

Pandora Appeals to Advertisers with 'Co-Listening' Data

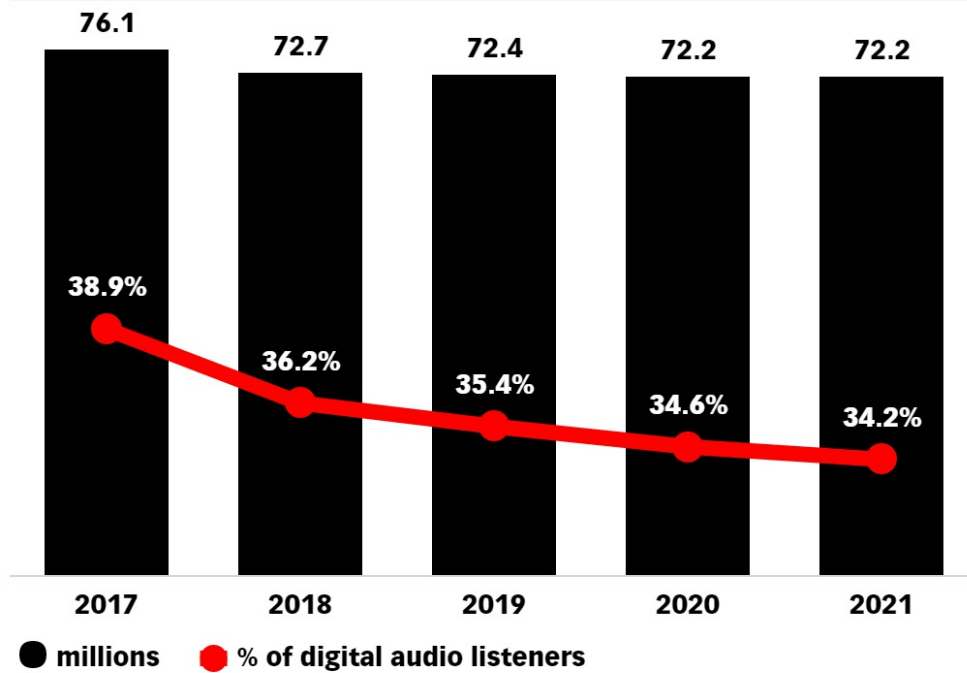
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More than 72 million people in the US will listen to Pandora on a monthly basis in 2019, according to our latest forecast. That's 35.4% of digital audio listeners in the country.

Pandora Listeners

US, 2017-2021



Source: eMarketer, March 2019

www.eMarketer.com

Last month, Pandora released a study conducted by Edison Research and Carat that broke down what it calls the “co-listening factor.” The study sought to identify when multiple people in the same space were listening to Pandora and where they were listening.

“Understanding these demographic components and how people are listening enables marketers to deliver relevant content,” said Keri Degroote, senior vice president of research and analytics at Pandora. “We felt it was a missed opportunity that co-listening is not being measured and included in digital audio plans.”

eMarketer user estimates are different from the number of monthly active users (MAUs) that companies report because we try to estimate the number of individual human users, rather than accounts. For example, we consider ways a single account might include multiple listeners because of shared logins, household listening or in-car listening. This is true across our audio streaming estimates, including those for Pandora, Spotify, Apple Music and Amazon Music.

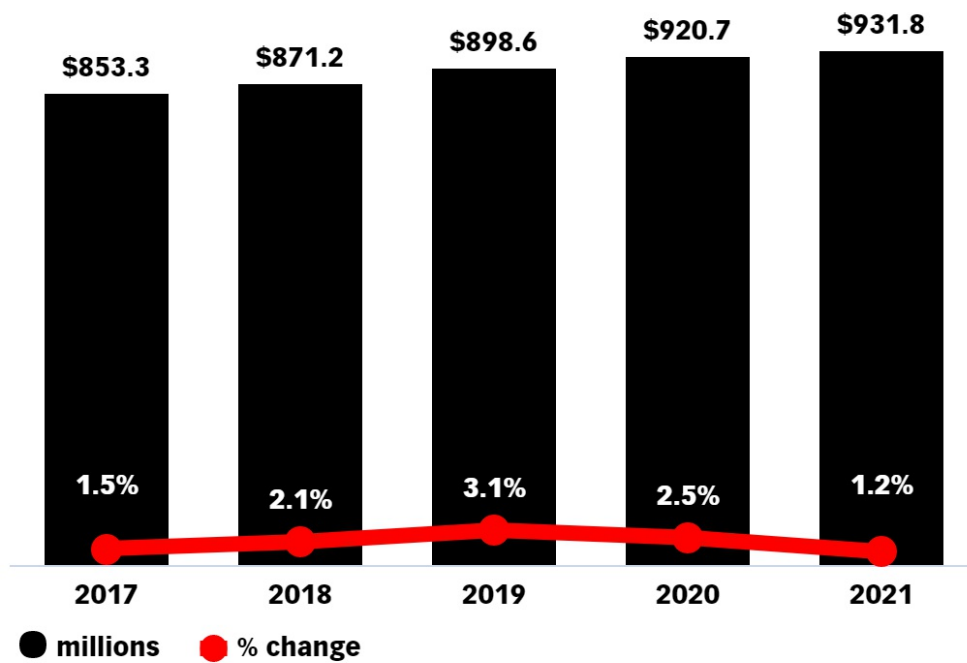
According to the Pandora study—which quantified earned audio impressions and the results of online diaries from 1,172 US consumers ages 13 and older—57% of Pandora listening occurred in the home, and 46% of in-home listening was done alongside others in the household. While just 8% of listening time took place in the car, 44% of that time was spent listening with others.

The focus on co-listeners is a logical step for Pandora, which was acquired by SiriusXM Holdings in a deal announced last September. The SiriusXM radio platform is known for its **substantial in-car audience**—and this puts Pandora in a unique position to reach this segment of co-listeners. But even so, we expect Spotify’s audience will **surpass Pandora listeners by 2021**, and monthly audiences for both **Amazon Music** and **Apple Music** are growing at a much faster rate. Pandora, on the other hand, is expected to lose about 300,000 monthly listeners in the US this year. That's a 0.5% decline after 2018’s sharper 4.4% decrease.

Despite Pandora's struggle to retain listeners, we expect its US mobile ad revenues to continue ticking up over the next two years, growing 3.7% between 2019 and 2021 to \$931.8 million. Spotify's US ad revenues will increase 38.4% during the same period, but will reach \$647.6 million.

Mobile Pandora Ad Revenues

US, 2017-2021



Source: eMarketer, February 2019

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Pandora has expanded its ad offerings with the exploration of so-called "user-friendly" practices like rewarded video, as Harish Goli, product manager at Pandora, explained in our "[US Native Advertising 2019](#)" report. And last August, the company [announced several new ad features](#) that included shorter formats, date- and time-specific placements and targeted sequence ads.

Later this year, for example, Pandora will begin [testing interactive voice ads](#) where listeners can request more information about a product or skip the ad by speaking to the app.

Pandora's ad business will also benefit from music streaming listeners who prefer not to pay out of pocket for the experience, and instead use ad-supported platforms. Close to a third of US internet users who stream music said they never pay for it, according to September 2018 polling by CivicScience.

What Types of Streaming Music Services Do US Internet Users Listen to?

% of respondents, Sep 2018

Free streaming services only (e.g., Spotify's free service, Pandora's free service or iHeartRadio)

31%

Both paid and free streaming services

9%

Paid, premium streaming services only (e.g., Spotify Premium, Rhapsody or Pandora One)

8%

Never listen to streaming services

51%

*Note: ages 18+; numbers may not total 100% due to rounding
Source: CivicScience as cited in company blog, Sep 27, 2018*

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That's good news for marketers that have struggled to reach mass audiences through video streaming services, where the preference for ad-free content dominates. And despite the rising trend of [subscription-based audio streaming](#), the majority of Pandora users opt to listen to the platform's free, ad-supported option.