

# Changing Their Tune: How Consumers' Adoption of Online Streaming Affects Music Consumption and Discovery

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## Abstract

Instead of purchasing individual content, streaming adopters rent access to libraries from which they can consume content at no additional cost. In this paper, we study how the adoption of music streaming affects listening behavior. Using a unique panel data set of individual consumers' listening histories across many digital music platforms, adoption of streaming leads to very large increases in quantity and diversity of consumption in the first months after adoption. Although the effects attenuate over time, even after half of a year, adopters play substantially more, and more diverse, music. Relative to music ownership where experimentation is expensive, adoption of streaming increases new music discovery. While repeat listening to new music decreases, users' best discoveries have higher play-rates. We discuss the implications for consumers and producers of music.

*Keywords:* digital distribution, online streaming, entertainment industry, music consumption, variety

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## 1. Introduction

In recent years, copyright-related industries have suffered as new digital technologies disrupted their revenue models. One such disruptive technology that is currently taking over the music industry is streaming. Streaming allows consumers unlimited access to a vast library of content at a fixed monthly payment. In 2015, it became the single largest source of music industry revenues in the U.S. (Friedlander 2016). A similar shift from ownership-based to streaming-based business models is taking place in other copyright-related industries (e.g., in particular, movies, games, and books).

Similar to research on file sharing, the rise of streaming has triggered a discussion among researchers about its impact on aggregate demand and producers' revenues. Using song-level digital sales, Aguiar and Waldfogel (2015) find that streaming displaces ownership-based downloads. In a survey panel, Wlömert and Papies (2016) show that free, ad-supported streaming services cannibalize demand from other channels; since revenues from paid subscriptions more than offset this effect, streaming positively affects sales. Aguiar (2015) documents that ad-supported streaming of music increases visits to legal and illegal downloading websites among heavy users.

Missing from the literature is an account of how streaming affects consumption at the individual level. We contribute to this literature in three ways.<sup>1</sup> We first ask to what extent streaming generates additional music consumption rather than displacing consumption from other platforms. Access to a wide variety of content on a streaming platform may entice

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<sup>1</sup> More broadly, we also contribute to the empirical literature on how new distribution and consumption technologies affect consumer behavior. Much of this literature is concerned with how consumption patterns change as consumers migrate online (e.g., Zentner, Smith, and Kaya 2013), taking into account supply-side factors (e.g., greater variety online than offline) as well as demand-side factors (e.g., information on popularity). We highlight the role of another demand-side factor, the price of variety at the margin that has an impact on consumption.

consumers to consume more, potentially turning deadweight loss —music that is valued above zero but below its purchase price, and hence is not consumed— into surplus (e.g., see also Waldfogel 2012). Another possibility is that consumers merely shift consumption to other platforms: the songs may be different, but the time spent listening remains unchanged.

Second, music is a consumption good for which many consumers have a love of variety. We study the effects of streaming on the nature and magnitude of music variety consumed. In the (digital) ownership model, when consumers purchase and download specific music titles, an additional variety is costly. However, in the streaming model, it is free. We measure how this price difference affects the breadth of consumed variety in terms of the number of distinct artists, songs, and genres consumed. Next, we measure how users reallocate their time listening, whether they concentrate on a few artists (e.g., superstars, Elberse 2008; Rosen 1981), or spread their listening across a wider set of artists.

Third, we investigate the impact of adopting a streaming technology on how consumers explore and discover new music. By reducing the costs of exploring the variety of music, streaming allows —according to one estimate— the average user to discover 27 new artists per month (Kissel 2015). To what extent do these new discoveries actually yield highly played songs? We investigate this issue empirically by considering how streaming affects repeat consumption for new titles in general, and for personal favorites among new titles.

We examine the effects of streaming by focusing on the moment of adoption of Spotify, currently the largest streaming provider serving 100 million customers in 60 countries (Spotify 2017a). We construct a unique panel data set capturing individual-level music consumption by using a third-party service that tracks consumers' platform choices and listening behavior across a wide set of platforms. We identify self-treated consumers who adopt streaming in our

observation window, though they may continue to use other providers. Next, we match adopters to control users who do not adopt streaming. We also measure variety using a secondary data set with meta-level characteristics for more than 200,000 artists.

We identify the effects of adopting a streaming service on total music consumption on all platforms in the short- (within two weeks), medium- (up to six months), and long-run (six to twelve months after adoption). We use a difference-in-differences (DiD) approach that controls for unobserved user-level and time-varying characteristics. Two forms of selection complicate our identification strategy. First, our data lack a randomized assignment of consumers into treatment and control conditions. We use a combination of consumer fixed effects and quasi-experimental methods to distinguish causal adoption effects from simple differences in the characteristics between adopters and non-adopters (e.g., Bronnenberg, Dubé, and Mela 2010). Second, the demographic profile of sampled consumers may not be representative of the total population of potential adopters. Hence, we study local average treatment effects (LATE) among those consumer segments in our sample that are likely to adopt streaming.

We find that the adoption of streaming leads to a long-run growth of 49% in overall music consumption across all platforms. A sizeable amount of consumption on streaming services comes at the expense of ownership platforms such as iTunes, Winamp and Windows Media Player. Next, breadth of variety increases and concentration of listening behavior drops as consumers expand their listening over a larger assortment of artists, songs, and genres. Finally, streaming increases the rate at which consumers discover new music. Although consumers play a typical new song less after adopting streaming, the low-cost trial and wider selection of free additional music available on streaming services results in more plays for users' best discoveries. We examine several sources of heterogeneity in the local average treatment effect. For instance,

relative to consumers whose listening histories contain many varieties, users with low variety prior to adoption typically experience larger adoption effects on variety and discovery of new music. We repeat our analysis with different variable operationalizations, functional forms, long-run effects, and definitions of our sample. The results from this and other robustness checks indicate broad agreement with our reported results.

Taken together, our results demonstrate a significant long-run shift in music consumption towards more plays, variety and new music discovery. Hence, if we believe our sample is representative of the population of streaming adopters, the shift from ownership to streaming potentially levels the playing field to the benefit of smaller producers, e.g., indie artists or labels.

In what follows, section 2 provides the theoretical background in terms of consumer behavior. Sections 3 and 4 discuss the data and methodology. Section 5 presents the results and section 6 the implications for producers and consumers of music. Section 7 concludes.

## **2. Variety in the music entertainment industry**

The music industry has been studied in economics (Adler 1985; Cameron and Collins 1997; Chung and Cox 1994; Rosen 1981), marketing (Chung, Rust, and Wedel 2009; Holbrook and Hirschman 1982; Lacher and Mizerksi 1994), law (Zentner 2006), and sociology (Lopes 1992). Because music variety is at the heart of consumer welfare, unsurprisingly, a central issue in the literature are the limits on variety consumption in demand and supply.

On the demand side, variety in music can serve two purposes. First, it can cater to consumers with idiosyncratic tastes (Crain and Tollison 2002). In this setting, more variety meets the tastes of more consumers and enhances welfare along the extensive consumer margin. Alternatively, a broad selection in music can satisfy the demand for variety at the individual level (Adler 1985; Chung and Cox 1994; Kim, Allenby and Rossi 2002; Ratner, Kahn and Kahneman

1999), creating welfare along the intensive consumer margin. Another literature stream does not consider its search cost (see, e.g., Elberse 2008), but the acquisition cost of purchasing quantity versus variety (see, e.g., Bronnenberg 2015). This literature suggests that the costs of a marginal variety lead to limited demand for variety.

On the supply side, one of the earliest empirical observations concerning variety in the music industry is that a relatively small number of artists commands a large share of the revenue, i.e., that the music industry is characterized by limits to the supply of variety. Rosen (1981) presents a theory which proposes that “superstars” emerge from two conditions. One is that artists’ rewards are convex in talent. This occurs when consumers view variety and quality as substitutes and are willing to pay more for a single top performance than for several good but intermediate ones. Convexity turns small talent differences into large pay-off differences. The second condition is that the marginal cost of producing a consumer experience, e.g., the cost associated with producing an additional audio file, is low. This creates a scale economy allowing few sellers to serve many consumers.

An alternative view is that concentration arises—even among equally talented artists—from differences in search cost or complementary “consumption capital.” For instance, Adler (1985) and Chung and Cox (1994) view music as an experience good. Rather than requiring a distribution of talent (and a magnified distribution of rewards), superstardom can emerge from imitation behavior by fans who have incomplete information and choose popular artists to minimize search costs. Adler discusses this mechanism in the context of accumulating consumption capital that is produced by listening to music and “discussing it with other persons who know about it” (p. 208). This produces a reinforcing spillover among consumers and selects a handful of lucky performers to become stars.

Empirically, the consumption capital explanation has gained some support. Lacher and Mizerski (1994) find that consumers are likely to purchase music more by its ability to create an absorbing experience than by liking alone. Using a measure of voice quality, Hamlen (1991) documents that small differences in talent do not lead to excessive differences in rewards.

Entry of streaming providers in a market dominated by ownership models has affected the three different mechanisms of variety reduction mentioned above. First, and central to our paper, the ownership model charges a fee per variety, i.e., per song, whereas a streaming provider charges a subscription fee for the entire catalog, thus dramatically lowering the acquisition cost of variety. Indeed, variety on a streaming provider is free of charge (although some search cost may remain) and this paper seeks to exploit this shift in costs to measure its impact on consumption and demand.

Second, there are additional effects on the supply of variety that may have secondary effects on variety consumption. Viewed through the lens of limited entry from convex rewards (e.g., Rosen 1981), a streaming provider changes an artist's reward structure to a fee per play that does not depend on the quality or overall popularity of an artist. Thus, relative to a world where artists that are more popular command higher prices, the streaming reward schedule is less convex in popularity. Additionally, streaming provides low-cost information about artists and measures of consumption capital to consumers (e.g., by providing consumption information in the form of playlists).

### **3. Data**

We now describe the data that we have collected to shed light on how streaming changes quantity and variety of music consumption, and the discovery of new music.

### **3.1. Institutional background**

Recently, the music industry has witnessed a marked increase in the number of interactive streaming providers, which are the focus of this study.<sup>2</sup> At present there are over 20 providers offering comparable services in terms of variety and price.<sup>3</sup> The largest of these, Spotify, has 40 million paying subscribers in 60 countries (Spotify 2017a); subscribers have unlimited access to a library of over 30 million songs in exchange for about \$10 per month. More than 60 million users are on Spotify's free membership plan. They have less control over what they can listen to, and advertisers pay Spotify to expose free users to commercials. Importantly, streaming providers pay royalties to copyright holders based on the number of times a song was streamed.

### **3.2. Sample**

To construct our data, we use a third-party music recommendation service which wishes to remain anonymous (henceforth "the service"). The service builds detailed user profiles by recording users' listening histories across multiple platforms. Consumers join it to receive music recommendations based on consumption across all their music sources rather than those based on only one platform. The service supports more than 100 devices and clients, giving a comprehensive picture of music consumption, whether offline or online, mobile or desktop.<sup>4</sup>

We sampled from the service's user base by repeatedly visiting its website in short intervals between April 22 and 29, 2014 (Oestreicher-Singer and Zalmanson 2013). Our web scrapers collected the usernames of recently active users on the service during this period. Using the service's Application Protocol Interface (API), we recorded age, gender, and country for a

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<sup>2</sup> Interactive providers give consumers free choice in which songs they want to consume. Non-interactive providers like Pandora, instead, are similar to radio broadcasting and offer a pre-selected set of songs only (Aguilar 2015).

<sup>3</sup> For a comparison of streaming music providers, see [https://en.wikipedia.org/w/index.php?title=Comparison\\_of\\_on-demand\\_streaming\\_music\\_services&oldid=761564933](https://en.wikipedia.org/w/index.php?title=Comparison_of_on-demand_streaming_music_services&oldid=761564933) [accessed January 24, 2017].

<sup>4</sup> The service's technology monitors song-level consumption on all platforms a user has activated (on average 4.14 platforms per user in our data). Music consumed offline is also monitored, and submitted whenever a connection becomes available. Traditional FM radio is not included.



randomly selected sample of 5,003 users,<sup>5</sup> and retrieved their music consumption histories for a period of 2.5 years (January 6, 2013 until August 1, 2015). For each individual listener, we collect a unique user name, a timestamp, and artist and song names. Platform choices are not directly observable via the service's API. Instead, we scrape users' platform choices from their profile pages between May 1, 2014 and August 1, 2015. Due to interruptions of our scrapers for technical reasons, we record consumption on 431 out of 458 days. Missing days are not systematic. We observe 123 million plays for 4,033 active users. Data on the remaining 970 users is not available, either because these users changed their privacy settings or cancelled their service accounts during our observation period. We define an initialization sample to identify when users listen to content for the first time, and to match adopters with users that do not adopt streaming based on their listening histories. This sample runs from January 6, 2013 to May 28, 2014, and includes 4 weeks in which we record users' platform choices via web scraping. We use the remaining 62 weeks of our data as the estimation sample, covering the period between May 29, 2014 and August 1, 2015.

We identify unique artists and songs using an algorithm described in Online Appendix A, so that "The Beatles" and "beatles" are counted as the same artist. Some songs have unrealistically short song lengths; also, users may skip songs after listening for a few seconds. We remove all songs shorter than 30 seconds and songs that were skipped before half of the song has finished (in total, 7.2% of all plays). We retain 114 million plays for 4,033 users. In our international sample, the most played artists are Lana Del Rey, Taylor Swift, and Madonna; the

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<sup>5</sup> In the cases for which age and gender are missing (22.4% and 12.4% of all users, respectively), we first estimate age and then gender based on an auxiliary regression model for age (and a logit model for gender) using covariates  $Z_i$ , defined following equation (1).

main genres are rock, pop, and metal<sup>6</sup>; average daily music consumption is about 3 hours, close to the U.S. average of 3.6 hours for total music consumption (25 hours per week, see Nielsen 2014). The top platforms are Spotify and iTunes, with a market share of 22.8% and 18.3% in terms of the total number of plays. Other platforms are mainly used to play locally stored Mp3 files or listen to CDs on the computer, such as Winamp (12.5%), Windows Media Player (9.7%), and Foobar2000 (10.1%; henceforth collectively referred to as WWF). We group all remaining platforms in an “other” category<sup>7</sup> because they cannot be classified as streaming-based or ownership-based platforms (e.g., capturing consumption on a variety of websites), because they are non-interactive (see footnote 2), or because their market share in our sample is negligible.<sup>8</sup>

In Figure 1, we plot the market shares for the major platforms in terms of play counts in our data. The figure shows that usage of Spotify grew steadily while that of iTunes and the remaining platforms declined. Hence, our aggregate data seem to confirm reports that Spotify is encroaching on the market shares of ownership-based platforms.

[Insert Figure 1 about here]

### **3.3. Identifying adoption of music streaming**

We consider Spotify and its adoption as the only streaming platform, because other streaming providers in our sample have negligible market shares. Because of potential left-truncation problems, we classify users as Spotify adopters only if we observe them not use Spotify for at

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<sup>6</sup> We retrieve genre data from Echonest.com (the industry’s leading music intelligence provider, using the service’s API), and Musicbrainz.org (an open-source music encyclopedia, using a virtual replication of their SQL server). This information is available for 53% of all artists.

<sup>7</sup> The “other” category consists of the following players (listed if market share > 1%): The Service Plugin (7.99%), Android Service (4.33%), Simple Service Plugin (2.28%), Service plugin for web (1.33%), Plugin for iOS (1.23%), and Clementine (1.08%). The remaining 211 niche players account for 8.4% of total play counts. YouTube is part of our data, but largely tracked in combination with other web-based players. Hence, we cannot reliably distinguish YouTube from other services such as SoundCloud.

<sup>8</sup> We ignore other streaming platforms in our sample because of their low market shares: Grooveshark (.54%), Rdio (.42%), Google Play (.17%), simfy (.07%), WiMP (.03%) Deezer (.01%), Tidal (.01%), and 8tracks (.01%).

least 45 days since the beginning of their recorded usage. Further, we require potential adopters to be active on at least one of the major ownership-based platforms (i.e., iTunes, or WWF). This procedure gives us 507 users that adopt Spotify in our 62-week estimation sample.<sup>9</sup> These adopters may continue to consume music on other platforms. A total of 1,471 users never adopt Spotify. We disregard 1,135 users who use Spotify before our 45-day cutoff, 714 users who never use a major ownership-based platform, and 206 light users who never listen in the initialization period or listen for less than 10 weeks in the estimation period.

How close is our sample to the population of Spotify or other potential streaming subscribers? Spotify (2016) reports that their adopters are largely millennials (born 1980 – 2000) and more likely to be male. These characteristics are mirrored in our sample (mean age is 22.44 years, and 74% of the users are male).<sup>10</sup> Further, our data collection on streaming adoption (2014-2015) mostly takes place in markets where Spotify has been active since 2008, and hence largely captures early/late majority adopter segments, which probably have weaker tastes for variety than the innovators and early adopter segments in 2008-2014. For example, Spotify (2017b) reports daily music consumption for cross-platform users on an ad-based/free subscription at 148 minutes. Average daily consumption in our sample is 1 hour,<sup>11</sup> but this averages over both free and premium adopters, as well as adopters that listen only on one platform. Unfortunately, other consumption data on the population of Spotify adopters is not available to us. Hence, we cannot reliably rule out the possibility that our sample of adopters may not be representative for the larger population of potential streaming adopters.

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<sup>9</sup> See Figure C1 in Online Appendix C for the distribution of Spotify adoption times.

<sup>10</sup> Further insight is obtained from Alexa's Audience Demographics for [spotify.com](http://www.alexa.com/siteinfo/spotify.com) (available at <http://www.alexa.com/siteinfo/spotify.com> [accessed 25 January 2017]). Assuming an equal distribution of males and females on the internet, Alexa estimates visitors to [spotify.com](http://www.alexa.com/siteinfo/spotify.com) being about 60% male, and 40% female.

<sup>11</sup> The average weekly number of songs that Spotify adopters listen to, conditional upon listening in a given week, is 105 songs. Assuming an average song length of 4 minutes, we can compute daily usage of Spotify to be 105 songs x 4 minutes = 420 minutes per week = 60 minutes per day.

Crucial to our investigation is that no major changes occur to Spotify during our observation period. If such changes did occur, then estimated treatment effects may be confounded. We provide an overview of all significant changes to Spotify in Online Appendix B. In the first year of our estimation sample (between 29 May 2014 and 27 April 2015), major developments were confined to launching in new markets (Canada and Brazil), client updates (e.g., for Windows Phone), partnerships with hardware manufacturers (e.g., Sony’s PlayStation), and the introduction of a small number of new playlists (Dinner, Sleep, Folk Americana). Further, the supply of music remained stable (except for the removal of Taylor Swift, and the introduction of John Lennon and Rammstein). Important changes to Spotify’s recommendation algorithm were introduced in the last 16 weeks of our estimation period, such as “perfect playlists at your fingertips” (28 April 2015), playlists for workouts (“Spotify Running”), an improved starting page (both 20 May 2015), and personalized playlists with previously unheard content (“Discover weekly”, 20 July 2015). In our analysis section, we explain how we verify the robustness of our findings with regard to these innovations. Spotify’s main competitor, Apple Music, was launched in the last 4 weeks of our data (on 30 June 2015).

### **3.4. Measuring Quantity, Variety and Discovery**

#### *Quantity*

The unit of analysis is the user-week: we measure the number of songs each user listens to in a week (i.e., the weekly playcount) on any platform.

#### *Variety*

Measuring product variety is complex and difficult (Alexander 1997). We partially characterize variety by deriving a set of metrics in two categories: breadth (e.g., Hoch, Bradlow and Wansink 1999), and concentration (e.g., Elberse 2008). We specify these metrics in a multi-attribute space

(i.e., songs, artists, and an artist's genre), facilitating interpretation in favor of collapsed and hence more abstract metrics (e.g., entropy, van Herpen and Pieters 2002).

The first set of variety metrics relates to the *breadth of variety* consumed by users. We measure breadth by counting the number of distinct artists, songs, and genres consumed. The second set of metrics relates to the *concentration of variety*. We measure a user's tendency to listen predominantly to common favorites (superstars) as the listening share of Top 20, Top 100 and Top 500 artists. Inclusion in the set of top artists is determined by ranking artists in terms of total plays by geographic region in a rolling window of one year, lagged by four weeks to avoid simultaneity bias ( $t-55, \dots, t-4$ ; e.g., Zentner, Smith, and Kaya 2013). To measure how users allocate listening to their own personal favorites, we calculate the Herfindahl index of a user's weekly listening history for artists, songs, and genres.

#### *Discovery*

We measure the consumption share of new music. We define newness as a flow metric: an artist, song, or genre can only be new to the user in the first week of consumption. To operationalize newness, we use a long history of listening behavior starting on January 6, 2013. Newness is therefore specific to an individual's listening history, irrespective of the release date of music. As a proxy for how new music is valued, we measure repeat consumption share for new discoveries. To proxy for the value of the "best" tracks among these new discoveries, we calculate the ratio of top new plays to top overall plays (either new or known) over a rolling eight-week window.

We explain the operationalization of all metrics in Table 1, and provide summary statistics in Table 2. In Table C1 in Online Appendix C, we compare treatment and control groups on all measures. The differences reported in this table are not meant to represent an

adoption effect, because they ignore consumer heterogeneity, common time trends, and any differences in adoption effects in the short- and long-run.

[Insert Tables 1-2 about here]

*Do our measures reflect demand or supply?*

A central concern to our investigation is whether the effects of adopting Spotify are due to changes in demand or supply on streaming. For example, if certain features restrict consumer choice or forbid it altogether, as is the case with the internet radio provider Pandora, the results of our analysis will not be informative about whether the effects are due to consumer choice or the variety supplied. However, Spotify is an interactive streaming provider, and users can request content suggestions as a deliberate choice. Even if users were to receive recommendations (e.g., by listening to curated playlists), they could simply skip less preferred songs.<sup>12</sup> In other words, we assume that consumers are free to make their own consumption choices. Hence, we attribute changes in music consumption to shifts in demand, because it is unnecessary and unlikely that consumers listen to content on Spotify against their will.

Second, a related concern is that differences in assortment (e.g., size, or indie vs. major) between ownership-based and streaming platforms may drive our effects. Both the music catalogue of iTunes and Spotify feature around 30 million songs and are thus comparable (Mitroff and Blanco 2015). Further, windowing strategies that released popular content on Spotify later than on iTunes were only introduced after our observation period. We acknowledge that, typically, there are more songs available for purchasing than for streaming (e.g., CDs bought at a local concert). However, an assortment of millions of songs on streaming platforms is not likely to constrain choice in a meaningful way.

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<sup>12</sup> As explained in section 3.2, we have excluded skipped songs from our data.

## **4. Method**

### **4.1. Identification strategy**

Our objective is to identify LATEs of adopting Spotify on quantity, variety and discovery. We face two major challenges. First, our data generation process lacks a randomized assignment of consumers into treatment and control conditions. A simple approach is to estimate a DiD model, which removes any persistent linear, additive consumer-specific effects that may, if ignored, introduce endogeneity due to self-selection into adopting Spotify. In addition, for our main results, we assume that we can control for the unobserved need for variety in absence of streaming by conditioning on a rich set of observed characteristics (for a similar approach, see Bronnenberg, Dubé, and Mela 2010). That is, we use a quasi-experimental matching procedure, in which we match adopters with similar non-adopters based on a propensity score, constructed from variables that capture users' demand for variety.

Second, treated and control consumers may exit our sample at different moments (e.g., because they stop using the service). To achieve comparability in terms of market trends we seek pairs of users with similar beginning- and end-points in our observation period. We combine all criteria by selecting pairs that minimize the Mahalanobis distance between treated and potential control users based on the propensity score, and beginning- and end-points in our observation window. We now explain in detail each step of our identification strategy.

### **4.2. Comparison of treated and control groups**

As a first step, we assess whether non-adopters display the same listening behavior as adopters prior to adoption. To this end, we compute our measures of listening behavior during a 12-week period before the start of our estimation sample. Table C2 in Online Appendix C shows that, on average, adopters and non-adopters differ significantly on a set of key behavioral and demographic variables. Adopters listen to more songs (49.95 plays vs. 42.27 plays,  $p < .001$ ) on

more platforms (3.17 vs. 2.87,  $p < .001$ ), and tend to consume more main stream music (share of plays to Top 100 artists .24 vs. .15,  $p < .001$ ) than non-adopters. Adopters consume fewer artists (3.32 vs. 4.00,  $p = .001$ ), and discover less new content (share of plays .16 vs. .22,  $p < .001$ ).

Adopters are also younger (22.44 years vs. 24.13 years,  $p < .001$ ). Because users in the treatment and control groups differ on several behavioral and demographic characteristics, it is likely that mere differences in the composition of these groups could explain differences in their behavior.

We therefore use quasi-experimental methods to deal with selection effects.

### **4.3. Propensity Score estimation and matching**

Self-selection may arise due to differences in taste for variety. For example, variety-loving consumers may adopt streaming because content discovery on ownership-based models is too expensive for them. In principle, this type of selection can be accounted for by using individual fixed effects, which we indeed include in all of our models. However, fixed effects impose a linear functional form on the baseline, whereas matching allows for more flexibility (such as potential interactions between the baseline and effects in the short- and long-run). In addition, matching removes users from the sample that are likely to never adopt Spotify, such that the control group is comprised of users that resemble adopters in every way except for their adoption. Hence we combine matching and fixed effects to make the comparison between adopters and non-adopters as close as possible.<sup>13</sup> Specifically, we pair each adopter of Spotify with a comparable consumer that is very likely to adopt, but “randomly” did not do so in our 62-weeks observation period.

We execute our matching procedure in three steps: First, we estimate each household’s adoption propensity as a function of observed variables (e.g., Rosenbaum and Rubin 1983):

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<sup>13</sup> As a robustness check we also perform all analyses without any matching (see Online Appendix D). We find similar results.



$$\Pr(\text{adopt}_i = 1) = \Pr(\beta_0 + Z_i\gamma + \eta_i > 0) \quad (1)$$

where  $Z_i$  is a vector of observed household-specific characteristics. The covariates entering  $Z_i$  describe a users' listening behavior (e.g., quantity, variety consumption, and discovery) during 12 weeks prior to our estimation period starting at 29 May 2014. The relevant descriptive statistics are in Table C2 in Online Appendix C. Our matching estimator is static: it uses the same pre-adoption observation window to predict adoption for early versus late adopters. We believe our assumption of more or less stable predictors is tenable, as adoption occurs in a relatively narrow window of about a year. We assume that the  $\eta_i$  are IID random variables with a Type I Extreme Value distribution, making the probability in Equation (1) a binary logit model.

Second, for further comparability of the treatment and control samples, we ensure that users in a matched treated-control pair have the same observation window. We observe most users during our complete observation period, but about 10% of users stops using the service and exits the sample. If treated users were matched with control users in a different observation window, or vice versa, any estimated treatment effect would not be clearly attributable to adoption but could arise from timing differences across consumers in recording music consumption on the service. Thus, to ensure we are using the same observation window for matched treated-control pairs, we match users by their first and last observed period of listening in our sample.

In the third stage, we construct a three-dimensional distance metric of the composite of propensity score, and the first and last period of consumption. We compute the Mahalanobis distance for each treated and control user pair, and use the one-nearest neighbor algorithm to match users that are closest together. We drop control users outside the region of common support, defined as the overlap in propensity scores between treated and control users (e.g.,

Gensler, Leeflang, and Skiera 2012). Some of the matches that we obtain are potentially non-unique, i.e., there are instances where the same non-adopter is the closest match for more than one adopter. We select unique matches sequentially, in order of closeness of their Mahalanobis distances. To ensure a sufficient matching quality, while avoiding the need to match with replacement, we match an adopter to his/her  $k$ -th best match. This strikes a balance between the number of adopters in our sample (increasing in  $k$ ), and matching quality (decreasing in  $k$ ). In preparing our final data set, we set  $k$  to 3, and retain those user-periods in which treatment-control observations overlap.

The matching procedure yields 448 treated and 448 matched control users. In Table C3 in the Online Appendix, we report the results of the logit propensity score model. The directions of the effects have face validity: *ceteris paribus*, consumers with higher average plays, more superstar consumption and more platforms used are more likely to adopt Spotify. In turn, older users with more concentrated listening and users who already have access to and listen to new music are less likely to adopt Spotify. Notably, users from the regions “South America” and the “US/Canada” have higher adoption probabilities than users from other geographic regions, as Spotify launched in Brazil and Canada during our observation period. The hit rate of the model is 66%, and McFadden Pseudo  $R^2$  is .092.

After matching, both consumer groups are indistinguishable in terms of their adoption propensities (see Figure 2), observation windows (see Figure C2), as well as observed demographics and pre-adoption behavior. In the bottom part of Table C2 in the Online Appendix, we report pre-sample summary statistics for the matched control sample, which are now very close to those of the matched treatment group.

[Insert Figure 2 about here]

#### 4.4. Difference-in-differences

We use a DiD approach to estimate the effect of adopting streaming on our outcome measures.

We compare the outcome measures of adopters before and after their adoption with those of the matched non-adopters. We also investigate how long changes in consumption, variety and discovery last. We estimate models of the following type:

$$Y_{it} = \alpha_i + \gamma_t + \beta^{ST} \cdot I(0 \leq \text{weeks\_since\_adoption}_{it} \leq 1) \\ + \beta^{MT} \cdot I(2 \leq \text{weeks\_since\_adoption}_{it} \leq 24) \\ + \beta^{LT} \cdot I(\text{weeks\_since\_adoption}_{it} \geq 25) + \varepsilon_{it} \quad (2)$$

where  $Y_{it}$  is the dependent variable, and the indicator variables  $I(\text{weeks\_since\_adoption}_{it})$  are 1 if the number of weeks since adoption for consumer  $i$  is within the indicated range, in week  $t$ .

Further,  $\alpha_i$  is a consumer-level fixed effect,  $\gamma_t$  is a week-level fixed effect and  $\varepsilon_{it}$  is the error.

This two-way fixed effects specification controls for time-invariant consumer characteristics, such as overall liking of music, as well as common time trends and week-to-week fluctuations.

An important identifying assumption is that the  $\varepsilon_{it}$  are orthogonal to the indicator variables  $I(\text{weeks\_since\_adoption}_{it})$ . We distinguish between treatment effects in the short-run (within the first 2 weeks of adoption,  $\beta^{ST}$ ), medium-run (between 2 and 24 weeks after adoption,  $\beta^{MT}$ ), and the long-run (25 weeks and after,  $\beta^{LT}$ ). We use robust standard errors clustered at the user level to account for any serial correlation (Bertrand, Duflo and Mullainathan 2004).

The DiD approach relies on the assumption of parallel pre-treatment trends. To test whether it holds, we carry out so-called “placebo” treatment tests using pre-adoption data (and matching the observation window in the control sample). In particular, we define a placebo “treatment” at the mid-point of a user’s pre-treatment data. Next, we estimate a DiD model for all dependent variables listed in Table 1. For each of the 22 combinations of variables and dimensions we fail to reject the null-hypothesis of no treatment effect for placebo treatments (see

Online Appendix, Table C4). This supports the idea that the pre-treatment trends are statistically equivalent across both user groups.

Taken together, we combine a propensity score matching with a DiD approach. Our propensity score model selects non-adopting consumers who are like adopters, except for not subscribing to music streaming. Because we include a rich set of behavioral measures of pre-existing consumer tastes for variety and discovery in our propensity score model, we assume that the unobserved components in the propensity equation (1), i.e., the  $\eta_i$ , are independent of the unobserved components of our regression model (2), i.e., the  $\varepsilon_{it}$ .

Given our method, we interpret the reported effects from the DiD regressions as the average treatment effect on the adopters (compliers), i.e., as local average treatment effects (LATE). In this context, we highlight one additional type of analysis that our data permit us to run. Because adoption time differs across adopters (see Figure C1), we can estimate a treatment effect using only within-adopter variation, with late adopters acting as a control for early adopters. This approach also accounts for possible selection on unobservables shared by late and early adopters. We report on this analysis as a robustness check, after discussing the main results.

#### **4.5. Heterogeneity in Treatment Effects**

The impact of streaming may depend on individual characteristics and circumstances. In this section, we consider how three potential user-level moderators affect the discovery of new music: (1) pre-existing consumption of variety, (2) user age, and (3) free versus premium subscription. There is little existing research about the sign of these effects, and our discussion of them is largely exploratory.

First, the effect of adopting streaming on new music discovery may differ across users who originally consume limited versus extensive variety. The sign of this moderation is

theoretically ambiguous. On the one hand, pre-existing consumption of variety may be low because its cost suppresses demand. To such consumers, making additional variety free putatively has a big effect on variety seeking and discovery. To consumers who already listen to a lot of variety before adopting, in turn, the adoption effect may be less due to a constraint on extra listening time. On the other hand, the moderation can be oppositely signed. Consumers may listen to few varieties prior to adoption because they have limited taste for it. To them, adopting Spotify likely results in a smaller effect on new music discovery compared to high-variety consumers. We study this moderation effect empirically by estimating the interaction of adoption and users' pre-existing taste for variety, inversely measured as artist concentration in each user's listening history in the 12 weeks before the start of the estimation period. In particular, we use the Herfindahl index computed as the sum of squared artist-shares for each user (median = .034).

Second, we are interested in the moderating effect of age. This interaction effect is also theoretically indeterminate. On the one hand, taste for certain music genres may develop with age, and hence, young users' exploration of new varieties of music may be limited, even when variety is free. On the other hand, younger consumers are more income constrained and would therefore benefit the most from new content being free at the margin. To empirically determine which effect dominates, we estimate the moderating effect of each user's age (median = 22 years) on adoption.

Lastly, users on Spotify's free plan may have less control than paying subscribers over what they consume; hence, free users may see less discoveries and varieties, compared to premium subscribers. To test for this effect, we estimate the interaction of Spotify adoption with whether users are on the premium or ad-based (free) subscription plan of Spotify (median = .561

ads an hour).<sup>14</sup>

We incorporate each of these terms as moderators of an adoption effect. To avoid cluttering, we do not distinguish between short-, medium-, and long-run effects but use a single treatment effect ( $\text{adoption}_{it}$ ), which equals one on and after the week of adoption and zero otherwise. To enhance interpretability, we use effect-coding for the moderators (e.g.,  $\text{Herf}_i = 1$  if the user has above-median Herfindahl,  $\text{Herf}_i = -1$  if below the median). The interpretation of  $\delta$  is the average adoption effect, while  $\phi$  is the deviation from that effect for an above-median (vs. below-median) consumer. This is specified as follows:

$$\begin{aligned} Y_{it} = & \alpha_i + \gamma_t + \delta \cdot \text{adoption}_{it} + \phi_1(\text{adoption}_{it} \cdot \text{Herf}_i) \\ & + \phi_2(\text{adoption}_{it} \cdot \text{Age}_i) \\ & + \phi_3(\text{adoption}_{it} \cdot \text{Free}_i) + \varepsilon_{it} \end{aligned} \quad (3)$$

## 5. Results

### 5.1. Consumption growth and displacement

The first questions we address are: does adopting Spotify lead to extra music consumption and, how long do these effects last? In Table 3, column (1), our dependent variable is the log total playcount consumed across all platforms by a given user on a given week. In the week of adoption and the week after, the number of plays grows by 132% ( $=\exp(0.84) - 1$ ). Total consumption is 63% higher ( $=\exp(0.49) - 1$ ) in the medium-run, from two weeks until 24 weeks after Spotify adoption. Even more than 25 weeks (nearly 6 months) after adoption, overall consumption is still 49% higher ( $=\exp(0.40) - 1$ ) than before adopting Spotify.

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<sup>14</sup> We do not directly observe whether listeners use the free or the premium version of Spotify. However, the free version features 30-second advertisements and the premium version does not. We know the length for each song, and the time elapsed between starting two adjacent songs. This allows us to compute a metric on the frequency of 25-35 second (and putatively, advertising) gaps relative to the number of adjacent song pairs. We use this metric as a proxy for which consumers have the free version with advertisements. Assuming consumers listen to 15 songs an hour, the median user is exposed to  $(.0374 \text{ gaps per adjacent song pair} \times 15 \text{ songs}) = .561$  ads an hour.

To what extent does Spotify adoption displace consumption on iTunes and other ownership-based platforms? In column (2) of Table 3, we see that iTunes consumption drops 20% in the first two weeks after Spotify adoption, 31% in the following 22 weeks, and is 28% lower about six months after Spotify adoption. Column (3) shows that consumption on WWF falls 22% in the first two weeks after Spotify adoption, 34% in the following 22 weeks, and 37% after 6 months. Both displacement effects grow over time. The impact on consumption on all remaining platforms is not significant in the first 24 weeks; after six months there is a 24% drop in column (4).

To sum up, Spotify adoption leads to strong consumption growth that persists beyond 24 weeks after the moment of adoption.<sup>15</sup> Secondly, and in accordance with Figure 1, we see that Spotify increasingly displaces consumption from iTunes and WWF.<sup>16</sup>

[Insert Table 3 about here]

## 5.2. Variety consumption

### *Breadth of variety*

We next investigate the effect of Spotify adoption on the variety of music consumption. Recall that adopting Spotify lowers the monetary cost of the marginal variety to zero. Hence, to the extent that this cost limits demand for variety, we expect users to consume more variety after adoption. Table 4 presents results for the log total number of unique artists, songs, and genres.

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<sup>15</sup> Our data allows us to estimate these long-term effects reliably. For example, we observe 296 adopters for more than 24 weeks, 223 for more than 36 weeks, 131 for more than 48 weeks, and 85 for more than 52 weeks.

<sup>16</sup> Spotify and iTunes/WWF may be compliments even if the estimated iTunes/WWF consumption effects are negative. For example, users may make fewer (but better) purchase decisions on iTunes after sampling content on Spotify. Although we acknowledge that this may happen in some rare cases, our data does not provide support for this interpretation. First, the large majority of tracks discovered on Spotify are consumed on Spotify itself (98.35% share of plays); only .48% of all plays for these discoveries occur on iTunes, .43% on WWF, and .74% on other services. Second, consumers do not appear to make better consumption choices outside of Spotify. In fact, using repeat consumption not-on-Spotify as a proxy for consumer-preference fit, we find that it decreases rather than increases (see new content metrics in Table D5 in Online Appendix D). Hence, there is little evidence in our data that suggests that consumers purchase content on iTunes after sampling it on Spotify.

We find a significant increase in all measures immediately following Spotify adoption. In the first two weeks after adoption, the number of unique artists heard increases by 62%, the number of unique songs increases by 49%, and the number of unique genres increases by 43%. The effect attenuates over time but is still larger than pre-adoption levels both statistically and substantively. For instance, 2-24 weeks after adoption the number of unique artists consumed weekly is 31% higher than pre-adoption levels. Similarly, after 25 weeks and up to approximately a year after adoption, we measure a 32% increase in the number of unique artists consumed. We see similar patterns for the other measures. These results strongly point to a permanent increase in the breadth of music consumption.

[Insert Table 4 about here]

#### *Concentration of variety*

*Superstar consumption.* One avenue through which superstars can arise according to section 2—even in the absence of talent differences—is that consumers are uncertain about quality and “economize” on learning and search costs (Adler 1985). We argue that Spotify lowers search and learning costs by, among others, letting users costlessly consume from their catalog of over 30 million songs and recommending its users playlists. Hence, we expect superstar consumption to decline post-adoption.

In Table 5 (columns 1 – 2), we empirically investigate the impact of Spotify adoption on the consumption of artists in the top 100 and top 500 (the results for the top 20 are in Table D4 in Online Appendix D). Because consumption quantity and variety increase after Spotify adoption (cf. Tables 3 and 4), we measure superstar consumption as a *share* of unique varieties. We find that users shift their consumption out of the top artists. Column (1) reports that in the first two weeks following Spotify adoption the consumption share of top 100 artists drops 0.028 in terms



of unique varieties, from a pre-adoption baseline of 0.17 (see Table D4 in Online Appendix D). This drop represent a substantial 16% loss in superstar consumption. In the medium run, the superstar consumption share is still 0.015 lower (9% less) than pre-adoption levels. In the long run, the effects are 0.012 lower (7% less), but only marginally significant. Still, the effects are substantial in magnitude. A similar pattern holds for the top 500 artists (column 2), with significant long-run effects at  $p < .01$ .<sup>17</sup>

[Insert Table 5 about here]

*Concentration in personal favorites.* In addition to the diminishing consumption share of common favorites (superstars), consumers may allocate less of their listening to their own personal favorites, e.g., their own (weekly) top artists. Columns 3 and 4 of Table 5 investigate this using the Herfindahl index as a measure of concentration. The results show a clear decrease in concentration following Spotify adoption. For example, the Herfindahl index with respect to artists (column 3) decreases from its pre-adoption baseline 0.20 by 0.062 in the short-run, 0.032 in the medium-run, and 0.035 in the long-run relative to pre-adoption levels; the pattern also holds for songs (and genres, see Table D4 in Online Appendix D). These results show that music consumption fragments across a wider set of varieties as consumers allocate a smaller fraction of their total time to the top varieties each week. This shift in consumer behavior is persistent: the effect still holds in the long run.

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<sup>17</sup> To what extent does the content removal of a very popular artist (Taylor Swift) during our observation period affect our results? Confining our analysis to the period *before* her content removal (see Online Appendix D, Table D4), we find that the effects tend to be stronger. Hence, a decrease in superstar consumption is not likely driven by Taylor Swift. We thank a reviewer for making this suggestion.

### 5.3. Discovery

#### *Consumption of new content*

If Spotify lowers the search cost for new music, we would expect that users discover more varieties, i.e., songs they have not consumed previously. We measure the share of listening of new varieties as a function of the number of unique varieties consumed each week.

Table 6 (columns 1 – 2) shows the results for artists and songs (the genre results are provided in Table D5 in Online Appendix D). The adoption of Spotify results in a marked increase in the share of new content. For example, the variety-share of new artists (column 1) increases substantially from its pre-adoption level of 0.15 by 0.14 in the short-run; it is 0.045 higher in the medium-run, and still 0.032 higher in the long-run. The pattern also holds for songs and genres. Thus, Spotify adoption accelerates the rate of new variety consumption.

[Insert Table 6 about here]

#### *Repeat consumption and the value of discovery*

A key question about the value of the variety expansion is whether the newly chosen variety has high match value. Empirically the effect of adopting Spotify could go either way, depending on whether consumers have good information about their match value with artists, songs, and genres on the market *a priori*. If they do, then variety expansion from lower cost likely is limited to downward selection into new but less preferred content. However, if we believe that music is an experience good (Adler 1985), consumers' pre-consumption valuations need not be the same as their ex-post valuation (Rob and Waldfogel 2004). In short, consumers may not know their match value *a priori*. In this case, offering variety at a low cost leads to more experimentation and learning about new content. It may therefore lead to the discovery of new favorites or upward selection.

While a complete welfare analysis is beyond the scope of the paper, we perform two types of analyses to study the direction in which consumers expand variety. First, we use repeat listening for new content as a proxy for value, assuming that consumers will repeatedly consume content they like. In Table 6, columns (3) – (4), we measure the amount of new (i.e., to the consumer) artists and songs played more than once as a share of total unique known artists and songs consumed (the genre results are in Table D5 in Online Appendix D). The share of new artists consumed repeatedly, drops 0.093 directly following adoption. It is 0.044 lower in the medium-run, and it is 0.040 lower in the long-run compared to pre-adoption levels of .60. Similarly, column (4) shows that the share of repeatedly played new songs drops 0.033 in the short-run and 0.019 in the medium-run, and 0.016 in the long-run, compared to pre-adoption levels of .22. Collectively, these results demonstrate that new content found on Spotify is subject to downward selection and that newly discovered music after Spotify adoption is, on average, of lower value.

Importantly, though, downward selection on average might simply be masking that consumers listen to larger quantities of new music to find new favorites. Consumers may be better off if their “best” discoveries are of high value. Hence, we investigate the effect of Spotify adoption on the match value of user’s *best* new artists, songs, and genres. In particular, we first construct the share of new music as the consumption that belongs to the user’s top 1 artist, song, and genre that are new to the consumer in that week, where consumption is computed over the next eight weeks. Then, we take this share relative to the average consumption of the (not necessarily new) top 1 artist, song, and genre in that period. Hence, our measure is a ratio, similar to a top 1 lift for a given user, of her top new varieties to the best overall varieties. This

measure is between 0 and 1, depending on whether the user's best discovery gets hardly any plays, or whether it is the new leader even among past favorites.

Column (5) in Table 6 shows that the top new artist lift, i.e., the share of plays to the top new artist, immediately increases by 0.080 for adopters of Spotify, but is insignificant in the medium- and long-run. Column (6) shows that the share of plays to the top new song increases by 0.13 in the short-run and is 0.056 higher in the medium-run. 25+ weeks after adoption, top new songs are consumed .049 more than the top songs discovered before Spotify adoption, suggesting that these new songs have higher match value. To conclude, columns (5) and (6) in Table 6 provide some evidence that the top new discoveries post-Spotify are consumed more (and hence provide more value to consumers) after than before adoption. The pattern also holds for genre consumption, and is robust to alternative metrics (e.g., top lift computed over a user's five best discoveries, or consumption over a window of 12 weeks, see Table D5 in Online Appendix D). However, our estimate of the adoption effect on the value of top artist discoveries remains insignificant in the long-run, regardless of how we operationalize this measure.

#### **5.4. Heterogeneous Treatment Effects**

There are sizeable effects of adopting Spotify on consumption, variety and discovery. We now explore how these effects differ across adopters. As mentioned earlier, we focus on three particular moderators, using a median split on concentration of listening (high vs. low), age (old vs. young) users (median is 22 years), and the frequency of 30 second (advertising) gaps in listening history as a proxy for free vs. premium subscribers.

In Table 7, we investigate heterogeneous treatment effects for new music discovery; in Table C5, we provide a full set of heterogeneous treatment effects for all outcome measures. Table 7 presents support across multiple measures that the Spotify adoption effect on new music

discovery is stronger for users who (in the pre-sample period) have more concentrated listening (i.e., with less variety). This is consistent with the notion that many users with low initial variety consumption are constrained by the cost of, instead of low taste for, new discoveries.

Additionally, older users in our sample discover more new content than younger users. For instance, the effect of adoption on new artists consumption (column 1) is close to 0.036 for average adopters, but 41% larger (0.015) for users with above median concentration, and 36% higher (0.013) with above median age (older than 22). Last, the adoption effect on new music discovery appears largely similar for users on an ad-based (free) or premium subscription.

[Insert Table 7 about here]

### **5.5. Selection on Unobservables and Robustness**

If adopters of Spotify are systematically different from non-adopters in some way that is not accounted for by the observable characteristics approach in the matching procedure but that affects our dependent measures, our estimated treatment effects may be biased. As a check against this, we replicate the entire analysis using only adopters. Because of the variation of adoption time, we can use late adopters as a control for early adopters. In particular, consider an early adopter who adopts streaming at  $t$  and a late adopter who adopts streaming at  $t+T$ . Next, we construct a two-way fixed effects DiD estimator from comparing the difference in their behavior in periods  $[0, \dots, t-1]$  with the difference in their behavior at  $[t, \dots, t+T-1]$  (Manchanda, Packard, and Pattabhiramaiah 2015).

Using this procedure, Table 8, columns (3) and (4) report the short-run and medium-run effects of adoption on the log number of unique artists as 0.47 and 0.26, and on the log number of unique songs as .37 and .24 (we cannot estimate long-run effects, since the time horizon between early and late adoption is shorter). We can compare this to the short-run and medium-

run estimates, which we repeat in columns (1) and (2) of Table 8, which are 0.48 and 0.27 for artists, and 0.40 and 0.26 for songs. Online Appendix D shows this holds overwhelmingly also for the other outcome measures. We conclude that our main results that are based on a comparison across adopters and non-adopters are similar to results from a within adopter analysis. This provides further support that our matching procedure is free from selection on unobservables.

[Insert Table 8 about here]

We also report on a comprehensive set of additional robustness checks. Specifically, in addition to (1) controlling for unobservables using variation in adoption timing, we replicated our analysis (2) for different definitions of long-run effects (e.g., >36 weeks instead of >24), (3) excluding periods after which Taylor Swift removed content, (4) excluding the last weeks of our data before Spotify improved its recommendations and Apple Music was launched, (5) dropping countries in which Spotify was launched recently,<sup>18</sup> (6) focusing on consumption excluding Spotify, (7) using different functional forms (dependent variables in levels instead of logs, modeling shares, Papke and Wooldridge 1996), (8) estimating a single treatment effect instead of short-, medium-, and long-run effects, (9) using various alternative metrics for the dependent variables (e.g., Top 2 and Top 10 concentration, instead of Herfindahl) and (10) using all 507 adopters and 1,471 non-adopters of Spotify (i.e., do not use matching). Online Appendix D

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<sup>18</sup> Spotify recently launched to Brazil and Canada. The (early) adopters from these countries arguably have a higher interest in variety, compared to adopters from other countries captured relatively late in the diffusion of Spotify. Hence, findings for Brazil and Canada could potentially be informative about the degree to which our main sample (with the majority of users coming from outside of Brazil and Canada) is skewed towards users with a lower need for variety. We in fact find differences in the adoption effects, which are generally more pronounced in Canada and Brazil, compared to the remaining countries (see Online Appendix D). However, there are several explanations for this difference. One is that there is heterogeneity in taste for variety across countries. Another is that all countries have the same distribution of taste for variety, but that different countries are at different stages of diffusion. Since we do not have data to identify the difference between these scenarios, we caution against interpreting these effects as purely driven by users' interest in variety.

provides a full overview of the results. Small numerical differences notwithstanding, all of our reported results are substantively robust.

## **6. Implications**

We document long-run effects of streaming on music consumption: a half year after users adopt Spotify, consumption, measured in weekly play counts, is still up by 49%. By setting the price of additional variety to zero, Spotify alleviates a deadweight loss problem for varieties where valuation is positive but below the price of ownership. We also provide evidence that Spotify increases consumer welfare by reducing search frictions (e.g., enhancing discovery) and helping users discover new high-value content.

Our results point to a more fragmented market, potentially more amenable to smaller artists and labels if we rely on the representativeness of our sample. We find that Spotify adopters listen to fewer superstars and expand their attention to a wider set of artists, which could potentially increase demand for complementary goods, like live performances (Mortimer, Nosko, and Sorensen 2010). The other side of the discovery coin is a drop in the staying power of songs and artists in the consumption set of consumers. Thus, while it is easier to enter the consumption set, it is harder to stay there. Artists may thus need to exert more effort than before to stay top-of-mind.

## **7. Conclusion**

The emergence of streaming services has provoked a wide-ranging debate about the benefits and drawbacks of ownership vs. streaming. Constructing a unique panel data set of music consumption on streaming-, and ownership-based platforms, we demonstrate the short-, medium-, and long-run effects of adoption of online streaming on quantity, variety in

consumption, and new music discovery. We find that streaming increases total consumption, leads to more variety, and facilitates discovery of more highly valued music.

While our results on fragmentation in consumption pertain to the music industry, we expect similar effects to hold in other related industries like movies, TV shows, and books.

Our analysis on the effects of adopting Spotify on music consumption does not allow us to address, in satisfactory detail, the underlying mechanism that leads to the consumption changes. We postulate that they are strongly impacted by the price reduction in additional variety from adopting streaming. However, we believe that platform-specific features (e.g., personalized recommendations) may also be important. Finally, we believe that examining the role of playlists and sharing of consumption capital on music consumption are fruitful areas for future research.

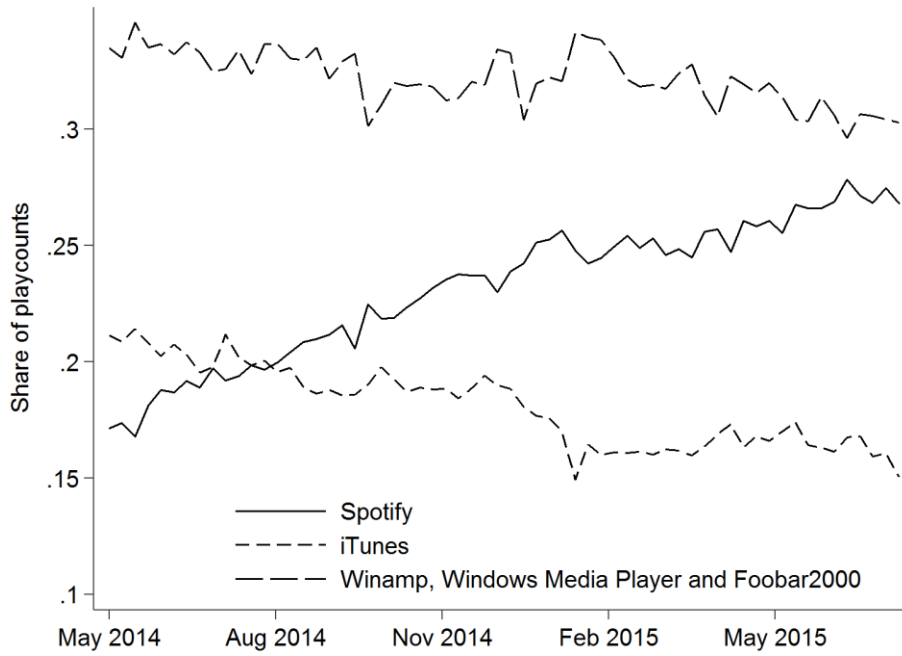


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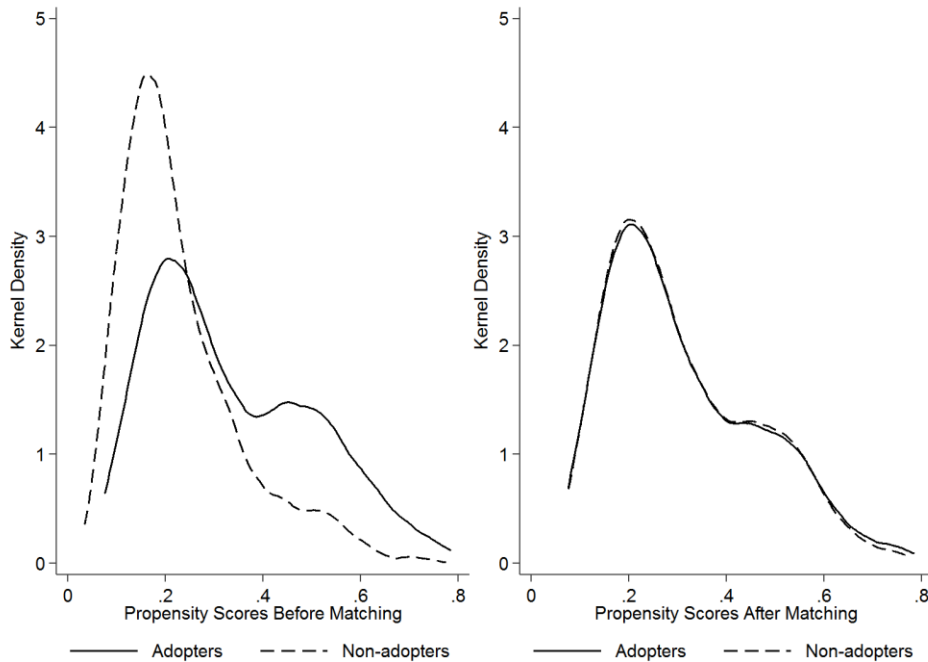
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**Figure 1. Market share (playcounts) in the raw data**



**Figure 2. Distribution of Propensity Scores Before and After Matching**



**Table 1. Variable Operationalization**

Dimension	Operationalization
<i>(1) Quantity</i>	
	<ul style="list-style-type: none"> <li>• Log number of song plays</li> </ul>
<i>(2) Variety</i>	
Breadth	<ul style="list-style-type: none"> <li>• Log number of unique artists, songs, and genres listened to</li> </ul>
Concentration in common favorites (superstars)	<ul style="list-style-type: none"> <li>• Number of unique artists in the Top 20, Top 100, and Top 500 in a user's geographic region<sup>1</sup> (ranked according to a rolling window of a year, lagged by 4 weeks; t-55, ... t-4), divided by the number of unique artists listened to over the same time period</li> </ul>
Concentration in personal favorites	<ul style="list-style-type: none"> <li>• Herfindahl index (sum of squared listening shares), computed over a user's weekly plays to artists, songs and genres</li> </ul>
<i>(3) Discovery</i>	
New content consumption	<ul style="list-style-type: none"> <li>• Number of distinct new artists, songs and genres listened to by a user for the first time,<sup>2</sup> divided by the total number of distinct artists, songs, and genres listened to</li> </ul>
Repeat consumption	<ul style="list-style-type: none"> <li>• Number of unique new artists, songs, and genres played more than once, divided by the total number of unique new artists, songs, and genres listened to</li> </ul>
Best discoveries	<ul style="list-style-type: none"> <li>• Amount of plays to the top 1 new artist, song, and genre in an 8-weight period subsequent to discovery (t+1, ..., t+8) ranked in order of plays, divided by the amount of plays to the overall (not necessarily new) top 1 artist, song, and genre over the same time period.</li> </ul>

*Notes:* All variables are computed at the user-week level.

<sup>1</sup> European Union, South America, USA and Canada, and others.

<sup>2</sup> A user's first week of consumption, based on the users' listening history on the service up to 6 January 2013.

**Table 2. Summary Statistics**

	N	mean	sd	min	max
<b>User characteristics</b>					
- Gender (female = 1)	1978	0.24	0.43	0.00	1.00
- Age	1978	23.70	6.23	11.00	70.00
- European Union (dummy)	1978	0.32	0.47	0.00	1.00
- South America (dummy)	1978	0.21	0.41	0.00	1.00
- Canada/US (dummy)	1978	0.10	0.30	0.00	1.00
- Other geographic region (dummy)	1978	0.37	0.48	0.00	1.00
<b>Quantity of consumption</b>					
- Playcounts on all platforms	122636	188.89	269.43	0.00	3862.00
- Playcounts on Spotify	122636	11.19	69.38	0.00	2439.00
- Playcounts on iTunes	122636	48.43	148.59	0.00	3857.00
- Playcounts on Winamp, Windows Media Player and Foobar2000	122636	94.32	211.80	0.00	2945.00
- Playcounts on other platforms	122636	34.96	110.17	0.00	2432.00
<b>Breadth of variety</b>					
- Number of unique artists	97924	36.64	50.92	1.00	882.00
- Number of unique songs	97924	150.44	169.79	1.00	2603.00
- Number of unique genres	97924	14.00	13.49	1.00	209.00
<b>Concentration of variety</b>					
- Top 20 artists (share of unique artists)	97924	0.04	0.09	0.00	1.00
- Top 100 artists (share of unique artists)	97924	0.12	0.17	0.00	1.00
- Top 500 artists (share of unique artists)	97924	0.29	0.25	0.00	1.00
- Artist concentration (Herf.)	97924	0.21	0.23	0.00	1.00
- Song concentration (Herf.)	97924	0.05	0.11	0.00	1.00
- Genre concentration (Herf.)	97924	0.35	0.24	0.03	1.00
<b>Discovery of new content</b>					
- New artists (share of unique artists)	97924	0.20	0.22	0.00	1.00
- New songs (share of unique songs)	97924	0.37	0.27	0.00	1.00
- New genres (share of unique genres)	97924	0.05	0.09	0.00	1.00
- New artists played more than once (share of unique new artists)	75116	0.59	0.37	0.00	1.00
- New songs played more than once (share of unique new songs)	91579	0.22	0.25	0.00	1.00
- New genres played more than once (share of unique new genres)	33617	0.56	0.45	0.00	1.00
- Top 1 new artist to overall top 1 artist (share of plays)	80061	0.22	0.33	0.00	1.00
- Top 1 new song to overall top 1 song (share of plays)	77239	0.55	0.41	0.00	1.00
- Top 1 new genre to overall top 1 genre (share of plays)	83445	0.01	0.07	0.00	1.00

*Notes:* Summary statistics are calculated on an unmatched sample of 507 adopters and 1471 non-adopters observed over 62 weeks starting May 29, 2014; the unit of analysis is an individual user for user characteristics, and user-week for the remaining variables.

**Table 3.** *Adoption of Streaming Increases Total Consumption, but Cannibalizes from iTunes and Other Platforms*

	(1) Log playcounts on all platforms	(2) Log playcounts on iTunes	(3) Log playcounts on Winamp, Windows Media Player and Foobar2000	(4) Log playcounts on other platforms
short-run (0-1)	0.84*** (0.066)	-0.23** (0.072)	-0.25*** (0.070)	0.039 (0.067)
medium-run (2-24)	0.49*** (0.070)	-0.31*** (0.080)	-0.42*** (0.083)	-0.10 (0.078)
long-run (25+)	0.40*** (0.096)	-0.33** (0.11)	-0.46*** (0.12)	-0.27* (0.11)
R-squared	0.52	0.75	0.73	0.64
F	82.4	6.97	13.7	12.8
p-value	0.000	0.000	0.000	0.000
users	896	896	896	896
observations	52346	52346	52346	52346

*Notes:* Regression with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week. The dependent variable is the log number of songs heard by a panelist on a week (playcount). The independent variables are indicators for a user's time since adoption of Spotify, defined as short-run (within weeks 0 and 1), medium-run (within weeks 2 and 24), and long-run (weeks 25 and after). Robustness checks are described in Appendix E.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table 4.** *Adoption of Streaming Increases Breadth of Variety*

	(1)	(2)	(3)
	Log number of unique artists	Log number of unique songs	Log number of unique genres
short-run (0-1)	0.48 <sup>***</sup> (0.040)	0.40 <sup>***</sup> (0.041)	0.36 <sup>***</sup> (0.030)
medium-run (2-24)	0.27 <sup>***</sup> (0.039)	0.26 <sup>***</sup> (0.040)	0.21 <sup>***</sup> (0.029)
long-run (25+)	0.28 <sup>***</sup> (0.054)	0.27 <sup>***</sup> (0.057)	0.20 <sup>***</sup> (0.041)
R-squared	0.56	0.55	0.56
F	50.1	65.9	43.2
p-value	0.000	0.000	0.000
users	896	896	896
observations	46688	46688	46688

*Notes:* Regression with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week when there is at least one song played. The dependent variable is the log number of distinct artists, songs, and genres heard by a panelist on a week. The independent variables are indicators for a user's time since adoption of Spotify, defined as short-run (within weeks 0 and 1), medium-run (within weeks 2 and 24), and long-run (weeks 25 and after). Complete results and robustness checks are described in Appendix D.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table 5.** *Adoption of Streaming Leads to a Drop in Concentration*

	(1) Top 100 artists (share of unique artists)	(2) Top 500 artists (share of unique artists)	(3) Artist concentration (Herf.)	(4) Song concentration (Herf.)
short-run (0-1)	-0.028*** (0.0052)	-0.042*** (0.0066)	-0.062*** (0.0069)	-0.022*** (0.0031)
medium-run (2-24)	-0.015** (0.0048)	-0.026*** (0.0061)	-0.032*** (0.0064)	-0.017*** (0.0026)
long-run (25+)	-0.012 <sup>+</sup> (0.0063)	-0.024** (0.0084)	-0.035*** (0.0089)	-0.016*** (0.0040)
R-squared	0.57	0.63	0.35	0.22
F	6.94	14.5	13.8	6.05
p-value	0.000	0.000	0.000	0.000
users	896	896	896	896
observations	46688	46688	46688	46688

*Notes:* Regression with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week when there is at least one song played. The dependent variables are (a) superstar consumption, defined as the number of unique popular artists in a user's geographic region (ranked by playcounts over a rolling period of 52 weeks, and lagged by four weeks to avoid simultaneity bias), divided by the number of unique artists; and (b) the concentration of a user's weekly playcounts to artists and songs (measured using the Herfindahl index). The independent variables are indicators for a user's time since adoption of Spotify, defined as short-run (within weeks 0 and 1), medium-run (within weeks 2 and 24), and long-run (weeks 25 and after). Complete results and robustness checks are described in Appendix D.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .



**Table 6.** *Adoption of Streaming Leads to More Discovery that is Repeat-Consumed Less on Average, But More at the Top*

	(1) New artists	(2) New songs	(3) New artists played more than once	(4) New songs played more than once	(5) Top 1 new artist to overall top 1 artist	(6) Top 1 new song to overall top 1 song
short-run (0-1)	0.14*** (0.0097)	0.15*** (0.010)	-0.093*** (0.013)	-0.033*** (0.0073)	0.080*** (0.018)	0.13*** (0.019)
medium-run (2-24)	0.045*** (0.0060)	0.047*** (0.0077)	-0.044*** (0.011)	-0.019** (0.0063)	0.016 (0.011)	0.056*** (0.015)
long-run (25+)	0.032*** (0.0078)	0.022* (0.0100)	-0.040** (0.014)	-0.016+ (0.0089)	0.00044 (0.016)	0.049* (0.020)
R-squared	0.36	0.43	0.33	0.36	0.22	0.22
F	25.2	18.3	2.82	4.01	17.1	10.0
p-value	0.000	0.000	0.000	0.000	0.000	0.000
users	896	896	895	896	887	886
observations	46688	46688	35701	43825	33843	33113

*Notes:* Regression model with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week when there is at least one song played. The dependent variables are (a) the number of distinct new artists and songs listened to, divided by the total number of distinct artists and songs; (b) the number of distinct new songs and artists played more than once, divided by the total number of distinct new artists and songs listened to; and (c) the amount of plays to the Top 1 new artist and song in an eight-week window subsequent to discovery (t+1, ..., t+8), ranked in order of plays, divided by the amount of plays to the overall (not necessarily new) top 1 artist and song over the same time period. For this metric, observations are excluded when the rolling 8-week window includes both pre-adoption and post-adoption periods, and when there are fewer than 8 weeks remaining at the end of each user's observation period. New artists and songs are defined by a user's first week of consumption on the service up to 6 January 2013. The independent variables are indicators for a user's time since adoption of Spotify, defined as short-run (within weeks 0 and 1), medium-run (within weeks 2 and 24), and long-run (weeks 25 and after). Complete results and robustness checks are described in Appendix D.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table 7. Assessing Potential Moderators of the Adoption Effect for New Music Discovery**

	(1) New artists	(2) New songs	(3) New artists played more than once	(4) New songs played more than once	(5) Top 1 new artist to overall top 1 artist	(6) Top 1 new song to overall top 1 song
Adoption	0.036** (0.011)	0.030* (0.014)	-0.054** (0.018)	-0.0075 (0.010)	0.018 (0.021)	0.054* (0.026)
x Artist concentration	0.015** (0.0055)	0.018* (0.0070)	-0.020* (0.0094)	-0.010+ (0.0055)	0.020* (0.0097)	0.010 (0.013)
x Age	0.013* (0.0054)	0.019** (0.0069)	0.014 (0.0092)	0.0015 (0.0054)	0.0082 (0.0098)	0.018 (0.013)
x Free (vs premium)	-0.0069 (0.0054)	-0.0083 (0.0070)	0.0038 (0.0091)	-0.0059 (0.0055)	-0.018+ (0.0099)	-0.014 (0.013)
R-squared	0.36	0.43	0.33	0.36	0.22	0.22
F	22.3	14.9	2.67	3.84	16.9	9.51
p-value	0.000	0.000	0.000	0.000	0.000	0.000
users	896	896	895	896	887	886
observations	46688	46688	35701	43825	33843	33113

*Notes:* Regression model with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week when there is at least one song played. The dependent variables are (a) the number of distinct new artists and songs listened to, divided by the total number of distinct artists and songs; (b) the number of distinct new artists and songs played more than once, divided by the total number of distinct new artists and songs listened to; and (c) the amount of plays to the Top 1 new artist and song in an eight-week window subsequent to discovery (t+1, ..., t+8), ranked in order of plays, divided by the amount of plays to the overall (not necessarily new) top 1 artist and song over the same time period. For this metric, observations are excluded when the rolling 8-week window includes both pre-adoption and post-adoption periods, and when there are fewer than 8 weeks remaining at the end of each user's observation period. New artists and songs are defined by a user's first week of consumption on the service up to 6 January 2013. The independent variables are indicators for a user's adoption of Spotify, and interaction effects with pre-sample measures to capture heterogeneous treatment effects (median split, effect coding used so that the main adoption effect can be interpreted for an average adopter). Results for all remaining dependent variables are in Table D5 in the Appendix.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table 8.** *Robustness Check with Early versus Late Adopters: Adoption Effects on Breadth of Variety*

	Main Specification		Early Adopters as Control for Late Adopters	
	(1) Log number of unique artists	(2) Log number of unique songs	(3) Log number of unique artists	(4) Log number of unique songs
short-run (0-1)	0.48*** (0.040)	0.40*** (0.041)	0.47*** (0.057)	0.37*** (0.058)
medium-run (2-24)	0.27*** (0.039)	0.26*** (0.040)	0.26*** (0.058)	0.24*** (0.059)
R-squared	0.56	0.55	0.63	0.63
F	50.1	65.9	41.4	52.4
p-value	0.000	0.000	0.000	0.000
users	896	896	447	447
observations	46688	46688	8445	8445

*Notes:* Regression with robust standard errors in parentheses. Estimates for the main specification are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week. Estimates for the alternative specification are based on adopters only, with late adopters (median split; 23 weeks into the main sample) acting as a control for those who have adopted earlier. The dependent variable is the log number of songs heard by a panelist on a week (playcount). The independent variables are indicators for a user's time since adoption of Spotify, defined as short-run (within weeks 0 and 1), medium-run (within weeks 2 and 24), and long-run (weeks 25 and after). Long-run effects for the alternative specification are not estimable and dropped from the table because the time between early and late adoption is shorter than 25 weeks. Complete results and robustness checks are described in Appendix D.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

## Online Appendix A. Algorithm to identify unique artists and songs

The aim of this algorithm is twofold: First, we need to identify unique artists and songs (e.g., to make sure that “The Beatles” and “beatles” are counted as one artist, and not as two). Second, we need to link each unique artist in our data set to additional databases—the open source music encyclopedia Musicbrainz.org and the music intelligence company Echonest.com which powers Spotify’s music catalogue—to construct our variety measures (e.g., based on meta-characteristics such as an artist’s genre).

### *Identifying and Matching Artists*

The raw service data contains information on each artist’s name as used on the service platform, and—if available—an artist’s Musicbrainz ID (MBID). We use a combination of clear-text names and MBIDs to establish the linkage with Echonest.com.

We perform our matching procedure in the following steps, whereby each subsequent step is performed on the unmatched cases resulting from the previous step:

- 1) For each artist in the service data set, obtain the corresponding Echonest ID by querying Echonest for an artist’s MBID
- 2) For each unmatched artist, perform a fuzzy match to obtain an artist’s Echonest ID, using Echonest’s Developer API querying for an artist’s clear-text name.
- 3) For each unmatched artist (i.e., for artists without an Echonest ID), consider those artists identified whose MBID is non-missing at the service.
- 4) For each unmatched artist, link to already identified artists based on variants of their clear-text names in the following order:
  - a. Put artist names to lower case and remove leading and trailing spaces (e.g., to match “Beatles” and “beatles”)
  - b. Remove & and “and” (e.g., to match “Mumford & Sons” with “Mumford and Sons”)
  - c. Remove articles (“the” and “a”) (e.g., to match “The Flying Burrito Brothers” to “Flying Burrito Brothers”)
  - d. Remove non-alphanumeric characters (e.g., to combine “Chef’special” with “Chef special”)
  - e. Account for collaborations (e.g., “Patrice, Keziah Jones”) by retaining only the foremost artist (“Patrice”). We implement this by removing text *after* the collaboration qualifier (feat, featuring, vs, versus, with, dash (-), slash (/), semicolon (;), plus (+), and (&, and), comma (,)). We also replace numbers by letters (e.g., to match “30 seconds to Mars” to “Thirty Seconds to Mars”), and remove double spaces.

### *Identifying and Matching Songs*

The raw service data contains information on each songs’ name, but no universal identifier that can be readily used to cross-reference the data with Musicbrainz.org or Echonest.com. Therefore, we identify unique songs exclusively by their clear-text name. We perform the algorithm for each artist identified in the previous step after making changes to the recorded song names as described below:

- 1) Put song names to lower case and remove leading and trailing spaces (e.g., to match Racoons' "Good To See You" to "good to see you")
- 2) Replace "&" by "and" (e.g., to match Capital Cities' "Safe and Sound" to "Safe & Sound")
- 3) Remove articles "a" and "the" (e.g., to match Avicii's "The Nights" to "Nights")
- 4) Retain only alphanumeric characters (e.g., to match Patrice's "Have You Seen It" to "Have You Seen It?")

Note that we do not remove text in brackets or after a dash (" – ") to account for a song's remixes (e.g., Curtis Mayfield's "Move on up – Extended Version" or Charley Winston's "Too Long (Radio Edit)")

## Online Appendix B. Innovations at Spotify

**Table B1.** *Innovations at Spotify during our observation period*

Date	Event	Source
<i>Launch in new markets</i>		
2014/05/27	Launch in Brazil	<a href="https://news.spotify.com/us/2014/05/28/brazil/">https://news.spotify.com/us/2014/05/28/brazil/</a>
2014/09/30	Launch in Canada	<a href="https://news.spotify.com/us/2014/09/30/hello-canada-spotify-here/">https://news.spotify.com/us/2014/09/30/hello-canada-spotify-here/</a>
<i>Hardware cooperations</i>		
2014/06/16	Cooperation with Samsung	<a href="https://news.spotify.com/us/2014/06/16/new-samsung-wireless-audio-multi-room-speakers-the-first-multi-room-speakers-with-spotify-connect/">https://news.spotify.com/us/2014/06/16/new-samsung-wireless-audio-multi-room-speakers-the-first-multi-room-speakers-with-spotify-connect/</a>
2014/07/21	Cooperation with Libratone	<a href="https://news.spotify.com/us/2014/07/21/connect-to-some-good-vibrations">https://news.spotify.com/us/2014/07/21/connect-to-some-good-vibrations</a>
2014/07/24	Cooperation with US Smart TV manufacturer	<a href="https://news.spotify.com/us/2014/07/24/our-tv-app-is-now-on-vizio-internet-apps-plus-smart-tvs">https://news.spotify.com/us/2014/07/24/our-tv-app-is-now-on-vizio-internet-apps-plus-smart-tvs</a>
2014/08/26	Promotion when purchasing Mini Jambox or Big Jambox	<a href="https://news.spotify.com/us/2014/08/26/spotify-premium-free-for-3-months-with-a-mini-jambox-or-big-jambox/">https://news.spotify.com/us/2014/08/26/spotify-premium-free-for-3-months-with-a-mini-jambox-or-big-jambox/</a>
2014/08/27	Cooperations with Bose, Panasonic, and Gramofon	<a href="https://press.spotify.com/us/2014/08/27/spotify-connect-turns-one-new-partners-new-devices-and-now-on-your-smart-tv/">https://press.spotify.com/us/2014/08/27/spotify-connect-turns-one-new-partners-new-devices-and-now-on-your-smart-tv/</a>
2014/09/02	Cooperation with Denon	<a href="https://news.spotify.com/us/2014/09/02/get-amazing-multi-room-sound-with-the-new-heos-by-denon-and-spotify-connect/">https://news.spotify.com/us/2014/09/02/get-amazing-multi-room-sound-with-the-new-heos-by-denon-and-spotify-connect/</a>
2014/09/15	Cooperation with Amazon Fire	<a href="https://news.spotify.com/us/2014/09/15/enjoy-millions-of-songs-on-your-amazon-fire-tv-with-spotify-connect-2/">https://news.spotify.com/us/2014/09/15/enjoy-millions-of-songs-on-your-amazon-fire-tv-with-spotify-connect-2/</a>
2014/10/08	Cooperation with Bose	<a href="https://news.spotify.com/us/2014/10/08/spotify-connect-is-now-available-on-soundtouch-the-new-multi-room-sound-systems-from-bose/">https://news.spotify.com/us/2014/10/08/spotify-connect-is-now-available-on-soundtouch-the-new-multi-room-sound-systems-from-bose/</a>
2014/11/07	Spotify connect for computers	<a href="https://news.spotify.com/us/2014/11/07/connect-for-computers/">https://news.spotify.com/us/2014/11/07/connect-for-computers/</a>
2014/11/17	Cooperation with Uber	<a href="https://news.spotify.com/us/2014/11/17/uber/">https://news.spotify.com/us/2014/11/17/uber/</a>
2014/11/18	Cooperation with BMW and Mini	<a href="https://news.spotify.com/us/2014/11/18/bmw-and-mini-bring-spotify-into-the-car/">https://news.spotify.com/us/2014/11/18/bmw-and-mini-bring-spotify-into-the-car/</a>
2015/01/28	Cooperation with Playstation 4	<a href="https://news.spotify.com/us/2015/01/28/hello-playstation-spotify-here">https://news.spotify.com/us/2015/01/28/hello-playstation-spotify-here</a>
2015/03/30	Cooperation with Playstation Music	<a href="https://news.spotify.com/us/2015/03/30/spotify-on-playstation-music-is-now-available/">https://news.spotify.com/us/2015/03/30/spotify-on-playstation-music-is-now-available/</a>
2015/06/23	Cooperation with Ford's SYNC3 entertainment system	<a href="https://news.spotify.com/us/2015/06/23/hit-the-road-with-spotify-in-ford-vehicles/">https://news.spotify.com/us/2015/06/23/hit-the-road-with-spotify-in-ford-vehicles/</a>

2015/07/20	Nike+ Running App integrates Spotify	<a href="https://news.spotify.com/us/2015/07/20/nike-running-delivers-new-ways-to-motivate-runners-through-music/">https://news.spotify.com/us/2015/07/20/nike-running-delivers-new-ways-to-motivate-runners-through-music/</a>
<i>Content availability</i>		
2014/10/07	John Lennon content now available	<a href="https://press.spotify.com/us/2014/10/07/the-complete-john-lennon-catalogue-now-available-on-spotify/">https://press.spotify.com/us/2014/10/07/the-complete-john-lennon-catalogue-now-available-on-spotify/</a>
2014/11/03	Taylor Swift removes content	<a href="https://news.spotify.com/us/2014/11/03/taylor-swifts-decision/">https://news.spotify.com/us/2014/11/03/taylor-swifts-decision/</a>
2014/11/26	Rammstein content now available	<a href="https://news.spotify.com/us/2014/11/26/rammstein-now-on-spotify/">https://news.spotify.com/us/2014/11/26/rammstein-now-on-spotify/</a>
<i>Recommendations and music discovery</i>		
2014/07/02	New dinner and sleep browse categories	<a href="https://news.spotify.com/us/2014/07/02/fill-your-evenings-with-music-introducing-dinner-and-sleep-categories-to-browse/">https://news.spotify.com/us/2014/07/02/fill-your-evenings-with-music-introducing-dinner-and-sleep-categories-to-browse/</a>
2014/09/19	New browse category “Folk Americana”	<a href="https://news.spotify.com/us/2014/09/19/new-browse-category-folk-americana">https://news.spotify.com/us/2014/09/19/new-browse-category-folk-americana</a>
2014/12/11	Introducing “Top tracks in your own network”	<a href="https://news.spotify.com/us/2014/12/11/top-tracks-in-your-network/">https://news.spotify.com/us/2014/12/11/top-tracks-in-your-network/</a>
2015/04/28	Perfect Playlists at Your Fingertips	<a href="https://news.spotify.com/us/2015/04/28/perfect-playlists-at-your-fingertips/">https://news.spotify.com/us/2015/04/28/perfect-playlists-at-your-fingertips/</a>
2015/05/20	Recommendations based on time of day and running tempo, and release of video clips and exclusive audio content	<a href="https://news.spotify.com/us/2015/05/20/say-hello-to-the-most-entertaining-spotify-ever/">https://news.spotify.com/us/2015/05/20/say-hello-to-the-most-entertaining-spotify-ever/</a>
2015/06/15	Facilitating exploration of music from earlier decades	<a href="https://news.spotify.com/us/2015/06/15/taste-rewind/">https://news.spotify.com/us/2015/06/15/taste-rewind/</a>
2015/07/20	Launch of Discovery Weekly (personalized playlists)	<a href="https://press.spotify.com/it/2015/07/20/introducing-discover-weekly-your-ultimate-personalised-playlist/">https://press.spotify.com/it/2015/07/20/introducing-discover-weekly-your-ultimate-personalised-playlist/</a>
<i>Client updates</i>		
2014/05/13	Update for Windows Phone	<a href="https://news.spotify.com/us/2014/05/13/introducing-discover-and-browse-to-windows-phone/">https://news.spotify.com/us/2014/05/13/introducing-discover-and-browse-to-windows-phone/</a>
2014/07/26	Removing fee for Windows Phone client	<a href="https://news.spotify.com/us/2014/08/26/windows-phone-free/">https://news.spotify.com/us/2014/08/26/windows-phone-free/</a>
2014/10/30	New look for iPad App	<a href="https://news.spotify.com/us/2014/10/30/new-look-spotify-for-ipad/">https://news.spotify.com/us/2014/10/30/new-look-spotify-for-ipad/</a>
2015/01/19	New look for Windows Phone App	<a href="https://news.spotify.com/us/2015/01/19/new-look-for-windows-phone">https://news.spotify.com/us/2015/01/19/new-look-for-windows-phone</a>
2015/01/22	Better song preview (by touch)	<a href="https://news.spotify.com/us/2015/01/22/touch-preview/">https://news.spotify.com/us/2015/01/22/touch-preview/</a>
2015/02/26	Introducing Lyrics in Desktop client	<a href="https://news.spotify.com/us/2015/02/26/desktop-with-lyrics-musixmatch/">https://news.spotify.com/us/2015/02/26/desktop-with-lyrics-musixmatch/</a>

2015/05/28	Rollout to Android Ware	<a href="https://news.spotify.com/us/2015/05/28/spotify-arrives-to-android-wear/">https://news.spotify.com/us/2015/05/28/spotify-arrives-to-android-wear/</a>
<i>Other</i>		
2014/05/27	Data of one user was accessed illegally	<a href="https://news.spotify.com/us/2014/05/27/important-notice-to-our-users/">https://news.spotify.com/us/2014/05/27/important-notice-to-our-users/</a>
2014/08/13	Selling band merchandise	<a href="https://news.spotify.com/us/2014/08/13/bandpage-merch/">https://news.spotify.com/us/2014/08/13/bandpage-merch/</a>
2014/09/08	Video ads and sponsored sessions	<a href="https://news.spotify.com/us/2014/09/08/introducing-spotify-for-brands-video-ads/">https://news.spotify.com/us/2014/09/08/introducing-spotify-for-brands-video-ads/</a>
2014/09/10	Introducing Spotify Fan insights	<a href="https://news.spotify.com/us/2014/09/10/introducing-spotify-insights/">https://news.spotify.com/us/2014/09/10/introducing-spotify-insights/</a>
2014/10/20	Introducing Spotify family subscriptions at reduced rates	<a href="https://news.spotify.com/us/2014/10/20/introducing-spotify-family-one-account-for-the-whole-band/">https://news.spotify.com/us/2014/10/20/introducing-spotify-family-one-account-for-the-whole-band/</a>
2015/04/16	Playlist targeting for brands	<a href="https://press.spotify.com/us/2015/04/16/spotify-launches-playlist-targeting-for-brands/">https://press.spotify.com/us/2015/04/16/spotify-launches-playlist-targeting-for-brands/</a>
2015/05/18	Starbucks and Spotify redefine retail experience	<a href="https://news.spotify.com/us/2015/05/18/starbucks-and-spotify-redefine-retail-experience-by-connecting-spotify-streaming-music-service-with-world-class-store-and-digital-platform/">https://news.spotify.com/us/2015/05/18/starbucks-and-spotify-redefine-retail-experience-by-connecting-spotify-streaming-music-service-with-world-class-store-and-digital-platform/</a>
2015/06/30	Launch of Apple Music	<a href="https://www.apple.com/pr/library/2015/06/08Introducing-Apple-Music-All-The-Ways-You-Love-Music-All-in-One-Place-.html">https://www.apple.com/pr/library/2015/06/08Introducing-Apple-Music-All-The-Ways-You-Love-Music-All-in-One-Place-.html</a>

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Notes: Retrieved from <https://press.spotify.com> and <https://blog.spotify.com> [accessed 14 December 2015], if not indicated otherwise.



## Online Appendix C. Descriptive statistics, matching procedure, and placebo tests

**Table C1. Summary Statistics for Adopters and Non-adopters Before and After Adoption**

	Adopters		Non-adopters	
	(1) Pre- adoption mean	(2) Post- adoption mean	(3) Pre- adoption mean	(4) Post- adoption mean
<b>User characteristics</b>				
Gender (female = 1)	0.26	0.26	0.23	0.23
Age	22.4	22.4	22.8	24.1
European Union (dummy)	0.29	0.29	0.31	0.33
South America (dummy)	0.38	0.38	0.31	0.15
Canada/US (dummy)	0.089	0.089	0.083	0.10
Other geographic region (dummy)	0.24	0.24	0.29	0.42
<b>Quantity of consumption</b>				
Playcounts on all platforms	246.9	214.4	242.9	169.6
Playcounts on Spotify	0	72.0	0	0
Playcounts on iTunes	77.2	43.3	76.9	42.8
Playcounts on Winamp, Windows Media Player and Foobar2000	114.3	61.4	124.3	95.3
Playcounts on other platforms	55.4	37.8	41.7	31.5
<b>Breadth of variety</b>				
Number of unique artists	33.4	37.5	35.9	32.0
Number of unique songs	155.5	149.8	153.2	127.8
Number of unique genres	12.6	13.9	13.4	12.7
<b>Concentration of variety</b>				
Top 20 artists (share of unique artists)	0.066	0.050	0.056	0.036
Top 100 artists (share of unique artists)	0.19	0.15	0.16	0.11
Top 500 artists (share of unique artists)	0.40	0.34	0.36	0.27
Artist concentration (Herf.)	0.21	0.20	0.20	0.25
Song concentration (Herf.)	0.050	0.045	0.044	0.066
Genre concentration (Herf.)	0.37	0.35	0.37	0.37
<b>Discovery of new content</b>				
New artists (share of unique artists)	0.16	0.24	0.16	0.22
New songs (share of unique songs)	0.33	0.42	0.32	0.40
New genres (share of unique genres)	0.044	0.060	0.044	0.048
New artists played more than once (share of unique new artists)	0.60	0.53	0.61	0.60
New songs played more than once (share of unique new songs)	0.24	0.19	0.25	0.22
New genres played more than once (share of unique new genres)	0.59	0.51	0.59	0.58
Top 1 new artist to overall top 1 artist (share of plays)	0.18	0.23	0.18	0.24
Top 1 new song to overall top 1 song (share of plays)	0.55	0.61	0.51	0.55
Top 1 new genre to overall top 1 genre (share of plays)	0.012	0.013	0.015	0.014

*Notes:* Summary statistics are calculated on an unmatched sample of 507 adopters and 1471 non-adopters observed over 62 weeks starting May 29, 2014; the unit of analysis is an individual user for user characteristics, and user-week for the remaining variables.

**Table C2. Comparison of Adopters and Non-Adopters Before and After Matching**

	Control (N)	Control (Mean)	Treatment (N)	Treatment (Mean)	p-value of t-test for difference in means
<b>(a) Before matching</b>					
Average daily playcount	1471	42.27	507	49.95	0.000
Number of unique artists	1471	4.00	507	3.32	0.001
Top 100 artists (share of all plays)	1471	0.15	507	0.24	0.000
Artist concentration (C2)	1471	0.20	507	0.21	0.057
New artists (share of all plays)	1471	0.22	507	0.16	0.000
Artists played more than once (share of unique artists)	1471	0.73	507	0.74	0.033
Number of platforms used	1471	2.87	507	3.17	0.000
Gender (female = 1)	1471	0.23	507	0.26	0.097
Age	1471	24.13	507	22.44	0.000
Canada/US (dummy)	1471	0.10	507	0.09	0.426
European Union (dummy)	1471	0.33	507	0.29	0.110
South America (dummy)	1471	0.15	507	0.38	0.000
<b>(b) After matching</b>					
Average daily playcount	448	50.09	448	48.85	0.666
Number of unique artists	448	3.48	448	3.40	0.750
Top 100 artists (share of all plays)	448	0.22	448	0.22	0.744
Artist concentration (C2)	448	0.21	448	0.21	0.530
New artists (share of all plays)	448	0.16	448	0.17	0.383
Artists played more than once (share of unique artists)	448	0.74	448	0.74	0.817
Number of platforms used	448	3.09	448	3.10	0.885
Gender (female = 1)	448	0.23	448	0.25	0.696
Age	448	22.84	448	22.75	0.811
Canada/US (dummy)	448	0.08	448	0.09	0.636
European Union (dummy)	448	0.31	448	0.31	1.000
South America (dummy)	448	0.31	448	0.32	0.775

Notes: Means with standard deviations parentheses, calculated in a 12-week initialization period before May 29, 2014; the unit of analysis is an individual user in (a) the unmatched, and (b) the matched sample.

**Table C3. Propensity Score Model**

	Mean effect	Std. error
Average daily playcount	0.004*	0.002
Number of unique artists	-0.028	0.021
Top 100 artists (share of all plays)	1.202***	0.324
Artist concentration (C2)	-0.748 <sup>+</sup>	0.452
New artists (share of all plays)	-0.977**	0.371
Artists played more than once (share of unique artists)	-0.250	0.445
Number of platforms used	0.267***	0.052
Gender (female = 1)	0.112	0.129
Age	-0.023*	0.011
Canada/US (dummy)	0.561**	0.204
European Union (dummy)	0.552***	0.142
South America (dummy)	1.275***	0.151
Constant	-1.700**	0.540
Observations	1978	

*Notes:* Logit model with standard errors in parentheses. Estimates are calculated on an unmatched sample of 507 adopters and 1471 non-adopters in the initialization period before May 29, 2014; the unit of analysis is an individual user. The dependent variable is whether a user adopted Spotify (adopt=1), or not (adopt=0).

**Table C4. Placebo tests**

	Placebo effect		N	R-squared
<b>Quantity of consumption</b>				
Log playcounts on all platforms	-0.027	(0.065)	22028	0.577
Log playcounts on iTunes	-0.034	(0.062)	22028	0.822
Log playcounts on Winamp, Windows Media Player and Foobar2000	-0.068	(0.070)	22028	0.777
Log playcounts on other platforms	0.091	(0.065)	22028	0.718
<b>Breadth of variety</b>				
Log number of unique artists	0.049	(0.034)	19643	0.625
Log number of unique songs	0.055	(0.037)	19643	0.608
Log number of unique genres	0.020	(0.026)	19643	0.624
<b>Concentration of variety</b>				
Top 20 artists (share of unique artists)	0.002	(0.002)	19643	0.491
Top 100 artists (share of unique artists)	0.002	(0.004)	19643	0.637
Top 500 artists (share of unique artists)	0.001	(0.006)	19643	0.685
Artist concentration (Herf.)	-0.008	(0.006)	19643	0.418
Song concentration (Herf.)	-0.001	(0.003)	19643	0.258
Genre concentration (Herf.)	-0.000	(0.006)	19643	0.521
<b>Discovery of new content</b>				
New artists (share of unique artists)	-0.003	(0.006)	19643	0.396
New songs (share of unique songs)	0.003	(0.007)	19643	0.457
New genres (share of unique genres)	-0.002	(0.002)	19643	0.153
New artists played more than once (share of unique new artists)	-0.007	(0.011)	14452	0.388
New songs played more than once (share of unique new songs)	-0.007	(0.007)	18269	0.393
New genres played more than once (share of unique new genres)	0.017	(0.021)	6527	0.366
Top 1 new artist to overall top 1 artist (share of plays)	0.003	(0.012)	13440	0.250
Top 5 new artist to overall top 5 artist (share of plays)	-0.000	(0.008)	13440	0.276
Top 1 new genre to overall top 1 genre (share of plays)	0.004	(0.003)	13815	0.129

Notes: Placebo adoption regressions with robust standard errors in parentheses. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters in a sample prior to adoption; user- and week-specific fixed effects are used and the unit of analysis is the user-week. The independent variable is an indicator for users' placebo adoption. For each user, this indicator is 0 until half the pre-adoption time period elapses; then the value takes on one until the end of the pre-adoption time period.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

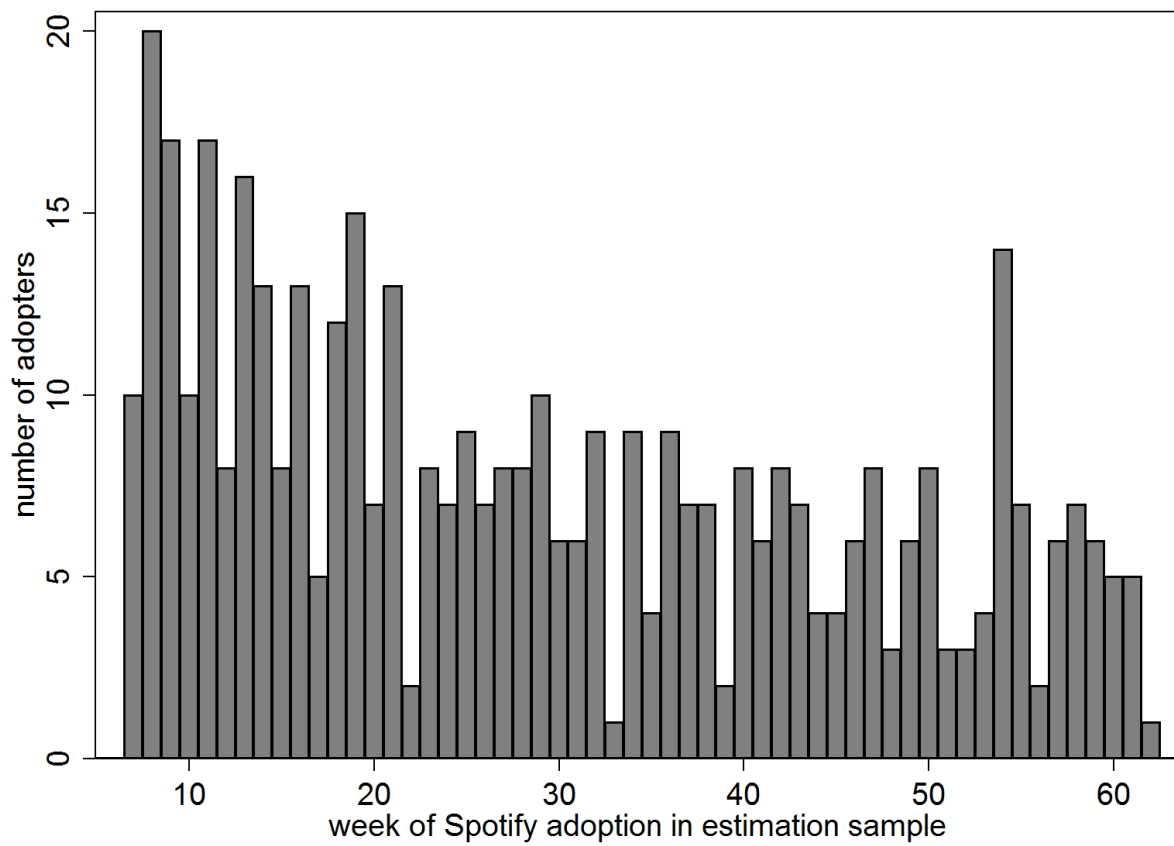
**Table C5. Summary of Heterogeneous Treatment Effects Across All Dependent Variables**

	Main effect of adoption b	x Artist concentration b	x Age b	x Free (vs premium) b
<b>Quantity of consumption</b>				
Log playcounts on all platforms	0.46***	0.069	0.088	-0.100
Log playcounts on iTunes	-0.38*	-0.070	0.022	0.13 <sup>+</sup>
Log playcounts on Winamp, Windows Media Player and Foobar2000	-0.48**	0.12	0.0044	-0.051
Log playcounts on other platforms	0.078	-0.014	-0.14*	-0.0083
<b>Breadth of variety</b>				
Log number of unique artists	0.26***	0.084*	0.027	-0.078*
Log number of unique songs	0.27***	0.034	0.050	-0.085*
Log number of unique genres	0.19***	0.071**	0.016	-0.048 <sup>+</sup>
<b>Concentration of variety</b>				
Top 20 artists (share of unique artists)	-0.0028	-0.0093***	0.0032	-0.0017
Top 100 artists (share of unique artists)	0.0027	-0.022***	0.0047	-0.0035
Top 500 artists (share of unique artists)	-0.0065	-0.029***	0.0064	-0.0015
Artist concentration (Herf.)	-0.027*	-0.017**	-0.0018	0.0095 <sup>+</sup>
Song concentration (Herf.)	-0.017***	-0.0047*	-0.00037	0.0040 <sup>+</sup>
Genre concentration (Herf.)	-0.019	-0.022***	0.000091	0.0024
<b>Discovery of new content</b>				
New artists (share of unique artists)	0.036***	0.015**	0.013*	-0.0069
New songs (share of unique songs)	0.030*	0.018*	0.019**	-0.0083
New genres (share of unique genres)	0.017***	0.0080***	0.0022	-0.0035 <sup>+</sup>
New artists played more than once (share of unique new artists)	-0.054**	-0.020*	0.014	0.0038
New songs played more than once (share of unique new songs)	-0.0075	-0.010 <sup>+</sup>	0.0015	-0.0059
New genres played more than once (share of unique new genres)	-0.033	-0.016	-0.0063	0.0017
Top 1 new artist to overall top 1 artist (share of plays)	0.018	0.020*	0.0082	-0.018 <sup>+</sup>
Top 5 new artist to overall top 5 artist (share of plays)	0.011	0.011 <sup>+</sup>	0.0060	-0.011 <sup>+</sup>
Top 1 new genre to overall top 1 genre (share of plays)	-0.00095	0.0058**	0.0028	0.00090

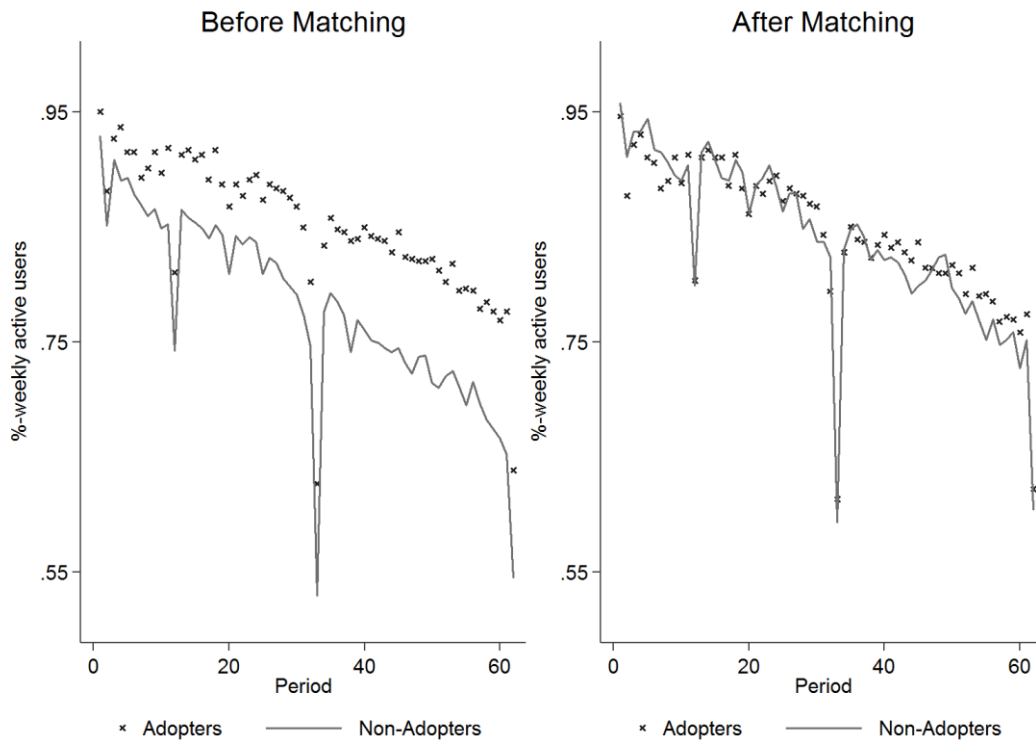
Notes: Regressions with robust standard errors. Estimates are calculated on a matched sample of 448 adopters and 448 non-adopters observed over 62 weeks starting May 29, 2014; user- and week-specific fixed effects are used and the unit of analysis is the user-week. The independent variables are indicators for a user's adoption of Spotify, and interaction effects with pre-sample measures to capture heterogeneous treatment effects (median split, effect coding used so that the main adoption effect can be interpreted for an average adopter).

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Figure C1.** Adoption Timing for Spotify Adopters



**Figure C2.** Observation Overlap Before and After Matching



*Note:* The decreases in %-weekly active users in weeks 2, 12, and 33 are caused by interruptions in our data collection, such that a week consists of less than 7 days. Week 62 is the last week in our sample, covering 3 out of 7 days (30 July – 1 August 2015).

## **Online Appendix D. Robustness Checks**

We expose our empirical findings to an expansive set of robustness checks. First, the data set allows us to conduct several natural experiments to verify the stability of our findings. Some of these natural experiments are the removal of Taylor Swift content from Spotify, the sudden improvement of recommendation algorithms, or the launch of Apple Music. Second, we verify the robustness of our model specification with regard to its underlying functional forms (e.g., log versus levels, modeling shares), the assessment of the overall adoption effect, and the definition of the long-run impact. Third, we use the data to compute alternative measures for our dependent variables (e.g., C2 and C10, instead of Herfindahl).

Table D1 summarizes all the concerns that may potentially affect our findings, along with details on how we assess their robustness. In what follows, Tables D2-D5 replicate the findings of Tables 2-5, listing the results of each robustness check on the short-, medium-, and long-run adoption effects, and reporting baselines corresponding to pre-adoption averages of the relevant dependent variables for adopters of Spotify. For some robustness checks, the definition of the long-run is not available as the sample coverage is less than 24 weeks. For example, Taylor Swift's content was removed from Spotify on 14 November 2014, 22 weeks into our sample.



**Table D1. Overview of Robustness Checks**

<b>Concern</b>	<b>Proposed Robustness Check</b>
1) Consumers that choose Spotify may be systematically different in some unobserved way from those that remain on ownership-based platforms like iTunes.	Estimate models with adopters only. Later adopters (median split; 23 weeks into the main sample) act as a control for those who have adopted earlier (Manchanda, Packard, and Pattabhiramaiah 2015).
2) The long-run effect (>24 weeks, ~6 months) captures only transitory effects of Spotify adoption.	Allow for a longer long-run period (>36 weeks, ~ 9 months).
3) The altered supply of music (e.g., the removal of Taylor Swift's content from Spotify) may have affected the results.	Confine sample to the period before the removal of Taylor Swift's music from Spotify (3 November 2014; 22 weeks retained).
4) To what extent does the recommendation system of Spotify drive users' changes in music consumption?	Confine sample to the period before 28 April 2015, excluding the introduction of Spotify Running, and the launch of new (personalized) playlists (46 weeks retained). Further, this period excludes the launch of Apple Music on 30 June 2015. For details on these events, see Online Appendix B.
5) What is the role of innovators versus late adopters?	Estimate models without matched treated-control pairs where at least one user comes from Canada or Brazil, two countries in which Spotify was launched during the observation period (518 users retained). We also provide these estimates <i>only</i> for matched treated-control pairs where both users are from Canada or Brazil (172 users retained). In footnote 18, we note that there are potentially other explanations for these effects.
6) Do Spotify adopters also change music consumption on other platforms, or does the change in music consumption mostly come from Spotify?	Estimate all variety models with the dependent variable defined over consumption on all platforms <i>except</i> Spotify.
7) The results may not be robust to the functional forms (e.g., logs, shares)	Estimate (a) those models for which logged variables have been used in levels, and (b) those models for which the dependent variables represent shares with fractional logit models (Papke and Wooldridge 1996).
8) It is hard to assess the overall effect of adoption from the three dummy variables short-, medium-, and long-run adoption.	Estimate models with only one treatment dummy variable <sup>a</sup> .
9) Verify the robustness of the results with regard to alternative variable operationalizations.	Estimate (a) concentration as share of Top 2 and Top 10 (instead of Herfindahl index), (b) superstar consumption and consumption of new content as share of plays instead of share of unique content, (c) top 1 consumption over a window of 12 weeks instead of 8 weeks, and (d) top 5 consumption instead of top 1 consumption <sup>b</sup> .
10) Verify the robustness of the results with regard to a DiD model without matching.	Estimate models on complete sample with 507 adopters and 1,471 non-adopters of Spotify.

<sup>a</sup> For expositional purposes, we do not create a separate column for this estimate, but list it under medium-run adoption effects.

<sup>b</sup> To make the measures for top 1 and 5 comparable, we divide the cumulative share of the 5 best (new and overall) by 5, scaling it so that it matches the scale of the top 1 shares. For a few consumers, less than 5 new artists, songs or genres were discovered on a weekly basis. In this case, we use as many new artists, songs, or genres as we can. In even fewer cases, no new content was discovered in a given week. For these cases, we report a 0 as the share of the most popular new artists, songs, or genres.

**Table D2. Robustness Checks for Total Consumption across Platforms**

	Short-run	Medium-run	Long-run	Baseline
<b>Log playcounts (all)</b>				
Main Analysis	0.84***	0.49***	0.40***	4.25
Main Analysis without Matching	0.93***	0.53***	0.33**	4.30
Late Adopters as Control for Early Adopters	0.69***	0.34**		4.40
Different Long-Run Effect (36 weeks)	0.85***	0.48***	0.46***	4.25
Before Removal of Taylor Swift	0.71***	0.36***		4.40
Before Improving Recommendations	0.88***	0.51***	0.34**	4.26
Without Launch Countries	0.81***	0.43***	0.29*	4.32
Only With Launch Countries	0.78***	0.61***	0.74**	4.14
DV in Levels	66.4***	32.8***	20.4	219.0
<b>Log playcounts (iTunes)</b>				
Main Analysis	-0.23**	-0.31***	-0.33**	1.60
Main Analysis without Matching	-0.15*	-0.27***	-0.35***	1.52
Late Adopters as Control for Early Adopters	-0.12	-0.24*		1.71
Different Long-Run Effect (36 weeks)	-0.24**	-0.32***	-0.44***	1.60
Before Removal of Taylor Swift	-0.11	-0.22*		1.71
Before Improving Recommendations	-0.19*	-0.25**	-0.28*	1.62
Without Launch Countries	-0.26**	-0.31**	-0.37**	1.74
Only With Launch Countries	-0.011	-0.15	-0.079	1.37
DV in Levels	-13.6*	-13.1*	-5.91	72.8
<b>Log playcounts (WWF)</b>				
Main Analysis	-0.25***	-0.42***	-0.46***	2.19
Main Analysis without Matching	-0.23***	-0.36***	-0.38***	2.22
Late Adopters as Control for Early Adopters	-0.20*	-0.42***		2.24
Different Long-Run Effect (36 weeks)	-0.24***	-0.43***	-0.34**	2.19
Before Removal of Taylor Swift	-0.22*	-0.41***		2.24
Before Improving Recommendations	-0.19*	-0.40***	-0.44**	2.18
Without Launch Countries	-0.20*	-0.41***	-0.43**	2.17
Only With Launch Countries	-0.60***	-0.66***	-0.57+	2.14
DV in Levels	-20.3**	-33.9***	-37.4**	106.2
<b>Log playcounts (other)</b>				
Main Analysis	0.039	-0.10	-0.27*	1.52
Main Analysis without Matching	0.053	-0.12+	-0.40***	1.63
Late Adopters as Control for Early Adopters	-0.023	-0.18+		1.59
Different Long-Run Effect (36 weeks)	0.046	-0.12	-0.28*	1.52
Before Removal of Taylor Swift	-0.012	-0.15		1.59
Before Improving Recommendations	0.014	-0.13+	-0.29*	1.52
Without Launch Countries	-0.0099	-0.11	-0.31*	1.37
Only With Launch Countries	-0.097	-0.050	-0.10	1.74
DV in Levels	0.97	-2.43	-12.3	40.0

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D3. Robustness Checks for Breadth of Variety**

	Short-run	Medium-run	Long-run	Baseline
<b>Log number of unique artists</b>				
Main Analysis	0.48 <sup>***</sup>	0.27 <sup>***</sup>	0.28 <sup>***</sup>	2.97
Main Analysis without Matching	0.48 <sup>***</sup>	0.27 <sup>***</sup>	0.28 <sup>***</sup>	2.97
Late Adopters as Control for Early Adopters	0.47 <sup>***</sup>	0.26 <sup>***</sup>		3.00
Different Long-Run Effect (36 weeks)	0.49 <sup>***</sup>	0.27 <sup>***</sup>	0.30 <sup>***</sup>	2.97
Before Removal of Taylor Swift	0.49 <sup>***</sup>	0.28 <sup>***</sup>		3.00
Before Improving Recommendations	0.51 <sup>***</sup>	0.27 <sup>***</sup>	0.27 <sup>***</sup>	2.96
Without Launch Countries	0.47 <sup>***</sup>	0.24 <sup>***</sup>	0.27 <sup>***</sup>	3.05
Only With Launch Countries	0.52 <sup>***</sup>	0.37 <sup>***</sup>	0.34 <sup>**</sup>	2.72
Consumption Not on Spotify	-0.13 <sup>**</sup>	-0.26 <sup>***</sup>	-0.27 <sup>***</sup>	2.97
DV in Levels	15.2 <sup>***</sup>	10.2 <sup>***</sup>	12.5 <sup>***</sup>	35.3
With One Treatment Dummy		0.30 <sup>***</sup>		2.97
<b>Log number of unique songs</b>				
Main Analysis	0.40 <sup>***</sup>	0.26 <sup>***</sup>	0.27 <sup>***</sup>	4.48
Main Analysis without Matching	0.38 <sup>***</sup>	0.24 <sup>***</sup>	0.24 <sup>***</sup>	4.51
Late Adopters as Control for Early Adopters	0.37 <sup>***</sup>	0.24 <sup>***</sup>		4.51
Different Long-Run Effect (36 weeks)	0.40 <sup>***</sup>	0.26 <sup>***</sup>	0.28 <sup>***</sup>	4.48
Before Removal of Taylor Swift	0.38 <sup>***</sup>	0.25 <sup>***</sup>		4.52
Before Improving Recommendations	0.43 <sup>***</sup>	0.25 <sup>***</sup>	0.24 <sup>***</sup>	4.48
Without Launch Countries	0.39 <sup>***</sup>	0.20 <sup>***</sup>	0.20 <sup>**</sup>	4.56
Only With Launch Countries	0.37 <sup>***</sup>	0.37 <sup>***</sup>	0.42 <sup>**</sup>	4.30
Consumption Not on Spotify	-0.21 <sup>***</sup>	-0.33 <sup>***</sup>	-0.36 <sup>***</sup>	4.48
DV in Levels	40.9 <sup>***</sup>	24.4 <sup>***</sup>	24.8 <sup>**</sup>	155.7
With One Treatment Dummy		0.28 <sup>***</sup>		4.48
<b>Log number of unique genres</b>				
Main Analysis	0.36 <sup>***</sup>	0.21 <sup>***</sup>	0.20 <sup>***</sup>	2.22
Main Analysis without Matching	0.36 <sup>***</sup>	0.21 <sup>***</sup>	0.22 <sup>***</sup>	2.21
Late Adopters as Control for Early Adopters	0.36 <sup>***</sup>	0.20 <sup>***</sup>		2.23
Different Long-Run Effect (36 weeks)	0.37 <sup>***</sup>	0.21 <sup>***</sup>	0.22 <sup>***</sup>	2.22
Before Removal of Taylor Swift	0.37 <sup>***</sup>	0.21 <sup>***</sup>		2.24
Before Improving Recommendations	0.38 <sup>***</sup>	0.21 <sup>***</sup>	0.19 <sup>***</sup>	2.21
Without Launch Countries	0.35 <sup>***</sup>	0.18 <sup>***</sup>	0.20 <sup>***</sup>	2.33
Only With Launch Countries	0.41 <sup>***</sup>	0.28 <sup>***</sup>	0.22 <sup>*</sup>	1.92
Consumption Not on Spotify	-0.088 <sup>**</sup>	-0.18 <sup>***</sup>	-0.21 <sup>***</sup>	2.22
DV in Levels	4.16 <sup>***</sup>	2.72 <sup>***</sup>	3.12 <sup>***</sup>	13.4
With One Treatment Dummy		0.23 <sup>***</sup>		2.22

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D4. Robustness Checks for Concentration of Variety**

	Short-run	Medium-run	Long-run	Baseline
<b>Top 20 (unique share)</b>				
Main Analysis	-0.013***	-0.0093***	-0.0076*	0.062
Main Analysis without Matching	-0.014***	-0.011***	-0.014***	0.065
Late Adopters as Control for Early Adopters	-0.011**	-0.0085*		0.062
Different Long-Run Effect (36 weeks)	-0.013***	-0.0091**	-0.0076*	0.062
Before Removal of Taylor Swift	-0.011**	-0.0100**		0.062
Before Improving Recommendations	-0.013***	-0.0080**	-0.0079*	0.062
Without Launch Countries	-0.0072*	-0.0043	-0.0060 <sup>+</sup>	0.041
Only With Launch Countries	-0.029**	-0.012	-0.0042	0.12
Consumption Not on Spotify	-0.0020	-0.0014	0.0030	0.062
Fractional Response Model	-0.26***	-0.18***	-0.17**	0.062
DV Expressed as Share of Plays	-0.014**	-0.011*	-0.0090 <sup>+</sup>	0.080
With One Treatment Dummy		-0.0097***		0.062
<b>Top 100 (unique share)</b>				
Main Analysis	-0.028***	-0.015**	-0.012 <sup>+</sup>	0.17
Main Analysis without Matching	-0.034***	-0.021***	-0.028***	0.18
Late Adopters as Control for Early Adopters	-0.024**	-0.020**		0.18
Different Long-Run Effect (36 weeks)	-0.029***	-0.015**	-0.018*	0.17
Before Removal of Taylor Swift	-0.026***	-0.024***		0.18
Before Improving Recommendations	-0.030***	-0.015**	-0.011	0.18
Without Launch Countries	-0.018**	-0.0062	-0.0089	0.12
Only With Launch Countries	-0.051**	-0.016	0.0035	0.31
Consumption Not on Spotify	-0.0064	0.00100	0.0048	0.17
Fractional Response Model	-0.21***	-0.11**	-0.096*	0.17
DV Expressed as Share of Plays	-0.016*	-0.012 <sup>+</sup>	-0.012	0.21
With One Treatment Dummy		-0.017***		0.17
<b>Top 500 (unique share)</b>				
Main Analysis	-0.042***	-0.026***	-0.024**	0.38
Main Analysis without Matching	-0.045***	-0.031***	-0.039***	0.40
Late Adopters as Control for Early Adopters	-0.043***	-0.030**		0.39
Different Long-Run Effect (36 weeks)	-0.044***	-0.026***	-0.036***	0.38
Before Removal of Taylor Swift	-0.045***	-0.033***		0.39
Before Improving Recommendations	-0.043***	-0.028***	-0.021*	0.39
Without Launch Countries	-0.031***	-0.014 <sup>+</sup>	-0.013	0.31
Only With Launch Countries	-0.059**	-0.037*	-0.029	0.57
Consumption Not on Spotify	-0.012 <sup>+</sup>	-0.0089	-0.0038	0.38
Fractional Response Model	-0.18***	-0.11***	-0.10**	0.38
DV Expressed as Share of Plays	-0.023**	-0.020**	-0.018 <sup>+</sup>	0.43
With One Treatment Dummy		-0.028***		0.38

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D4 (continued). Robustness Checks for Concentration of Variety**

	Short-run	Medium-run	Long-run	Baseline
<b>Artist concentr. (Herfindahl)</b>				
Main Analysis	-0.062***	-0.032***	-0.035***	0.20
Main Analysis without Matching	-0.064***	-0.035***	-0.038***	0.20
Late Adopters as Control for Early Adopters	-0.061***	-0.031**		0.20
Different Long-Run Effect (36 weeks)	-0.062***	-0.032***	-0.036***	0.20
Before Removal of Taylor Swift	-0.062***	-0.036***		0.20
Before Improving Recommendations	-0.060***	-0.031***	-0.034**	0.20
Without Launch Countries	-0.059***	-0.023**	-0.027*	0.19
Only With Launch Countries	-0.079***	-0.060***	-0.067***	0.23
Consumption Not on Spotify	0.021*	0.047***	0.047***	0.20
Fractional Response Model	-0.40***	-0.19***	-0.20***	0.20
DV Measured as Share of Top 2 (C2)	-0.071***	-0.032***	-0.039***	0.44
DV Measured as Share of Top 2 (C10)	-0.066***	-0.031***	-0.039***	0.79
With One Treatment Dummy		-0.036***		0.20
<b>Song concentr. (Herfindahl)</b>				
Main Analysis	-0.022***	-0.017***	-0.016***	0.043
Main Analysis without Matching	-0.021***	-0.016***	-0.015***	0.042
Late Adopters as Control for Early Adopters	-0.022***	-0.015**		0.044
Different Long-Run Effect (36 weeks)	-0.022***	-0.017***	-0.017***	0.043
Before Removal of Taylor Swift	-0.023***	-0.017***		0.044
Before Improving Recommendations	-0.022***	-0.016***	-0.016***	0.043
Without Launch Countries	-0.020***	-0.013***	-0.011*	0.038
Only With Launch Countries	-0.019*	-0.024***	-0.030**	0.051
Consumption Not on Spotify	0.015**	0.017***	0.024***	0.043
Fractional Response Model	-0.53***	-0.36***	-0.29***	0.043
DV Measured as Share of Top 2 (C2)	-0.035***	-0.027***	-0.028***	0.12
DV Measured as Share of Top 2 (C10)	-0.076***	-0.047***	-0.053***	0.32
With One Treatment Dummy		-0.018***		0.043
<b>Genre concentr. (Herfindahl)</b>				
Main Analysis	-0.059***	-0.034***	-0.029**	0.36
Main Analysis without Matching	-0.063***	-0.039***	-0.038***	0.36
Late Adopters as Control for Early Adopters	-0.062***	-0.034**		0.36
Different Long-Run Effect (36 weeks)	-0.060***	-0.034***	-0.039***	0.36
Before Removal of Taylor Swift	-0.062***	-0.036***		0.36
Before Improving Recommendations	-0.057***	-0.034***	-0.028**	0.36
Without Launch Countries	-0.053***	-0.027***	-0.030**	0.32
Only With Launch Countries	-0.086***	-0.057***	-0.046*	0.44
Consumption Not on Spotify	0.014	0.035***	0.046***	0.36
Fractional Response Model	-0.26***	-0.15***	-0.12***	0.36
DV Measured as Share of Top 2 (C2)	-0.047***	-0.027***	-0.028***	0.66
DV Measured as Share of Top 2 (C10)	-0.018***	-0.010***	-0.013***	0.95
With One Treatment Dummy		-0.037***		0.36

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D5. Robustness Checks for Discovery of New Content**

	Short-run	Medium-run	Long-run	Baseline
<b>New artists (unique share)</b>				
Main Analysis	0.14***	0.045***	0.032***	0.15
Main Analysis without Matching	0.14***	0.043***	0.028***	0.15
Late Adopters as Control for Early Adopters	0.14***	0.055***		0.15
Different Long-Run Effect (36 weeks)	0.14***	0.043***	0.040***	0.15
Before Removal of Taylor Swift	0.13***	0.047***		0.15
Before Improving Recommendations	0.14***	0.049***	0.034***	0.15
Without Launch Countries	0.14***	0.046***	0.034**	0.17
Only With Launch Countries	0.16***	0.045***	0.015	0.11
Consumption Not on Spotify	0.021**	-0.0060	-0.0086	0.15
Fractional Response Model	0.81***	0.28***	0.18***	0.15
DV Expressed as Share of Plays	0.091***	0.021***	0.012	0.14
With One Treatment Dummy		0.057***		0.15
<b>New song (unique share)</b>				
Main Analysis	0.15***	0.047***	0.022*	0.33
Main Analysis without Matching	0.15***	0.054***	0.034***	0.32
Late Adopters as Control for Early Adopters	0.14***	0.074***		0.32
Different Long-Run Effect (36 weeks)	0.15***	0.044***	0.035**	0.33
Before Removal of Taylor Swift	0.14***	0.070***		0.32
Before Improving Recommendations	0.15***	0.055***	0.031**	0.33
Without Launch Countries	0.13***	0.052***	0.032*	0.36
Only With Launch Countries	0.19***	0.038*	-0.020	0.26
Consumption Not on Spotify	0.011	-0.015*	-0.020*	0.33
Fractional Response Model	0.61***	0.20***	0.095*	0.33
DV Expressed as Share of Plays	0.13***	0.038***	0.018 <sup>+</sup>	0.34
With One Treatment Dummy		0.058***		0.33
<b>New genre (unique share)</b>				
Main Analysis	0.064***	0.018***	0.010***	0.040
Main Analysis without Matching	0.063***	0.018***	0.012***	0.040
Late Adopters as Control for Early Adopters	0.063***	0.026***		0.042
Different Long-Run Effect (36 weeks)	0.065***	0.017***	0.014***	0.040
Before Removal of Taylor Swift	0.064***	0.024***		0.042
Before Improving Recommendations	0.068***	0.020***	0.015***	0.040
Without Launch Countries	0.058***	0.018***	0.012**	0.042
Only With Launch Countries	0.075***	0.020***	0.0019	0.033
Consumption Not on Spotify	0.0081 <sup>+</sup>	-0.0040 <sup>+</sup>	-0.0054 <sup>+</sup>	0.040
Fractional Response Model	1.04***	0.41***	0.25***	0.040
DV Expressed as Share of Plays	0.022***	0.0047**	0.0024	0.020
With One Treatment Dummy		0.023***		0.040

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D5 (continued). Robustness Checks for Discovery of New Content**

	Short-run	Medium-run	Long-run	Baseline
<b>New artists played &gt; 1 (unique sh.)</b>				
Main Analysis	-0.093***	-0.044***	-0.040**	0.60
Main Analysis without Matching	-0.095***	-0.046***	-0.049***	0.60
Late Adopters as Control for Early Adopters	-0.10***	-0.039 <sup>+</sup>		0.59
Different Long-Run Effect (36 weeks)	-0.094***	-0.044***	-0.044**	0.60
Before Removal of Taylor Swift	-0.10***	-0.048**		0.59
Before Improving Recommendations	-0.10***	-0.048***	-0.058***	0.59
Without Launch Countries	-0.087***	-0.041**	-0.047**	0.59
Only With Launch Countries	-0.13***	-0.096***	-0.041	0.64
Consumption Not on Spotify	-0.058***	-0.035***	-0.034*	0.60
Fractional Response Model	-0.38***	-0.19***	-0.17**	0.60
With One Treatment Dummy		-0.051***		0.60
<b>New songs played &gt; 1 (unique sh.)</b>				
Main Analysis	-0.033***	-0.019**	-0.016 <sup>+</sup>	0.22
Main Analysis without Matching	-0.039***	-0.025***	-0.026***	0.22
Late Adopters as Control for Early Adopters	-0.045***	-0.031*		0.22
Different Long-Run Effect (36 weeks)	-0.034***	-0.019**	-0.024*	0.22
Before Removal of Taylor Swift	-0.043***	-0.029**		0.22
Before Improving Recommendations	-0.033***	-0.017*	-0.020 <sup>+</sup>	0.22
Without Launch Countries	-0.023*	-0.013 <sup>+</sup>	-0.018	0.20
Only With Launch Countries	-0.056***	-0.026 <sup>+</sup>	0.0078	0.26
Consumption Not on Spotify	-0.018*	-0.0099	-0.018 <sup>+</sup>	0.22
Fractional Response Model	-0.21***	-0.13***	-0.11*	0.22
With One Treatment Dummy		-0.021***		0.22
<b>New genres played &gt; 1 (unique sh.)</b>				
Main Analysis	-0.076***	-0.045*	-0.037	0.57
Main Analysis without Matching	-0.085***	-0.046**	-0.043*	0.57
Late Adopters as Control for Early Adopters	-0.098**	-0.054		0.57
Different Long-Run Effect (36 weeks)	-0.077***	-0.044*	-0.039	0.57
Before Removal of Taylor Swift	-0.11**	-0.075*		0.57
Before Improving Recommendations	-0.082***	-0.033	-0.042	0.56
Without Launch Countries	-0.095***	-0.057*	-0.031	0.56
Only With Launch Countries	-0.11*	-0.086*	-0.042	0.63
Consumption Not on Spotify	-0.014	-0.0079	0.0052	0.57
Fractional Response Model	-0.33***	-0.20***	-0.18*	0.57
With One Treatment Dummy		-0.050**		0.57

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

**Table D5 (continued). Robustness Checks for Discovery of New Content**

	Short-run	Medium-run	Long-run	Baseline
<b>Top 1 new artist (play share)</b>				
Main Analysis	0.080***	0.016	0.00044	0.18
Main Analysis without Matching	0.084***	0.022*	0.0096	0.17
Late Adopters as Control for Early Adopters	0.027	-0.0042		0.17
Different Long-Run Effect (36 weeks)	0.081***	0.015	-0.0029	0.18
Before Removal of Taylor Swift	0.035	-0.0031		0.17
Before Improving Recommendations	0.091***	0.027*	0.017	0.18
Without Launch Countries	0.078**	0.026+	0.013	0.20
Only With Launch Countries	0.096*	-0.019	-0.043	0.14
Consumption Not on Spotify	-0.020	-0.030***	-0.040***	0.18
Fractional Response Model	0.46***	0.084	-0.023	0.18
DV Computed Over a Window of 12 Weeks	0.084***	0.027*	0.0082	0.17
DV Computed Over Top 5 instead of Top 1	0.059***	0.0076	0.00020	0.11
With One Treatment Dummy		0.029*		0.18
<b>Top 1 new song (play share)</b>				
Main Analysis	0.13***	0.056***	0.049*	0.54
Main Analysis without Matching	0.13***	0.050***	0.041*	0.53
Late Adopters as Control for Early Adopters	0.13***	0.075*		0.53
Different Long-Run Effect (36 weeks)	0.13***	0.055***	0.038	0.54
Before Removal of Taylor Swift	0.12***	0.059+		0.53
Before Improving Recommendations	0.14***	0.070***	0.074**	0.54
Without Launch Countries	0.13***	0.053**	0.035	0.56
Only With Launch Countries	0.18***	0.072*	0.055	0.51
Consumption Not on Spotify	-0.037*	-0.039***	-0.063***	0.54
Fractional Response Model	0.56***	0.24***	0.21***	0.54
DV Computed Over a Window of 12 Weeks	0.13***	0.057**	0.051*	0.53
DV Computed Over Top 5 instead of Top 1	0.13***	0.045***	0.040*	0.44
With One Treatment Dummy		0.070***		0.54
<b>Top 1 new genre (play share)</b>				
Main Analysis	0.017***	0.0062**	0.0060*	0.010
Main Analysis without Matching	0.015***	0.0046*	0.0046+	0.0099
Late Adopters as Control for Early Adopters	0.0074	-0.00077		0.010
Different Long-Run Effect (36 weeks)	0.017***	0.0062**	0.0062+	0.010
Before Removal of Taylor Swift	0.0094+	0.00094		0.010
Before Improving Recommendations	0.019***	0.0069**	0.0052	0.010
Without Launch Countries	0.017**	0.010***	0.011**	0.0095
Only With Launch Countries	0.030*	-0.0025	-0.0097	0.010
Consumption Not on Spotify	0.0036	0.00064	-0.00014	0.010
Fractional Response Model	0.91***	0.28**	0.10	0.010
DV Computed Over a Window of 12 Weeks	0.016***	0.0075**	0.0058+	0.0092
DV Computed Over Top 5 instead of Top 1	0.0088***	0.0027*	0.0025	0.0054
With One Treatment Dummy		0.0082***		0.010

Notes: Regressions (unless reported otherwise) with robust standard errors. Estimates are calculated for the main analysis, and several alternative specifications. Baselines correspond to pre-adoption averages of the dependent variables for adopters of Spotify. Details on all robustness checks are given in Table D1. User- and week-specific fixed effects are used and the unit of analysis is the user-week.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .