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TO: WARREN THOMPSON

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SUBJECT: PANDORA, SIRIUSXM AND OVER-THE-AIR BROADCAST RADIO

CC: MAKEDA

Over-the-air radio broadcast terrestrial radio stations do not charge their listeners for the product they create and distribute. Instead, they profit from the ads they sell, the special events they hold, the syndication of their most popular shows. Over-the-air radio revenue is generated through ad sales. Advertising makes up the bulk of over-the-air broadcasting radio stations' revenue. Over-the-air radio broadcasting does not charge consumers a fee. The drawbacks of over-the-air radio are limited creativity and poor audience attentiveness due to a lack of visual information. Over-the-air broadcast radio is in decline with the increase of digital media platforms, and with the decrease of listeners, it would become increasingly hard for over-the-air radio to generate revenue from advertisement.

In contrast to SiriusXM's business model is to provide pay for, Sirius offers a large variety of programming that ranges from talk radio shows, live sports and a large variety of music genres. Sirius also has over 150 channels available to consumers. SiriusXM offers its members quality programs that are exclusive to SiriusXM. SiriusXM offers multi-channel access to its premium radio services through hardware, internet, and mobile. SiriusXM has a monopoly over premium radio channel space in the US (Weinstein 2020). One con of Sirius is much of their revenue is dependent on automakers.

Pandora's radio business model is it's a music streaming service that creates algorithmic playlists for listeners. It generates revenue primarily by playing advertisements that it inserts into its audio playback, just like an FM or AM radio station. A con of Pandora radio is limited present globally, and competition from other music sources puts a strain on Pandora's profit margins. Pandora has narrow margins and plans to expand in the international market but raising the cost of paying royalties to artists and labels means less available revenue for company growth and investments.

