



# AUDIO ADVERTISING

## STATE OF THE NATION: WAVE 2

FEBRUARY 2018



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# BACKGROUND & METHODOLOGY

This is the 2<sup>nd</sup> annual IAB Australia industry study, bringing together players that offer a range of broadcast and streaming offerings, to help understand the current audio advertising buying market. This study was run by independent research company, Hoop Group, and was commissioned by members of the IAB Australia Audio Council, and utilised an online quantitative method, which allowed for statistically rigorous results. Fieldwork was carried out in December 2017.

Key topics of the study in relation to audio advertising include:

- experience in audio advertising,
- reasons for using different forms of audio advertising.
- pros and cons
- satisfaction levels
- cost effectiveness

The results of the study will help drive the priorities and agenda for the IAB Audio Council throughout 2018.

*With 13.6m Australians streaming audio content on their digital devices in December, the media buying community is continuing to increase their investment in streaming ad opportunities as well as starting to embrace the commercial opportunities that podcasting is bringing to the market.*

*Streaming audio is now cemented as part of the commercial media market with eight in ten media buyers have already used streaming audio with two thirds using it regularly in their media plans this up from just over half last year.*

*The emergence of new audio advertising options is invigorating the whole audio market with media buyers increasing their usage of all forms; broadcast, digital, streaming and podcasts; over the last twelve months.*

*We are pleased to release the second wave of this important industry research to help the audio market thrive in 2018.*



**GAI LE ROY**

DIRECTOR OF RESEARCH  
IAB AUSTRALIA

# METHODOLOGY

This study was run by Hoop Group and utilised an online quantitative method, which allowed for statistically rigorous results. Fieldwork was carried out in December 2017. Although we spoke to both agencies and marketers, the majority of the results focus in on the media buyers.

## Key Points:

- 12 minute online survey conducted across Australia (73% in NSW or Victoria)
- 151 completed *surveys*
- 133 worked in media agencies
- Respondents needed to:
  - Be a decision maker or influencer in the allocation of marketing spend across medias
  - Either placed, or planned Audio Advertising campaigns
  - A cross section of positions and experience in the industry
- Audio advertising definition covered broadcast radio, streaming digital audio, DAB+ and podcasts

# IAB AUSTRALIA AUDIO COUNCIL

The IAB thanks the following organisations for their support in this study.



SOUTHERN CROSS AUSTEREO



# EXECUTIVE SUMMARY

- The introduction of new formats and audio ad options has seen **all forms of audio have greater traction with media buyers.**
- **Two thirds of media buyers are regularly or frequently including streaming audio** as part of their media plans.
- While only 16% of media buyers purchased **interactive ads within streaming audio** - **half of media buyers are looking to try this format** for the first time in 2018.
- Lack of understanding of streaming & podcasts as media investment options has decreased over the last year as a barrier for investment, **focus from buyers is now on measuring effectiveness and ROI.**

## INTEGRATION

- Integrated planning for streaming and broadcast audio has increased - **3/4's of media agencies (76%) are planning broadcast & streaming audio together**, this has risen in the last year (65% in 2016).
- **2/3 of agencies are looking at buying integrated broadcast & streaming offerings from media owners** in 2018.

## PODCASTS

- **Regular consideration of podcast advertising nearly tripled in the last 12 months** - while this still only represents 14% of agencies regularly used podcasts as an ad vehicle in 2017, over a 1/3 have already experimented with it and a further 38% intend to invest in this format in 2018.
- As well as a strong appetite for invested in live reads and pre/post rolls credits, **6 in 10 media buyers are looking at recommending bespoke podcasts to their clients.**

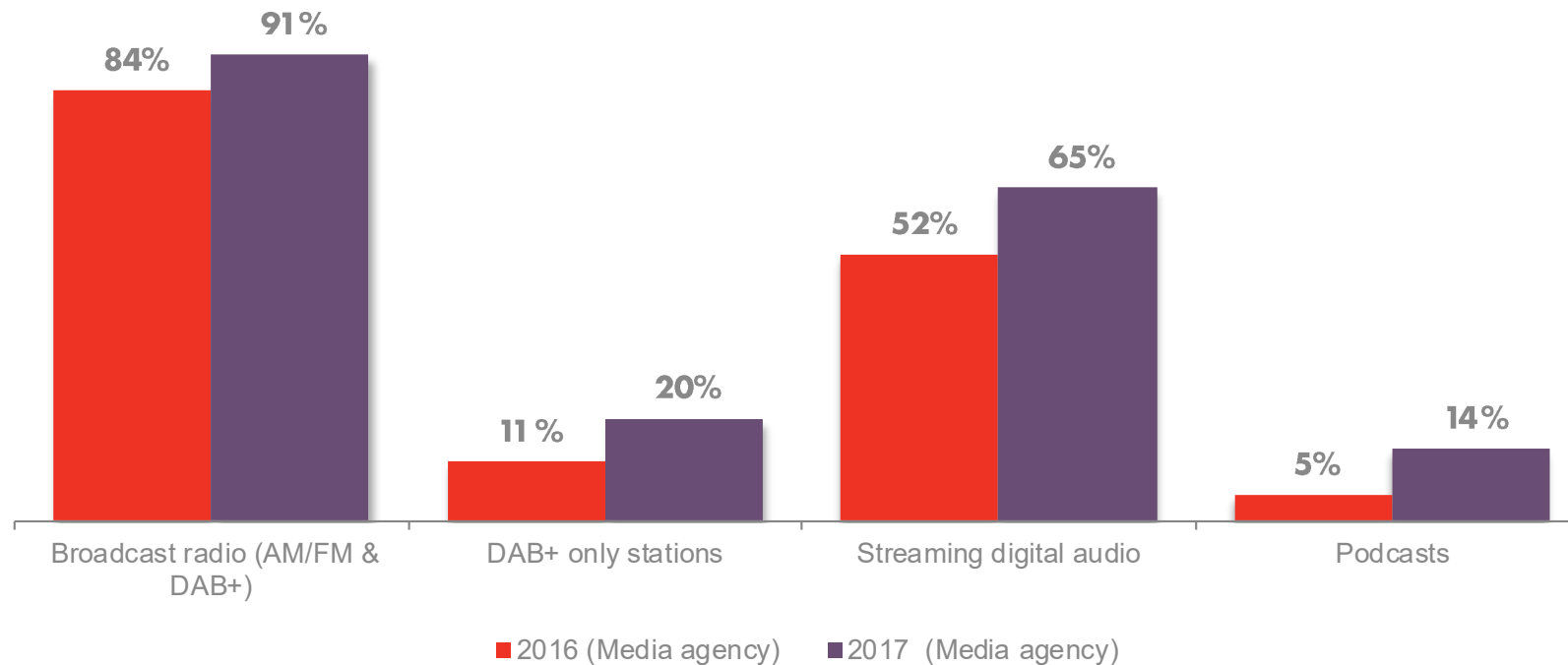
## VOICE

- Most Australian agencies and marketers are not yet developing voice strategies - **only 13% of agencies are currently looking at voice strategies for clients.**

# EXPERIENCE WITH DIFFERENT AUDIO FORMATS

- Nearly universal experience with broadcast radio
- Streaming audio is now regularly bought by 2/3 of media buyers

*% of Media Agencies Where This Type of Media Inventory is a Significant or Regular Part of their Activity*

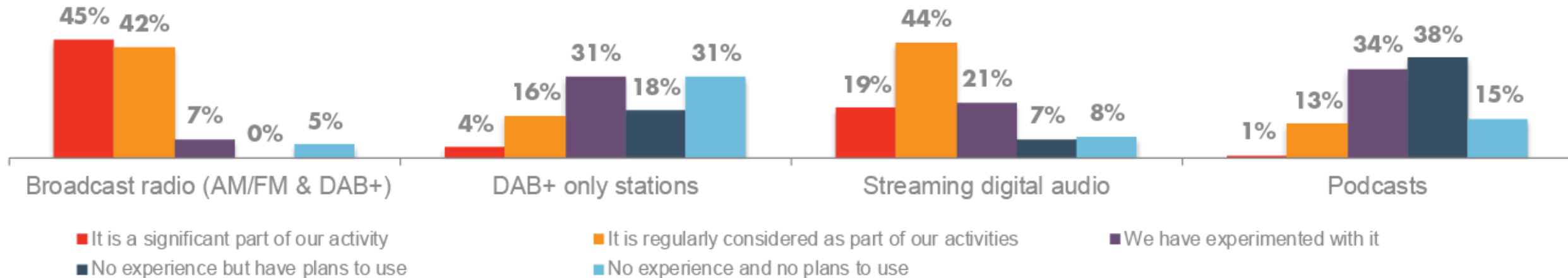


Q3. Which of these best describes your organization's experience with the following forms of audio advertising to date?

Base: All Respondents N = 151 (2017) n = 253 (2016) Media Agencies N = 133 (2017) n = 213 (2016)

# EXPERIENCE WITH DIFFERENT AUDIO FORMATS

- Over 8 in 10 media buyers have used streaming digital audio
- 48% of agencies have at least experimented with podcasts (38% last year) with a further 4 in 10 looking to use podcast in the future

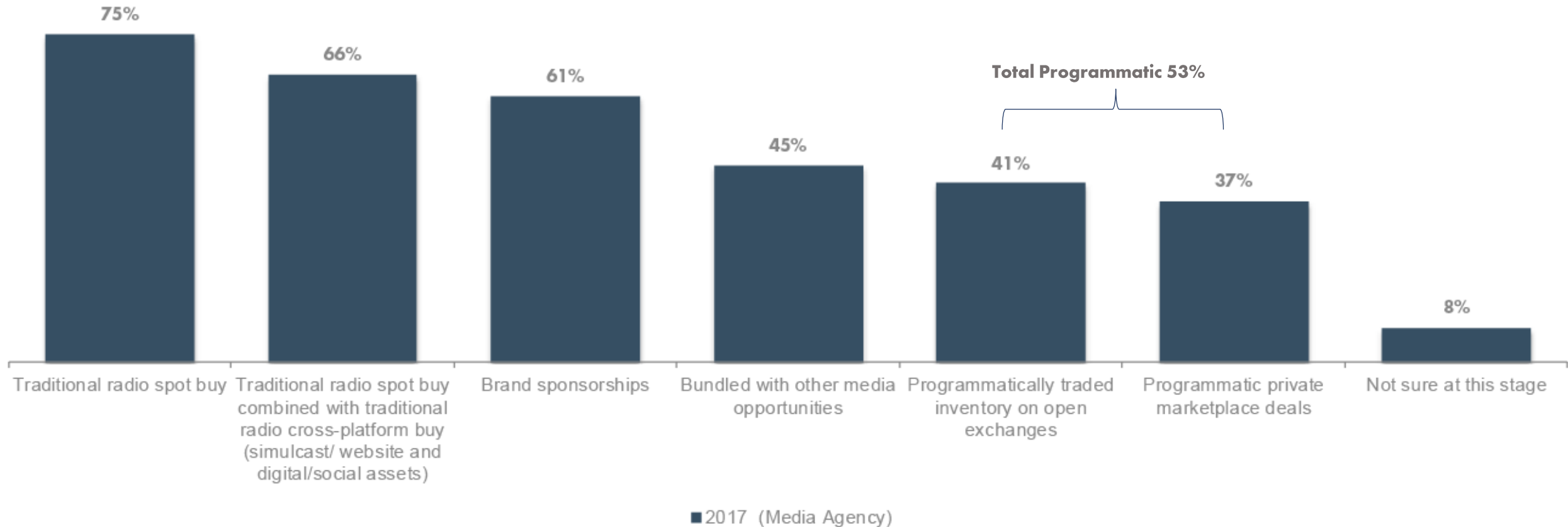


Q3. Which of these best describes your organization's experience with the following forms of audio advertising to date?

Base: All Respondents N = 151 (2017) n = 253 (2016) Media Agencies N = 133 (2017) n = 213 (2016)

# EXPECTED AUDIO BUYING METHODS IN 2018

- Most buyers will be utilising a variety of different buying methods in 2018
- 2/3 of media buyers intend to invest in cross platform (broadcast & digital) opportunities from radio networks



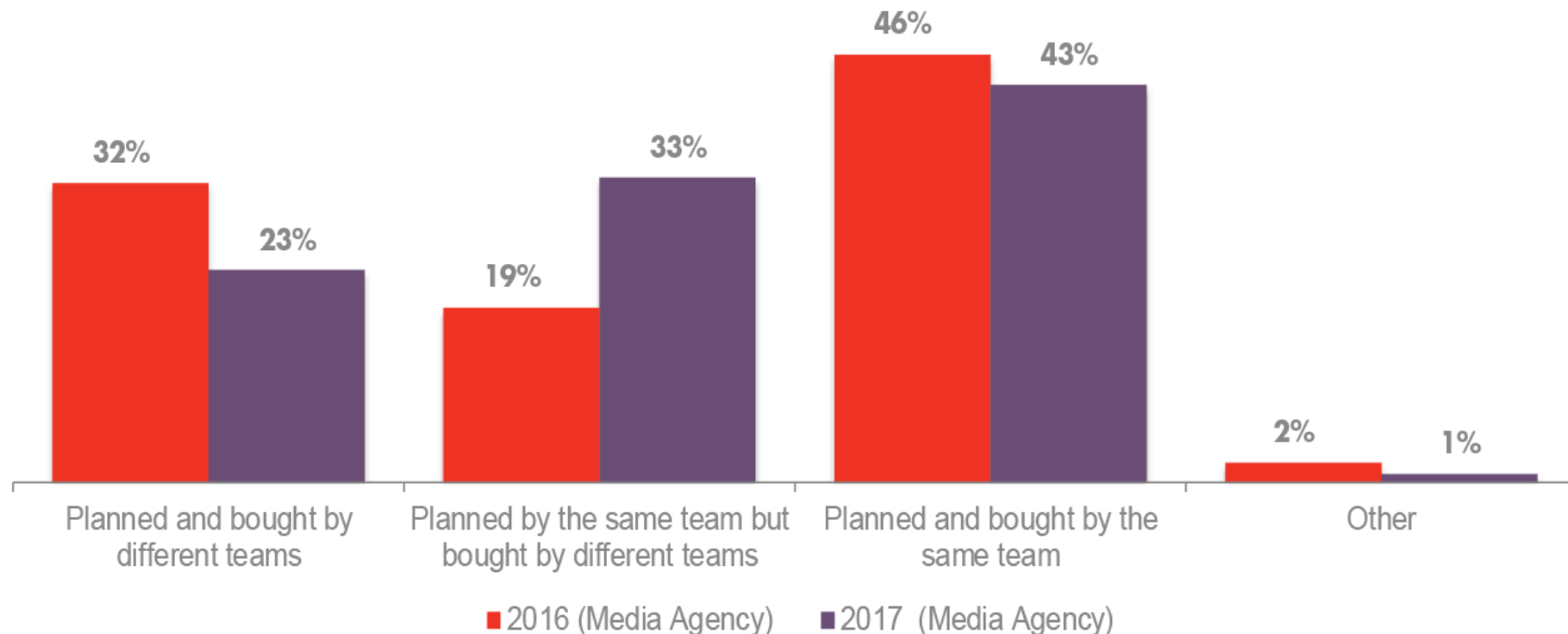
Q5A. In the next twelve months, which of the following buying methods do you expect to use for audio advertising?

Base: Media Agencies N = 133 (2017) n = 213 (2016)



# AGENCY TEAM STRUCTURE ACROSS BROADCAST & STREAMING

- 3/4's of media agencies (76%) are planning broadcast & streaming audio together, this has risen from 65% twelve months ago.



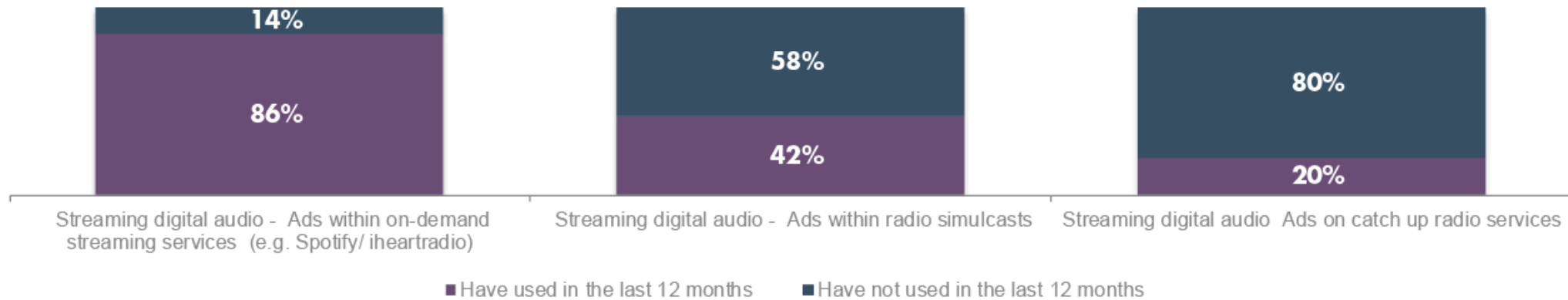
Q4. How does your agency plan and buy audio advertising?

Base: Media Agencies N = 133 (2017) n = 213 (2016)

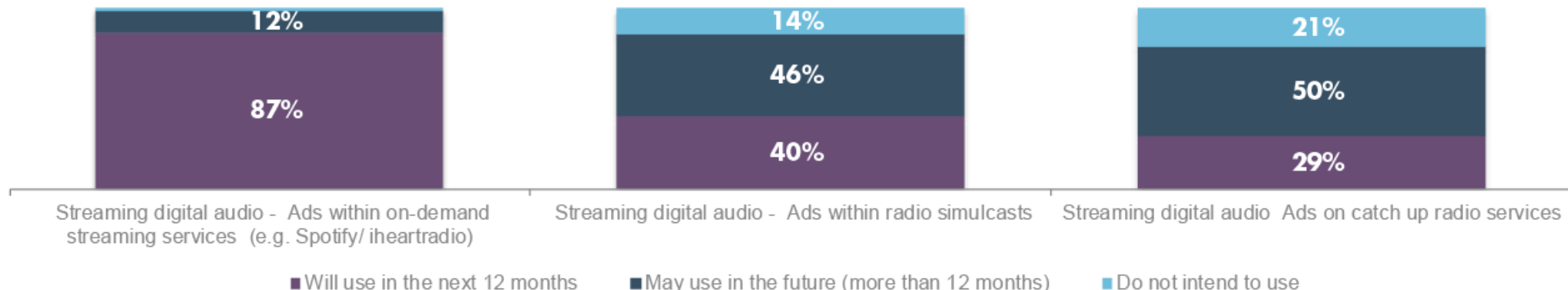
# STREAMING DIGITAL – AD PLACEMENTS USED

- On-demand services will be considered by almost all media buyers
- Increased interest in ads on catch up radio services & within simulcasts in 2018

## Have used last 12 months



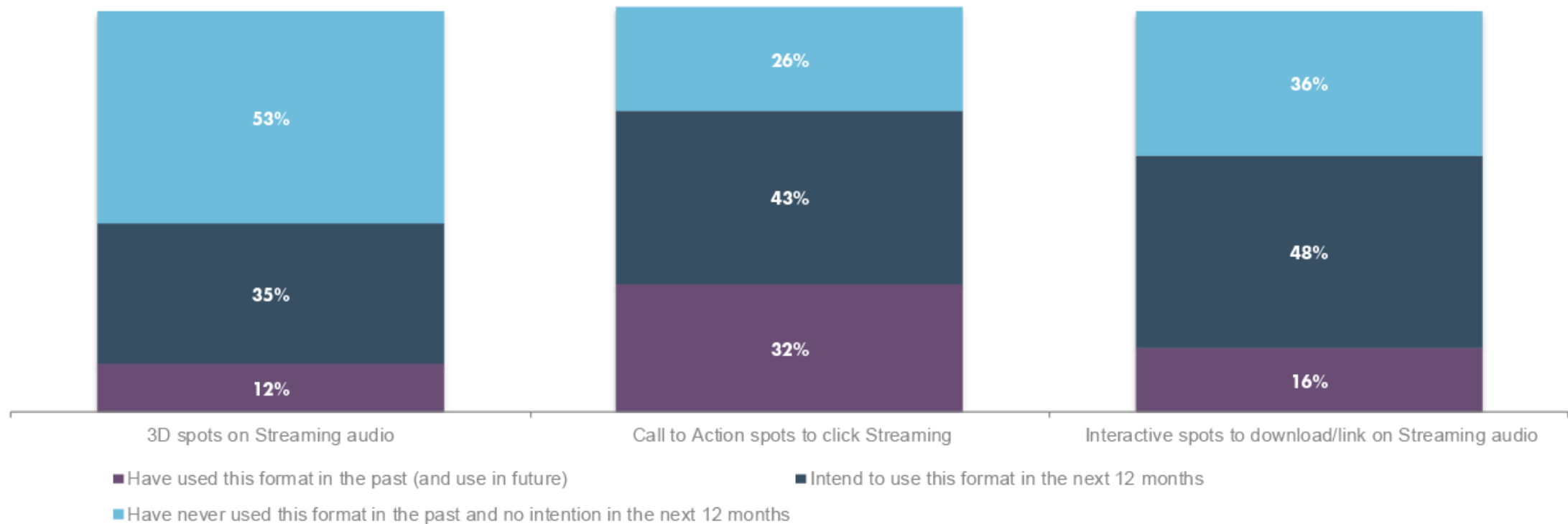
## Will use next 12 months



Q3A. In regards to your experience and intentions with streaming digital audio, which of the following type of services have you used in your activity or intend to use? Base: All Respondents N = 139

# EXPERIENCE WITH CREATIVE FORMATS USED FOR STREAMING AUDIO

- Over 6 in 10 media buyers have used or will consider interactive spots
- Three quarters of media buyers have used or will consider call to action spots



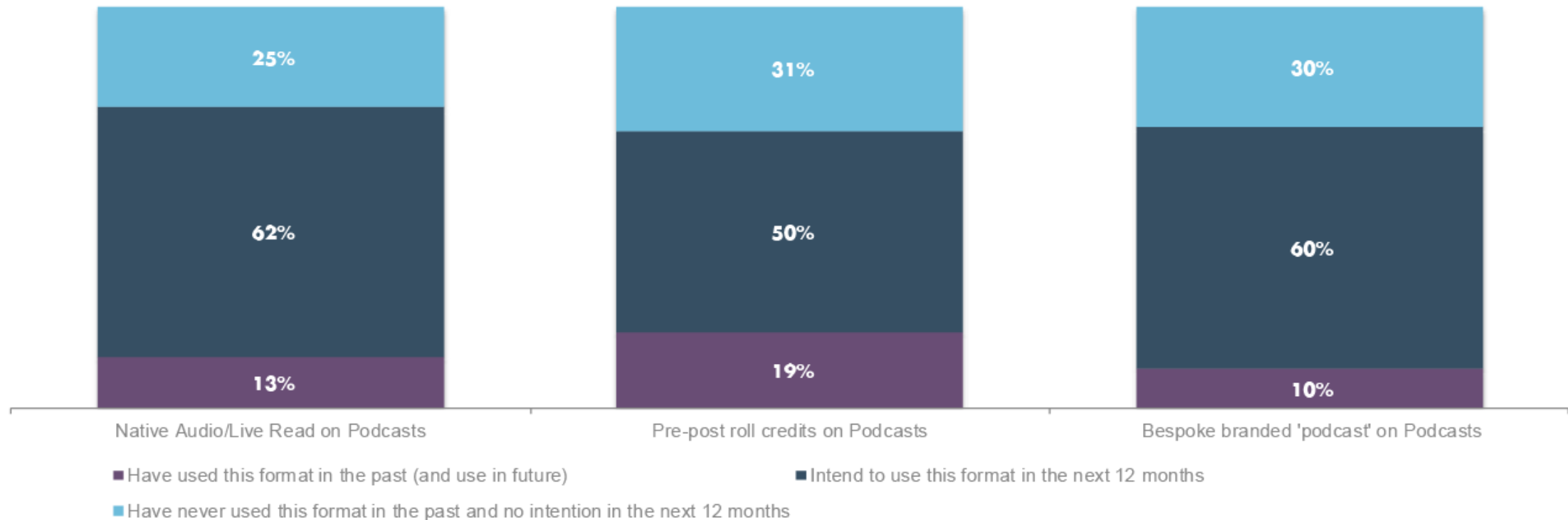
Q5C1. Which of the following creative formats have you used/or plan to use for audio advertising on Streaming audio?

Base: All Respondents N = 129

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# EXPERIENCE WITH CREATIVE FORMATS USED FOR PODCASTS

- Low levels of current experience with podcasting formats but strong appetite to try all formats
- 6 in 10 agencies will review recommending bespoke branded podcasts for clients



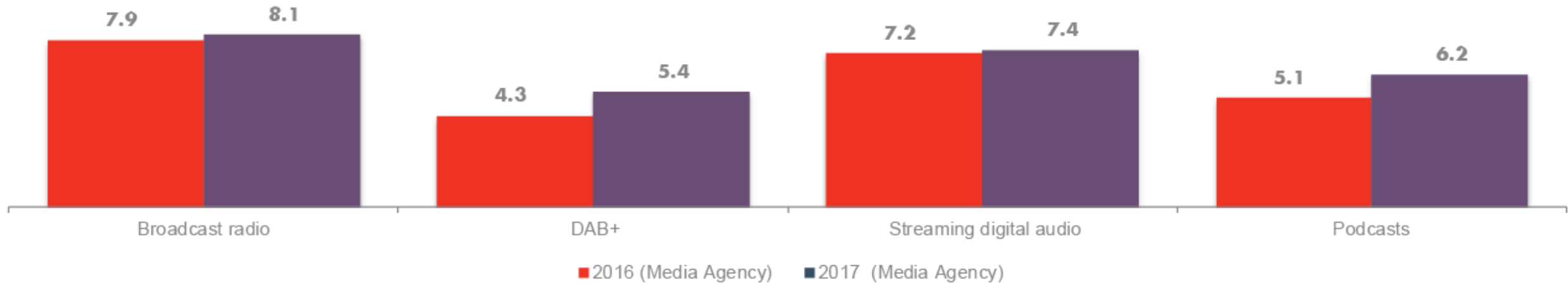
Q5D1. Which of the following creative formats have you used/or plan to use for audio advertising on Podcasts?

Base: All Respondents N = 121

# LEVEL OF UNDERSTANDING

- Understanding has increased for the newer forms of audio advertising in the last 12 months with particularly strong lifts for DAB+ and podcasts.

**Average Level of Understanding Scale (1= no understanding, 10 = full understanding)**

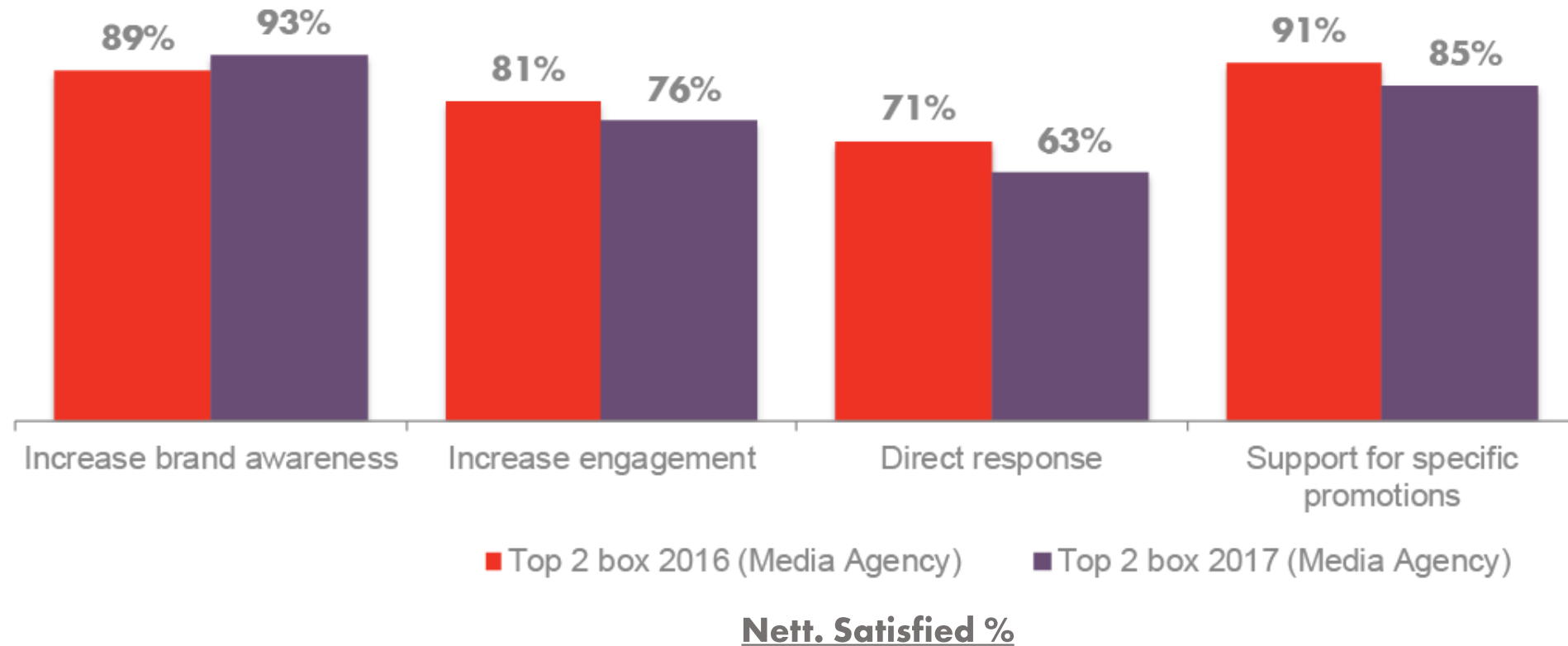


Q6. How well do you feel you understand the following forms of audio advertising?

Base: Media Agencies N = 133 (2017) n = 213 (2016)

# SATISFACTION WITH OBJECTIVES – ALL AUDIO

- High satisfaction levels for most campaign objectives, particularly with the most popular objectives of increasing brand awareness and support for promotions.



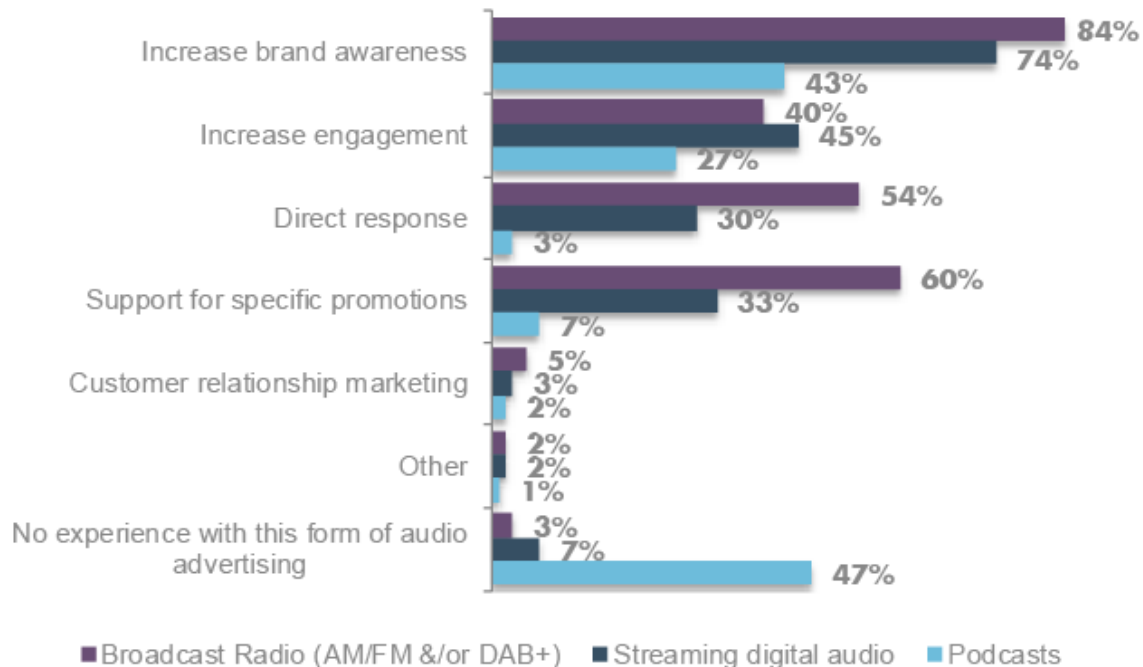
Q9. How satisfied are you with the results of your audio advertising activities for the following objectives?

Base: Media Agencies N = 133 (2017) n = 213 (2016)

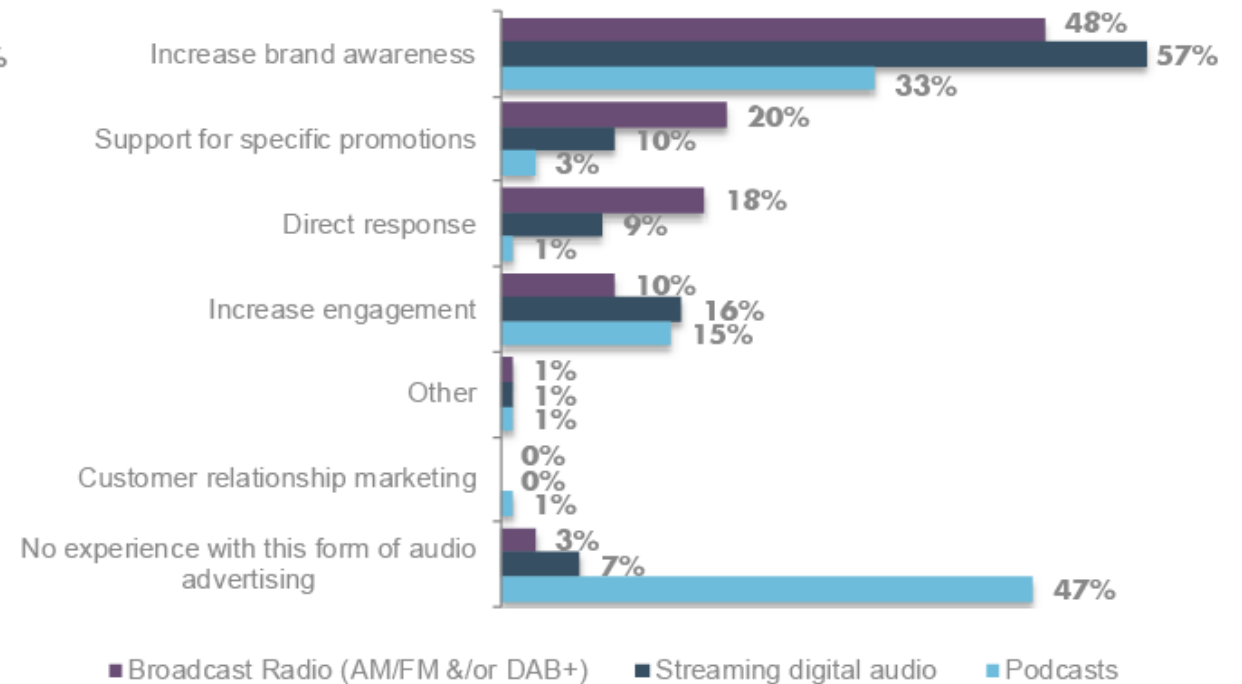
# ADVERTISING OBJECTIVES

- Media buyers use the different forms of audio advertising for similar campaign objectives
- Brand awareness is the most common and main objective for broadcast, streaming and podcasts, followed by promotions then direct response.
- Audio is also seen as a key engagement driver with over 4 in 10 respondents using it for this purpose across all formats

**All Objectives**



**Primary Objectives**



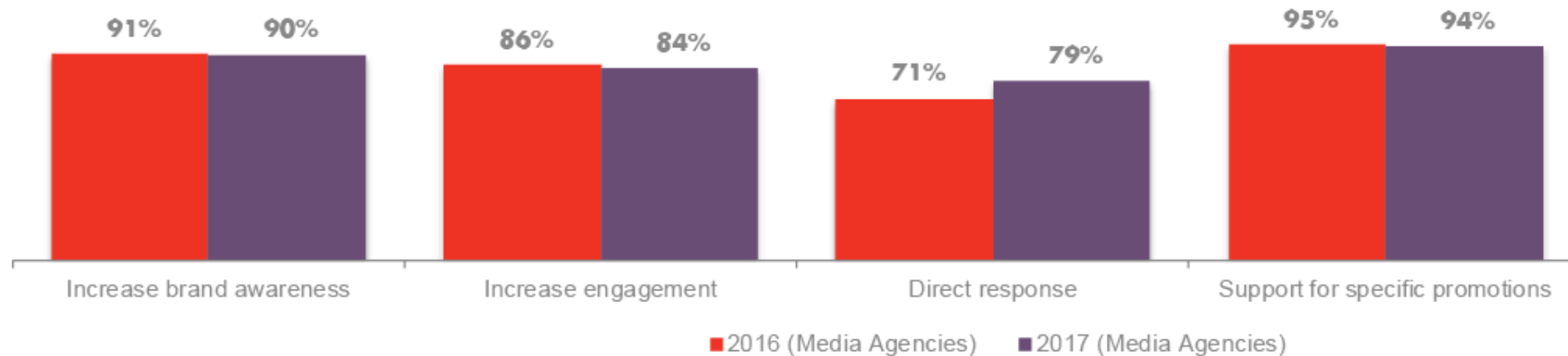
Q7/8a,b,c. What have been the objectives of the advertising activities you've been involved with over the past year?

Base: Media Agencies 2017 N = broadcast=110, streaming=106, podcast=101

# COST EFFECTIVENESS AUDIO VS OTHER MEDIA

- Audio advertising is seen as extremely cost effective for brand awareness and promotions.
- The figures have improved/stayed constant across the majority of objectives since 2016.

*Nett Cost effective/Similar to other media (weighted to those who use)*



Q10. How cost effective do you find audio advertising compared to other forms of paid media advertising?

Base: Media Agencies N = 121 (2017) n = 220 (2016)

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# BARRIERS TO INCREASING INVESTMENT

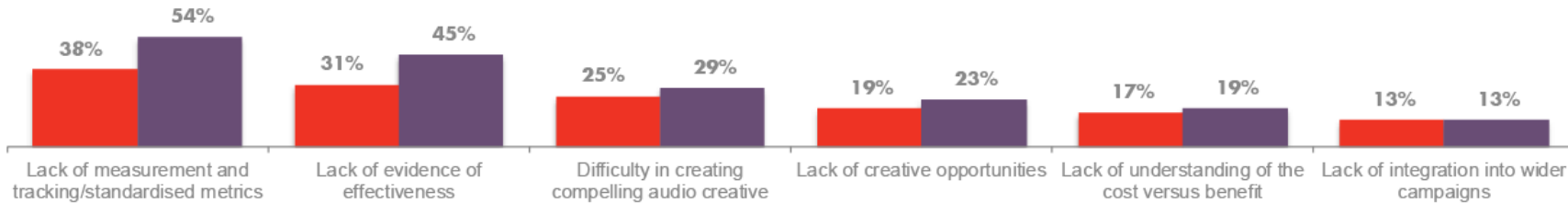
Understanding of streaming & podcasts has improved in the last 12 months moving effectiveness and ROI as issues now to be addressed by the market

	BROADCAST RADIO	STREAMING AUDIO	PODCASTS
1	Lack of measurement & tracking/standardised metrics	Lack of evidence of effectiveness	Lack of evidence of effectiveness
2	Lack of evidence of effectiveness	Difficulty in creating compelling audio creative	Lack of measurement and tracking/standardised metrics
3	Difficulty in creating compelling audio creative	Lack of understanding of cost vs benefit	Lack of understanding of cost vs benefit

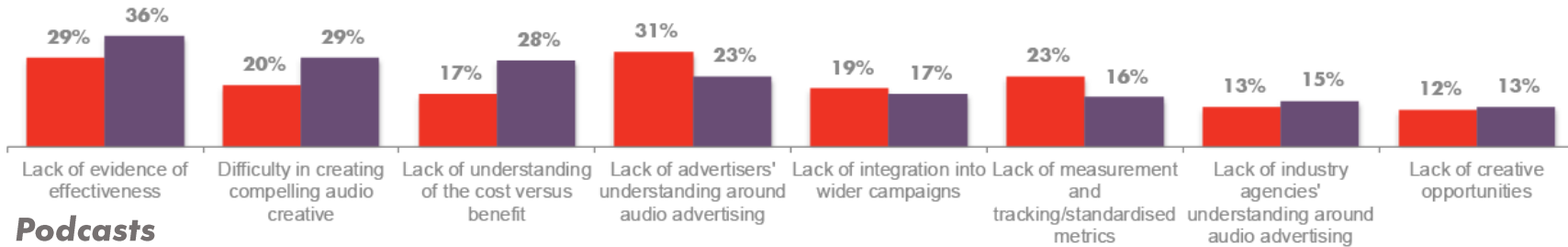


# TOP BARRIERS TO INCREASED INVESTMENT

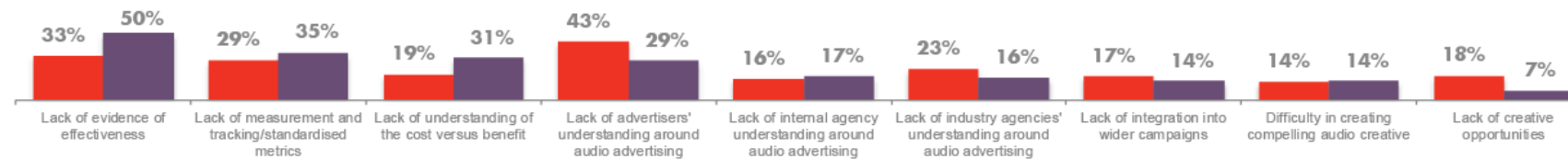
## Broadcast Radio



## Streaming Radio



## Podcasts



■ 2016 (Media Agencies) ■ 2017 (Media Agencies)



Q11a,b,c. And what are the three biggest issues stopping audio advertising from being a larger proportion of ad volume?

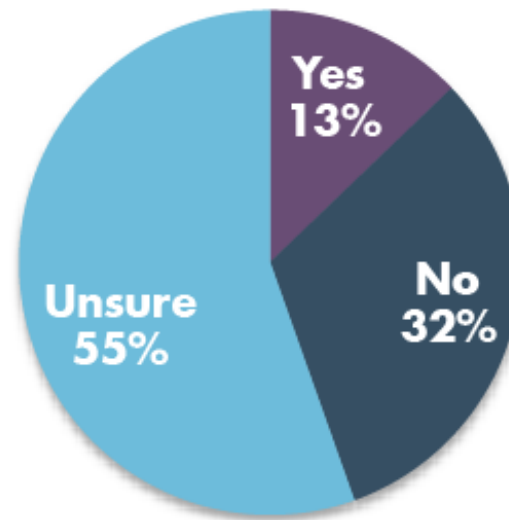
Base: Media Agencies N = 133 (2017) n = 213 (2016)

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# VOICE MARKETING STRATEGIES – USAGE

There is a lack of clarity around the approach and ownership of voice strategies within media agencies with only 13% of media agency people said that they would look at using voice marketing strategies in 2018.

**Is your organisation looking at voice marketing strategies for any clients or brands?**



Q12 Is your organisation looking at voice marketing strategies (e.g. search voice strategies) for any clients or brands?

Base: Media Agencies N = 133 (2017)

# VOICE MARKETING STRATEGIES

Market impact according the media agency executives

- *“It will have an impact, especially for online food shopping brands where people will add items to shopping lists. Voice operated search will grow, however how great that growth & impact is I'm not sure.”*
- *“Huge but difficult to exactly quantify at this stage. Big speculation and an absolute need for agencies to address in the coming months”*
- *“It will not effect all categories equally. Some clients have little understanding of their SEM and SEO strategies and will leave it to their specialist teams, others may go too far and re-invest budgets away from search entirely.”*
- *“We will see a customer shift moving towards these voice assistants - and people will start to use these devices in determining what products and services to buy”*



# CREATIVE OPPORTUNITIES

Creative opportunities according the media agency executives

- *“Increasing cut-through by being really relevant to the context of the ad (e.g. use of station talent, when ad is airing etc.) capitalising on the additional visual elements that come with streaming radio channels”*
- *“More brand sponsorships and integrations with content in podcasts.”*
- *“Creating ads relevant to the content they're listening to.”*
- *“Linking sounds to your product and usage occasion to trigger imagination on usage.”*
- *“More integration between the online, social and audio spaces, along with integration into the audio speaker market like Google Home will be a big thing.”*



# PROMOTING A STRONGER AUDIO INDUSTRY

What single thing would the industry need to do to promote a stronger role for audio advertising?

- *“Have an industry wide approach to podcasting. Different media owners are all presenting podcasts in a different way, and there feels like there isn't a consolidated viewpoint on it.”*
- *“Showcase effectiveness and clear measurement agenda.”*
- *“More sharing of best practice creative and strongest results locally and globally for greater inspiration and effectiveness support.”*
- *Stronger attribution model to determine how much effect audio has on conversions of a campaign*
- *“Make more of a song and dance of how many people now listen to digital radio and streaming services.”*



## ABOUT THE INTERACTIVE ADVERTISING BUREAU

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia & was incorporated in July 2010. As one of over 43 IAB offices globally, and with a rapidly growing membership, IAB Australia's principal objective is to support and enable the media and marketing industry to ensure that they thrive in the digital economy. The role of the IAB is to work with its members and the broader advertising and marketing industry to assist marketers to identify how best to employ online as part of their marketing strategy, to better target and engage their customers and build their brands.

## FURTHER INFORMATION ON THE DATA IN THIS RESEARCH

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## ABOUT HOOP GROUP

Hoop is an independent research agency providing knowledge services to aid the communication process. Hoop Group helps brands and organisations understand their audiences and customers so they can tailor or market their offering more effectively.