



When Audiobooks and Podcasts Collide

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KENNEALLY: Guten Tag. Good afternoon. Welcome, everyone. Thank you for your patience. My name is Chris Kenneally. I'm the host of a podcast from Copyright Clearance Center called Beyond the Book, and it's a pleasure to welcome you to our program this afternoon, When Audiobooks and Podcasts Collide.

As the audio revolution has unfolded, audiobooks and podcasts have existed largely in worlds adjacent, with the simplicity of a major retailer for audiobooks and a major source for podcasts. But change is upon us. The recent acquisition of multiple podcast networks is creating rivals in the world of podcasts. Meanwhile, audiobook publishers are evolving beyond their signature format with the development of original works that exist in a middle ground between audiobooks, longer, and podcasts, shorter. This coming collision of audiobooks and podcasts means more choice for consumers along with more confusion for publishers, authors, and other content producers trying to reconcile subscription streaming and unit sale business models.

My panel today will look ahead to a future of growing audio publishing and shrinking distinction among formats. I'd like to introduce them to you. From the very far end is first Valentina Kaledina. Valentina, welcome. Valentina Kaledina is a business development manager at Castbox, where she is responsible for partnerships with podcasters in Europe. She also cohosts a weekly live show, PodBites, for the Castbox platform Livecast. She began her career as a journalist, including working in Paris for Agence France-Presse.

To her right is John Marshall Cheary. John, welcome. John Marshall Cheary has recorded, edited, and produced tens of thousands of audio productions, including Grammy-winning audiobooks, language programs, enhanced ebooks, and songs for such clients as Penguin Random House, Disney Harper Audio, Amazon, and Pearson. Just this year, John launched Boom Integrated to bring audio excellence to the emerging voice marketplace – that includes podcasts and interactive smart speaker experiences.

And to his right is Michele Cobb. Michele, welcome. Michele has served as the Audio Publishers Association – or served on the Audio Publishers Association board since 2001 as a director and officer and is currently executive director. She is a partner at Forté Business Consulting, which provides marketing and business development services



for the publishing industry. She is publisher of both AudioFile Magazine and MMB Media and as well is the audio publishing director for L.A. Theatre Works.

We look forward to having Porter Anderson, editor-in-chief at Publishing Perspectives, join us shortly.

In the meantime, though, Michele, I'd like to open with you, because the APA does quite a lot of surveying, keeps track of the movement of the audience in various directions. Tell us about that. Tell us particularly why that has happened. It is fairly obvious, I suppose. But it's not just that we all carry our devices with us, but they are with us wherever we go. They're now in the car, and that's very important to this discussion. So share with us some numbers.

COBB: Sure. Of course, the smartphone was a big influence in getting more people to listen to audiobooks, because you've got that in your pocket. You've also got the smart speaker helping the home listening market. And in the past couple years, we have something called an in-dash car player, and that makes your apps go seamlessly in between your car and your devices. So it's a very easy listening experience when you get into your car. That's actually growing the amount of audiobook listening happening in cars. So devices are drivers of listening, and they are bringing us a much wider audience. In fact, 50% of the US population has now listened to an audiobook.

KENNEALLY: That's just happened this year. That was announced this year's survey. And it has been growing very quickly in just the last couple of years. So that's a trajectory that we expect to see continue to rise.

COBB: Absolutely. 20% of the US population has actually listened to an audiobook in the last 12 months and 50% ever. There's 50% more to go. But it's getting much faster. In 2018, only 44% of people had ever listened to an audiobook, so that's a 6% rise in one year.

KENNEALLY: Yeah. We are talking about the collision between the world of audiobooks that you know so well and podcasting. Why should publishers in this audience care about that? There are some numbers that really they should be aware of.

COBB: First of all, if you are an audiobook listener who listens to podcasts, you consume twice as many audiobooks as audiobook listeners who don't listen to podcasts. We often hear the term that they are kind of gateway drugs in between each other. You start listening to podcasts. You're like, ooh, I like audio. Now, I'm going to try this audiobook – and vice versa. So it's really supporting the idea of audio listening, and it's creating a younger audience, as well.



KENNEALLY: I wanted to emphasize that point, because even though 50%, as you say, of Americans have listened to an audiobook, there's still, as you said, 50% more to go, and the place to find them would be, we would imagine, in the younger demographic. That's important.

COBB: Yeah, so younger kids are starting to listen, and then they listen throughout their lives, which gives us potential revenue for a longer period of time. And the growing listening bands are between the ages of 18-24 and 25-34. In fact, over half of the audiobook listeners, especially those that are listening frequently, are under the age of 45.

KENNEALLY: And we are seeing some interesting developments outside the audiobook world, but it will have an impact, we expect, which is that Pandora and Spotify are acquiring podcasts, and perhaps they are beginning to engage with that younger audience and get them more accustomed to podcasting as part of the listening experience.

COBB: Yeah, and places like Spotify now offer audiobooks as well as podcasts. Those are people that may not be introduced to an audiobook via the book market, but they're coming in via the music market – different listeners, younger listeners, again leading to growth.

KENNEALLY: And this is bringing all these materials together. I can also imagine that someone on their way to school listening to Spotify – they're not concerned with the distinctions between these formats. It's all audio, the single source.

COBB: Exactly. They're listening to something. We think of audiobooks and podcasts as being different, mostly because of business model. Podcasts are generally free and ad-supported. Audiobooks are paid for. But if you take a podcast and an audiobook in terms of business model and you put the two materials together, you can't necessarily tell which one is the audiobook and which one is the podcast just by listening.

KENNEALLY: Right. Valentina Kaledina at Castbox, let's talk about some of the things that you're aware of with your audiences. One thing I thought was interesting you mentioned to me earlier was that you're seeing when it comes to podcasting bingeing patterns, which are the kinds of patterns we see in other types of media. You see people listening in more extensive ways. Podcasting tends to be shorter, but in fact, they want more.

KALEDINA: Exactly. So we see a similarity between audio drama, for example, and audiobooks listening. And for the user perspective, what we see is that for most of the users, there is no big difference between the content. We know as creators – and for the creators, it's very different to create the content for the book or you're creating the content for the podcast which is meant to be spoken. But for the user perspective,



because we tried both of this content on our platform, on Castbox, so we didn't notice big difference in listening patterns. For users, the podcast is one channel, and it has a breakdown by episodes. And for the audiobook content, it is presented in the same way – it's a few chapters, similar to the episodes, and each chapter has kind of show notes. And we see the pattern is kind of similar, so people are listening to the audiobooks at the same time when they are doing housework or, for example, when they commute to work. So this is kind of – consumption is very similar to the consumption of podcasts.

KENNEALLY: And Castbox had a partnership with Findaway that provided audiobooks to your platform as well as the podcasts you have. Any interesting findings there from that pilot? If this distinction, again, that we make between podcasts and audiobooks – that one is free, the other has a price, that one is shorter, one is longer – it also tends to be true that one is fiction, the other is nonfiction. But when these audiobooks were available to your podcast listeners, I think the number-one category was self-development, so that's nonfiction.

KALEDINA: Yeah, exactly. So we had a partnership with Findaway, which is a great company. They own lots of great titles. But for us, it was more like a trial, and at the moment, we are still thinking how to continue. Because for us as a podcast platform, still most of our users are coming to the platform to listen to the podcasts, especially on established markets such as the US and the UK. While on some other markets – for example, as Germany, which the market – the podcast listenership is not so established here, so what we see – people are coming to the platform, and they search for audiobooks as a category.

Coming back to the partnership with Findaway, exactly what was interesting to find that people were willing to search for self-development category. But for us, for the platform, we still have a few challenges, exactly because the difference in business model, that podcasts are free, and for the audiobooks, people have to pay.

KENNEALLY: Well, the audience has noticed, certainly, that Porter Anderson has joined us. Porter, I want to welcome you. Porter Anderson is the editor-in-chief of Publishing Perspectives, which is operated by the Frankfurt Book Fair in New York. Earlier this year, he was named London Book Fair's inaugural international trade press journalist of the year.

Porter, I'm going to put you on the spot and ask you about what you hear as you travel, which you do a great deal of for Publishing Perspectives globally. We are seeing interesting developments in the audiobook space that you've reported on. And one of the things that may be having an influence to bring these various formats together is that publishers are growing wary of being tied to one platform. They would like some choice. You see that, for example, in Norway. Tell us about that.



ANDERSON: Yeah, exactly. There's been a very interesting development – by the way, my apologies for being late, everyone. We had a slight glitch on tomorrow's show daily that had to be fixed right away. All is fine now. But what we're seeing in Norway is the development of a company called Beat Technology which has offered to two of the largest publishers in Norway, our guest of honor here at Frankfurt this year, a chance to come together, form a platform of their own, and to sell their biggest bestselling authors exclusively through their own platform. It's called Fabel. In English, we would see the world fable. It's pronounced fabel in their country.

This is a case in which they had two dominant publishers. These are their two largest. And they have the greatest of the authors, of course. It's like being able to put Stephen King in together with Margaret Atwood and to say you can buy them no other place. And because they have the strength of content, because they have such draw, they can do this, and they can get the audience to come to their own platform, because those authors are so popular and everyone just must have the books.

They caution us that in looking at this model, which they would like to see roll out in other countries, obviously, the size of the publishing house and the importance of the author is a key. Because if you don't have that, and you're not able to get the exclusive availability of these properties, then you're not going to be able to draw the audience strongly enough to what is a lesser platform by comparison to something like Amazon or Audible. This will be a difficulty. But if you are able to mount that kind of strong content, if you have dominance over your market, then they have developed a proprietary software that can give you a beautiful platform for downloads or streaming. They can actually integrate ebooks and even sell print books if you'd like. And they will completely skin it for you so that it's completely yours. No one would know that there was another company behind it. It's quite advanced – Beat Technology, like beating on a drum. Fascinating group.

KENNEALLY: Since that would be exclusive to your content, you could do lots of things to promote the content as well, and podcasting would be one of them. We're already seeing this happening. We have a series of podcasts from PRH, Penguin Random House, called This is the Author – podcasts authors reading their audiobooks, talking about their audiobooks to push people – it's kind of a marketing service. Is that how publishers are seeing podcasting right at this moment – it's just marketing, but it has potential for more?

ANDERSON: They are. There's a great wariness right now, and I know Michele and I have talked about this, where we're looking to see how things come out, if you will. Because when publishers look at creating their own podcasting material, the question is at what point do they begin to cannibalize the catalog? When do the visitors to your site



start listening to the free material and never going on to actually buy the audiobooks? Can you create paid-for podcast material that they will shell out for and give you revenue for – again, though, without overwhelming the audiobook catalog? It's very difficult to know what that fine line is, and you can do some perfectly marvelous production, of course, outside of a book about a book – I call them audio trailers – can be perfectly terrific. But when are they so satisfying and so terrific that you're starting to lose business from your audiobooks? It's a very tricky little question at this point.

KENNEALLY: John Marshall Cheary, I know you have some exciting ideas about this potential. The collision is not a crash, but it's opening up an opportunity.

CHEARY: That's the way I'm really thinking about it is opening up an opportunity. But how do publishers take advantage of that? Because there's a very strong shift of their business model. Publishers are used to customers paying for their content, which is a wonderful – it's amazing that has not –

KENNEALLY: We like that part.

CHEARY: Yeah, we like that part. But in the end, do we really care who's paying for it if the check clears? Podcasting, from what we've understood, is pretty profitable, and the money comes from advertising or sponsorship, which are kind of two sides of the same coin, right? That just is a shift in business model perspective.

To me – we were talking about this earlier – what is the difference between an audiobook and a podcast? Eventually, that may be kind of squishy, and nobody may care. In my opinion, it's where the money comes from. The money ultimately from an audiobook comes from the consumer. They pay for it. They buy it. It's a nice business model. We'd hate to see that go away. So do we then decide that podcasts are just trailers? Well, we say just trailers, just marketing – I don't want to use the word just with that. (laughter) Marketing – we've heard that that's pretty cool. That tends to be a good thing.

But I believe that the opportunities are even beyond just marketing. We can take models that have happened in television and movies. This isn't an outstanding example. I'll use it – it's all I can think of right now – is Westworld did a voice – a smart speaker program called The Maze. It was a choose-your-own-adventure or an escape-the-room – I actually forgot which. That was purely promotional, because they've got to bring the viewers from season to season. There's like a yearlong gap, and we're all going, oh my God, what goes on? Well, we can now scratch that itch – we as users can scratch that itch. That to me is the key thing, right? And fans of a particular IP – of a particular title – we can't wait to get enough.



A Copyright Clearance Center Podcast

I'm a Star Wars guy. I'm Star Wars generation. I can't get enough – although the new Disney movies, maybe I might be. Different issue. But I love all those characters. I even want to know what that weird little alien that sits on Jabba the Hutt – I want to know his backstory, right? We all know how much content there is with that.

To me, that's the opportunity. And it's not just trailers, in my opinion, because why aren't the publishers then taking advantage of advertising revenue? Then we can keep siloed the audiobook in behind its little paywalls, because it is also – another differentiator – it is a book. It comes from the book. Then we have the original thing – yeah, nothing gets past me. But then the podcast can be – Audible uses the term Audible Originals. I'm looking at their ad. In Europe, they're calling them podcasts. But it's not a book. It was written specifically for audio. That to me is the opportunity for publishers.

Publishers have gone to – in the old days, they signed an author and they had the book, and a lot of times, the audio rights would go somewhere else. Well, lately they've been like, no, no, no, I don't like that. You're going to sign with us. We're going to have your audiobook. Well, should we now be moving to a situation where to your author, we are now saying, and we want your podcasts, and we want your smart speaker thing?

A dear friend of mine is writing a book – and I won't use her name, I don't know if I'm cleared yet – with one of the top five publishers. They said to her, we want to do your podcast. She's a psychologist, so it would be a classic podcast – interview-style – that would be in promotion of her as a brand, and therefore by extension her book. But if they're not overlaying ads on that, then somebody hasn't been doing their homework. I think they might be.

So to me, it's not only a way to promote the book, to keep customers engaged wherever they are, but it is also a new revenue opportunity. That's what's really exciting for publishing for me.

KENNEALLY: Just to say – we have some numbers on that. Of course, this is a pie that's being shared by a lot of different players, but I read that podcast ad revenues – I'm assuming this is the US number – \$314 million in 2017, expected to more than double by 2020 to \$659 million. So there is money there to be had. I wanted to actually turn to Michele Cobb to expand on the notion of the role that these originals are going to play. Originally, this notion of this discussion came about when we were discussing the effort that Reese Witherspoon and Hello Sunshine are making to create these kind of middle-ground audio memoirs that aren't podcasts, really aren't yet books – something else instead.



COBB: Well, we're not called the Audiobook Publishers Association. We're called the Audio Publishers Association, because plays and poems and originals have been part of this paid network for a long time. So now what we're seeing is publishers are not thinking so much about format anymore. They're thinking about IP. It comes out in ebook, it comes out in print, it comes out in audiobook, and then these characters can be used to make an original. And we're starting to see these original works, which may be shorter but are still paid for – so they're not podcasts via my definition – they are expanding and exploring the universe, much as something is turned into a film or into a radio drama. All of these things are just coming together using that same IP. The only difference is how is it paid for?

KENNEALLY: Sorry, Porter?

ANDERSON: (inaudible) how the rights go on this, too. Because once we produce enough of this class of material, it probably becomes a sub-right in itself.

CHEARY: It's a new right.

ANDERSON: And as we're learning, we can get into trouble with these things in the audio world, at least into court with these things.

COBB: That's a different story.

ANDERSON: That's a different story, yeah.

COBB: We are seeing authors now who are asked to do the audiobook version first or to do an original work that then becomes a book. So we're just taking these ideas, these thoughts, these intellectual properties, and we're making them into a variety of materials. And what we see now are author brandings and character brandings. That's important.

KENNEALLY: And I was thinking, too, that what you have is a whole new source of the IP, because the sorts of writers who may be more adept at audio is a whole different community than the ones that traditionally literary fiction publishers would be looking for.

COBB: Sure. But the thing is if you're a writer, you're a writer. So we see people going back and forth between books and television, between television and podcasts – all of these different things. It's just how you put the words together and the ultimate thought behind the format. When you write a screenplay, you don't have to put in narration that explains what's happening. In a radio drama, you have to do it somehow – with sound or with words. So it's just putting the text together differently with a different eye (laughter) towards how people are going to imbibe the material.



CHEARY: Can I hop in on that?

KENNEALLY: Please, yeah. And I want to follow up.

CHEARY: Every time I disagree with Michele, I'm wrong, but I'm going to anyway.

COBB: Go for it.

CHEARY: Yeah, exactly. So yes, writers are writers, and good writers can do whatever. But writing specifically for audio only is a very different discipline. It needs to be thought about to do it outstandingly, which is, I guess, what we'd all desire. It needs to be thought about in a very specific way.

I was speaking with Mac Rogers, who we're now working with as one of our writers. He wrote *Steal the Stars* and something else – millions of downloads. When he's thinking about writing these, he's really thinking about – sonic branding they call it, right? What are pieces that – yeah.

KENNEALLY: We're having a bit of sonic –

CHEARY: I own a lot of recording studios, and I hate it when that happens. It drives me crazy. And I feel for the audio engineer. I did live sound for years.

COBB: We can tell it's an audio panel, because that's the dirty secret of the audio publishing industry is that the audio never works when we do presentations.

KENNEALLY: But, John, I want to pull at that thread just briefly. Writing is a skill that can travel across media, but it is also sometimes very important to specialize in something. And what publishers have specialized in is words. They have published words. What you are suggesting, what I think we're hearing, is that there's an opportunity to be going beyond what they're very familiar with and comfortable with.

CHEARY: In the same way that writing a book is different than writing a screenplay, an audio play is also different, right? We're finding a lot of similarities, strangely, between what playwrights do. Even though there's a visual perspective there, for some reason, they're able to kind of get their heads around that a little better. That's where Mac Rogers comes from. He's just able to kind of craft things in a certain way, and we're seeing that.

We're working with the Dramatists Guild, which is the playwrights' union in the US, to develop a lot of writers for that, and we're seeing that they really kind of latch onto the



idea that – OK, close our eyes. We don't need to describe everything that happens. It needs to happen. We don't say, and then the car exploded. It just – kaboom. But that leads its own particular storytelling and writing challenges.

KENNEALLY: Porter Anderson, you raised a good point, which is the new generation of editors thinks differently about content, about these various media, and one good example is the recent winner of the PW Star Watch, Jennifer Baker, who is a podcaster as well as a publisher.

ANDERSON: Yeah, Jen is fantastic, and she's been doing this for so many years. She's got a beautiful podcast program that brings to her studio all the people she wants to bring forward and bring to light of diversity in the publishing world – voices we're not hearing enough from who are actually in the publishing business already, and we just don't realize that we have such diverse members of our industry in the United States – she's based in New York.

She has been doing a beautiful job with this thing, and she is, I think, very well known for this and does this as a labor of love. She's been doing it for more than five years now. It's got a terrific archive, beautifully put together an index – a great many transcripts, which for a journalist like me are great, because we can search a transcript much better than we can work with audio. Yet these are fascinating conversations, often quite deep, because she has the luxury of time on this. While it's not a commercial property, it's a wonderful tool – an engine in our industry at this point to help us with a very pressing problem that ours and many markets are dealing with, the diversity of the industry and how do we expand on it? So Jennifer Baker is fantastic, and we were delighted to see her become our superstar.

KENNEALLY: Sure. So my question to everybody here, and we'll start with you, Porter, is just how fast is all of this moving? If the marketplace is – we're seeing indications that we're moving towards this middle ground. There's a crumbling of the platforms. What do you expect to see the next year or 24 months? Will there be any particular direction you expect the business to go with regard to this?

ANDERSON: I think we're probably going to see a lot more formalization of the originals concept. It will come through in different names and different types of branding. But particularly because we need to carve out something that we can experiment with better in terms of monetization and something that rings a little clearer in, I think, the user's mind as different from a podcast, yet not necessarily an audiobook. We need to find the right term that's going to make sense for our user to know, ah, that's that kind of thing I love that's about this, but not quite that product. And I think we'll see that. I think we'll work that out, I hope within the next year or so, so that we've got a better handle on that, at which point a lot of this will start to sort itself out better.



KENNEALLY: So the baby has yet to be born, in a sense.

ANDERSON: The baby's yet to be born in name.

KENNEALLY: That's right. Michele Cobb, for you at APA, how important is it for publishers at the moment to experiment with this, to think about audiobooks and podcasts and the baby that has yet to be named?

COBB: Well, they're clearly doing it every day. They know how to make an audiobook. They essentially know how to make – really, a lot of these podcast-type things are radio dramas. They know how to deal with sound. So we're seeing experimentation, and we're seeing because the revenue for audiobooks is so strong that people can be creative. They're thinking outside the box. They're trying new things. What that means is they attract new listeners. So it's just bringing the tide up for everyone.

Of course, if I look into my crystal ball, I say, oh, none of us are going to watch television anymore, right? We're just going to be listening to audio all the time in whatever form it is.

KENNEALLY: John Marshall Cheary, one of the points in looking ahead to the future that people worry about is the potential loss of revenue that the audiobook has represented to the publishers. But subscriptions are important, and that's what podcasting is about – subscribing. So there may be some hope there on that side.

CHEARY: Podcasting, I believe, is about revenue. Who does the check come from? Podcasts are paid for. People are making money in podcasting, as you just demonstrated with your statistic earlier in this panel. So is the audiobook dead? That's what we're kind of talking about here. I don't see it. I don't smell it. I don't see it happening right away. There are only more subscribers all the time to the retail platforms. So we're not seeing that right now.

What we're seeing is an overall expansion of listening in both podcasting and audiobooks. This is awesome. This is nothing but great – technical terms. I hope I'm not over anybody's head.

KENNEALLY: Valentina, how do you see the next 12-24 months playing out, then?

KALEDINA: What we are discussing nowadays in the industry is that the audio drama and the interest from the listeners to audio drama and to fictional podcasts is growing. For example, during the recent Podcast Movement Festival, which is one of the biggest events for podcasters, there were a few panels where Hollywood producers were coming



and they arranged pitching sessions for podcasters, because they were searching for unique IP. So we think that podcasting will be a growing source for IP for other industries for one specific reason – because this industry is not very much regulated, and that’s why people are full of creativity there, and they don’t have any limits and any boundaries. So that’s why they are free to create whatever. This is the reason why other producers are keen to search for unique IP and unique ideas in this industry.

KENNEALLY: Well, I want to thank our panel. We have been enjoying a conversation about the collision between podcasts and audiobooks with Porter Anderson, editor-in-chief at Publishing Perspectives, Michele Cobb at the Audio Publishers Association, John Marshall Cheary with a variety of industries, including Boom Integrated, and Valentina Kaledina with Castbox. It’s a pleasure to see you all. My name’s Chris Kenneally for Copyright Clearance Center. Thanks for joining us.

(applause)

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