

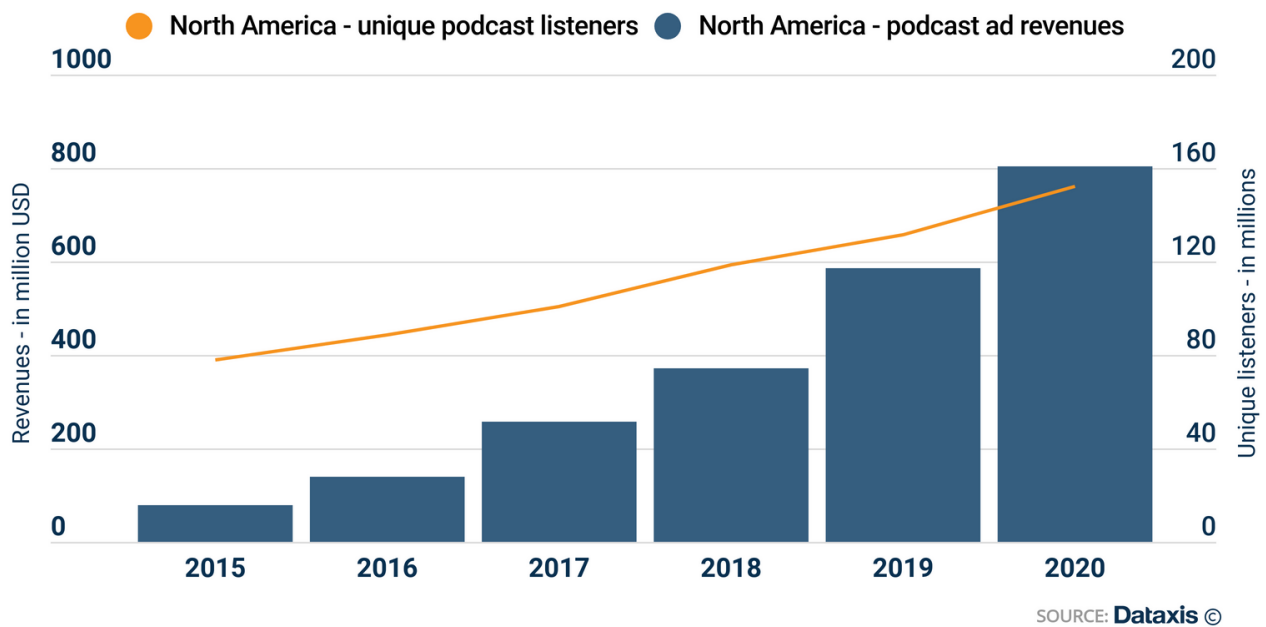
The US podcasting market: the new frontier

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Over the last three years, podcasts have been increasingly highlighted as one of the new hot trends in the Media & Entertainment landscape. In the US, the success of some widely adopted podcasts - The Joe Rogan Experience on top of them, launched in 2009 and now generating more than 190 million downloads per month - paved the way for a multitude of actors, from the biggest media companies to the anonymous individuals. In Europe, the podcast hype started more recently with a growing number of traditional actors and pure players launching their own platforms since 2019.

The podcast audience in the US has been growing fast. In five years, the penetration rate of regular podcast listeners almost doubled in the country, reaching 41% of the population at the end of 2020. In the meantime, the podcasting market generated almost \$800 million in advertising revenues last year.

State of the podcasting markets in North America



Historically, the US podcasting market has been supplied with a strong content offer from traditional publishers: regional and national radio networks such as iHeart, NPR or Audacy (Entercom Radio); from print publishers such as The New York Times or The Wall Street Journal; and from giant horizontal media companies - AT&T through its WarnerMedia and Turner divisions on top of them -, who have started to invest massively in podcasting over the past three years.

If this trend is not brand new - after all, the US has been historically the native land of podcasting, Apple invented the term at the beginning of the 2000's -, a significant shift occurred in 2018. Prior to that year, the US podcasting ad market was already significant, but mainly led by traditional actors capitalizing on the situational annuity granted by the digitalization of their linear radio content, with little investment made in native podcasts. Some independent actors already generated substantial ad revenues, such as Earwolf Podcast Network, PodcastOne, but the premium content offer remained scarce.

From 2018 however, the podcast offer has started to increase dramatically: Spotify accelerated its podcast acquisition strategy, more than tripling the number of podcasts available on its platform each year between 2018 and 2020. At the end of last year, the Swedish streaming giant had more than 2.2 million podcasts available. This acceleration quickly translated into financial results: Spotify generated almost eight times more revenue from podcasts in 2020 than in 2018, reaching \$60 million last year. The same comparison can be made with the major US publishers: the iHeartRadio podcast network almost quintupled its podcast revenues over the same period, Pandora - owned by SiriusXM - also quintupled its revenues, and The New York Times tripled its revenues.

This trend paved the way for a growing number of services which started to aggregate and distribute content through their own platform such as Spotify, Stitcher, Audioboom or PodcastOne.

Simultaneously, a growing number of independent podcasters - mainly individuals - started to launch their own podcasts. Easy to produce and to distribute thanks to RSS feed, this new wave of fresh content has been driving a new market for companies specialized in hosting services for podcasters: podcast hosting, distribution, content production, ad-insertion, statistics or social media sharing. As of today, more than 50 companies are competing within the US podcast hosting market, with Buzzsprout, Cast and Anchor on top of them.

In this increasingly overwhelmed market, some of the major actors have opted for aggressive acquisition strategies. The most emblematic ones are probably SiriusXM and Spotify.

The radio network recently acquired 99% Invisible Inc, a podcast production studio; in 2020 it acquired Stitcher - which already included Midroll Media ad sales service - and Earwolf in July for \$325 million, previously owned by E.W. Scripps, but also Simplecast in June and made a \$75 million investment in SoundCloud in February 2020. Last but not least, the company made a major acquisition in 2018 with Pandora for \$3.5 billion, securing one of the biggest US music streaming and podcast companies, along with AdsWizz, one of the major digital audio advertising platforms on the market.

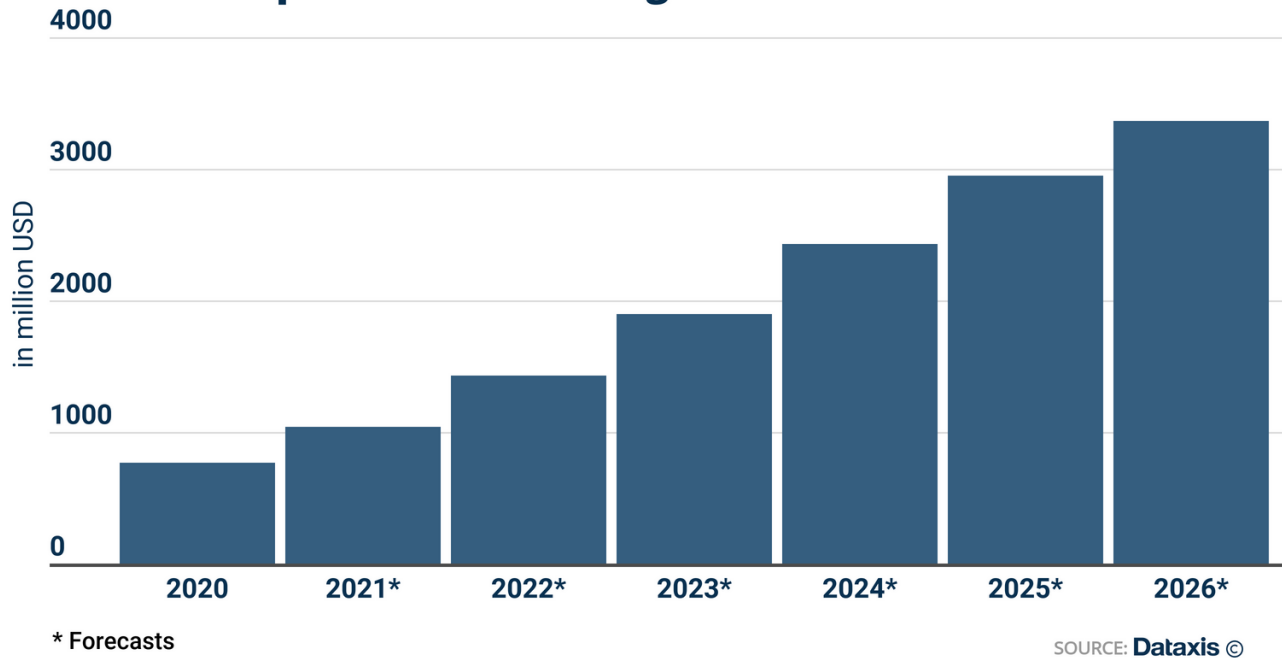
To ease the strategic convergences between its different acquisitions, SiriusXM recently combined all its podcast assets into a new ad sales group, SXM Media, which would gather all resources from SiriusXM, Pandora and Stitcher.

On the other hand, Spotify has been relying on its indisputable domination over the music streaming industry - 155 million premium subscribers and 345 million monthly active users at the end of 2020 - to accelerate its podcast expansion strategy. Over the last two years, the streaming giant acquired Gimlet Media for \$230 million, Anchor - a direct competitor of Sirius' Simplecast - for more than \$110 million, paid \$56 million to acquire true crime studio

Parcast, up to \$196 million for The Ringer, qualified as “the next ESPN” by Spotify CEO Daniel Ek, and numerous other assets including The Joe Rogan Experience, distribution deals with the Obamas’ Higher Ground Production company, or Parcast, a major podcast storytelling studio.

The willingness of companies to spend hundreds of millions of dollars in acquisitions can be explained by the high levels of revenues expected in the podcasting market.


US podcast advertising revenues - forecasts




Dataxis just released a new module dedicated to [audio](#), including [radio](#) and podcast revenues by country and by actor, audiences by country, five-year forecasts, and a comprehensive overview of the competitive landscape, gathering hundreds of actors, from production to distribution. Experts from the industry will gather at the conference [Next Audio](#) taking place on June 17th, to discuss the state of audio markets in Europe covering topics such as the podcast revolution, in-car audio, innovation in public and private radio and the implication of telecom operators in audio streaming.

Thibault **Giry** | Market Analyst

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