

Podcast Advertising Revenues Will Surpass \$1 Billion by 2021

New figures from the IAB and PwC show that podcasting presents a big opportunity to advertisers

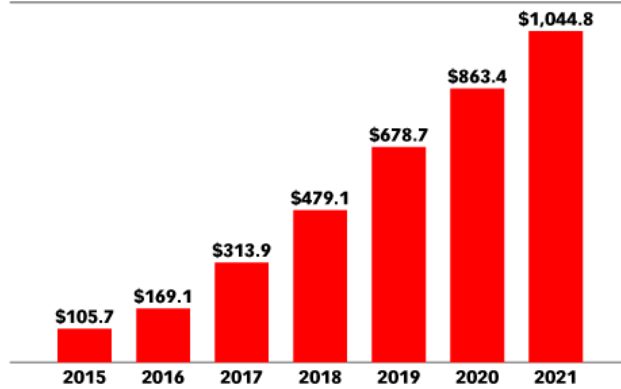
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The podcasting industry continues to explode with potential for advertisers, and the numbers show it: Marketers spent \$479 million on podcast ads in 2018, and podcast advertising revenues are projected to surpass \$1 billion by 2021, according to figures from the Interactive Advertising Bureau (IAB) and PwC.

US Podcast Ad Revenues, 2015-2021

millions



Note: estimates based on total market sizing, not self-reported revenues; market sizing represents an estimate of total US total podcast advertising market

Source: Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC), "Full Year 2018 Podcast Ad Revenue Study: A Detailed Analysis of the US Podcast Advertising Industry," June 3, 2019

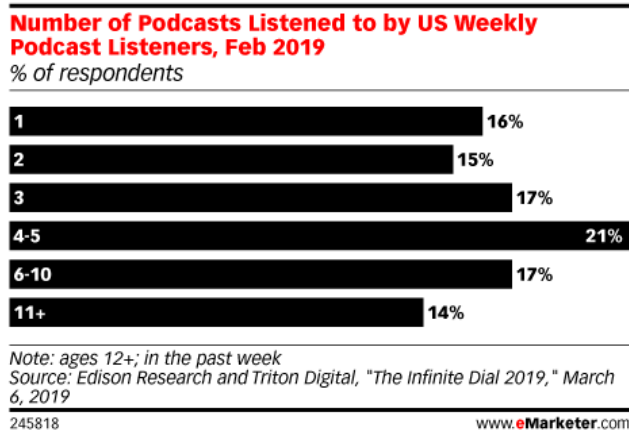
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In an analysis of the US podcast advertising industry, IAB and PwC calculated self-reported podcast advertising revenues from 22 companies and found that revenues grew 34% in 2018, compared with the \$257.4 million in self-reported revenues in 2017. The IAB and PwC predict that revenues will grow 42% this year.

"Podcasts are one of the fastest-growing, if not the fastest-growing category within digital audio," said Lauren Fisher, principal analyst at eMarketer. "Performance marketers and brands are recognizing the value in reaching consumers who aren't just tuning in to tune out—they're tuning in to actively be entertained or engage their minds. And that's a mindset advertisers increasingly want to be a part of."

While podcast listeners may still be in the minority (76.4 million people in the US will listen to podcasts this year, or one-quarter of the population), surveys have found that among weekly listeners, most are listening to several podcasts a week. In a March 2019 survey by Edison Research and digital audio technology and advertising company Triton Digital, a fifth (21%) of podcast listeners said they listened to four to five podcasts a week, and even more (31%) said they listened to six or more podcasts a week.



Companies like Spotify and Pandora Radio have responded by bulking up their podcast content libraries: Pandora began offering podcasts on its platform at the end of 2018, and Spotify has been aggressively investing in podcast companies, acquiring Gimlet Media and Anchor in February 2019, and then buying Parcast a month later.

Most (65.7%) ad revenues captured by the industry in 2018 went to news/politics/current events, comedy, business, education and arts and entertainment podcasts, per IAB/PwC.

Podcasts have historically drawn more direct-response advertisers, direct-to-consumer (D2C) companies in particular, but that is changing. IAB/PwC found that podcast ads are currently split between brand-awareness ads and direct-response ads—another indication of how podcast advertising is becoming more mainstream. A large majority (73.7%) of ads are bought by brands in D2C retail, financial services, business-to-business, arts and entertainment and telecommunications.

The same study said that host-read ads continue to be the preferred ad type, making up 63.3% of ads in 2018. Announcer-read/pre-produced ads made up 35% of last year’s ads. Fisher said many brands often prefer host-read ads to provide an added boost or endorsement to the advertisement. Such ads are also more contextually relevant, she said, given that they’re read by the same voice rather than simply swapped out for an entirely different audio experience.

“We’re hearing a lot about the influential power of that host-read ad,” Fisher said. “Some listeners look at hosts very similarly to influencers,

and brand and performance advertisers are eager to take advantage of that.”

To learn more about advertising in digital audio, eMarketer PRO subscribers can look for our upcoming “Digital Audio Advertising” report to be released at the end of July.