

Hi everyone, and welcome to your final video. You made it. In this video, we're going to cover revenue expectations versus reality. I'm going to give you some hard truths and help you apply what you've learned throughout this course in this module and bring it to your current project or conundrum. So let's get started.

First, I'm going to cover some quick media math 101 and key terminology that you will need to sell your first podcast sponsorship. We're going to look at this example with the knowledge that we are selling a baked in ad. Now this is a term that you will hear often with podcast sponsors. It basically means that the advertisement is embedded permanently in the podcast self. Now there are other kinds of a delivery where the podcast is digitally inserted and taken out during a certain flight period. But this baked in style of ad delivery is quite common throughout the industry.

So we're going to move forward with that in mind as we walk through this example. So what is a CPM? A CPM that stands for cost per thousand listeners. And this is a metric that we use in the digital media space to determine the cost of an ad unit. Now ad units are placements within the podcast where an ad occurs. In most podcast there are three ad units. In the pre-roll, which is the beginning. In the mid role within the middle and in the post role which is at the very end. Now it really varies from podcast to podcast how these ad units are arranged, but that is generally how it plays out.

So let's quickly break down this CPM calculation that I keep referencing. It is a pretty simple equation. But if it is intimidating to you, I have provided a CPM calculator in the resources that you can use throughout this video.

Let's say that your podcast receives 10,000 weekly listens on average. To get the cost of one ad unit. You would take that audience number which is 10,000 divided by a thousand and multiply times that CPM or cost per thousand listener. There's a really big range of CPM costs across the industry, but generally podcast companies are independent podcasters charge 12 up to 50 or \$60 for a host red advertisement. Now one thing that I always like to ask of people who are looking to start their own podcast is. What are your goals? What are your Revenue goals? Are you a podcaster who just wants to have fun with this and express yourself and revenue is kind of icing on the cake? That's one direction.

If you are someone who is fronting some money in the beginning it would like to recoup some of your cost. That's another direction. Perhaps you have really strong ambitions and you want to quit your day job and become a full-time podcaster. And this is a Cinderella story that we have seen time and time again in the podcast industry. And these are all viable options, but I think it's really important to be honest with yourself and know going in what your goals are.

And now I'm going to share a couple hard truths and the reality of the podcast landscape to date. If you are an independent podcaster and you are looking to get network representation. That means someone to help you sell your ads. You're really going to have to have a significant audience. That means probably anywhere between the range of 30 upwards of a hundred thousand weekly downloads per episode.

And finally whether you are a large company or an independent creator most people overestimate their revenue for podcasts. It's an incredibly exciting medium and people want to jump right in, but since it's still kind of the

wild west and there are a lot of factors that new people to the space don't always understand. It's very easy to overestimate the revenue. So just keep an eye on that.

Make sure you're making a projection for ad revenue at the very beginning so you can manage you or your boss's expectations or your family's expectations to get an accurate ad revenue projection. Take that cost of unit equation that we just did and multiply it by as many ad units that you will have in each podcast episode. Then understand what the sell-through rate is. Do you think you'll sell 80 percent of your ads? 20%? 30%? I would set a pretty conservative sell-through rate at under 50%.

Also know what kind of creative type you're willing to do. Branded content demands higher CPMS. Also know that pre-recorded spots demand a way lower CPM.

So luckily you got a very holistic understanding of how podcast make money in this module. If you have any questions, feel free to reach out and I'm really excited to meet you all. Thanks again for joining me and learning about podcast revenue and sales.