

Pandora loses listeners, ad revenue

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So many listeners have turned off Pandora that Friday could have been called the day the music died for the internet radio streaming pioneer.

Late Thursday, Pandora said it ended its third quarter with 73.7 million active listeners, more than 7 million fewer than it had in the comparable quarter last year.

Declining [listener](#) numbers, along with weaker-than-expected advertising revenue and a disappointing fourth-quarter forecast, had investors tuning Pandora out Friday, as the company's shares fell by almost 25 percent to close at \$5.59.

Pandora still has more listeners than Apple Music, which has 27 million paying subscribers. But the Oakland-based music streaming business trails its other major rival, Spotify, which has 140 million active listeners, including 60 million who pay a monthly fee for on-demand streaming and to avoid listening to commercials with their music.

Pandora launched Pandora Premium, its \$9.99-a-month on-demand music-streaming option, only in March. The company said it ended the third quarter with 5.19 million subscribers to Pandora Premium, and its other subscription offering, Pandora Plus, which for \$4.99 a month has no ads but doesn't offer on-demand music choices. As such, the company remains dependent on its ad-supported service for most of its revenue.

Pandora has been in upheaval for more than a year. This summer, Sirius

XM invested \$480 million in Pandora, and co-founder and CEO Tim Westergren left the company. Westergren was replaced by former Sling CEO Roger Lynch, who acknowledged Pandora's challenges and renewed the emphasis on appealing to advertisers and its ad-based streaming-music listeners.

Michael Pachter, of Wedbush Securities, said that patience will be needed with Pandora, but that with Lynch in place, the [company](#) should do a better job of spelling out to Wall Street where it will put its emphasis in the streaming-[music](#) market.

"These guys are now focusing on Pandora's core business, and are going to try to ramp advertising back to where it had been working for them," Pachter said.

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