

Spotify's new activist investor is keeping a close eye on podcast spending

This is Hot Pod, The Verge's newsletter about podcasting and the audio industry. Sign up here for more.

I hope you all had a great weekend. Today, we have the final lineup for Hot Pod Summit next week, including a new headliner. Plus, Spotify's new activist investor and Rihanna's post-Super Bowl streaming spike. Let's get into it!

Activist investor takes stake in Spotify, and it is all for company cuts

There is even more pressure for Spotify to be lean now. Last week, it was reported that activist investor ValueAct had purchased a stake in the streamer. Mason Morfit, who leads the firm, disclosed the new position at a private conference at Columbia University and indicated that he was on board with the cuts Spotify has been making.

"Spotify's superpower was combining engineering breakthroughs with organizational abilities – it organized creators and copyright owners to build an entirely new economic model that benefited everyone involved," Morfit said. "During the boom, it applied these powers to new markets like podcasts, audiobooks and live chat rooms. Its operating expenses and funding for content exploded. It is now sorting out what was built to last and what was built for the bubble."

The news comes less than a month after Spotify laid off 6 percent of its staff and experienced a major reorganization on

the content side. Dawn Ostroff, who led the company's content and advertising business for four years, departed. Longtime entertainment executive Ostroff had overseen the exclusive licensing of top shows like *Joe Rogan Experience* and *Call Her Daddy* and Hollywood collaborations for original projects like *Batman Unburied*. If Ostroff helped make Spotify the dominant player in the podcasting space, she also spent hundreds of millions of dollars in the process without yet making the vertical profitable. During an earnings call earlier this month, CEO Daniel Ek admitted that podcasting had been a "drag" on profits.

Content and ad business will now fall under Stockholm-based subscriptions chief Alex Norstrom, who is now chief business officer. In a letter to employees, Ek stressed that Ostroff chose to leave her position and will stay on as a senior advisor. However, *Semafor* reported this week that Ostroff was pushed out. Spotify spokesperson Rosa Oh told *Hot Pod* that *Semafor*'s claim is incorrect. Either way, the fact that the department now falls under Norstrom means that there will be an extra layer of business oversight on podcast spending.

The added element of ValueAct's investment does leave me with a few more questions. Did it acquire its position before all of the cuts and reorg took place? Does it even have a big enough position to exert real pressure on the company? (None of Spotify's financial filings reflect ValueAct's ownership, which means its stake must be less than 5 percent or that the purchase occurred in the past week or so – well after the cuts took place). Also, what will podcasting look like in this new, leaner structure? I don't think anyone expects the spending bonanza we saw the last couple of years, but it is hard to imagine they would be willing to forgo the expense necessary to keep their marquee talent happy (especially with Rogan nearing the end of his contract).

YouTube is coming to Hot Pod Summit

I am really excited to announce that Kai Chuk, head of podcasting at YouTube, will be joining us next week at Hot Pod Summit in Brooklyn. I will be doing a short interview with Chuk about how YouTube plans to leverage its position as the top streamer of podcasts, but more importantly, we want you to come prepared with questions for him at the Q&A session. Video podcasts are a hot topic in the audio world – who should make them, what should they look like, are they even still *podcasts*? – so I am sure you all have plenty of spicy thoughts.

And now, I'm pleased to share the full day's schedule for the summit!

In the morning, we'll have three panels: **The blurring line between audiobooks and podcasts** with Nir Zicherman, head of audiobooks at Spotify, author and podcaster **Gretchen Rubin**, and **Dan Zitt**, senior vice president of content production at Penguin Random House Audio; **YouTube and the future of video podcasts** with YouTube podcasting chief **Kai Chuk**; and **What's next for narrative podcasts?** with **John Perotti**, co-founder and CCO of Rococo Punch, and **Kate Osborn**, EVP of development at Kaleidoscope, which will be hosted by **Nick Quah**, *Hot Pod's* founder and author of *Vulture's 1.5x Speed*.

In the afternoon, we'll be breaking up into small groups to discuss some of the biggest and buzziest topics of the moment: **what sustainable podcast revenue looks like, the current podcasting job market, showrunning challenges, shrinking ad budgets, growing audiences, and the difficulties and opportunities of video.**

And finally, we'll cap off the day with a **live recording of *Decoder***, where editor-in-chief of *The Verge*, **Nilay Patel**, will interview **Conal Byrne**, CEO of iHeartMedia Digital Audio Group.

Thank you to our sponsors for the event, AdsWizz and Subtext. AdsWizz is a self-serve advertising platform for creating and

running audio ads. Subtext is a text messaging platform designed to connect creators directly with their subscribers.

Hot Pod Summit is being held in partnership with On Air Fest and our friends at work x work. On Air Fest is a three-day celebration and exploration of all things audio creativity. It's being held February 23rd–25th at Wythe Hotel in Brooklyn and will feature appearances from Audie Cornish, Kara Swisher, Talib Kweli, and many more – you can buy tickets here. On Air is also hosting a podcast fan experience with immersive exhibitions from Radiolab, *On Being*, *My Favorite Murder*, and other favorite shows. The Podcast Experience runs February 23rd–26th, and tickets are available here.

Rihanna streams spike after Super Bowl performance

No kidding! In the grand tradition of Super Bowl halftime shows, Rihanna did not actually get paid for her performance. But that doesn't mean there isn't a financial benefit. Streaming of the star's catalog increased sixfold since the performance, according to *Variety*, with featured songs seeing even bigger spikes. "Diamonds" and "Rude Boy" increased by 1,400 percent and 1,170 percent, respectively, and "Bitch Better Have My Money" got a bump of more than 2,600 percent. Plus, she used the show as an opportunity to flaunt her newest lipstick. That's why she's a billionaire, people!

That's all for today! See you next week.

Correction: A previous version of this post said that Spotify laid off 7 percent of its staff in January. The actual figure was 6 percent.

<https://www.theverge.com/2023/2/14/23599864/spotify-investor-podcast-valueact-youtube-rihanna-super-bowl>