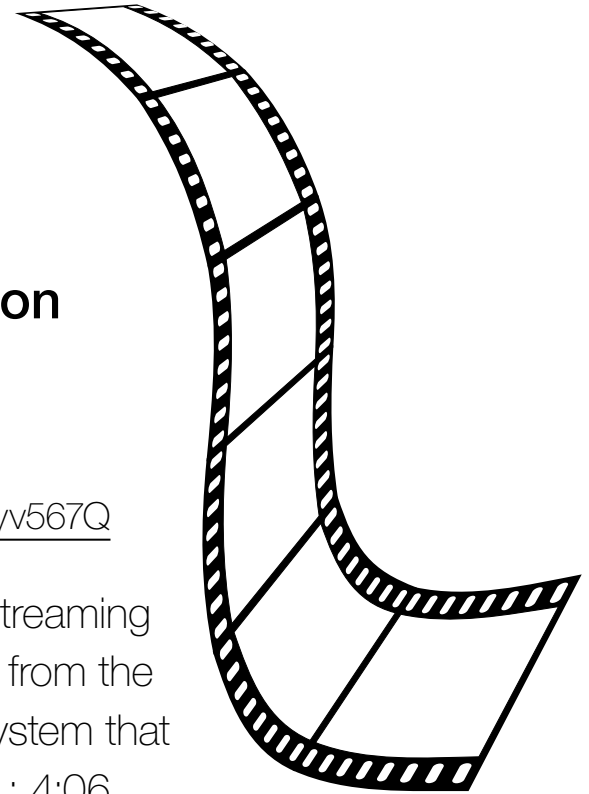




video case



chapter 6 E-commerce Marketing and Advertising Concepts

case 6.2 **Pandora's Recommendation System**

watch the video at

<https://www.youtube.com/watch?v=PgjjAyv567Q>

summary

In the increasingly crowded field of streaming music services, Pandora stands out from the pack with a unique recommender system that emphasizes quality over popularity. L: 4:06

case

Pandora is a music streaming service with around 75 million active listeners and over 5 million paid subscribers. Pandora has met with increasing success since its 2000 launch as bandwidth speeds have improved and as typical consumers have grown more used to the idea of streaming music online, but it took several attempts at striking the right balance between advertising, premium subscription plans, and how much of its services to provide for free. In 2009, the company launched its Pandora One service, offering no advertising, higher quality streams, and fewer usage limits, and quickly saw its revenues grow.

Other online music streaming services such as Spotify, Beats Music, iTunes Radio, and Rdio all offer larger selections of music than Pandora does, and both Spotify and Rdio also use a similar freemium business model. Pandora sets itself apart with its recommendation

continued

system and its reliance on the Music Genome Project. In most recommendation systems, your browsing and purchasing data is used to generate selections you might like, such as consumer goods on Amazon or movies and TV shows on Netflix. These sites match your patterns to their internal databases to find the subset of other customers similar to you. If that subset of customers tends to like a product or a show that you haven't seen before, it'll be recommended to you. These systems tend to reward popular products and movies, because these items show up more often on most customers' lists.

On Pandora, you type in a song or artist to create a radio station, and by giving a thumbs up or thumbs down to the tracks you hear (or by skipping tracks), you provide Pandora with valuable information on which tracks you like. That's where the Music Genome Project comes in. Pandora calls itself the "custodian" of the project, and is the sole developer and proprietor of the technology, though at one point it licensed the technology to other entities. With sufficient data about your musical preferences, Pandora begins playing music that features similar attributes to tracks you've thumbed-up and avoids music with features you've thumbed-down or skipped. In this way, Pandora is much less about finding popular selections that everybody else likes, and more about finding selections that you specifically will like on their musical merits. Tim Westergren describes one of the guiding principles behind Pandora as finding a way to help the underdog in an industry where attention is concentrated among a small number of hugely popular artists. Its recommendation system does an excellent job of this without compromising users' listening experience. In side-by-side comparisons of online music streaming services, Pandora's reputation is one of musical exploration – it's the site to choose if you're looking for new music and aren't sure where to turn. And many people are choosing Pandora: in 2016, Pandora remains the clear leader in the U.S. music streaming market, with both the highest brand awareness and the highest monthly usage.

video case questions

1. What sets Pandora's recommendation system apart from other sites like Amazon and Netflix?
2. According to the video, how many stations does Pandora allow you to create?
3. What is the Music Genome Project? How is the musical "genome" mapped?
4. Why is Pandora a good example of the success of the "Long Tail" on the Web?