Building a Business Plan for a Music Streaming App

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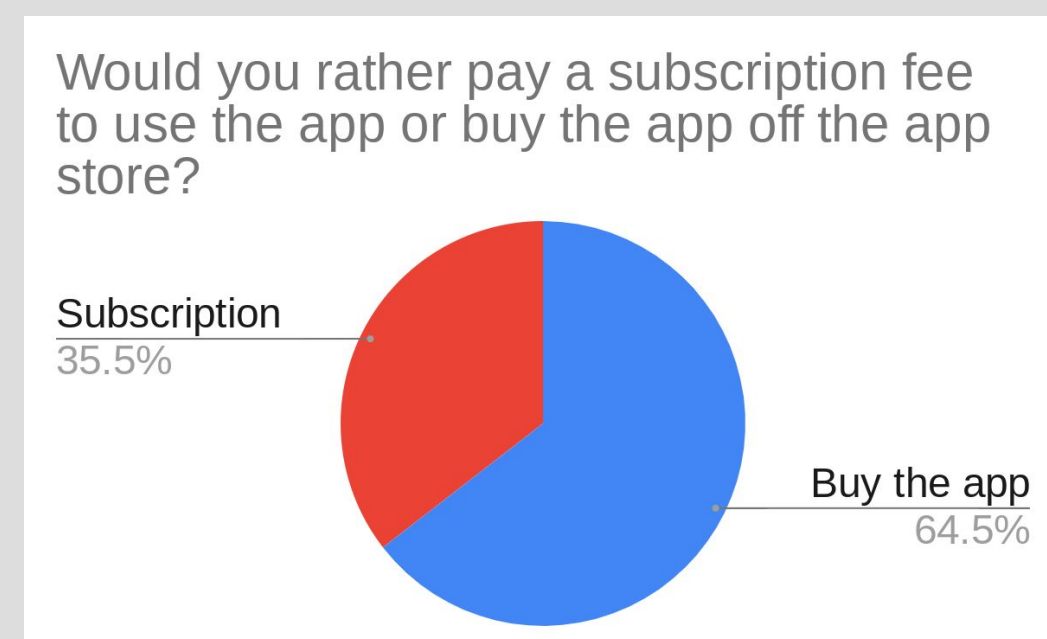Laguna Beach High School

INTRODUCTION

Music Streaming services have rapidly evolved into the main platform that people use for music consumption. These apps offer users immense libraries full of songs with a touch of their finger. The development of music streaming has revolutionized how people listen, discover, and share music.

This music streaming app will include all of the features that people love, but with a heavy emphasis on music discovery and connection with others through personalized recommendations, shared playlists, leaderboards, featured artists, and special listening experiences.

RESEARCH METHODOLOGIES

- Conduct foundational research focusing on market dynamics, legal requirements, and technical specifications necessary for app development.
- Seek insights from industry experts such as a Product Manager from Spotify who worked on Spotify Jam
- Collect qualitative data through a targeted survey aimed at the Gen Z population: the dominant users of music streaming services
- Survey LBHS students to gather feedback and insights into users music listening habits and preferences
- Utilize survey data to gauge market viability and the apps potential success within the music industry.
- Use research findings and survey responses to create the business plan, financial models, wireframes, and path to profitability
- Business plan includes development, marketing, and legal strategies

DATA AND FINDINGS

Would you rather pay a subscription fee to use the app or buy the app off the app store?
Subscription 35.5%
Buy the app 64.5%

This data shows that more users will prefer a single app fee instead of a subscription fee

What Music Streaming Service do you use?
YouTube 3.2%
Apple Music 29.0%
Spotify 64.5%
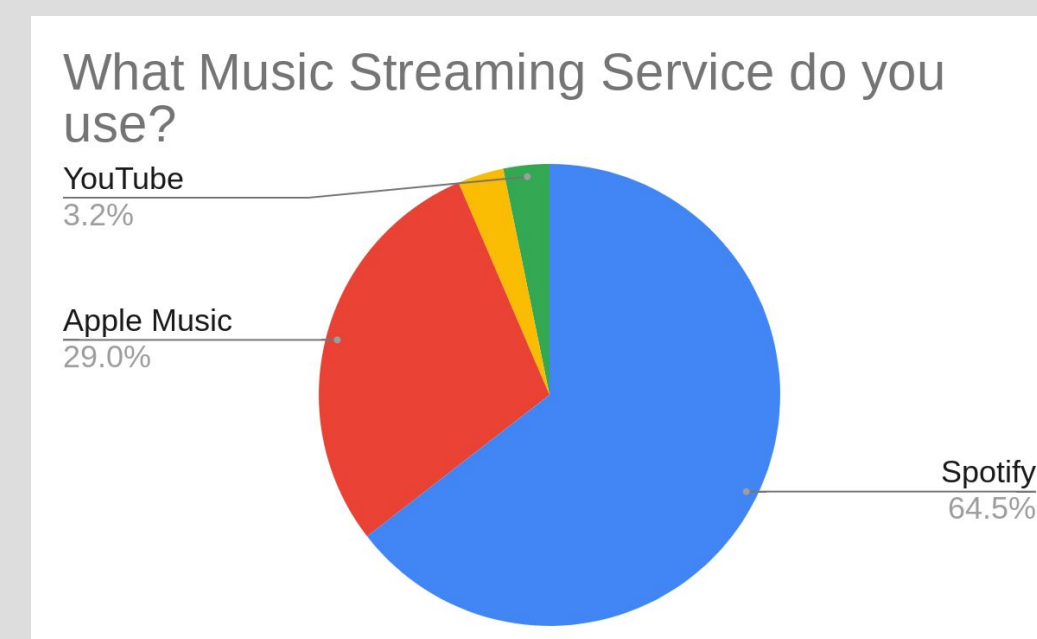
The responses show the market share of the industry. With Spotify and Apple music with the majority

Count of How many friends use different music service than you?
5-9 9.7%
0-2 25.8%
10+ 22.6%
2-5 41.9%
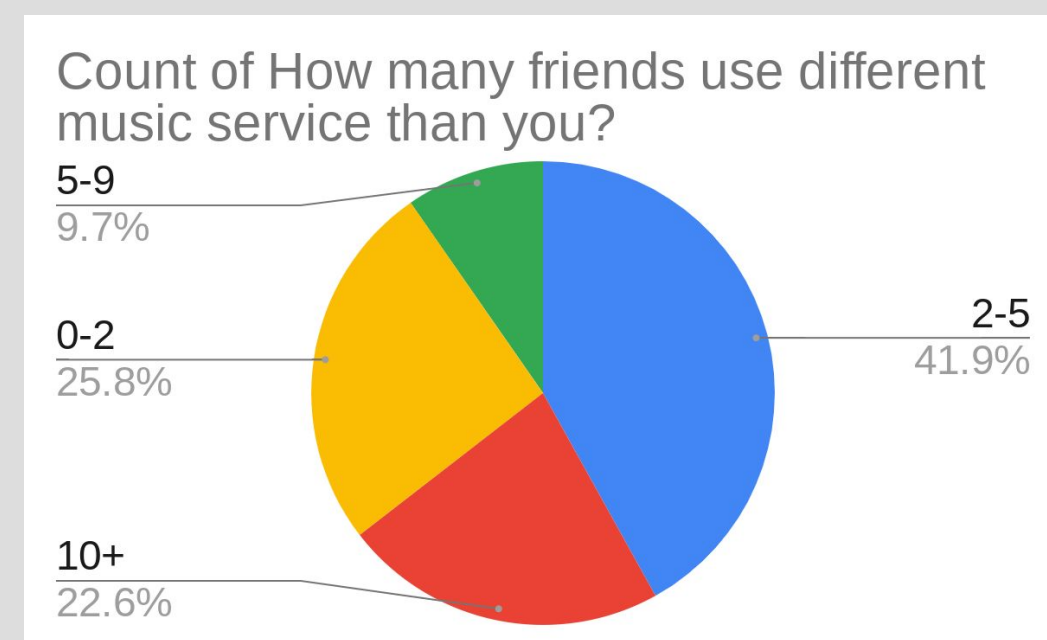
This survey shows a fragmented user base, and how the app could potentially bring friends together on one streaming service.

Do you share playlists with friends?
No 45.2%
Yes 54.8%
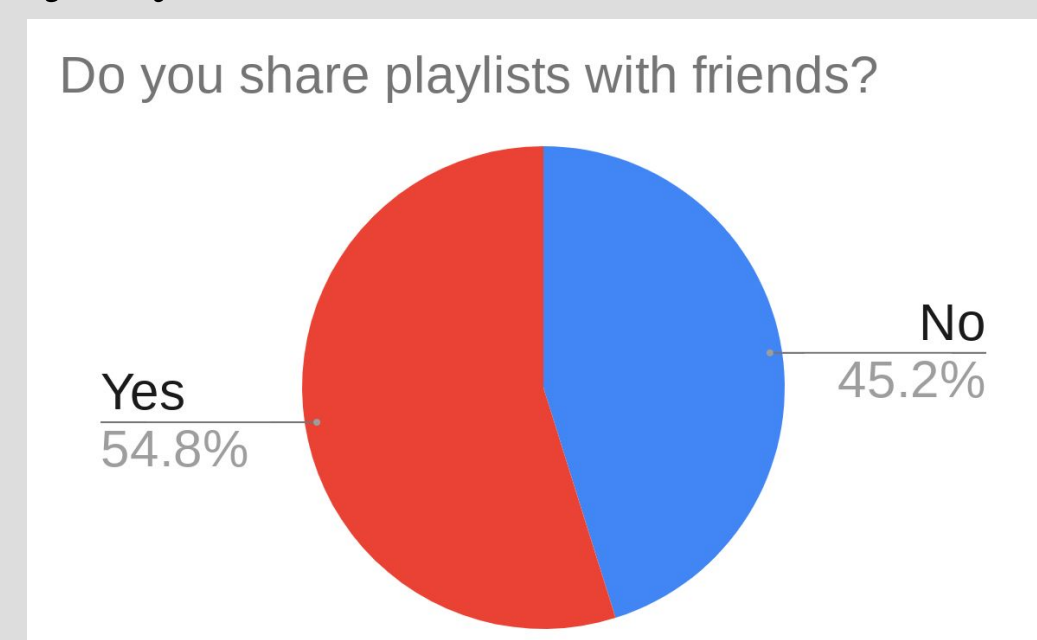
This indicates that the apps shared playlists feature would potentially be popular among users

Revenue, Expense, and Active Users
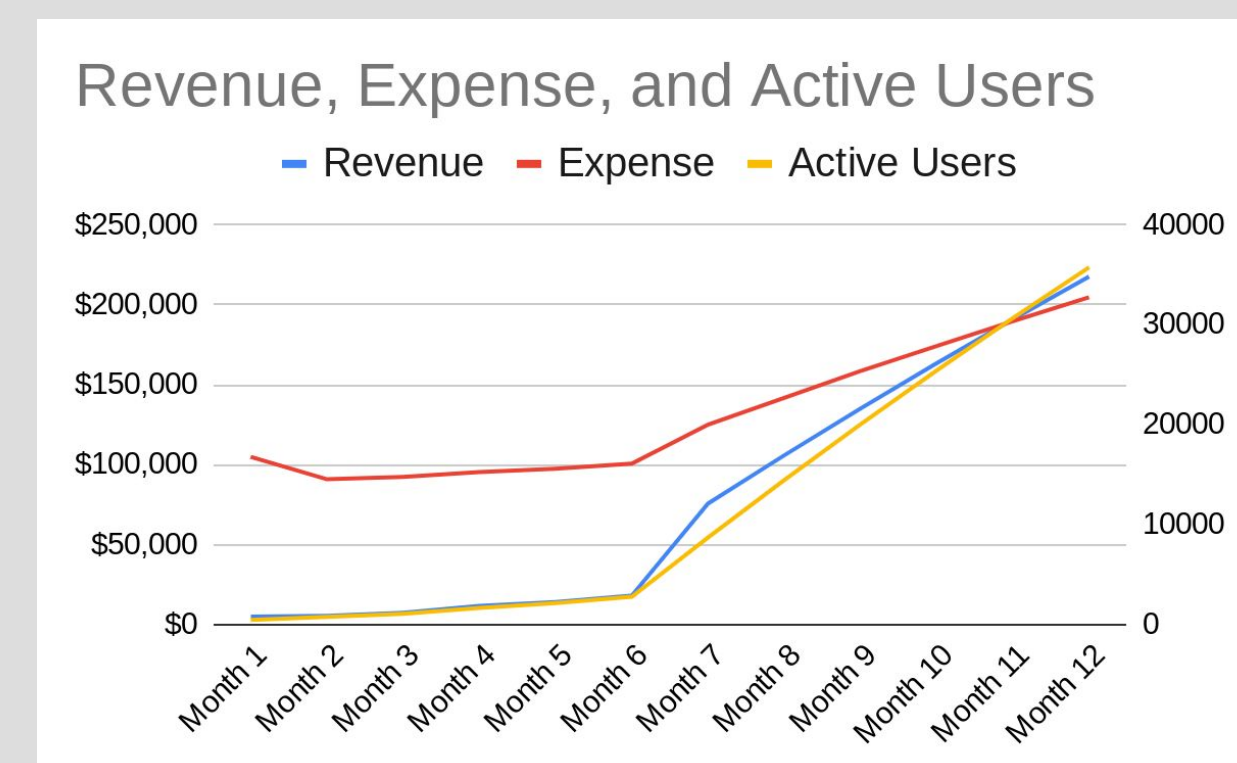
Scan this QR code to view entire financial spreadsheet

Category	Description	Month 1	Month 2
Number of New Users		500	300
Churned Ulsers			-15
Number of Total Users	Active Users	500	785
Revenue Streams			
- Purchase	App store purchase: $5 x 20,000 users	2,500	1,500
- Advertising	in - app ads	1,500	2,355
- Partnerships	Content providers/influencers	1,000	1,570
- Merchandising	Merch within the app	125	196
Total Revenue		5,125	5,621
Development			
- Software Dev (Fixed)	App development, design, testing	50,000	50,000
- Backend (Variable)	Infrastructure, maintenance	500	785
Operational			
- Hosting (Variable)	Server costs, cloud services	500	785
- Marketing (Variable)	Advertising, promotions	750	1,178
- Customer Support (Variable)	Staffing, tools	15,000	
Content			
- Royalties (Variable)		500	785
- Licensing (Fixed)	Music Catalog	10,000	10,000
Technology			
- IT infrastructure (Fixed)	Hardware, networking	5,000	5,000
- Software licenses (Fixed)	Database, analytics, bluetooth	2,000	2,000
Distribution			
- app store fees (Fixed)	Apple Store, Google Play Store	750	450
Miscellaneous			
- Professional (Fixed)	Legal, consulting	10,000	10,000
- Other (Fixed)		10,000	10,000
Total Operating Costs		105,000	90,983
Net Profit		-99,875	-85,361

WIREFRAMES
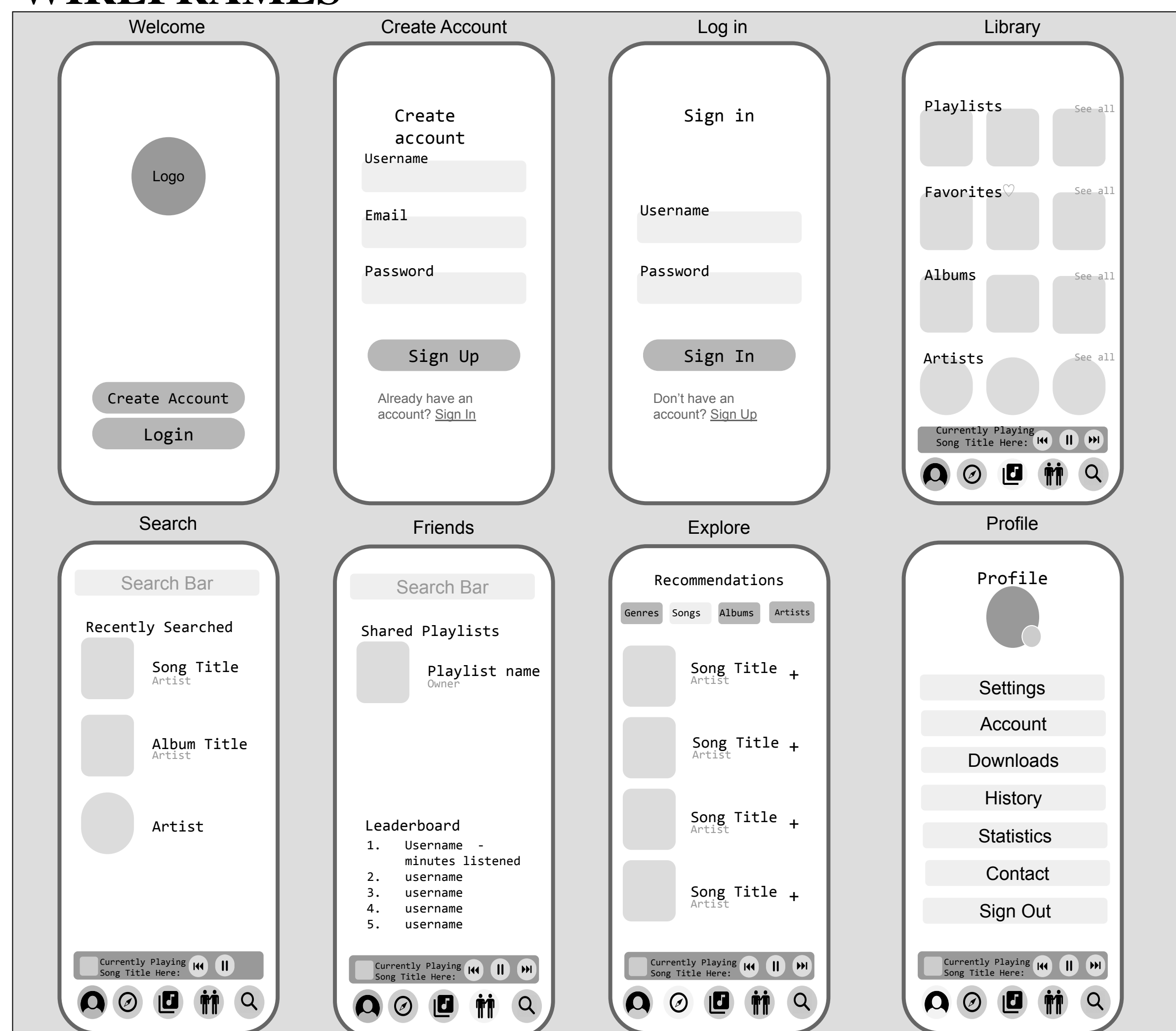
USER FLOW DIAGRAM
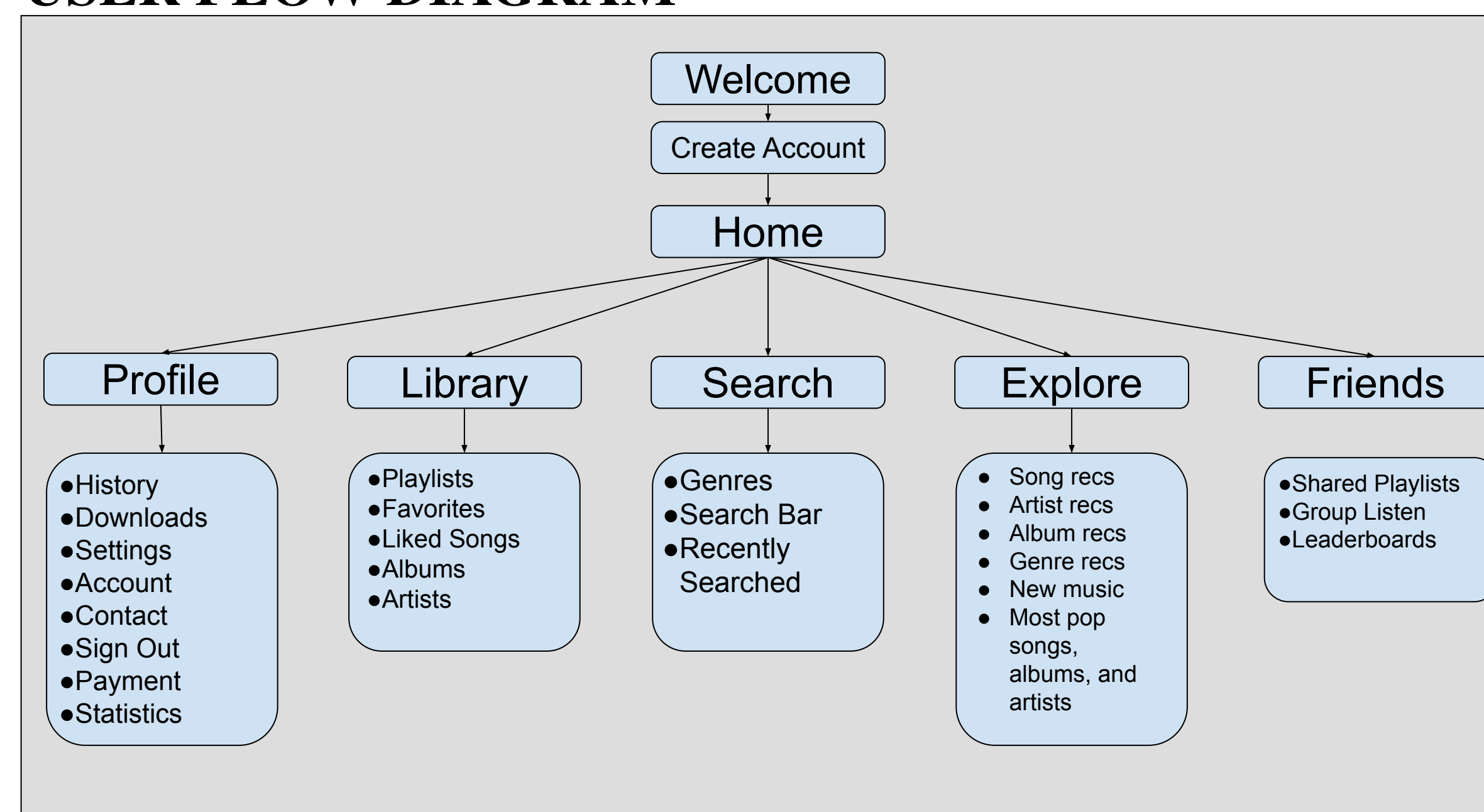
CONCLUSIONS, IMPLICATIONS, AND NEXT STEPS

This plan provides a promising opportunity within the music streaming industry, given the growing demand and willingness of consumers to pay for these services. Although initial revenue projections may not be strong, the potential for exponential user growth, facilitated by partnerships and advertising, offers promising long-term revenue prospects.

Securing initial funding is extremely important to cover initial expenses and to gain a competitive edge in a crowded market. Additionally, building relationships with artists and record labels, alongside building brand awareness through social media and collaborative partnerships, will be critical for gaining more users.

Continuous monitoring of user feedback, engagement metrics, and market trends will be essential for refining the app's features, optimizing the user experience, and ultimately achieving profitability. This process will enable the business to adapt to evolving consumer preferences and market dynamics, all while ensuring sustained growth and success in the competitive music streaming market.

ACKNOWLEDGEMENTS

Paper and Works Cited