

## The Podcast Value Chain Report

*3Q 2005 Update – The Podcast Content Bubble*

Prepared by Alex Nesbitt  
October 2005  
[Digital Podcast](#)

- Podcast content continues to grow extremely fast
- Podcasts can no longer be characterized as “audio blogs”
- Mainstream TV and Radio have contributed significant content in the third quarter, without much thought about makes for a good podcast
- Supply and demand for podcasts by content type is still unbalanced and presents opportunities for new breakout podcasts, particularly Adult content
- Recent developments including Yahoo’s new podcast directory and the new video features in iTunes are accelerating the rate of content growth

# The Podcast Value Chain Report

## 3Q 2005 Update – The Podcast Content Bubble

### Overview

Podcast content has grown at an explosive rate during the third quarter of 2005. The number of podcasts listed at iTunes is now over 20,000 podcasts, up from approximately 5,000 at the end of the second quarter of 2005. These 20,000 podcasts are estimated to represent 200,000 or more hours of free audio content available to listeners.

This growth has been driven by Apple's decision to include podcasting in iTunes and the adoption of podcasting by traditional media. iTunes adoption of podcasts dramatically increased the exposure and reach of podcasts. Apple has announced over seven million podcast subscriptions within the first few months.

The inclusion of podcasts into iTunes was also a significant factor in moving podcasting into the mainstream. As a result of this mainstreaming, big media has jumped into the podcast game. Large numbers of podcasts are now coming from repurposed content generated by radio and television. NPR produces 174 podcasts. Television networks such as NBC, ABC and CBS are offering multiple podcasts, including re-purposed news, comedies and soap operas. Clear Channel has announced 30 podcasts. Every major media company is moving to include the podcast format for content distribution. NBC has even started running television ads promoting their podcasts.

Podcasts can no longer be characterized as "audio blogs." Mainstream media is podcasting commercial material and independent podcasters are filling in every niche segment with podcast content. Business to business and business to consumer podcasts are also expanding rapidly as businesses begin to understand the marketing impact podcasts can have.

Just as websites gave every individual and organization the ability to distribute of text and images, podcasting is now democratizing the distribution of audio and video. This process will continue to drive explosive growth in podcasting.

### Supply/Demand Balance

In our last report, The Podcast Value Chain Report – An Overview of the Emerging Podcast Marketplace, we observed significant imbalances between supply and demand of different podcast categories. That imbalance persists.

Digital Podcast's directory provided a sample of over 2,958 podcasts at the end of third quarter 2005.

The following table lists the top ten categories from the home page as ranked by category views. The table shows the categories share of total visits to top level category pages and the share of podcast listings that fall under that category.

# The Podcast Value Chain Report

## 3Q 2005 Update – The Podcast Content Bubble

Category	3Q 2005 Share of Category Visits	3Q 2005 Share of Podcast Listings
Erotica	11.3%	0.8%
Comedy	9.6%	8.4%
Music	6.4%	22.3%
Books	5.9%	1.7%
Radio	5.5%	4.4%
Science/Tech	5.1%	8.1%
Politics/Gov	5.1%	3.8%
Educational	4.4%	2.9%
News	3.9%	2.9%
Audio Blogs	3.7%	6.4%

The genres of music, comedy & humor, and science & technology have the highest share of publicly available podcasts representing 38.8% of available podcasts.

Erotica, comedy and music are the most viewed categories representing a combined 27.3% share of category views. Comedy category views grew the most in the quarter going from 6.5% to 9.6% during the quarter.

### More podcasts needed

User interest in podcasts about erotica, books, politics, news and education exceeds the supply of podcasts in these categories. Erotica and books continue to be the categories with the greatest apparent supply shortage.

- Erotica is the most viewed category with an 11.3% share of category visits, yet represents less than 1% of the available podcasts. To investigate this imbalance, I asked Aly Drummond, Director of Online Marketing for Adult Video News, why the Adult industry did not seem to be podcasting. Ms. Drummond replied that it was likely that podcasting was not yet a priority for the industry. I think it may have more to do with the absence of a clear business model. The Adult industry has always been driven by money. With the inclusion of videocasting capabilities into iTunes and iPods, there is already strong evidence that the Adult industry will be a major driver of video cast growth. This is likely to be the major growth story for podcasting in the fourth quarter.
- Books have a 5.9% share of category visits, but only represent 1.7% of podcast listings. It seems that users are looking for free audio books. This imbalance is probably related to the copyright protection books receive and the shortage of freely available content. Much of the growth

# The Podcast Value Chain Report

## 3Q 2005 Update – The Podcast Content Bubble

in this category has come from podcasts about books that are no longer covered by copyright and by creative authors who see the opportunity to market and create an audience for their books.

### Worth watching in the fourth quarter

- Videocasts are now supported by iTunes. This should drive some explosive growth in videocasting, particularly in the erotic/Adult category.
- Yahoo has released its podcast directory to start the 4<sup>th</sup> quarter which should be an accelerating factor in driving podcast growth
- Podcasting adoption by businesses as a tool for marketing, communication and training.
- Educational podcasts also seem to be expanding rapidly in universities such as Stanford, Duke and Purdue, although much of the content is not available to the general public.
- Another type of podcast, dubbed a Tivocasts by one of Digital Podcast's members, seems to have emerged in the last quarter. Tivocasts are podcasts that are designed to be listened to while watching a recorded television show. TVSquad.com is now producing one for the TV series Lost and Ronald Moore, the creator of Battlestar Galactica, is producing a weekly DVD-style commentary for the Sci Fi Channel show Battlestar Galactica. This type of podcasting presents some interesting opportunities for audio programs to complement video broadcasts. If you find other tivocasts, please add them to CastWiki at <http://www.castwiki.com/index.php/TivoCasts>
- Community podcasting, where community participants submit the podcasts to be joined into a common feed, has also emerged in this last quarter and may prove to be a popular way to create topic based podcast feeds.

### Conclusions

Podcasting is maturing at an incredible pace. The race to move content on to podcasts and video casts has become intense and created a very competitive environment for content producers. The availability of this content is driving higher and higher user adoption. The notion that podcasts are audioblogs or that it should be a “non”-commercial space have gone out the window in the last couple of months.

In this content bubble, traditional media and podcasters are scrambling to get podcasts out there, much the same as the bubble days of the web when everyone was rushing get a website up and running. Finding ways to make podcasts commercially successful, effective podcast search, the ways to use podcasting as tool to change business economics and many other major insights are still over the horizon.

# The Podcast Value Chain Report

## 3Q 2005 Update – The Podcast Content Bubble

### Comparison of second and third quarter demand and supply

Category	2Q 2005 Share of Category Visits	2Q 2005 Share of Podcast Listings	3Q 2005 Share of Category Visits	3Q 2005 Share of Podcast Listings
Erotica	11.3%	0.8%	11.3%	0.8%
Comedy	6.5%	9.5%	9.6%	8.4%
Music	8.6%	21.2%	6.4%	22.3%
Books	7.0%	1.7%	5.9%	1.7%
Radio	6.0%	7.1%	5.5%	4.4%
Science/Tech	5.5%	9.6%	5.1%	8.1%
Politics/Gov	4.0%	5.0%	5.1%	3.8%
Educational	3.7%	2.9%	4.4%	2.9%
News	3.6%	2.1%	3.9%	2.9%
Audio Blogs	4.9%	8.1%	3.7%	6.4%
Food/Bev	3.4%	1.2%	3.6%	1.2%
Religion	3.3%	4.5%	3.5%	6.6%
Sports	2.9%	2.7%	3.2%	3.2%
Art	2.8%	0.8%	3.0%	1.4%
Podcasting	2.7%	3.3%	2.8%	3.2%
Movies/Entertainment	2.7%	4.0%	2.7%	4.7%
Health/Fitness	2.7%	1.9%	2.7%	2.4%
Hobbies	2.6%	1.3%	2.3%	1.0%
Games	2.4%	1.0%	2.1%	1.8%
Travel	4.1%	3.5%	2.1%	1.4%
Business	2.3%	1.5%	2.1%	3.8%
Info-casts	2.2%	0.6%	2.0%	0.9%
Skits	1.9%	4.9%	1.7%	0.0%
Variety	0.6%	0.0%	1.5%	1.1%
Regional	0.5%	0.0%	1.4%	4.8%
Environment	1.1%	0.5%	1.3%	0.6%
Fashion	0.9%	0.2%	0.8%	0.2%

Research based upon a sample of 2,958 podcasts. Web site page views average about 300,000 per month.

\*\*\*\*\*

This report can be discussed at the [Digital Podcast](http://www.digitalpodcast.com/forum/index.php) forum. You can find the forum at <http://www.digitalpodcast.com/forum/index.php>