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# Growth potential for podcasts is clear as Amazon moves into the sector

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## Omdia view

Amazon launched podcasts as part of its Amazon Music service in the UK, US, Germany, and Japan in September 2020. For no extra cost, Amazon Music customers are now able to access a library of podcast content, including originals featuring actor Will Smith and rapper DJ Khaled. Amazon has chosen to follow industry heavyweight Spotify's model, which integrates music and podcasts, rather than launching a separate service like Apple's podcast platform. While Amazon-owned Audible has podcasts available (adding 100,000 free podcasts to the service in late October 2020, including third-party content), it is clear that Amazon wants to develop a new, combined audio presence.

Another big name moving into the podcasts sector signals global players are waking up to the industry's potential, and Amazon is looking to take a slice of this growth. Global podcast advertising revenue is set to reach \$1.4bn by the end of 2020, despite the COVID-19 pandemic hitting some budgets. In fact, key market player Spotify stated in its 3Q20 results that podcasts were key in driving a rebound in ad-supported revenue following a drop off earlier in the year during the peak of the pandemic. The number of monthly podcast listeners has also accelerated worldwide, with growth in 2020 higher than previously forecast.

Amazon's cross-sector presence will help drive this rollout, as it can offer a fluid listening experience to its customers, with people tuning in via its Amazon Music app on the go and then transitioning to listening through Amazon smart speakers when arriving home. Kintan Brahmhatt, Director of Podcasts for Amazon Music said in a statement that "never before has listening to podcasts on the move, in the car, or at home, been so simple." Amazon could be placed to control the entire podcast listener experience for users of its ecosystem, as consumers stream original content produced by Amazon through the Amazon Music platform via Amazon smart speakers.

The four countries chosen for this rollout coincide with those in which Amazon already has its strongest pre-existing presence. Amazon's largest market, the US, is also by far the largest podcast advertising market, and will remain so through to 2025. With a mature ad ecosystem and podcast familiarity at 75%, the US is a key market for any podcast service to unlock. The other markets Amazon has chosen as part of this rollout, the UK, Germany, and Japan, all boast solid podcast listener bases and will see strong growth over the coming years. By 2025, the four markets will account for 15% of total global monthly podcast listeners.

Amazon will still be some way behind its competitors with its combined audio service, with the platform home to a much smaller content portfolio compared to other industry heavyweights. But with deep pockets and a global presence, there are strong opportunities for a wider rollout and future investment into content rights and original productions.

Straight Talk is a weekly briefing from the desk of the Chief Research Officer. To receive this newsletter by email, please [contact us](#).

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