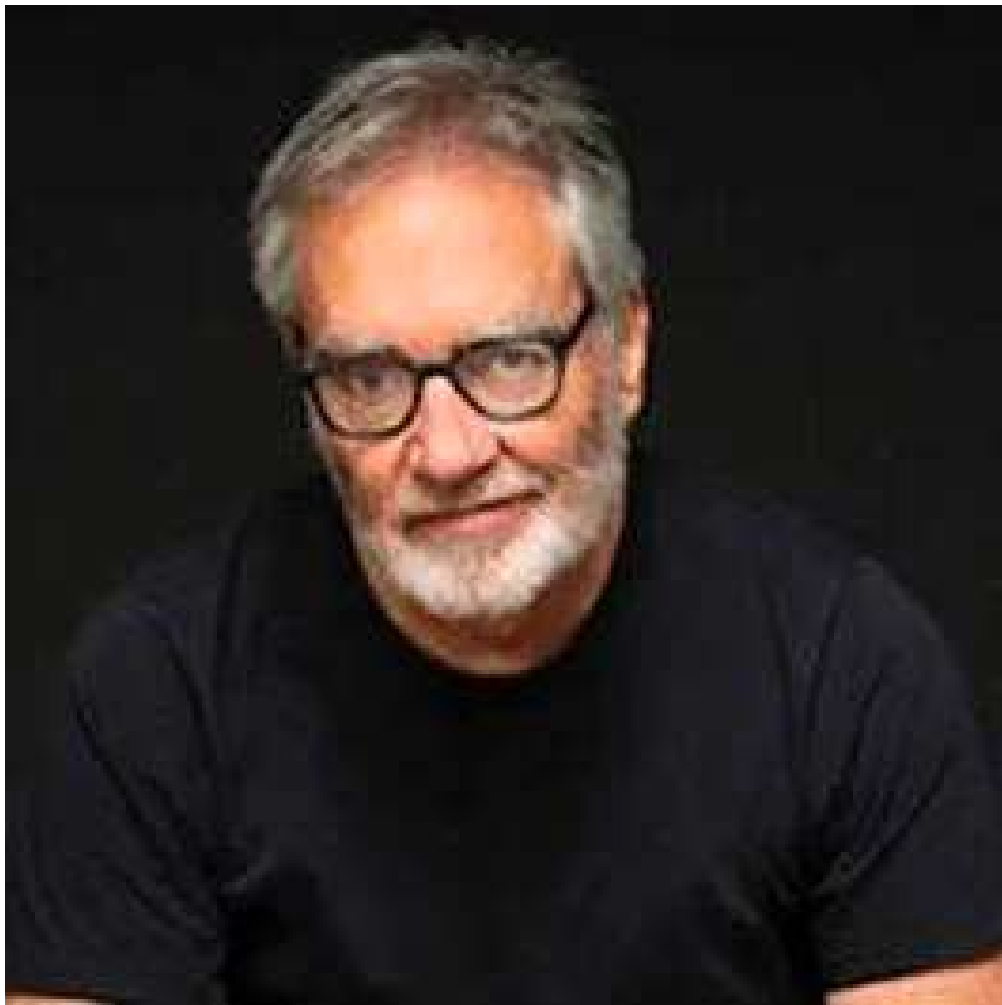


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Bob Pittman: Podcasting Is Still 'The King Of Digital.'

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Make no mistake, iHeartMedia CEO Bob Pittman told a Wall Street investor conference Thursday, podcasting is still growing. The pace of the increases is not as large as they have been during the past few years, but he said that is a mathematical reality and not an indication of any problems with the industry.

"It has been the fastest-growing segment of the digital marketplace, so in relative terms there is no deceleration. It continues to be the king of digital," Pittman said during an appearance at the Goldman Sachs Communacopia Technology Conference. "There is nothing that looks scary. As a

matter of fact, I see a lot of positive trends," he added.

Pittman said that a growing body of research is showing that podcast listeners are more engaged with the content than viewers of digital video, which up until now has been the "real star" of the digital marketplace. He says that gives podcasters a lot of room for growth. "The revenue has not caught up yet," Pittman said.

Even with growing revenue and listener numbers, Pittman acknowledged there is an evolution going on with the business models of a lot of podcast companies. Gone are the pay whatever it takes to sign a podcaster deals, he said, replaced by a greater focus on profitability. But he also noted that has not been something that has had much of an impact at iHeart.

"We avoided that temptation," Pittman said. "We've always been, if we can't make money, we're not doing it. There is no such thing as a good podcast we don't make money on."

He said the other area where iHeart has been ahead of the curve is the idea that exclusivity is limiting – both in terms of a show's reach and its revenue potential. It also failed to help drive a significant number of consumers to a particular app. "It turns out, it didn't work," Pittman said. "I think the policies we made, and the way we do business, turned out to be the right way. And that's the reason we probably have the majority of the profits in the podcasting business."

During a separate appearance at the conference Thursday, Spotify CFO Paul Vogel said there has been an "evolution" in the way the streamer thinks about spoken word content. "We are signing deals differently than we have in the past," he said, conceding that Spotify has inked some big-ticket deals that "didn't work out as well" as they hoped.

"We continue to believe that creating podcasts and having Spotify Originals will still be a part of the strategy," Vogel said. "We're also going to think about what's the best way to produce that content with the business partner with that content. What's the best way to share in the risk and the reward of that content with our partners?"

Pittman said that statements by Spotify and others that they are no longer going to overpay for a show – in some cases as much as 20-times what a show might be worth – will help not only investors but also talent realize that those deals are gone.

With 850 radio stations, iHeartMedia has used its portfolio to grow its audience – Podtrac says it was again the biggest publisher in July with 30.3 million unique U.S. listeners. Pittman said having those podcast listeners is also helping sell radio advertising.

"We're able to take the podcast audience that advertisers go very deep on, find exactly that same audience on broadcast radio, which has this tremendous reach, and sell them that audience too," he said. "We think that's a unique advantage of our company, and something that allows us to do something no one else can do."

Marching Toward Ad Recovery

Commenting on the current ad market in a Q&A at the conference, Pittman said iHeart continues to see sequential improvement in ad revenue and it expects to see more of a recovery in the fourth quarter. "From a trendline perspective, we are seeing what I think everyone would call the recovery. And the question is, when is it fully recovered?" Later in the conversation, he added, "Most every discussion we're having is about a sort of recovered economy from the standpoint of the advertiser." He also contrasted the 2023 ad softness with the steep, pandemic-stoked downturn of 2020, which he said was much steeper.

A recurring point Pittman hammered home at the investor conference was unlike the television business, which is transitioning from linear to on-demand viewing, radio is not going through a period of transition.

"We're not a business that's going through a transition; we're a business that's adding new pieces to our existing business," Pittman said, pointing to digital audio streaming, podcasting, social media and events. "The degradation has been in a lot of other media, but not radio. And the reason is because what we do is fundamentally more important than it's ever been – we keep people company."

