TikTok music streaming news drives down Spotify’s stock

The news: Spotify stock took a tumble Wednesday after reports that ByteDance, TikTok’s parent company, is in talks with music labels to expand into music streaming, per Yahoo Finance.

Why it’s worth watching: We identified music streaming as one of five potential businesses for TikTok in its quest to evolve into a super app.
TikTok is considered the go-to platform for discovering new music, which has propelled obscure songs into the Billboard 100 and Spotify Viral 50.

- **ByteDance** filed for a “TikTok Music” US trademark in July, per Insider.
- The company already runs a music app called Resso in India, Brazil, and Indonesia.
- TikTok teamed up with Ticketmaster and now enables users to discover events and buy concert tickets through the app.

The combination of social video feeds and streaming music on demand is a one-two punch that could augment TikTok’s dominance in user engagement and create a super app.

**Music streaming app competition:** TikTok’s arrival as a music streaming service will challenge the music streaming app market. Spotify, which is purely a streaming service, has the most to lose.

- **Apple Music** is tied to iOS devices and is part of a larger ecosystem.
- **YouTube Music** is similarly tied to Android and Google services.
- **Amazon Music** is tied to Prime subscriptions.
- All the above are adjuncts to wider device and services ecosystems, which means they are not solely relying on streaming service subscriptions for growth.

**Why this could succeed:** TikTok’s entry into music streaming comes at a precarious time for Spotify with its **stock down 75%** earlier this month.

- Spotify seems to have saturated music streaming and has recently expanded into podcasts and audiobooks for growth. The company has **433 million monthly active users**, per Yahoo.
- TikTok will have **750 million monthly users worldwide in 2022**, It is now the third-largest of the Big Five worldwide social networks (Facebook, Instagram, TikTok, Snapchat, and Twitter).
TikTok Users
US, 2022-2026

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
<th>% of Population</th>
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<tr>
<td>2022</td>
<td>94.1</td>
<td>27.9%</td>
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<tr>
<td>2023</td>
<td>97.6</td>
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<tr>
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<tr>
<td>2025</td>
<td>103.3</td>
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<tr>
<td>2026</td>
<td>105.9</td>
<td>30.6%</td>
</tr>
</tbody>
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Note: Internet users who access their TikTok account via any device at least once per month
Source: eMarketer, April 2022