

Analysts Not Impressed With Spotify Podcast Play

By **Radio Ink** - January 16, 2021



Analysts at Citi are not impressed with the results, so far, from the hundreds of millions of dollars the company has spent gobbling up podcast companies. Is the Spotify end-game of converting music listeners to podcast listeners even working?

Here's what Citi analysts wrote in a note to their clients Friday about Spotify's early results from podcasting. "The cadence of Premium gross additions (through 3Q20) and app download data (through 4Q20) do not show any material benefit from recent podcast investments (that began in 2019)," the analysts wrote. The firm downgraded the stock to sell from neutral."

CNBC was first to report about the Citi note.

With so many podcast apps available to consumers that are much more user-friendly and don't focus on exclusivity this also makes you wonder if the podcast listener even cares that Spotify offers podcasts. Once a listener finds a podcast app they like, that plays the podcasts they love, why would they switch to another app?

More from the Citi note. "To date, we have not seen a material positive inflection in app downloads or Premium subscriptions. If we were to see a material positive inflection in app downloads or Premium subs

(from higher gross adds or materially lower churn), we would alter our view. But, our fear is that if podcasting doesn't provide a way for Spotify to shift away from music label dependence, the Street may reassess the underlying value of the business. And, that would be bad for Spotify's multiple and equity value."

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