

Opportunities and Risks in Podcast Advertising

Gonzalo E. Mon

February 27, 2022



Ad revenue from podcasts in the US continues to grow at a staggering rate. When we last posted about this topic in 2018, IAB had reported that ad revenues had increased 275% over two years to just over \$257 million and that the market was expected grow to \$1 billion by 2021. Although the 2021 numbers aren't out yet, [IAB stood by that prediction last year](#), and added that revenues could jump to \$2 billion by 2023. This creates significant opportunities for advertisers, but also some risks.

The majority of podcast ads are read by hosts. This can be effective because many listeners are more likely to believe something that is said by a trusted host than by an untrusted corporation, but it also creates risks that typically don't come up in pre-produced ads. One issue is that if a host reads an ad in the first-person, that ad is likely to come across as a testimonial. Among other things, that usually means that the host must actually believe what he reads.

As we [posted](#) last month, the Texas Attorney General filed a lawsuit against Google over radio ads for its Pixel 4 phone. According to the complaint, Google provided scripts for the ads, which included statements describing the DJ's personal experiences with the phone, even though they had never used it. Google has denied the allegations, but if a DJ – or podcast host – describes a “personal” experience that isn't accurate, that could be a problem. (In the Google lawsuit, it could be a \$1 million problem.)

Advertisers should also remember that some hosts ad-lib. Although ad-libbing may improve the flow of an ad, it can also cause legal issues. Mark Twain once observed that “the difference between the almost right word and the right word” is like “the difference between the lightning bug and the lightning.” That's true in the world of advertising law, too, where small differences in wording can lead to big liability. Keep that in mind, when you consider your ad format and script.

As advertising dollars continue to flow into podcasts, we are likely to see regulators (and perhaps competitors) listening more closely. If you advertise in this medium, you'll want to make sure that those listeners don't hear anything that will cause you problems later. And, speaking of podcasts, make sure you check out [our podcasts on a variety of advertising and privacy issues](#), read by our talented host in her mellifluous voice.