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**SZEMÉLYRE SZABOTT MARKETING, MINT HATÉKONY STRATÉGIAI
ESZKÖZ A FELHASZNÁLÓI ELKÖTELEZŐDÉS NÖVELÉSÉBEN: A
SPOTIFY PÉLDÁJA**

**PERSONALIZATION IN MARKETING AS AN EFFECTIVE STRATEGY
TO IMPROVE CUSTOMER ENGAGEMENT
A CASE STUDY OF SPOTIFY**

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ABSTRACT

Thanks to the advancement in Information Technologies and digital means of communication, which have offered new opportunities to gather and analyze customer data, there has witnessed a rising prevalence of Personalized Marketing. Companies and brands have started to adopt this marketing trend, as they increasingly acknowledge the necessity of placing customers at the very center of every product, service and even marketing activity. However, there are not so many successful examples because Personalization seems hard to execute, coupled with the fact that it might be associated with privacy issues. This research analyzed one of the most effective implementations of Personalized Marketing – Spotify, the world's biggest music streaming platform. The main questions examined are how Spotify has put Personalized Marketing into practice as well as how this strategy has influenced customer engagement. A quantitative method was used with an online survey distributed to Spotify users. The data was acquired from 107 users, then imported into SPSS software to conduct descriptive analysis and statistical tests. The results indicated that users feel satisfied with personalized features and recommendations by the platform, and there were no significant differences among user groups. Moreover, they also perceive Personalized Marketing as a key distinguishing characteristic of Spotify and most importantly, it is observed to have positive impacts on enhancing customer engagement. Nevertheless, there were some limitations, such as sample diversity and lack of qualitative data, which led to the need for further research to gain deeper insights into the topic.

Keywords: Spotify, Personalization, Personalized Marketing, Customer Engagement

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1. INTRODUCTION

1.1 Background

Irrespective of any kind of business, marketing is definitely the key factor influencing almost every aspect and ensuring the entire growth. That is to say, the heart of any business's success lies in its marketing. However, among myriad forms of marketing, what and how to apply are the major concerns. Yet, thanks to the advancement in information technologies and digital means of communication, which have offered new opportunities to gather and analyze customer data, there has witnessed a rising prevalence of Personalized Marketing.

From the customers' perspective, a relatively large number of them state that they find Personalization appealing and desire to have personalized experiences. In a survey carried out by Marketo, Inc., of more than 2,200 consumers globally, 63% of participants indicated that they are extremely irritated by the way corporations still rely on the antiquated tactic of repeatedly blasting repetitive advertising messages. According to the survey, brands should, first, show advertisements less frequently, and second, make the content more relevant and personalized based on consumer behavior across various channels and interactions (PRNewswire, 2015). Additionally, a 2017 online poll of 1,000 consumers aged from 18 to 64 revealed that 90% of respondents think Personalization attractive, and 80% said there are more possibilities of them conducting business if brands deliver customized experiences (Epsilon, 2018).

In this respect, companies and brands have started to adopt this marketing trend, as they are increasingly acknowledging the necessity of placing customers at the very center of each and every product, service and even marketing activity. Nonetheless, there are not so many examples of effective implementation since Personalization seems hard to execute, coupled with the fact that it might be associated with privacy issues. Thus, the questions arise: How does Personalized Marketing work? How can companies and brands put it into practice without coming off as intrusive and creepy? How will this marketing strategy affect customer engagement?

On that note, the research aims to answer the questions by analyzing one of the most successful examples of applying Marketing Personalization, which is Spotify – the world's biggest music streaming platform. Moreover, the study also desires to point out some key takeaways from Spotify's case study that are potentially useful for other businesses.

1.1 Research Objectives

The main purpose of the study is to analyze the Personalized Marketing strategy of Spotify, thereby elaborating on its positive effect towards customer engagement, as well as determining the significance of Personalization in Marketing, not only to customers but also to the company. In addition to that, the research aims to identify appropriate practices of this strategic means and develop recommendations for companies to achieve similar results.

1.2 Research Questions

To fully reach the goals of the research, several questions are of importance to be answered:

RQ1: How do users perceive Spotify's Personalized Marketing?

RQ2: How frequently do Spotify users use personalized features?

RQ3: Which are the most satisfying personalized features according to Spotify users?

RQ4: Do users consider personalized features as a differentiator of Spotify compared to other music streaming platforms?

RQ5: What are the impacts of Spotify's Personalized Marketing towards customer engagement?

2. LITERATURE REVIEW

The literature review will demonstrate a general understanding of the topic, which is obtained in previous research and studies. Possible existing gaps in the literature, as well as the relationship of each work to the others, can be identified with the aim of developing a more appropriate theoretical framework and methodology for the current study.

2.1 The concept of Marketing Personalization

2.1.1 Personalization

Based on the Etymology Dictionary, the term “Personalization” originated from the word “Personal”, which means “private, about the self or to a self-conscious individual, performed by the individual himself”. Specifically, it derives from “Personal” in Old French, “Personalis” in Late Latin and “Persona” in Latin. In this regard, “Personalization” can be understood as the action of designing or producing something that meets someone’s individual requirement, according to the Oxford Dictionary. Similarly, Riemer and Totz (2003) also indicated that “Personalization” generally refers to matching one object’s nature with one subject’s needs.

2.1.2 Personalization in Marketing

The term “Personalization” is commonly perceived in the context of Marketing, coupled with the fact that “Personalized Marketing” is not a new concept and has been studied since the 1870s (Ross, 1992). Thus, it is described in various ways by marketers as well as academics, and the following definitions are just some of many other points of view, listed in chronological order.

Authors	Definitions of Personalization in Marketing
Suprenant and Solomon (1987)	Personalization allows businesses to recognize the uniqueness of each customer by providing customers with items that are customized to their preferences.
Peppers, et al. (1999)	Personalization is tailoring some characteristics of a good or service, makes it more convenient, less expensive, and offers other advantages for customers.
Hagen, et al. (1999)	Personalization is the capacity to cater content and services to specific persons based on knowledge of their interests and behavior.
Hanson (2000)	Personalization is a solution is customized for a particular person as part of a specific kind of product differentiation.
Riecken (2000)	Personalization is about strengthening customer loyalty by fostering useful one-on-one relationships, knowing each person's wants, and assisting in achieving a goal that competently and successfully responds to each person's demand in a particular situation.
Imhoff, et al. (2001)	Personalization refers to a company's capacity to identify and treat clients as unique individuals through personalized communications, customized billboard advertisements, exclusive discounts on bills as well as other individual deals.
Dyche and O'Brien (2002)	Personalization is the capacity to alter how you communicate with customers relied on their preferences, knowledge and actions during real-time interaction.
Cöner (2003)	Personalization is executed by the firm, which is built on the match between classified data and profiled users.
Roberts (2003)	Personalization is the process of tailoring a message for a particular recipient based on their expressed or inferred preferences.

Adomavicius and Tuzhilin (2005)	Personalization is adjusting an organization's E-commerce interactions with each unique customer using technology and customer data. The interactions among participants are modified to match the customer's expressed demands and needs that the organization perceives according to the available customer data that has been either formerly acquired or given in real time.
White, et al. (2007)	Personalization is a customized stream of communication in which various customers get marketing that is suited to their own preferences.
Montgomery and Smith (2009)	Personalization is the process by which a producer customizes goods and services for a customer based on data gleaned from that customer's transactions or behavior.
Sunikka and Bragge (2012)	Personalization is defined as providing the right product or service to the right customer in the right place and at the right time.
Polk, et al. (2020)	Personalization is viewed as a method intended to create a relevant, personalized interaction to improve customer experience.
Chandra, et al. (2022)	Personalization is the act of creating products which resonates with customer preferences. Customers' cognitive load can be reduced via tailored content and products that take into account their preferences. This reduces customer fatigue and decision-making time.

Table 1: Definitions of Personalization in Marketing (Author)

(Source: Own data collection based on the cited sources)

Conforming to those definitions, authors refer to personalization using a variety of terminology. Mass personalization, mass customization, customization, profiling, segmentation, targeting, filtering, tailoring, and one-to-one marketing are the most popular ones.

All things considered, it is true that the notion of Personalization is at the core of Marketing discipline, yet at the same time crosses over into a number of other fields, including psychology, business management, information system, decision science and computer science. (Vesonen and Raulas, 2006).

2.2 Execution of Personalized Marketing

2.2.1 Classifications of Personalized Marketing

In response to different facets of personalization, Sunikka and Bragge (2008) divided the objects into tangibles and intangibles, the target into individuals and groups, and the source into user-initiated and system-initiated. Aksoy, et al., (2011) presented a typology of personalization in a thorough literature review. The researchers presumed both personalization methods and forms are purposeful choices centered on the user experience. Hence, personalization techniques are split into three categories, which are self-reference, system-characteristics, and anthropomorphism. The self-reference method reinforces a personal touch through personalized communication that uses individual names and greetings. Anthropomorphism is the use of humanlike behaviors and communication, comprising voices, gestures, and emotions, in order to strengthen bonds with consumers (Epley, et al., 2007; Puzakova, et al., 2013). Meanwhile, system-based personalization receives individualized data from intelligent systems and algorithms (recommendation systems) (Akter and Wamba, 2016).

From another perspective regarding the method, Personalized Marketing is classified into three categories, namely provider-centric, consumer-centric and market-centric, as reported in the study of Adomavicius and Tuzhilin (2005). By implementing one of the three techniques, companies are able to provide customers with personalized offers through personalization engines.

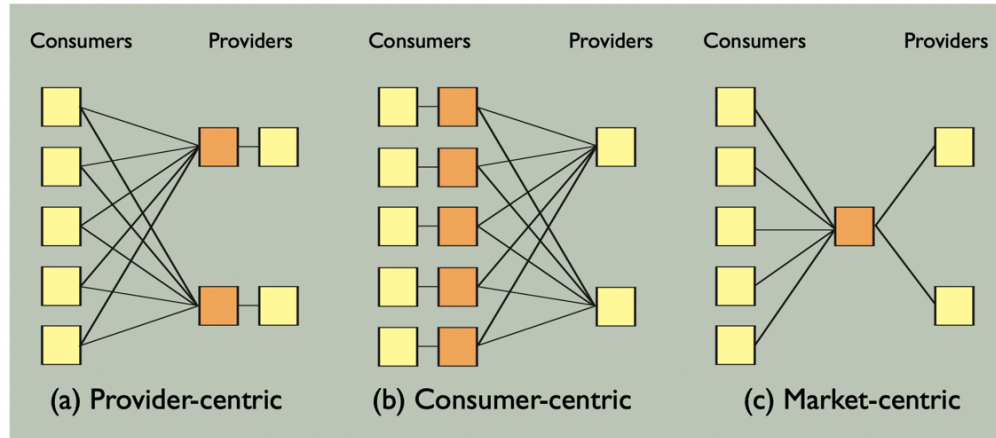


Figure 1: Classification of personalization approaches (Adomavicius and Tuzhilin, 2005)

On closer inspection, first of all, provider-centric strategy implies that each provider has a unique personalization engine to cater their content to their audience. It is also considered the most typical method of personalization. In the meantime, consumer-centric approach supposes that each and every customer has their own personalization engine, which comprehends them individually, thus resulting from that knowledge, offers personalization services from myriad providers. Last but not least, market-centric type of personalization means serving personalization services to a particular market in a certain field or industry. The infomediary performs as the personalization engine, understanding the demands of the customer and the provider's products, and attempting to match them as suitably as possible in accordance with their own objectives. In spite of not being frequently applied, this strategy seems promising, particularly in a distinct niche E-markets. The three approaches are sufficiently general to be used in applications for both online and offline personalization, however, they are mainly suited to the online environment in reality. It is due to the information-intensive nature of customization technology generally. In other words, it is extremely essential to quickly gather and analyze enormous amounts of data on consumers, providers, and markets, as well as quickly react to the findings of this research. Consequently, it is more likely for an online system to achieve successful implementation rather than the offline one (Adomavicius and Tuzhilin, 2005).

With regards to the level of personalization, it consists of three degrees: 1-to-all, 1-to-n, and 1-to-1, which means No Personalization, Segment Personalization and Extreme Personalization, respectively (Figure 2). To begin with, 1-to-all (No Personalization) refers to a mass market

wherein each customer receives the exact same offer without using any means of personalization. Followed by 1-to-n (Segment Personalization), which describes that each participant of the same segment is given the same offer. Then comes the highest degree level, 1-to-1 (Extreme Personalization), indicating each customer gets an individualized offer, suggested by Arora, et al. (2008).

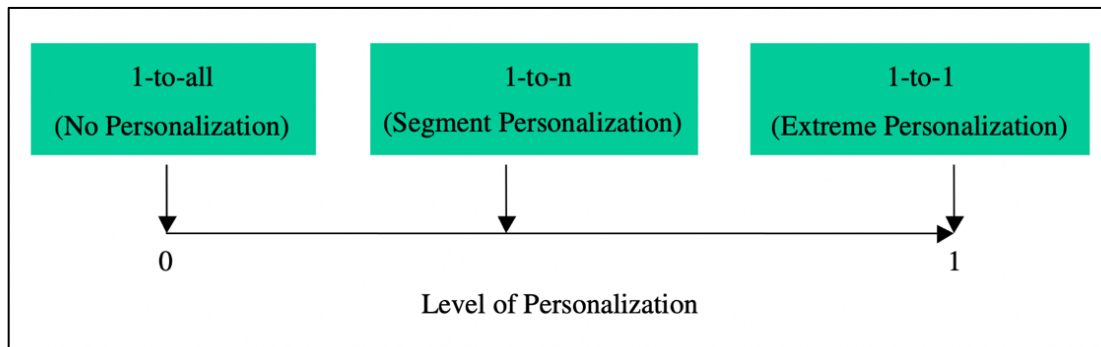


Figure 2: Firm choice on level of personalization (Arora, et al., 2008)

Additionally, Hawkins, et al., (2008) focused on the three most popular personalization strategies, in their opinion: raising expectation, identification and contextualization. Precisely, raising expectation is conducted by including statements indicating a personalized offer, such as “This is especially for you!”. Whereas identification uses the recipient’s name to address them, for example, “Dear Emily”. The last strategy, contextualization, involves placing a message that is significant to the receiver by using contextual variables, yet without altering the communication’s content, for instance, “Dear BGE students”.

2.2.2 Elements of Personalized Marketing

In order to acquire a comprehensive perception of how personalization works, a wide range of crucial elements needs to be identified. Wind and Rangaswamy (2001) suggested nine common elements involving the actual implementation (Table 2).

The Elements Within Personalization	
• Customer • Customer data • Customer profile • Marketing output • Systems	• Dialogue with customer • Analyses of customer data • Customization • Delivery of marketing output

Table 2: The Elements Within Personalization (Wind and Rangaswamy, 2001)

Additionally, White, et al. (2007) stated that with a view to tailoring messages to ultimately personalize communication, companies have to consider consumer data, such as demographics, psychographics and purchase history. Meanwhile, in the opinion of Lim, et al. (2022), customer engagement is required to jointly develop a personalized experience that may be accomplished through, among other things, social media interactions, purchase information and customer reviews.

On top of that, it has been widely recognized how important it is to take customer preferences into account when developing product specifications or designing successful customized products (Maslowska, et al., 2022).

2.2.3 Process of Personalized Marketing

A substantial number of scholars have acknowledged the process view of Personalization in Marketing. Indeed, marketers are encouraged to figure out what type of operations are needed to execute this strategy, as well as how to put them all together into process and manage it.

Peppers and Rogers (1997) saw personalization as the procedure of utilizing customer data to develop and provide them with customized solutions. While according to Kotler, et al. (2001), the process of personalized marketing involves the connection of three components, namely segmentation, targeting and positioning.

As stated by Murthi and Sarkar (2003), the personalization method is divided into three steps: studying customers' experiences, pairing offerings to customers, and assessing the learning and matching progresses. From an analogous perspective, Adomavicius and Tuzhilin (2005) also

identified personalization as a repetitive process characterized by the time-based cycle of Understand-Deliver-Measure (Figure 3).

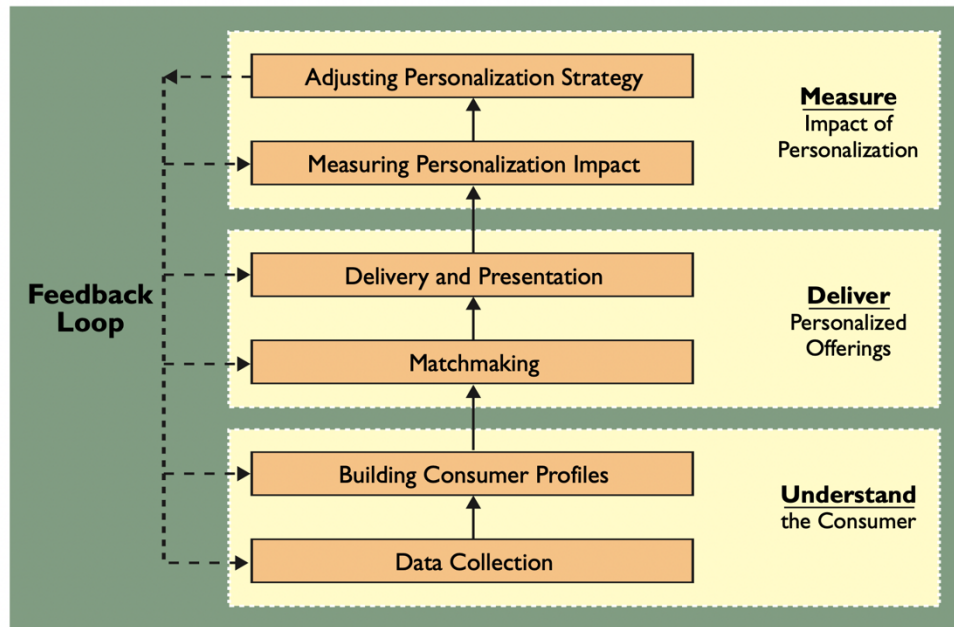


Figure 3: Personalization process (Adomavicius and Tuzhilin, 2005)

Specifically, as the first step, it is of essence to understand the consumer by gathering thorough information about them, turning it into helpful knowledge and storing it as consumer profiles. The following step is to deliver personalized offerings based on attained data saved in consumer profiles. Matchmaking is then conducted to find the most suitable offerings and provide them to each customer. Lastly, measurement needs to be performed to determine the level of satisfaction of users towards delivered solutions. It also assists in enlarging the understanding about them and pointing out the shortcomings of customized distribution approaches. It completes one cycle when the aforementioned three steps are done, hence laying the path for the following cycle where better personalization decisions are made, on the basis of enhanced personalization methods (Adomavicius and Tuzhilin, 2005). Unfortunately, no system now in use applies all six stages and feedback loops or combines them into a comprehensive customizing procedure. Most state-of-the-art systems typically only implement the first four phases (up to delivery and presentation), or they do so using crude measures and without feedback loops. This seems troubling because improving evaluation metrics, modifying customizing tactics, and creating effective feedback loops are urgent

personalization tasks. These stages are crucial for achieving the beneficial cycle of personalization, and avoiding the pitfall of depersonalization. Accordingly, implementing the virtuous cycle necessitates, first, the best technology for each stage, and second, reliable design standards for incorporating the various steps of the process (Adomavicius and Tuzhilin, 2005).

Although the listed personalization models to some extent may differ from one another, they all indicate that the fundamental components are contributed to the process in a consistent order. In which customer is regarded as the primary factor, followed by interactions, customer data, processing, customer profile, customization, marketing output and delivery. While those patterns do provide appropriate insights into how personalization is built, it is believed by Vesanen and Raulas (2006) that there still exists some deficiencies. In this regard, the authors came up with a synthesized model which covers all the basic elements yet with minimal overlapping (Figure 4).

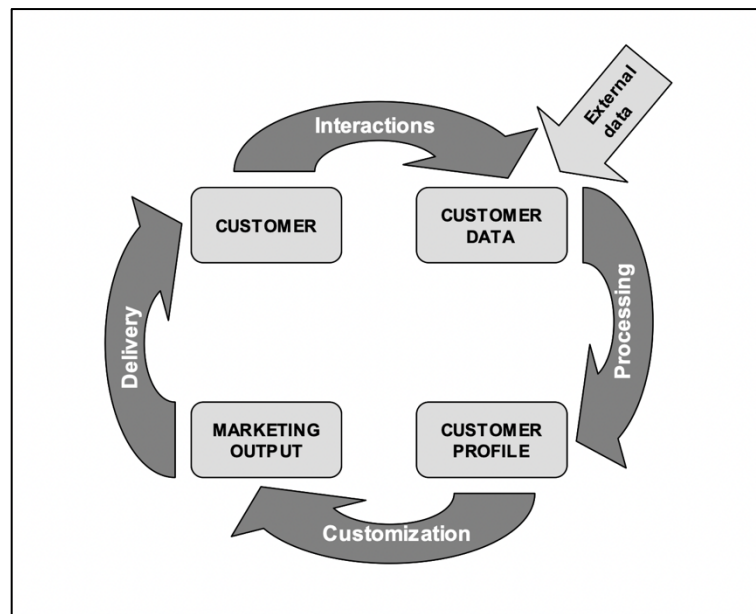


Figure 4: The process of Personalization (Vesanen and Raulas, 2006)

This process stands out since it functions as a continuous loop, wherein the core elements are classified into two types – objects and operations. Operations refer to respective phases of the process, while objects are the components required to carry out those operations (Table 3).

Objects	Operations
Customer	Interactions
Customer data	Processing (Analyses, Data Mining, Differentiation, Segmentation, Targeting)
Customer profiles	Customization
Marketing output	Delivery

Table 3: Variables in Marketing Process with Individual Customer
(Vesanen and Raulas, 2006)

In conclusion, when personalization is seen as a process, it becomes clearer what is required for successful implementation. Personalization includes acquiring and analyzing customer data from both external and internal sources, as well as customer interactions, tailoring marketing mix components according to a customer profile, and targeting marketing activities. It is critical to understand how these stages are connected and how the process could separate among them, in order to effectively manage Personalized Marketing. This process kind of view also makes identifying what to do oneself and what to outsource much easier (Vesanen and Raulas, 2006).

2.3 Benefits and Challenges of Personalized Marketing

There are always two sides of the coin, and Personalized Marketing is apparently no exception. While this strategic technique does bring about substantial advantages, it is of no less importance to mention several difficulties that companies might confront.

2.3.1 Benefits of Personalized Marketing

To begin with, it is worth considering myriad benefits that Marketing Personalization has offered. As personalization is becoming more prevalent, the amount of research on its impacts has also been increasing. Personalization purposes typically vary from simply enhancing customers' browsing and purchasing experience to much more complicated objectives. First of all, this strategy is certain to create better-fitting products and services for customers, as well as foster efficient and

mutually satisfying interactions (Vesanen, 2005). This, in turn, leads to a remarkable surge in customers' purchase intention (Van Doorn and Hoekstra, 2013). On the contrary, low-fit offers are certain to cause frustration (Thota and Biswas, 2009) and even reactance once the provided suggestions run counter to the customer's desires (Fitzsimons and Lehmann, 2004).

In addition, Personalized Marketing can be considered a critical component of Customer Relationship Management (CRM). That is, the potential advantages of customer relationship management and one-to-one marketing are major driving forces for personalization. According to Wind and Rangaswamy (2001), personalization carries value for both consumers and the business providing it. They assumed that traditional marketing frequently sees the consumer as an observer of the exchange process until the purchase is made. However, with customization, the customer is treated as a collaborator in the creation of the specified goods and services. This behavior is largely viewed as a factor fostering commitment and promoting customer loyalty. The significance of personalization has grown even more considerably since it makes communication relevant, which is perceived as a huge contributor to marketing effectiveness (Salonen and Karjaluo, 2016). As a result, it strengthens the relationship with the customer by utilizing the increase in feelings of relevance (Rhee and Choi, 2000). In a similar opinion proposed by Anshari, et al. (2019), customization helps businesses to more accurately segment particular CRM efforts to the targeted audiences. In consequence, it is vital for businesses to emphasize customer engagement and their competence to execute personalization. These tactics enhance the quality of customer service, and excellent customer service will surely drive profits, improve brand awareness, as well as expand business opportunities.

The rising importance of Personalized Marketing is also demonstrated by the fact that successful personalization adoption is strongly associated with a boost of 5 to 15% in sales and an increase of 10 to 30% in marketing performance within a single platform (Boudet, et al., 2019).

Besides, it is reported that personalization strategy results in higher response rates from users. For instance, research by Ansari and Mela (2003) on email marketing revealed that tailored email design might have a strong influence on click-through possibilities. The authors discovered that there is a broad range of differences among consumers in terms of their tastes, as well as between emails and links regarding how successful their content and design are. The response rates to tailored emails could be raised by 62%, by improving the layout and content. Furthermore, the research by Howard and Kerin (2004) showed that adding just the receiver's name to a direct letter

can dramatically increase response rates (6.2% personalized vs 2.8% non-personalized). Those personalized messages are claimed to draw greater attention, speed up processing, and have positive persuading effects because they are perceived as “for me” and evoke a sense of “me-ness” (Petty, et al., 1999; Kalyanaraman and Sundar, 2006; Hawkins, et al., 2008).

From the standpoint of the consumer, Personalized Marketing has the benefit of better relevance and fit, providing the right product or service at the right time, as well as optimizing their decision-making process by minimizing the necessity to conduct additional research (Chellappa and Sin, 2005; Tam and Ho, 2006; Okazaki, et al., 2009). Indeed, personalization is being applied in multiple domains, including interface, information and functional navigation of the website on a one-to-one basis. It consequently elevates customer satisfaction and lessens cognitive efforts on E-commerce sites over information overload (Desai, 2018).

In general, the development of information technology and expansion of online commerce has led to a rise in the application of personalization as a means to implement efficient marketing, with the major aim of nurturing one-to-one relationships, and deepening customer engagement and retention. Acknowledging the essence of putting the customer at the core value, Kramer (2001) presented an intriguing idea by stating that “As customer satisfaction goes up, indifferent service goes down. Every vendor knows that it’s the service experience, much more than product quality that affects how customers feel about the company”.

2.3.2 Challenges of Personalized Marketing

It is common knowledge that Personalized Marketing brings about a great deal of advantages. Yet, this strategy does not always appear to have achieved the level of success that the expectations attached to it would imply. With regards to challenges, personalization is considered a controversial matter and often associated with privacy concerns (Fill, 2009). Since messages containing high relevance also suggests that the sender has utilized personal data of the customer, which they might see as a loss of control (Van Doorn & Hoekstra, 2013). In other words, when customers get engaged in interactive Personalized Marketing, they are at the same time worried about their personal information being shared widely. Providing them with a plausible justification for how a specific tailored solution was created does play a vital part in getting their trust (Adomavicius and Tuzhilin, 2005). More notably, Marketing Personalization possesses broader effects, which influence social

balances when marketing data is controlled by the government and when personal information is misused and even unlawfully employed (Evans, 2003). Historically, privacy issues were only applicable to government surveillance and the personal lives of public celebrities. However, privacy concerns are severely affecting both consumers and businesses simultaneously as we live in the modern digital world. Companies can gather data easily and affordably thanks to communication and information technology. This acquired information might be seriously private, which makes the consumer feel intrusive (Goldfarb and Tucker, 2012). Also, Goldfarb and Tucker (2011) pointed out that the ability of businesses to gather, store, and use consumer data, for instance, for the goals of personalized marketing campaigns, is constrained by privacy-related regulation, which undoubtedly limits the success of these businesses online marketing campaigns. This trade-off is captivating, in many cases, since data mining is a prerequisite for creating personalized offers for customers.

Additionally, intrusive advertisements may be considered bothersome and cause consumers to react in a manner that is the exact opposite of how the advertiser wanted them to (Clee and Wicklund, 1980; Ying, et al., 2009). In fact, increased feelings of intrusiveness due to the high intensity of personalization would decrease customer purchase intention (Figure 5). A Garner survey conducted in 2019 also exposed that there are 38% of consumers stop using an E-commerce site or even unsubscribe if they think the company's customization attempts are pointless and disturbing (Desai, 2022).

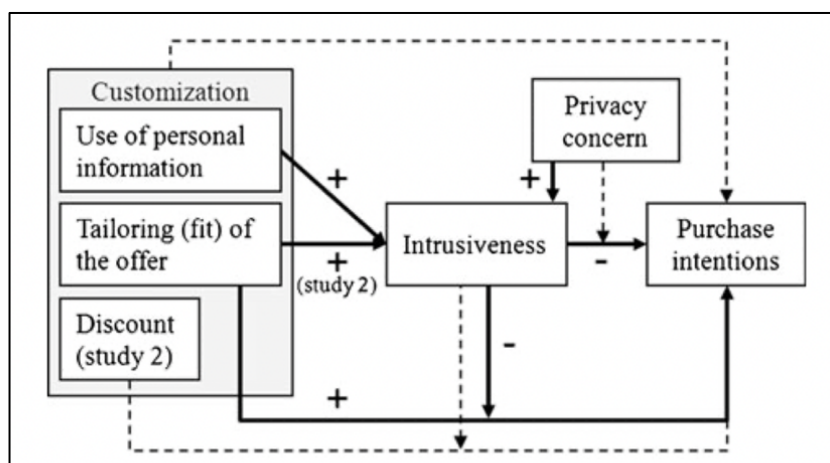


Figure 5: Conceptual model and results (Van Doorn & Hoekstra, 2013)

Besides, as consumers' tastes and preferences vary frequently, together with being relatively sensitive to influence, the impact of personalized offers consequently seems to be limited (Simonson, 2005). It is also a difficult task to capture real-time data for each customer.

Another challenge comes from the fact that personalization has been implemented in many different firms as separate campaigns and activities. The organizational procedure and the integration of systems may have hindered marketers' efforts (Vesonen and Raulas, 2006). Likewise, according to several earlier studies, an audience does not always understand a personalized message. This suggests that the personalization actually applied to communication itself (personalization hints contained in the message) may differ from the personalization interpreted by the recipients (whether the reader believes or thinks the message relates to them) (Maslowska, et al., 2022).

On the whole, such problems remain regardless of any means of communication between companies and customers, and executing Personalized Marketing can therefore become a double-edged sword. Needless to say, when benefits exceed costs, personalization is expected to create value for not only customers but also companies offering it. In contrast, if the costs outweigh the advantages, the business situation is not yet qualified to apply this strategic approach.

2.4 Customer Engagement

2.4.1 Definition of Customer Engagement

The term "Customer Engagement" has evolved and gained much interest both in practitioner discussions and academic marketing literature. There are different viewpoints on the concept, from either behavioral or psychological aspects. Bowden (2009) defined customer engagement as not only a psychological process through which a brand's new customers develop a sense of loyalty, but also a means by which loyalty can be sustained for repeat purchases by existing customers. In addition, customer engagement has been described as a psychological state, as well as an affective and cognitive construct (Brodie, et al., 2011; Sprott, et al., 2009). Even when the psychological limitations constrain customer engagement, it still cannot be differentiated from other notions like brand attachment and brand connection (Parihar, et al., 2019). At the same time, from the behavioral perspective, customer engagement is construed as a customer's behavioral

manifestations to a firm, going beyond purchase and what is required for the basic economic transaction (Van Doorn, et al., 2010). Nevertheless, this standpoint excludes attitudes towards the company that may result from customer habits or other outside variables, which could cause it to overestimate the value of such customers as engaged customers (Parihar, et al., 2019).

According to Vivek, et al., (2014), customer engagement refers to the extent of an existing or potential customer's connections and interactions with a brand's offerings or activities that go beyond actual purchases, frequently involving other factors in the social network developed around the offering, activity or brand itself. The authors identified three elements of customer engagement, namely conscious attention, enthused participation and social connection. In detail, conscious attention is regarded as the level of interest or desire a person has to have with the focal object of engagement. Followed by enthused participation is the person's eager response and feelings in relation to using and interacting with that focal object. Lastly, the augmentation of involvement with the focal project by the incorporation of others, suggesting reciprocal or mutual action towards the focal object when others are present, is known as social connection.

Generally, customer engagement refers to the level to which a person engages with a company's products or activities, whether at the company's request or at their own initiative. This applied to both existing and potential customers. Cognitive, emotional, behavioral, or social manifestations are customer engagement's possible expressions. While the behavioral and social components of customer engagement focus on how present and prospective customers interact both inside and outside of the exchange contexts, the cognitive and emotional aspects encompass customers' experiences and sentiments (Vivek, et al., 2012).

2.4.2 The role of Customer Engagement

Customer engagement is now taking a leading role in many companies' strategic plans, which is believed to bring about endless benefits and opportunities. First of all, it is perceived as a means of developing and enhancing the value that is jointly created in customer-company relationships (Bolton, 2011). By involving customers in the value-adding process as co-creators, Sashi (2012) claimed that customer engagement broadens the role of consumers and improves satisfaction for both customers and companies. The research of Verleye (2015) also showed that businesses are

increasingly adopting co-creation by engaging customers in the processes of creating new products or services, and to other sorts of interactions as well.

Besides, De Matos and Rossi (2008) suggested that customer engagement contributes to meaningful and memorable communications if it happens naturally without the company intentionally motivating or empowering the customer. Such communications are twice as successful as radio advertisements, four times more efficient than individual selling and even seven times more impactful than print media (Katz and Lazarsfeld, 1995). As a matter of fact, this promotes interactions among customers, company and society, thus developing a macro-scale feedback loop (Garber, et al., 2009). On the grounds of reciprocal action theory, each partner in a relationship will reciprocate actions performed by the other as they all acknowledge the potential guilt once the reciprocity rules are breached (Li and Dant, 1997). Therefore, people are likely to reciprocate proportionately to what they get (Bagozzi, 1995). In this way, when customers feel that they are getting greater value out of a product or service, they will become more involved, eventually creating a feedback loop, resulting in remarkable benefits for the company (Vivek, et al., 2012).

Apart from that, customer engagement also has a positive effect on the quality of the relationship between company and customer, which supports engendering trust and favorable evaluation (So, et al., 2014). To some extent, trust is considered a precondition for customer engagement (Brodie, et al., 2011), however, it is more likely that customer engagement derives from trust (Hollebeek, 2011). Furthermore, social exchange theory states that trust evolves over time as long as both parties continue to get favorable reciprocal exchange (Cropanzano and Mitchell, 2005; Saks, 2006). In consequence, higher engagement leads to higher trust as customers feel valued, with their interests being put at the heart of the company. This, in turn, fosters brand loyalty (Morgan and Hunt, 1994).

Last of all, an engaged customer has a greater possibility to express positive opinions towards a company, a product, or a brand (So, et al., 2014), which increases purchase intention, followed by accelerated profits and improvement in business performance (Bolton, 2011).

By and large, customer engagement is performing perfectly as a mediating role to enhance brand trust and loyalty (Figure 6), and that is why its importance is being recognized by a growing number of companies.

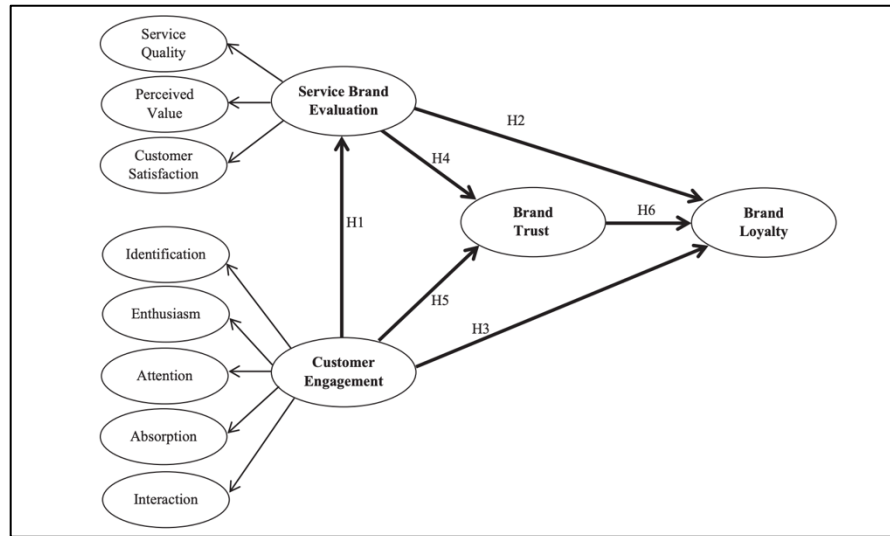


Figure 6: Proposed integrative model of service brand loyalty formation (So, et al., 2014)

2.5 Spotify and its Personalized Marketing strategy

2.5.1 Spotify

Spotify is a streaming platform for music, videos, and podcasts that provides access to millions of songs and other content creators worldwide. The best part is that Spotify is totally free to use. Although there is a Premium subscription plan, users may also choose the ad-supported version without any charge. Concretely, the main differences between an unpaid account and a Premium account are that Premium users can enjoy better features, including high-quality audio, no interrupted advertisements, unlimited skipping and downloading songs. Spotify is available across a broad range of devices, including computers, phones, tablets, speakers, TVs, etc. (Spotify, 2022a)

First founded in 2006 and officially launched in 2008, Spotify has transformed music listening and now become the world's most popular audio streaming subscription service with 422 million users across 184 markets, consisting of around 182 million subscribers. The company's revenue in 2021 was the highest ever, 9.66 billion Euros, with a 22% increase year-on-year (Business of App, 2022). Regarding the audience, Spotify's target is located worldwide, yet the users in Europe are by far more prominent than in other regions. Although young adults, Millennials and Gen Z, are typical Spotify users, there is a tiny portion of the audience aged 55+ who also enjoy using the platform (Start.io, 2022).

2.5.2 Spotify's Personalized Marketing strategies

The idea of music streaming was not new when Spotify first appeared on the market in 2008. However, this creative business had a unique perspective on streaming that no other did. Spotify believed that there is something that matters to customers more than just simply providing access to music, which none of its rivals had ever thought of. And that is how personalization gets into its strategy. Indeed, one of the main tactics of Spotify is personalized marketing, which relies on user-based content. With the advanced algorithm, thanks to technological capabilities, Spotify is able to learn about listeners' behaviors and interests, hence coming up with recommendations and curated playlists especially made for single individuals (Responsival, 2021). This also enables the platform to continuously release new products that attract its consumers around a specific mood or moment in time rather than providing the same worn-out genres (Fast Company, 2022). By emphasizing personalization, users are no longer part of an anonymous mass, but rather active participants on Spotify and its partners' platforms (Voigt, et al., 2017).

Without any doubt, Spotify really takes personalization to a new level. Its whole product and service have been designed to provide a personalized experience. This not only makes customers feel heard but also provides them with an exceptional benefit that its competitors (Apple Music, YouTube Music, Amazon Music, Google Play, etc.) cannot do.

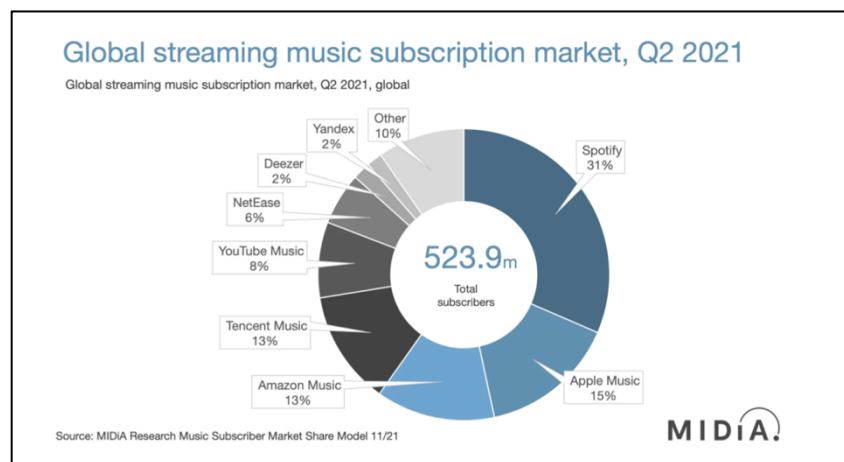


Figure 7: Global streaming music subscription market, Q2 2021 (Mulligan, 2022)

MiDiA company conducted research to compare different music streaming platforms worldwide, in terms of their market shares. As illustrated in the chart, Spotify is the market leader with a dominant proportion of 31%, more than double that of Apple Music (15%) – its nearest rival. Amazon Music and Tencent Music each account for 13%, while the figure for YouTube Music is only 8%. The remaining market shares pertain to NetEase (6%), Deezer (2%), Yandex (2%), and others (10%).

Moreover, the number of Spotify subscribers has been skyrocketing much more considerably when compared to other music streaming platforms (Figure 8).

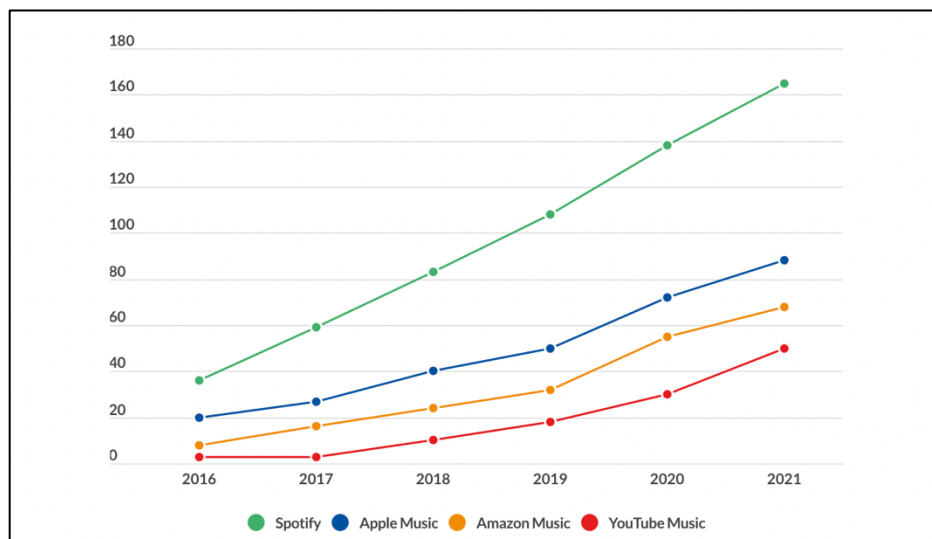


Figure 8: Number of subscribers to different music streaming platforms over the years

Most businesses, particularly those at the executive levels, struggle to recognize the value of marketing which does not immediately result in conversions. But producing this kind of “delight-your-customers” material will pay off for firms in the long run (Marcelle, 2022). Utilizing this potential, Spotify surely knows how to engage customers and even attract new ones by impeccably integrating data collection, data usage, automation and user emotions into its approach. In such wise, Personalized Marketing is actually a focal point of Spotify’s competitive advantage, which helps the platform differentiate itself as well as explain the disparity among seemingly similar audio streamers in the market.

2.5.3 Spotify's personalized features and campaigns

Specifically, Spotify consistently demonstrates an understanding of how to succeed with personalization by a campaign-level basis and an array of customized features.

“Discover Weekly”: A feature introduced in 2015, which generates curated 30-song playlists aligned with each user's streaming history, listening patterns and favorite songs. It is done mostly with the assistance of an algorithm that matches a user's listening habits and the most popular playlists among the whole Spotify audience (Spotify, 2022b). This feature enables users to discover new artists and songs, particularly when they are not sure of what they want to listen to. In this way, those who listen to Discover Weekly normally spend twice as much time on Spotify as those who do not (Cohen, 2022). Timing is as well a key factor influencing the success of this feature. Since these weekly curated playlists are updated every Monday morning, a time when users probably feel less motivated and inspired to decide on their own music, and chances are that the recommended playlist will stick with them for an entire week (Hypebot, 2018).

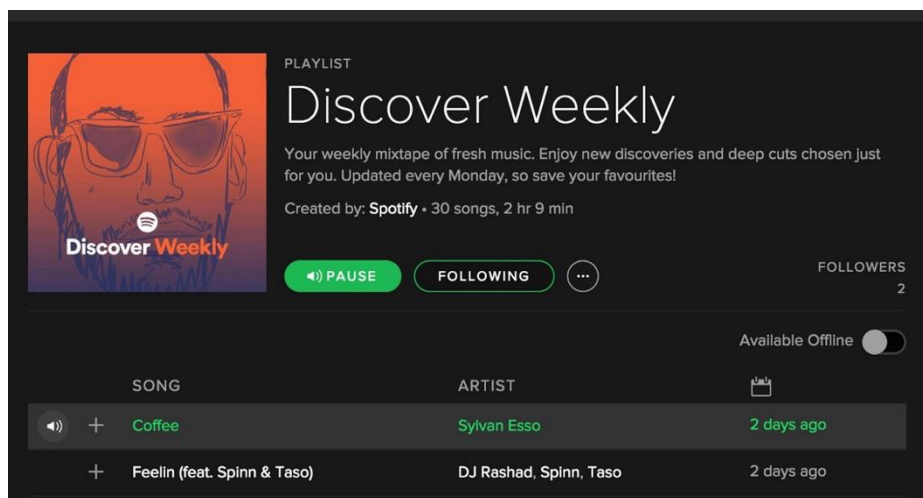


Figure 9: Spotify's Discover Weekly (Velardo, 2019)

“Spotify Mixes”: Inspired by and built on the existing feature Daily Mixes. Taking advantage of its strength in personalization, Spotify evolved and expanded Daily Mixes with new diverse categories such as artist mix, genre mix, decade mix, etc. Each mix is tailored for each individual and has various playlists, which will be updated regularly so as to make sure that there is always something new to discover with endless possibilities. Besides, Spotify mixes are based on

familiarity, for example, users will not only listen to their favorite artists, but their favorite songs from those artists (Spotify, 2022c). Moreover, the problem with Daily Mixes is that, given their ambiguous names like “Daily Mix 1” and “Daily Mix 2”, it can be challenging to determine the general theme of each playlist. Whereas the names of new Spotify Mixes, for instance, “R&B Mix”, “1900s Mix”, or “Ed Sheeran Mix”, make it easier for users to identify each playlist without having to look at its tracks. Spotify Mixes is now available worldwide for both Free users and Premium subscribers. They can easily find this feature within Search in the “Made for You” section (Porter, 2021).

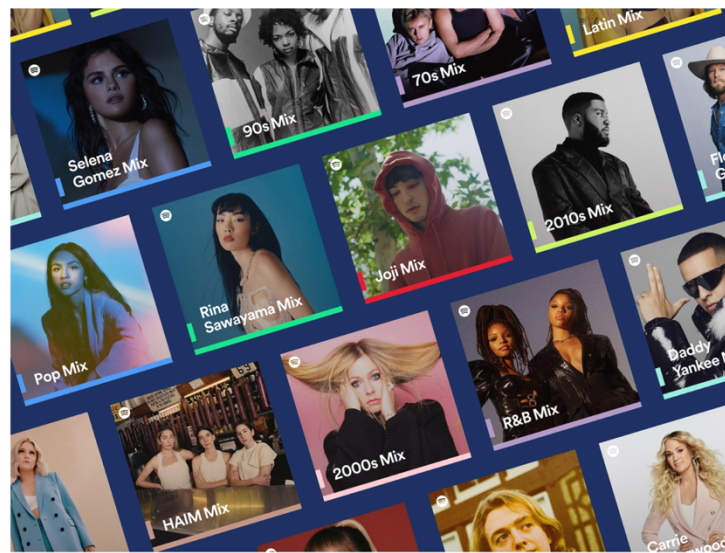


Figure 10: Spotify Mixes (Perez, 2021)

“Spotify Wrapped”: Introduced in 2015 as “Your Year in Music” and ever since then, every December, it reports what user has been listening to on Spotify the whole year. It displays users’ taste, favorite artists, the time users spent on the app, and the number of songs played in a year (Spotify, 2021a). It is Personalized Marketing at its finest since each user is given an engaging story in which they are the main character. In 2019, Spotify even nailed it to a new level by upgrading the campaign to “Decade Wrapped”. Because it marked the end of a decade, Spotify created a unique and compelling version of the campaign that highlights each user’s music preferences over a ten-year period. It also has a link to a playlist where users may re-listen to their old favorites, possibly reviving many memories associated with vintage vinyl records or CDs. In

addition, Spotify allows users to share their yearly wrapped and decade wrapped across social media channels and turns them into unpaid influencers with just a few clicks (Responsival, 2021). It is a brilliant move by Spotify as it gives a personal touch with a nostalgic impression, makes users look forward to their reports and absolutely creates a boost every time it launches.

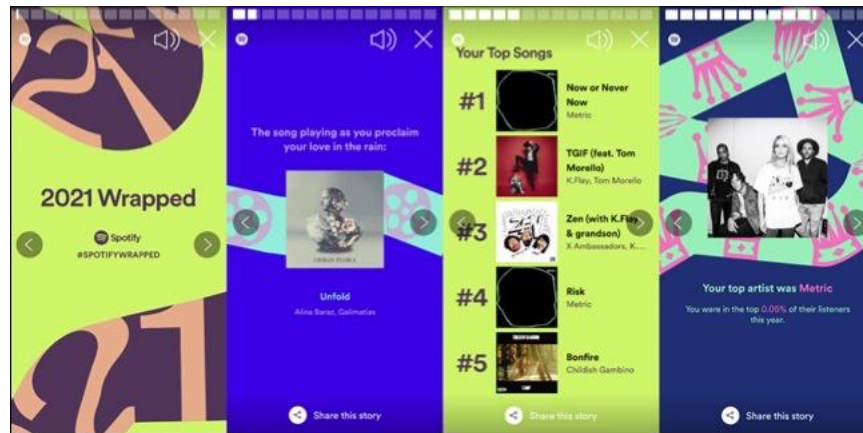


Figure 11: Spotify Wrapped (Fedewa, 2021)

“Only You”: Early in June 2021, the Only You campaign was introduced to leverage people’s apparent passion for personalized content. Only You is similar to Spotify Wrapped function, which creates content using data gleaned from listening habits. Anyhow, unlike Spotify Wrapped, Only You consists of six different lists, each meant to highlight a distinct style (Sayyad, 2021). It allows users to blend their own chosen playlists with those of their friends. It also offers shareable, personalized playlists and other experiences like “Your Audio Birth Chart”, “Your Dream Dinner Party”, and “Your Artist Pairs”. The campaign was in effect until June 30th (Ake, 2022). The audience is not treated like a compilation of groups, percentages, or statistics in the Only You campaign. Even the name, Only You, already emphasizes a one-to-one interaction between users and Spotify. It gives the appearance of a personalized and intimate touch point. Additionally, it does not seem easy to foresee what content will become popular. In fact, the idea of a campaign’s goal going viral makes the majority of marketers shudder. However, Spotify excels at knowing how to steer its campaigns in that manner. Any social media or communication platform can be used to disseminate the Only You campaign because of its shareable design (Marcelle, 2022).

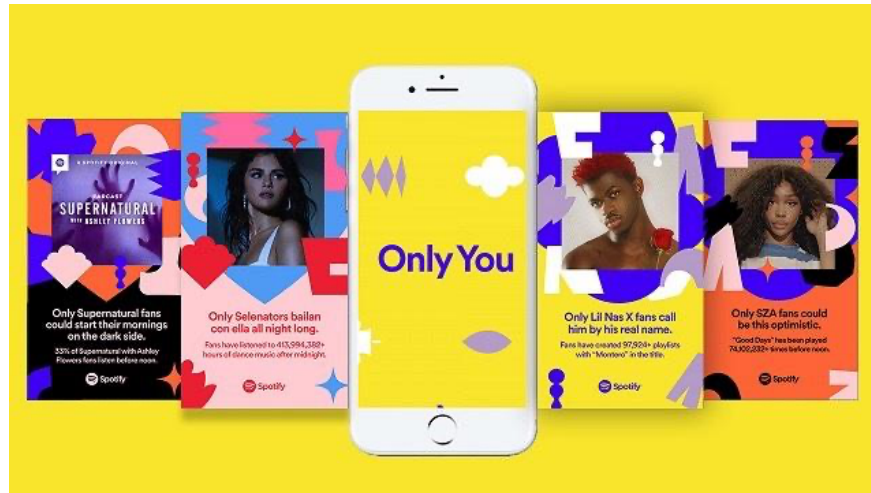


Figure 12: Spotify's Only You (Sayyad, 2021)

To conclude, Spotify has been doing everything right when it comes to Personalized Marketing. It fills the gap between social media marketing and technological sourcing for personalization to broaden reach with each and every feature and campaign, resulting in a variety of favorable impacts.

2.5.4 The future of personalization at Spotify

The journey of personalization at Spotify will not end here, as how it did not start with the personalization features to which users today are accustomed.

Particularly for podcasts, there stands a golden opportunity, which is partly attributed to the growing number of podcast listeners. Though it takes more time to decide whether you are interested in a certain show or episode than the 20 seconds it typically takes for a song, Spotify confirmed that the company is already a step ahead of the trend, when it comes to assisting users in finding their favorite podcasts. As Spotify has been investing substantially in creating the greatest recommendation algorithms in the world with over ten years of experience, it is not surprising that Spotify can even anticipate what sorts of podcasts users might like according to their music preferences (Spotify, 2021b).

Personalization and Personalized Marketing seem promising to have a much wider reach when executed by Spotify. It is essential not only for listeners who seek relevant and satisfying

experience, but also for producers who desire to expand their fan base. Spotify's technologies have been trained to find possible matches between genres, artists and even regions (Spotify, 2021b).

As stated by Spotify, the company aims to build long-term satisfaction for users rather than just short-term clicks, and Personalization strategy is definitely a means to this end.

2.6 Summary

To sum up, Personalization has increased in popularity in the business world during the past decades. It is now the exception for most consumers in all aspects, from marketing and customer relationships to product development and beyond. Companies need to rapidly innovate and adapt to change by leveraging highly relevant as well as personalized messages and offers to target consumers since they must now be perceived as distinctive persons with constantly shifting demands rather than just as data segments. Although there are still arguments among authors concerning the impact of Personalized Marketing, whether favorable or unfavorable, it cannot be denied that today's consumers demand individualized experience, and businesses that employ data-driven campaigns to create content relevant to their interests are seeing remarkable results. Indeed, serving the right message, on the right platform, at the right time, to the right customer makes the message resonate much more, which in turn improves customer engagement.

On top of that, Spotify – the worldwide biggest streaming platform, has proved to be one of the most successful cases of Personalization in Marketing. Spotify has come up with a broad range of features and campaigns that are built on Personalization, ensuring each user has a unique experience catered to their tastes. And as customers' preferences change, Spotify's curated recommendations and offers change with them. Accordingly, the company has nailed Personalization execution to an outstanding level, and this strategic approach is regarded as a key distinguishing characteristic of Spotify.

However, there are very few articles and studies to date that either examine the role of Personalized Marketing in fostering customer engagement or particularly focus on the practices of this strategy by Spotify. To that end, this research is proposed to provide insights into how Spotify implemented Marketing Personalization and its influence on Spotify users, especially in respect of customer engagement.

3. METHODOLOGY

3.1 Research Design

In this research, a quantitative method will be performed to answer the questions regarding Spotify's Personalized Marketing Strategy and how it improves customer engagement. Because the quantitative approach is considered the most appropriate for this study to compare user groups and their diversity of opinions on the music streaming service. The quantitative approach examines its representative sample to assess the general population (Cresswell, 2003). Similarly, according to Neuman (2014), the goal of quantitative research is to accurately grasp the characteristics of the actual reality and to numerically represent findings. By using polls, questionnaires, or surveys, researchers are able collect a significant amount of data for numerical and mathematical data analysis. Moreover, given its numerical nature, the quantitative method enables researchers to analyze the results using statistical tests (Babbie, 2017).

3.2 Data Collection Method

Since the primary focus is on Spotify – an online music streaming platform and its users, an online survey would be the most efficient form of data collection. As per Van Selin and Jankowski (2006), online surveys are a suitable tool, especially for acquiring insights into the internet or online service customers. Also, online surveys offer several advantages, as it is quick, inexpensive as well as an effective way to gather a huge amount of data in a short period of time. Additionally, Fink (2003) defined a survey as a scheme for acquiring data about and from individuals to depict, assess, or otherwise understand their abilities, behaviors and attitudes. The inclusion of different variables in this method enables the researcher to ask numerous questions simultaneously.

The questionnaire of this research is created using Google Forms, and the language is English so as to have a wider reach of respondents. More notably, it is totally anonymous, thus there is no need to be concerned about the privacy of respondents, and it is assured that the outcomes will be used for research purposes only. The used question types are Multiple choice, Checkboxes and Likert-scale.

In terms of structure, the questionnaire consists of 20 questions divided into three main parts:

- Demographic information
- Overall experiences with Spotify
- Experiences and opinions on Spotify's Personalized Marketing strategy

3.3 Sampling Method

Van Selin and Jankowski (2006) suggested that the sampling approach is presumptively non-probabilistic when conducting online surveys. For this study, the researcher would need complete access to the list of all Spotify users to choose the sample using the probability method. However, a non-probabilistic approach is taken because obtaining the entire list and carrying out random selection was impossible. Furthermore, since this method does not use a probability-based random selection from the population, not everyone will have an equal likelihood of being chosen (Babbie, 2017). Therefore, the non-probability method is best suited for this study because it allows for the approach of a large number of Spotify users. As Van Selin and Jankowski (2006) indicated, non-probability samples are useful because they represent a fraction of the whole population, even though these online surveys cannot describe the entire Internet user population.

On top of that, since the research focuses on Spotify users, the purposive (judgment) sampling is selected. This sampling method chooses respondents with specific qualities depending on the researcher's assessments (Babbie, 2017). Additionally, the purposive method's concentration on specific cases that best illustrate the phenomena allows a deeper investigation of the study subject (Matthews and Ross, 2010). Most importantly, the Internet environment is helpful in conducting online surveys among potential respondents with the aforementioned traits (Van Selin and Jankowski, 2006). People with similar interests or hobbies can exchange views and thoughts about many subjects in the online groups they participate in.

In order to reach specific respondents, the online questionnaire is distributed on Facebook groups e.g., Spotify Users, Spotify Followers, Spotify Playlists, Spotify Promotion; Reddit communities e.g., Spotify, and also Spotify Community website where users discuss their interests and knowledge of the music streaming platform. These social media channels make it possible to communicate directly with Spotify users and subscribers. Likewise, it enables to reach a large number of people who are eager to participate in surveys. Consequently, it eliminates sampling bias and, at the same time, acquires diverse insights from different categories of Spotify users.

3.4 Sample

The primary factor that guides the selection of the sample, as these participants can contribute to the study, is their usage of Spotify. Although everyone has access to the questionnaire, those who do not use the music streaming service are not included in the study. A filter question is added in the first part of the survey to identify participants who use or do not use Spotify. As a result, it produces a sample of Spotify users and subscribers only. After collecting the data, there is a total number of 121 respondents. However, the final sample without participants who do not use Spotify is equal to $N=107$.

3.5 Data Analysis Method

SPSS (Statistical Package for the Social Sciences) is the tool of choice for data analysis. It is a software program served for quantitative analysis of complex data. SPSS is chosen because of its easy-to-follow common language, convenience, simplicity and well-documented user manual.

After collecting responses, data will be imported to the program and transformed into numerical format for statistical analysis. Frequency, Mean (M), Standard Deviation (SD), Charts and statistical tests will be performed so as to come up with reliable outcomes.

4. RESULTS

4.1 General Analysis

4.1.1 Demographic information

The descriptive statistics show that out of 107 valid respondents, 63.6% are female, and 36.4% are male. Regarding age groups, the number of participants aged “18 – 24” is the highest (55%), followed by “25 – 34” (18%). The age group of “35 – 44” ranks third with 11%. While the figure for both “Under 18” and “45 – 54” is 7.5%, and the remaining 1% is “Over 55”. Moreover, the majority of respondents come from Europe (52%), and the second largest group is from Asia (36%). Only 12% of them are from other continents, including North America and Australia.

Besides, in terms of occupation, 60% of respondents are students, 37% are employed, and 3% are self-employed.

4.1.2 Overall experiences with Spotify

This part describes users' overall experiences with Spotify, including the length of use, daily hours spent on the platform, general satisfaction and comparison with other music streaming apps. Among 107 surveyed users, 75.7% are Premium Users, while the remaining 24.3% are not.

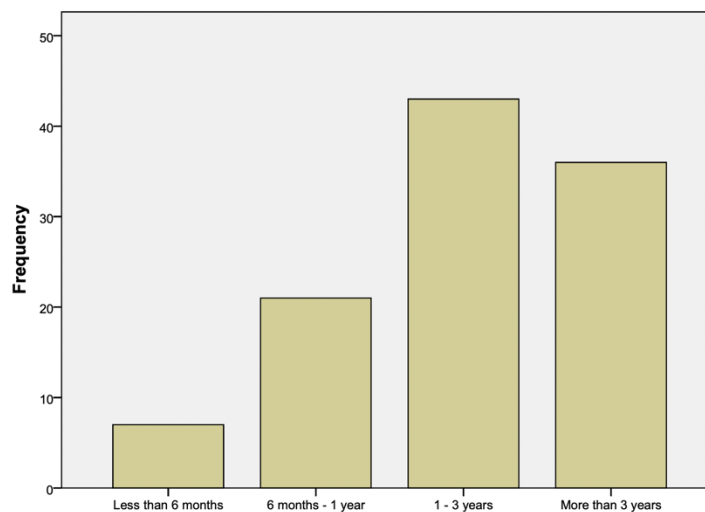


Figure 13: Length of use (Author)

Figure 13 shows the time duration since Spotify users started using the platform. The period varies with four categories, from less than 6 months to more than 3 years. According to the chart, nearly three-fourths of participants have used Spotify for more than one year. Specifically, the most common length of use is “1 – 3 years” as its proportion is 40.2%. The second place belongs to the time period of “More than 3 years” with 33.6%. “6 months – 1 year” accounts for the third part (19,6%), and 6.5% of them just started using Spotify less than 6 months ago, by the time of filling out the survey.

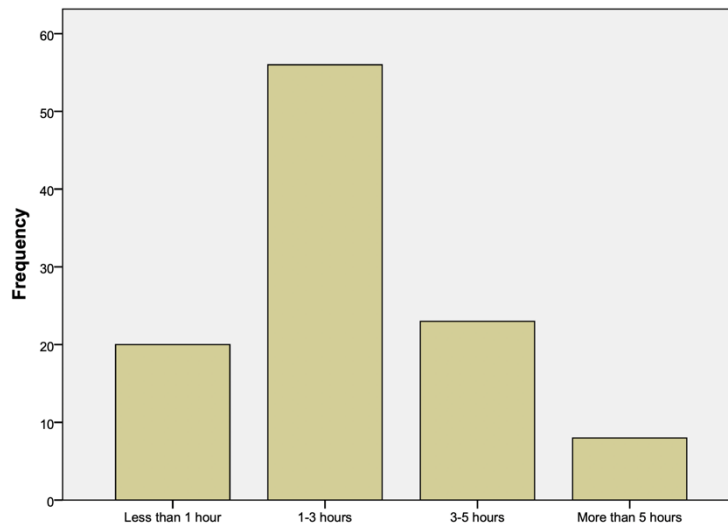


Figure 14: Daily hours spent on Spotify (Author)

Figure 14 illustrates the number of hours Spotify users spend daily on the streaming app. Most users (52.3%) tend to use Spotify for 1 – 3 hours per day. 21.5% of them are recorded to spend a longer period of time on the platform (3 – 5 hours). 18.7% use Spotify for less than 1 hour a day, and lastly, 7.5% decide to spend more than 5 hours on the streaming service.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Streaming and new music	49	40.5	45.8	45.8
	Streaming, podcasts, content creation	58	47.9	54.2	100.0
	Total	107	88.4	100.0	
Missing	System	14	11.6		
Total		121	100.0		

Table 4: Purposes of use (Author)

Table 4 provides insights into why users choose to use Spotify, considering that Spotify offers several functions for users instead of simple music access. However, the primary purpose stated by users is music streaming. Precisely, more than half of them (54.2%) say that they use Spotify for music streaming, podcasts and content creation. In the meantime, 45.8% use Spotify to stream and discover new songs only.

Rate your overall experience
with Spotify

N	Valid	107
	Missing	14
Mean		5.20
Std. Deviation		.852

Table 5: Overall satisfaction with Spotify (Author)

Table 5 demonstrates how Spotify users rate their own experiences with Spotify. The satisfaction level is measured on a scale of 6, from “Very dissatisfied” to “Very satisfied”. The mean of answers is $M=5.2$, and the standard deviation is $SD=.85$. Those data indicate that the majority of respondents are either satisfied or very satisfied when using Spotify. That is, Spotify is performing well in fostering customer satisfaction.

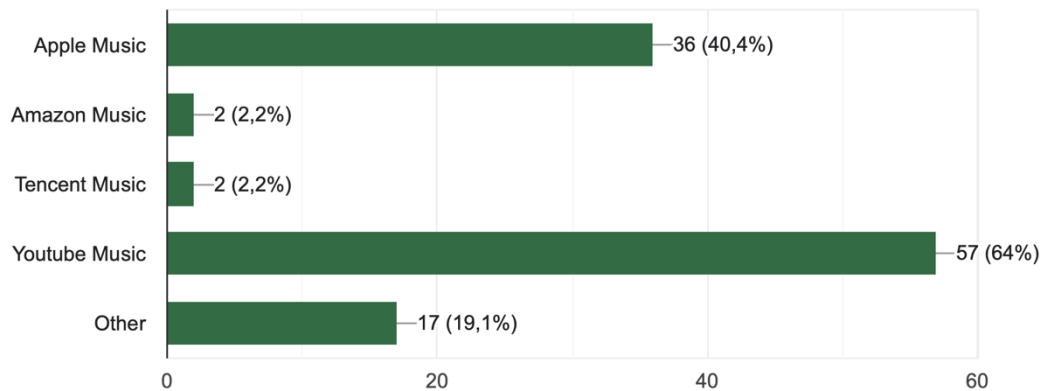


Figure 15: Used music streaming platforms (Author)

Figure 15 lists out different music streaming platforms, apart from Spotify, that participants may have used. There are 89 responses to the question, since it is optional, considering that there exist people who do not use any of the given platforms. Based on the survey, YouTube Music is the most popular one, used by 64% of the respondents. Apple Music ranks the second place with 40.4%. This seems reasonable as the market shares of YouTube Music and Apple Music are one

of the largest, just behind Spotify. Only 2 of the responses include Tencent Music as well as Amazon Music. That means, these two streaming services do not seem familiar with the respondents. Lastly, 19.1% use other platforms which are not listed in the survey.

		Ranking of Spotify	Ranking of Apple	Ranking of Youtube
N	Valid	101	90	96
	Missing	20	31	25
Mean		4.61	2.34	2.75

Table 6: Rankings of music streaming platforms (Author)

Additionally, Table 6 shows the comparison of ranking scores among the three most common music streaming platforms, namely Spotify, Apple Music, and YouTube Music. It is rated according to the preferences of respondents. The mean (M) is taken into consideration to compare because it is the average level of responses. Spotify has the highest rate with $M=4.61$, which means it is the most favorite streaming service based on participants' opinions. In contrast, the figures for YouTube Music and Apple Music are pretty low, $M=2.75$ and $M=2.34$, respectively. The results seem to be in line with the collected secondary information, as Spotify is observed to be the leading platform, proven by the most enormous customer base it owns. At the same time, this analysis may have some drawbacks as the number of users of three platforms is not equal.

4.1.3 Experiences with Spotify's Personalized Marketing

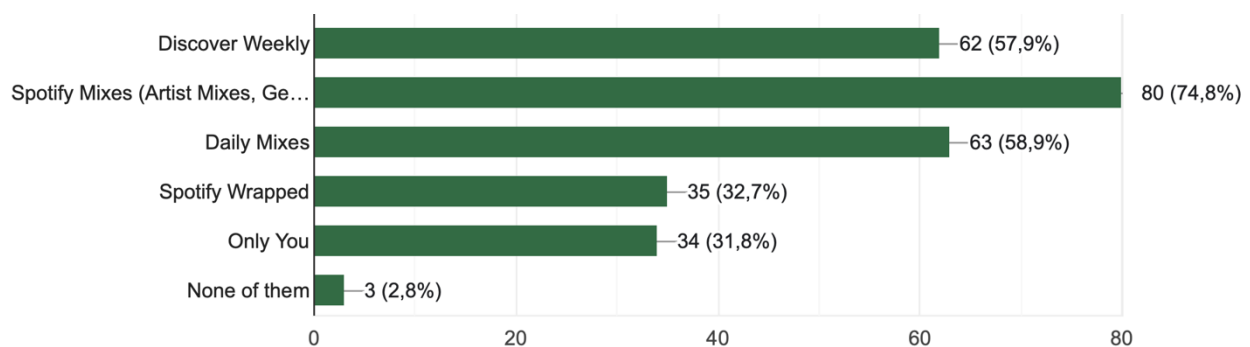


Figure 16: Used personalized features and campaigns (Author)

Figure 16 represents the usage of different personalized features and campaigns by Spotify users. The most commonly used feature recorded is “Spotify Mixes” with 74.8% of total responses. It includes Artist Mixes, Genre Mixes, Decade Mixes, Mood Mixes, Etc. “Daily Mixes” is being used by 58.9% of participants, and the figure for “Discover Weekly” is slightly smaller (57.9%). Followed by two campaigns, “Spotify Wrapped” and “Only You”, with 32.7% and 31.8%, respectively. It can be seen that there are not so many users of these two campaigns when compared to other features. This is partly attributed to the fact that “Only You” is a temporary campaign, and “Spotify Wrapped” is a feature only available once at the end of the year. On the contrary, except “Spotify Mixes” – released in 2021, “Discover Weekly” and “Daily Mixes” have been run for years and become familiar with users. Last of all, there are 2.8% of respondents who have never used any of the listed features.

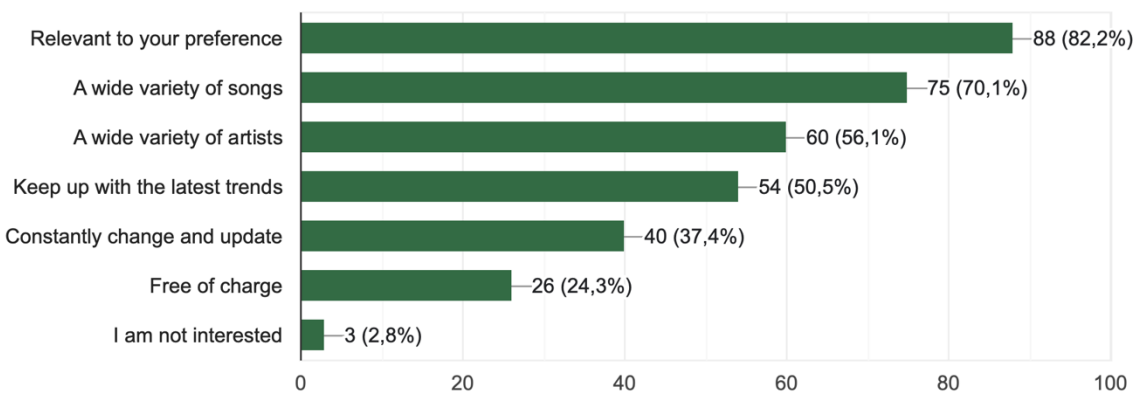


Figure 17: Factors of interest (Author)

Figure 17 indicates various factors influencing Spotify users’ interest in the platform’s personalized recommendations. As demonstrated in the chart, the majority of respondents (82.2%) agree that those recommendations are relevant to their preferences. The second reason is that they contain a wide variety of songs (70.1%), followed by a wide variety of artists (56.1%). Besides, Spotify users are also interested in their personalized recommended playlists because the tracks can keep up with the latest music trends (50.5%), as well as are constantly changed and updated (37.4%), so as not to make users listen to the same songs over and over. 24.3% of respondents find

Spotify's recommendations appealing as they do not have to pay for them, and only 2.8% state that they are not interested at all.

4.2 Findings to Research Questions

This part presents key findings and interprets data with respect to central research questions.

RQ1: How do users perceive Spotify's Personalized Marketing?

Users' perceptions are measured by questions regarding impressions and opinions on Spotify's Personalized Marketing. Hence, a Likert scale is used to facilitate the answers. Respondents are asked if they agree with the two following statements, "Spotify's personalized recommendations suit my taste and preference" and "I find Spotify's personalized features attractive".

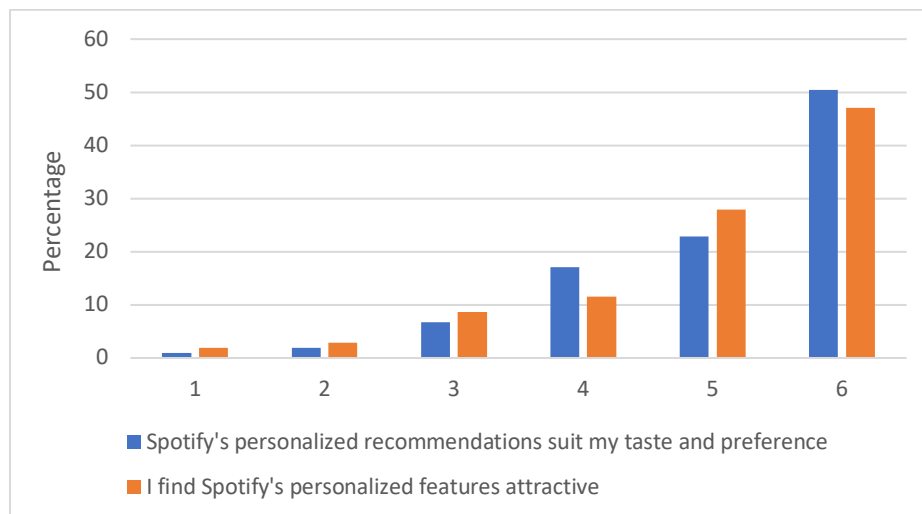


Figure 18: Rate of personalized recommendations and features (Author)

The answers are rated on a scale from 1 to 6, from "Not agree at all" to "Strongly agree". According to the bar chart, both two statements experience a similar trend, for which nearly 90% of responses are favorable. More remarkably, "Strongly agree" receives the largest proportion, with 50.5% for "Spotify's personalized recommendations suit my taste and preference" and 47.1% for "I find Spotify's personalized features attractive". Thus, it can be concluded that Spotify's Personalized

Marketing has positive impressions on users, or in other words, users seem to have interest in the strategy. On the other hand, the remaining 10% of respondents express that they do not find personalized features and recommendations helpful and appealing, either have or have not used, as they choose to disagree with the statements.

			Relevance of personalized recommendations			Attractiveness of personalized features		
			More disagree	More agree	Total	More disagree	More agree	Total
Age groups	Under 24	Count	7	60	67	9	57	66
		Expected count	6.4	60.6	67.0	8.9	57.1	66.0
	25 - 44	Count	2	29	31	4	27	31
		Expected count	3	28.0	31.0	4.2	26.8	31.0
	Over 44	Count	1	6	7	1	6	7
		Expected count	.7	6.3	7.0	.9	6.1	7.0
Total		Count	10	95	105	14	90	104
		Expected count	10.0	95.0	105.0	14.0	90.0	104.0

Table 7: Age groups and Personalized Marketing Crosstabulation (Author)

In addition, Pearson's Chi-square test for independence is conducted to examine whether the age of respondents would have an influence on their level of interest. The crosstab includes two categorical variables: age groups and their judgement on the abovementioned statements. The age variable is regrouped into three intervals: "Under 25", "25 – 44", "Over 44". While the judgement comprises two possible values: "More disagree" and "More agree". With respect to the first statement, "Spotify's personalized recommendations suit my taste and preference", the Chi-square test result is $X^2=0.590$, $p=.744$. And regarding the other statement, "I find Spotify's personalized features attractive", the Chi-square test result is $X^2=0.014$, $p=.993$. The test statistics reveal that the two variables are not associated or not related to each other ($p\text{-value} > .05$). To put it simply, there are no significant differences between age groups, or the expectations and interests in Spotify's Personalized Marketing are not affected by the age of users. The outcomes seem intriguing as it is commonly assumed that younger people would be more attracted by personalized approaches than the elder.

RQ2: How frequently do Spotify users use personalized features?

First of all, Table 8 shows the regularity of how personalized features are used by Spotify users, including Discover Weekly, Spotify Mixes and Daily Mixes. The answers range over five degrees of frequency, from “Never”, “Rarely”, “Sometimes”, “In most cases” to “Always when I use Spotify”. The result of each category is calculated in percentage, out of the total responses.

	Discover Weekly	Spotify Mixes	Daily Mixes
Never	14.0	7.5	8.4
Rarely	16.8	8.4	14.0
Sometimes	23.4	28.0	29.0
In most cases	26.2	35.5	26.2
Always when I use Spotify	19.6	20.6	22.4
Total	100.0	100.0	100.0

Table 8: Frequency of use of Spotify’s personalized features (%) (Author)

Overall, the smallest proportion of all levels is witnessed to be “Never”, which means the majority of people have already tried the three features at least once. On the contrary, the largest part of answers either comes from “Sometimes” or “In most cases”. Specifically, regarding Discover Weekly, most respondents use it “In most cases” (26.2%), followed by “Sometimes” (23.4%), “Always when I use Spotify” (19.6%), “Rarely” (16.8%) and lastly, “Never” (14%). A similar trend applies to Spotify Mixes, with the biggest share of 35.5% for “In most cases” and the smallest of 7.5% for “Never”. At the same time, Daily Mixes experiences “Sometimes” as the most popular choice with 29% and the least is “Never” with 8.4%.

	Frequency of usage - Discovery weekly	Frequency of usage - Spotify mixes	Frequency of usage - daily mixes
N Valid	107	107	107
Missing	14	14	14
Mean	2.21	2.53	2.40
Median	2.00	3.00	2.00
Mode	3	3	2
Std. Deviation	1.323	1.135	1.220

Table 9: Comparison of frequency (Author)

Moreover, a comparison of the frequency of using those features by respondents is described in Table 9. Some indicators are measured, including Mean (M) and Standard Deviation (SD). According to the result, Spotify Mixes possess the highest mean (M=2.53, SD=1.135), by just a slight distance from the other two features, Daily Mixes and Discover Weekly, for which the figures are M=2.40, SD=1.220 and M=2.21, SD=1.323, correspondingly. Although there is no significant disparity in the outcomes, it still implies that people tend to use Spotify Mixes the most often when they are on the app. This conclusion can also be explained by the fact that the number of respondents who never use Spotify is the smallest among all (Table 7).

RQ3: Which are the most satisfying personalized features according to Spotify users?

	Discover Weekly	Spotify Mixes	Daily Mixes	Spotify Wrapped	Only You
Totally dissatisfied	4.9	3.2	6.5	7.6	4.0
Partly dissatisfied	6.1	9.5	12.0	13.6	18.0
Partly satisfied	43.9	45.3	40.2	36.4	40.4
Totally satisfied	45.1	42.1	41.3	42.4	38.0
Total	100.0	100.0	100.0	100.0	100.0

Table 10: Satisfaction level of personalized features (in percentage) (Author)

With a view to evaluating how satisfied Spotify users are with personalized features and campaigns, four options are provided, varying from “Totally dissatisfied”, “Partly dissatisfied”, “Partly satisfied” and “Totally satisfied”. Table 10 combines the results with the distribution of each level. Overall, approximately 80% of participants are either “Partly satisfied” or “Totally satisfied” with the given features and campaigns, consisting of Discover Weekly, Spotify Mixes, Daily Mixes, Spotify Wrapped and Only You. The results seem favorable, and those features seem to be serving their purposes appropriately. In contrast, there still exist some who feel “Partly dissatisfied” or “Totally dissatisfied” (around 20%). It raises a concern that Spotify should be addressing to improve its functionalities.

		Satisfaction - Discovery Weekly	Satisfaction - Spotify mixes	Satisfaction - Daily mixes	Satisfaction - Spotify Wrapped	Satisfaction - Only You
N	Valid	82	95	92	66	50
	Missing	39	26	29	55	71
Mean		3.29	3.26	3.16	3.14	3.12
Std. Deviation		.793	.761	.881	.926	.849

Table 11: Comparison of satisfaction (Author)

Furthermore, Table 11 compares the satisfaction level of those features and campaigns, based on the survey. The average of responses is calculated as the choice of assessment. However, there are no significant differences among the results, as the mean satisfaction level is around $M=3.1$ to $M=3.3$. That means it cannot distinguish which one is the most satisfying, but rather infers that the respondents feel more or less the same contented with all five features and campaigns. Thus, it is proved that Spotify is on the right track of performing personalization.

RQ4: Do users consider personalized features as a differentiator of Spotify compared to other music streaming platforms?

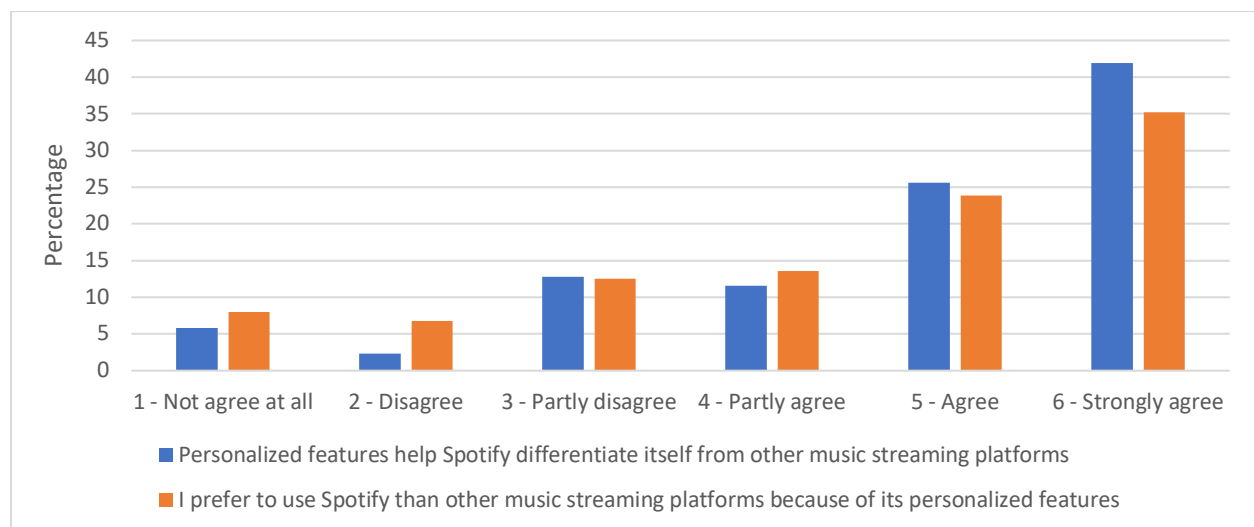


Figure 19: Users' perceptions of Spotify's personalized features (Author)

To answer this research question, participants are asked to rate two Likert-scale statements, choosing from "Not agree at all" to "Strongly agree". The first one is to see if they agree that

“Personalized features help Spotify differentiate itself from other music streaming platforms”. Generally, agree-sided responses account for almost 80%, and disagree-sided ones consist of over 20%. In particular, “Strongly agree” ranks first with 41.9%, while the last goes to “Disagree” with 2.3%. To make the findings more reliable, a follow-up question about their preferences is provided, “I prefer to use Spotify than other music streaming platforms because of its personalized features”. Respondents show a similar tendency of judgement, for more than 70% of them lean towards positive opinions. In detail, the largest part (35.2%) chooses “Strongly agree” and the smallest part (6.8%) chooses “Disagree”. As a result, it is believed by surveyed users that personalized features are competitive advantages of Spotify when compared to other music streaming platforms. Indeed, Spotify is the leading company in executing this strategy, which helps not only differentiate itself in the market but also enhance its customer base.

RQ5: What are the impacts of Spotify’s Personalized Marketing towards customer engagement?

	Mean	Mode	Std. Dev
I keep using Spotify because of its personalized features	4.19	6	1.675
I would love to experience more personalized features of Spotify in the future	4.73	6	1.422
I would subscribe / keep subscribing Spotify Premium to fully experience personalized features	4.43	6	1.703
I would recommend Spotify to my family and friends after using personalized features	4.44	6	1.576

Table 12: Statements results (Author)

A series of Likert-scale questions towards customer engagement is given in the survey. Similar to previous ones, responses range from 1 to 6, “Not agree at all” to “Strongly agree”. On the whole, as shown in Table 12, the average ranking of four statements is around $M=4.5$, meaning users either “Partly agree” or “Agree”. It starts with asking if personalized features are the main reason that makes them stick with Spotify, “I keep using Spotify because of personalized features” ($M=4.19$).

Then comes a question about their expectations, “I would love to experience more personalized Spotify in the future” (M=4.73). Lastly, the process is followed by two statements regarding their intentions with the Premium plan and willingness to share with others, “I would subscribe / keep subscribing Spotify Premium to fully experience personalized features” (M=4.43) and “I would recommend Spotify to my family and friends after using personalized features” (M=4.44). Overall, it represents relatively high results, and since all four statements are leading towards customer engagement, it can be implied that Spotify’s Personalized Marketing strategy is effective in keeping users engaged with the platform.

5. CONCLUSION

5.1 Discussion

The main purpose of this study is to highlight the advantages of Personalization in Marketing and how Spotify has executed the tactic. Additionally, this study examines insights into how Spotify users perceive Personalized Marketing and how well it works to enhance customer engagement. The statistical analysis of data collected from the survey revealed intriguing variations in the strategy’s effects and Spotify users’ perceptions.

According to the research, all given personalized features and campaigns, including Discover Weekly, Spotify Mixes, Daily Mixes, Spotify Wrapped and Only You, deliver roughly the same level of contentment. However, in terms of frequency, Spotify Mixes is observed to be the most commonly and regularly used. At the same time, from the users’ standpoint, personalization is essential in creating good customer experiences and building customer satisfaction. More notably, the way Spotify has involved personalization in its features and marketing approach does contribute to strengthening customer engagement. Since it not only makes users feel heard but also serves as a competitive advantage in the intense rivalry of the market, with which other music streaming platforms struggle to compete. As a result, it once again proves the success of Personalized Marketing implemented by Spotify and emphasizes the importance of prioritizing users as well as their needs.

More importantly, it is recommended that Spotify provide new personalized features so as to live up to users’ expectations. For example, customized recommendations for podcasts and shows

are worth taking into account, though they might require more work as well as more advanced technologies than detecting user preferences for songs. In addition, Spotify should develop its algorithms to offer a higher level of relevance based on users' streaming profiles, which is the most crucial factor affecting users' interests. Lastly, Spotify should also elevate its emotional approach by giving real-time suggestions for listeners' actual moods, which would become a significant breakthrough. Since existing "Mood Mixes" playlists are predefined, and some might not be curated for individuals. To top it all off, aligned with the literature review, customer engagement derives from interactions that reinforce a customer's emotional commitment in a brand.

5.2 Limitations

While this research presented many important insights regarding Spotify's Personalized Marketing strategy and its remarkable impacts, it also contains several limitations.

First and foremost, the result, to some extent, is not representative because of the small sample size (N=107). It also experienced a lack of diversity in terms of demographic characteristics, including sample age and geographical distribution. For instance, more than half of respondents aged 18 – 24, or the majority of them, come from Europe and Asia. Therefore, because the selected sample is not evenly split into age categories or places of residence, the findings of the study might only apply to certain sample groups and not the entire population. Not having diverse data also made the research incapable of performing some statistical tests.

In relation to methodology, the conducted online survey may suffer from two drawbacks: the population to which it is spread cannot be depicted, or participants with bias might include themselves in the sample. And research is worthwhile only when the results of a sample can be scaled up to a significant population. Furthermore, although it can be feasible to acquire quantitative data from a sizable population using Likert-scale questions, there is a chance that some of the responses are prejudiced. This could be explained by the fact that participants avoid choosing extreme answers (highest or lowest ones). Besides, invalid responses may result from participants' misinterpretation or interest lost during the questionnaire, whether because it is too long, too complicated or insufficient options provided.

5.3 Suggestions

Overall, it is of essence to have further research to better understand the effectiveness of Spotify's Personalized Marketing strategy. Some suggestions can be concluded in order to acquire more correct and reliable data.

First of all, to avoid disproportions or sample bias, future research is recommended to broaden the scope and sample size. It can assist in exploring whether different demographic factors would really influence the interest as well as the intention for engagement of Spotify users or impacts of the Personalized Marketing strategy itself. Since this study exposed that there were no major differences among user groups at all. Likewise, it can also support to distinguish which personalized feature is performing better and delivering greater satisfaction.

Moreover, as this topic focuses on perceptions that Spotify users have on its strategy, it is advisable to include qualitative data by conducting in-depth interviews. The qualitative method would be captivating, as it might reveal interesting perspectives which could not be gathered from quantitative analysis.

In conclusion, further research on similar topics is necessary to fill in the remaining gap of this study. Additionally, this research could be expanded to other music streaming platforms which also implement personalization, in order to demonstrate a thorough comparison of all services.

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