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U.S. Podcast Advertising Revenue Study

Full-Year 2021 Results & 2022-2024 Growth Projections
May 2022




pwc

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Foreword

U.S. podcast advertising revenues surpassed the \$1 billion mark in 2021 for the first time (to \$1.4B), as it continues to be one of the fastest growing channels in digital media. With 72% growth, podcast advertising grew twice as fast as the total internet advertising market which was up 35% YoY per the 2021 PwC / IAB Internet Advertising Revenue Report.

Podcasting's explosive revenue growth in 2021 was fueled by:

- A continually expanding user base consuming a growing library of engaging and diverse content
- Advertisers increasing their use of seamless, automated digital ad delivery functionality—particularly dynamic ad insertion
- Increased ad spend by existing and new advertisers across multiple ad industry categories

As the amount of content and number of users grow, along with advertiser demand, the podcasting industry will evolve with these developments by the greater implementation of brand safety/suitability tools, advanced, data-driven audience targeting, and ad effectiveness solutions.

This sixth annual **IAB U.S. Podcast Advertising Revenue** study, prepared for IAB by PricewaterhouseCoopers LLP (“PwC”), quantifies the annual podcast advertising revenues generated over the past year, outlines key podcast trends, and forecasts future revenues through 2024.

- **For publishers:** This study provides the data necessary to help the sell-side benchmark revenue performance against the industry while identifying potential monetization opportunities at the ad category, ad-type, ad-delivery, content levels, among other areas.
- **For ad buyers:** The results offer insights into the latest opportunities available for podcast ad investment and sponsorships.
- **For ad tech and data companies:** The study can be leveraged to market-size the industry and identify opportunities to bring solutions to the space across measurement and ad-delivery.

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Executive Summary

For the first time ever, the podcast advertising market surpassed \$1B in 2021

- Revenues increased 72% YoY to \$1.4B and are forecasted to exceed \$2B in 2022 and almost triple by 2024 to over \$4B.
- Revenues continue to grow faster than the total internet advertising revenue market – up 72% YoY vs. 35%.*
- Podcast advertising categories are diversifying: the “Other” category—which contains an increasing number of ad categories with lower spend—more than tripled share in just two years.
- As advertisers demand surged, pre-roll advertising increased its share of revenue to 32% from 22% in 2020.

Investments in ad tech made podcast advertising more digitally-enabled, expanding its capabilities and value for advertisers

- Dynamic ad insertion expanded to 84% of ad revenue, almost doubling in 2 years. Both host-read and announcer-read ads are largely being served via DAI (84% and 85%, respectively), creating greater scale, flexibility, and targetability for advertisers.
- Announcer-read ads continued to grow its share of ad revenue to 40% from 35% in 2020 as it enables efficient ad creation and deployment.



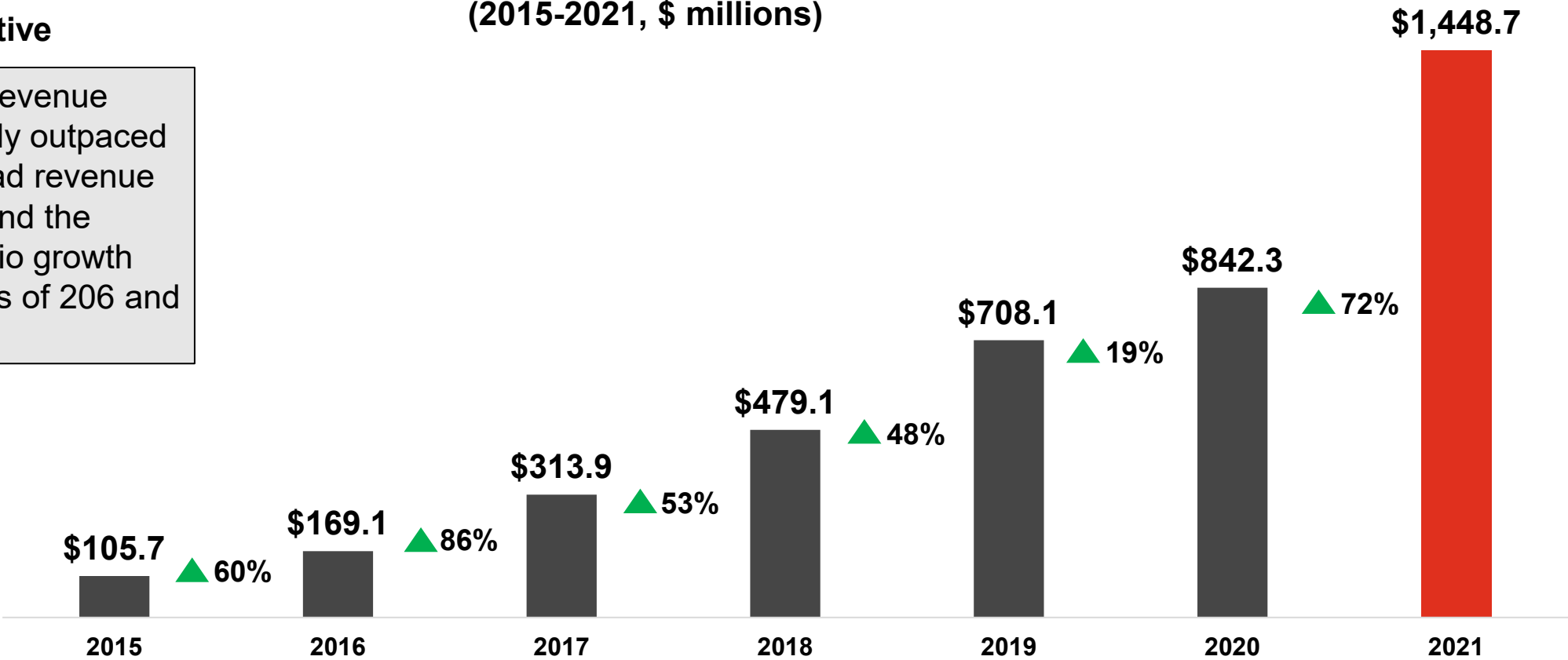
U.S. 2021 Advertising Revenues & 2022-2024 Growth Projections

Powered by significant growth (up 72% YoY), podcast ad revenues eclipsed \$1B in 2021

Perspective

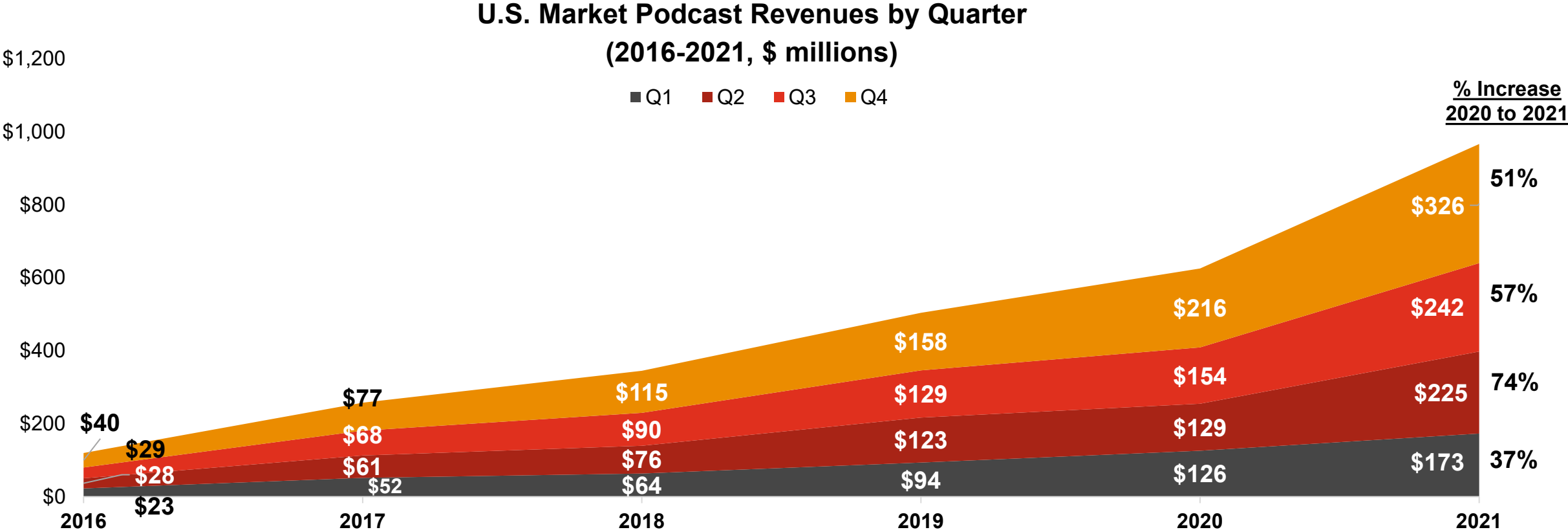
Podcast YoY ad revenue growth significantly outpaced the total internet ad revenue growth (+35%*) and the overall digital audio growth (+58%*) – indexes of 206 and 124, respectively

U.S. Market Podcast Revenues
(2015-2021, \$ millions)



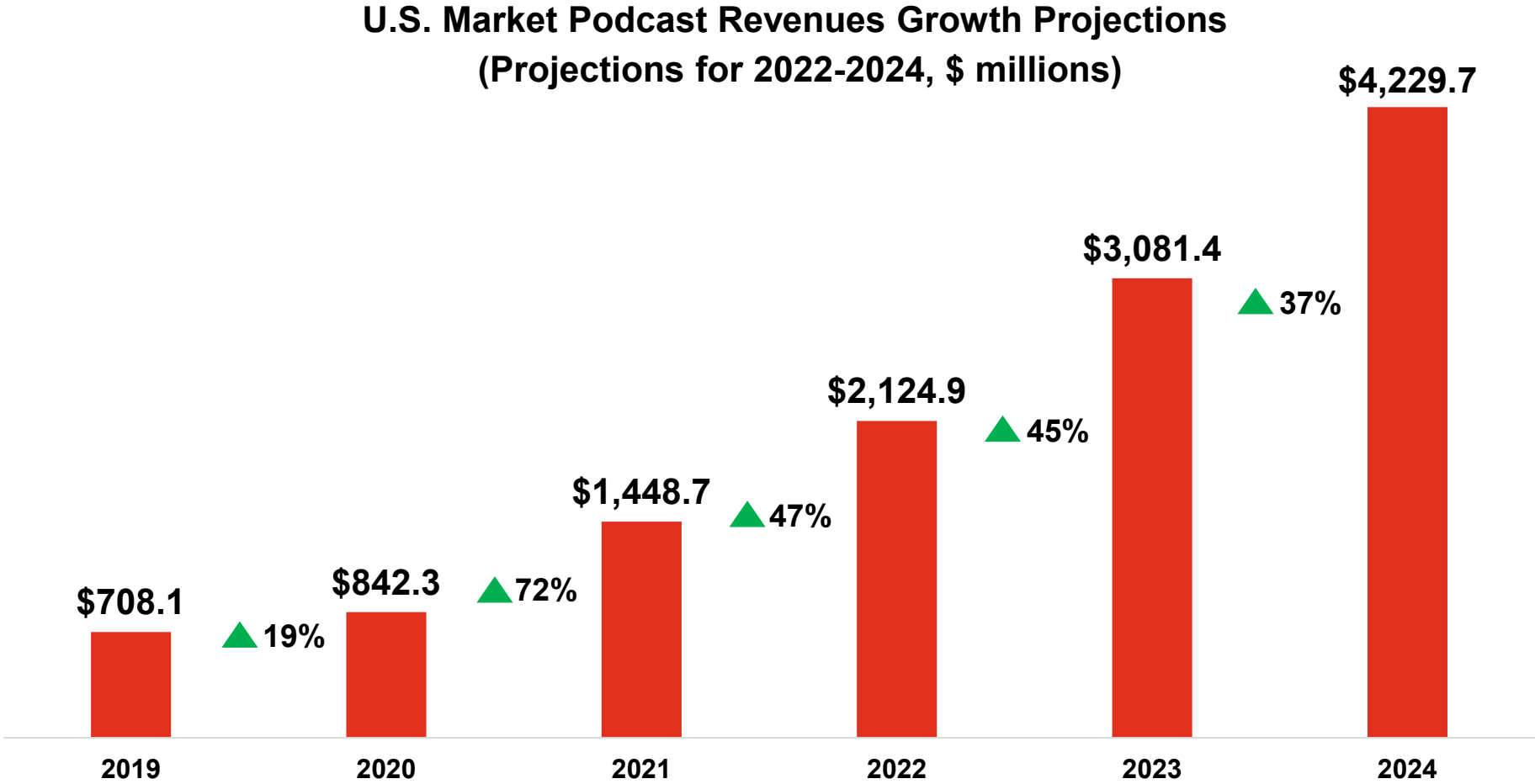
*IAB 2021 Internet Advertising Revenue Report
PwC | IAB FY 2021 Podcast Ad Revenue Study

Q2-4 showed significant growth on top of the COVID-driven slowdown in Q1



Note: 1| Based on self-reported data 2| Percentage share total may not equal 100% due to rounding

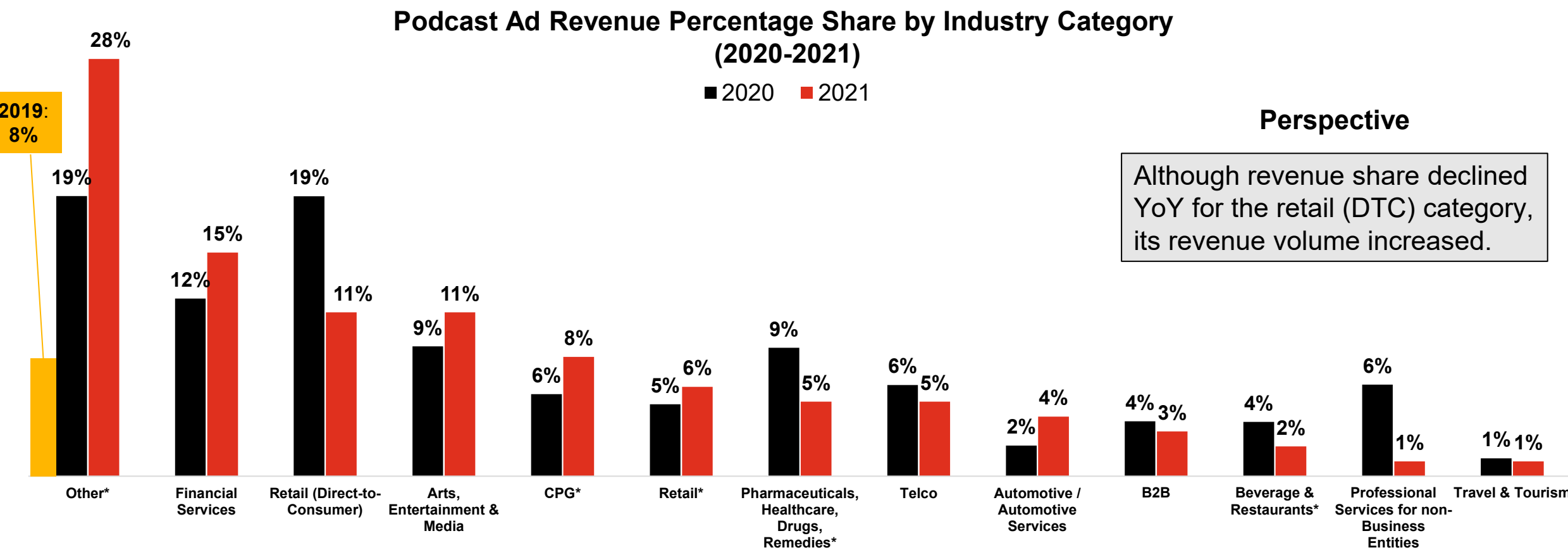
Revenues are forecasted to almost triple to \$4.2B over the next 3 years



Full-Year 2021 U.S. Podcast Advertising Revenues Analysis

Podcast revenues are benefiting as new brands from additional categories are investing

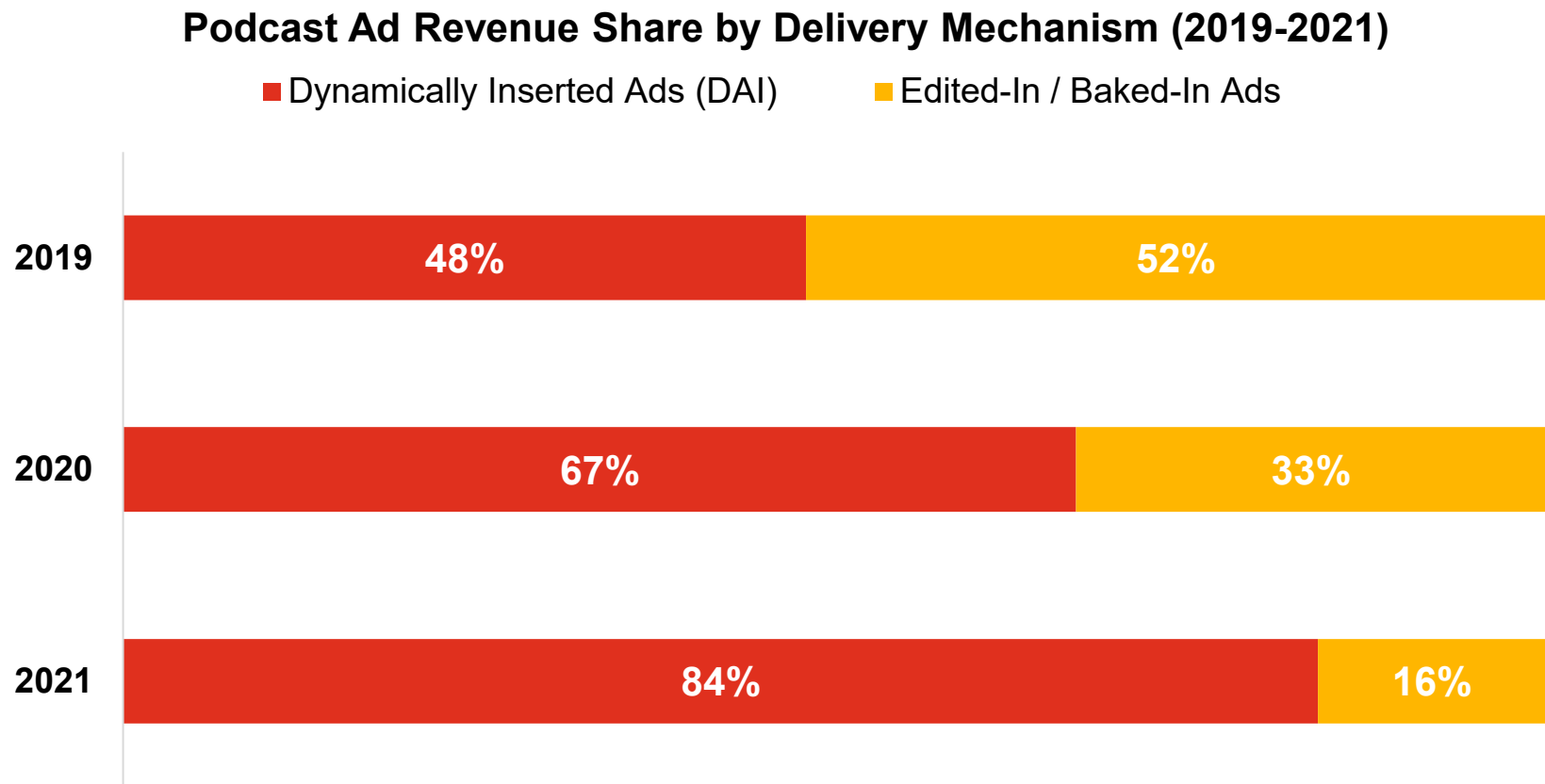
The “Other” industry bucket—which contains an increasing number of ad categories with lower spend—more than tripled share in just two years



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

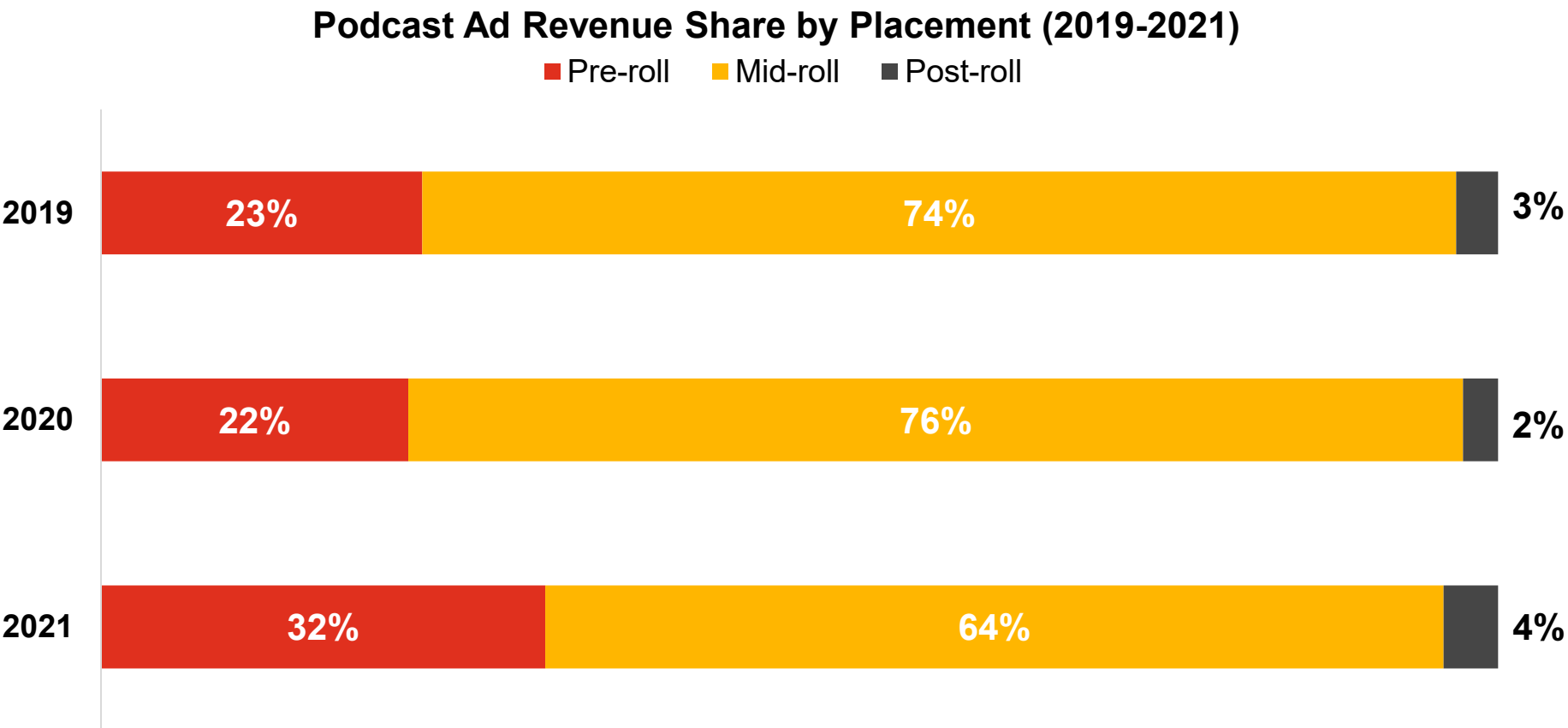
Other includes Other (24.6%) made up of Energy, Government, Non-Profit, Advocacy, Tech, Law, Pets, Sports, Religion & Spirituality; Education (1.2%) Home Improvement / Furnishings (2.3%), Gambling / Sports Betting (0.0%); **Pharmaceuticals** includes 2021 Pharmaceuticals (1.4%), Health / Wellness (3.3%); **CPG** includes 2021 CPG (7.7%), Baby / Child / Parenting (0.2%), Beauty / Cosmetics (.4%); **Retail** includes 2021 Retail (Brick & Mortar / eCommerce) (4.9%), Apparel / Fashion / Accessories (.7%); **Beverages & Restaurants** include 2021 Beverages (.8%), Restaurants (1.0%)

Dramatic two-year shift to DAI reflects the efficacy of automated, agile messaging delivery

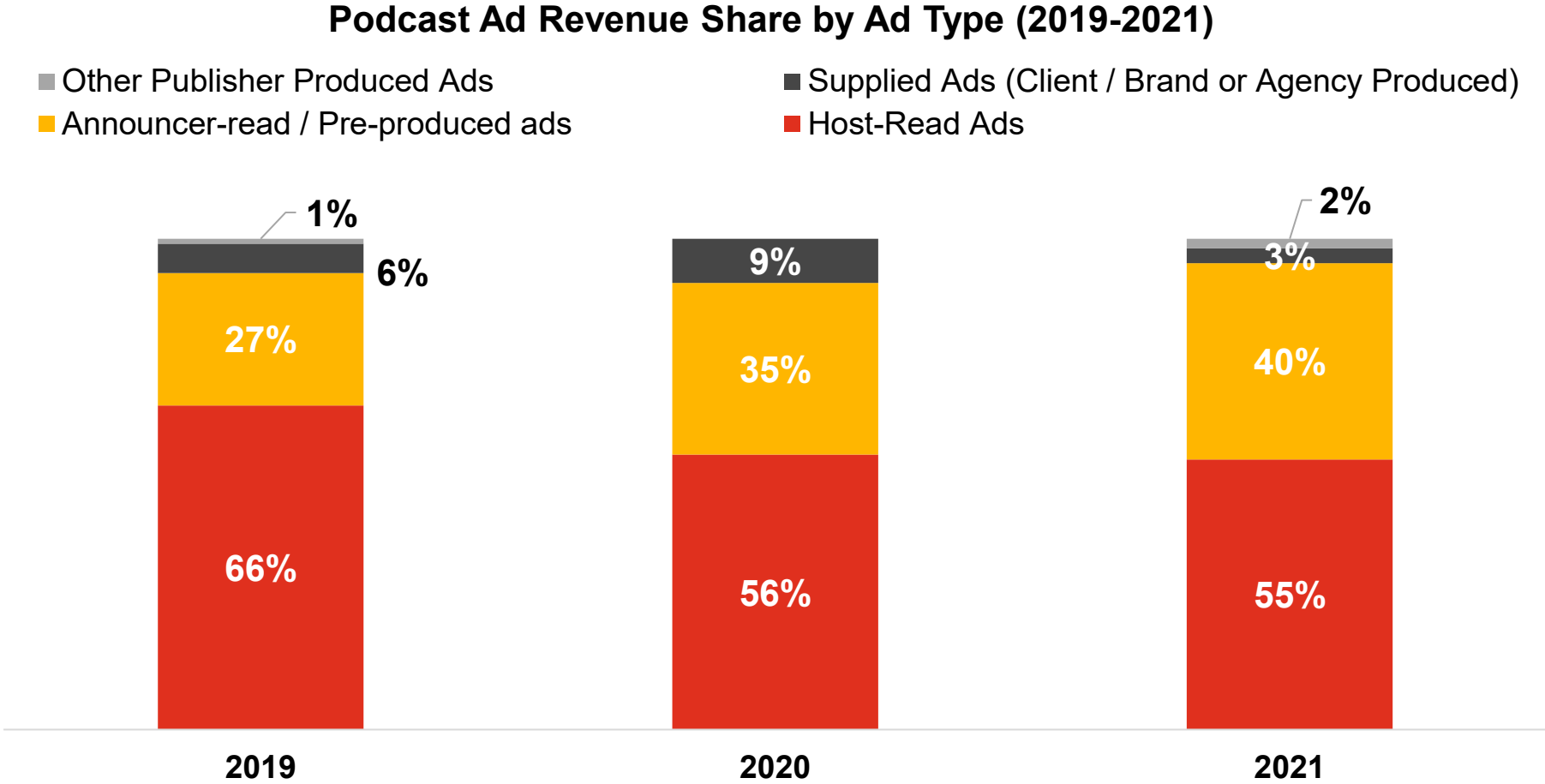




Podcasters are fulfilling increased demand by serving more pre-roll ads

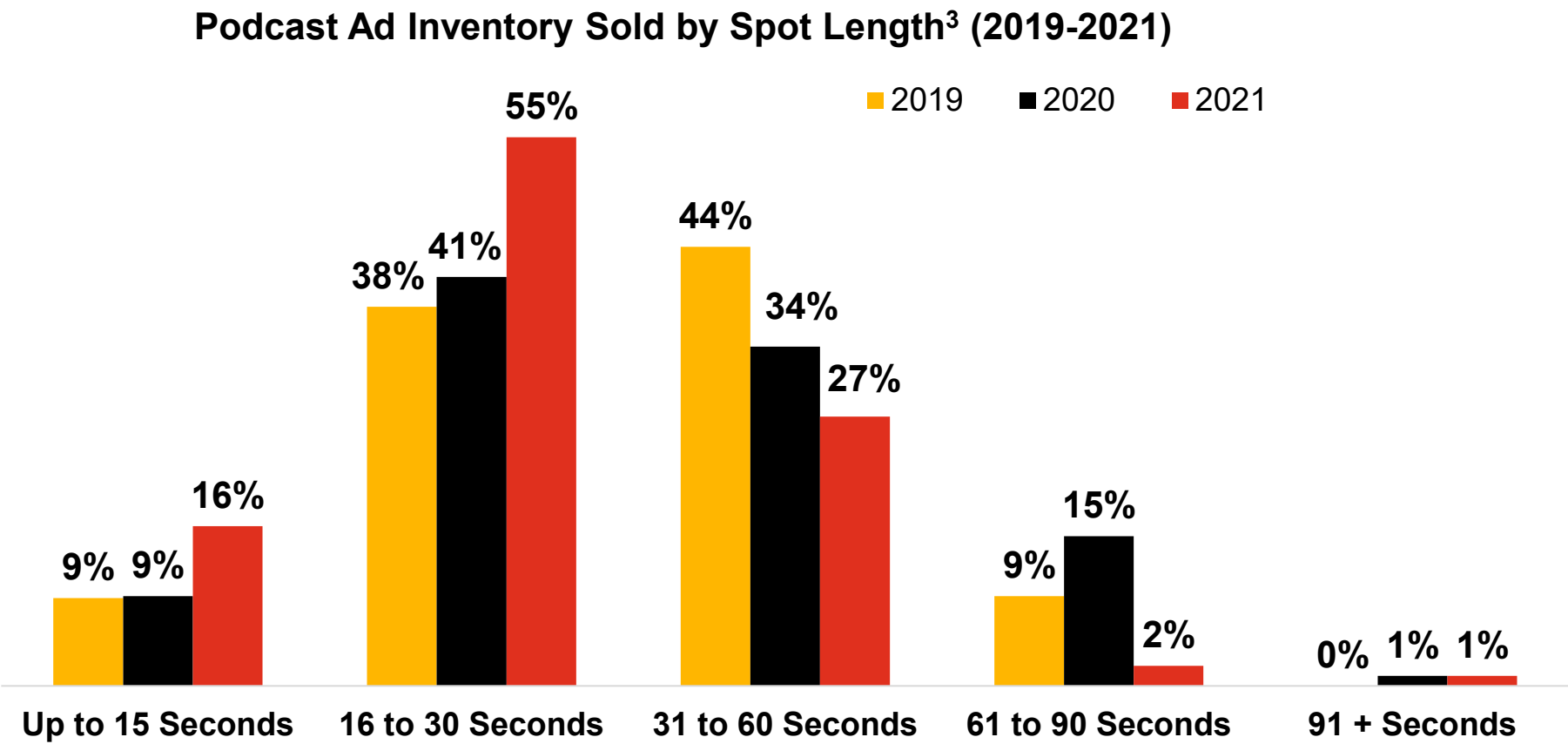


Shift to announcer-read ads reflects its efficient ad creation and deployment functionality



Note: Based on self-reported data
PwC | IAB FY 2021 Podcast Ad Revenue Study

Podcast ads are starting to mirror the digital industry-standard of 15s and 30s ad lengths

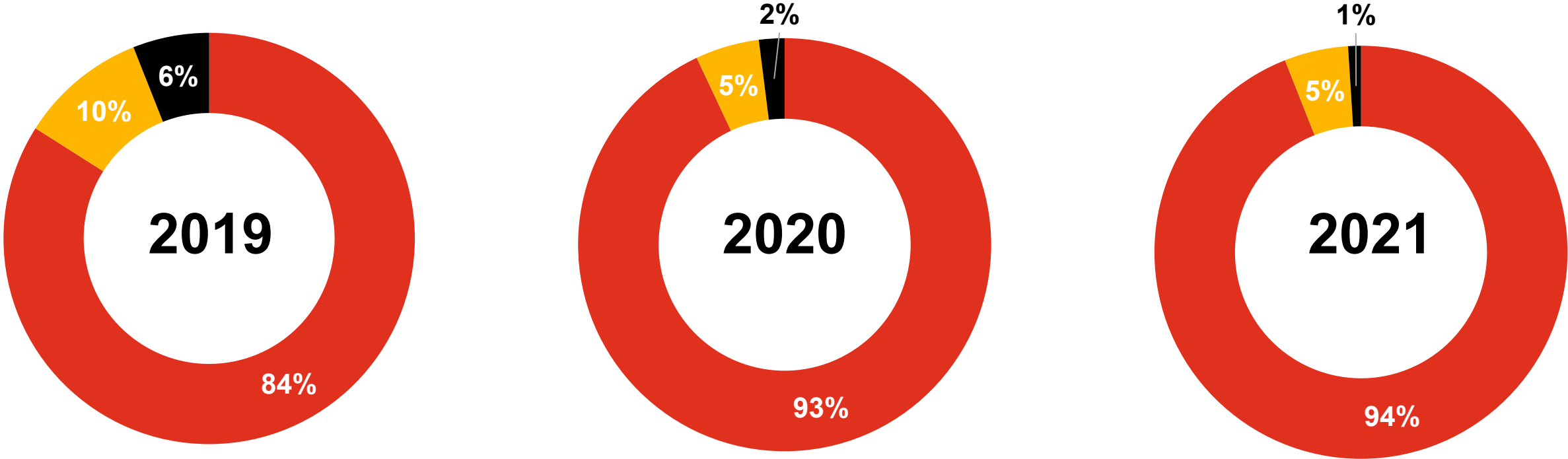


Note: 1| Totals may not equal 100% due to rounding 2| Based on self-reported data 3| Based on total volume of spots sold

Increased prevalence of CPM buys signifies that podcasting is being activated more in-line with other digital media

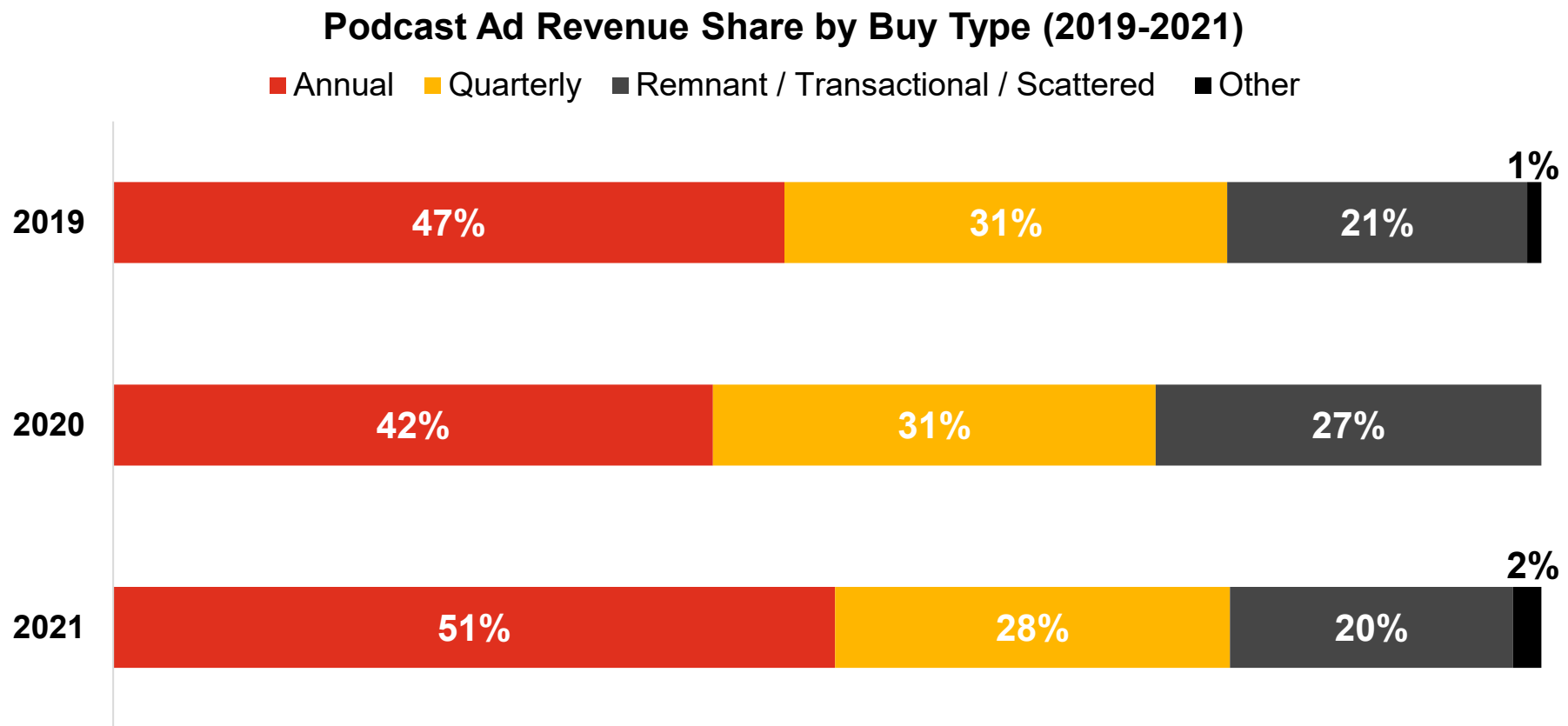
Podcast Ad Revenue Share by Pricing Model (2019-2021)

■ Cost per thousand ■ Series ownership ■ Flat Fee



Note: Based on self-reported data
PwC | IAB FY 2021 Podcast Ad Revenue Study

Share of annual commitments returned to pre-pandemic levels—likely due to less market volatility vs. 2020

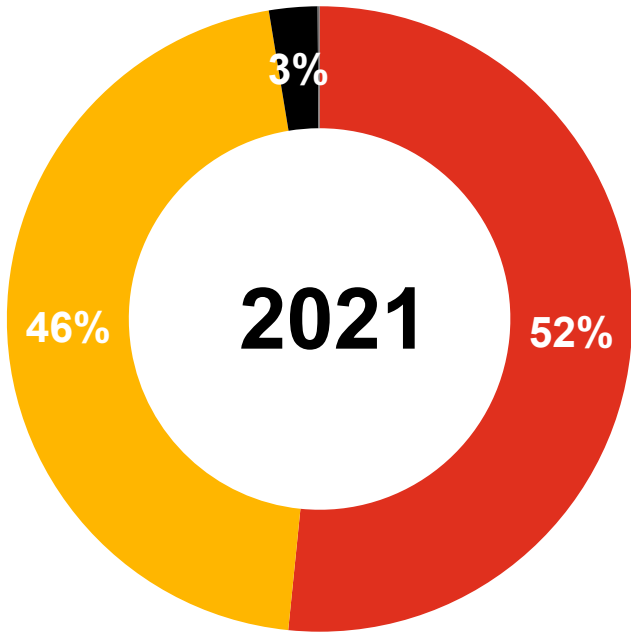
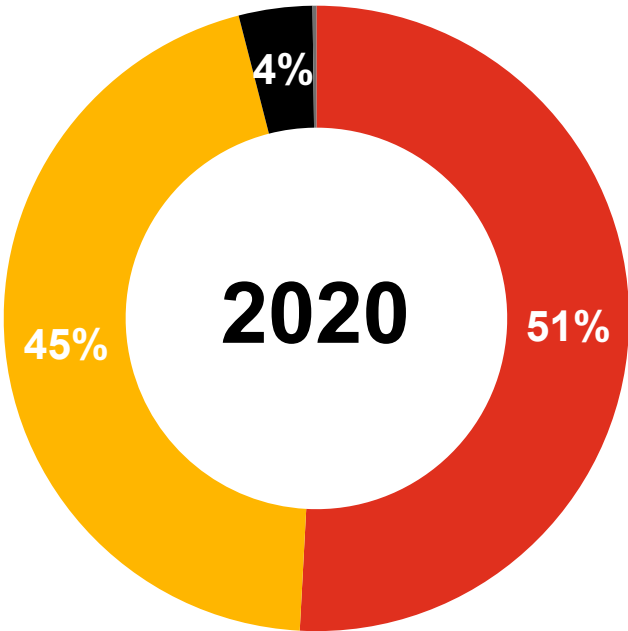
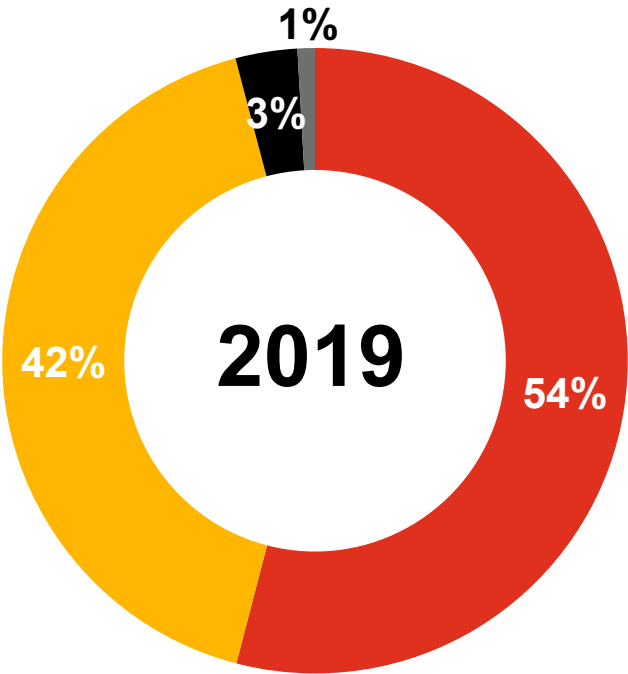


Note: 1| Total may not equal 100% due to rounding 2| Based on self-reported data
PwC | IAB FY 2021 Podcast Ad Revenue Study

Continued use of both DR and awareness campaigns reflects that podcasting delivers across the purchase funnel

Podcast Ad Revenue Percentage Share by Campaign Type (2019-2021)

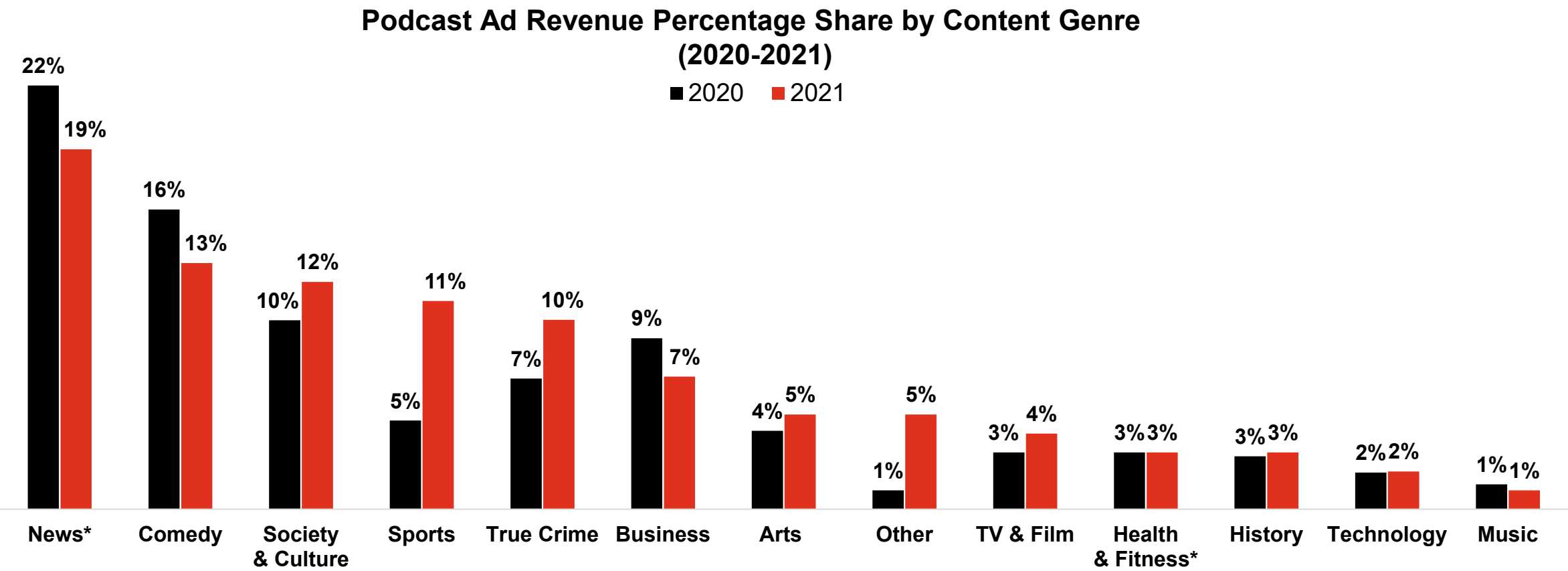
■ Direct Response (DR) ■ Brand Awareness ■ Branded Content ■ Product Placement



Note: 1| Number may not equal 100% due to rounding 2| Based on self-reported data
PwC | IAB FY 2021 Podcast Ad Revenue Study

News, Comedy and Society & Culture continue to be the top 3 podcast genres

As live sports resumed post peak-COVID in 2020, sports doubled its share of ad revenue YoY



Note: 1| Data in bars are rounded 2| Based on self-reported data 3| Science not shown. Decline to 1% from 12% was largely driven by one respondent's heavy investment changes.

*Reconciled to align with 2019 genre categories: **News** includes 2021 News (13.6%), Political Opinion Left (.2%), Political Opinion Right (4.7%), Political Opinion Center (.5%); **Health & Fitness** includes 2021 Physical Health & Fitness (1.0%), Mental / Emotional Health (1.6%) |

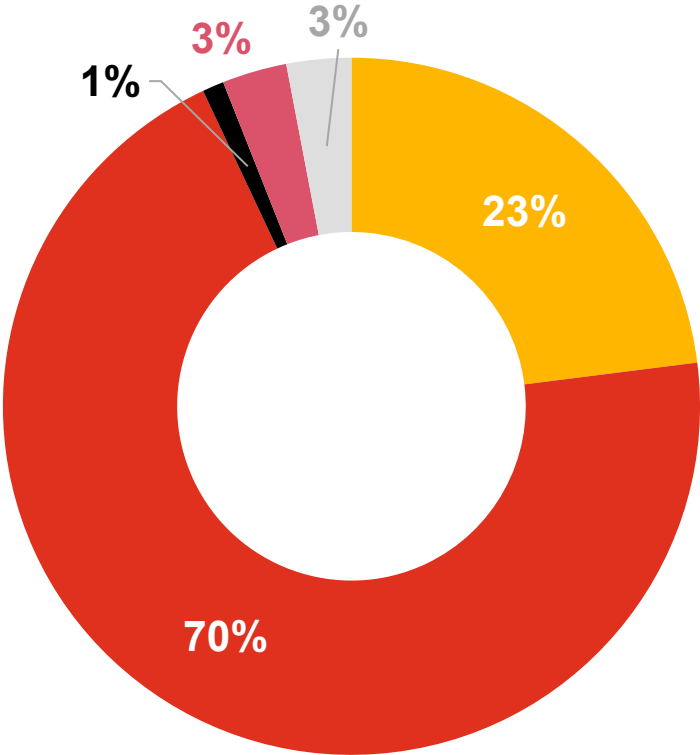
Additional genres not shown: Other (5.3%), Education (1.4%) Leisure (0.1%), Kids & Family (0.4%), Fiction (0.2%), and Religion & Spiritual (1%)

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70% of revenue comes from weekly/biweekly podcasts—reflecting the bulk of the inventory

Podcast Advertising Revenue Share by Frequency/Posting Cadence (2021)

Dailies Weeklies or Bi-weeklies Monthlies Seasonal Limited Run Series



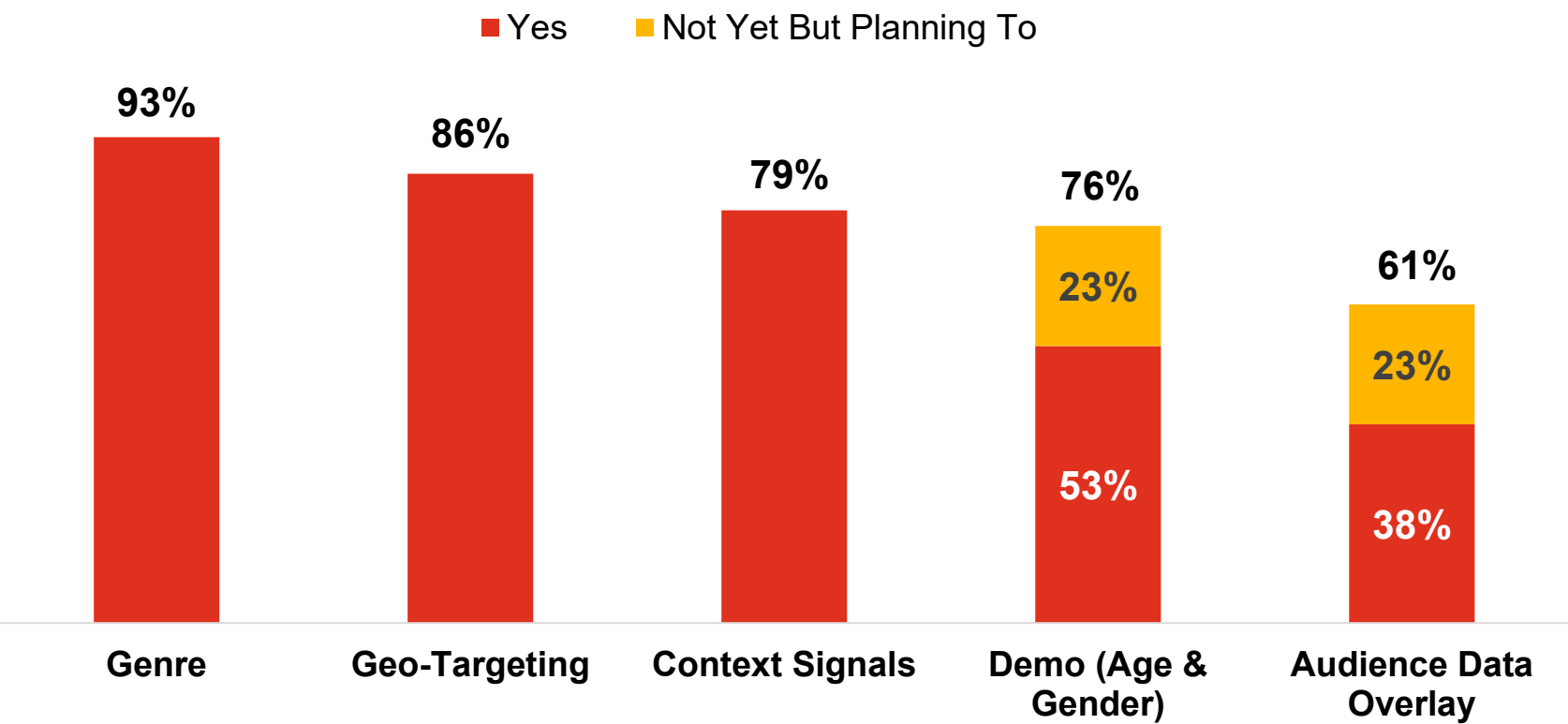
Perspective

Daily podcasts are a lower share of the total number of podcasts compared to their share of revenue, reflecting the greater number of episodes and higher CPMs.

Intended use of demo and audience overlays signals a growing interest and appetite for more precise targeting and addressability

Podcast Ad Targeting Types for Ad Purchases (2021)

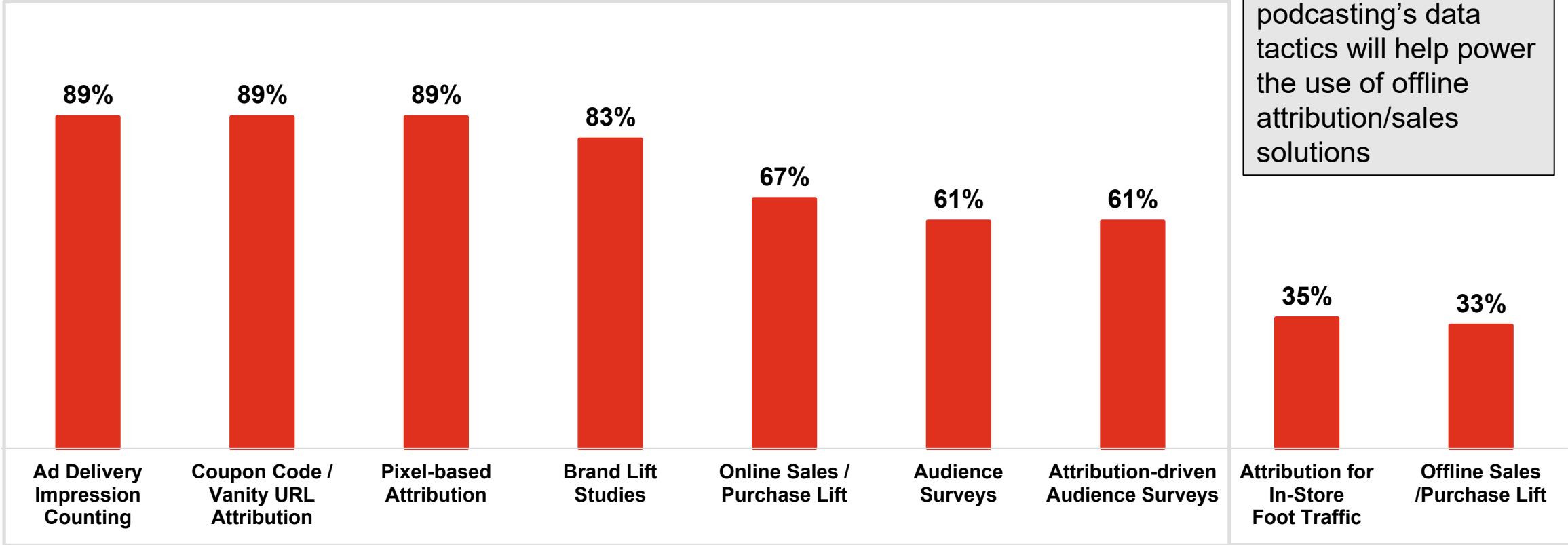
% of Publishers who said their clients use the targeting type



Note: 1| Based on self-reported data 2| Other responses not shown include transcription targeting

Majority of current effectiveness solutions are focused on online attribution—the next frontier is online-offline attribution

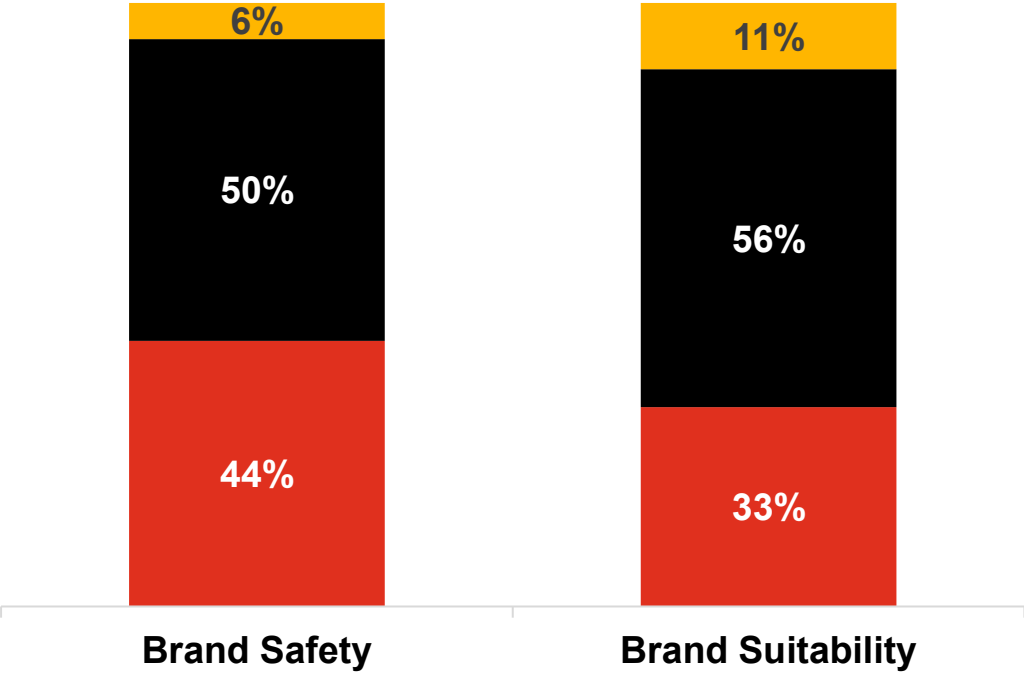
Podcast Ad Spend Effectiveness Solutions Used (2021)
% of Publishers who said their clients use the solution



Low adoption of brand safety and suitability solutions reflects the lack of sophisticated tools available in the market

Publisher Usage of Podcast Ad Brand Safety & Suitability Solutions (2021)

■ Yes ■ No ■ Not Yet But Planning To



Perspective

As podcast advertising demand continues to grow, and AI-driven brand safety and suitability functionality begin to materialize, publishers will prioritize safety and suitability solutions to manage ad/content adjacencies.

Additional Findings: Programmatic and geo-targeting



Programmatic

Accounting for still only about 2% of total revenues (1.7% in 2021 vs. 2.2% in 2020).

Podcasting continues to lag far behind the rest of the digital ad ecosystem in leveraging programmatic advertising.



Geo-Target Inventory

Podcast advertising sold using geo-targeting increased YoY to 25.8% from 23.2% in 2020.

This will likely rise in coming years as the level of personalization and targeting available in podcasting evolves to be more like other digital channels.

Recommendations

Recommendations: Opportunities to evolve podcast advertising

1

Authenticity, relevance, engagement and diverse voices are the hallmarks of podcast advertising. Publishers should continue to strike a balance between advertising and the consumer experience, managing the trade-offs between a larger number of ads and shorter ad lengths while maximizing placement across pre-roll, mid-roll and post-roll positions.

2

As the industry increasingly uses automation solutions, the need to continue to deliver strong resonance with consumers and thus value for advertisers is paramount. Now that the majority of host-read and announcer-read ads are dynamically inserted, advertisers get the best of both worlds with podcast advertising: authenticity of messaging with the scalability/flexibility of automated buying.

3

Advanced capabilities including **audience targeting and offline attribution measurement** are poised to fuel additional ad revenue growth but are constrained by a lack of awareness and, therefore, lower utilization rates. More education across podcast buyers and sellers will enable advertisers to take advantage of these sophisticated capabilities.

4

As investments in diverse content continues to fuel audience growth, advertisers are expected to pay greater attention to **brand safety and brand suitability**. Publishers should provide advertisers with a finer lens to distinguish brand-safe from brand un-safe content, and to identify the most suitable content for their ads, so that publishers and advertisers can maximize content that is included in the ad buying process.

5

Improving **the data capabilities for advertisers** will move the industry further into the mainstream of the digital advertising ecosystem. Publishers can align on strategies to reduce turnaround time for data delivery, create industry standards, and create deeper integrations with buyer-seller platforms.



Appendix

Definitions & Survey Options (1/4)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Sales Channel	Channel through which advertising inventory is sold	• Programmatic Platform - automated process of buying and selling ads; can include RTB, preferred deals, or private marketplace • Direct
Industry Category	Business categories into which Podcast advertisers may be grouped	• Apparel/Fashion Accessories (Men/Women) • 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 • Baby/Child/Parenting • Beauty/Cosmetics • Beverage (Alcohol / Beer / Wine) • Business-to-Business (Business conducted between one business and another such as a wholesaler and retailer) • Consumer Packaged Goods (CPG) • Education • Financial Services (Banks, Insurance, Securities, Mortgages, Financial Services Software) • Gambling/Sports Betting • Health/Wellness (including Fitness, Diet, Yoga, Meditation, etc.) • Home Improvement/Furnishings • Pharmaceuticals (OTC and DTC) • Professional Services for non-Business Entities • Restaurants/bars • 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) • Other

Definitions & Survey Options (2/4)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Direct to Consumer Category	Direct to Consumer business categories into which Podcast advertisers may be grouped	• Alcohol / Beer / Wine • Apparel / Fashion Accessories (Men/Women) • Baby Care / Child / Parenting • Consumer Electronics • Education • Financial • Food & Beverage • Health / Wellness • Hobbies / Lifestyle • Home and Appliance • Pets • Personal Care (and Beauty) • Travel & Hospitality • Other
Buy Type	Means by which Podcast advertising inventory is procured by the advertiser	• 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	• 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
Campaign Type	Category of marketing effort that coordinates messaging presented to the Podcast audience	• 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.
Delivery Mechanism	Means by which Podcast advertising is inserted into the audience ready audio content	• 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
Ad Type	Method of Podcast advertising content presentation	• 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

Definitions & Survey Options (3/4)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Spot Length	Inventory sold by spot length	• Up to 15 seconds • 16-30 seconds • 31-60 seconds • 61-90 seconds • 91 seconds or greater
Placement	Placement options available to advertisers	• 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
Frequency / Posting Cadence	Cadence at which advertisements occur	• Dailies - podcasts where episodes are released / posted daily • Weeklies or Bi-weeklies - podcasts where episodes are released / posted weekly or bi-weekly • Monthlies - podcasts where episodes are released / posted monthly • Seasonal - podcasts where episodes are released / posted seasonally • Limited run series - podcasts where episodes are released / posted for a limited time (e.g., a standalone series with a limited number of episodes)
Format Type	Means by which Podcast sales are generated by format type	• Audio only • Video-enabled
Targeting Type	Targeting types used when purchasing ads	• Geo-targeting • Genre • Demo (age and gender) • Audience data overlay • Contextual signals (show title, episode title) • Other
Content Genre	Categories of thematic subject matter into which Podcast programming may be assigned	• Arts • Business • Comedy • Eco-conscious / Green Living • Education • Fiction • Political Opinion: Left-Leaning • Political Opinion: Right-Leaning • Political Opinion: Center / Bipartisan • History • Physical Health & Fitness • Mental / Emotional Health & Wellbeing • Kids & Family • Leisure • Music • News • Religion & Spirituality • Science • Society & Culture • Sports • Technology • True Crime • TV & Film • Other

Definitions & Survey Options (4/4)

TERMINOLOGY	DEFINITION	SURVEY OPTIONS
Ad Spend Evaluation Solutions	Measurements used to evaluate the effectiveness of advertising spend	• Ad Delivery Impression Counting- Used to confirm ad impression delivery via publisher-supplied, 3rd party/podcast host tracking platform and/or via advertiser-supplied tags (via advertiser/s DSP or campaign management solution) • Audience Surveys- Prompting users to take a survey through a podcast host promotion announcement or a display ad within a podcast app. • Attribution-driven Audience Surveys- Prompting users to take a survey thru a Podcast host promotion announcement or a display ad within the podcast app for the purposes of attributing user activity (e.g., site visits, ad engagement, etc.) after an ad impression has been served. • Brand Lift Studies- Used to measure brand awareness, favorability, recall, consideration, and/or purchase intent: typically conducted via pre- and post-campaign surveys and/or control and test methods. • Coupon Code or Vanity URL Attribution- Listeners are prompted to visit a website and enter a specific code or URL. • Pixel-based Attribution- Pixel-based solutions used to determine correlations between podcast ad impressions and activity on an advertiser's website. • Attribution for In-Store Foot Traffic- Solutions used to determine correlations between podcast ad impressions and in-store foot traffic (e.g., pixel-based). • Online Sales/Purchase Lift- Solutions used to determine the impact of podcast ad impressions on advertiser online sales/purchases (e.g., e-commerce). • Offline Sales/Purchase Lift- Solutions used to determine the impact of podcast ad impressions on advertiser brick-and-mortar (in-store) sales/purchases.
Brand Safety and Suitability Solutions	Solutions used to manage ad / content adjacencies	• Brand safety solutions- Brand safety solutions refer to the controls that companies use to protect brands against negative impacts on consumer opinion associated with specific types of content • Brand suitability solutions- Brand suitability solutions enable a brand to determine appropriate content for an individual advertiser's goals

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: as in prior years, the annual survey was sent to companies in early March to understand 2021 Podcast advertising revenues and forecasted revenue growth from 2022-2024

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 2022-2024: 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
- 2021 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 Podcast advertising companies on the buy- and sell-sides
- 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 2021 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. Commissioned 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 IAB and PwC



The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, 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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