

Podcast advertising in 5 charts

Article

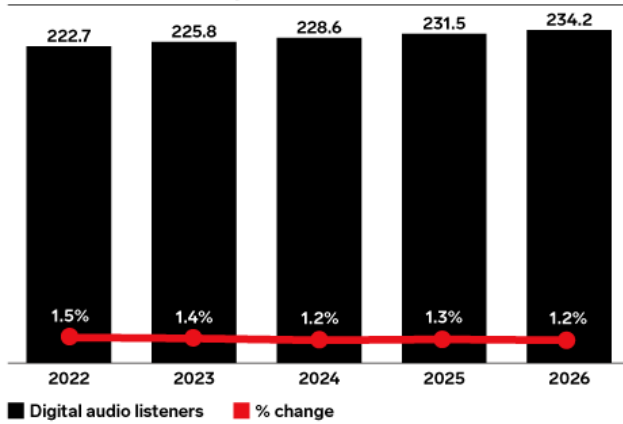
Podcast advertising is unique. People who subscribe to ad-free platforms like Spotify Premium can still hear embedded podcast ads directly in content. That makes ad strategy vital for podcasts, where listeners don't necessarily click ads but commercials can still leave an impression.

Here's what marketers need to know about podcasting and digital audio at large.

1. Digital audio penetration is high, slowing growth

US Digital Audio Listeners, 2022-2026

millions and % change



Note: internet users of any age who listen to music or other audio content (i.e., podcasts) via digital stream or direct download on any device at least once per month
Source: eMarketer, Sep 2022

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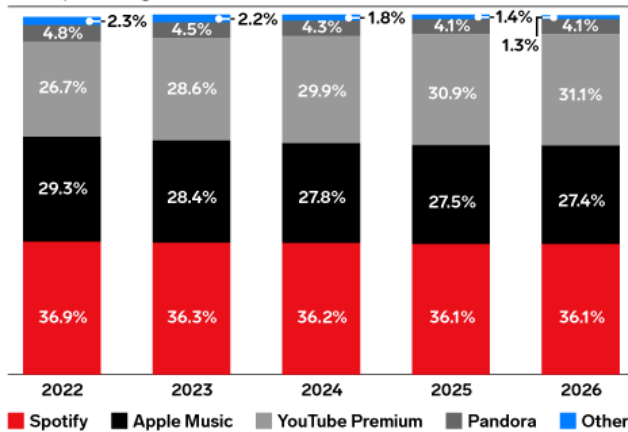
In 2023, two-thirds of the US population will **listen to digital audio** at least once per month for a total of 225.8 million people. Growth is slow, though, ticking up a little more than 1% a year through 2026.

This year, 130.5 million people will listen to podcasts monthly in the US. That's a total of 57.8% of digital audio listeners, up from 55.9% last year, according to our forecasts.

2. Spotify, Apple, and YouTube own the market

US Paid Digital Audio Subscriber Market Share, by Company, 2022-2026

% of paid digital audio subscribers



Source: eMarketer, Sep 2022

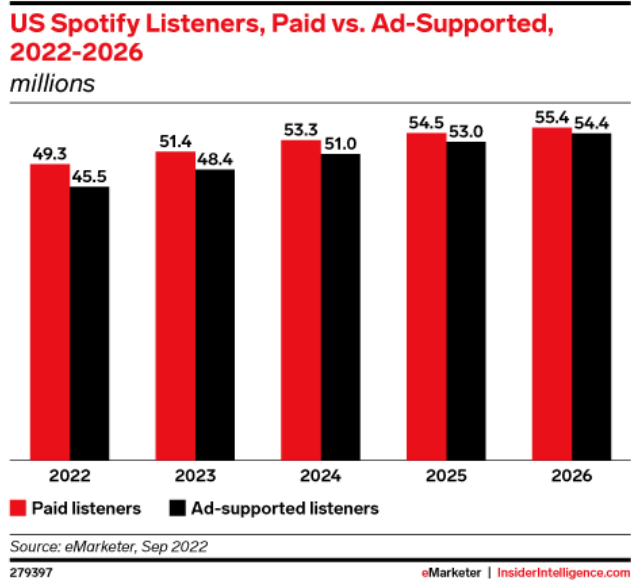
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Spotify is the biggest player in the **US digital audio market** with 36.3% of paid digital audio subscribers in 2023. This year, YouTube Premium (28.6% of subscribers) will take over Apple Music (28.4%).

While Spotify’s share of the digital audio market as a whole will shrink slightly, its podcast listener share is increasing. This year, 27.3% of US podcast listeners will listen on Spotify, and that figure will increase to 28.9% next year. Meanwhile, 21.9% of podcast listeners will consume their content on Apple Podcasts in 2023, a number that will drop to 21.1% in 2024.

3. Ad-supported listening grows at Spotify

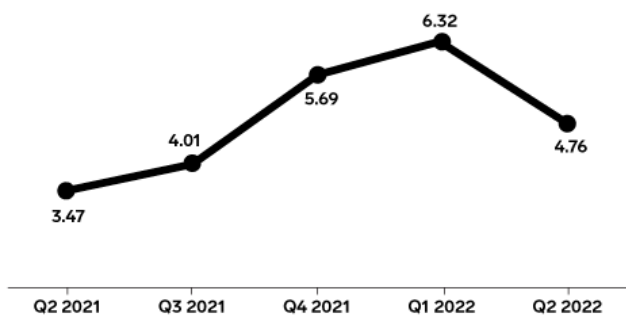


Spotify’s podcast and audiobook infrastructure led us to predict it will someday be **the Netflix of audio**.

And just like at Netflix, ad-supported consumers are on the rise. Spotify’s US ad-supported listener growth will outpace its paid listener growth over the next four years. That’s good news for its ad revenues, which will jump by 30.0% this year, per our forecast. One-fifth (20.0%) of those revenues will come from podcasts by year-end 2024, up from one-tenth (9.7%) in 2020.

4. So what’s the best way to advertise?

US* Podcast Ad Benchmarks: Average Ad Frequency, Q2 2021-Q2 2022



Note: average number of times a household was exposed to an ad; represents ad impressions/campaigns measured by Podsights, broader industry metrics may vary; all figures are averages; *Podsights estimates that roughly 95% of the campaigns it measures run in the US

Source: Podsights, "Benchmark Report Q3 2022," Aug 11, 2022

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Podcast listeners **hear the same ad** somewhere between 3.47 and 6.32 times, according to Podsights data from Q3 2022.

Ad overload is an issue for digital audio in the same way it is for digital video. Listeners get tired of hearing the same ad too many times. But it can be hard to track just how many times a listener hears an ad since supposed ad-free listeners will still hear ad reads embedded directly in their podcasts, rather than served by Spotify's or Apple Music's ad platforms.

5. When it comes to conversions, pre-roll is preferred

US* Podcast Ad Benchmarks: Average Conversion Rate, by Placement, Q2 2022



Note: represents ad impressions/campaigns measured by Podsights, broader industry metrics may vary; all figures are averages; *Podsights estimates that roughly 95% of the campaigns it measures run in the US

Source: Podsights, "Benchmark Report Q3 2022," Aug 11, 2022

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Earlier podcast ads mean **more site visits** for advertisers. In Q2 2022, podcast ads that played before content generated about 5% more website visits than those in the middle of an episode, according to Podsights. Post-roll ads fared even worse.

With total podcast ad spend poised to hit \$2.25 billion this year and \$3.53 billion in 2026, those earlier ads have the potential to be even more valuable.

Post-roll wrap-up: Even as digital audio growth cools, more people are listening to podcasts. And more ad dollars are following the audience, too. Advertisers should focus on Spotify, YouTube, and Apple. Programmatic ads won't necessarily reach users. The best advertisers will hit a sweet spot of impressions and show up early in podcasts.

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