

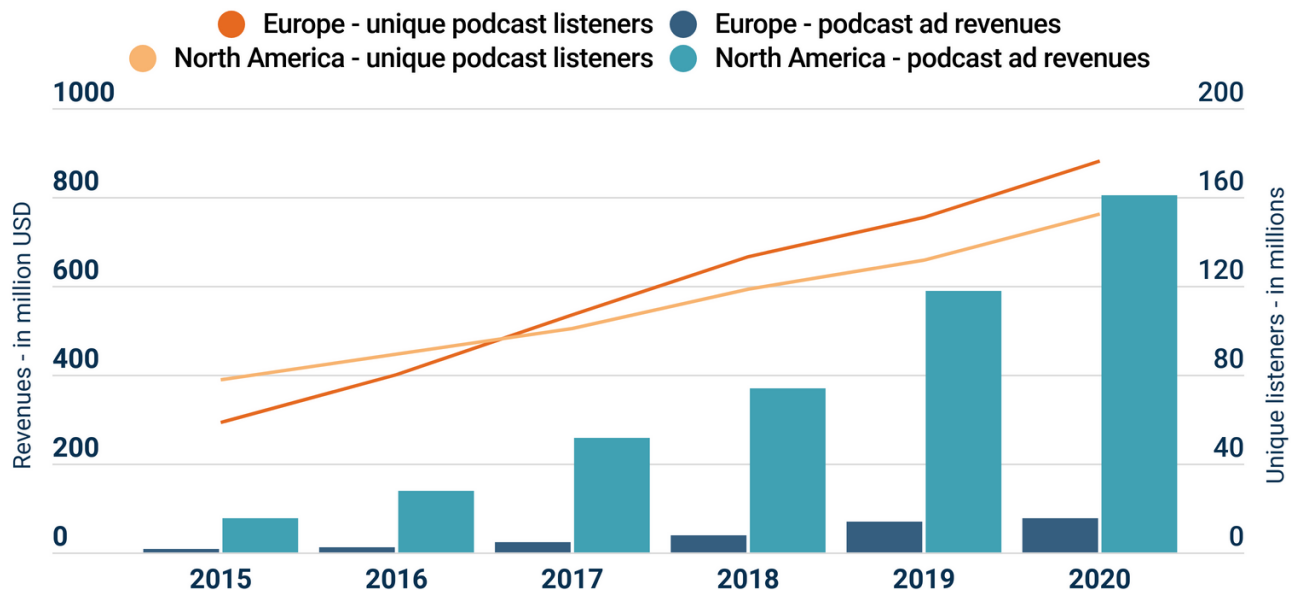
Opportunities in podcast advertising in Europe and the US: a two-tier growth

PRESS RELEASE | 07 June, 2021

In terms of audiences, the two continents have experienced a tremendous growth since 2015. The penetration of podcast listeners in Europe tripled between 2015 and 2020, reaching almost 25% of the European population while in the US, the penetration rate almost doubled in the same period, reaching 41% at the end of last year.

But despite similar audience figures in volume, the state of podcast monetization remains far more advanced in the US. In fact, while the podcast industry in the US generated almost \$800 million in advertising revenues last year, the whole European continent generated only \$75 million. Hence, a US listener generated twelve times more revenue than a European listener on average.

State of the podcasting markets in Europe and North America



SOURCE: Dataxis ©

Over the last few years, the US market has been increasingly aware of the high potential of podcast advertising, and the pandemic even accelerated the pace. A plethora of studies has emphasized the high retention rate of podcasting and its capability to engage audiences. Even better, a recent study ordered by Cumulus Media, noted that "Listeners feel podcasts are under-commercialized: Weekly podcast listeners are comfortable hearing ads and the more time they spend with podcasts, the more ads they will accept". In a nutshell: "Podcasts have the greatest ad attentiveness compared to other media". During the 2021 IAB Podcast Upfront, Adswizz revealed that 72% of pure podcast campaigns drove consumers to make a purchase.

A growing number of independent ad sales companies has followed this trend, with some success. Hence, the Swedish company Acast managed to increase its footprint both in Europe - leading the podcast advertising market in the continent - and in the US.

But if the US podcast ad market has been thriving, the European market has faced a slower growth. In fact, apart from the UK, it has almost stagnated.

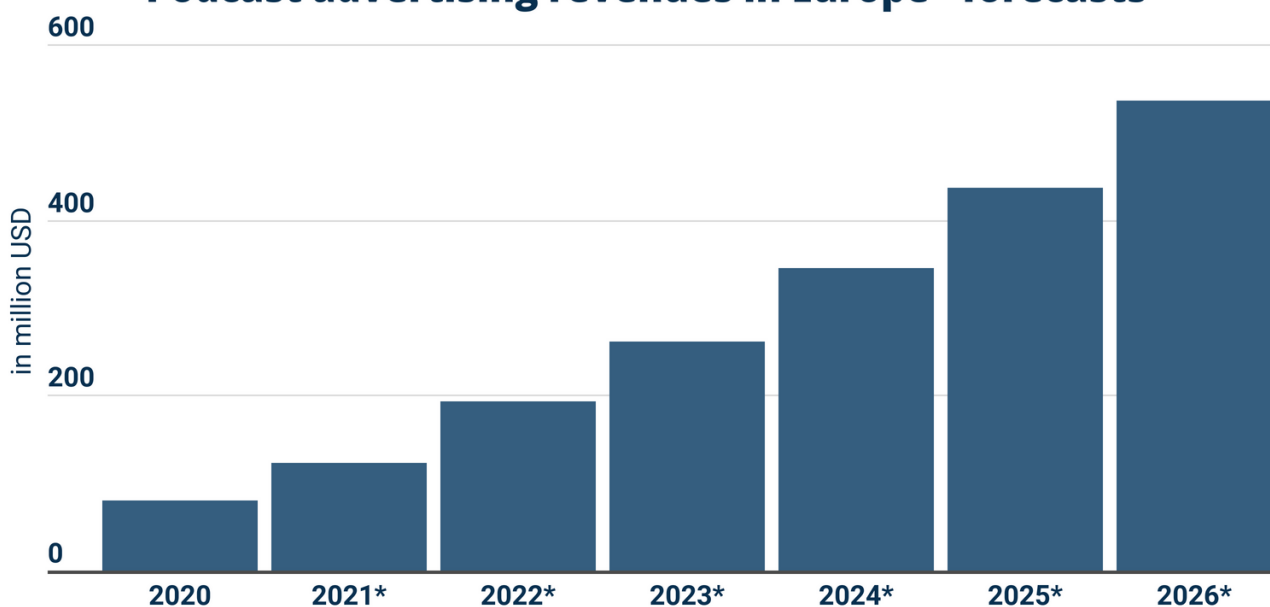
Among the different factors explaining this tardiness, the lack of original content in local language curbed the global adoption of podcasting and thus the advertising opportunities until very recently. Contrary to the US, where the content offer has been diversified for years, the majority of the podcasts available in Europe are in fact catch-up content from Radio networks' libraries, while the native podcast offer has remained scarce until very recently. Moreover, a significant share of this catch-up content comes from public broadcasters, which generate little or no revenue from advertising: while the NPR network generated \$50 million in the US last year, we estimate that Radio France generated only a few hundreds of thousands of dollars in France from podcasting.

Contrary to the other European countries, the UK is already in an advanced situation in terms of monetization. More than 30 actors are now competing in the podcast market: Spotify, Acast and Audioboom are the major ones on the platform side, while the biggest publishers are The Guardian, the BBC - the biggest in terms of content productions, but generating no ad revenue - and The Economist. Some of the major US actors recently made their first move in the country: in July 2019, Stitcher and Wondery announced they would join forces to create Podfront UK, a new podcast marketplace to allow brands and advertisers to buy premium advertising inventory into selected podcast shows in the UK. Hernan Lopez, CEO of Wondery, stated at that time "Our shows are resonating with audiences in the UK, with two of them reaching No.1 on Apple Podcasts so far in 2019", confirming that the British market was booming.

But despite a low monetization in the continent, the podcast offer has grown fast in numerous countries. In Sweden there were 89 podcasts produced by the major publishers in the country in 2017, according to poddindex Sweden. By the end of 2020, this figure skyrocketed to 356. During the same period, the listening figures for Sveriges Radio and Podspace more than tripled.

This growth has been accompanied by a number of regional initiatives from traditional actors. In 2020, Bauer Media launched Podplay in some of the Nordic countries to accelerate its podcasting strategy, while RTL launched Audio Now in Germany in 2019 and in France in 2020. Radioplayer, iVoox in Spain or Global Player in the UK are other examples demonstrating the dynamism of the European market.

Podcast advertising revenues in Europe - forecasts



* Forecasts

SOURCE: **Dataxis** ©

What to expect in the future then? In terms of monetization, the European path might be different from the US one. In the next five years, the US market will consolidate its advertising space, and we expect the podcast ad revenues to more than quadruple between 2020 and 2026.

While remaining a niche model so far, a podcast subscription model could emerge: several platforms already offer premium subscriptions such as Luminary, Himalaya, Wondery or PodcastOne, but the launch of an Apple Podcast subscription could be the game-changer the industry needed to impulse the subscription trend.


With hundreds of podcast platforms, dozens of production studios and many more ad-sales and hosting companies, consolidation can be expected, especially in the US, where few actors are capturing a growing share of the advertising revenues.

In Europe, Spotify and Acast are already well positioned to increase their footprint, but national broadcasters can also rely on their long-time expertise in terms of audio production.


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.

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