Spotify hits 195 million paid subscribers

Spotify now has 195 million paying subscribers, the company announced on Tuesday, an increase of 7 million since last quarter, surpassing guidance by 1 million net adds. The company expects to cross the 200 million mark by the end of the year.

Even with that bright subscription news, Wall Street was not thrilled with the results. The stock is down more than 6 percent in after-hours trading. Spotify's gross profit margin was 24.7 percent, two points lower than during the same quarter last year and below the company's prior guidance. The company said this was because of an "unfavorable adjustment to prior period estimates for rights holder liabilities."

The fact that music is only getting more expensive explains Spotify's push into podcasting, and its library is growing. There are now 4.7 million podcasts available on the platform, up from 4.4 million the quarter prior. Although podcasting is still not profitable for Spotify, the company said it saw double-digit growth in podcast revenue.

Things are a little tricky with its in-house podcasts, though. On a call with investors, Spotify CFO Paul Vogel referred to a one-time "restructuring charge" in its podcasting business, which seems to refer to the layoffs at Gimlet and Parcast earlier this month. Those changes, Vogel said, "should lead to improved productivity at select studios."

Then there is the issue of pricing. When asked about Apple Music's price increase, CEO Daniel Ek said that Spotify would work with the labels on whether to follow suit. He was not

definitive about it, but Apple’s decision certainly seems to have opened the door for price hikes across the board. Ek also dodged a question on when HiFi would arrive, which would be available only at a higher-priced tier.

https://www.theverge.com/2022/10/25/23423510/spotify-total-subscribers-rogan-markle