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U.S. Podcast Advertising Revenue Study

Full-Year 2020 Results
& 2021-2023 Growth Projections

May 2021

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Introduction

Podcast 2020 ad revenues: a benchmark for sellers; a way to discover white space for brands

2020 U.S. Podcast advertising revenues rose to \$842m—a 19% increase YoY. The channel is expected to exceed \$1 billion in 2021, and \$2 billion by 2023.

Podcasting spiked during the COVID-19 pandemic, in audience size, in content offered, and in ad buyer interest and investment.

Why is Podcasting one of the bright spots in media spending last year?

- Listener behavior expanded to not only the daily work commute but also to multiple listening contexts at home.
- The leading audio platforms doubled-down investment in content and ad tech.
- The capability and inventory available for dynamic ad insertion positioned Podcasting as an alternative to media channels with longer production/lead times during a period when marketers needed to quickly pivot messaging.
- Podcast ad revenues increased as both the rise in listenership and breadth of opportunities expanded, despite a shrinking economy.

This fourth annual IAB U.S. Podcast Advertising Revenue study, prepared for IAB by PricewaterhouseCoopers LLP (“PwC”), quantifies the annual advertising revenues generated over the past year, details the trends that drove advertising in the space, and projects future revenues through 2023.

- **Providing publishers** with the data necessary, this study helps the sell-side benchmark revenue performance against the industry while identifying potential monetization opportunities at the ad category, ad-type, ad-delivery and content levels.
- **For ad buyers**, the results offer insight into the latest opportunities available for Podcast ad investment and sponsorships.
- **Ad tech and data companies** can leverage this report to market-size the industry and identify opportunities to bring solutions to the space across measurement and ad-delivery.

Looking forward (1/2)

Opportunities on the buy and sell-side to fuel ongoing growth

Create a high value exchange

- Audiences will likely move some attention away from media as in-person activities resume in 2021, making it harder to capture listener attention.
- Publishers need to build/leverage direct audience relationships to retain listeners. Creating customized experiences that feel personal, relevant to their own interests, and perceived as high value for the exchange of personal data and engagement is crucial.
- In anticipation of dynamic usage changes as the transition to in-person activities will likely experience stops and starts, continue monitoring the how and why audiences engage with your content, and put plans in place to optimize and promote content for in-home and out-of-home consumption in order to avoid audience decreases.

Develop measurement standards

- To meet increased buyer-demand and prove ROAS, buyers and sellers need to collaborate in the creation of measurement standards that go beyond server-side downloads and provide a transparent, audience-based, real-time view of content and ad interaction.
- Lean in now with IAB Tech Lab's Podcast Technical working group, IAB Media Center's Audio Board or Audio Committee, and measurement vendors on testing/learning to achieve the measurement capabilities needed as Podcasting remains hot.

Looking forward (2/2)

Prepare for further consolidation

- Continued M&A as well as partnerships with celebrities and influencers to engage broader audiences are expected.
- Competition and partnerships will also continue to evolve via new audio experiences such as Clubhouse, Twitter Spaces, Discord, and Facebook Live Audio Rooms.
- Buyers and sellers should now be aggressively considering:
 - Investing in continued innovation in Podcast products, services, and ad formats.
 - Engaging with partners to co-create a consumer experience that leverages the unique properties of the format.

Thanks to the research study's sponsors

2020 U.S. Podcast Advertising Revenue Study Sponsors:

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 **Audacy**

authentic


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PODCAST NETWORK

 **iHeart**MEDIA

 MARKET
ENGINEITY

n p r

podcastsights



SONY MUSIC

SLATE

 **Spotify** Advertising

sxm
MEDIA

WONDERY

Note: The scope of this report includes the U.S. podcast advertising segment in total (i.e., looks at revenue beyond identified sponsors).

Executive Summary for Full-Year 2020 Podcast Advertising Revenues

U.S. Podcast advertising revenues continued to grow in 2020

- Revenues increased 19% YoY to \$842 million and are forecasted to exceed \$1 billion in 2021, and double by 2023 (\$2.2b).
- DTC advertising maintains the top market share (19%) while Pharmaceuticals more than doubled in share YoY (9%).
- Although News continues to be the top genre (22%), Science quadrupled share (12%).

Messaging agility made Podcasting more resilient during an unpredictable buying year

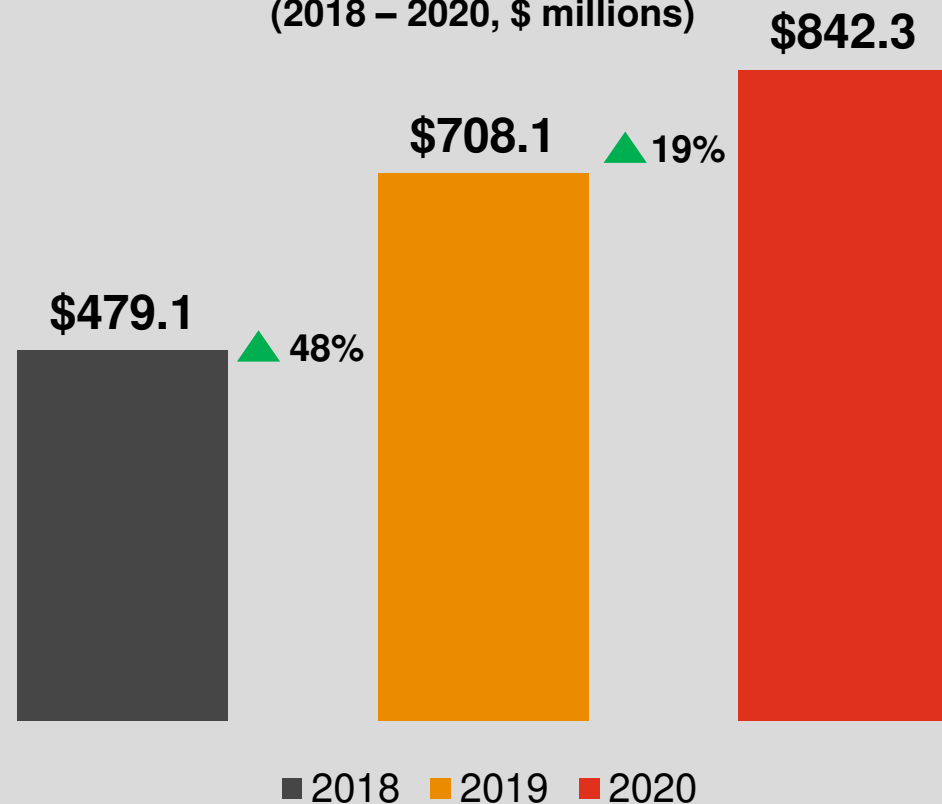
- The use of dynamically-inserted ads, which enables ad placement at the point of listener download, increased share of revenues from 48% to 67%.
- Announcer-read / pre-produced ads, which also put more control in the buyer's hand, increased share from 27% to 35%.



U.S. 2020 Advertising Revenues & 2021-2023 Growth Projections

2020 Podcast ad revenues grew 19% (to \$842m) despite a shrinking economy

Total U.S. Market Podcast Revenues
(2018 – 2020, \$ millions)



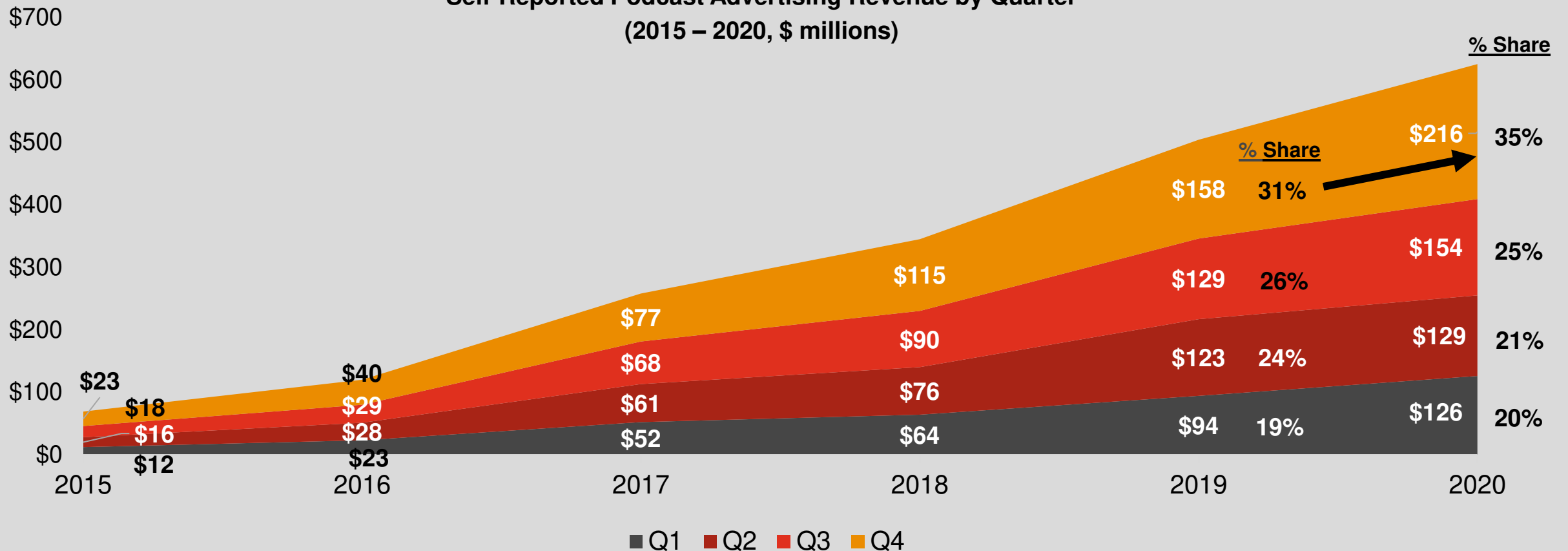
Perspective

Podcast YoY ad revenue growth outpaced the total internet ad revenue growth (+12%*) – 158 index

*IAB 2020 Internet Advertising Revenue Report

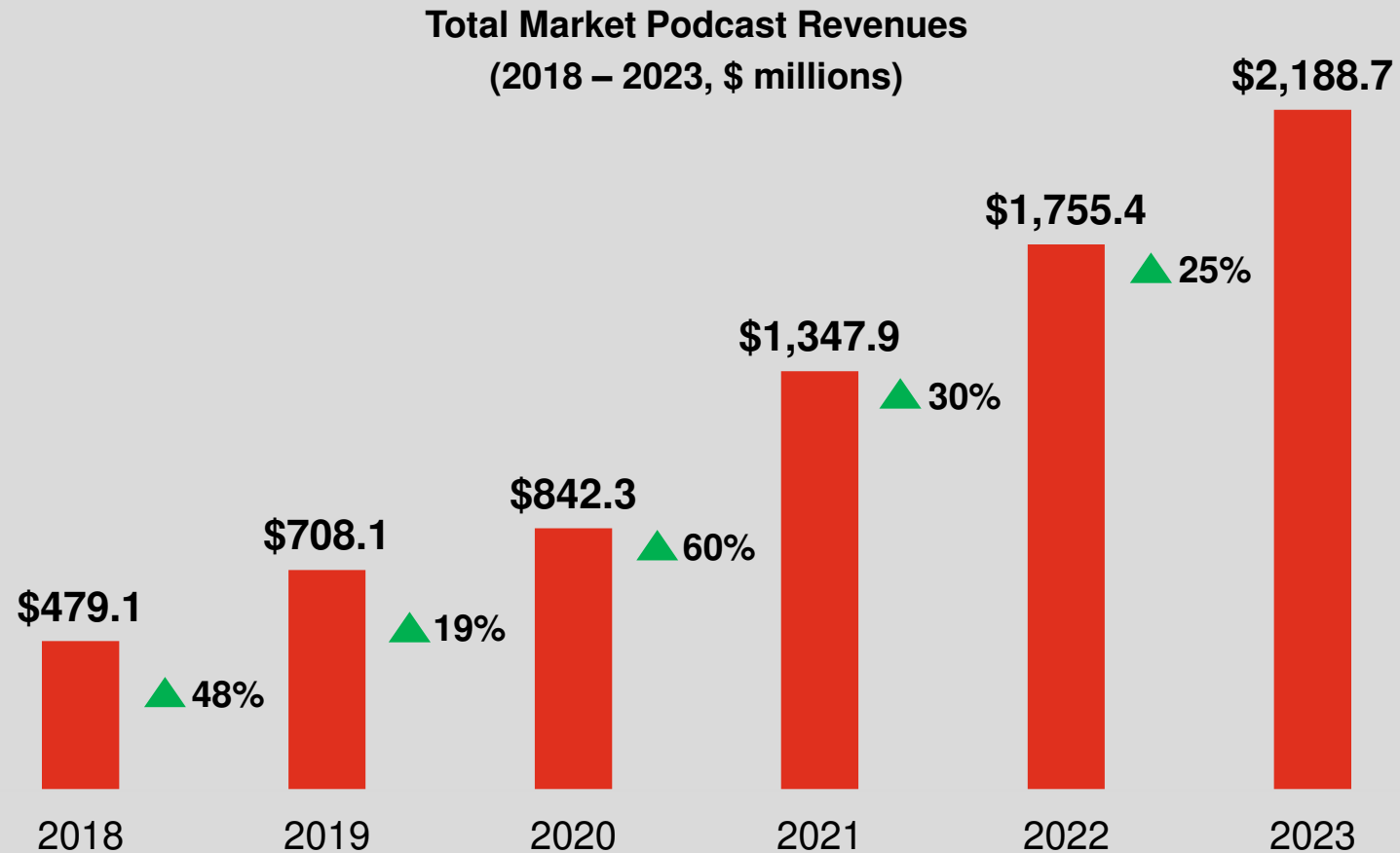
Q4 revenue share increased 4 pts YoY

Self-Reported Podcast Advertising Revenue by Quarter
(2015 – 2020, \$ millions)



Note: Percentage share total may not equal 100% due to rounding

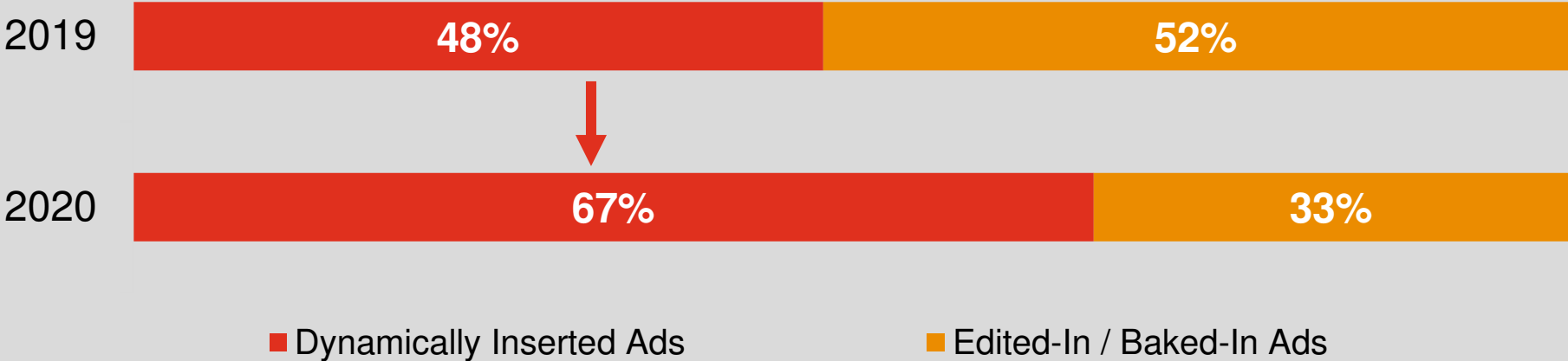
Revenues are expected to exceed \$1b this year, and \$2b by 2023



Full-Year 2020 U.S. Podcast Advertising Revenues Analysis

The shift to dynamically-inserted ads reflected the need for messaging agility

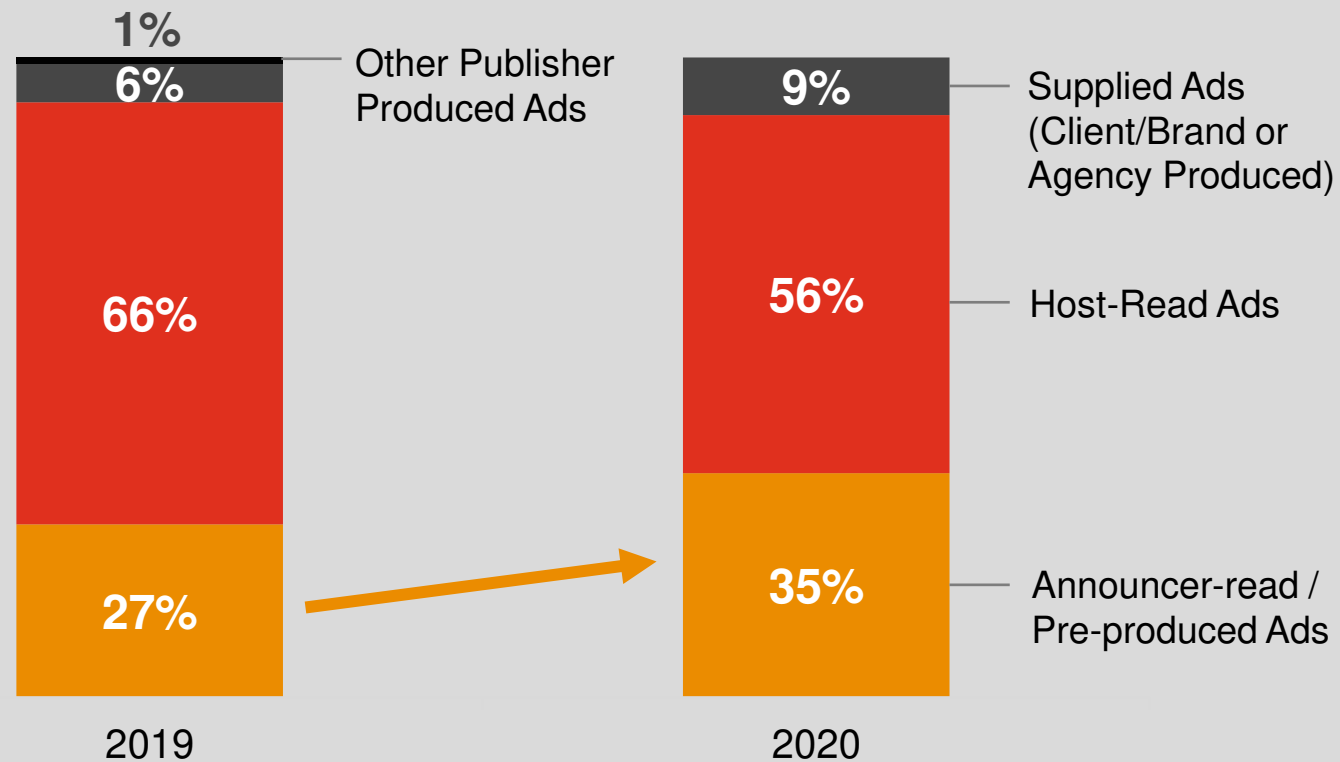
Podcast Advertising Revenue Percentage Share by Delivery Mechanism (2019-2020)



Note: Based on self-reported data

Announcer-read/pre-produced and supplied ads offered buyers more messaging control

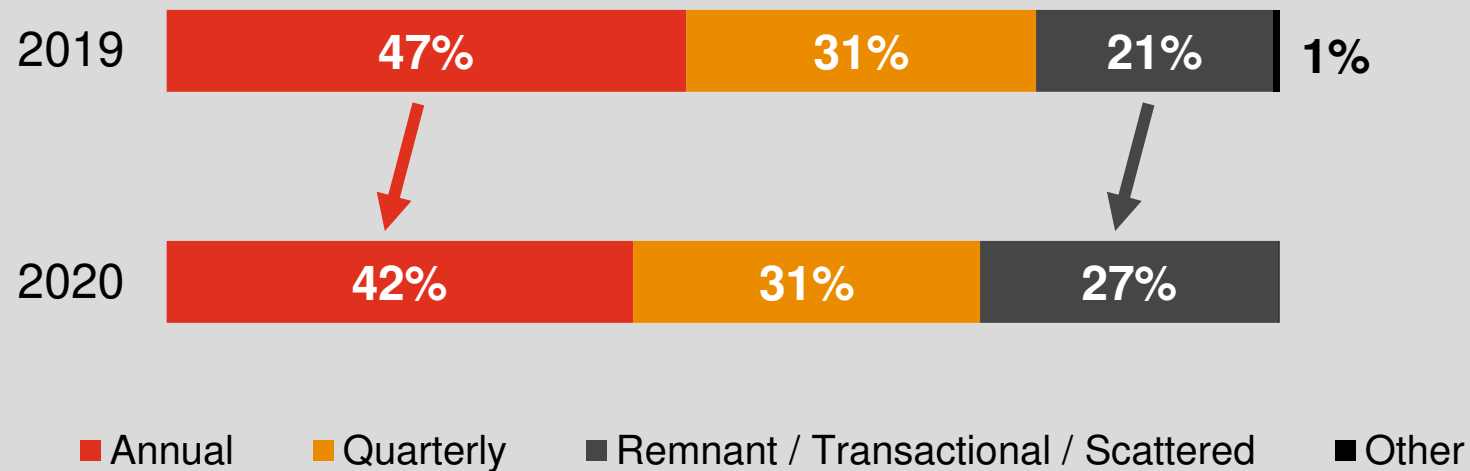
Podcast Advertising Revenue Percentage Share by Ad Type
(2019-2020)



Note: Based on self-reported data

Investment shifted to remnant from longer-commitment annual buys

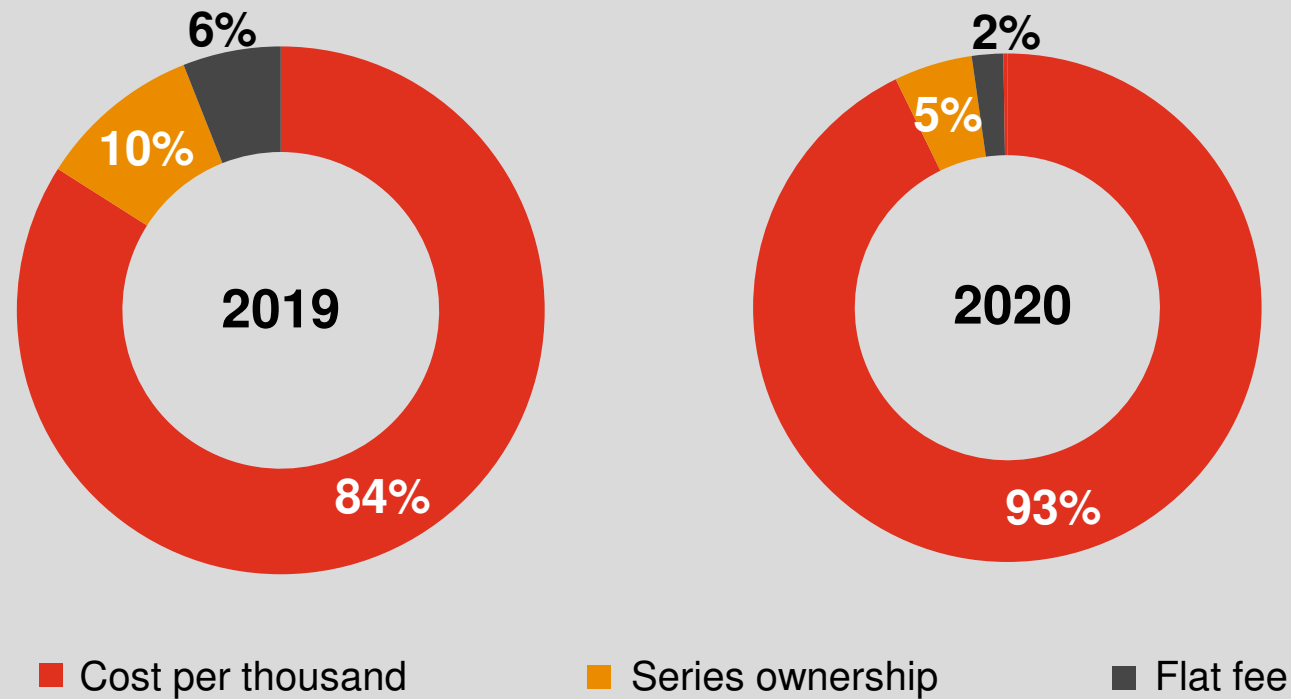
Podcast Advertising Revenues Percentage Share by Buy Type
(2019-2020)



Note: 1| Programmatic removed as option for this survey question in 2020 2| Based on self-reported data

Over 90% of revenues were based on CPM buys

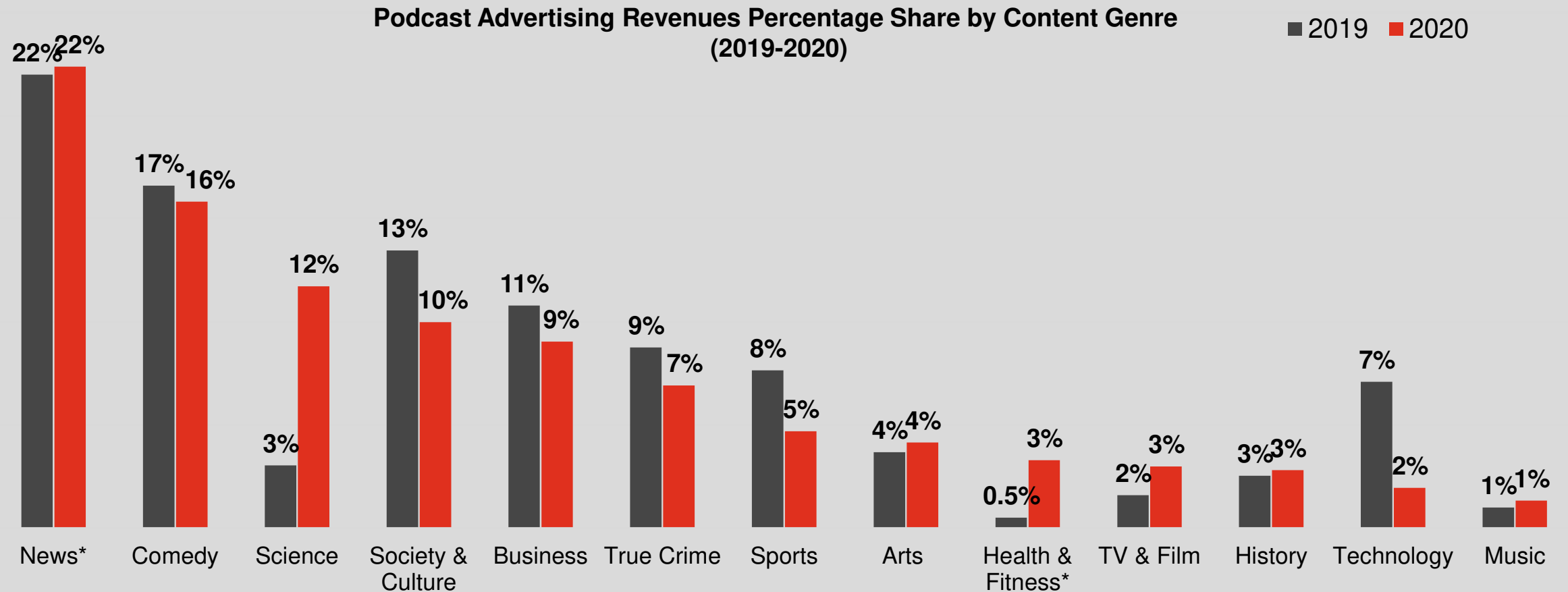
Podcast Advertising Revenues Percentage Share Pricing Model
(2019-2020)



Note: Series ownership's shift YoY was largely driven by one respondent's heavy investment changes

Note: Based on self-reported data

News continued to own market share as both Science and Health & Fitness saw big gains



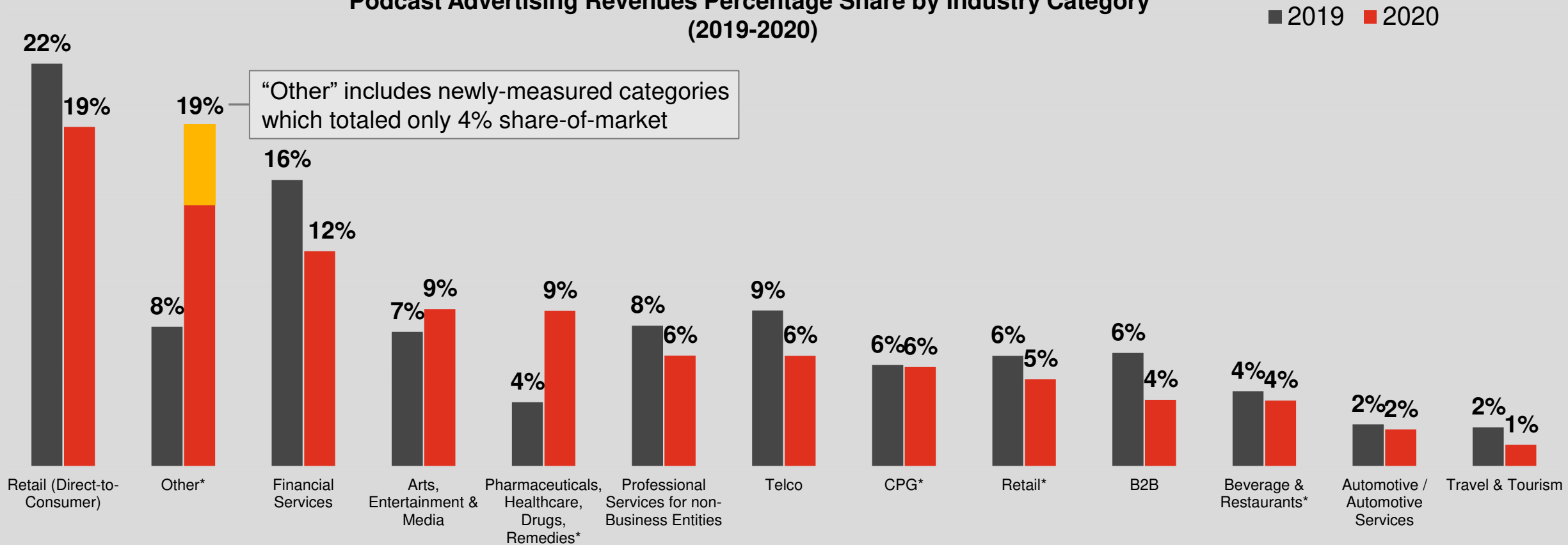
Note: 1| Data in bars are rounded 2| Based on self-reported data

*Reconciled to align with 2019 genre categories: **News** includes 2020 News (9.1%), Political Opinion Left (4.6%), Political Opinion Right (6.8%), Political Opinion Center (1.8%); **Health & Fitness** includes 2020 Physical Health & Well Being (0.3%), Mental / Emotional Health (3.0%) | 17

Additional genres not shown: Other (1.1%), Education (0.7%), Leisure (0.6%), Kids & Family (0.3%), Fiction (0.2%), Religion & Spiritual (0.2%), and Government (<0.1%)

DTC held top market share while pharmaceuticals and entertainment grew

Podcast Advertising Revenues Percentage Share by Industry Category (2019-2020)

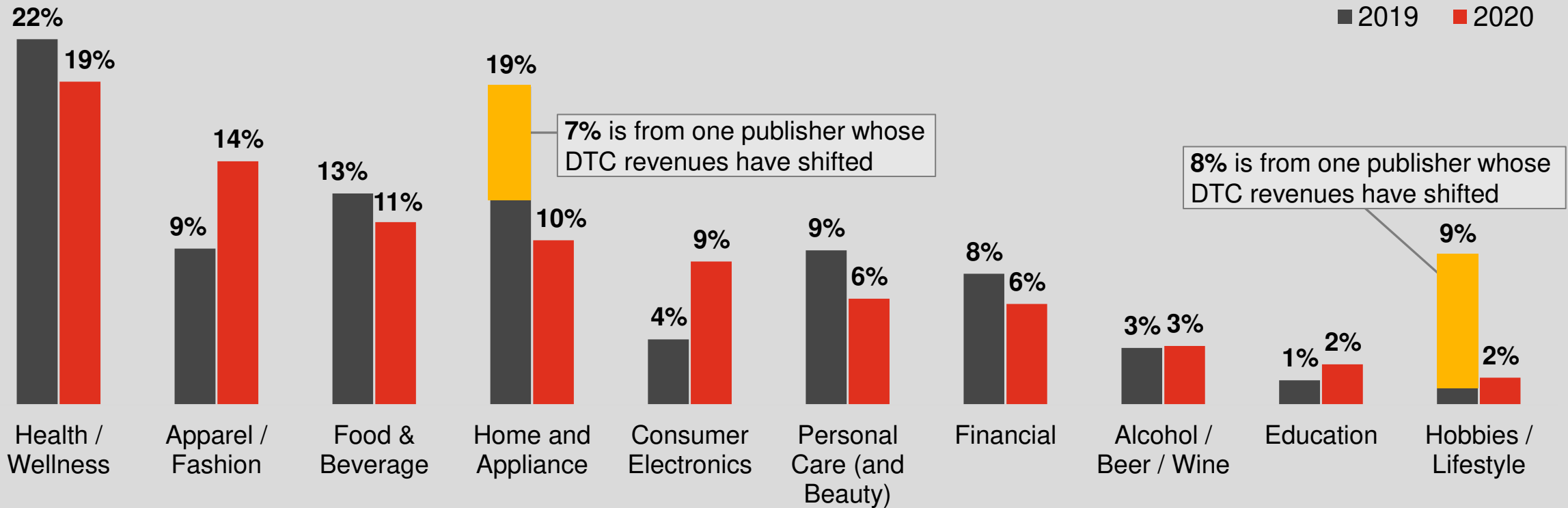


Note: 1| Data in bars are rounded 2| Based on self-reported data

*Reconciled to align with 2019 industry categories: **Other** includes 2020 Other (15.1%), Education (2.1%), Home Improvement / Furnishings (1.4%), Gambling / Sports Betting (0.2%); **Pharmaceuticals** includes 2020 Pharmaceuticals (1.7%), Health / Wellness (6.9%); **CPG** includes 2020 CPG (3.7%), Baby / Child / Parenting (0.5%), Beauty / Cosmetics (1.3%); **Retail** includes 2020 Retail (Brick & Mortar / eCommerce) (3.2%), Apparel / Fashion / Accessories (1.6%); **Beverages & Restaurants** include 2020 Beverages (1.8%), Restaurants (1.9%); *Other fill-ins included energy, government/non-profit, advocacy and tech.

Health/Wellness remained the top category within DTC

Podcast Advertising Revenues Share within Retail (Direct-to-Consumer)*
(2019-2020)

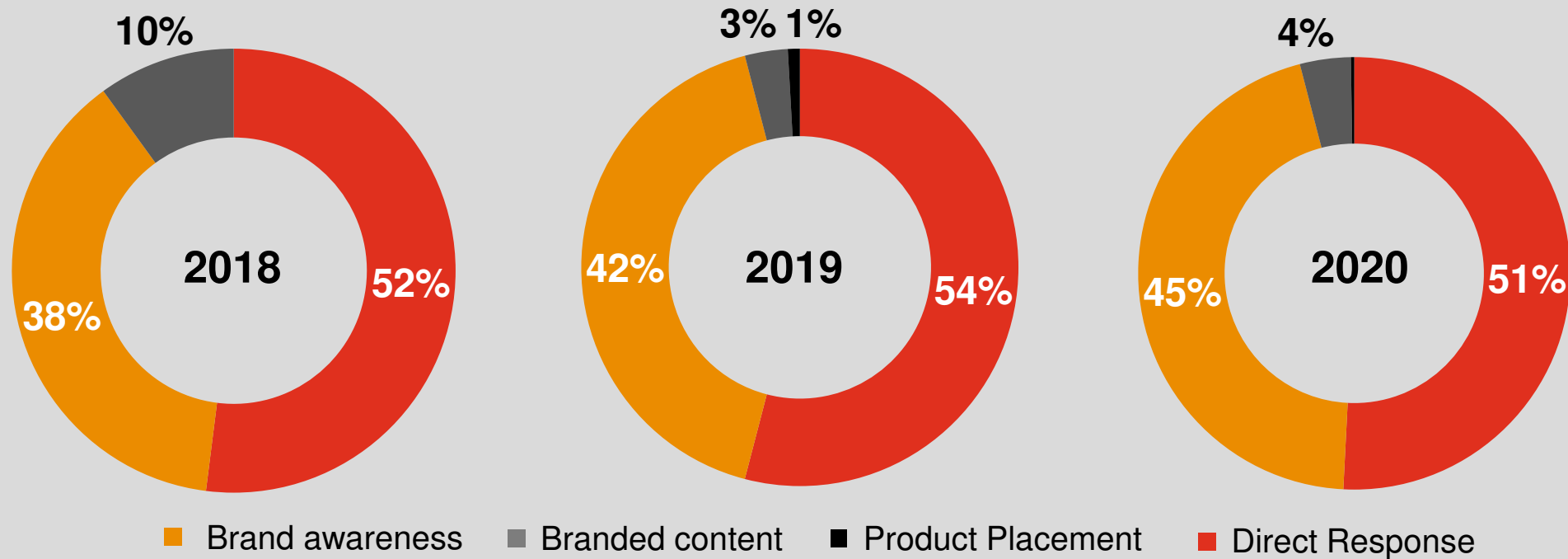


Note: 1| Data in bars are rounded 2| Based on self-reported data

*Additional categories not shown include Other (14%) which was primarily made up of B2B and eCommerce, Pets (1%), Baby Care / Parenting (1%), Travel & Hospitality (1%)

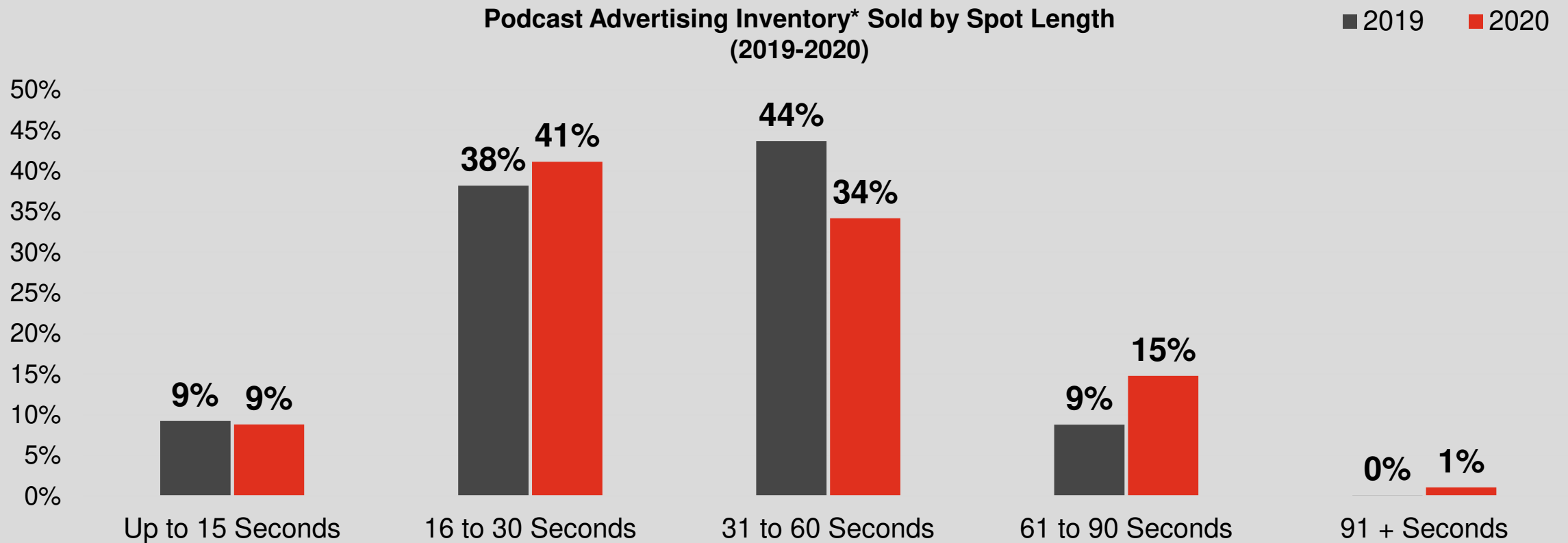
Share has shifted from direct response to branding campaigns

Podcast Advertising Revenues Percentage Share by Campaign Type
(2018-2020)



Note: Based on self-reported data

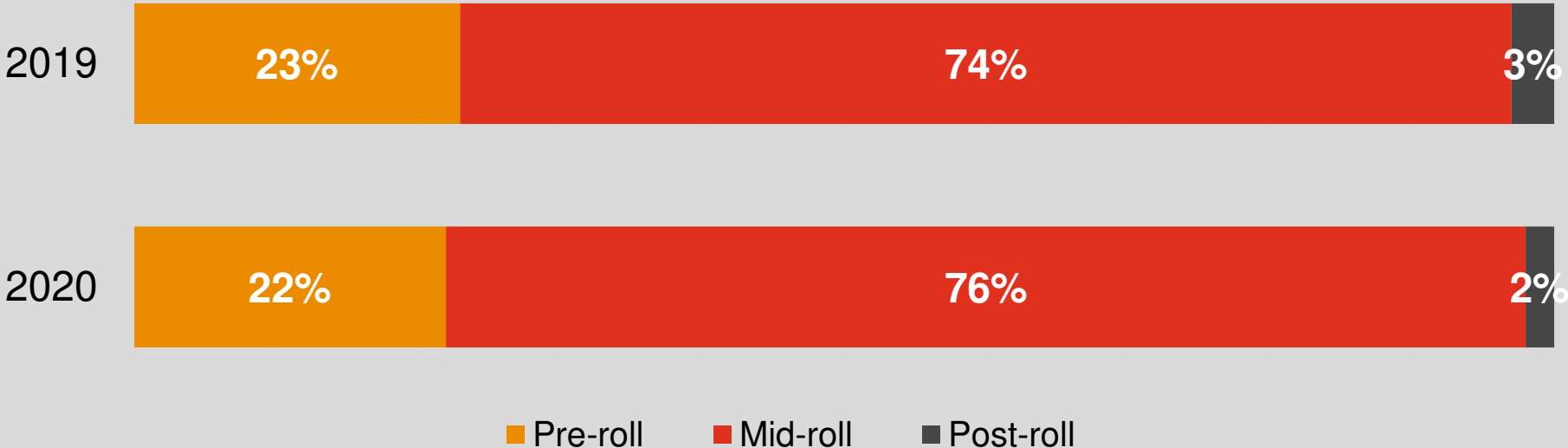
Half of Podcast ads were longer than 30 seconds



Note: 1| Data in bars are rounded 2| Based on self-reported data 3| *Based on total volume of spots sold

Mid-roll placements continued to account for three-fourths of revenues

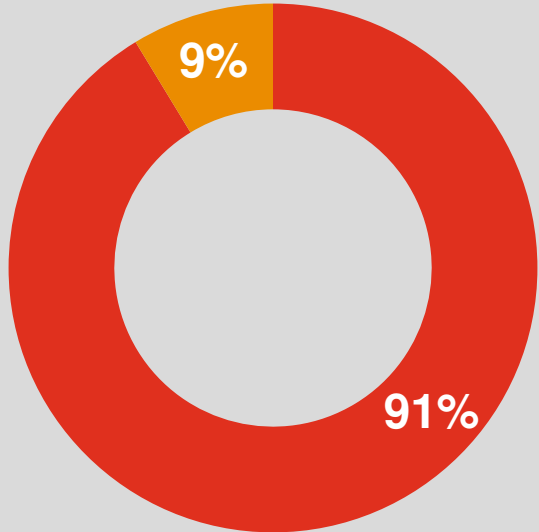
Podcast Advertising Revenues Percentage Share by Placement (2019-2020)



Note: Based on self-reported data

Video Podcasts accounted for less than 10% of revenues

Podcast Advertising Revenue Percentage Share by Format Type (2020)



■ Audio Only ■ Video-Enabled

Note: Based on self-reported data

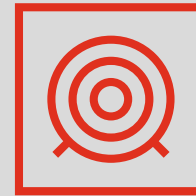
Additional findings



Programmatic Sales

In 2020, 2.2% of Podcast advertising inventory was sold through programmatic channels which is roughly flat YoY (2.9% in 2019).

As the segment matures and gains share, added revenue is projected to flow through here.



Geo-Targeted Inventory

In 2020, Podcast advertising sold using geo-targeting remained flat YoY (23.2%).

Looking ahead, this will likely increase as the level of personalization and targeting available in Podcasting evolves to be more like other digital channels.

Appendix

Podcast Advertising Definitions & Survey Options (1 of 3)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Delivery Mechanism	Means by which Podcast advertising is inserted into the audience ready audio content	<ul style="list-style-type: none"> • Dynamically Inserted Ads (Automatic) - Ads inserted at the time of file request - download or stream • Edited-In / Baked-In Ads - Ads that are edited or baked into the edited Podcast file, as part of the episode content
Campaign Type	Category of marketing effort that coordinates messaging presented to the Podcast audience	<ul style="list-style-type: none"> • Direct Response Ad – Ads that propose a specific action that is tracked and measured by the advertiser using a unique code or URL • Brand Awareness Ad – Ads that attempt to generate brand awareness. Includes ads which propose a general call-to-action. • Branded Content - Podcast content that is paid for by an advertiser and identified as an advertisement • Product Placement - A paid mention of a brand in a Podcast program, presented as part of the Podcast content, but which does not disturb the flow of the dialogue. Advertiser disclaimer is often presented separate and apart from the paid brand mention.
Ad Type	Method of Podcast advertising content presentation	<ul style="list-style-type: none"> • Announcer-read / Producer-read Ads - Ads read by announcer or producer that are incorporated into the Podcast's content • Host-read Ads – Ads read by the host that are native to the Podcast's content • Supplied Ads (Client/Brand or Agency Produced) - Pre-recorded ads that are provided by the client/brand or agency • Other Publisher Produced Ads - Pre-recorded ads that are provided by the Podcast publisher or other content producer; i.e., not the client/brand or agency
Buy Type	Means by which Podcast advertising inventory is procured by the advertiser	<ul style="list-style-type: none"> • Annual - The purchase of advertising based on annual rates / rate card • Quarterly - The purchase of advertising based on quarterly rates / rate card • Remnant / Transactional / Scattered – The purchase of advertising that is remaindered on an as-needed basis • Other - The purchase of advertising not covered by one of the Buy Types listed above
Pricing Model	Purchase options available to advertisers to accommodate various budgeting strategies	<ul style="list-style-type: none"> • Series Ownership - Price determined based upon cost to exclusively advertise during a series • Cost per Thousand - Price determined based on verifiable Podcast downloads • Cost per Acquisition - Price determined based upon pre-defined, verifiable listener action(s) • Flat fee - Price determined based upon pre-defined, static value
Placement	Placement options available to advertisers	<ul style="list-style-type: none"> • Pre-roll - Ads positioned in the first two minutes of Podcast content. Either before the content starts or after a quick intro. • Mid-roll - Ads positioned within the Podcast content • Post-roll - Ads positioned following Podcast content and credits are completed
Spot Length	Inventory sold by spot length	<ul style="list-style-type: none"> • Up to 15 seconds • 16-30 seconds • 31-60 seconds • 61-90 seconds • 91 seconds or greater

Podcast Advertising Definitions & Survey Options (2 of 3)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS		
Content Genre	Categories of thematic subject matter into which Podcast programming may be assigned	<ul style="list-style-type: none"> • Arts • Business • Comedy • Eco-conscious / Green Living • Education • Fiction • Political Opinion: Left-Leaning • Political Opinion: Right-Leaning • Political Opinion: Center / Bipartisan 	<ul style="list-style-type: none"> • History • Physical Health & Fitness • Mental / Emotional Health & Wellbeing • Kids & Family • Leisure • Music • News 	<ul style="list-style-type: none"> • Religion & Spirituality • Science • Society & Culture • Sports • Technology • True Crime • TV & Film • Other
Direct to Consumer Industry Category	Direct to Consumer business categories into which Podcast advertisers may be grouped	<ul style="list-style-type: none"> • Alcohol / Beer / Wine • Apparel / Fashion Accessories (Men/Women) • Baby Care / Child / Parenting • Consumer Electronics • Education • Financial • Food & Beverage 	<ul style="list-style-type: none"> • Health / Wellness • Hobbies / Lifestyle • Home and Appliance • Pets • Personal Care (and Beauty) • Travel & Hospitality • Other 	
Format Type	Means by which Podcast sales are generated by format type	<ul style="list-style-type: none"> • Audio only • Video-enabled 		

Podcast Advertising Definitions & Survey Options (3 of 3)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Industry Category	Business categories into which Podcast advertisers may be grouped	<ul style="list-style-type: none"> • Arts, Entertainment & Media (Streaming Services, Movies, Dance, Theater, Concerts, Opera, Amusement Parks, Games, Books - Audio and Bound, Music, Magazines, Newspapers, Websites, Apps, DVDs, Radio and Television Networks/Stations/Programming) • Automotive / Automotive Services • Beverage (Alcohol / Beer / Wine) • Restaurants/bars • Business-to-Business (Business conducted between one business and another such as a wholesaler and retailer) • Consumer Packaged Goods (CPG) • Professional Services for non-Business Entities • Financial Services (Banks, Insurance, Securities, Mortgages, Financial Services Software) • Pharmaceuticals (OTC and DTC) <ul style="list-style-type: none"> • Health/Wellness (including Fitness, Diet, Yoga, Meditation, etc.) • Beauty/Cosmetics • Retail (Brick & Mortar / eCommerce) • Retail Direct-to-Consumer (companies whose revenue is attained predominantly through E-commerce) • Telecommunications (Telephony, Mobile Service Providers, Cable/Satellite TV services, ISPs, Wireless) • Travel and Tourism (Resorts/Hotels/Airlines) • Home Improvement/Furnishings • Education • Apparel/Fashion Accessories (Men/Women) • Gambling/Sports Betting • Baby/Child/Parenting • Other

Study Scope & Methodology

Scope

The Podcast Advertising Revenue Study is part of an ongoing IAB mission to provide a barometer of Podcast advertising growth in the U.S. IAB is committed to achieve differentiation from existing estimates and accomplish industry-wide acceptance.

One survey was distributed to Podcast companies this year and a series of discussions were conducted to gather additional insights:

- Annual Podcast Survey (21 responses): as in prior years, the annual survey was sent to companies in mid-March to understand 2020 Podcast advertising revenues and forecasted revenue growth from 2021-2023

Key aspects to create this study include:

- Designing the process to maintain participant anonymity and only release aggregate data
- Designing each survey based on relevant industry topics
- Obtaining advertising revenue and other related data directly from companies generating Podcast advertising revenues (publishers and advertising networks)
- Data in this report related to forecasted growth from 2021-2023: the number of responses for this data may vary from total responses if some companies chose not to respond to every question in the survey
- 2020 Podcast market sizing is based on self-reported data, publicly available information and reasonable estimates for non-survey participating companies
- Podcast advertising revenues generated outside of the United States are out of scope for this study

Methodology

The methodology was evolved from the methodology used to create the full-year internet advertising revenue report since 1996.

The reporting process includes:

- Compiling a database of the largest Podcast advertising revenue generators, which are believed to make up a significant portion of the overall market
- Conducting one quantitative online survey with leading industry players, including Podcast publishers and advertising networks
- Conducting interviews with buy-side and sell-side Podcast advertising companies
- Requesting and compiling specific data items, including quarterly net commissionable advertising revenue by delivery mechanism, advertisement type, campaign type, buy type, pricing model, Podcast content genre, and advertising industry category
- Performing a Podcast advertising market sizing in 2020 to deliver a reasonable estimate of the market in the United States, inclusive of non-survey participating companies
- Analyzing the findings, identifying and reporting key trends

About this study

IAB U.S. Podcast Advertising Study is prepared by PricewaterhouseCoopers LLP (“PwC”) on an ongoing basis, with results released annually. Initiated by the Interactive Advertising Bureau's (IAB) Audio Industry Working Group in 2017, this study uses data and information reported directly to PwC from companies that generate revenue on Podcast platforms. The results reported are considered to be a reasonable measurement of Podcast advertising revenues because much of the data is compiled directly from the revenue generating companies.

PwC does not audit the information and provides no opinion or other form of assurance with respect to the accuracy of the information collected or presented. Only aggregate results are published, and individual company information is held with PwC. Further details regarding scope and methodology are provided in this report.



About the IAB and PwC



The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.



As business, accounting, and tax advisors to many of the world's leading technology, media, and telecommunications (TMT) companies, PwC (www.pwc.com/us/tmt) has an insider's view of trends and developments driving the industry. With approximately 1,200 practitioners serving TMT clients in the United States, PwC is deeply committed to providing clients with industry experience and resources. In recent years, our work in TMT has included helping our clients to develop strategies to leverage digital technology, identifying new sources of financing, and marketplace positioning in industries characterized by consolidation and transformation. Our experience reaches across all geographies and segments, including broadband, wireless, film, television, music, publishing, advertising, gaming, sports, theme parks, computers and networking, software and technology services. With thousands of practitioners around the world, we're always close at hand to provide deep industry knowledge and resources

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Thank you

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