

Podcast Ad Spending Low, Despite High Millennial Engagement

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Podcasts have become a lot more buzzworthy since the launch of “Serial” in fall 2014. The popular series, which delved into a high school student’s possible false conviction for the murder of a classmate, won a Peabody Award and garnered a ton of press. However, the success of the series hasn’t attracted a lot of ad dollars for podcasts in general. But the uptick in usage, particularly among millennials, may point to opportunity for this niche medium.

Key Insights:

- The success of “Serial” has improved people’s awareness of podcasts: A January 2016 survey indicates that 17% of US consumers have listened to a podcast in the past 30 days.
- Nearly one-third of millennials have listened to podcasts over the past month, and millennials likely present the biggest opportunity.
- Despite the “Serial” hype, advertisers will spend just \$35 million on podcast ads in 2016, a 2% growth rate year over year.
- Podcasts are a mobile medium, with 98% of ad dollars expected to be allocated to mobile this year.

While “Serial” reaped renewed attention for this digital media format, estimates from [ZenithOptimedia](#) indicate that \$35.1 million will be budgeted for US podcast ads this year, which accounts for a mere 0.0006% share of the \$59.76 billion advertisers will spend in total on digital ads.

Spending levels will not experience much growth over the forecast period. In 2016, spending is forecast to rise 2.0%, followed by increases of just 4.0% in 2017 and 2018.

US Desktop vs. Mobile Podcasting Ad Spending, 2014-2018

millions and % change

	2014	2015	2016	2017	2018
Mobile	\$33.4	\$33.8	\$34.4	\$35.8	\$37.3
—% change	-	1.0%	2.0%	4.0%	4.0%
Desktop	\$0.68	\$0.69	\$0.70	\$0.73	\$0.76
—% change	-	1.0%	2.0%	4.0%	4.0%
Total	\$34.1	\$34.5	\$35.1	\$36.6	\$38.0
—% change	-	1.0%	2.0%	4.0%	4.0%

Note: numbers may not add up to total due to rounding
 Source: ZenithOptimedia, “Advertising Expenditure Forecasts December 2015,” Dec 7, 2015

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Podcasts are a medium generally experienced through earbuds. So it’s not surprising that mobile spending far outweighs desktop spending, with 98% of the \$35.1 million allocated to mobile in 2016, rather than desktop.

A study from **Edison Research** showed that in 2015, 17% of US consumers listened to a podcast in the past month, which accounted for about 46 million people. eMarketer forecasts indicate that there were 259.7 million US internet users last year, which would make Edison Research's 46 million estimate for monthly podcast listeners at about 18% of total internet users.

But who exactly are these listeners? A January 2016 survey from media analytics company **Bridge Ratings** asked US consumers how often they listen to podcasts. Nearly a third of millennial respondents said they expect to listen to at least one podcast a month in 2016—double that of the general population. Some 19% of millennials said they listened to podcasts in the past week—almost twice that of the population overall.

The growth rate of millennial listeners is much higher, too, at 10% vs. 3% for the general population.

Frequency with Which US Millennials vs. Total Consumers Listen to a Podcast, 2015 & 2016		
<i>% of respondents</i>		
	2015	2016
Millennials		
In the past week	12%	19%
In the past 30 days	20%	30%
Ever	35%	45%
Total		
In the past week	8%	10%
In the past 30 days	12%	15%
Ever	27%	30%

Note: ages 12+
Source: Bridge Ratings as cited in company blog, Jan 26, 2016

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It makes sense that millennials are well-suited to podcasts, which tend to be geared toward a commute or a workout lasting about 30 minutes, depending on who you ask. Jeff Fromm, president of millennial marketing consulting company FutureCast, said that short-form content appeals to millennials. "They love snackable content."

The best way to reach people with podcast ads is in those transitional moments, said Mark Book, vice president and director of social content at agency DigitasLBI. "People want to be more entertained, informed or educated via something like a podcast rather than music, and that's a big opportunity for clients."

—*Rebecca Chadwick*

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