

Amazon's big podcast acquisitions catch advertisers' eyes

Article

The news: Amazon's charge into podcasts signals just how attractive the format is to advertisers, **per** Bloomberg. Podcasts are likely to become one of the primary destinations for ad spending as the format grows in popularity and major distributors continue to acquire beloved shows and networks.

How we got here:

- In February, Amazon closed a deal to buy podcast studio Wondery, and in July, it bought the distribution rights to the podcast “SmartLess,” hosted by actors Will Arnett, Jason Bateman, and Sean Hayes.
- Launched in July 2020, the podcast is now one of the top shows in the US, per The Hollywood Reporter. According to a source who spoke to Bloomberg, the show averages between 7 million and 10 million downloads per month—and rakes in **between \$6 million and \$7 million in advertising** per year, making it a very attractive buy for Amazon.

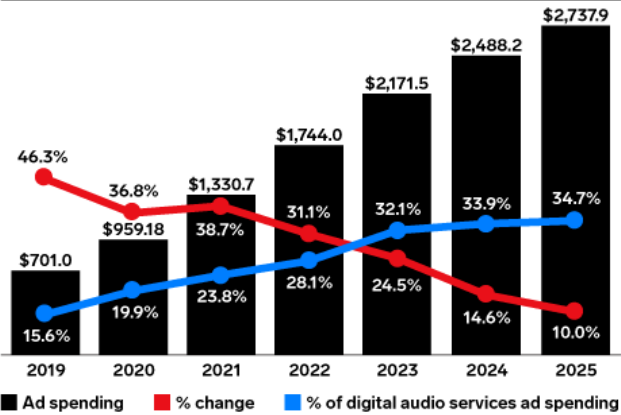
The bigger picture: For years, ad spending has been on the decline in many forms of media, but podcast ad spend has seen growth even through the pandemic.

- US podcast ad spending will **surpass \$1 billion this year** and **exceed \$2.5 billion in 2025**. Advertising has been a major source of revenues for audio platforms like **Spotify** and **Amazon Music**.
- Spotify reported its podcast ad revenues jumped 627% year over year in Q2 2021, off the back of major exclusivity deals with popular shows like “The Joe Rogan Experience” (**for over \$100 million**) and “Call Her Daddy” (**for \$60 million**).
- Big names and popular shows aren’t the only targets for M&A: Amazon and Spotify have also been buying up audio advertising tools. Last year, Amazon bought the ad service Megaphone in a deal worth \$235 million. Spotify followed suit earlier this summer, acquiring ad distributor Art19 for an undisclosed sum.

Why it’s worth watching:

- Most podcasts handle their own advertising, but bringing a number of popular podcasts under the same roof opens up the potential for massive, network-wide deals.

US Podcast Ad Spending, 2019-2025
millions, % change, and % of digital audio services ad spending



Note: audio advertising within a podcast; includes all types of advertising on podcasts
Source: eMarketer, March 2021
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