

IAB data: Podcast strategy needs to shift toward programmatic, audience-based advertising

Article

Next year, US podcast ad spend will pass the \$2 billion mark, according to our forecast. We project double-digit growth through the end of our forecast period in 2027. New data from the Interactive Advertising Bureau (IAB) finds that podcast ads are trending toward brand awareness, with increasing emphasis on video formats.

What's new? Podcast advertising has shifted toward brand-building over the past two years.

- This year, 61% of ad revenues will go to brand awareness, compared with 48% in 2021, according to the IAB.
- This same trend has led to a shift away from direct-response ads, which will make up 39% of podcast ad revenues this year.

What will the future of podcast advertising look like? Podcast advertising is still behind other formats, not only in spend but also in tech and transactions.

- **Video:** Video-enabled podcasts represent less than 10% of podcast revenues, according to the IAB, but YouTube is the No. 2 most popular place for listening to podcasts for Gen Z after Spotify, per an October 2022 Morning Consult poll. As Gen Z podcast listening picks up, advertisers will want to meet listeners where they're consuming content.
- **Programmatic:** Programmatic podcast ad spend has more than doubled in the past two years, according to our April forecast. But it still makes up just 8.3% of total podcast ad spend. Podcasts are about 10 times behind the rest of the US digital display and video ad market in terms of **programmatic ad spend share**. If podcast publishers want to catch up to the rest of the digital ad industry, they'll need to provide programmatic ad solutions.
- **Audience data:** Podcast ad inventory is largely show specific, rather than audience based, according to the IAB. While more than 90% of advertisers will target for geography and genre this year, podcast ads have room to grow when it comes to targeting by age, gender, and audience data overlay.

Who's buying? One-third of US podcast listeners have **bought things from podcast ads**, according to a January study from Morning Consult.

- Millennials lead this trend, with 42% having bought a product from an ad.
- But don't discount Gen Z, who we project will have **the highest podcast listening penetration** within any generation starting in 2026.

Sounds on for safety: Brand awareness campaigns require brand safety tools.

- Safety and suitability solution use has nearly doubled since last year, with over 60% of podcast publishers adopting these solutions, per the IAB.
- Tools like contextual script analysis can ensure ads aren't appearing beside unsavory or irrelevant content.
- Vetting creators is always important. Language-learning platform **Babbel** learned this when **controversial creator Tana Mongeau** read one of its ads on her podcast and advocated for violence.

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