

# Podcast Industry Will Reach US\$2 Billion by 2021



2019 has been a disruptive year for the podcast industry. According to the Infinite Dial 2019 report by Edison Research, more than 50 percent of Americans have now listened to a podcast or audiobook, and an estimated 32 percent listen to them on a monthly basis, up from 26 percent in 2018. This is considered the largest yearly increase since the first evaluation of data in 2008. The creation of podcasts also continues to explode, with more than 700,000 active podcasts and over 29 million podcast episodes, up from 27 percent in 2018.

In 2020, the global podcast industry will surpass US\$1.1 billion, increasing by a whopping 30 percent, according to the latest [PwC's Global Entertainment & Media Outlook 2018-2022](#). These numbers may not seem much next to the radio and the music industry's global revenue boom of US\$42 billion and US\$51 billion. But in a world where the global annual revenues of the overall media and entertainment industry stand at a mere 4 percent, an annual growth by 30 percent is more than impressive, even taking into consideration the low absolute base.

## The rise of the podcast industry



Just like the other sectors in the media industry, podcasting began as a low-profile cotton industry. The podcast industry is a relatively old one, having started almost 20 years ago. In the beginning, podcasting was a very low-concept market, mostly preferred by [people inclining towards new technologies](#). As soon as it arrived, few companies gave a shot at it, including the French-German broadcaster Arte with its talk-radio show Arte Radio, but the audience for the program and user engagement was not up to the mark as the technology was still in its nascent stages and not yet ready to allow for large-scale consumption.

Listenership began increasing with years, and the audience used personal computers, iPods, and then smartphones and smart speakers to listen to podcasts. The podcast industry entered the first wave of transformation in the year 2013, with the overall ad sales totaling US\$45 million as compared to a mere US\$40.2 billion for the overall radio revenues.

What a difference time can make! Mentioned below are a few dates that revolutionized the industry and made podcasting the prominent medium we know now:

- In 2005, podcasts became available in iTunes, and Apple became a major distribution platform, where people could easily listen to them on their iPod or laptops. In 2008, Apple launched its first-ever iPhone, which enabled users to listen to podcasts by connecting to the internet and downloading programs on smartphones.
- In 2009, the podcast industry entered a new wave of [digital transformation and content production](#). It is this year that saw engagement from celebrity podcasters. Comedians like Adam Carolla, Joe Rogan, and Marc Maron leveraged the lack of regulation and censorship of this platform. At the same time, big radio multinationals started to gain interest in podcasting.
- It was 2014 when the industry received a big jolt, with an investigative journalism series called Serial becoming a huge success in the initial three months itself. This crime investigative journalist podcast attracted unparalleled millions of listeners, with its first 12 episodes hitting 40 million downloads. This led to the actual creation of podcasts, and listenership rose exponentially in the years since. Moreover, new creators started investing in this booming sector of the media industry, for example, Gimlet Media was established in 2014.
- Then U.S. President Barack Obama appeared on Marc Maron's podcast WTF in 2015.

- In the last two years, huge investments and funding have been witnessed in the podcast industry. In 2019, global streaming service Spotify acquired Parcast for a whopping US\$56 million, while in the same year, the company paid US\$340 million to purchase Gimlet and Anchor. Before that, Stuff Media got acquired by iHeartMedia for US\$55 million, and other podcast companies like Luminary and Himalaya Media have both received funding of \$100 million. That was the first time ever the podcast industry received that much funding.

*A delicate balance between good content and user engagement*



Various factors have added to the development of podcasts as an increasingly alluring medium for advertisers seeking to expand into the digital marketing realm. To begin with, the user base has attained critical mass. The number of individuals listening to podcasts surpassed from 23 million in 2013 to 78 million by the end of 2017, the E&M Outlook stated. Simultaneously, the podcast industry saw a boom with the introduction of more than 500,000 shows in the channels.

The surge in the number of podcast listeners and the creation of good-quality content has contributed to a corresponding rise in ad revenues, although on a time delay. There is constantly a huge slack between where audience engagement flows and where ad revenues follow. Founder and CEO of podcast producer Wondery, Hernan Lopez, said that podcast creators should always focus on the quality of the content since good-quality content attracted more audience, which adds to the advertising revenue.

In order for the podcast industry to have a similar impact on the radio industry, it has to focus more on its content creation strategies. In 2017, podcast advertising in the U.S. reached US\$314 million in revenues, up from US\$169 million in 2016, as per the latest IAB/PwC Podcast Advertising Revenue Study. Globally, podcast advertising surpassed US\$650 million in revenues in 2018, in comparison to the US\$45.2 billion for the radio industry. Besides, podcasting ad revenues are 1.4 percent of overall revenues in the radio industry. Also, both industries are anticipated to grow in the coming years. By 2022, the global podcasting revenues will develop at a 29.7 percent compounded annual growth rate (CAGR), while radio revenues are anticipated to develop at a steady CAGR of 1.9 percent, according to the E&M Outlook.

**A Highly-Personalized Future**

The future of podcasting seems bright, with the industry generating ad revenues from subscription models. Subscription tiers and original shows (such as Netflix Originals) can provide a never-ending cycle of good-quality content and high revenue, generating revenues directly from viewers who pay

for a lot of streaming subscriptions to watch different shows. High-quality content will drive premium pricing, while low-quality content will be distributed for free, but it is highly unlikely that podcasts will continue to be free to listen to. One thing about the future is certain – the podcast industry will be flourishing.