, interviews, and questionnaires. The tool used for this study is a questionnaire. (S. S. Chandra, 2017)

4.4 Questionnaire design

The questionnaire is a organized technique for collecting primary data from a survey. A series of written and verbal questions for respondent to provide answers. A well-designed questionnaire motivates the respondent to provide complete and accurate information. The questionnaire is presented in Appendix A. In this project, the questionnaire is used as a data instrument for collecting the primary data. (S. S. Chandra, 2017)

4.4.1 Closed format Questions

Respondents are restricted to choose among the given multiple-choice answers are known as closed style or closed ended questions. Main advantages of closed format questions in questionnaire design is the ease of performing initial analysis. These questions are used for calculating statistical data and percentage, as the answers set is familiar. Closed ended questions are used to collect different groups at different intervals to track their opinion about a product, service, company over time. (S. S. Chandra, 2017)

4.4.2 Open Format questions

Questions are designed in a way that respondents can give any kind of answer he/she prefers. These questions are used to get the data from respondents without limiting them to certain options. Respondents are free to give their opinion from their point of view. (S. S. Chandra, 2017)

4.4.3 Scale used in Questionnaire Development

A Liker scale typically contains an odd number of options, usually 1 to 5. One end is assigned as the most positive end while the other one is assigned as the most negative one with the label of neutral in the middle of the scale. The phrase 'purely negative' and 'mostly negative' could also have been 'extremely disagree' and 'somewhat disagree'. (S. S. Chandra, 2017)

4.5 Tools & Analysis used

4.5.1 Descriptive Analysis

Descriptive analysis includes statistical procedures that we use to describe the population. Descriptive analysis shows the entire population in terms of percentage. It reveals the number of belongings in a category or the number of people prefer etc., in terms of percentage. It is also known as “Percentage Analysis”. It is explained with the help of: (S. S. Chandra, 2017)

- Explanatory tables
- Explanatory Charts
- Explanatory graphs

4.5.2 Statistical Analysis

Data analysis is used for transforming data with the aim of extracting useful information and facilitating conclusions. The data analysis tools used in this study are (Cohen, 2013):

- Linear Regression & Multiple Regression Analysis
- Correlations

4.5.2.1 Correlations

Correlation analysis is a statistical evaluation used to study the strength of a relationship between two, numerically measured, continuous variables. This analysis shows the possible connections between variables. It is misunderstood that correlation analysis determines cause and effect; however, that is not the case because the other variables that are not present in the research may have impacted on the results. (Cohen, 2013)

4.5.2.2 Linear Regression & Multiple regression Analysis

It is a statistical measure that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y_0 and a series of other changing variables (Known as independent variable).

The two types of regression are linear regression and multiple regressions. Linear regression uses one independent variable to explain and/ or predict the outcome of Y , while multiple regression uses two or more independent variables to predict the outcome. The general form of each type of regression is:

Linear Regression: $Y = a + bX + u$

Multiple Regression: $Y = a + b_1X_1 + b_2X_2 + b_3X_3 \dots \dots \dots + b_tX_t + u$

Where:

Y = the variable that we are trying to predict

X = the variable that we are using to predict Y

a =the intercept

b =the slope

u =the regression residual.

In multiple regressions, the separate variables are differentiated by using subscripted numbers. (Cohen, 2013)

5 DATA ANALYSIS AND INTERPRETATION OF DATA

5.1 Descriptive analysis

Demographic Data

Percentage of demographic of the respondents have been mentions in the table below:

Table 3:Demographic data.

Gender	In %	Education level	In %	Income Level	In %
Female	47%	Bachelor’s degree (e.g. BA, BS)	52%	10,000 - 20,000 euro	18%
Male	53%	Completed secondary education	21%	20,000 - 50,000 euro	8%
		Doctorate (e.g. PhD, EdD)	2%	50,000 and above.	5%
		Master’s degree (e.g. MA, MS)	25%	Below 10,000 euro	69%

Marital status	In %	Employment status	In %	Age	In %
Divorced	1%	Un-employed	18%	16-20	8%
In a relationship.	34%	Student	23%	21-24	55%
Married	10%	Self-employed	12%	25-29	20%
Prefer not to say	3%	In Maternity Leave	1%	30-39	16%
Single	52%	Employed	46%	40 and over	1%

Region	In %
Africa	2%
Asia	4%
Asian	1%
EU -country	56%
Indian subcontinent	23%
Middle East/Turkey/North Africa	6%
Non-EU European	2%
United Kingdom	1%
USA/Canada	5%

Source: Own contribution

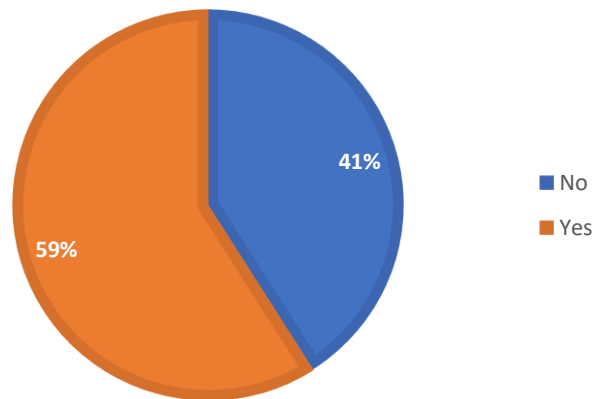


Figure 12: Spotify/non-Spotify users

Source: Own contribution

This pie chart in figure 12 shows how many respondents use Spotify and how many does not in percentage. Spotify users are comparatively higher than non-Spotify users. The analysis of non-Spotify user is given in below figure 13.

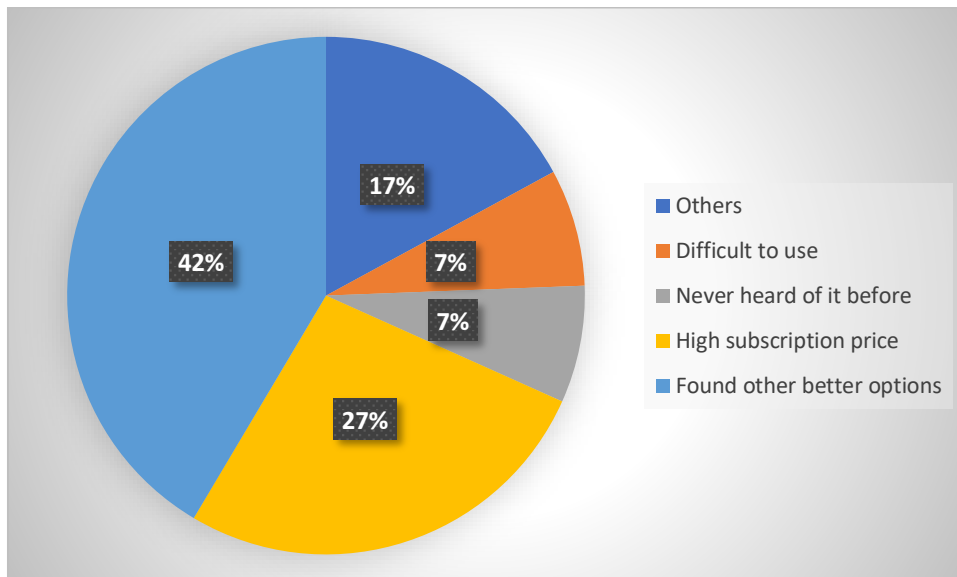


Figure 13: Reason behind why non-Spotify users do not use Spotify

Source: own contribution

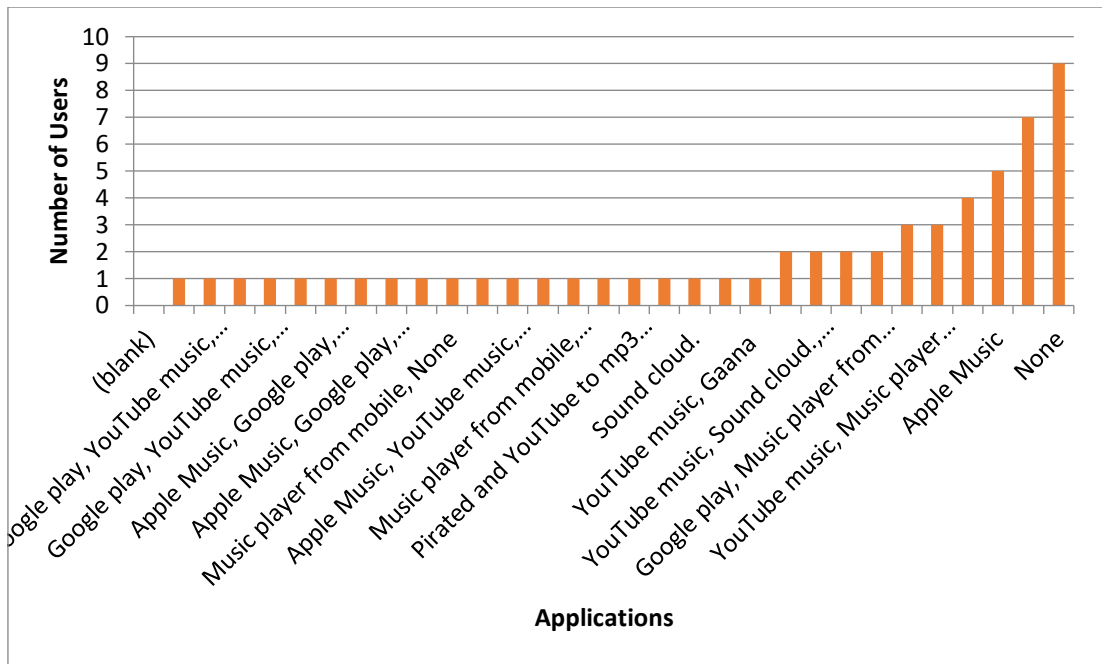


Figure 14: Applications used before Spotify.

Source: Own contribution

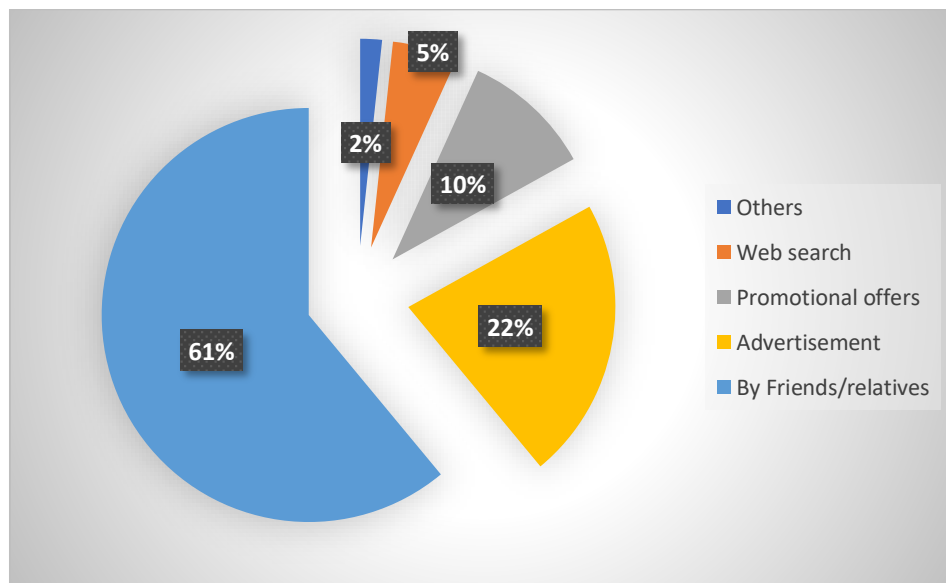


Figure 15: How Spotify users came to know about Spotify for the first time:

Source: Own contribution

From the above figure 15 we can see that Spotify has a really strong word of mouth because 61% of current Spotify users came to know about Spotify from positive word of mouth by their friends and relatives. To increase and attract more users Spotify should change their way of promotions as it has only 10% of users from that source.

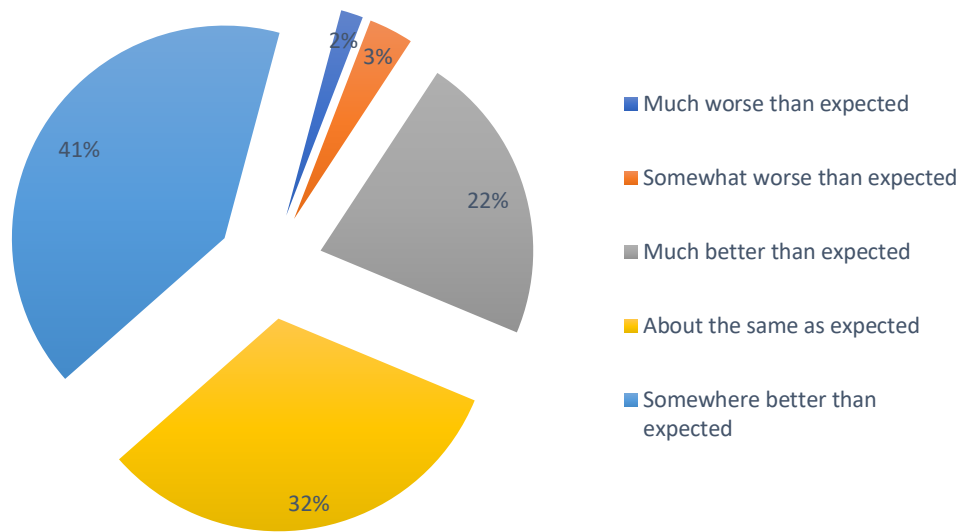


Figure 16: Customer expectation over Spotify

Source: Own contribution

Figure:16 implies that customer expectation is better than expected with the highest percentage of 41% which means that customer expectations are met but only 22% of the users feel it's much better than expected. The remaining 32% have the same idea on expectations before and after using Spotify. It's important to focus on those 5% of users who feels Spotify is worse than what they expected.



Figure 17: Customer Satisfaction over Spotify

Source: Own contribution

The chart shows us the percentage of users that are highly satisfied, satisfied, and neutral. Spotify has a really good rate of satisfaction. Amongst 59 users not even a single user is unsatisfied about Spotify.

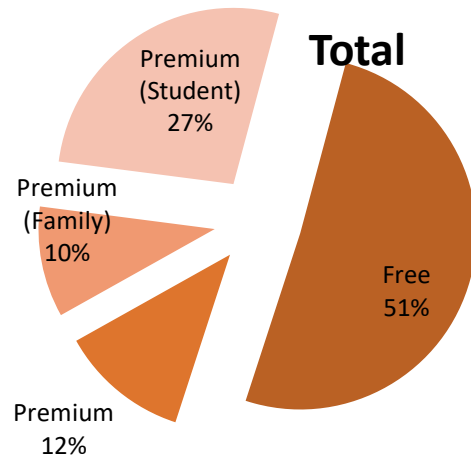


Figure 18: Type of version listeners use

Source: Own contribution

From the pie-chart we can see that 50% of the total users of Spotify is using it for free. While large number of paid users are students. Spotify should increase the non-Spotify users by giving a price that they provide to students.

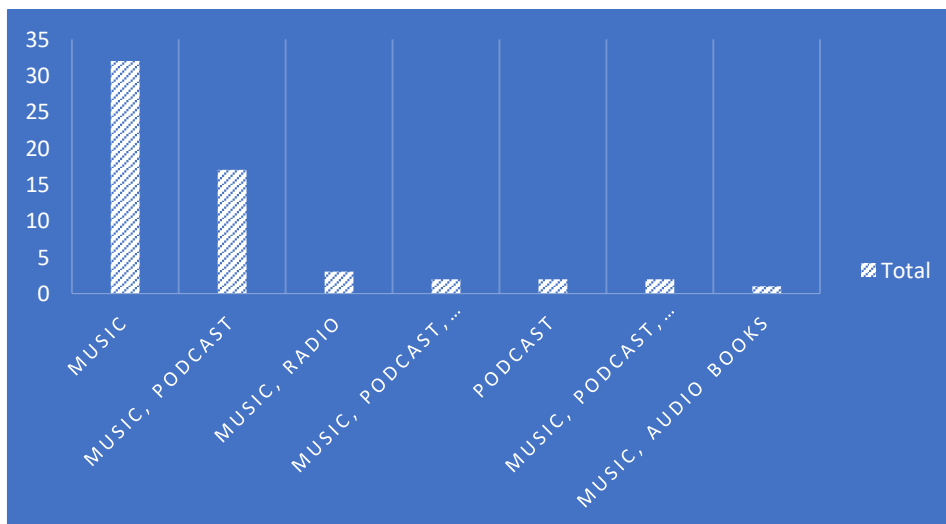


Figure 19: Preference of service used by Spotify users

Source: Own contribution

To increase involvement of users in Spotify it is necessary for Spotify to focus on other service it provides other than just music.

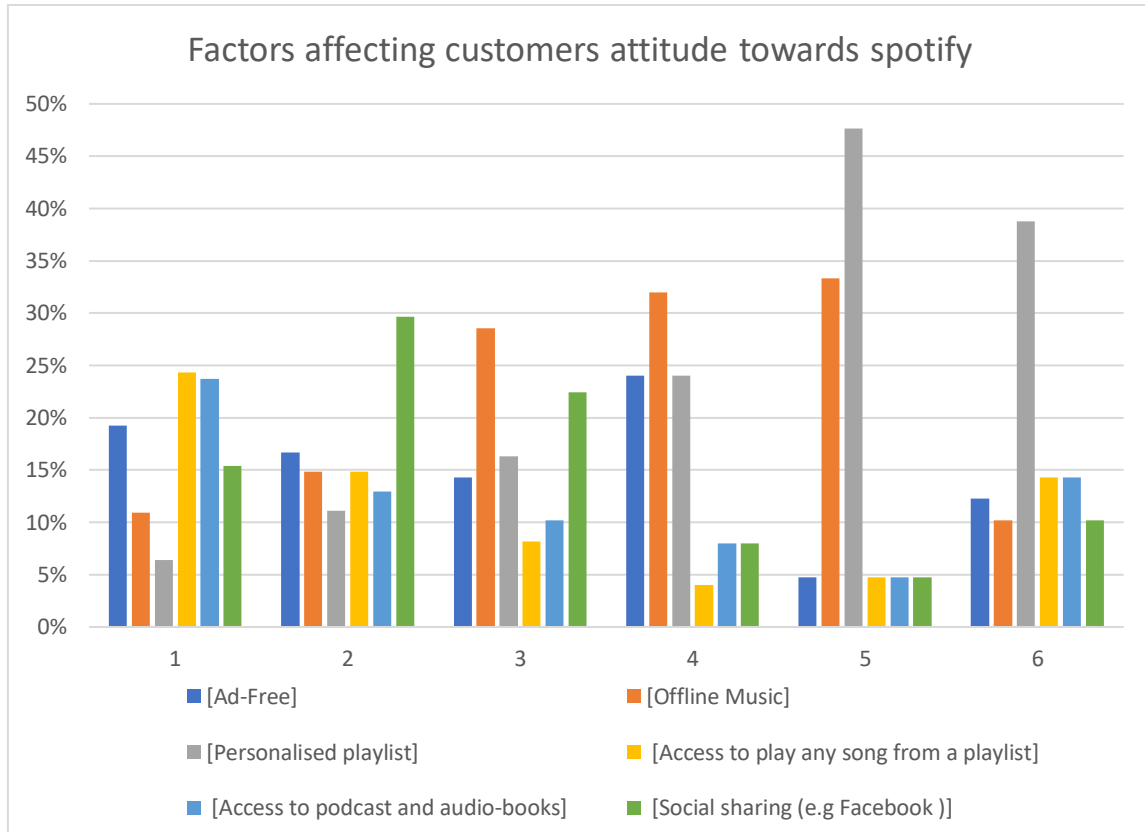


Figure 20: Customer attitude towards Spotify.

Source: Own contribution

The above graphs (fig 20) show the rating of what customer values more and what customers thinks important for using the premium account. These are the features for Spotify premium users that non-premium users do not have.

Highest Customer rating 1 is for the feature that any song can be played anytime which is followed by access to podcast and audio books and then comes ad-free music.

The variable in the rating one shows the order in which different customer take Spotify into consideration. it goes in an order from access to any song from playlist then Access to audio books ,then ad-free music ,then Social sharing features followed by offline music and personalized playlist.

Lowest customer rating that is rating 6 is highly given on personalized playlist customer does not value this feature of personalized playlist. Spotify.

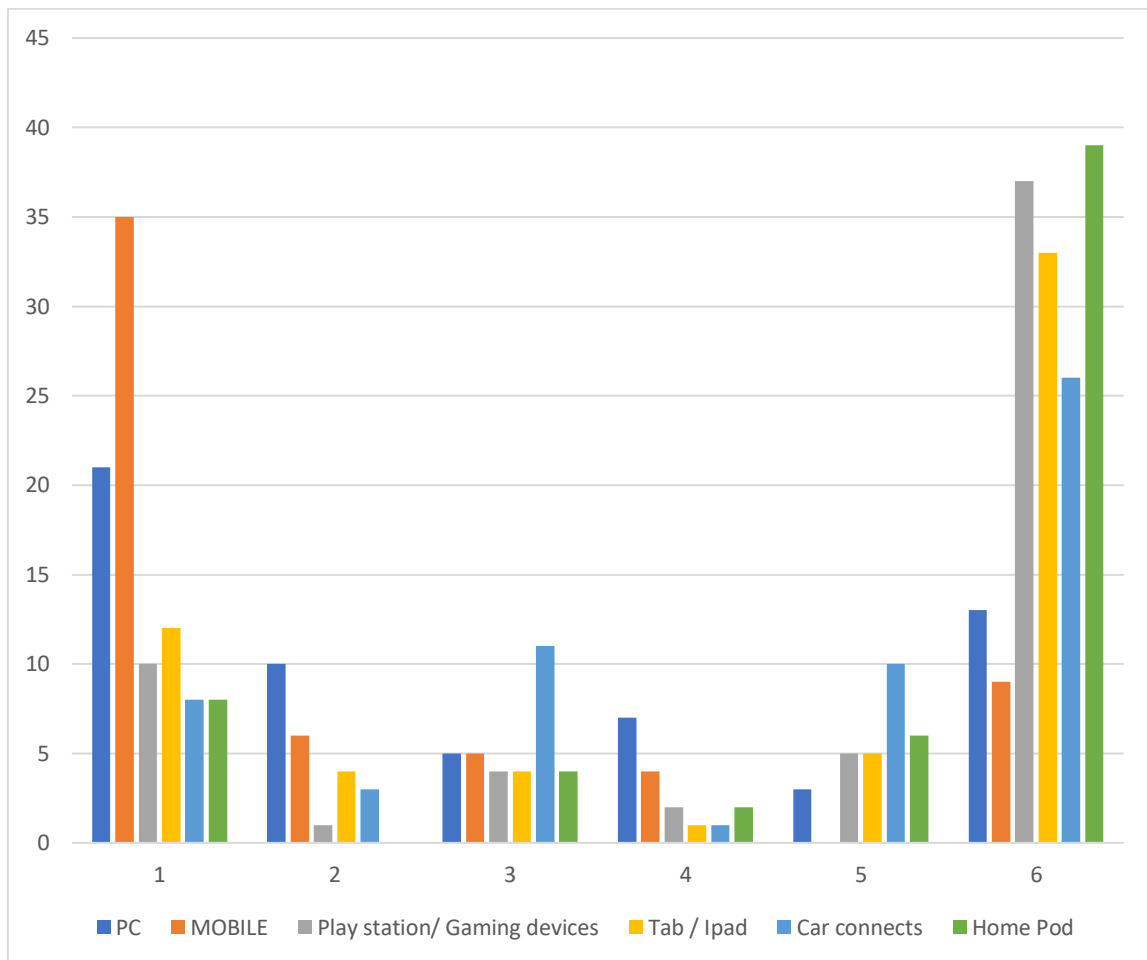


Figure 21: Device used for Spotify:

Source: Own contribution

The above graph (fig 21) reflects the customer behavior on using a different kind of devices to listen to Spotify. The figure in rating 1 implies the more that the customer would listen to the music on a device and the figure on rating 6 implies the lesser the customer would use a device.

At rating one customers use mobile phones a lot to listen to the service provided by Spotify at the most. That is followed by personal computers (PC) and tablets, while car connect and home pod has the same number of users who gives more priority.

5.2 Inferential Analysis

Inferential analysis is concerned with statistics making predictions or inferences about a population from observations and analysis of a sample. SPSS tool is used to analyze the data for accuracy. The data that are analyzed below are only those of Spotify users. From the total sample size of 100 the analysis only focuses on 59 Spotify users and only their response is considered for the analysis.

5.2.1 Linear and Multiple Regression analysis

- It is used to determine the strength of the relationship between one dependent variable with a series of changing variables known as independent variables.
- Linear regression uses one independent variable to explain or predict the outcome of dependent variable

Linear Regression between Quality and Expectation

H0: There is no significant relationship between Quality and Expectation

H1: There is a significant relationship between Quality and Expectation.

Table 4 : Model summary of Quality and Expectation.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.149 ^a	.022	.005	1.019	.022	1.301	1	57	.259

Source: Own contribution

a. Predictors: (Constant), Expectations

Table 5: Anova table of Quality and Expectation.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.352	1	1.352	1.301	.259 ^b
Residual	59.224	57	1.039		
Total	60.576	58			

Source: Own contribution

a. Dependent Variable: Quality

b. Predictors: (Constant), Expectations

Table 6: Coefficient Table of Quality and Expectation.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.705	.359		4.753	.000
	Expectations	.171	.150	.149	1.141	.259

Source: Own contribution

a. Dependent Variable: Quality

INTERPRETATION:

Significance value is 0.259 which is greater than 0.005, Thus H1 (alternative hypothesis is rejected).

H⁰ Null Hypothesis is accepted. There is no significant relationship between Expectation and Quality.

Multiple Regression

2. Uniqueness- Customer Satisfaction/loyalty:

Table 7: Model summary of Uniqueness-Customer Satisfaction, Quality and Loyalty.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.656 ^a	.430	.399	.646	.430	13.844	3	55	.000

Source: Own contribution

a. Predictors: (Constant), Customer Satisfaction, Quality, Loyalty

Table 8: Anova table of Uniqueness-Customer Satisfaction, Quality and Loyalty.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.341	3	5.780	13.844	.000 ^b
	Residual	22.964	55	.418		
	Total	40.305	58			

Source: Own contribution

a. Dependent Variable: Uniqueness

b. Predictors: (Constant), Customer Satisfaction, Quality, Loyalty

Table 9: Coefficient Table of Uniqueness - Customer Satisfaction, Quality and Loyalty.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.541	.275		1.969	.054
1 Quality	.187	.091	.229	2.047	.045
Loyalty	.108	.147	.091	.735	.465
Customer Satisfaction	.568	.157	.470	3.626	.001

Source: Own contribution

a. Dependent Variable: Uniqueness

INTERPRETATION:

The equation for uniqueness is as follows= $\text{uniqueness} = 0.541 + 0.187(\text{quality}) + 0.108(\text{Loyalty}) + 0.568(\text{Customer Satisfaction})$

Multiple Regression:

3. Customer Satisfaction- Loyalty/influence/quality/Best UI:

Table 10: Model summary of Overall Satisfaction, Loyalty/influence/quality/Best UI

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.728 ^a	.530	.495	.491	.530	15.196	4	54	.000

Source: Own contribution

a. Predictors: (Constant), Best UI, Influence, Quality, Loyalty

Table 11: Anova table of Overall Satisfaction, Loyalty, Influence, Quality, Best UI.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	14.630	4	3.658	15.196	.000 ^b
Residual	12.997	54	.241		
Total	27.627	58			

Source: Own contribution

a. Dependent Variable: Overall satisfaction

b. Predictors: (Constant), Best UI, Influence, Quality, Loyalty

Table 12: Coefficient Table of Overall Satisfaction, Loyalty, Influence, Quality, Best UI.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.104	.240		.431	.668
Loyalty	.355	.100	.361	3.535	.001
Influence	.174	.061	.284	2.864	.006
Quality	.165	.069	.244	2.407	.020
Best UI	.162	.072	.229	2.254	.028

Source: Own contribution

a. Dependent Variable: Customer Satisfaction

INTERPRETATION:

- The equation for Customer Satisfaction is as follows: Customer Satisfaction = 0.104 + 0.355(loyalty) + 0.174(influence) + 0.165(Quality) + 0.162(Best UI)

Multiple Regression:

4. Social media support-Special Features/Best UI:

Table 13: Model summary of Social media support-special Features/Best UI

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.516 ^a	.266	.240	1.352	.266	10.169	2	56	.000

Source: Own contribution

a. Predictors: (Constant), Best UI, Special Features

Table 14: Anova table of Social media support-special Features/Best UI

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.171	2	18.586	10.169	.000 ^b
	Residual	102.354	56	1.828		
	Total	139.525	58			

Source: Own contribution

a. Dependent Variable: Social Media Support

b. Predictors: (Constant), Best UI, Special Features

Table 15: Coefficient Table of Social media support, special Feature, Best UI

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.149	.859		3.668	.001
	Special Features	.780	.207	.441	3.769	.000

Best UI	-.302	.186	-.190	-1.624	.110
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Source: Own contribution

a. Dependent Variable: Social Media Support

Interpretation:

The equation of Social media support is as follows: Social media support=3.149+0.780(Special Features)-0.302(Best UI)

Multiple Regression:

5. Loyalty-quality/Best UI/Marketing

Table 16: Model summary of Loyalty, Quality, Best UI, Marketing, version.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.623 ^a	.388	.343	.570	.388	8.561	4	54	.000

Source: Own contribution

a. Predictors: (Constant), Marketing, Best UI, Version, Quality

Table 17: Anova table of Loyalty, Quality, Best UI, Marketing, Version.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.129	4	2.782	8.561	.000 ^b
	Residual	17.549	54	.325		
	Total	28.678	58			

Source: Own contribution

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Marketing, Best UI, Version, Quality

Table 18: Showing the coefficient Table of Loyalty, Marketing, Best UI, Version, Quality.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.529	.377		4.058	.000
1 Best UI	.126	.080	.175	1.575	.121
Quality	.130	.077	.189	1.696	.096
Version	.147	.069	.236	2.138	.037
Marketing	-.222	.060	-.409	-3.686	.001

Source: Own contribution

a. Dependent Variable: Loyalty

INTERPRETATION:

- The equation for loyalty is as follows: $Loyalty = 1.529 + 0.126(\text{Best UI}) + 0.130(\text{Quality}) + 0.147(\text{Version}) - 0.222(\text{Marketing})$

Multiple Regression:

6. Value-Best UI/quality

Table 19: Model summary of Value, Quality, Best UI

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.495 ^a	.245	.218	.867	.245	9.083	2	56	.000

Source: Own contribution

a. Predictors: (Constant), Quality, Best UI

Table 20: Showing the Anova table of Value, Quality, Best UI.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	13.667	2	6.834	9.083	.000 ^b
Residual	42.129	56	.752		
Total	55.797	58			

Source: Own contribution

a. Dependent Variable: Value

b. Predictors: (Constant), Quality, Best UI

Table 21: Coefficient Table of Value, Best UI, Quality.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.570	.290		5.407	.000
Best UI	.407	.122	.405	3.341	.001
Quality	.183	.116	.190	1.569	.122

Source: Own contribution

a. Dependent Variable: Value

INTERPRETATION

The equation for value is as follows: $Value = 1.570 + 0.407(\text{Best UI}) + 0.183(\text{Quality})$

7. Customer Satisfaction is predicted by Customer satisfaction, Social media, support, Influence.

Table 22: Model summary of Social media, support, Influence. Loyalty, Overall Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.637 a	.405	.373	.547	.405	12.498	3	55	.000

Source: Own contribution

a. Predictors: (Constant), Influence, Social Media Support, Loyalty

Table 23: Anova table of Social media, support, Influence. Loyalty, Overall Satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.199	3	3.733	12.498	.000 ^b
	Residual	16.428	55	.299		
	Total	27.627	58			

Source: Own contribution

a. Dependent Variable: Overall satisfaction

b. Predictors: (Constant), Influence, Social Media Support, Loyalty

Table 24: Coefficient Table of Overall satisfaction, Influence, Social media support, Loyalty.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

	(Constant)	.593	.337		1.758	.084
	Loyalty	.483	.106	.492	4.566	.000
1	Social Media Support Influence	-.024	.046	-.055	-.527	.600
		.184	.066	.300	2.794	.007

Source: Own contribution

a. Dependent Variable: Overall satisfaction

INTERPRETATION:

➤ The equation for Customer Satisfaction is as follows: Customer Satisfaction = 0.593 + 0.483(loyalty) - 0.24(Social media support) + 0.184 (Influence)

Linear Regression

8. Best UI predicts the value

H0: There is no significant relationship between Best UI and Value

H1: There is a significant relationship between Best UI and Value

Table 25: Model summary of Value and Best UI

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.460 ^a	.212	.198	.878	.212	15.312	1	57	.000

Source: Own contribution

a. Predictors: (Constant), Best UI

Table 26: Anova table of Value and Best UI

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	11.815	1	11.815	15.312	.000 ^b
	Residual	43.982	57	.772		
	Total	55.797	58			

Source: Own contribution

- a. Dependent Variable: Value
- b. Predictors: (Constant), Best UI

Table 27: Coefficient table of Value and Best UI

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.859	.227		8.181	.000
	Best UI	.463	.118	.460	3.913	.000

Source: Own contribution

- a. Dependent Variable: Value

INTERPRETATION:

- Significance value is 0.00 which is lesser than 0.005, Thus H₀ (Null Hypothesis is rejected)
- H¹ Alternative Hypothesis is accepted. There is a significant relationship between Value and Best UI.

Correlation:

Correlations help in creating a matrix that shows how strong the relationship is between two variables. Bi-variant Pearson correlation is used to measure correlation among pairs of variables. Correlation co-relates with itself and between sets of linear variables. It is used to test the statistical significance between two continuous variables. Linear relationship is one where increase or decrease in one variable n times will cause a corresponding increase or decrease of n times in other variables too. E.g.- If you double one variable, the other will double as well. Continuous variables are whose value is obtained by measurements.

Correlation between variable - Customer Satisfaction, Uniqueness, Loyalty, Quality, Influence, Best UI, Version, Marketing, Special Features, Social media, Value, Playlist rating, User preference, Employment Status.

TWO-TAILED TEST:

H0: $p=0$ (“The population correlation coefficient is 0; there is no association”)

H1: $p\neq 0$ (“The population correlation coefficient is not zero, a non-zero correlation could exist”)

Correlations													
		Uniqueness	Overall satisfaction	Loyalty	Quality	Influence	Easy access	Features	Version	Corporate image	Social Media Support	Value	Employment status
Uniqueness	Pearson Correlation	1	.615**	.423**	.448**	0.203	.263*	0.171	0.165	-0.256	0.073	0.142	0.114
	Sig. (2-tailed)		0	0.001	0	0.124	0.044	0.196	0.212	0.051	0.585	0.284	0.39
	N	59	59	59	59	59	59	59	59	59	59	59	59
Overall Satisfaction	Pearson Correlation	.615**	1	.564**	.410**	.424**	.460**	0.093	.310*	-.291*	-0.013	0.246	0.142
	Sig. (2-tailed)		0	0	0.001	0.001	0	0.483	0.017	0.025	0.923	0.061	0.283
	N	59	59	59	59	59	59	59	59	59	59	59	59
loyalty	Pearson Correlation	.423**	.564**	1	.292*	0.252	.258*	0.158	.347**	-.503**	0.079	0.194	.258*
	Sig. (2-tailed)		0		0.025	0.054	0.049	0.233	0.007	0	0.553	0.14	0.048
	N	59	59	59	59	59	59	59	59	59	59	59	59
Quality	Pearson Correlation	.448**	.410**	.292*	1	-0.022	.289*	0.166	0.03	-0.111	0.144	.307*	0.03
	Sig. (2-tailed)		0.001	0.025		0.866	0.027	0.21	0.822	0.404	0.277	0.018	0.819
	N	59	59	59	59	59	59	59	59	59	59	59	59
Influence	Pearson Correlation	0.203	.424**	0.252	-0.022	1	0.235	0.067	.380**	-0.206	0.011	.262*	-0.024
	Sig. (2-tailed)		0.001	0.054	0.866		0.073	0.613	0.003	0.118	0.933	0.045	0.854
	N	59	59	59	59	59	59	59	59	59	59	59	59
Easy access	Pearson Correlation	.263*	.460**	.258*	.289*	0.235	1	-0.211	0	-0.068	-.283*	.460**	-0.044
	Sig. (2-tailed)		0	0.049	0.027	0.073		0.108	1	0.61	0.03	0	0.743
	N	59	59	59	59	59	59	59	59	59	59	59	59
Features	Pearson Correlation	0.171	0.093	0.158	0.166	0.067	-0.211	1	0.191	-0.043	.482**	0.029	0.072
	Sig. (2-tailed)		0.483	0.233	0.21	0.613	0.108		0.147	0.746	0	0.828	0.59
	N	59	59	59	59	59	59	59	59	59	59	59	59
Version	Pearson Correlation	0.165	.310*	.347**	0.03	.380**	0	0.191	1	-.259*	-0.01	0.171	0.015
	Sig. (2-tailed)		0.017	0.007	0.822	0.003	1	0.147		0.047	0.941	0.195	0.913
	N	59	59	59	59	59	59	59	59	59	59	59	59
Corporate image	Pearson Correlation	-0.256	-.291*	-.503**	-0.111	-0.206	-0.068	-0.043	-.259*	1	-0.198	-0.01	-0.08
	Sig. (2-tailed)		0.025	0	0.404	0.118	0.61	0.746	0.047		0.132	0.938	0.547
	N	59	59	59	59	59	59	59	59	59	59	59	59
Social Media Support	Pearson Correlation	0.073	-0.013	0.079	0.144	0.011	-.283*	.482**	-0.01	-0.198	1	-0.013	-0.028
	Sig. (2-tailed)		0.585	0.923	0.553	0.277	0.933	0.03	0.941	0.132		0.921	0.835
	N	59	59	59	59	59	59	59	59	59	59	59	59
Value	Pearson Correlation	0.142	0.246	0.194	.307*	.262*	.460**	0.029	0.171	-0.01	-0.013	1	0.014
	Sig. (2-tailed)		0.061	0.14	0.018	0.045	0	0.828	0.195	0.938	0.921		0.915
	N	59	59	59	59	59	59	59	59	59	59	59	59
Employment status	Pearson Correlation	0.114	0.142	.258*	0.03	-0.024	-0.044	0.072	0.015	-0.08	-0.028	0.014	1
	Sig. (2-tailed)		0.39	0.283	0.048	0.819	0.854	0.743	0.59	0.913	0.547	0.835	0.915
	N	59	59	59	59	59	59	59	59	59	59	59	59

Figure 22: Correlation table of variable.

Source: Own Contribution

INTERPRETATION:

From the above table, the bivariate Pearson correlation denotes the measures of correlations between pairs of variables and the positively correlated variables are: There is a positive relationship between:

- Customer Satisfaction and uniqueness.

- Value and Best UI
- Quality and uniqueness
- Customer Satisfaction with Quality
- Best UI with Customer Satisfaction
- Uniqueness with loyalty
- Best UI with uniqueness
- Customer Satisfaction with uniqueness
- version and Customer Satisfaction
- Loyalty and Quality is positively
- Loyalty with Best UI.
- Version with loyalty
- Quality with Best UI
- Quality with value
- Influence with version
- Influence with value
- version negative with Marketing

There is a **negative** relationship between:

- Marketing is negatively related to Best UI(Customer)
- Marketing is negatively correlated with Customer Satisfaction.

6 RECOMMENDATION TO INCREASE SPOTIFY CUSTOMER SATISFACTION

The recommendations are based on company analysis and the finding of the research conducted on customer satisfaction. Key findings are summarised as follows:

6.1 Findings

- It is inferred that 59% of people are Spotify users, and the research is carried out on them. (Fig 12)
- It is inferred that 42% of non-Spotify users found other better options and 27% think Spotify has a higher subscription price. (Fig 13)
- It is inferred that a maximum number of users have not used any music application before using Spotify. (fig 14)
- It is inferred that 61% of Spotify users came from positive word of mouth. (Fig 15)
- It is inferred that the customer's expectation is somewhere better than Expected with the highest percentage of 41% (Fig 16)
- It is inferred that among 59 users nearly 15% of users are highly satisfied and nearly 50% of users are satisfied with the status of Spotify (Fig 17)
- It is inferred that 51% of people use Spotify for free and the highest-paid are students 27% (Fig 18)
- It is inferred most people use Spotify for music than other services. (Fig 19)
- It is inferred that Spotify gives higher priority to play any song from the given playlist with 25 %, followed by podcast and audiobooks 24%. (Fig 20).
- It is inferred that 35% of Spotify listeners use mobile devices as a priority. 21 % of users prefer PC as priority .12% of users prefer tab and iPad as first priority .10 % gaming and the remaining 10 % of users prefer home-pod and car connect. (Fig 21)
- Expectations explain less than 1% of the variance on Quality. Where there is no significant relationship between Expectation and Quality.
- The Regression equation determines the relationship between the predictor variable and the outcome variables $Uniqueness = 0.1154 + 0.1879(\text{quality}) + 0.108(\text{loyalty}) + 0.568$ (Customer Satisfaction)

- The Regression equation determines the relationship between the predictor variable and the outcome variables.

$$\text{Satisfaction} = 0.104 + 0.355(\text{Loyalty}) + 0.174(\text{Influence}) + 0.165(\text{Quality}) + 0.162(\text{Best UI})$$

- The Regression equation determines the relationship between the predictor variable and the outcome variables. $\text{Social media support} = 3.149 + 0.780(\text{Special Features}) - 0.302(\text{Best UI})$

- The Regression equation determines the relationship between the predictor variable and the outcome variables

$$\text{Loyalty} = 1.529 + 0.126(\text{Best UI}) + 0.130(\text{Quality}) + 0.147(\text{Version}) + 0.222(\text{marketing})$$

- The regression equation determines the relationship between the predictor variable and the outcome variables

$$\text{Value} = 1.570 + 0.407(\text{Best UI}) + 0.183(\text{Quality})$$

- The Regression equation determines the relationship between the predictor variable and the outcome variables

$$0.593 + 0.483(\text{Loyalty}) - 0.24(\text{Social media Support}) + 0.184(\text{Influence})$$

- Best UI explains 1.98% of the variance on value with 90% confidence Interval.

There is a positive relationship between Value and Best UI

$$\text{Value} = 1.859 + 0.463(\text{Best UI})$$

- The Bivariate Correlation of Uniqueness has a Positive association with Overall Satisfaction, Loyalty, Quality and Easy Access (H1 Alternative hypothesis Accepted)

- The Bivariate correlation of uniqueness has no association with Influence Features, Version, Marketing, Social media support, Value, and Employee Status. (H0 Null hypothesis Accepted)

- The Bivariate Correlation of Overall Satisfaction has a Positive association with Loyalty, Quality, Influence, Easy Access, Version, Marketing (H1 Alternative hypothesis Accepted)

- The Bivariate correlation of overall satisfaction has a negative association with Marketing (H1 Alternative hypothesis Accepted)

- The Bivariate correlation of overall satisfaction has no association with Features, Social media support, Value, Employment status

- The Bivariate correlation of Quality has a Positive association with Easy Access, Value (H1 Alternative hypothesis Accepted)

- The Bivariate correlation of Quality has no association with Influence, Features, Version, Marketing, social media support, employment status. (H0 Null hypothesis Accepted)
- The Bivariate correlation of Influence has a positive association with Version, Value (H1 Alternative hypothesis Accepted)
- The Bivariate Correlation of influence has no association with Easy access, Features, Marketing, Social media support, Employment (H0 Null hypothesis Accepted)
- The Bivariate Correlation of Easy access has a positive association with value (H1 Alternative hypothesis Accepted)
- The Bivariate correlation of Easy access has a negative association with Social media support. (H1 Alternative hypothesis Accepted)
- The Bivariate correlation of Easy access has no association with Features, version, Marketing, Employment Status. (H0 Null hypothesis Accepted)
- The Bivariate correlation of features has a positive association with social media support. (H1 Alternative hypothesis Accepted)
- The Bivariate correlation of features has no association with Version, Value, Marketing, employment status. (H0 Null hypothesis Accepted)
- The Bivariate Correlation of version has a negative association with corporate image. (H1 Alternative hypothesis Accepted)
- The Bivariate correlation of version has no association with Value, Social media support, Employment status. (H0 Null Hypothesis Accepted)
- The Bivariate Correlation of Marketing has no association with value, social media support, employment status. (H0 Null hypothesis Accepted)
- The Bivariate correlation of Social media support has no association with value and employment status. (H0 Null Hypothesis Accepted)
- The Bivariate correlation of value has no association with Employment Status. (H0 Null Hypothesis Accepted)

6.2 Recommendations from analysis

Based on the findings mentioned above the following recommendation for customer satisfaction increase can be suggested:

- From the responses found, out of 100 only 59 respondents use Spotify, despite it being more than half, the firms should find ways to reach more customers through digital marketing and Influential marketing as 61% of respondents say they came to know Spotify from their friends and relatives .
- Either the subscription price should be reduced under a limited period offer or it should come up with extra benefits like free amazon prime membership or with some coupon code using (B2B) facility to attract free users and for users who find other better options.
- Constant innovative Advertisements are needed to attract new online music listeners. Reach customers with personalized messages to retain positive word of mouth. Spotify has only 15% users that are highly satisfied. It is advised that Spotify should focus on remaining users with factors that have direct effect on it.
- More attention should be given for other services too (Podcast, Audiobooks, radio) Users are satisfied with the Quality provided but still do not meet their expectation level because customers usually expect more than what they pay for. Therefore it is advised to stay competitive and lead the market to retain the customers.
- Surprisingly, Spotify has no dis-satisfaction at all forms of the response received. To retain this level, it is advised to develop more customer service communities in digital media platforms. Often get Feedbacks to measure satisfaction level and Provide additional benefits such as Promoting special offers, discounts of membership price in return. This way the benefit reaches both the company and the users. Coming up with new features and trends helps to retain customer satisfaction and pays way for growth in the competitive market. Provide them a good customer experience when they reach for customer support to enhance customer satisfaction.
- Conducting more spotlight events attracts more new customers. Customizing messages for every special event makes the customer feel good and draws them towards customer loyalty. To improve social media support, brand monetization is needed, conduct Q&A sections and more digital media contests for keeping the users interactive.

6.3 Suggestions from customers

One Open question was asked to customers “What should be improved in Spotify you’re your point of view” Response received says Majority (Nearly 20%) of Spotify users prefers frequent updates that help fixing bugs and issues. About 19% users are looking for more

features such as improved offline experience, single song downloads rather than entire playlist download to be added. Free users nearly 12% prefer informative ads in the case where advertisements are impossible to be avoided. 8% of people seek a lower price for subscriptions. 5% of people ask for an improved playlist. Minority people ask for offline music.

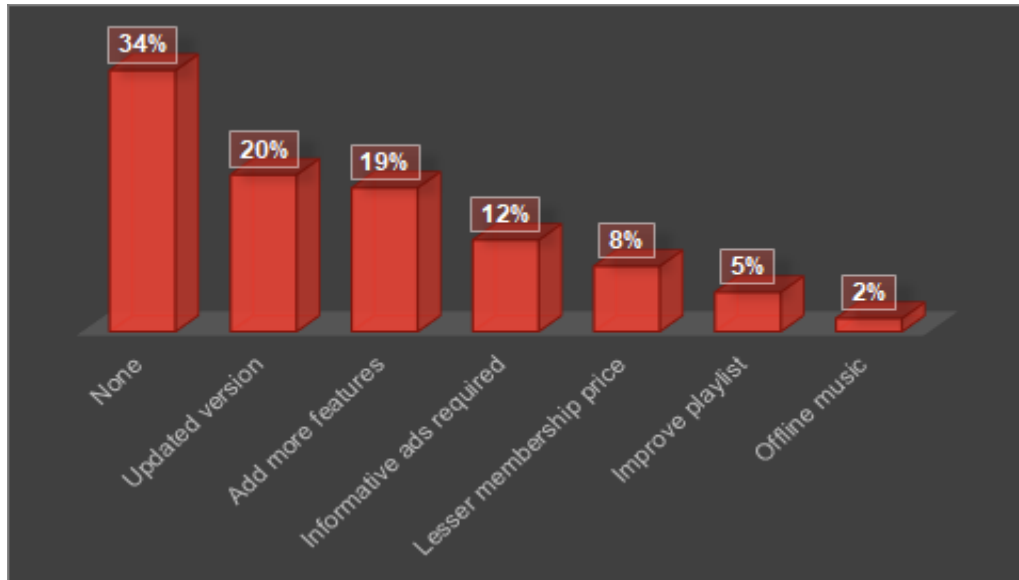


Figure 23: suggestion from customers.

Source: own contribution

6.4 Conclusion and future scope of Study

The research reviews and understand the methodology for measuring customer satisfaction. The managers in the position measure the customer's satisfaction efficiency to increase the firm's value and expand the business. It is found from the research that creating value to the customer more than the customer wants is one of the main factors for customer satisfaction. Service quality, expectation, perceived value is three of the main factors that affect customer satisfaction. Spotify provides nothing but a standard music service, but the way they provide it makes them unique, resulting in higher customer value for its users. The result of positive customer satisfaction is customer loyalty, and the result of negative customer satisfaction is negative word of mouth and customer complaints. The vital measurements not only create customer satisfaction but also creates a better economy. Customer satisfaction has a broader reflection on everyone's life. It is a cycle that affects everyone. For one industry to be efficient and satisfying, it is also essential for other industries to be satisfactory. Globalization has changed the way business and operations work. Any company that fails to satisfy its customer cannot exist in the market for a long time. From the study, Quality is

one of the critical factors that implies a positive outcome on customer satisfaction, creating a company to provide quality and efficient service. Future studies are very efficient in understanding the changing trends in the market. Customer satisfaction changes over the change in technology advancement and changing preference of customers from time to time. This study needs to be extended by adding more analysis for the second phase. The study is limited to certain aspects; if Spotify supports those aspects for more accuracy of data, the study in the future can be more precise.

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APPENDIX A: Questionnaire

Thank you for taking part in this Survey. I am a final year student at technical university of Liberec. Studying business management with economics. I am conducting research about the Spotify application. I would like to hear from you about your experience and views towards Spotify and its services. what makes Spotify the best music application and what can be improved to satisfy your music listening experience. The survey should take only 5 minutes, and your responses are completely anonymous. all the information is for academic use only. We really appreciate your input! In case of any concerns or queries feel free to contact me: sai.sivasankaran.palani@tul.cz

General Questions

1. What mobile device do you use?
 - a) Apple iPhone
 - b) One plus
 - c) Huawei
 - d) Honor
 - e) Xiaomi Redmi
 - f) Nokia
 - g) LG
 - h) Motorola
 - i) Others
2. Do you use Spotify?
 - 2.1. If yes (continue with questionnaire)
 - 2.2. If no (new set of questionnaire opens)
3. Have you used Spotify before?
 - Yes
 - No
 - 3.1) If your above answer was yes please mention why did you stop using Spotify?
Short answer:
4. What other applications do you use for listening to music?
 - a) Apple Music
 - b) Google play
 - c) Amazon Music

- d) YouTube music
 - e) Sound cloud.
 - f) Music player from mobile
 - g) Other (please specify).
5. Why not Spotify?
- a) High subscription price
 - b) Difficult to use
 - c) Found other better options
 - d) Never heard of it before
 - e) others

Spotify Customer Experience

- 1) Which of the following online music services did you use before Spotify?
- a) Apple Music
 - b) Google play
 - c) Amazon Music
 - d) YouTube music
 - e) Sound cloud.
 - f) Music player from mobile
 - g) Other (please specify).
- i) Did you have any subscription with the application you have chosen from the above options?
- (a) Yes
 - (b) No
- 2) How did you know about Spotify for the first time?
- a) By Friends/relatives
 - b) Promotional offers
 - c) Advertisement
 - d) Web search
 - e) By influencers/celebrities
 - f) others
- 3) How did Spotify meet your expectation before using it for the first time?
- a) Much better than expected
 - b) Somewhere better than expected
 - c) About the same as expected

- d) Somewhat worse than expected
 - e) Much worse than expected
- 4) What version of Spotify you are using currently?
- a) Free
 - b) Premium
 - c) Premium (Student)
 - d) Premium (Family)
- 5) If your above answer is free, then how satisfying do you think Spotify advertising is?
- a) Scale 1 to 5
- 6) How long have you been using Spotify?
- a) More than a year.
 - b) More than a month.
 - c) More than a week.
- 7) Rearrange the options in order in which device do you use Spotify more often?
- a) Mobile
 - b) PC
 - c) Tab
 - d) PlayStation/gaming devices
 - e) Car connects
 - f) Home pod
- 8) How Easy is it to access Spotify? Rate from 1 to 10 being 1 is very satisfying and 10 is very dissatisfied.
- a) Rate from 1 to 5
- 9) When do you prefer to Spotify? Please re-arrange
- a) Driving
 - b) Traveling in public transport
 - c) Leisure time
 - d) Reading/Working
 - e) Exercise/workout
 - f) Others (please specify)
- 10) Please re-arrange in order about your listening preference on Spotify.
- a) Music
 - b) Podcast
 - c) Radio

- d) Audio books
 - e) News
- 11) Please re-arrange in order the most satisfying factor of Spotify premium.
- a) Ad-Free
 - b) Offline Music
 - c) Easy to skip multiple Songs
 - d) Song Quality.
 - e) Travel abroad with music
 - f) Access to podcasts and audiobooks
 - g) Social sharing
- 12) Have you ever reached to a customer support due to any issues with the application?
- a) Yes
 - b) No
- 13) If your above answer was yes, how was the support provided by Spotify?
- a) Rate from 1 to 5
- 14) How satisfying is the unique playlist (Daily mix, discover weekly) provided by Spotify?
- a) Rate from 1 to 5
- 15) How are you satisfied with the price for membership?
- a) Rate from 1 to 5
- 16) How are you satisfied with a collection of different genres Spotify provides?
- a) Rate from 1 to 5
- 17) How satisfied are you with the high-quality streaming Spotify provides?
- a) Rate from 1 to 5
- 18) How likely do you listen to your friend's playlist by connecting with Facebook?
- a) More likely
 - b) likely
 - c) Neutral
 - d) Unlikely
 - e) Not at all
- 19) Does Spotify have any influence in your personal life/mood?
- a) Rate from 1 to 5
- 20) Is Spotify a trend setter to music listeners? Does the regular updates Fulfil your taste of listening to Music.?
- a) Rate from 1 to 5

21) How likely are you to suggest Spotify to others?

- a) More likely
- b) likely
- c) Neutral
- d) Unlikely
- e) Not at all

22) Do you follow Spotify on any Social media?

- a) Twitter
- b) Instagram
- c) Facebook
- d) Spotify community
- e) Reddit
- f) None of the above

23) In what ways Spotify could be changed or improved? We would like you to tell us anything you can think of, no matter how minor it seems.?

Short answer.

24) Measure your overall satisfaction level over the application

- i) Rate from 1-5

25) How would you rate Spotify for its uniqueness?

- a) Rate from 1 to 5

Personal data

Email id

1) What profession are you in?

- a) Student
- b) Employed
- c) Doctor
- d) Teacher/professor
- e) Self-employed
- f) Others (please specify)

2) Which category below describes your age?

- a) 16-20

- b) 21-24
 - c) 25-29
 - d) 30-39
 - e) 40 and over
 - f) Prefer not to say
- 3) Please select your gender.
- a) Male
 - b) Female
 - c) Prefer not to say
- 4) What is your marital status?
- a) Single.
 - b) In a relationship.
 - c) Married
 - d) Divorced
 - e) Widow
 - f) Prefer not to say
- 5) Which continent are you from?
- a) Asia
 - b) Europe
 - c) America
 - d) Russia
 - e) Other (Please specify)
- 6) What is your annual income? (please specify in terms of euro)
- a) Below 10,000 euro
 - b) 10,000 - 20,000 euro
 - c) 20,000 - 50,000 euro
 - d) 50,000 and above.
- 7) What is your level of education?
- a) Less than high school diploma.
 - b) High school degree or equivalent
 - c) Bachelor's degree (e.g. BA, BS)
 - d) Master's degree (e.g. MA, MS)
 - e) Doctorate (e.g. PhD, EdD)
 - f) Others (please specify)

