

# Frequently Asked Questions

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## Why has Spotify filed a complaint against Apple?

We have filed a complaint before the European Commission because Apple's actions hurt consumers and are in clear violation of the law. Apple is both the owner of the iOS platform and its App Store and a competitor to services like Spotify. This alone doesn't pose an issue but in Apple's case, they continue to give Apple Music an unfair advantage at every turn by abusing their position as both referee and player in the world of audio streaming.

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## How do Apple's actions harm competitors?

Apple uses its platform dominance to disadvantage competitive services by unfairly penalizing them for the mere fact that these companies exist to provide the same offerings that Apple increasingly relies on – like music streaming, podcasts, video, audio books and gaming. Consumers benefit when different players compete, and it's not Apple's role to decide who those players are. Apple must stop interfering and let competition work. Create a level playing field and the consumer will win.

03

## Is this really that big of a deal?

You may have read about the increased scrutiny over some of these platform providers – companies who appear to be abusing the position they hold as “gatekeepers” to the internet. It's become a significant problem and one that lawmakers, consumer groups and others are watching closely around the world because of the anti-competitive environment it creates. To get to the internet, billions of people have to rely on Apple and a small number of other platforms. We can't collectively sit by and hope this all works out because if left unchecked, it will be a far more serious and far reaching issue in the future. This is not just about about Spotify vs. Apple. It's much bigger than that and there is more at stake.

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## What specifically do they do?

In short, Apple takes purposeful actions that prevent consumers from accessing real money-saving opportunities and enjoying all the perks that we love to offer.

Apple seeks to impose a 30% tax on competitors like Spotify who use the App Store's in-app purchases service. If we use it, we have to increase prices for consumers. But if we refuse to pay this tax, then Apple does a series of things that make life more difficult for us and our fans alike. For example, they won't let us market to our customers who use our app on iOS. So that deal we had for you last month to upgrade

to our premium service that would have saved your family a lot of money? Sorry, we weren't allowed to tell you about it. We aren't even allowed to tell you something as simple as how and where to upgrade to premium via the app. Apple uses compliance with their restrictions as a pretext to block our app updates – whether they are bug fixes or enhancements, making it challenging, and in some cases impossible, to bring you our latest and greatest innovations.

Add to that, Apple ignores users' preferred choice of music service and instead steers them to use Apple Music exclusively. So can you ask Siri to play your favorite playlist from Spotify? No, not even if you actively want Spotify to be your default streaming service. Or can you listen to Spotify through your Apple HomePod? Sorry, no luck with that either. And by the way, Spotify is available on pretty much every other speaker device out there.

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## How do Apple's actions limit creativity and innovation?

No one more than Spotify loves a story about a scrappy start-up who believes so strongly in themselves and fights like crazy to make it – and then because of that commitment and hard work is able to break through. That's our story and the one we hope countless others get to experience. But for this to happen, we need an entrepreneurial environment where companies that are just getting off the ground – the ones fighting for a shot — get a fair chance to succeed. So it's up to us to use our voice and work together against discriminatory conduct and abuse of market power. We also need to be able to rely on the laws that protect us from this kind of bad behavior and hold our industry accountable to practices that support real and meaningful competition.

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## Spotify agreed to Apple's terms initially. So what's changed?

What Spotify has experienced with Apple has been a classic 'bait and switch.' When the Spotify app launched on Apple, it was a very different opportunity than it is today. Over time, Apple has unilaterally changed the rules multiple times and made it worse and worse for Spotify and other app developers. The intensity of Apple's restrictions started to change after Apple acquired a rival music streaming service and prepared to launch Apple Music, which was many years after Spotify brought music streaming to fans around the world. Faced with established competitors like Spotify, Apple started to aggressively move the goalposts of compliance with App Store rules to disadvantage rivals like us in favor of their own services.

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### **Is Spotify trying to free-ride on Apple's technology and investment in the App Store?**

We don't want a free ride, we just want a fair ride.

We aren't seeking special treatment, but the opportunity to compete on a level playing field. And, let's be clear. The App Store is the success it is today in large part because of third-party apps such as Spotify. We helped drive consumers to the App Store and kept them on their iPhones for longer and longer stretches. It started out as a win-win for both Apple and Spotify, but Apple soon tilted the playing field to its own advantage.

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### **It sounds like Apple has created an environment where Spotify isn't able to compete to win?**

Exactly. Apple is the dominant gatekeeper of the iOS App Store. But they are also a competitor within that App Store to companies like Spotify. And as we all know, they are one of the biggest sellers of the smartphone and iOS is the only way to offer our service to anyone with an iPhone. So not being on their platform is just not an option for us — or really for any competing service.

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### **So what can Spotify do?**

Apple's anti-competitive behavior has forced us to choose between what really amounts to the lesser of two evils.

- The first option for us to consider is to pay an unjustified 30% tax to use their payment system. But if we do, it makes it impossible for us to keep our prices at a competitive rate with Apple Music. And we don't want to ask you to pay extra for something you shouldn't have to.
- The second option is to reject the 30% tax and not use their payment system at all. But this creates a less than awesome experience for our fans because it restricts you from upgrading to Premium on iOS. This makes it more challenging for you to get the audio content you want, the way you want it and with the ease you expect from a company like Spotify. But that's not all. Apple punishes any app developer who chooses this path, like Spotify, imposing restrictions that are designed to have a negative impact on our business.

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### **What choice has Spotify made and what are the consequences?**

To offset the 30% tax, Spotify initially raised our prices from 9.99 Euros per month to 12.99 Euros per month. But then Apple Music launched at 9.99 Euros per month as they are not subjected to this same tax. So Spotify, like others, decided not to use Apple's payment system. As a result, we lost the ability to sell Premium subscriptions in-app on iOS. But it didn't just end there. They continue to tighten restrictions on us, punishing us for choosing the path that best aligns with our mission, and the only one that our business can sustain that ensures our longer-term viability.

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### **What remedy is Spotify seeking from the European Commission?**

We want to be able to compete fairly on the merits and on a level playing field. To do that, we want Spotify to be free to talk directly with our customers who choose to access Spotify via Apple platforms. We want our customers to have a choice when it comes to the way they pay to upgrade. We also want to be able to offer them all the bells and whistles our teams dream up and create for them on a timetable that's not dictated by Apple.

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### **How does the process with the European Commission work and what can the European Commission do to address this?**

Spotify has filed a complaint with the European Commission, which will now decide whether or not to conduct an investigation. We hope the European Commission will impose effective remedies to ensure all companies can compete fairly so the consumer wins. We hope it will act with urgency but we very much respect their need to thoughtfully consider this case and conduct their due diligence. And we are confident we have given it more than enough evidence to demonstrate consumer harm.

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### **Why lodge the complaint in Europe and not in the U.S.?**

Spotify is a European-based company, headquartered in Stockholm, Sweden, so it made the most sense to us to pursue this matter under European law. In the future we may need to look at this issue in other jurisdictions as it's clearly one that is not unique to Europe or the U.S. We know regulators all over the world are focused on putting consumers first.