Differences Between Pandora and Spotify Users

Why Pandora should target the Spotify user

May 2015 report

PANDORA® **Spotify**®

Project Introduction

In January 2015, Spotify reported having 15 million paid subscribers. A recent [article in the Wall Street Journal](#) stated that "Spotify AB has headed back to the funding well for a seventh time, nearing a deal to raise $400 million in a round valuing the music-streaming service at $8.4 billion, according to people familiar with the matter." The company valuation is twice as much as Pandora.

We wanted to dig deeper to find who the Pandora listener is compared to the Spotify listener and the potential users Pandora may have success targeting, information that streaming services may not have easy access to.

Note: Neither Spotify or Pandora initiated, participated in, or have endorsed this research study. The data included here is part of CivicScience's InsightStore™ platform and is available to all its subscribers.

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About this Data

- CivicScience developed this report using our InsightStore™ – an online, enterprise consumer research platform that mines real-time consumer opinions and custom research responses from millions of anonymous, voluntary poll takers.

- The data for this report were collected from the following questions:

  "How often do you listen to music on Pandora Internet Radio?"
  - Collection dates: 4/21/2015 to 4/25/2015
  - Total respondents (U.S. Census, 13+): 3,176

  "How often do you listen to music on Spotify?"
  - Collection dates: 4/21/2015 to 4/30/2015
  - Total respondents (U.S. Census, 13+): 5,640

- In this report we focused on active users – those who responded that they use one of the streaming platforms "Every day," "A few times a week," and "A few times a month." Next, the active users of Spotify and Pandora were cross-tabulated against hundreds of other questions in the InsightStore™, allowing us to gain insight into each user and their demographics, entertainment habits, lifestyle, and social media usage.

- Each streaming platform serves ads to non-subscription users, so we also found a few brands that over-index in favorability among users when compared to the general population.

Note from previous page that Pandora and Spotify were not involved in the production of this report in any way.

Data Highlights

Paid subscriber market:

- When asked which type of streaming music services they listen to (paid subscriptions, free services, a bit of both) Spotify users were 2X more likely than Pandora users to say they listen to paid premium streaming services ONLY.
- 31% of Spotify users would be in the market for a paid streaming service (only use paid subscriptions or use both paid and free services), vs. only 17% of Pandora users who would be willing to pay for a music streaming service.

These insights are great for Spotify, because they have a larger pool of users who are willing to pay for a subscription in order to stream music ad free, but it doesn't look as positive for Pandora, considering fewer of their users are willing to pay to stream music. However, by crossing the two questions of interest together we found:

- **17% of Pandora users also use Spotify**
- **48% of Spotify users also use Pandora**

What does this mean for Pandora?

If Pandora can attract the younger, trend-following, Spotify users, they can potentially grow their music streaming subscription service – Pandora One. It makes sense for Pandora to target those Spotify users who use both platforms and are also willing to pay for a music streaming subscription. This data could also be of value to Tidal, the new subscription-only music streaming service.

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Active User Profiles

Pandora Users vs. Spotify Users

All comparisons are among active users of each music streaming platform:

Demographics

- **Gender** - gender breakdown is very similar among the two groups. Spotify users are only slightly more likely (6% more) to be women than Pandora listeners.
- **Age** – Active Spotify users are younger than Pandora listeners. 61% of Spotify users are 29 and under, vs. 45% of Pandora users. Spotify users are 16% more likely to be millennials (18-34) than Pandora users.
- **Income** - There are only slight differences when it comes to income. Pandora users are slightly more likely to have a higher household income. Spotify fans are 24% more likely to have an income under $25K (probably largely due to their age), while Pandora users are 26% more likely to have an income of $50K - $100K.
- **Parental status** - 48% of active Pandora users have children or grandchildren vs. 30% of active Spotify users.
- **Residential status** - Pandora listeners are 35% more likely to be homeowners than Spotify listeners.
- **Urban living** – Spotify users are slightly more likely (19% more) to live in urban areas than Pandora users.
- **Marital Status** – Spotify users are 29% more likely than Pandora users to be single, never married.
- **Education** – Given the age difference between Pandora and Spotify users, their education levels seem to be comparable to each other.

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Pandora Users vs. Spotify Users (Continued)

All comparisons are among active users of each music streaming platform:

Entertainment
- Spotify users are almost 2.5X as likely as Pandora listeners to frequently share entertainment news on social media.
- Spotify listeners are 44% more likely to follow trends and current events in music than Pandora listeners.
- 17% of active Pandora users are also active users of Spotify.
- 48% of active Spotify users are also active users of Pandora.

When asked which types of streaming music services they listen to, Spotify users were 2X more likely than Pandora users to say they listen to paid, premium streaming services only. This is good news for Spotify and probably contributes to their high valuation. There are a total of 31% of Spotify users who would be in the market for a paid streaming service (either that's what they typically use or they have used), vs. only 17% of Pandora users.

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Pandora Users vs. Spotify Users (Continued)

All comparisons are among active users of each music streaming platform:

Social Media Usage and Influence
- **YouTube** - 77% of Spotify listeners use YouTube daily or weekly, vs. 53% Pandora users.
- **Facebook** - 68% of Spotify users are on Facebook daily or weekly, vs. 60% Pandora users.
- **Instagram** - 44% of Spotify active users are on Instagram daily or weekly, vs. 29% of Pandora users.
- **Snapchat** - 34% of Spotify listeners use Snapchat daily or weekly, vs. 18% of Pandora listeners.
- **Twitter** - 26% of Spotify users use the social platform daily, vs. 20% of Pandora users.
- **Pinterest** - 21% of Spotify listeners use Pinterest daily or weekly, vs. 18% of Pandora listeners.
- Spotify users are 34% more likely to say friends and contacts on social media influence the music they listen to.

Overall both Pandora and Spotify users are more likely than average to use social media; however, when comparing the two, Spotify users are on social sites more.

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Pandora Users vs. Spotify Users (Continued)

All comparisons are among active users of each music streaming platform:

Lifestyle & Other Insights
- Spotify users are 30% more likely to use Gmail as their primary email, while Pandora users are 92% more likely to use Yahoo! Mail.
- Pandora listeners are 28% more likely than Spotify listeners to say their religious beliefs are important to them.
- Spotify users are 18% more likely to say they have school-aged children living in their household.
- Spotify users are 17% more likely to admire using creative ideas for problem solving.
- Spotify listeners are 29% more likely to say price is more important than brand when shopping.

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Favored Brands for Advertising

Favored Brands Among Users

Pandora Users
- They are 34% more likely than the general population to favor **Red Robin**.
- They are 31% more likely than the general population to favor **Netflix**.

Spotify Users
- They are 75% more likely than the general population to favor **Netflix**.
- Users are 69% more likely than the general population to favor **Tesla** cars.
- Users are 59% more likely than the general population to favor **H&M**.
- They are 33% more likely than the general population to favor **Gatorade**.

Overall, both Pandora and Spotify users have a more favorable opinion of Netflix than average. Spotify users have stronger favorability differences when compared to the general population than Pandora users.

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Data Recap

Pandora Users vs. Spotify Users Recap

Spotify users are more likely to be **younger** (the majority are 29 and under), **single** individuals who live in **urban** areas, and probably largely due to their age and **limited income** they seem to be **more price sensitive**. Although, just because Spotify users are price sensitive doesn't mean they aren't **willing to pay for a streaming subscription**. Active listeners are also more likely to be on **social media sites** and they say their friends on **social media have some influence** over the music they listen to. Spotify listeners are also more likely to keep up with the latest **music trends and events**. 31% of Spotify users would in the market for a **paid streaming service**.

Pandora users are **older than Spotify users** (however, they are **still younger than the average** general population), they are more likely to be **married**, have **children or grandchildren** and are slightly more likely to have **higher incomes**. Both groups are more likely to be on **social media sites** than average, but Pandora users are regularly on social sites less than Spotify users. Only 17% of Pandora's current active listeners would be willing to pay for a **music streaming service**. Nevertheless, 48% of active Spotify users are also active users of Pandora.

Spotify is used more by millennials and gen Z, but that doesn't mean they are loyal to using the platform. Pandora may see more success by targeting those who use Spotify, but are open to using Pandora, and are willing to pay for a music streaming subscription.

Spotify users have stronger favorability differences when compared to the general population than Pandora users. Both users have a more favorable opinion of Netflix than the general population.

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Methodology

About the CivicScience Methodology:

CivicScience collects real-time consumer research data via polling applications that run on hundreds of U.S. publisher websites, cycling through thousands of active questions on any given day. Respondents answer because they are interested in offering their opinions voluntarily and to see the results; they are kept anonymous, allowing for greatly reduced bias and higher levels of engagement. Using technology, CivicScience builds deep psychographic profiles of these anonymous respondents over time, providing valuable consumer sentiment data to the decision makers who care. Automated data science technology allows clients to rapidly gain robust consumer insight and trending reports. The CivicScience methodology has been validated by a team of academic leaders and by independent consulting firms. Responses may be weighted for U.S. census representativeness for gender and age. CivicScience currently has millions of anonymous consumer profiles and 600 million responses stored, growing daily.

Thank you.

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