

Pandora stock pounded by possible Apple entry

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A banner for Pandora Media Inc., the online-radio company, hangs in front of the New York Stock Exchange in 2011. Pandora Media shares plunged Friday after reports said Apple is in talks to license music for a rival online radio service.

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Shares of Pandora, the largest Internet radio operator, slid 17.6 percent to \$10.35 in early trade on Wall Street.

The [Wall Street Journal](#) and The New York Times reported that Apple was studying a launch of a streaming music service which could be pre-installed on its popular devices like the [iPhone](#) and [iPad](#).

Analyst Nat Schindler at [Bank of America](#) Merrill Lynch said the move by Apple could shake up the sector.

"Apple is currently the largest [music retailer](#) in the world and the move is likely being made to unseat rapidly growing streaming competitors like Pandora and Spotify," he said in a note to clients, while adding that the move appears to be "going after Spotify and not Pandora."

Still, he said Pandora could be hurt if Apple promotes its own service on its devices.

"Pandora, currently has 72 percent-plus market share of online radio and six percent share of the total radio market, partially due to its near ubiquitous device reach on over 400 different devices," the analyst said.

"Apple's large device installed base makes it a more serious threat than other current or potential competitors. Pandora we believe gets 40-50 percent of its total usage currently from iOS devices."

The Journal noted that Apple had previously weighed launching a Pandora competitor, but dropped the bid due to licensing costs.

Pandora reported last week that its revenue climbed in the recently-ended quarter but that it still lost money due in large part to royalties paid out for songs.

The Oakland, California-based firm, which creates personalized radio stations for users, reported a net loss of \$5.4 million on revenue that rose 51 percent to \$101.3 million compared with the same period last year.

Pandora went public last year at \$16 a share, one of several Internet companies to make their debut on Wall Street in 2011.

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