



## **U.S. Podcast Advertising Revenue Study**

*Includes:*

- *Detailed Industry Analysis*
- *2020 COVID-19 Impact & Growth Projections*
- *2021-2022 Growth Projections (Pre COVID-19)*
- *Full Year 2019 Results*

July 2020

*Prepared by PwC*

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| Megaphone         | Wondery                   |

## **About this Study**

IAB US 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.

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# **US Podcast Advertising Revenue: Executive Summary**



# 2020 US podcast advertising revenue expected to increase by 14.7% despite COVID-19; \$708m (48% y/y growth) in ad revenue reported last year

## 2020 Expected Growth

- With an expected growth rate of 14.7%, US podcast advertising revenues are nearing the \$1b mark<sup>1</sup>
- Q3 and Q4 2020 podcast revenues expected to rebound
- Podcast advertising considered more resistant than other media against COVID-19 for multiple reasons; the channel's agile and flexible format enables a quick shifting of ad messaging; the News genre, which was already favored by podcast advertisers, is seeing greater adoption by consumers in 2020; the already strong podcast ad industry categories, DTC and Financial, are maintaining overall market strength despite COVID-19<sup>2</sup>

## 2019 Full Year Highlights

- Total market year-over-year revenue estimate increased 48% to \$708.1 million in 2019, from FY 2018's total market estimate of \$479.1 million
- News is the leading podcast content genre for US podcast advertisers, capturing 22% of revenues
- Health & Wellness and Home & Appliance are the largest DTC sub-categories
- Host-read ads contributed 66% of podcast advertising revenues in 2019



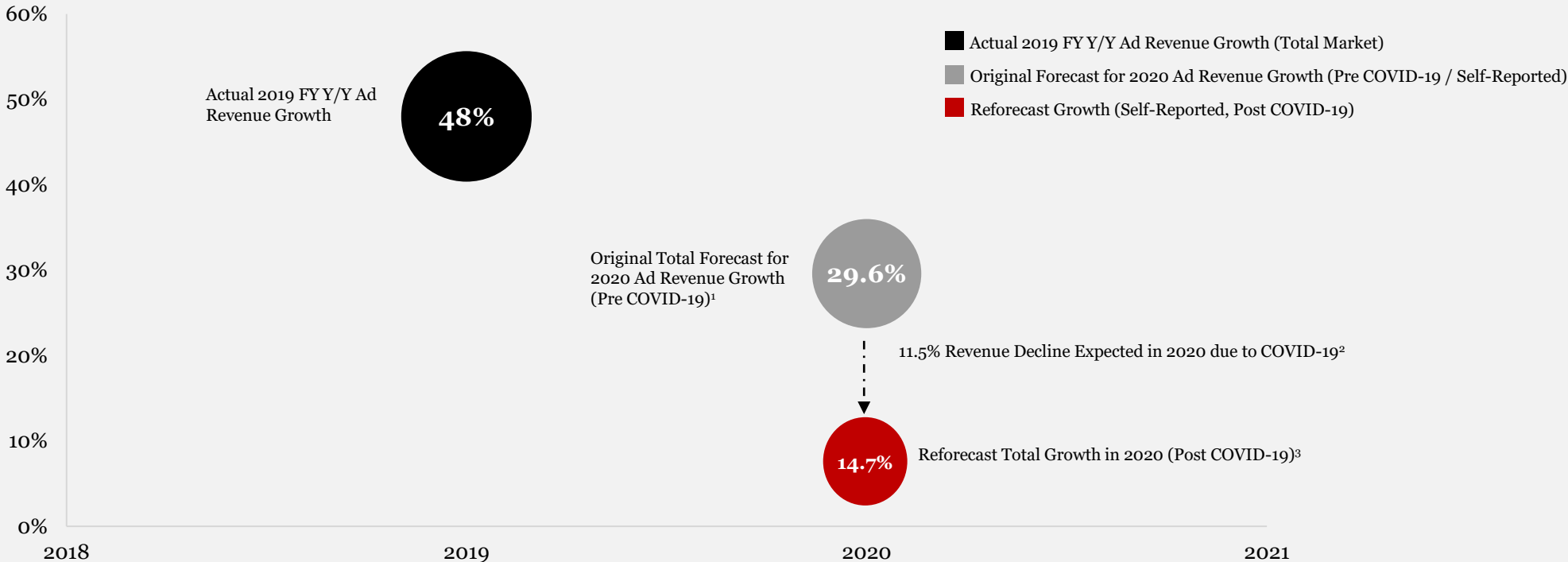
1| See page 8 for detailed calculation  
2| Based on IAB Buy Side Survey data

**US Podcast Advertising Revenue:  
2020 Growth Projections & COVID-19 Impact**



# Despite COVID-19, 14.7% growth expected for 2020 ad revenue

**2020 Forecasted Podcast Advertising Revenue Growth for Self-Reporting Companies**  
(Annual<sup>1</sup> & COVID-19<sup>2</sup> Submissions)

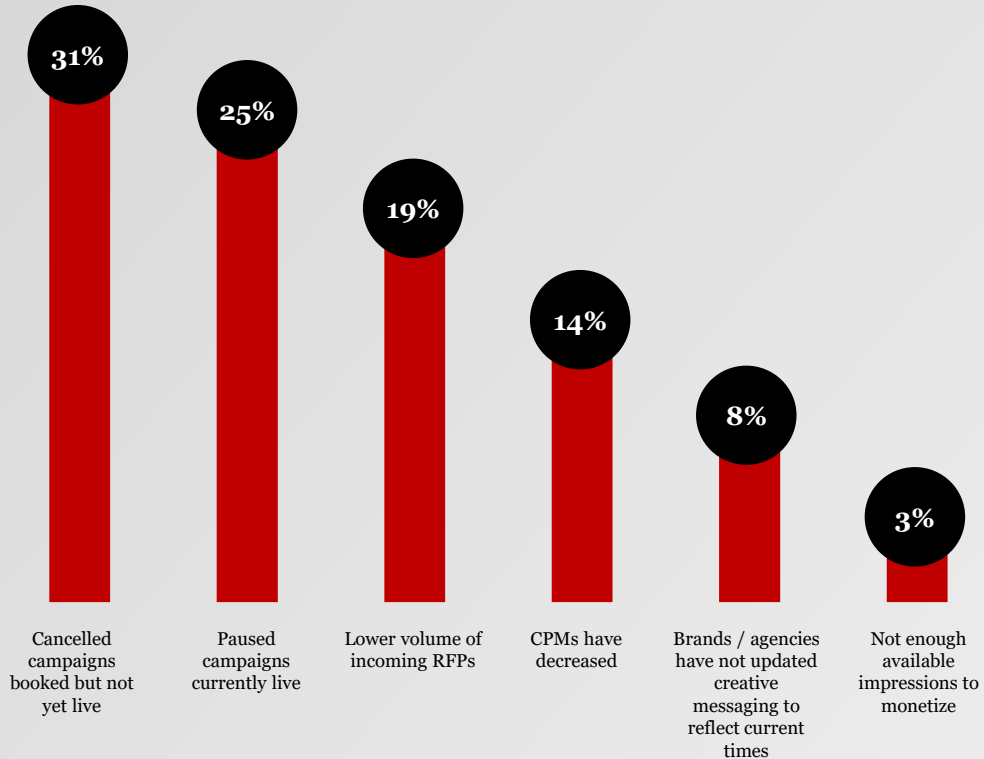


1| Of the 19 companies to self-report revenues in the annual survey, 15 companies provided revenue forecasts for 2020-2022. Based on these responses, forecasted revenues were originally expected to grow 29.6% in 2020. 2021 and 2022 expected growth was excluded from this analysis due to potential impact of data from COVID-19.  
 2| Of the 17 companies to self-report revenues in the COVID-19 impact survey, 15 companies reported impact to 2020 forecasted revenues and expected a cumulative impact of -11.5%.  
 3| Calculated a revised expected growth rate of 14.7% in 2020 using the initial 29.6% growth from the annual survey and 11.5% decline in revenue from the COVID-19 impact survey.



# Cancelled/paused campaigns likely cause for lower revenue Q1-Q2 2020

**Top Reasons for Decreased Revenue Projections in 2020**  
(COVID-19 Submissions Only<sup>1</sup>)

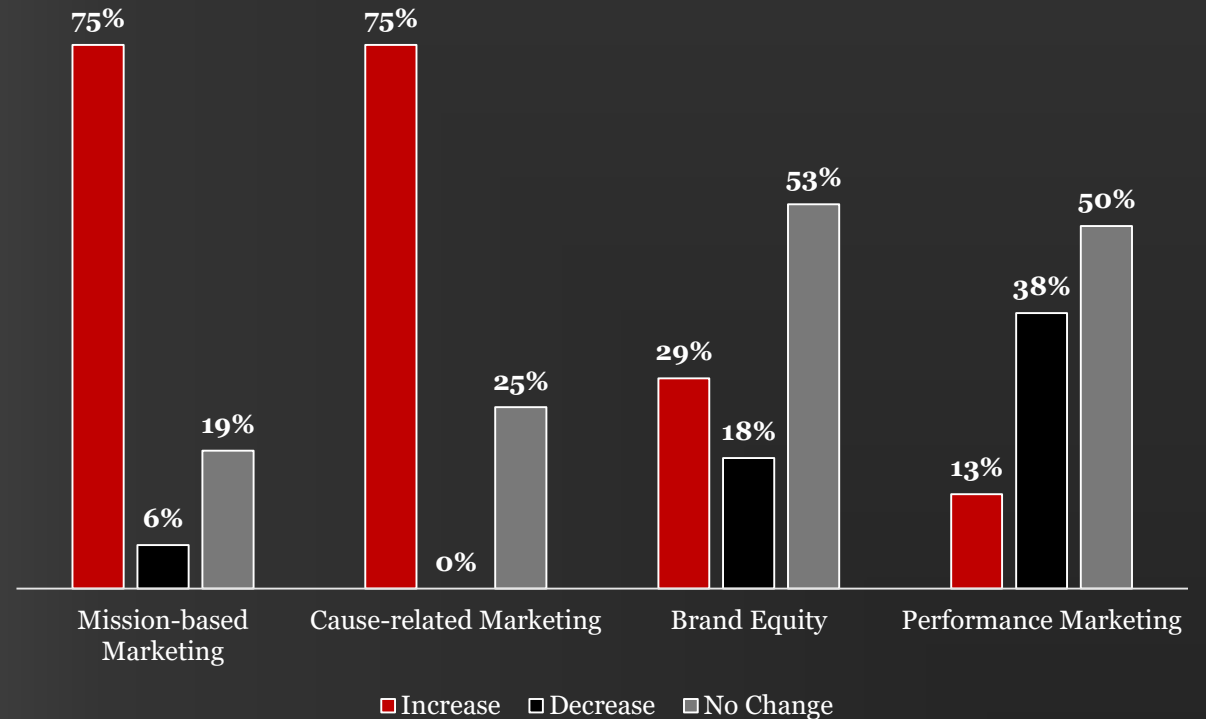


1| Based on 17 COVID-19 submissions (multi-option question)

**Survey Question:** Regarding the month(s) in which you are decreasing your projections vs. original 2020 plan, which of the following, if any, are the primary drivers of those decreases?

# Marketer shift in creative reported in 2020 Q1 and Q2 (away from tone-deaf performance tactics)

**Change in Creative Messaging in 2020 due to COVID-19**  
(COVID-19 Submissions Only<sup>1</sup>)

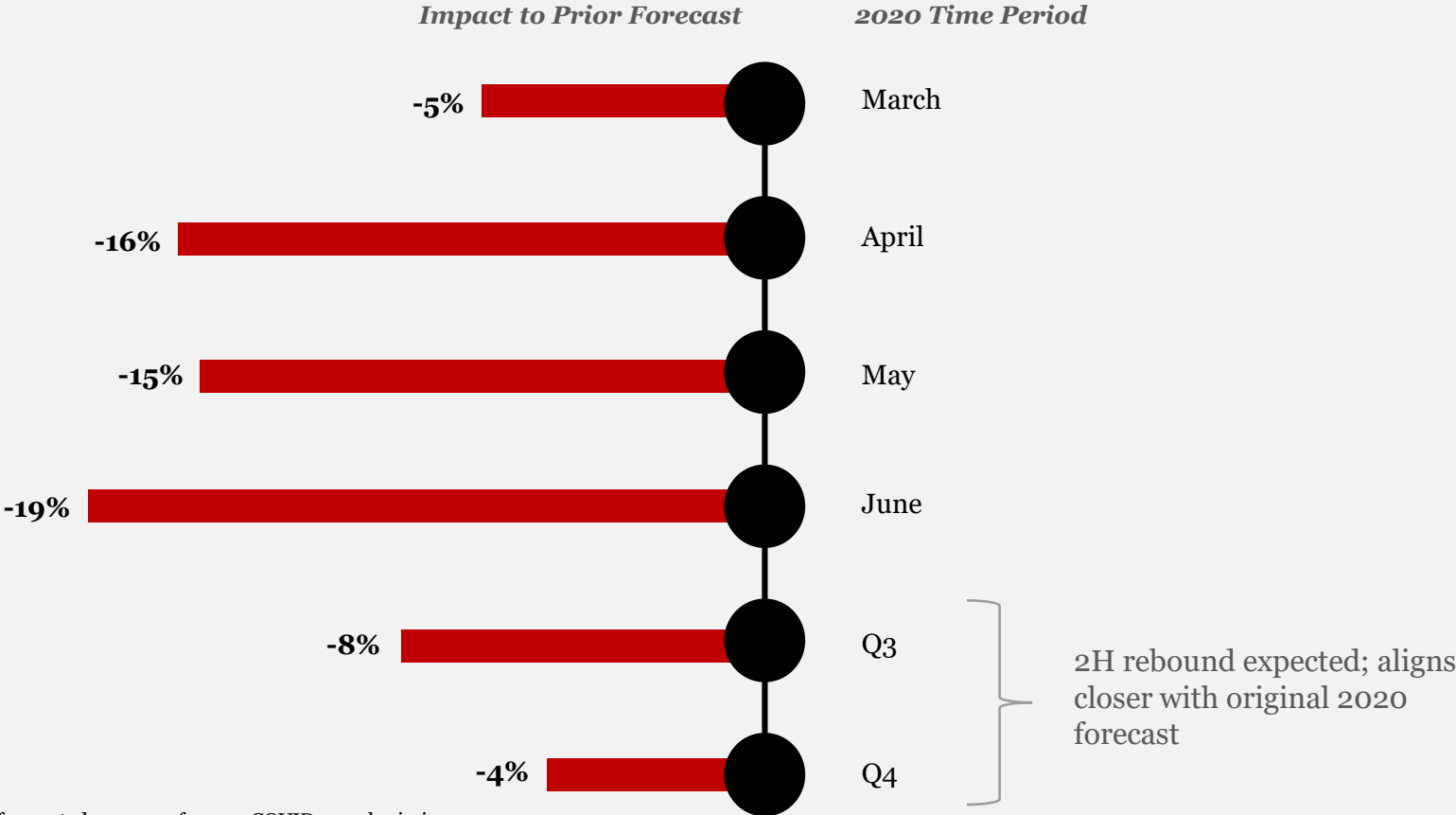


1| Based on 17 COVID-19 submissions

**Survey Question:** Are you seeing an increase, decrease or no change in the volume of creative messaging on behalf of your advertising partners due to the COVID-19 outbreak?

# 2020 revised forecasts show improvement from 1H to 2H

**Average Impact to Prior Forecast for 2020 Podcast Advertising Revenue Growth**  
(COVID-19 Submissions Only<sup>1</sup>, \$ millions)



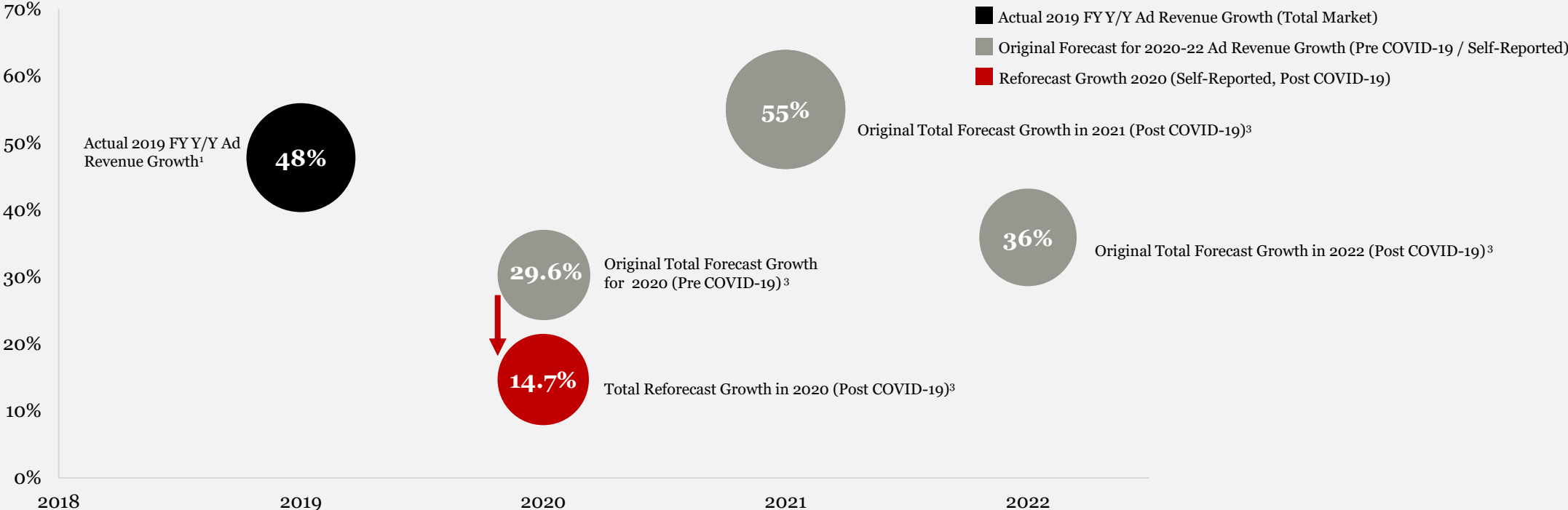
<sup>1</sup> Based on self-reported revenues from 15 COVID-19 submissions

**US Podcast Advertising Revenue:  
2020 – 2022 Growth Projections**



# Pre COVID-19, 2021 and 2022 podcast advertising revenues were expected to grow 55% and 36% y/y

**2020 – 2022 Forecasted Podcast Advertising Revenue Growth for Self-Reporting Companies**  
(Annual<sup>1</sup> & COVID-19<sup>2</sup> Submissions)



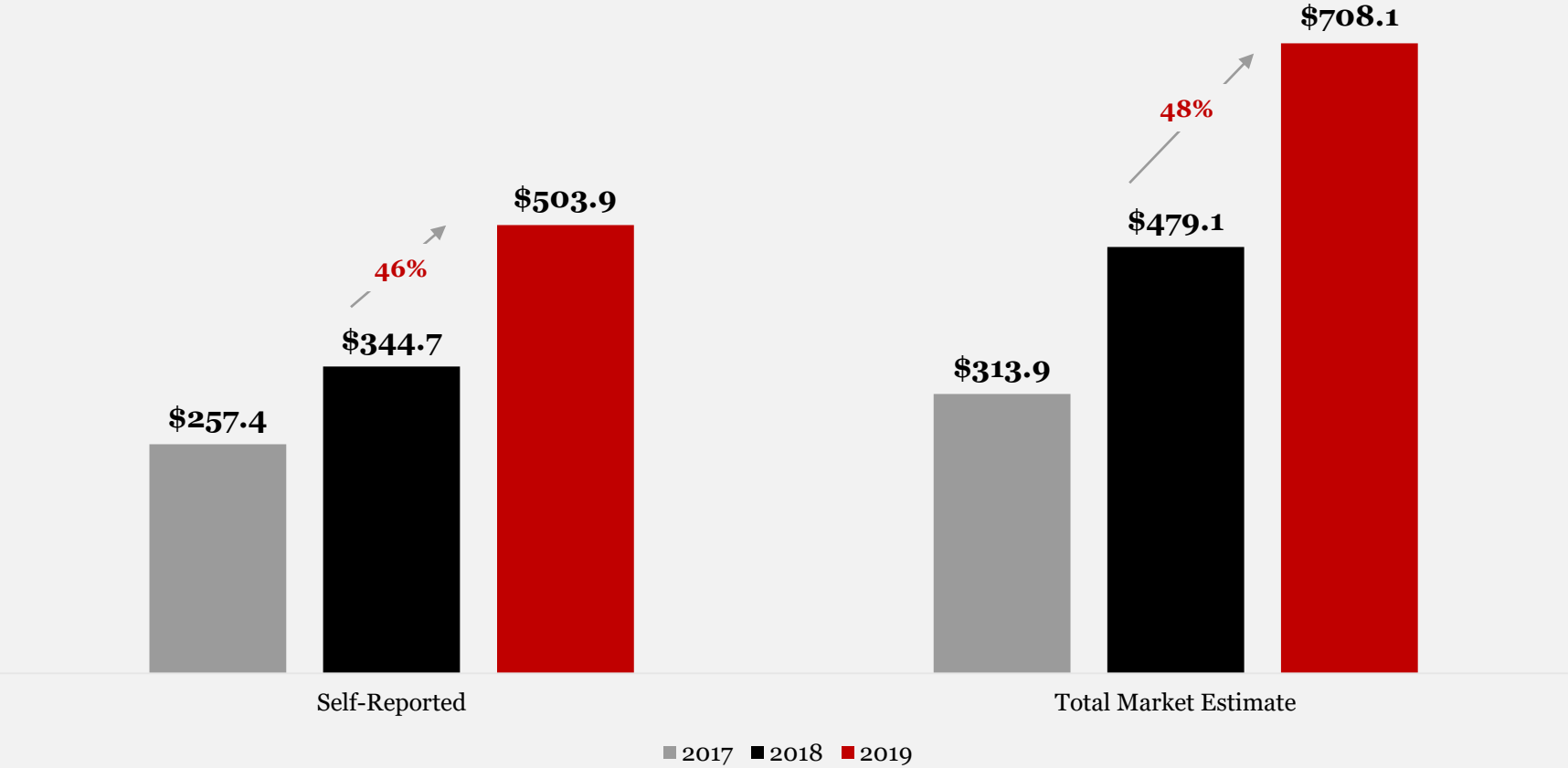
1| Of the 19 companies to self-report revenues in the annual survey, 15 companies provided revenue forecasts for 2020-2022. Based on these responses, forecasted revenues were originally expected to grow 29.6% in 2020, 55.0% in 2021 and 35.9% in 2022.  
 2| 2021 and 2022 forecasted growth was based on self-reported revenues from the annual survey, prior to COVID-19. There was no analysis conducted to confirm the validity of these forecasts for 2021 and 2022. Only 2020 was revised based on the COVID-19 impact survey data.  
 3| Calculated a revised expected growth rate of 14.7% in 2020 using the initial 29.6% growth from the annual survey and 11.5% decline in revenue from the COVID-19 impact survey.

**US Podcast Advertising Revenue:  
FY 2019**



# In 2019, US podcast advertising revenues grew 48% to \$708m

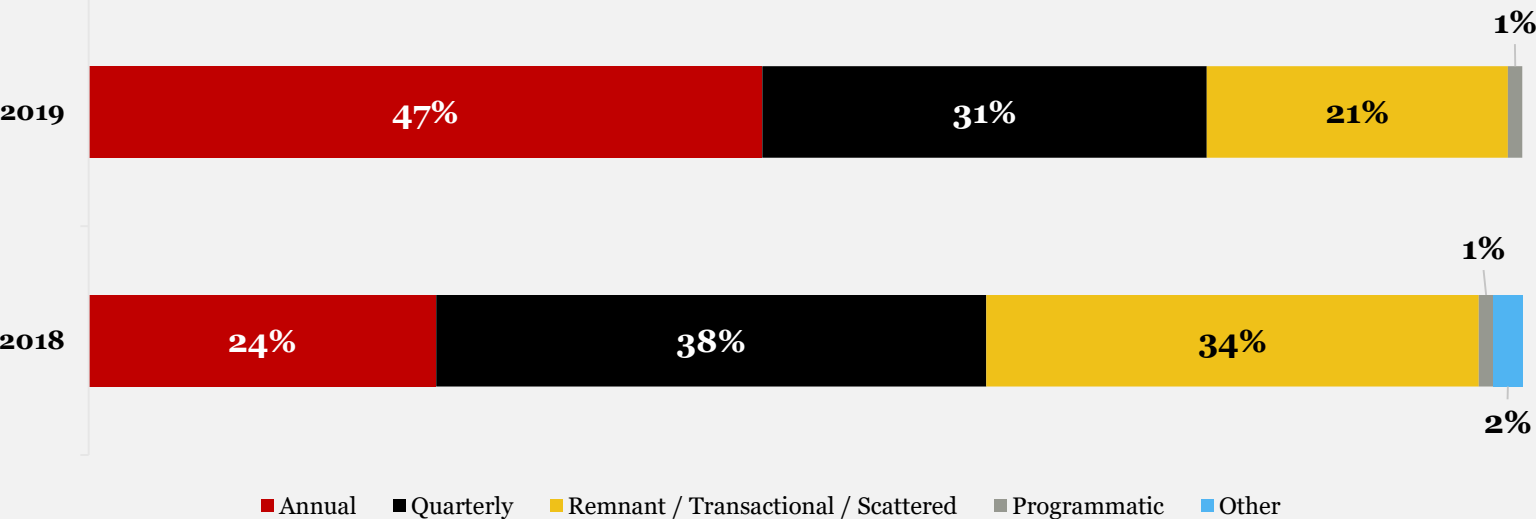
Self-Reported & Total Market Podcast Revenues (2017-2019)  
(\$ millions)



# Shift from a scatter to an annual buy illustrates growth of importance for podcasts in buy-side long-term planning

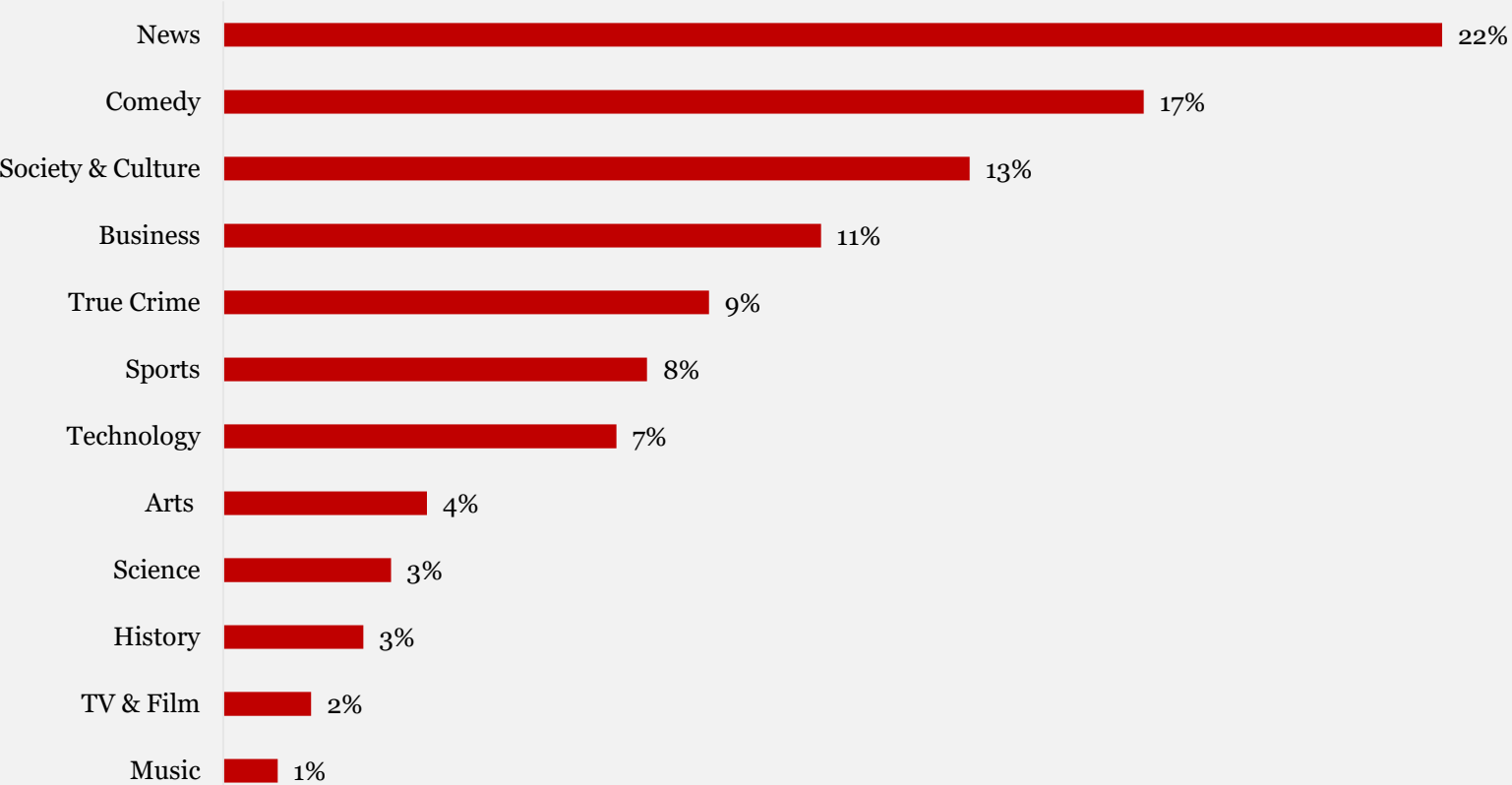
Annual buys doubled to nearly half (47%) in 2019 while scattered advertising declined to 21% of overall buys

**Podcast Advertising Revenues Percentage Share by Buy Type**  
(2018-2019)



# News is the leading podcast content genre for US podcast advertisers, capturing 22% of revenues

**Podcast Advertising Revenues Percentage Share by Content Genre<sup>1</sup>**  
(2019)



<sup>1</sup> Survey options based on Apple podcast categories. Genres less than 1%: Education (.4%), Fiction (.3%), Health & Fitness (.5%), Kids & Family (.3%), Other (.2%), Leisure (.1%), Religion & Spirituality (0%), Government (0%)

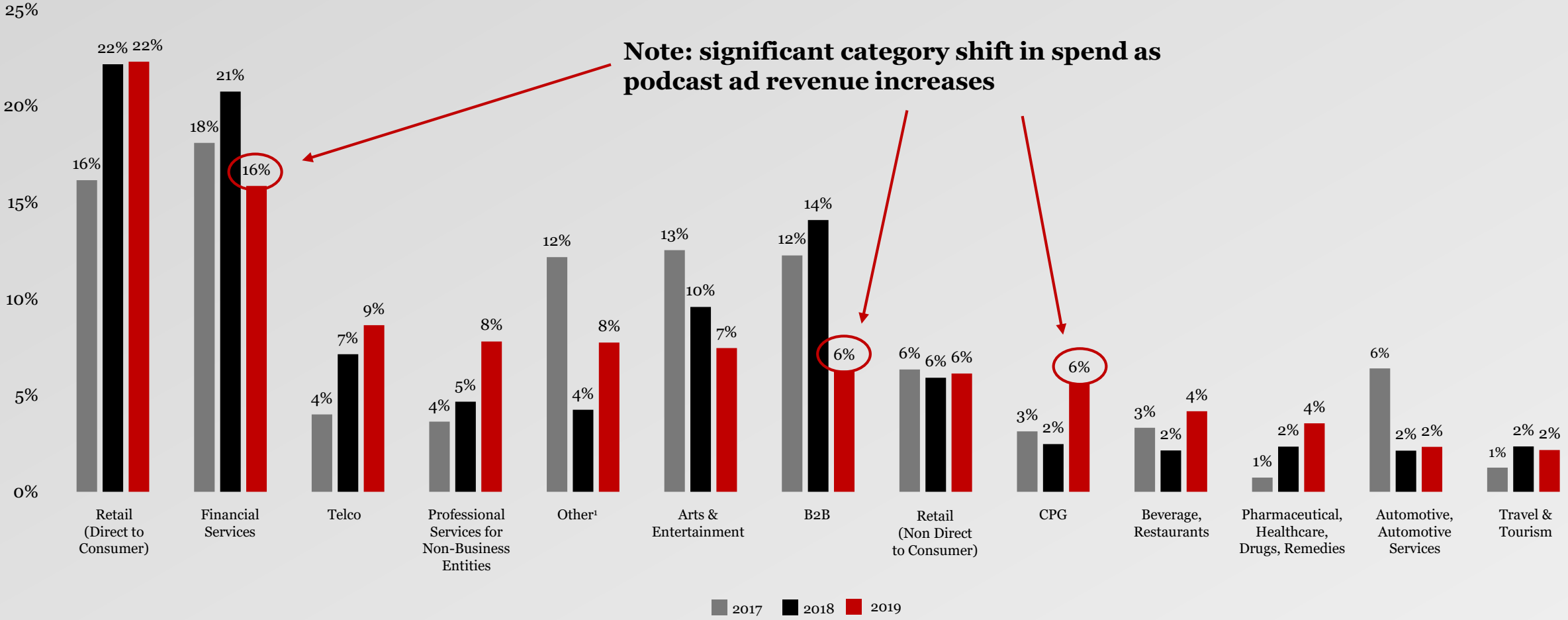


# **US Podcast Advertising Revenue: 2019 Ad Verticals**



# Retail (DTC) and Financial Services continue to dominate podcast ad investment

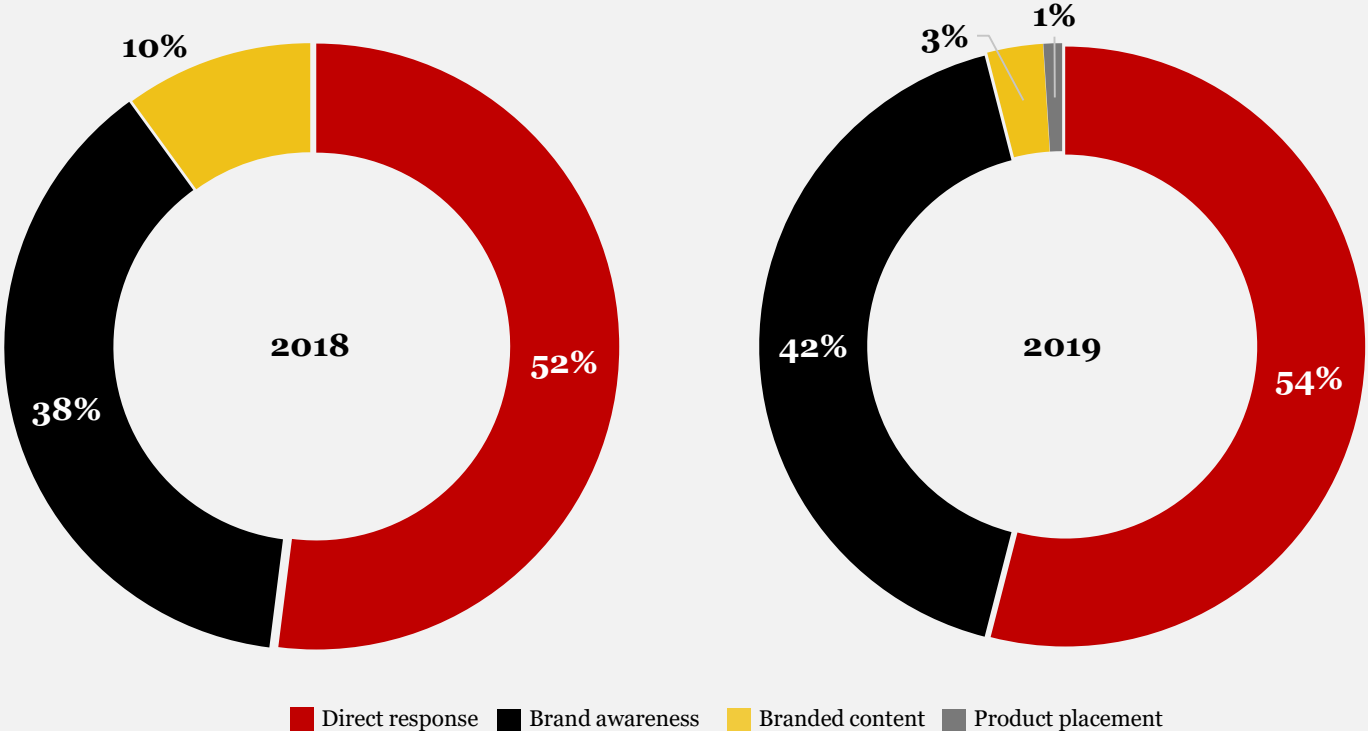
Podcast Advertising Revenues Percentage Share by Industry Category (2017-2019)



<sup>1</sup> Includes Non-Profits, Educational Institutions, Aerospace & Defense Companies, Energy and Technology  
 FY 2019 Podcast Ad Revenue Study, July 2020

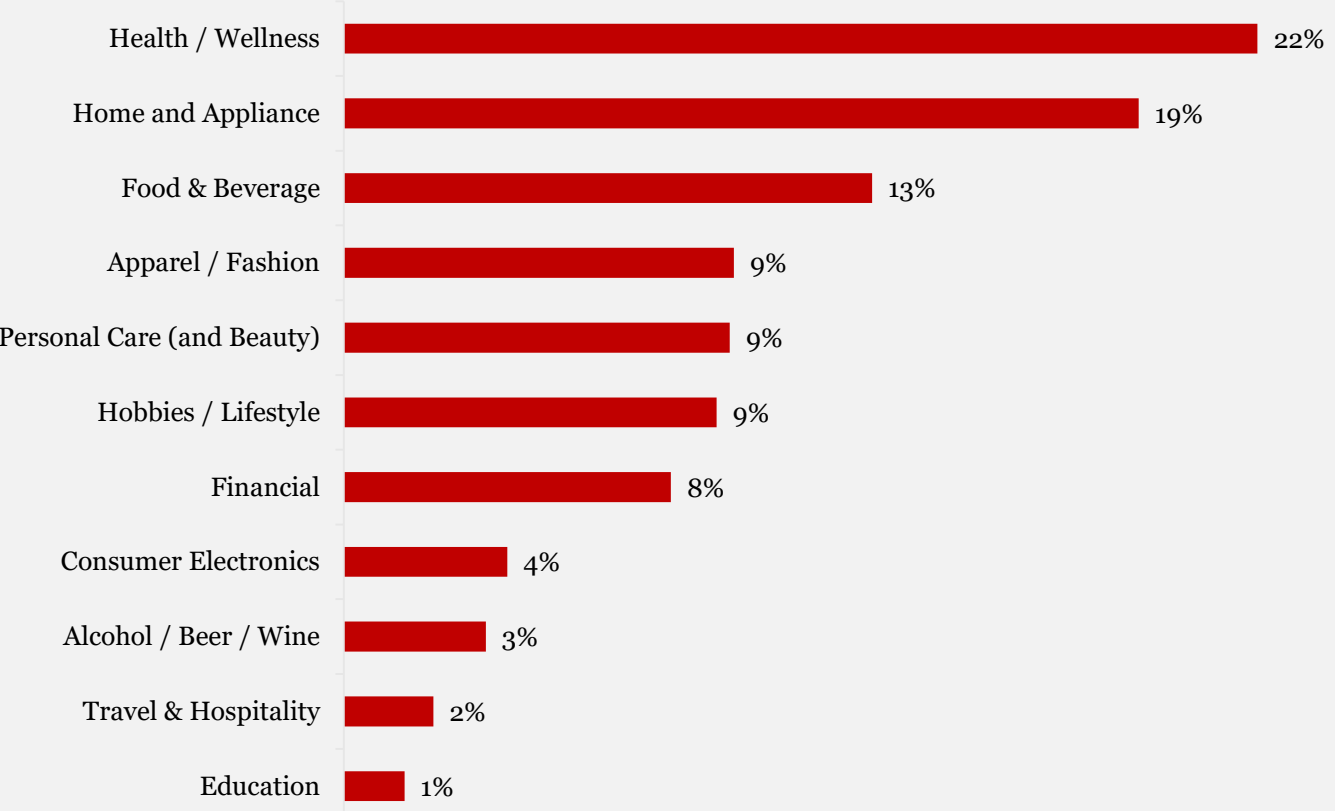
# Direct response advertising represents 54% of podcast ad revenues

Podcast Advertising Revenues Percentage Share by Campaign Type (2018-2019)

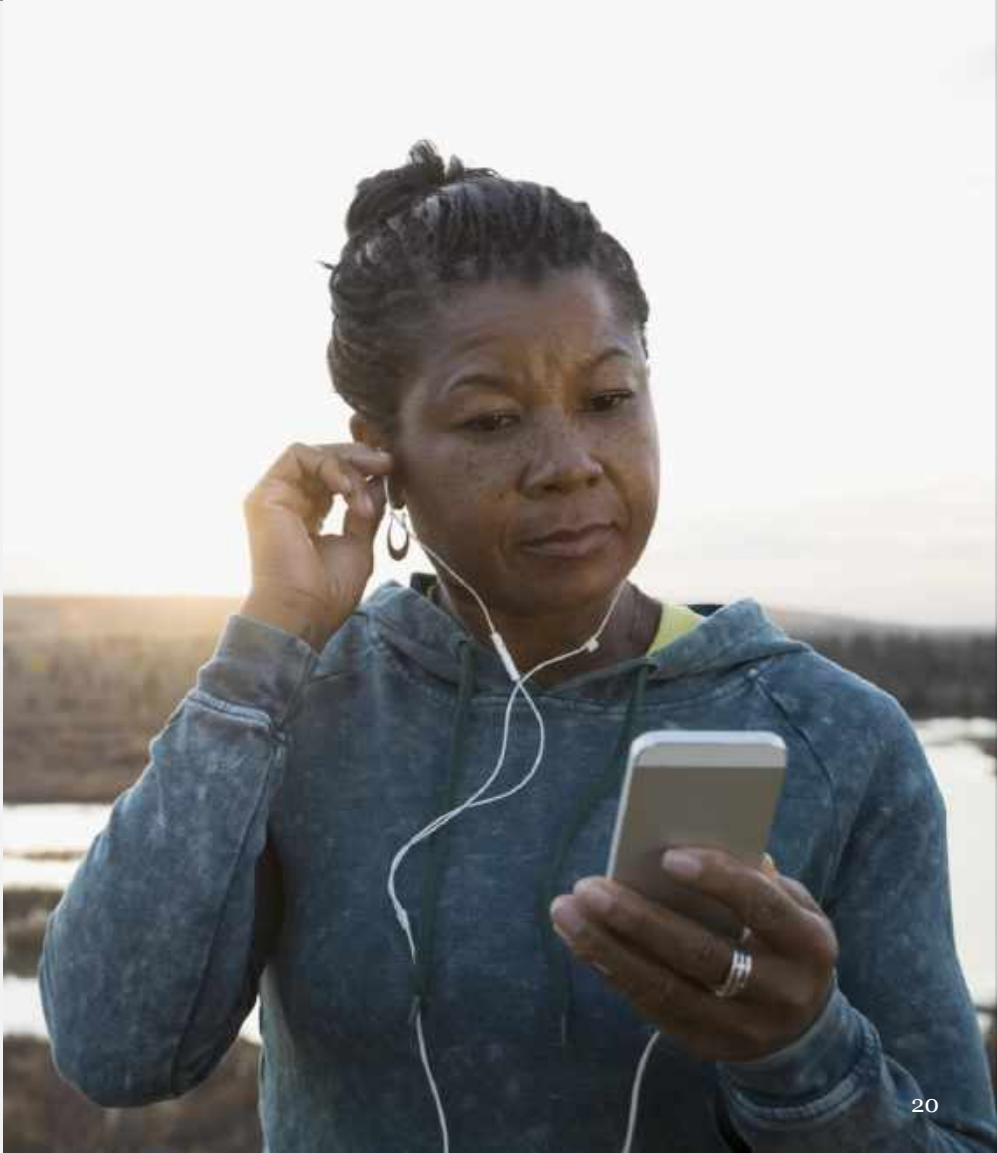


# Health & Wellness and Home & Appliance are largest DTC subcategories

Podcast Advertising Revenues Percentage Share by Direct to Consumer Category<sup>1</sup> (2019)



<sup>1</sup> D2C categories less than 1%: Baby Care / Parenting (.2%), Other (.2%), Pets (.5%)

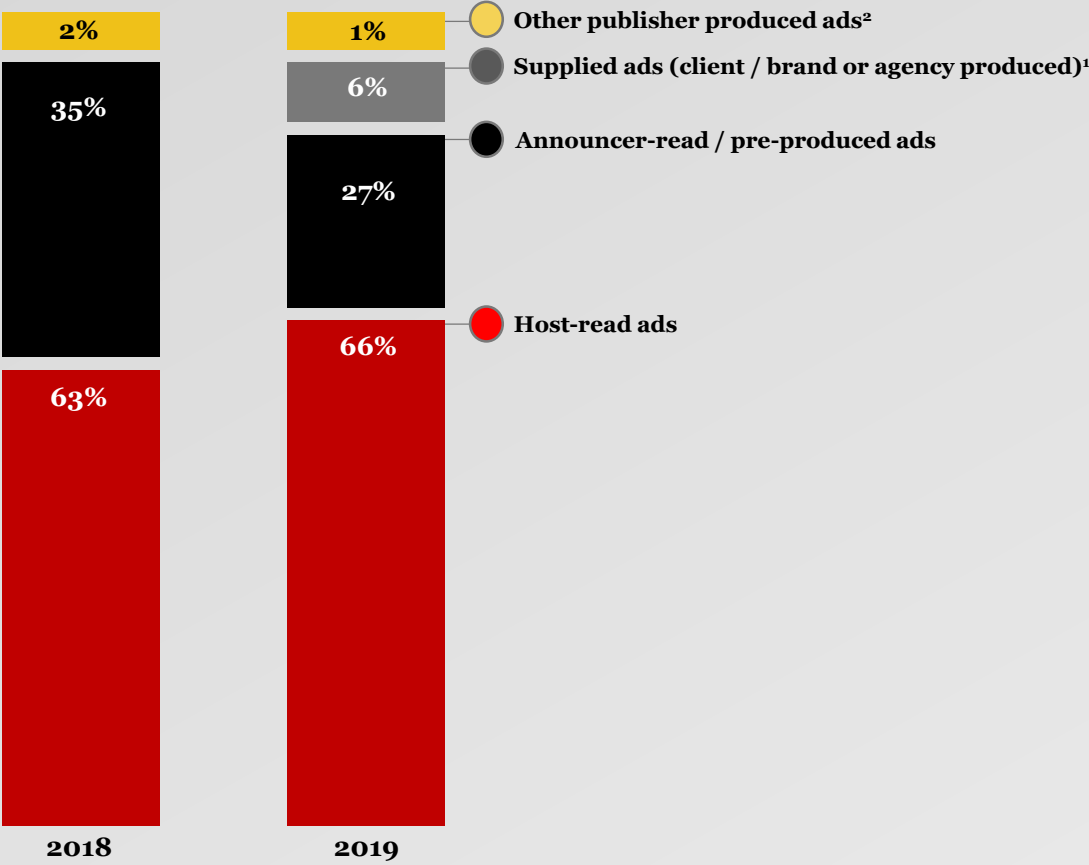


# **US Podcast Advertising Revenue: 2019 Ad Types/Formats**



# Host-read ads favored; supplied ads take share from announcer-read

Podcast Advertising Revenue Percentage Share by Ad Type (2018-2019)

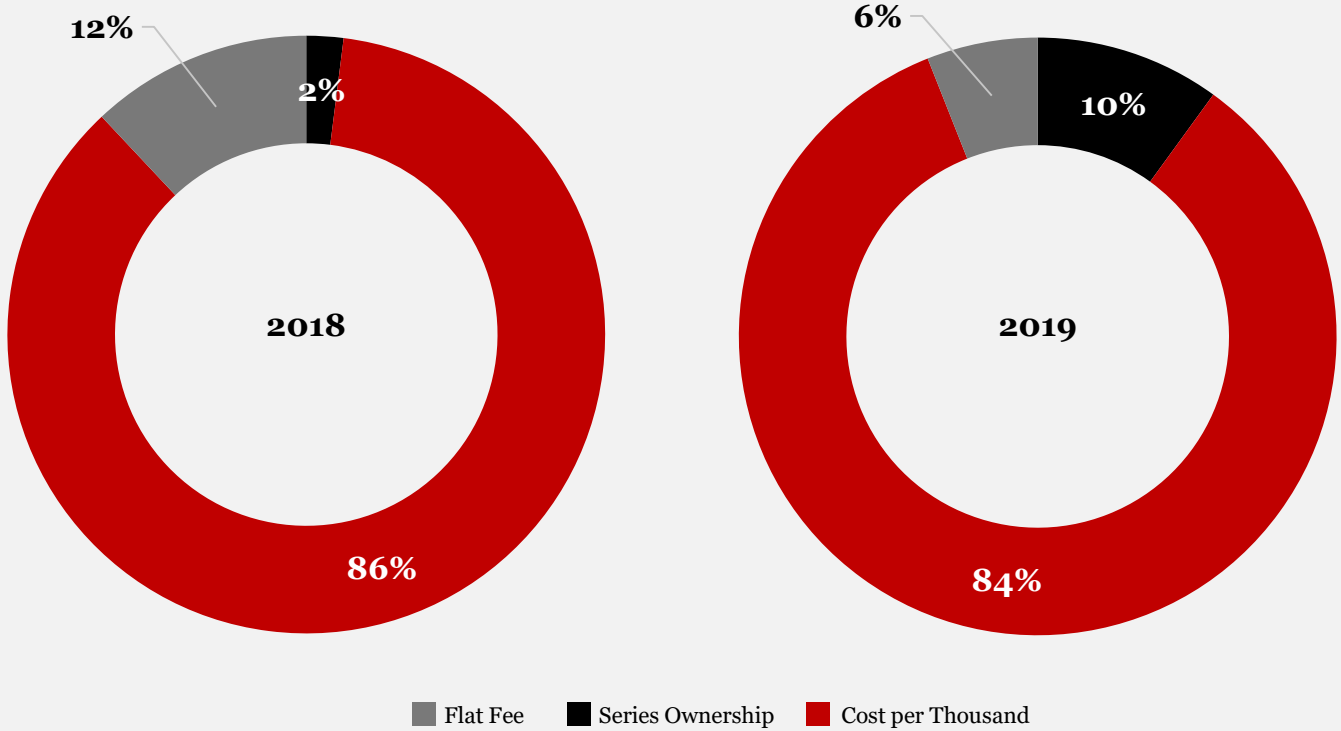


1| Survey option revised from “Supplied Ads (Radio)” to “Supplied Ads (Client / Brand or Agency Produced)” in 2019  
 2| Survey option revised from “Supplied Ads (Non-Radio)” to “Other Publisher Produced Ads” in 2019



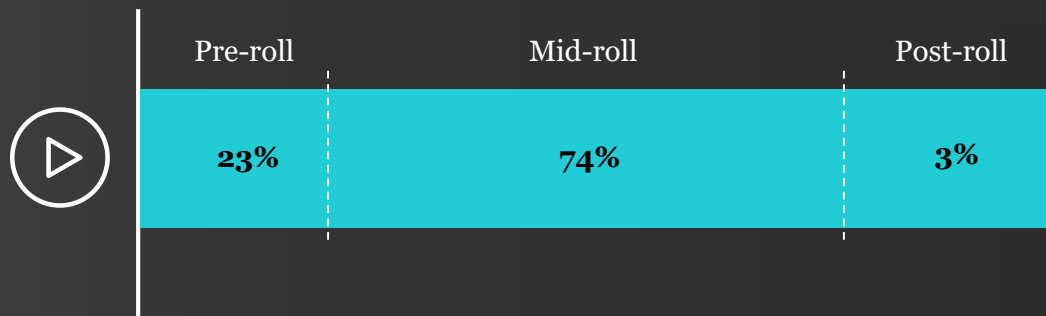
# Share of “Series Ownership” as a pricing model grows to 10% in 2019

**Podcast Advertising Revenues Percentage Share by Pricing Model**  
(2018-2019)



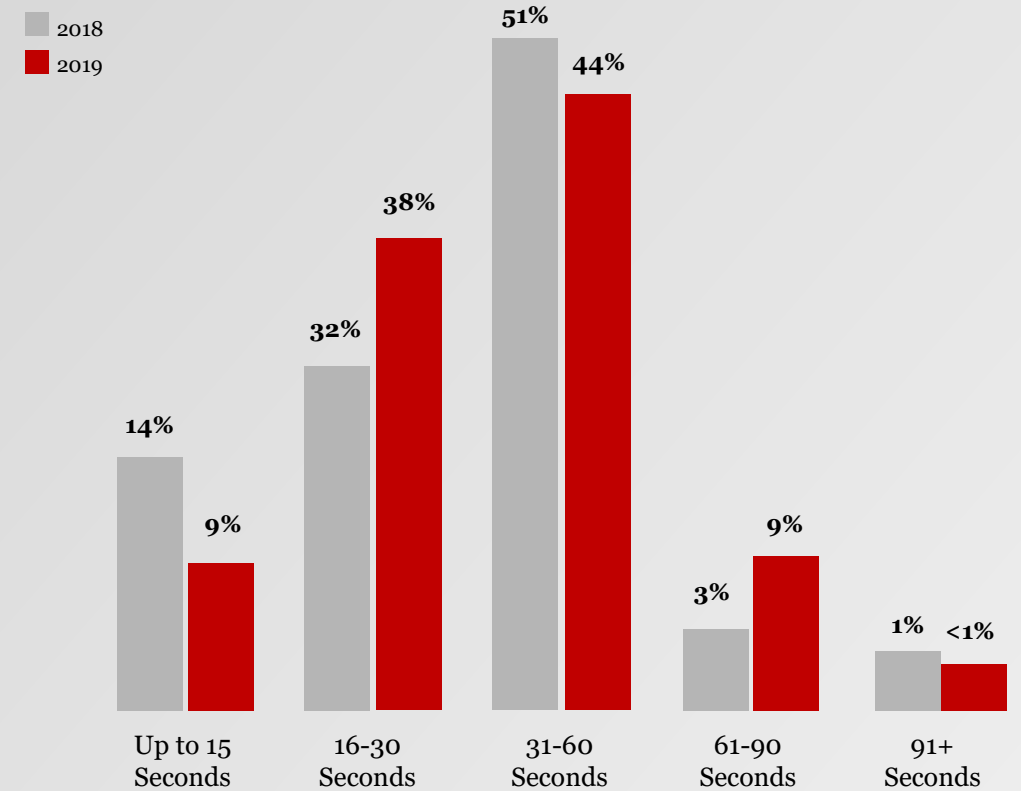
# 74% of ad revenues are generated by mid-roll placement

Podcast Advertising Revenues Percentage Share by Placement (2019)



# 44% of spot lengths are between :31 and :60

Podcast Advertising Inventory Sold by Spot Length (2018-2019<sup>1</sup>)

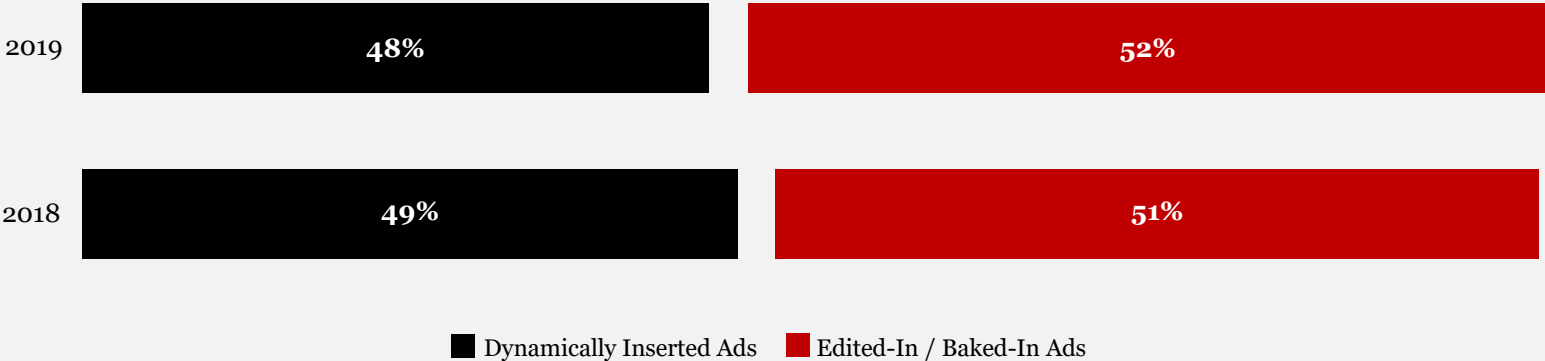


1| 2018 restated based on new data points



# Baked-in ads and dynamically inserted ads remain mainly unchanged

**Podcast Advertising Revenue Percentage Share by Delivery Mechanism**  
(2018-2019)



# Appendix

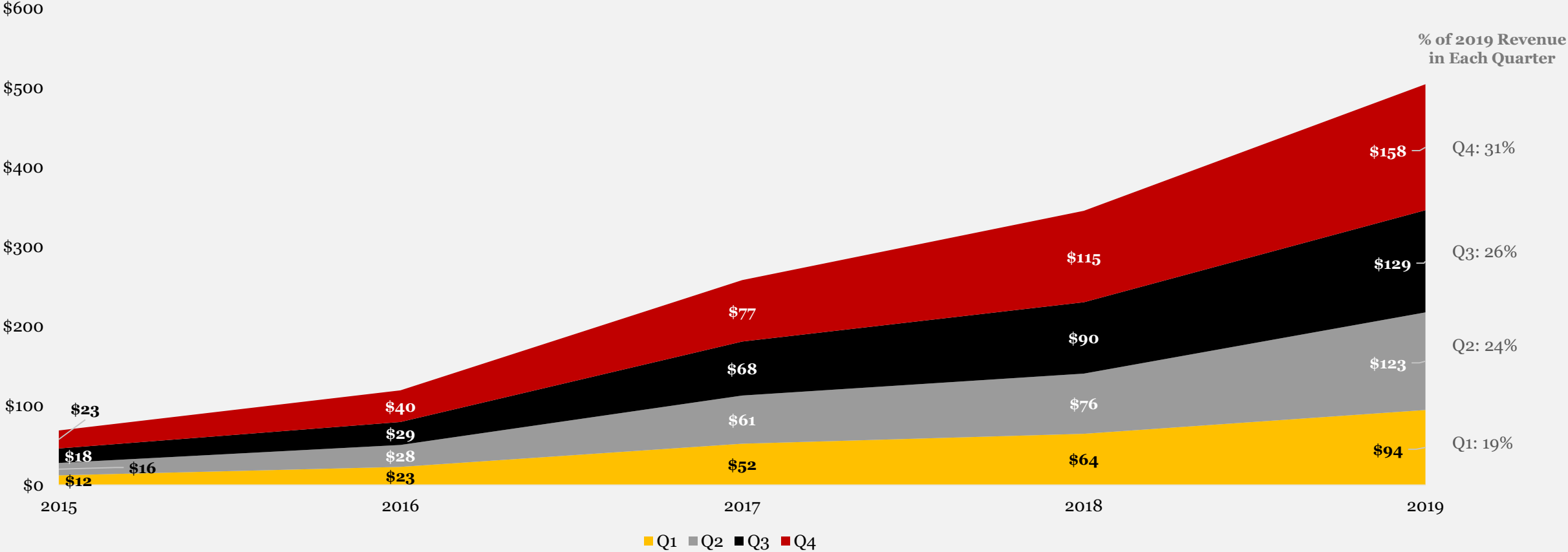


# **US Podcast Advertising: Historical Quarterly Revenues**



# Historically, approx. 1/3 of US podcast ad revenue is generated in Q4

**Quarterly Self-Reported Podcast Advertising Revenues**  
(2015-2019, \$ millions)



# **US Podcast Advertising: Definitions**



# Podcast Advertising Definitions & Survey Options (1 of 3)

Terminology	Definition	Survey Options
<b>Delivery Mechanism</b>	Means by which podcast advertising is inserted into the audience ready audio content	<ul style="list-style-type: none"> <li>• <b>Dynamically Inserted Ads (Automatic)</b> - Ads inserted at the time of file request - download or stream</li> <li>• <b>Edited-In / Baked-In Ads</b> - Ads that are edited or baked into the edited podcast file, as part of the episode content</li> </ul>
<b>Campaign Type</b>	Category of marketing effort that coordinates messaging presented to the podcast audience	<ul style="list-style-type: none"> <li>• <b>Direct Response Ad</b> - An ad that proposes a specific action that is tracked and measured by the advertiser using a unique code or URL</li> <li>• <b>Brand Awareness Ad</b> - An ad that attempts to generate brand awareness. Includes ads which propose a general action that is not tracked using a unique code or URL (e.g. Tune-In Ads)</li> <li>• <b>Branded Content</b> - Podcast content that is paid for by an advertiser and identified as an advertisement</li> <li>• <b>Product Placement</b> - 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</li> </ul>
<b>Ad Type</b>	Method of podcast advertising content presentation	<ul style="list-style-type: none"> <li>• <b>Host-read Ads</b> – Ads read by the host that are native to the podcast's content</li> <li>• <b>Announcer-read / Producer-read Ads</b> - Ads read by announcer or producer that are incorporated into the podcast's content</li> <li>• <b>Other Publisher Produced Ads</b> - Pre-recorded ads that are provided by the podcast publisher or other content producer; i.e., not the client/brand or agency</li> <li>• <b>Supplied Ads (Client/Brand or Agency Produced)</b> - Pre-recorded ads that are provided by the client/brand or agency</li> </ul>
<b>Buy Type</b>	Means by which podcast advertising inventory is procured by the advertiser	<ul style="list-style-type: none"> <li>• <b>Annual</b> - the purchase of advertising based on annual rates / rate card</li> <li>• <b>Quarterly</b> - the purchase of advertising based on quarterly rates / rate card</li> <li>• <b>Remnant / Transactional / Scattered</b> - the purchase of advertising that is availed on an as-needed basis</li> <li>• <b>Programmatic</b> - the purchase of advertising that is facilitated via an automated bidding system</li> <li>• <b>Other</b> - the purchase of advertising not covered by one of the Buy Types listed above</li> </ul>
<b>Pricing Model</b>	Purchase options available to advertisers to accommodate various budgeting strategies	<ul style="list-style-type: none"> <li>• <b>Series Ownership</b> - Price determined based upon cost to exclusively advertise during a series</li> <li>• <b>Cost per Thousand</b> - Price determined based on verifiable podcast downloads</li> <li>• <b>Cost per Acquisition</b> - Price determined based upon pre-defined, verifiable listener action(s)</li> <li>• <b>Flat fee</b> - Price determined based upon pre-defined, static value</li> </ul>
<b>Placement</b>	Placement options available to advertisers	<ul style="list-style-type: none"> <li>• <b>Pre-roll</b> - Ads positioned in the first two minutes of podcast content. Either before the content starts or after a quick intro</li> <li>• <b>Mid-roll</b> - Ads positioned within the podcast content</li> <li>• <b>Post-roll</b> - Ads positioned following podcast content and credits are completed</li> </ul>

# Podcast Advertising Definitions & Survey Options (2 of 3)

Terminology	Definition	Survey Options
<b>Content Genre</b>	Categories of thematic subject matter into which podcast programming may be assigned	<ul style="list-style-type: none"> <li>• Arts</li> <li>• Business</li> <li>• Comedy</li> <li>• Education</li> <li>• Fiction</li> <li>• Government</li> <li>• History</li> <li>• Health &amp; Fitness</li> <li>• Kids &amp; Family</li> <li>• Leisure</li> <li>• Music</li> <li>• News</li> <li>• Religion &amp; Spirituality</li> <li>• Science</li> <li>• Society &amp; Culture</li> <li>• Sports</li> <li>• Technology</li> <li>• True Crime</li> <li>• TV &amp; Film</li> <li>• Other</li> </ul>
<b>Industry Category</b>	Business categories into which podcast advertisers may be grouped	<ul style="list-style-type: none"> <li>• Arts, Entertainment &amp; 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)</li> <li>• Automotive / Automotive Services</li> <li>• Beverage / Restaurants</li> <li>• Business-to-Business (B2B)</li> <li>• Consumer Packaged Goods (CPG)</li> <li>• Professional Services for Non-Business Entities (e.g., Legal and Tax services)</li> <li>• Financial Services (Banks, Insurance, Securities, Mortgages, Financial Services Software)</li> <li>• Pharmaceuticals, Healthcare, Drugs, and Remedies</li> <li>• Retail (Brick &amp; Mortar / eCommerce)</li> <li>• Retail Direct-to-Consumer (companies whose revenue is attained predominantly through E-commerce, e.g., Blue Apron, Warby Parker, Away) Telecommunications (Telephony, Mobile Service Providers, Cable/Satellite TV services, ISPs, Wireless)</li> <li>• Travel and Tourism (Resorts/Hotels/Airlines)</li> <li>• Other</li> </ul>

# Podcast Advertising Definitions & Survey Options (3 of 3)

Terminology	Definition	Survey Options
<b>Direct to Consumer Industry Category</b>	Direct to Consumer business categories into which podcast advertisers may be grouped	<ul style="list-style-type: none"><li>• Alcohol / Beer / Wine</li><li>• Apparel / Fashion</li><li>• Baby Care / Parenting</li><li>• Consumer Electronics</li><li>• Education</li><li>• Financial</li><li>• Food &amp; Beverage</li><li>• Health / Wellness</li><li>• Hobbies / Lifestyle</li><li>• Home and Appliance</li><li>• Pets</li><li>• Personal Care (and Beauty)</li><li>• Travel &amp; Hospitality</li><li>• Other</li></ul>



# Study Scope

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

There were two surveys distributed to podcast companies this year:

1. **Annual Podcast Survey** (19 responses): As in prior years, the annual survey was sent to companies in mid-March to understand 2019 podcast advertising revenues and forecasted revenue growth from 2020-2022.
2. **COVID-19 Impact Survey** (17 responses): A second survey was sent to the same podcast companies in mid-April to understand podcast advertising revenue impacts related to COVID-19 in 2020.

## 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 2020-2022 and impacts on advertising revenue due to COVID-19 in 2020 is based on self-reported data only. Number of responses for this data may vary from total responses if some companies chose not to respond to every question in the survey
- 2019 podcast market sizing 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

# Study Methodology

The methodology employed here is similar to the methodology that has been used to conduct the half-year and 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 two quantitative online surveys with leading industry players, including podcast publishers and ad networks
- Requesting and compiling specific data items, including quarterly net commissionable advertising revenue by delivery mechanism, advertisement type, campaign type, buy type, pricing model, podcast program genre, and advertising business category
- Performing a podcast advertising market sizing in 2019 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 the IAB and PwC

## IAB

The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of 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.

## PwC

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](http://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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