

Hi everyone. Welcome to video number 2. In this video we'll be covering subscription revenue models as well as crowdfunding.

What's really interesting about the current moment in the podcast industry is that we're seeing a resurgence of a patronage model, where fans can directly support their favorite creators. I'm sure you've heard a listener donation drive on a public radio station, where a host will say donate ten or five dollars a month. Your support really helps fund our station and makes this show possible. It's the same kind of argument that the podcast industry is making and is creating new viable revenue streams other than advertising for a lot of independent creators and even large companies and tech companies.

Yes companies see a huge revenue potential through subscription podcast services, but I still feel like the audience is very community-based. And we're only going to build once we gain the support and win that hard core audience over for those platforms.

So let's take a look at some of the leading crowdfunding platforms that you can use to start funding your podcast independently. First there's Patreon. I would say that this is the most common platform for podcasters, but it's really for any kind of creator. Whether you're a comic book writer or you create jewelry, but this is really great for podcasters because you can get that recurring revenue every month from your fans and listeners. Patreon allows you to set different tiers. So anywhere from \$1 a month to a hundred dollars a month. And at each tier there is some kind of incentive for the patron. Whether that's bonus episodes or an ad-free archive of the podcast or even merchandise.

According to Patreon their top creator makes over a hundred thousand dollars per month. And this doesn't take into account the processing fees that are inevitable. But this gives you an idea of the crazy revenue potential that you can achieve with a platform like this.

Kickstarter is another platform that can really help you get that upfront funding for your podcast. For example, there was recently a campaign created by a group of women in media that were looking to start their own female-led podcast network. And instead of going to Angel Investors or other methods of funding they decided to take it right to the source and they created a Kickstarter campaign to get that upfront money to launch their first slate of shows.

Now I have to underline that success is really hard to predict with these kinds of platforms. It's really a choose-your-own-adventure and there's so many factors that come into play when you start one of these campaigns. Not everyone's going to start off making a hundred thousand dollars per month on Patreon. That's definitely for sure. But what's great is that the opportunity is there and anything is possible.

Perhaps you won't become the top Patreon creator on the platform, but it also could be just another source of passive revenue or secondary revenue stream in addition to advertisements. This is a really good strategy that you can use as independent creator to offset some of your production costs and even make a profit.

We're also seeing a rise in ad-free subscription podcast platforms, like Stitcher Premium, CastBox and Luminary. Luminary is one of the newest competitors in this space as it just received a 40 million dollar round of venture capital. This shows that there's growing interest in this area of business. It's a really successful and proven model. Subscription revenue is reoccurring and it's a lot more dependable and it's way easier to forecast than advertising. We see companies again, like Netflix and Hulu, who are transforming their particular section of the media industry and the same can happen with podcasts.

Like subscription video services, companies like Stitcher Premium offer a bundled offering, provide a bundled offering. Instead of supporting just one public radio station or one independent creator on Patreon, you are getting a little more bang for your buck.

Generally most of these platforms have a couple different levers that they pull to bring in listeners. Number one, of course, they're all ad-free. They'll provide bonus episodes of listeners favorite podcasts. Like I said before they'll create original content that can only be that is only found exclusively on a particular platform. Then now we're seeing when doing arrangements. Where podcasts are available on a certain platform for a set period of time anywhere from one day, one week, six months or even years. In my experience it's a truly sustainable way of funding new podcast productions and paying creators.

Now we can't forget about successful streaming music companies like Spotify and Pandora. These are going to be big competitors for podcast subscription platforms. Like we learned before, streaming music companies have a huge chunk of the share of ear for American consumers. Their user bases are humongous, but the true test is whether they can take those music fanatics and turn them into podcast fanatics. And I honestly believe that all this competition will drive creativity and I'm really excited for the interesting projects that will be staying in the future.