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MARKET REPORT

The Podcast Platform Wars

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October 2020
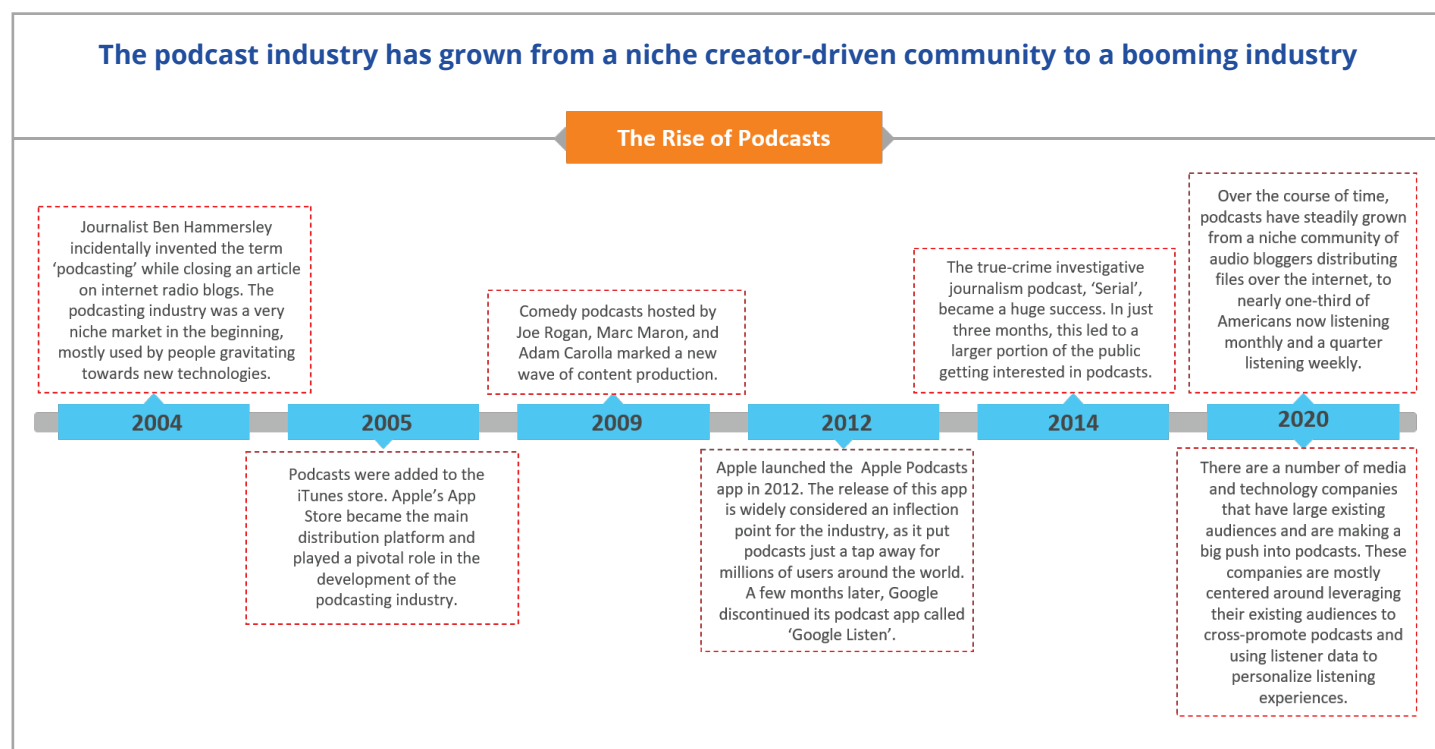
Audio Content Comes of Age

Podcast ad spending in the US is expected to surpass USD 1 billion by 2021, jumping nearly 45% from $782 million in 2020 to $1.13 billion.[1] Everyone wants a share of the pie—traditional radio companies, content publishers, pure-play tech companies and content hosting platforms.

The top podcast publishers, in terms of US audience, as of September 2020 were NPR, iHeartRadio, New York Times, ESPN/ABC and PRX.[2] Players such as Spotify, SiriusXM, Luminary and Apple are battling to become the premiere outlet for producing original content, instead of being just hosting platforms.

These shifting dynamics of the podcast market have been leading to new major players investing in this market through partnerships and acquisitions, setting the stage for disruption in content consumption patterns.

The Rise of Podcasts

The podcasting industry was a very niche market in the beginning, loosely shaped by quirky content creators and early adopters of technology. While the podcast industry was largely fragmented, niche creator-driven community dominated by traditional media companies in the early 2000s, it has today grown into a well-established, profitable publishing medium that is attracting content and technology players in a big way.

The podcast industry has grown from a niche creator-driven community to a booming industry

The Rise of Podcasts

Journalist Ben Hammersley incidentally invented the term 'podcasting' while closing an article on internet radio blogs. The podcasting industry was a very niche market in the beginning, mostly used by people gravitating towards new technologies.

Comedy podcasts hosted by Joe Rogan, Marc Maron, and Adam Carolla marked a new wave of content production.

The true-crime investigative journalism podcast, 'Serial', became a huge success. In just three months, this led to a larger portion of the public getting interested in podcasts.

Over the course of time, podcasts have steadily grown from a niche community of audio bloggers distributing files over the internet, to nearly one-third of Americans now listening monthly and a quarter listening weekly.

2004   **2005**   **2009**   **2012**   **2014**   **2020**

Podcasts were added to the iTunes store. Apple's App Store became the main distribution platform and played a pivotal role in the development of the podcasting industry.

Apple launched the Apple Podcasts app in 2012. The release of this app is widely considered an inflection point for the industry, as it put podcasts just a tap away for millions of users around the world. A few months later, Google discontinued its podcast app called 'Google Listen'.

There are a number of media and technology companies that have large existing audiences and are making a big push into podcasts. These companies are mostly centered around leveraging their existing audiences to cross-promote podcasts and using listener data to personalize listening experiences.

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Current Industry Overview

The podcast industry is currently seeing a massive boom. Podcast ad spending in the US, estimated at $782 million as of July 2020, is expected to reach $1.13 billion in 2021 and 1.33 billion in 2022.

The number of podcasts listeners in the US is expected to rise from 106 million in 2020 to 131 million by 2023. This has attracted a variety of players – large and small, new and traditional, content and technology companies – into this space.


Top Podcast Publishers and Shows in US
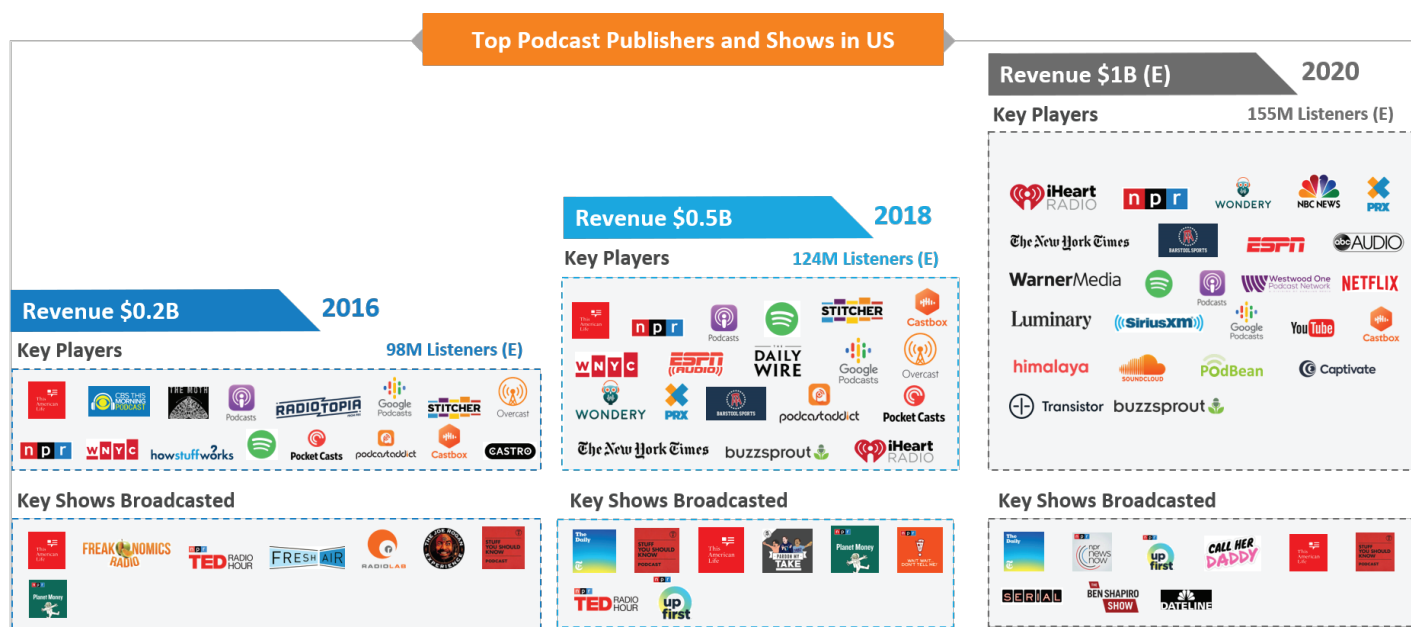
Many media and technology companies with large existing audiences are making a big push into podcasts. These companies are mostly centered on leveraging their existing audiences to cross-promote podcasts, using listener data to personalize listening experiences. In September 2020, Amazon Music, for instance, introduced podcasts to its streaming platform across the US, UK, Japan and Germany.

The exploding podcasts space is also driving several consolidation efforts through mergers and acquisitions between traditional radio companies, pure-play tech companies and content hosting platforms. Large media and technology companies are investing and collaborating to launch new podcast offerings, host exclusive podcast shows with artists, and grow their existing podcast business.

As technology drives a shift towards personalized playlists and streaming, players such as Spotify, SiriusXM, Luminary and Apple are battling to become the premier outlet for productions and original content, instead of being just hosting platforms. These companies are also aggressively investing in podcast partnerships and taking initiatives to gain a bigger foothold in this industry.

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Mergers and Acquisitions
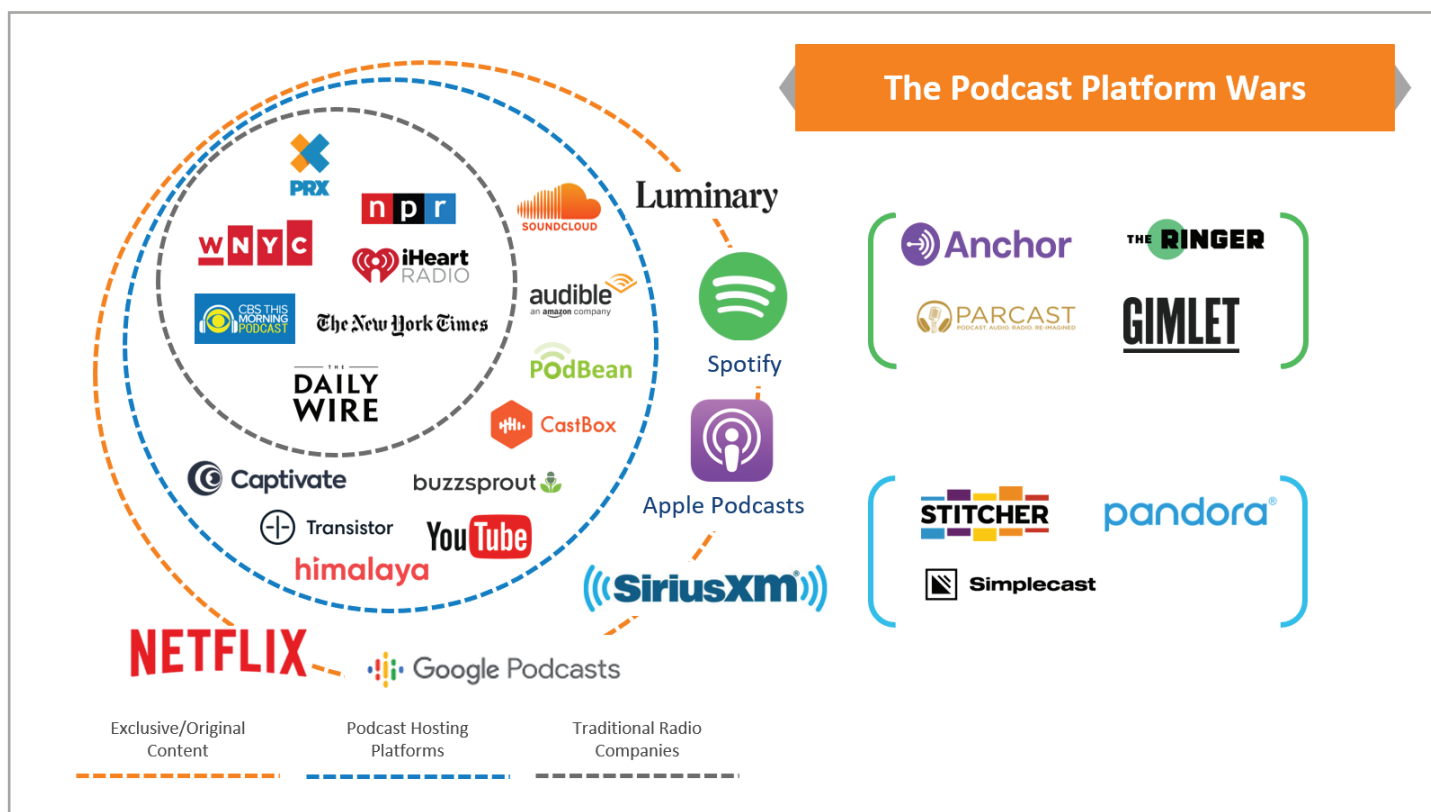
▶ Spotify acquired 'The Ringer' to boost its sports podcast content and also signed exclusive deals with 'DC Entertainment, Joe Rogan, Michelle Obama and Kim Kardashian to produce an original slate of scripted podcasts on the platform.

▶ Vice Media has inked an exclusive deal with Spotify for three original podcast series.

▶ 'Richard Plepler', the former HBO chief, acquired a minority stake in Luminary and has also joined the board of directors of Luminary Media.

▶ The New York Times Company is acquiring 'Serial Productions' and has also entered into a strategic alliance with 'This American Life'.

▶ SiriusXM and Marvel announced a multi-year agreement, under which Marvel will create exclusive podcasts for SiriusXM and Pandora, including both scripted and unscripted series and themed live events.

▶ SiriusXM acquired 'Stitcher' for $325 million to improve its podcast offerings.

Initiatives in the Buzz

▶ TikTok star 'Addison Rae' launched a weekly 'Mama Knows Best' podcast with her mom, exclusively on Spotify.

▶ Megyn Kelly's new production company, Devil May Care Media, will back podcasts among shows.

▶ Nine Indonesian podcasts including, 'BKR Brothers', 'Makna Talks' and 'Kinosgina' have become exclusive to Spotify.

▶ Apple launched its own daily news podcast, called 'Apple News Today' and is also releasing 20 audio stories a week through 'Apple News Plus'.

▶ Apple is ramping up its original podcast content and is focused specifically on content that could pair with its Apple TV+ streaming service.

▶ Luminary added six new original podcasts and one new second season podcast to its premium content network.

▶ Google and PRX have teamed up to launch 'Podcasting 101' video series, a 10-part educational series meant to teach budding podcasters how to perfect their craft.

Trending: Creation of Original Content

Popular streaming services and start-ups are starting to produce original podcast content through acquisitions and partnerships, leading to the "podcast platform wars", which might usher popular pure-play tech players into the podcasting space and disrupt traditional radio podcast companies.

The Podcast Platform Wars

Exclusive/Original Content — — —
Podcast Hosting Platforms — — —
Traditional Radio Companies — — —

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Technology companies are ramping up their efforts in pushing more original podcast content. Apple expanded its original podcast efforts with the launch of 'The Zane Lowe Interview Series', while Facebook and Twitter launched their versions of original podcasts last year. Meanwhile, traditional radio companies like Shondaland Audio and iHeartMedia too have launched a few original podcasts.

Conclusion

In an estimated billion-dollar market in 2020, the podcasting content game is a high-stakes table with players such as Apple, iHeartRadio and Spotify ruling the roost, podcast start-ups entering the fray, and growing market consolidations.

As streaming services and content platforms start encroaching on existing players' turf, we will likely see significant changes in content consumption patterns, ad revenue models, and data privacy laws around podcasting.

The current podcasting industry is just the tip of the iceberg that raises many speculations about the future, for instance:

- With the emergence of existing platform players in original podcast content creation, how will traditional radio and media companies be disrupted when it comes to original programming?

- As Spotify and Apple roll out video podcasts, will they directly compete with Netflix and YouTube when it comes to original video content streaming?

- Will the new mergers and consolidations drive changes in the kind of content consumers like to consume?

Key References:

1. *https://www.emarketer.com/content/us-podcast-ad-spending-surpass-1-billion-next-year*
2. *http://analytics.podtrac.com/podcast-publisher-rankings;*
   https://podtracanalytics.squarespace.com/blog

Research Methodology

This report was created based on all-inclusive secondary research. Data was collated from syndicated sources and publically available information in analyst reports, news pieces, blogs, and other online sources.

Contact a Course5 Analyst

Course5 Intelligence enables smarter product and marketing decisions through AI-driven Market & Competitive Intelligence for Competitive Landscape Analysis, Go-to-Market Strategy, and Competitive Marketing. We empower clients to make optimal market decisions and improve outcomes through contextual, integrated and actionable insights based on a combination of organizational, syndicated, and web data sources.

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