

US Podcast Ad Spend Forecast: Strategies for a \$2 Billion Opportunity

The discussion will begin at 2pm ET. You can listen to the video using computer speakers or headphones. Please submit any questions you have and we'll do our best to address them during the Q&A session.

PRESENTER



Ross Benes

Senior Analyst

Insider Intelligence

PRESENTER



Rochelle Sanchirico

Global Director of SMB Marketing

Spotify Advertising

MODERATOR



Paul Verna

Principal Analyst

Insider Intelligence

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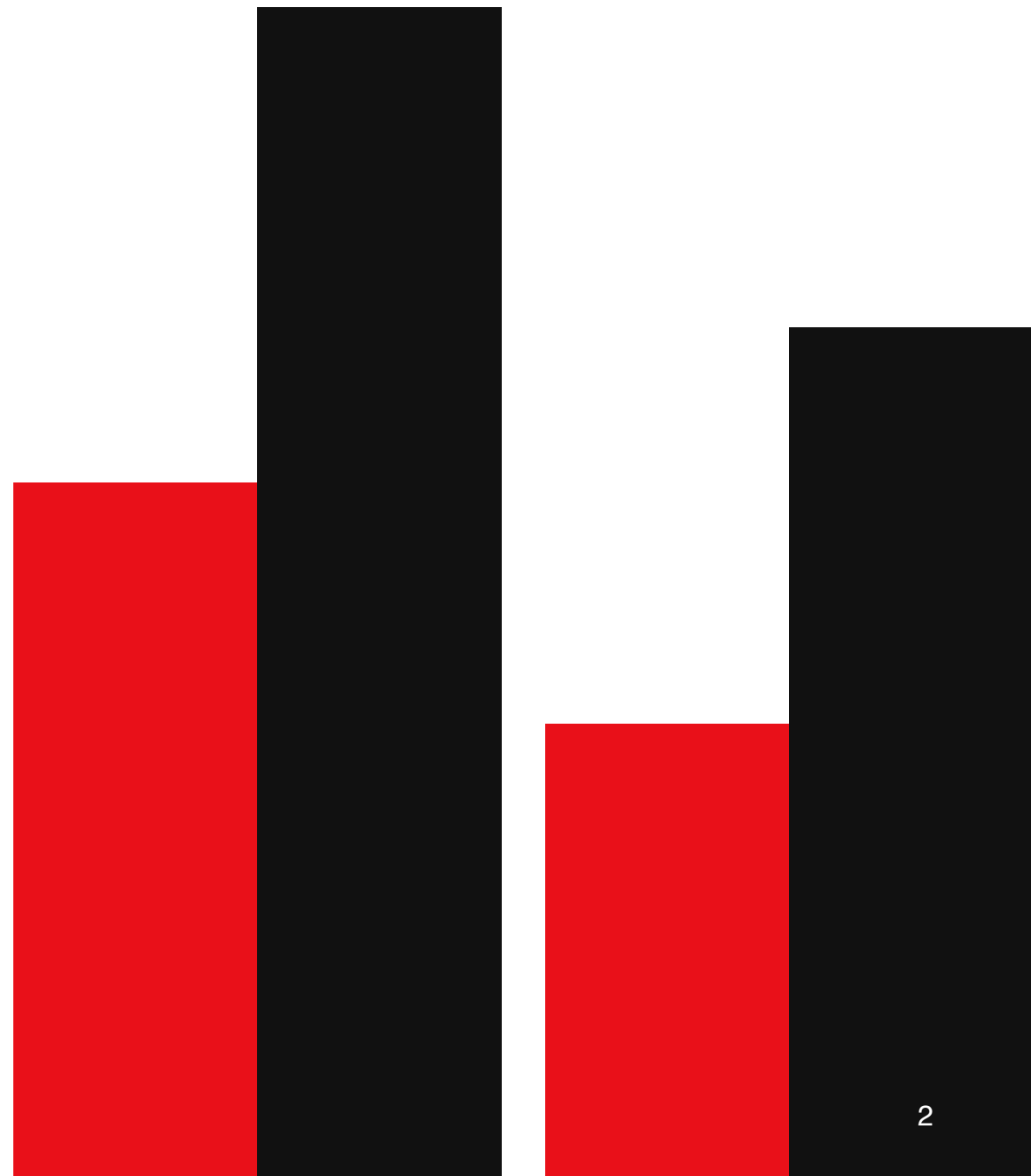


US Podcast Ad Spend Forecast: Strategies for a \$2 Billion Opportunity

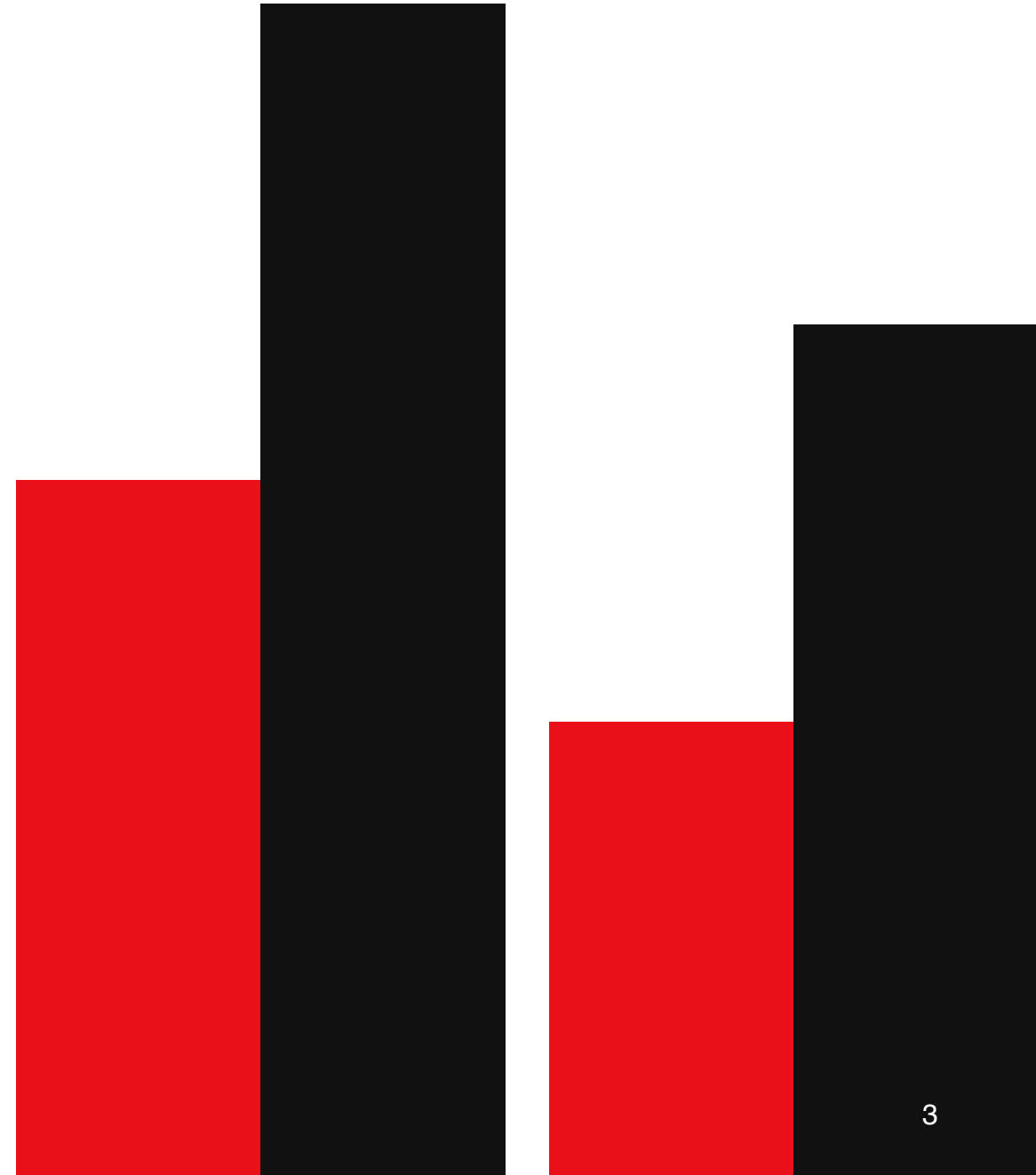
May 10, 2022



Ross Benes
Senior Analyst



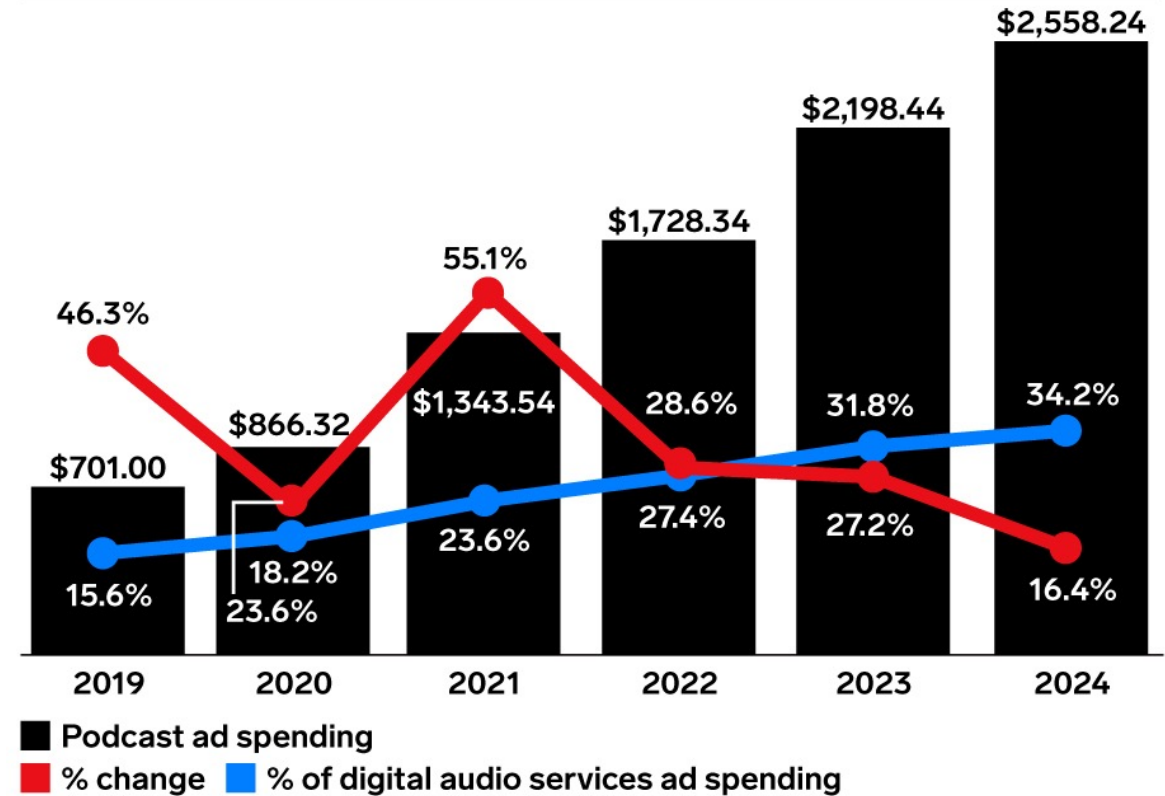
Podcast Advertising



US podcast ad spending will surpass **\$2 billion** in 2023.

US Podcast Ad Spending, 2019-2024

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 2022

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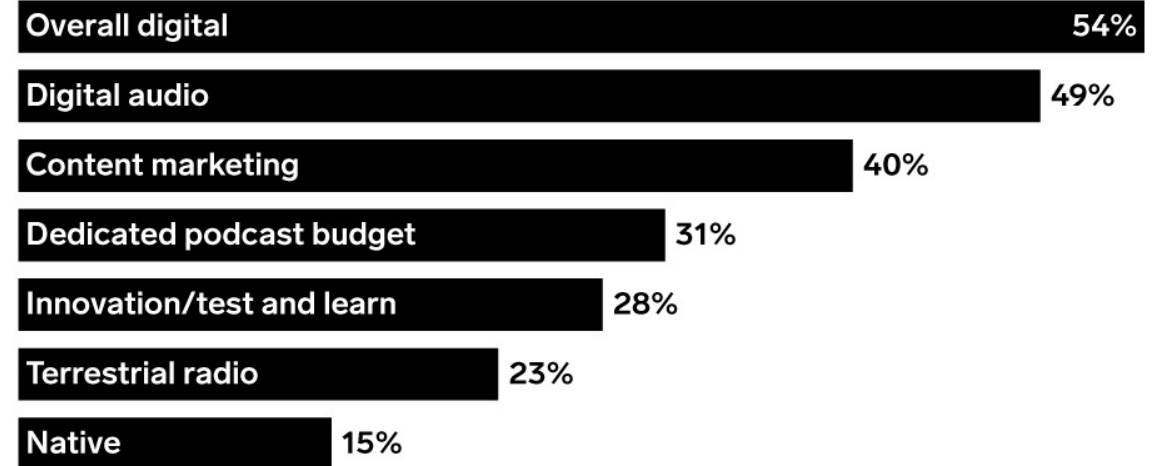
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Podcasts pull from numerous ad budgets

- Overall digital budgets were the most common funding source of podcast campaigns in 2021, per Advertiser Perceptions.
- About **half** of marketers used their digital audio budgets for podcasts.
- Most advertisers did not have dedicated podcast budgets.

Budgets Used to Fund Podcast Ad Spending According to US Agency/Marketer Professionals, Aug 2021

% of respondents



Source: Advertiser Perceptions, "Podcast Advertising Market Report Q3 2021," March 14, 2022

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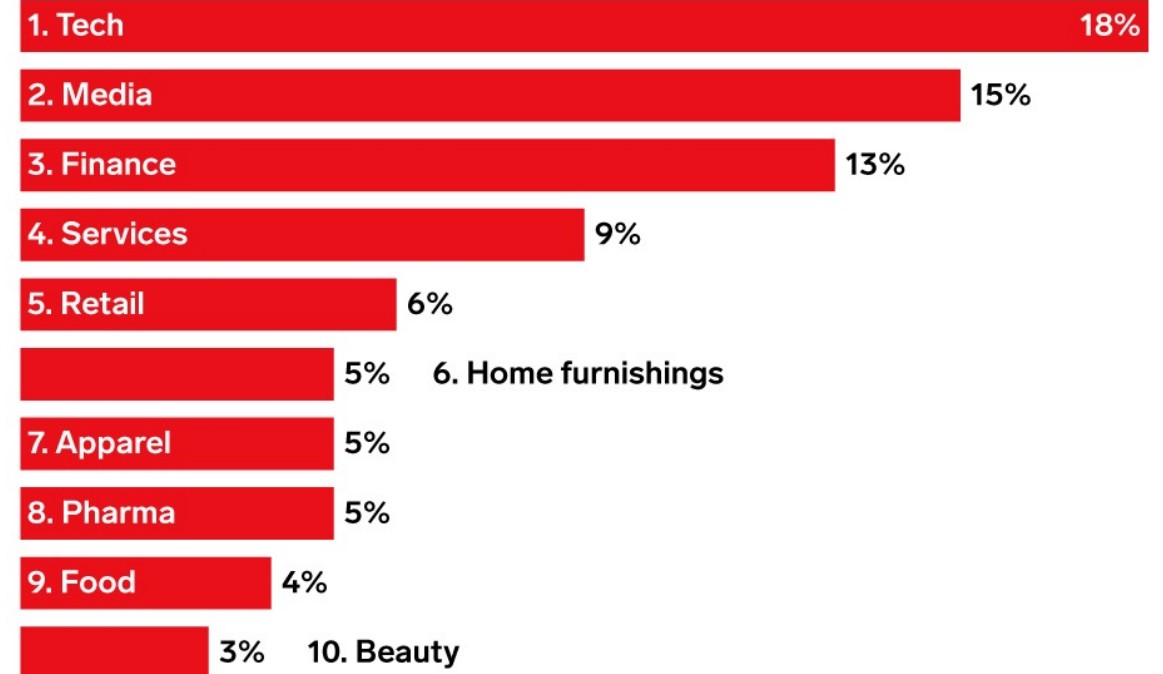
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Podcast ad spend by industry

- Tech, media, and finance brands spent the most on podcast ads in 2021, per MediaRadar.
- Just over **half** of podcast ads were mid-rolls.
- In 2021, the number of brands running podcast ads grew 14%.

Top 10 Industries, Ranked by Share of US Podcast Ad Spending, 2021

% of total



Source: MediaRadar as cited by Inside Radio, Jan 28, 2022

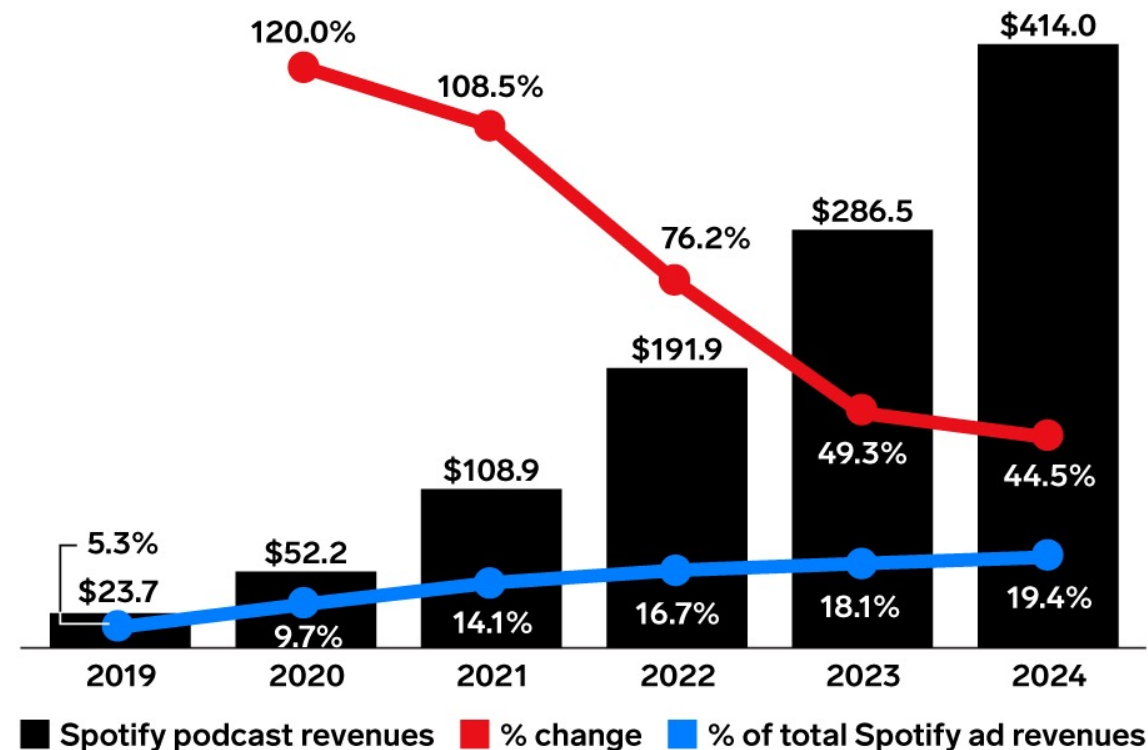
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Spotify's US podcast ad revenues will reach **\$191.9 million** this year.

US Spotify Podcast Revenues, 2019-2024

millions, % change, and % of total Spotify ad revenues



Note: audio advertising within a podcast; includes all types of advertising on podcasts
Source: eMarketer, March 2022

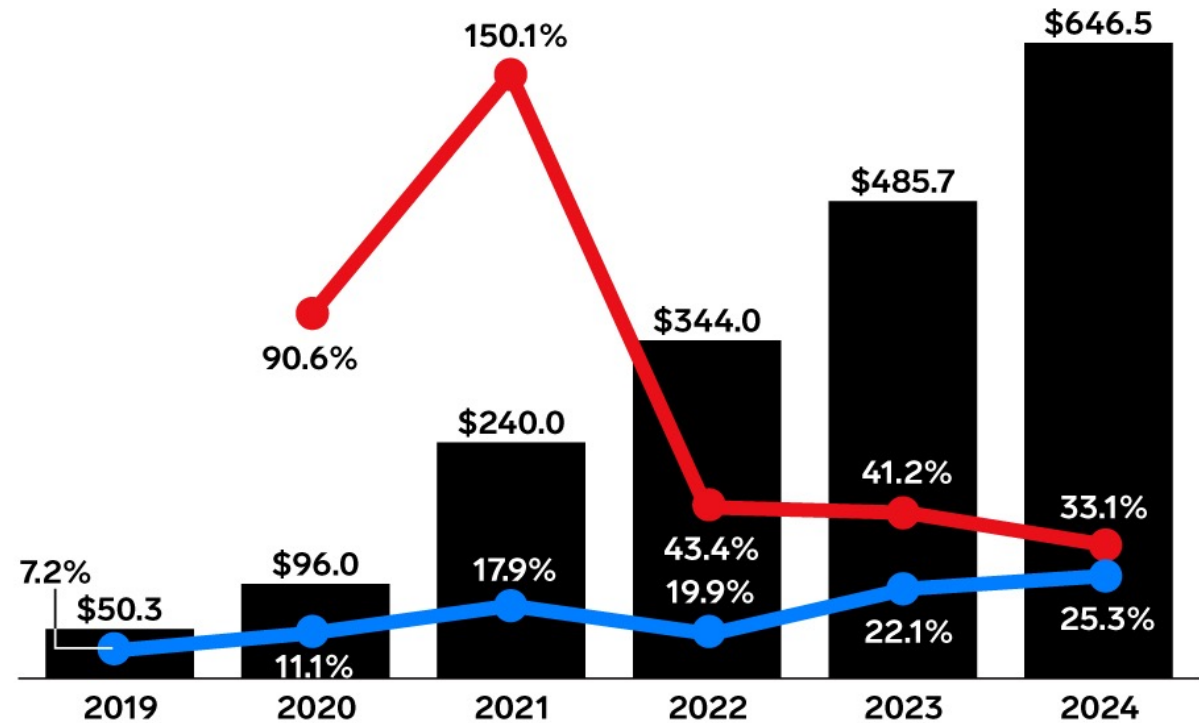
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iHeartMedia US ad revenues will account for **one-fifth** of total podcast ad spending in 2022.

US iHeartMedia Podcast Revenues, 2019-2024

millions, % change, and % of total podcast ad spending



■ iHeartMedia podcast revenues
■ % change ■ % of total podcast ad spending

Note: audio advertising within a podcast; includes all types of advertising on podcasts
Source: eMarketer, March 2022

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Podcast listenership doesn't have a 1:1 relationship to ad revenue

- Non-exclusive distribution is the norm.
- Podcasters sell inventory themselves and bake it into episodes.
- Subscriptions listening is common.
- This makes for an uneven relationship between listening and ad revenues.

BetterHelp was the top 2021 podcast advertiser, spending **\$76.9 million, according to Magellan AI.**

Top 10 Advertisers on US Podcasts, Ranked by Ad Spending, 2021

millions

1. BetterHelp	\$76.9
2. NBCUniversal	\$27.7
3. ExpressVPN	\$27.0
4. HelloFresh	\$26.8
5. Amazon	\$25.7
6. SimpliSafe	\$25.1
7. ZipRecruiter	\$25.1
8. Geico	\$23.6
	\$20.4
9. Capital One	
	\$19.6
10. Stamps.com	

Source: Magellan AI as cited by Inside Radio, Feb 11, 2022

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One-third of adults said podcast ads were a good way to reach them and **over one-fourth** said they were enjoyable to listen to, via NCSolutions.

Attitudes Toward Podcast Advertising Among US Podcast Listeners, Sep 2021

% of respondents

It's a good way for brands to reach me

33%

I remember products endorsed personally by the host

28%

It's enjoyable to listen to

27%

It's how I learn about unique products I otherwise wouldn't discover

26%

It's relevant to me

23%

I trust endorsements made personally by the host

18%

Note: n=1,123 ages 18+

Source: NCSolutions as cited in press release, Sep 15, 2021

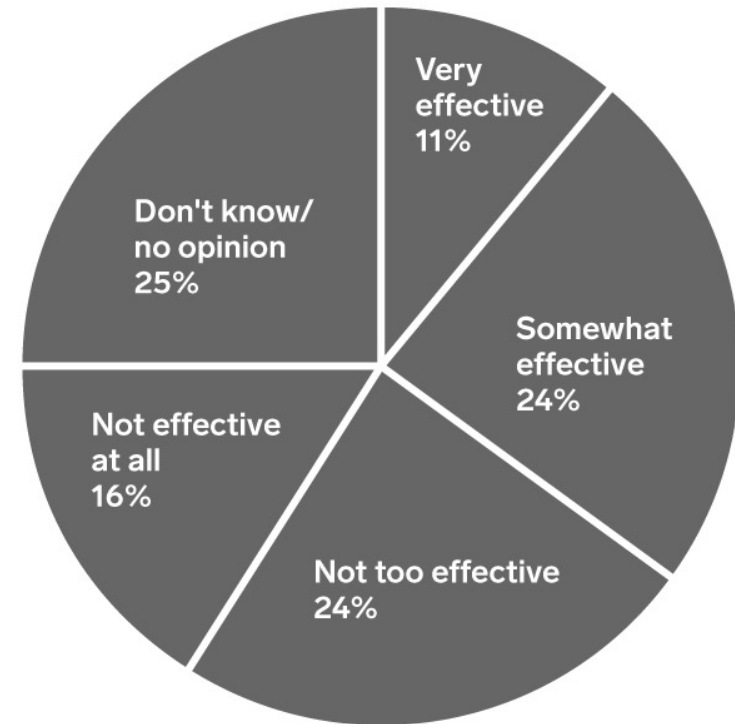
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Just over **one-third** of Morning Consult respondents rated podcast ads as somewhat or very effective.

Effectiveness of Podcast Ads According to US Adults, Sep 2021

% of respondents



Note: ages 18+

Source: Morning Consult, "National Tracking Poll #2109041," Oct 18, 2021

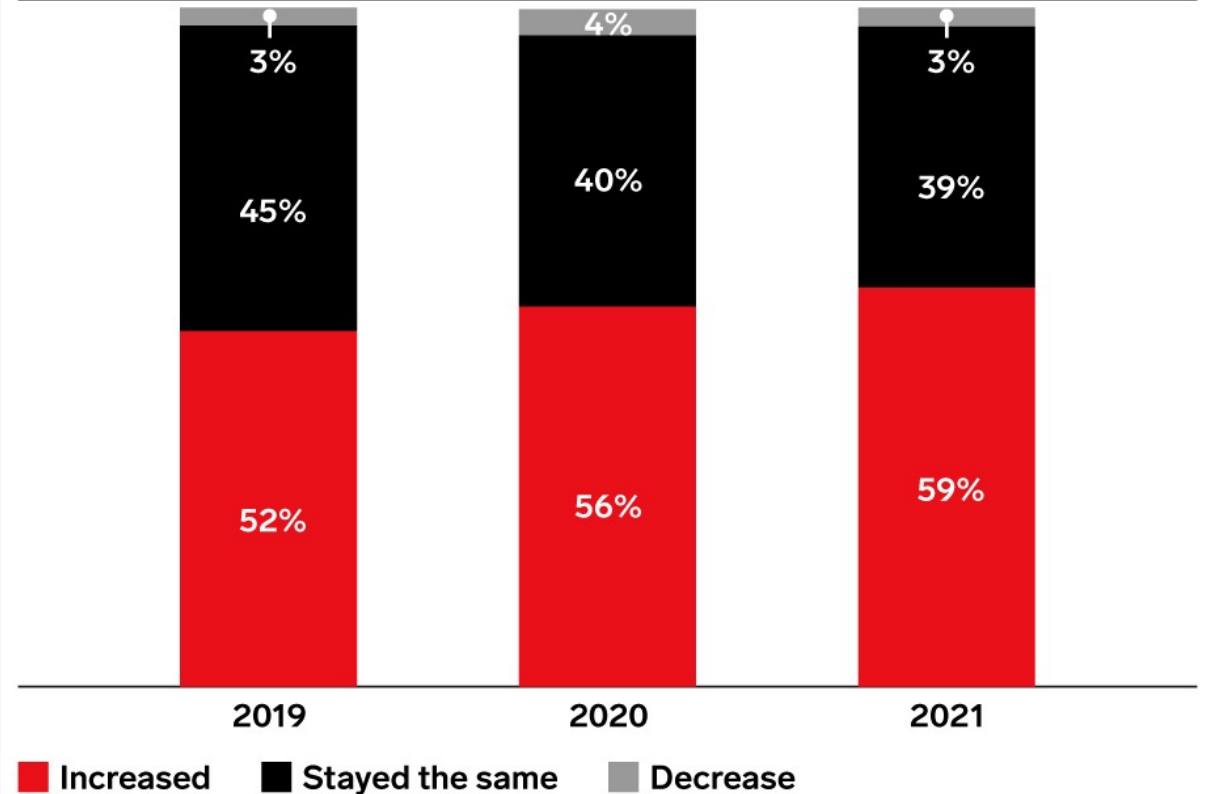
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Nearly **6 in 10** listeners believe that podcast ad loads are increasing, according to Edison Research.

Do US Heavy* Podcast Listeners Feel That the Total Number of Ads in Podcasts Has Increased**?

% of respondents, 2019-2021



Note: ages 18+; numbers may not add up to 100% due to rounding; *listen to podcasts for at least 5 hours per week; **compared to one year ago

Source: Edison Research, "Super Listeners 2021," Feb 16, 2022

Mid-rolls have higher conversion rates than pre-roll or post-roll podcast ads, per Podsights.

US* Podcast Ad Benchmarks: Average Conversion Rate, by Ad Format, Q4 2021



*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*

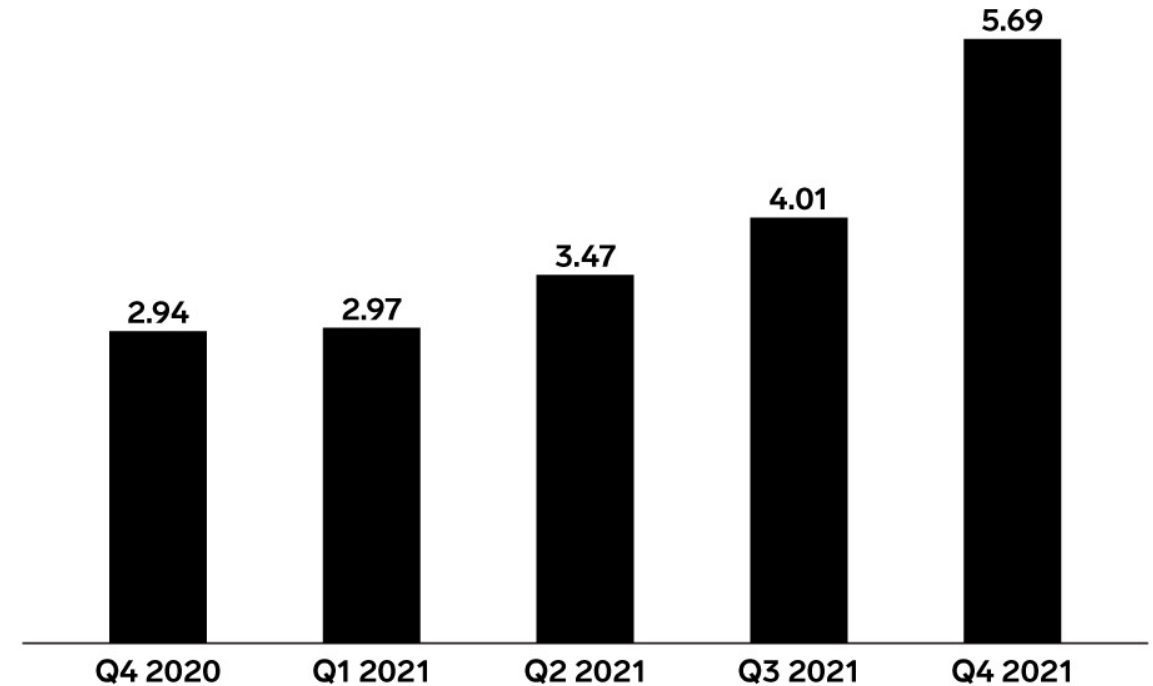
Source: Podsights, "Benchmark Report Q1 2022," Feb 2022

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The number of times a listener received a particular podcast ad **nearly doubled** year over year in Q4 2021, according to Podsights.

US* Podcast Ad Benchmarks: Average Ad Frequency, Q4 2021



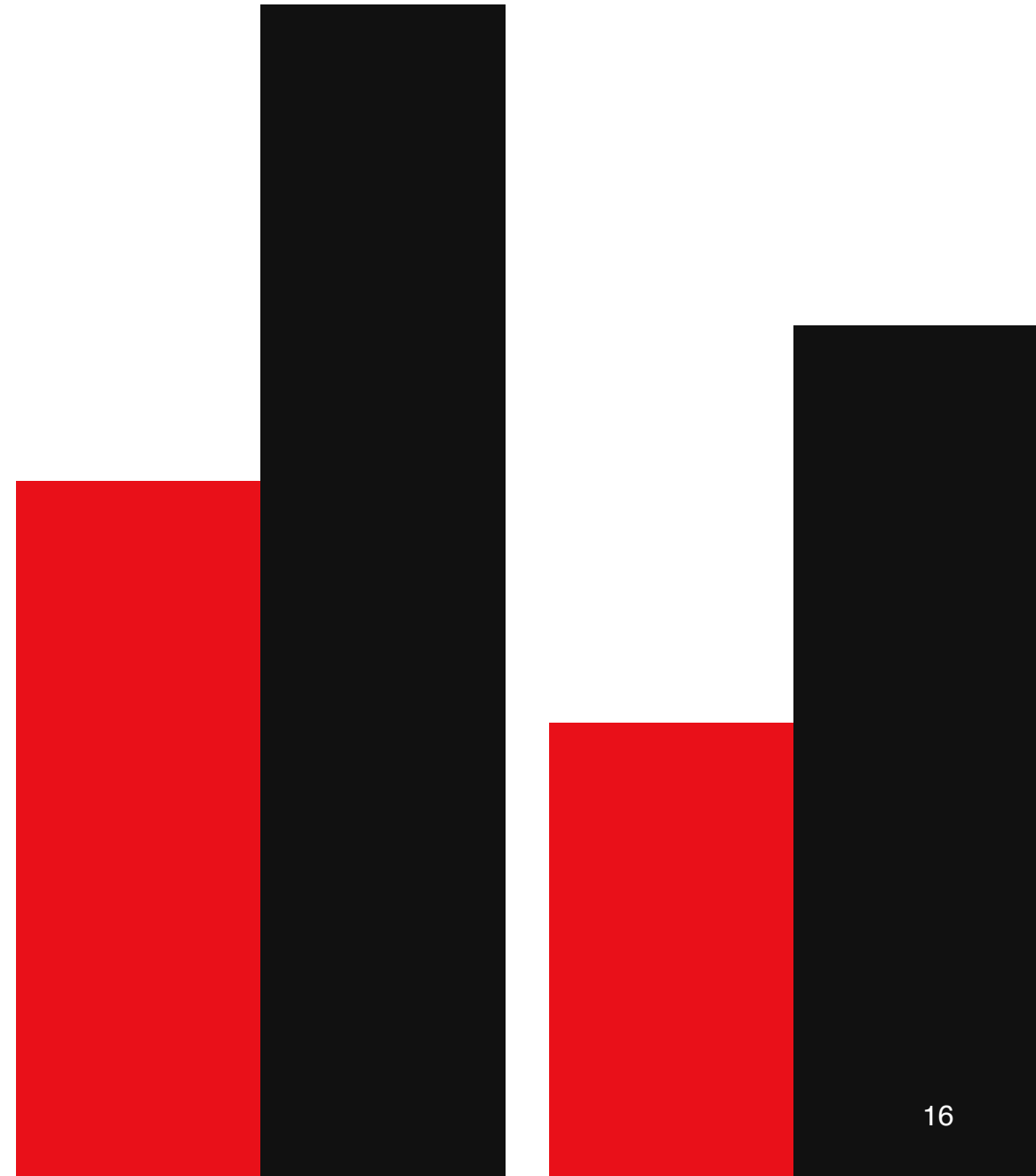
*Note: average number of times a household was exposed to an ad; represents ad impressions/campaigns measured by Podsights, broader industry metrics may vary; all figures are averages; *Podsights estimates that roughly 95% of the campaigns it measures run in the US*

Source: Podsights, "Benchmark Report Q1 2022," Feb 2022

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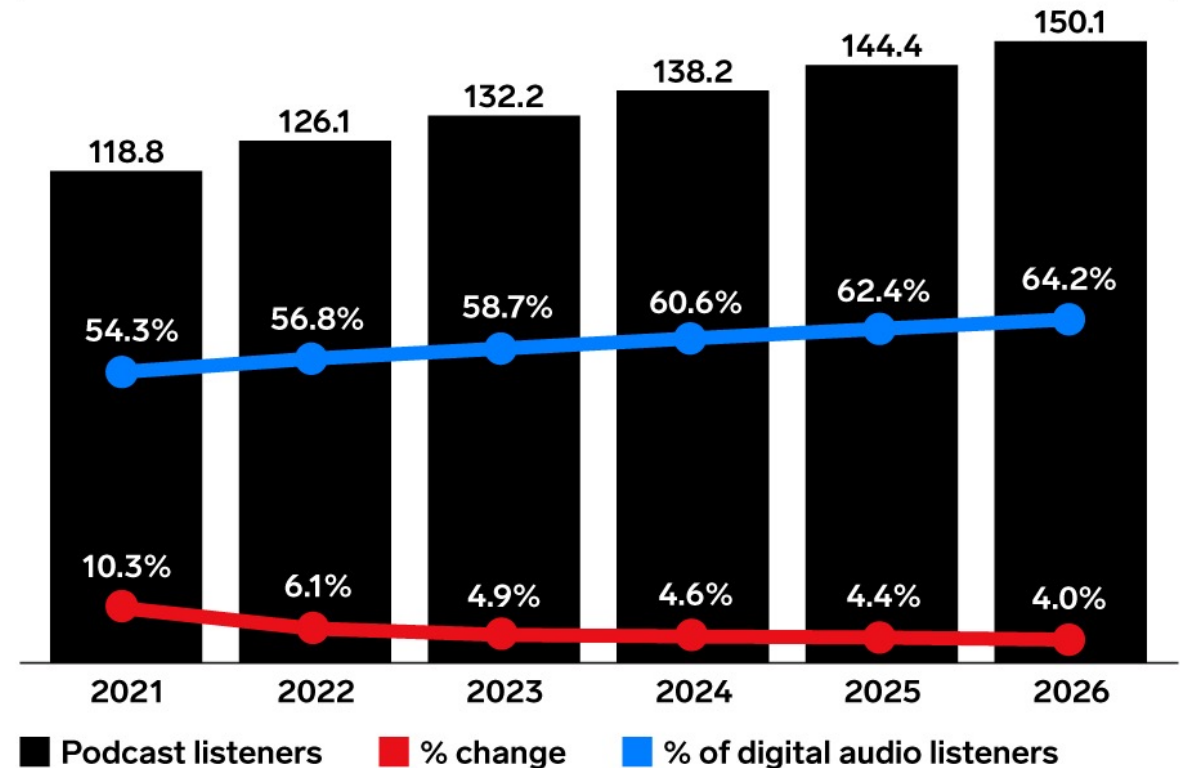
Podcast Listening



By 2026, nearly **two-thirds** of digital audio listeners will tune into podcasts.

US Podcast Listeners, 2021-2026

millions, % change, and % of digital audio listeners



Note: internet users of any age who listen to a podcast via digital stream or direct download on any device at least once per month

Source: eMarketer, Feb 2022

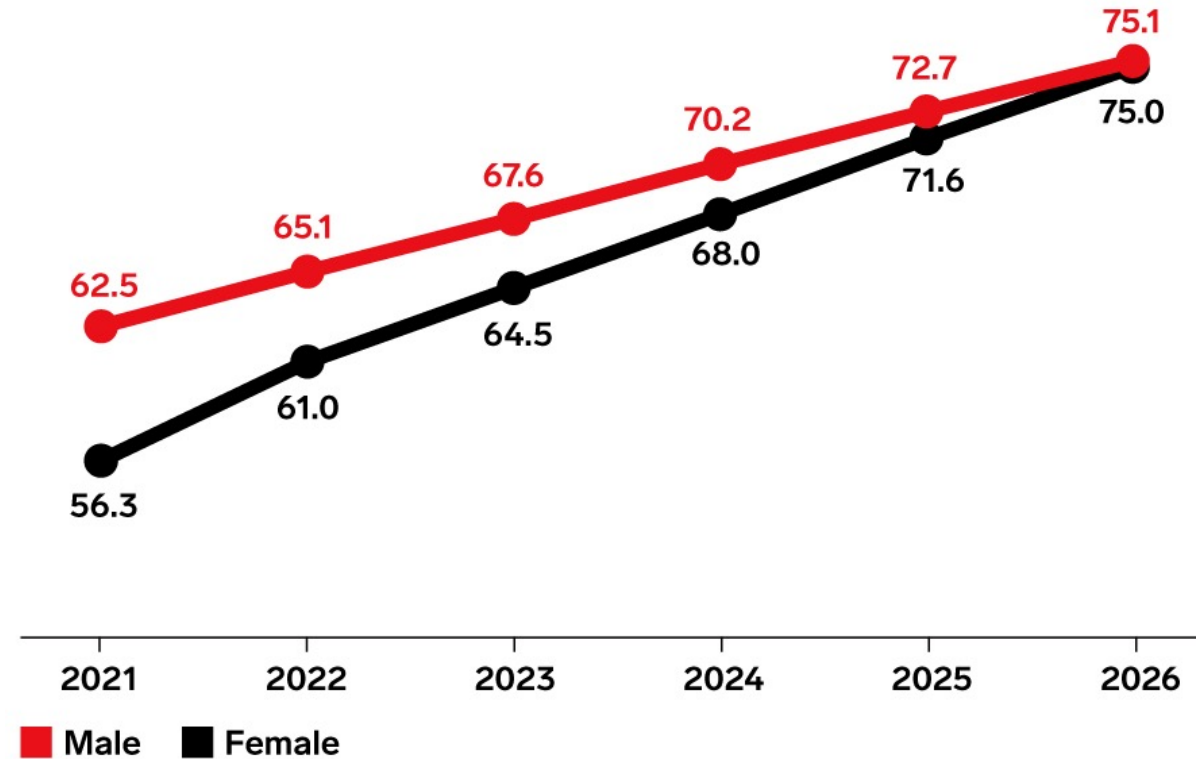
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Listening is nearly evenly split by sex.

US Podcast Listeners, by Sex, 2021-2026

millions



Note: internet users of any age who listen to a podcast via digital stream or direct download on any device at least once per month

Source: eMarketer, Feb 2022

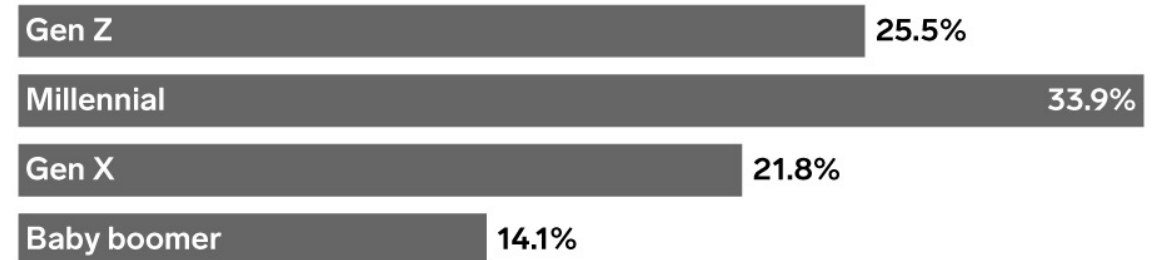
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Gen Z and millennials account for **more than half** of podcast listeners.

Share of US Podcast Listeners, by Generation, 2022

% of total



Note: internet users who listen to a podcast via digital stream or direct download on any device at least once per month; Gen Z are individuals born between 1997 and 2012; millennials are individuals born between 1981 and 1996; Gen X are individuals born between 1965 and 1980; baby boomers are individuals born between 1946 and 1964
Source: eMarketer, Feb 2022

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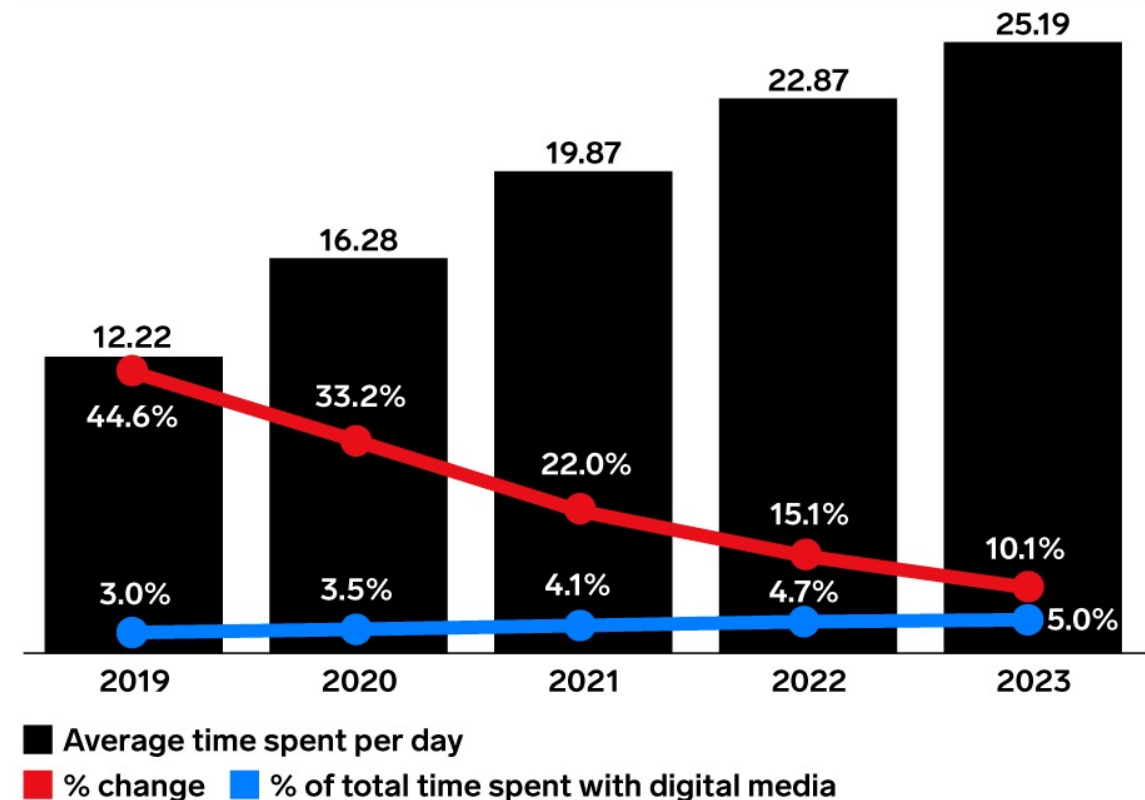
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Time spent among the *general population* will **grow 15.1%** this year

- Podcasts account for about **one-fourth** of digital audio time spent.
- Time spent with podcasts is growing faster than listeners.
- This suggests casual podcast listeners increased their usage faster than the medium is able to add new users.

US Average Time Spent Per Day with Podcasts, 2019-2023

minutes, % change, and % of total time spent with digital media



Note: ages 18+; includes all time spent with podcasts, regardless of multitasking
Source: eMarketer, Jan 2022

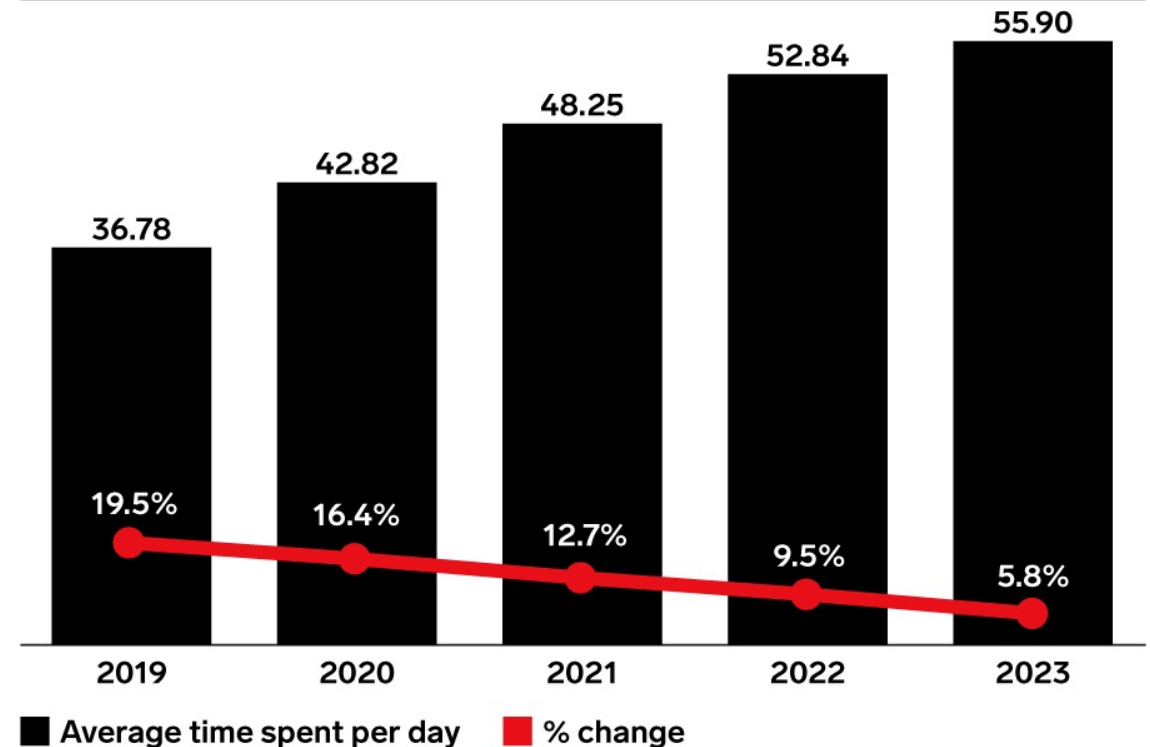
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Next year among *podcast listeners*, time spent **will approach an hour.**

Average Time Spent Per Day with Podcasts by US Adult Podcast Listeners, 2019-2023

minutes and % change



Note: ages 18+; includes all time spent with podcasts, regardless of multitasking

Source: eMarketer, Jan 2022

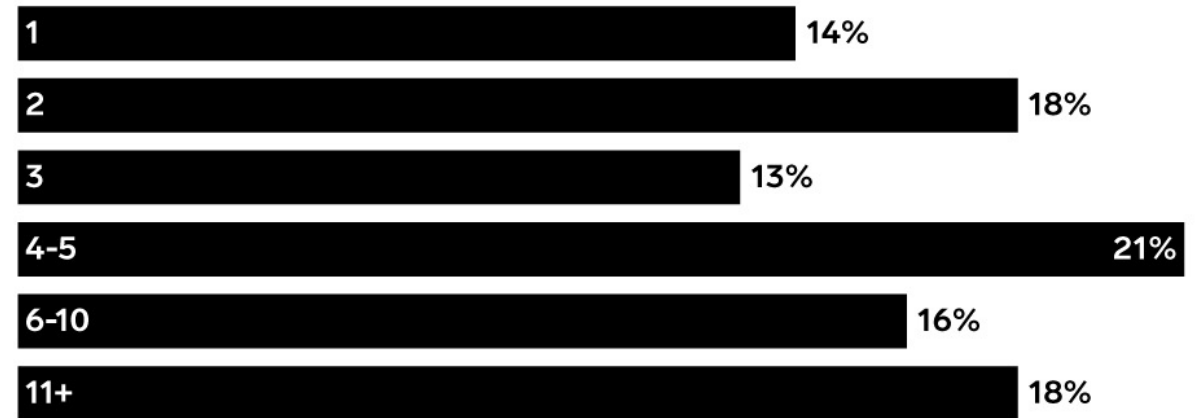
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Among people who listen to podcasts, the average number of episodes they listen to per week is about eight, according to Edison.

Number of Podcasts Listened to by US Weekly Podcast Listeners, Jan 2022

% of respondents



Note: ages 12+; in the past week

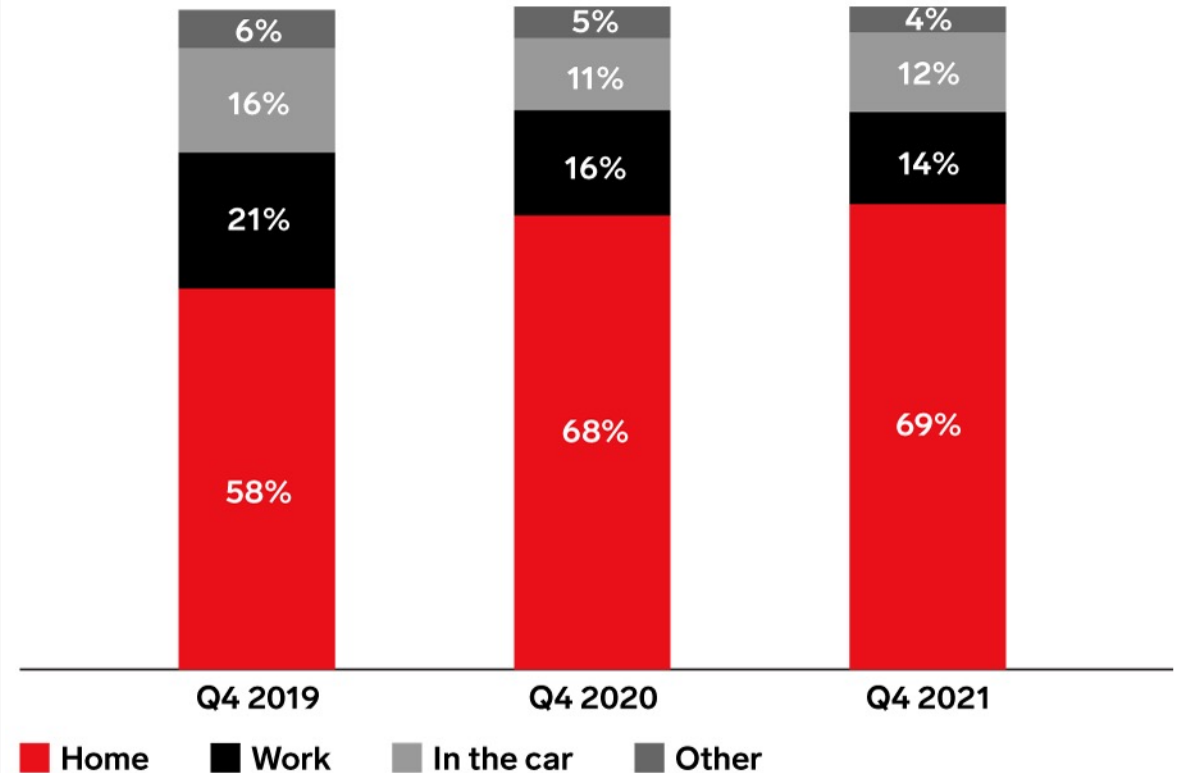
Source: Edison Research and Triton Digital, "The Infinite Dial 2022," March 23, 2022

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At home's share of total listening **jumped 10 percentage points** in the early pandemic and has stayed there, via Edison.

Share of Time Spent with Podcasts Among US Teens/Adults, by Location, Q4 2019-Q4 2021



Note: ages 13+; numbers may not add up to 100% due to rounding
Source: Edison Research, "Share of Ear Q4 2021" as cited by Westwood One, March 7, 2022

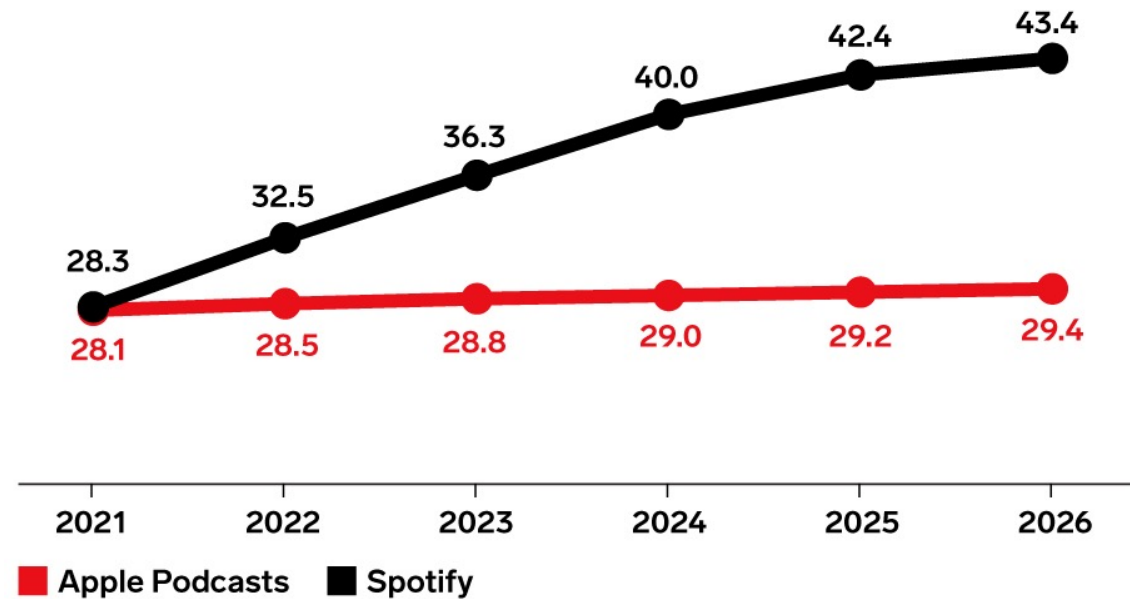
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In 2021, Spotify overtook Apple in podcast listening.

US Spotify Podcast vs. Apple Podcast Listeners, 2021-2026

millions



Note: internet users of any age who listen to podcasts on the Apple Podcasts app/iTunes or on Spotify via direct download or livestream on any device at least once per month
Source: eMarketer, Feb 2022

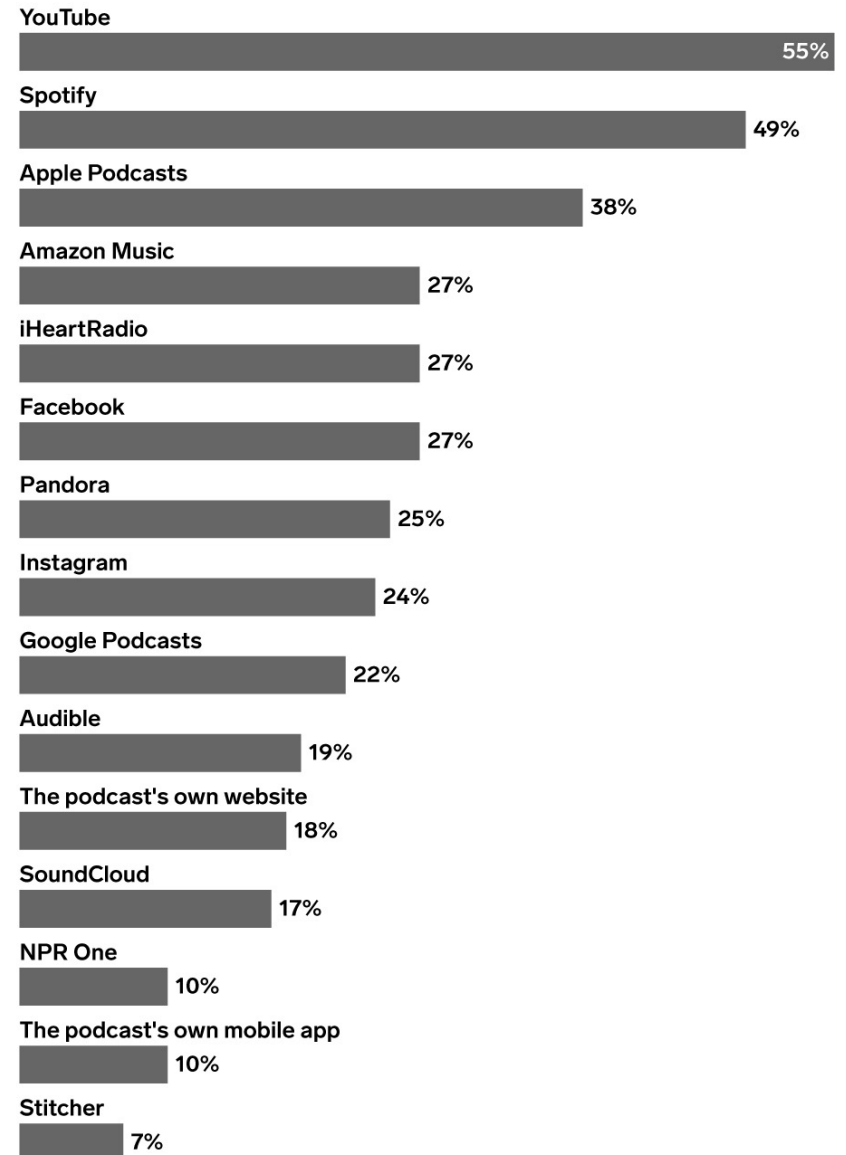
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Among heavy listeners, YouTube, Spotify, and Apple were the top three podcast services, per Edison.

Leading Platforms Used by US Heavy* Podcast Listeners to Listen to Podcasts, Nov 2021

% of respondents



Note: ages 18+; currently use; *listen to podcasts for at least 5 hours per week
Source: Edison Research, "Super Listeners 2021," Feb 16, 2022

Key Takeaways

US advertisers will spend more than **\$2 billion** on podcast ads next year.

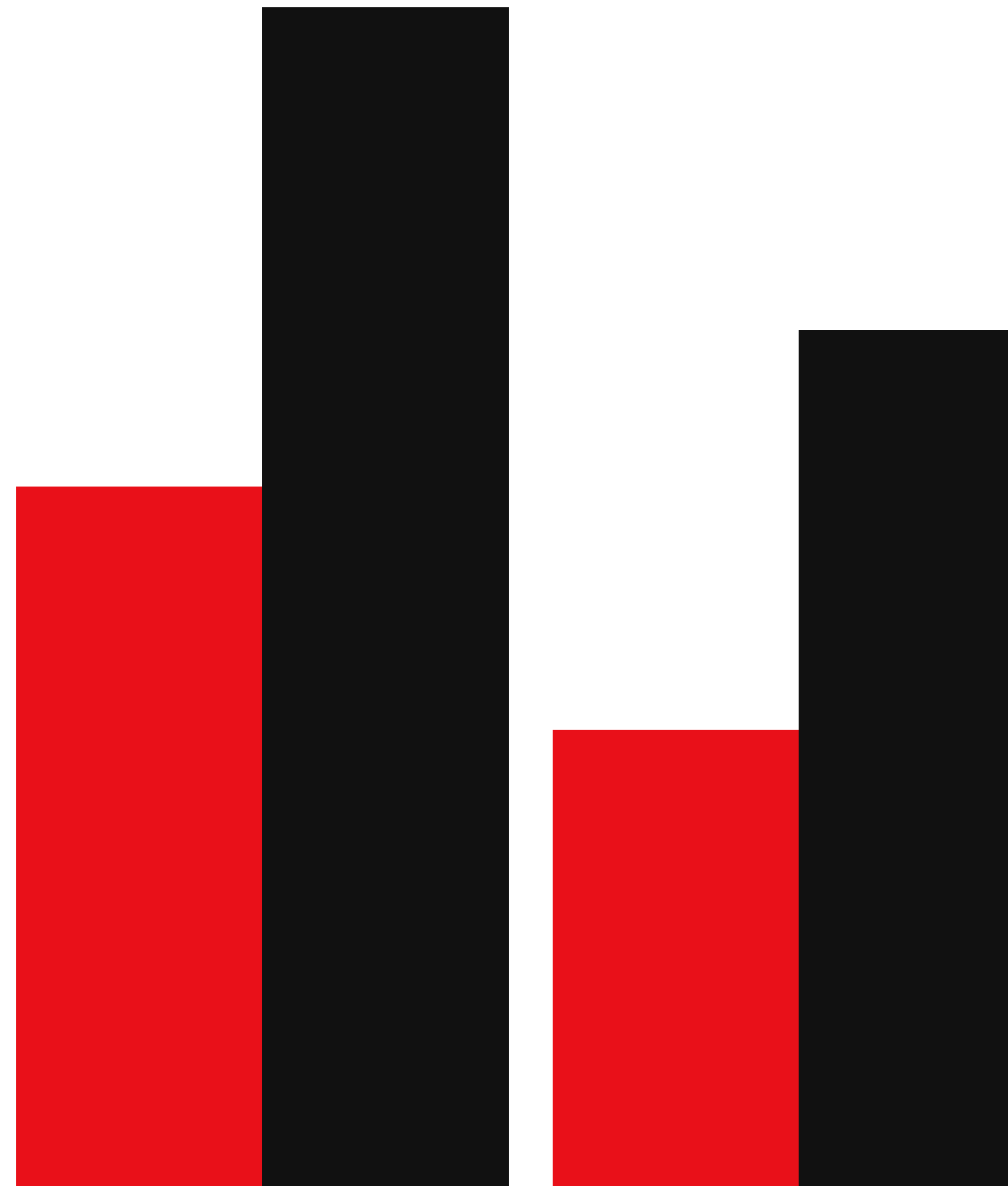
Time spent with podcasts is growing faster than the total number of listeners.

Listeners are aware that podcast ad loads are growing.

Introducing Rochelle Sanchirico, Global Director of SMB Marketing, Spotify Advertising



Q&A Session



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