



Stanford eCorner

The Big, Hairy, Audacious Goal of Spotify

Daniel Ek, *Spotify*

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Spotify Co-Founder Daniel Ek explains the big goal behind Spotify, in response to a question from KPCB venture capitalist Chi-Hua Chien. Ek articulates Spotify's goal to create a social music service that was more attractive than piracy for consumers that also allowed the music industry to grow.



Transcript

At Stanford, what the students are often taught and talk about is the Big Idea or the Big Hairy Audacious Goal? What's the Big Idea or BHAG behind Spotify? Look, in my case it's quite simple. I grew up in Sweden, I had access to all this broadband. It was so obvious to me after getting Napster and Kazaa and all the services that this is the way that people want to consume music. And the more I started researching it, it actually turned out that there was half a billion people that consumed music that way. And at the same time, musicians were struggling and they can't make money out of music anymore, so they keep doing it for touring and they kept doing all these things. And for me at the time, it was quite obvious that - and when we started Spotify, this is in '06, iTunes still sold DRM track. They were copyright protected songs, you couldn't play them anywhere. The quality was 160 kilobits. And at the same time I could go to PirateBay or Kazaa and download the same song pretty much as fast in lossless quality and with no protection whatsoever. So it was obvious to me that for the first time in history, the pirated product was actually a lot better than the one you could buy.

So no wonder why people use pirated services. So what we tried to do with Spotify and the goal was to create a service that was actually better than piracy. It was simpler, it's easier for people to discover and share music. It's really all that. And we realized that if we could do that, maybe we could take a big chunk of the 500 million people that consume music illegally and by doing that, getting the music industry back to growth again where artists can keep making great music that we all can enjoy. And in a nutshell that product offering is how much money for which services, here in the U.S.? Sure. But even so like the vast majority of people in the world does not spend any money at all on music. Yeah. You know, think of the fact, if you compare over history like how long it took Elvis Presley for a billion people to know him? And then think of the same amount of time it took Lady Gaga to get known by a billion people? So, today, two years after Lady Gaga got released, more than a billion people would be able to hum one of her songs. It's pretty extraordinary.

But yet Lady Gaga had in the same time sold less than 10 million records, where Elvis Presley sold half a billion records. It's quite dramatic shift and that kind of tells me that like we live in this world where music obviously is spreading. And they're spreading through people sharing music with each other, no longer through radio and so on. And by them doing that, and if they can do that in legal way, whether we monetize that with advertisements or get a few percentage points of people to start converting into paying for it by becoming subscribers, we can grow the music industry. So, that was the idea.