



# AUDIO ADVERTISING

## STATE OF THE NATION: WAVE 3

FEBRUARY 2019



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# INTRODUCTION

*With 13.8m Australians streaming audio content on their digital devices in December 2018, the media buying community is continuing to increase their investment in streaming audio ad opportunities as well as starting to embrace the commercial opportunities that podcasting is bringing to the market.*

*The IAB Audio Council drives the Audio Advertising State of the Nation research to educate the market, ensure buy side voices are front and centre in industry discussions as well as to help shape industry priorities and initiatives.*

*Last year this research identified a need for more education on both podcasting measurement and audio creative development, the IAB Audio Council which saw us launch a number of project addressing these needs. We are looking forward to launching new initiatives this year based on the new wave of research.*



**RICHARD PALMER**  
DIRECTOR OF MARKET DEVELOPMENT  
(APAC), TRITON DIGITAL  
CO-CHAIR, IAB AUDIO COUNCIL

*Streaming audio is now cemented as part of the commercial media market with over eight in ten media buyers have already used streaming audio. Podcasting adoption from both a consumer and advertiser point of view really hit it strides in 2018 and reviewing strategic opportunities that a new “voice” market offers in on the radar of many.*

*It is an important role of industry body to invest in research to provide the market with objective market wide data and we are pleased to release the third wave of this important industry research to help the audio market thrive in 2019.*

*This project is a truly collaborative industry project with support from 13 different media and tech companies as well as industry body Commercial Radio Australia.*

*Our independent research partner for this project is Hoop Research Group.*



**GAI LE ROY**  
CEO  
IAB AUSTRALIA

# IAB AUSTRALIA AUDIO COUNCIL

IAB Australia launched the Audio Council in 2015 in response to the growth of the Australian digital audio marketplace. The Council strives to educate marketers & agencies on the value of online audio & podcasts as powerful and effective advertising mediums. The Audio Council has an expert membership base from which to leverage competency & experience, with the following primary goals:

1. Education of and for the digital audio marketplace
2. To develop relevant business models to direct the future of the sector
3. To increase the value of the online audio advertising ,
4. To establish standards and guidelines for audio to define the future of the market.



**[For more information on the IAB Audio Council click here.](#)**

# WHY CARRY OUT THIS RESEARCH



## CONSUMPTION INCREASE

13.8m Australians now stream audio content each month<sup>\*</sup> with time per person consuming streaming music services, radio and podcasts continuing to increase



## INVESTMENT

Ad revenues continue to climb. Online audio advertising was a \$2B+ market in US in CY18<sup>\*\*</sup> and podcasting advertising expenditure in Australia is expected to have a CAGR of 86% between 2018-2022<sup>\*\*\*</sup>.



## INDUSTRY

Drives priorities for industry initiatives for the year with strong buy side input on their plans and needs.

Sources : <sup>\*</sup> Nielsen Digital Panel December 2018 unduplicated audience for streaming audio, music and podcast applications;

<sup>\*\*</sup> IAB / PwC US Internet Advertising Revenue Report;

<sup>\*\*\*</sup> PwC Australian Entertainment & Media Outlook 2018

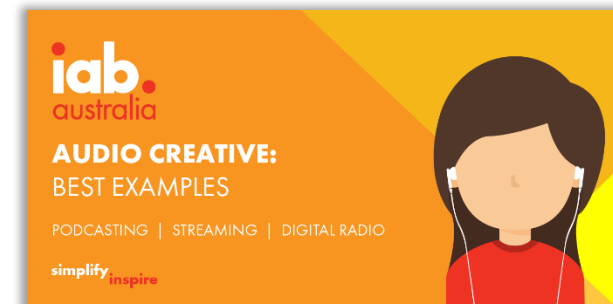
# THEMES FROM LAST YEAR

Themes identified in the second wave of the Audio Advertising State of the Nation research released in February 2018 helped the IAB Audio Council to align industry initiatives with market needs.

## PODCASTING MEASUREMENT



## CREATIVE OPPORTUNITIES



# BACKGROUND & METHODOLOGY

- This study was conducted by independent research company, Hoop Group
- Fieldwork was carried out online in December 2018
- 241 completed surveys (194 worked in media agencies)
- Respondents are decision makers or influencers in the allocation of marketing spend & either placed or planned audio advertising campaigns
- Covers broadcast radio, streaming digital audio, DAB+ & podcasts



# AUDIO ADVERTISING: STATE OF THE NATION

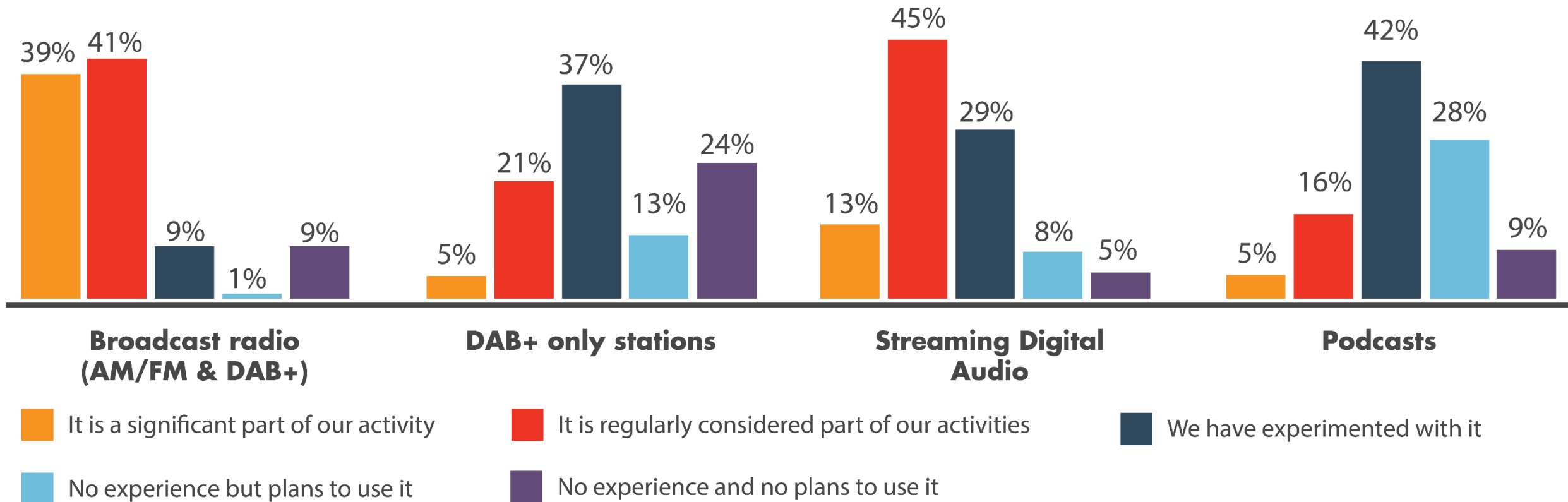
## EXECUTIVE SUMMARY

- Experience and understanding of digital audio advertising is growing. **Streaming audio advertising was used by 87% of respondents and is regularly bought by more than 6 out of 10 of media buyers.** Ads within on-demand streaming services will be considered by all surveyed media buyers over the next year.
- **Podcast and DAB+ advertising** had the largest traction in 2018 in terms of usage and understanding.
- The introduction of new ad placements and creative formats have continued to gain traction with media buyers. 8 in 10 media buyers have used or will consider **Dynamic Audio Creative.**
- **Increasing brand awareness** is the key objective for broadcast, streaming and podcast advertising. 77% of media buyers had used streaming digital audio advertising.
- Regular usage of podcast advertising increased to 20% of media buyers up from 14% in the last year. 45% had bought podcast brand advertising. There is a **strong appetite to try a variety podcast advertising formats.**
- Use of **bespoke branded podcasts** doubled over the last 12 months from 10% to 20% in 2018. There is still strong appetite to experiment with their own podcasts but many are shifting their focus to advertising within existing podcasts with established audiences.
- Half of people investing in **podcast campaigns** had used the channel for brand awareness compared to 12% for direct response purposes. This differs from the US market where early podcast advertising investment has been very direct response driven.
- **Advantages of data and targeting** is driving the adoption of **programmatic trading** in the audio advertising space. 56% of buyers are accessing some of their audio inventory via programmatic channels.
- The number of agency respondents using **programmatic guaranteed** buying has increased from 37% to 47% in the last year. While price is still a consideration, it is the 5<sup>th</sup> most important factor.
- **Voice marketing** started to hit the radar in 2018 with 1 in 10 buyers already active in this space and **it** is emerging as a strategy for consideration in 2019



# LEVEL OF AUDIO AD USAGE

- Over 8 in 10 (87%) of media buyers have used streaming digital audio in 2018 (up from 84% in 2017). Streaming audio is now **regularly** bought by 6 out of 10 of media buyers.
- Over 6 in 10 media buyers have had experience with podcast advertising with another 28% looking to invest in 2019.



Note: streaming digital audio = music streaming services and live broadcast radio



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

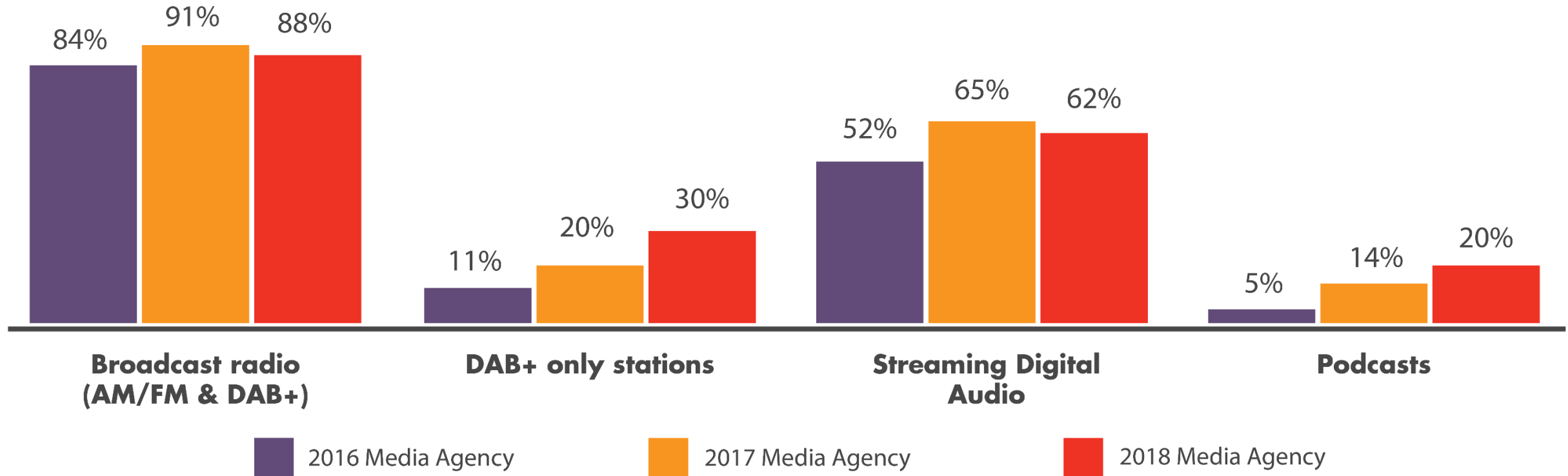
Base: All Respondents N = 241 (2018)

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# REGULAR USE OF PODCAST & DAB+ ADS INCREASED SIGNIFICANTLY IN 2018

- Regular podcast advertising investment has increased from 14% to 20% in the last 12 months
- DAB+ usage has increased from 2 in 10 media buyers to 3 in 10 over the past year

% OF MEDIA AGENCIES WHERE THIS TYPE OF MEDIA INVENTORY IS A SIGNIFICANT OR REGULAR PART OF THEIR ACTIVITY



Note: streaming digital audio = music streaming services and live broadcast radio



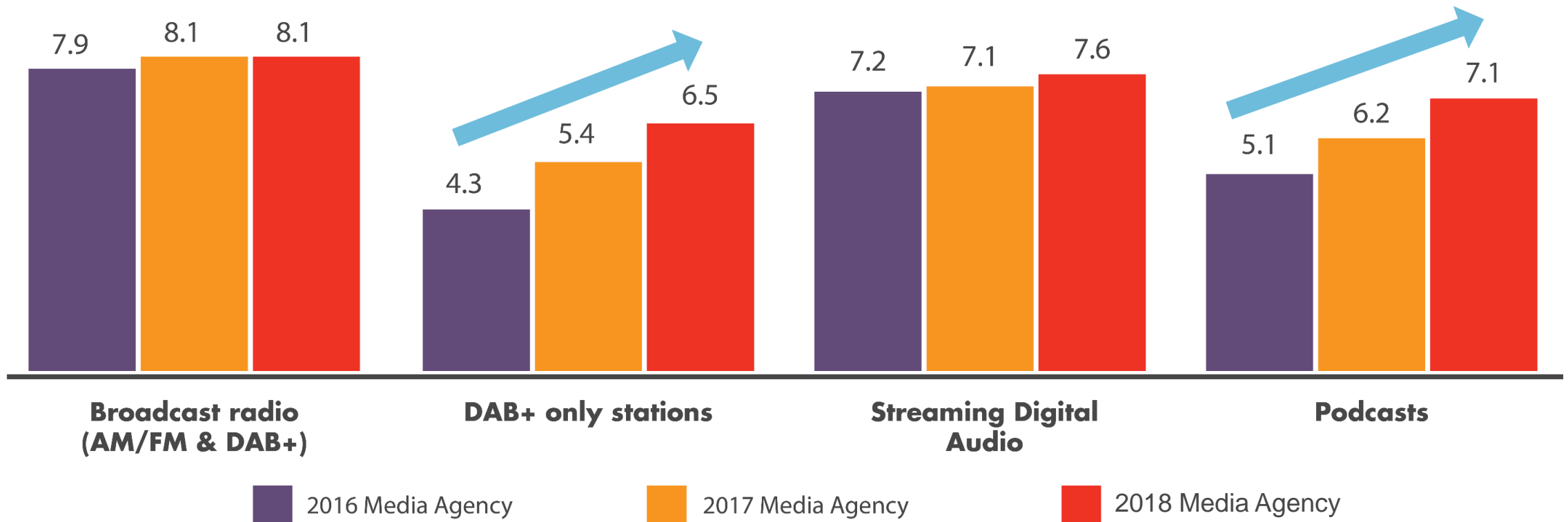
Q3. Which of these best describes your organization's experience with the following forms of audio advertising to date?

Base: Media Agencies N = 194 (2018) n = 133 (2017) n = 213 (2016)

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# CONTINUAL IMPROVEMENT IN UNDERSTANDING OF AUDIO

AVERAGE LEVEL OF UNDERSTANDING SCALE (1= NO UNDERSTANDING, 10 = FULL UNDERSTANDING)



Note: streaming digital audio = music streaming services and live broadcast radio



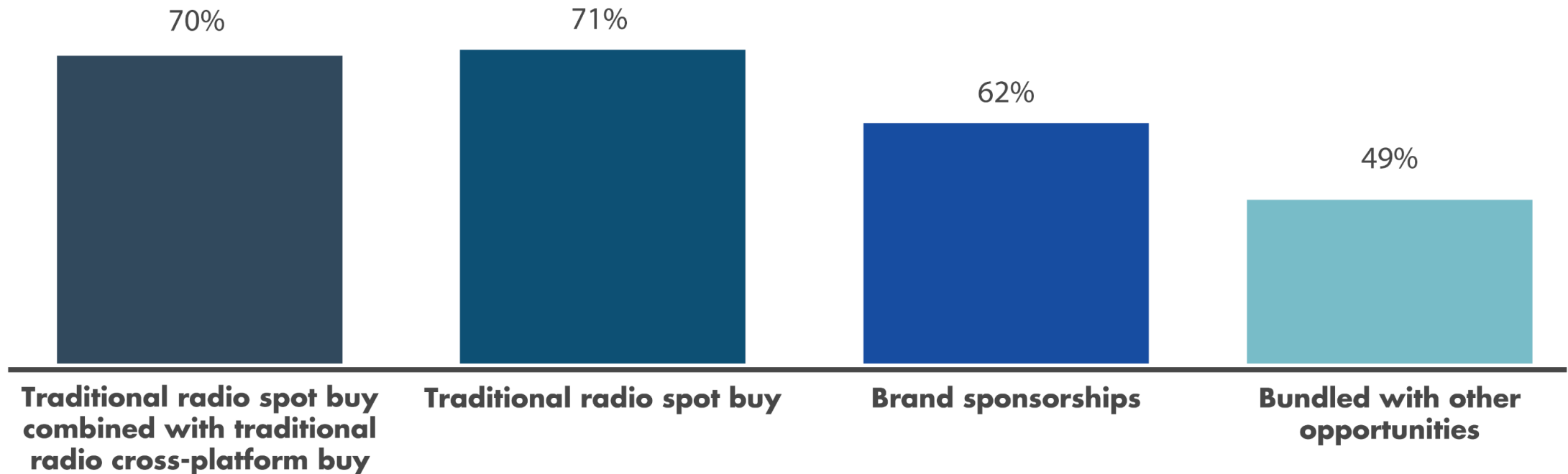
Q6. How well do you feel you understand the following forms of audio advertising?

Base: Media Agencies N = 194 (2018) n = 133 (2017) n = 213 (2016)

# RADIO BUYERS HAVE EMBRACED CROSS PLATFORM

- Nearly all radio buyers are expecting to execute a cross platform campaign in 2019 and 70% of all media buyers intend to invest in **cross platform (broadcast & digital) opportunities** from radio networks.
- While **3/4's of media buyers (74%) are planning broadcast & streaming audio together** there are still 1/4 of agencies who have neither a cross audio planning or buying function. The number of agencies who are still buying and planning in silos has remained the same over the last 12 months

EXPECTED AUDIO BUYING METHODS IN 2019 AMONGST MEDIA BUYERS



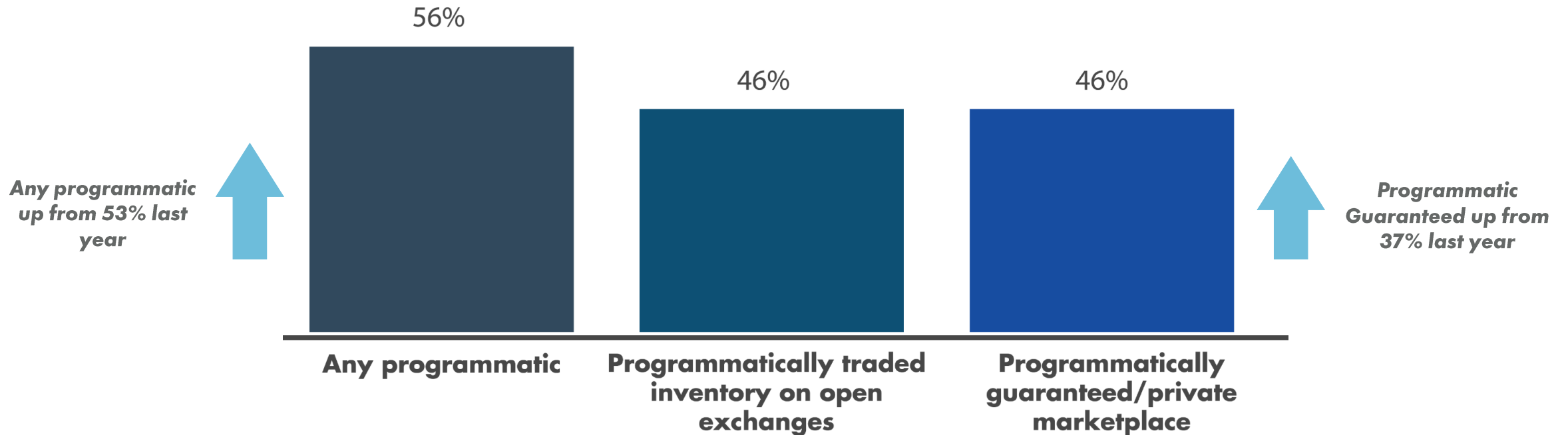
Q5A. In the next twelve months, which of the following buying methods do you expect to use for audio advertising?

Base: Media Agencies N = 194 (2018)

# PROGRAMMATIC BUYING TO INCREASE IN 2019

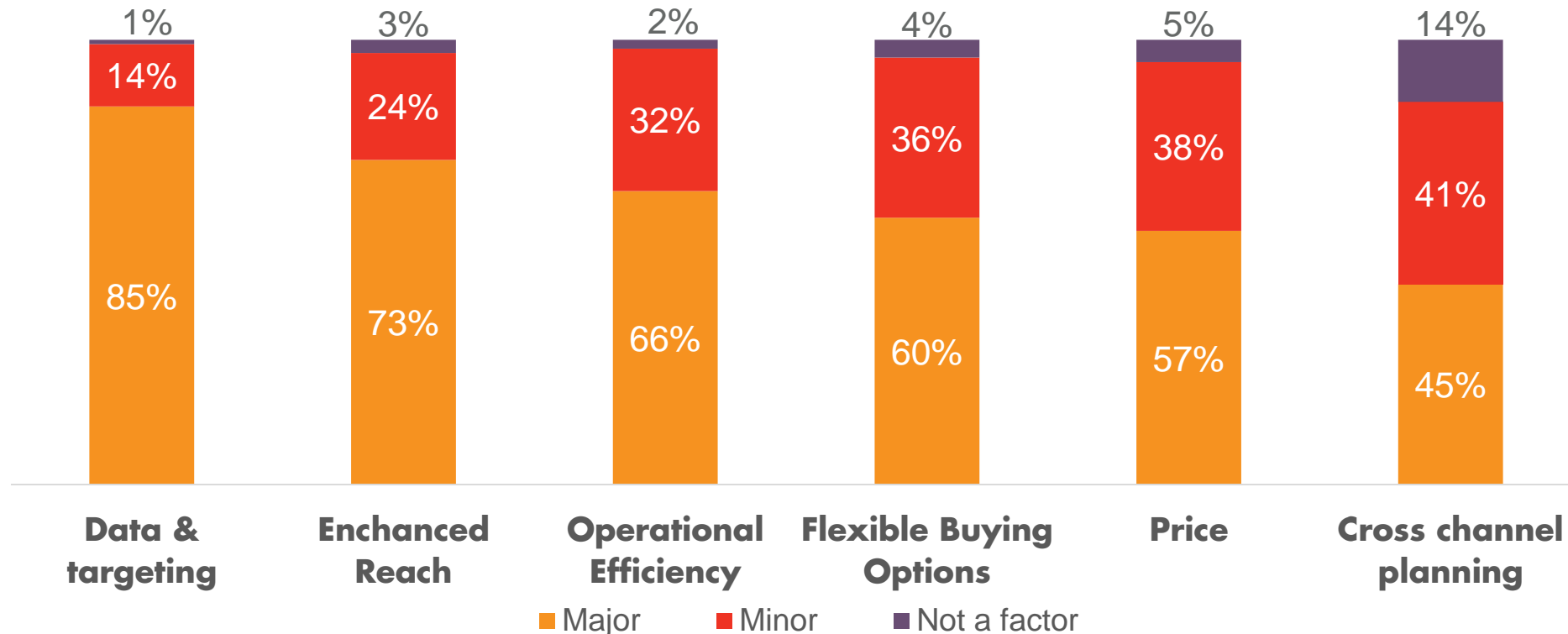
- The number of agencies planning to use programmatic buying for audio has increased slightly in the last 12 months however **major growth is expected for programmatic guaranteed** arrangements. This reflects a trend seen for programmatic guaranteed in the other sectors of digital advertising.

EXPECTED AUDIO BUYING METHODS IN 2019 AMONGST MEDIA BUYERS



# WHY BUY PROGRAMMATICALLY?

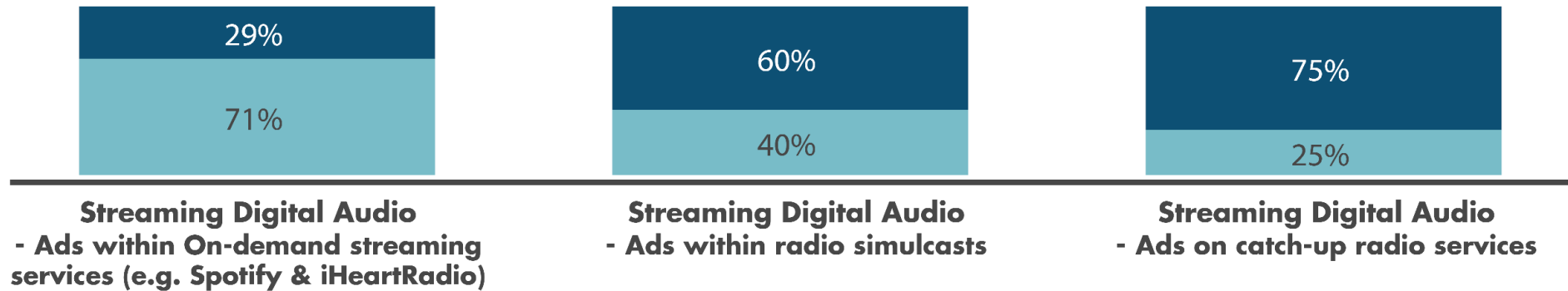
- Buyers are expecting programmatic buying channels to solve a number of needs with over half of buyers indicating 5 areas that are major drivers for usage.
- **Data and targeting** is the number one factor in using programmatic buying methods for the audio space followed by the ability to extend reach.
- **Price is the 5<sup>th</sup> consideration**



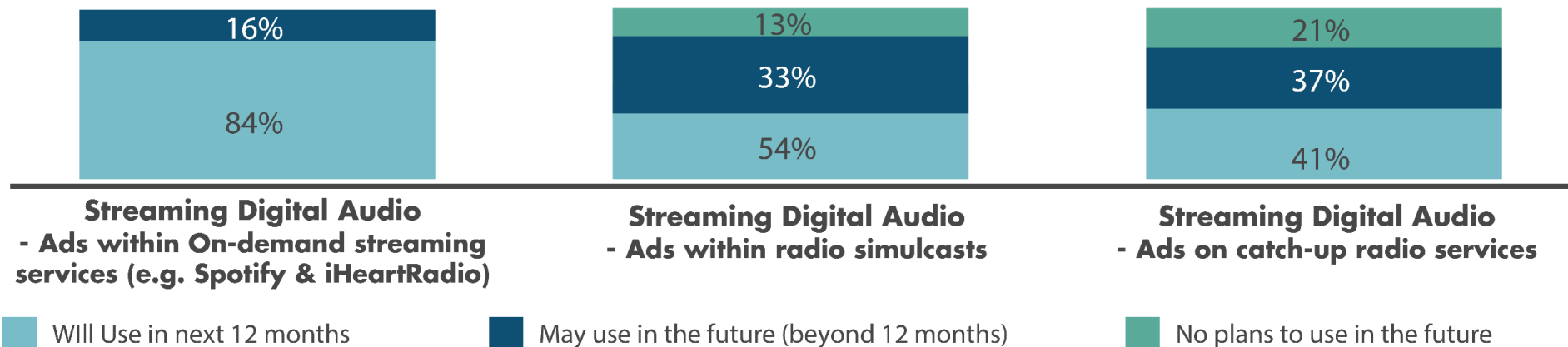
# HIGH CONSIDERATION OF STREAMING DIGITAL AUDIO

- Ads in **on-demand services** will be considered by all media buyers in next 12 months.
- Increased interest in ads on **catch up radio services & within simulcasts** for 2019.

## HAVE USED IN THE LAST 12 MONTHS



## WILL USE IN THE NEXT 12 MONTHS



Note: streaming digital audio = music streaming services and live broadcast radio



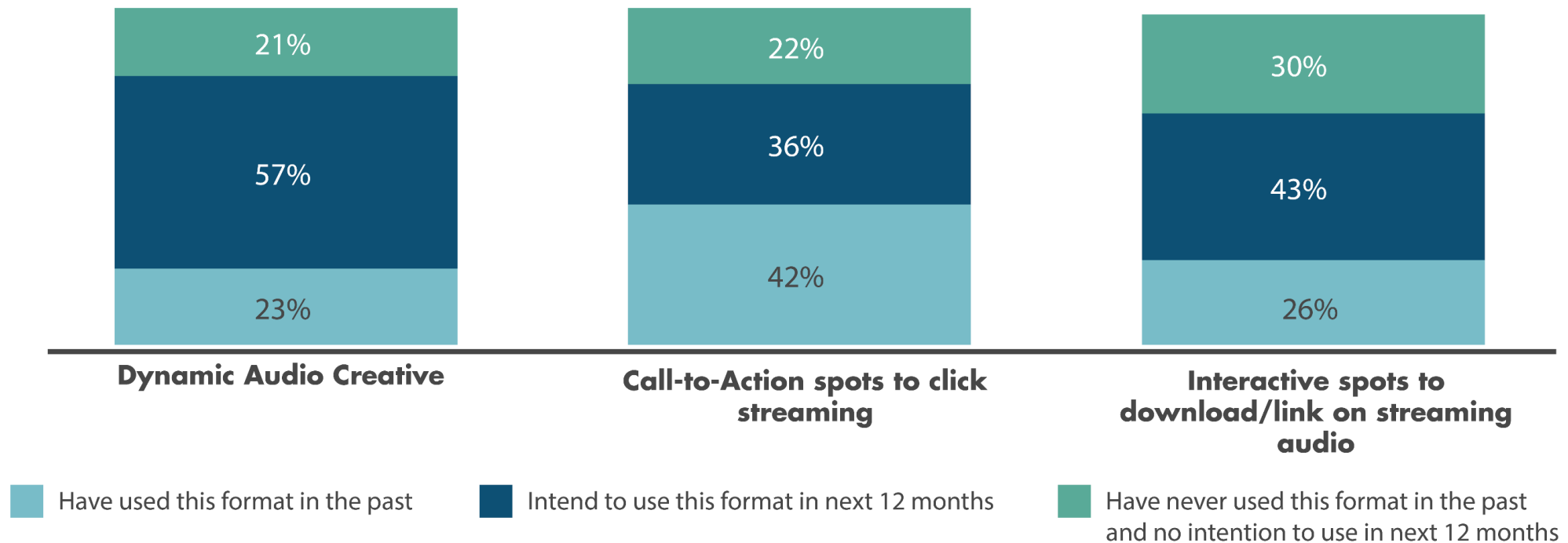
Q3A. In regards to your experience and intentions with streaming digital audio, which of the following type of services have you used in your activity or intend to use? Base: Media Agencies N = 194 (2018)

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# STRONG APPETITE TO TRY NEW CREATIVE FORMATS

- Less than a quarter of media buyers have used **dynamic creative for audio** to date but there is a strong appetite to dynamic creative technology in 2019.
- More than three quarters (78%) of media buyers have used or will consider **Call to Action spots**

**STREAMING AUDIO CREATIVE FORMATS USED OR PLAN TO USE AMONGST MEDIA BUYERS**



2018 Media Buyers

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

Base: : Media Agencies N = 194 (2018)

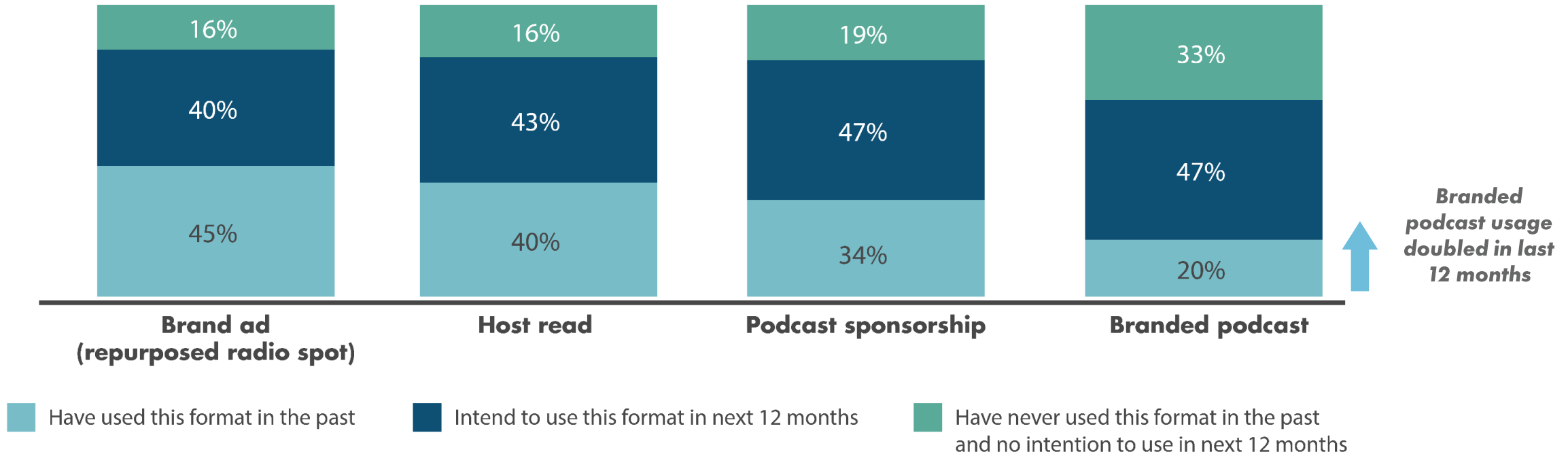
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# STRONG APPETITE TO TRY ALL PODCAST CREATIVE FORMATS

- Moderate levels of current experience with **podcasting formats** but strong appetite to try all formats.
- Use of **bespoke branded podcasts** has doubled in the last year, but a third of agencies are not looking at this avenue but reviewing ad opportunities within other podcasts.

PODCAST CREATIVE FORMATS USED OR PLAN TO USE AMONGST MEDIA BUYERS



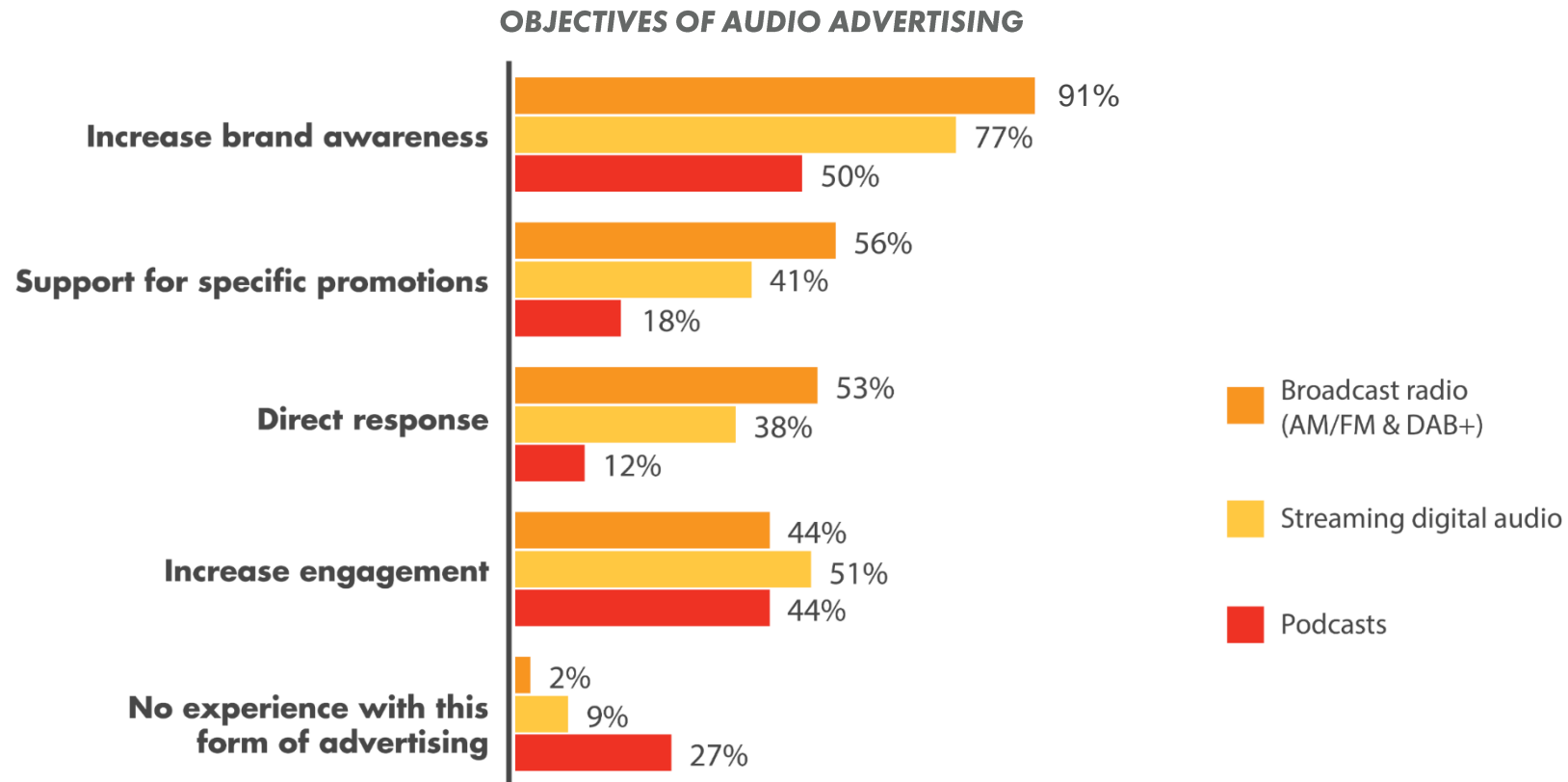
2018 Media Buyers

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

Base: : Media Agencies N = 194 (2018)

# BRAND AWARENESS AND ENGAGEMENT KEY OBJECTIVES FOR AUDIO ADVERTISING

- **Increasing brand awareness** is the most common and main objective for broadcast, streaming and podcasts.
- Use of podcasts for **direct response** purposes is much **lower than in the US podcasting market**.
- Audio is also seen as a key **engagement** driver, with half of respondents using streaming digital audio for this purpose.
- Also high levels of usage of broadcast and streaming digital audio to **support specific promotions**.



Note: streaming digital audio = music streaming services and live broadcast radio

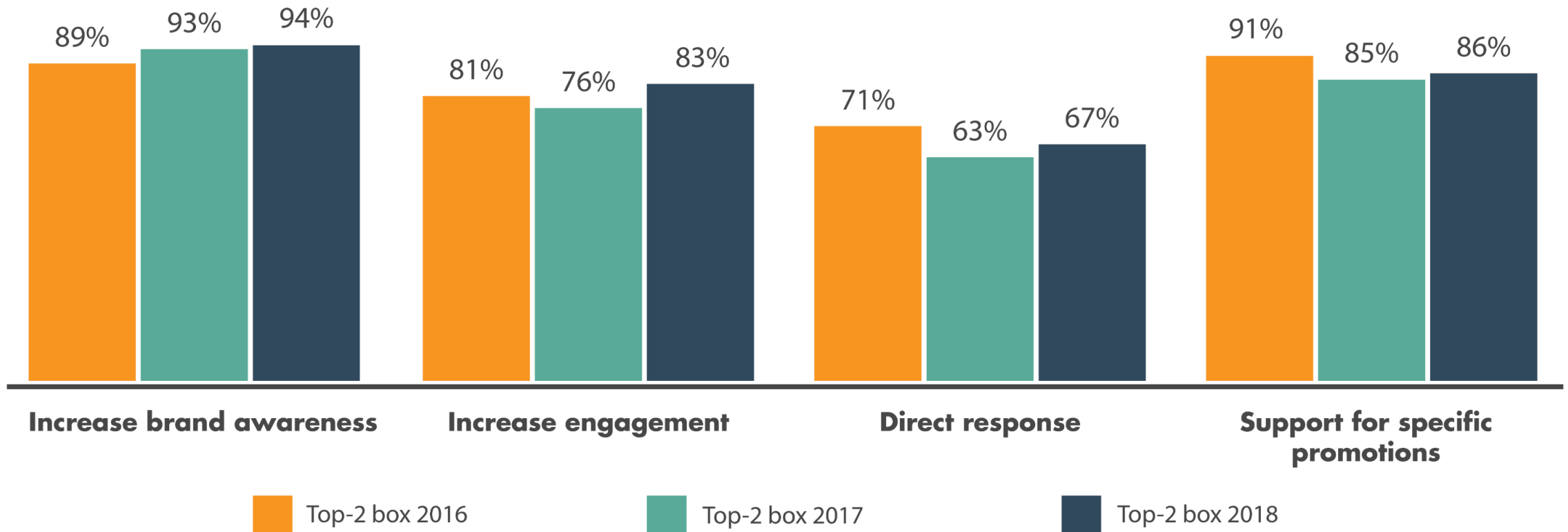
2018 Media Buyers

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 2018 N = broadcast=187, streaming=188, podcast=179

# SATISFACTION WITH AUDIO ADVERTISING REMAINS HIGH

SATISFACTION WITH RESULTS OF AUDIO ADVERTISING ACTIVITIES (NETT. SATISFIED %)



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

Base: Media Agencies N = 194 (2018) n = 133 (2017) n = 213 (2016)

# WHAT DO AGENCIES LIKE ABOUT AUDIO?

Based on open ended responses from survey participants are particularly driven to use audio advertising due to the following factors:



**REACH**



**AUDIENCE ENGAGEMENT**



**TALENT**



**BRAND AWARENESS**

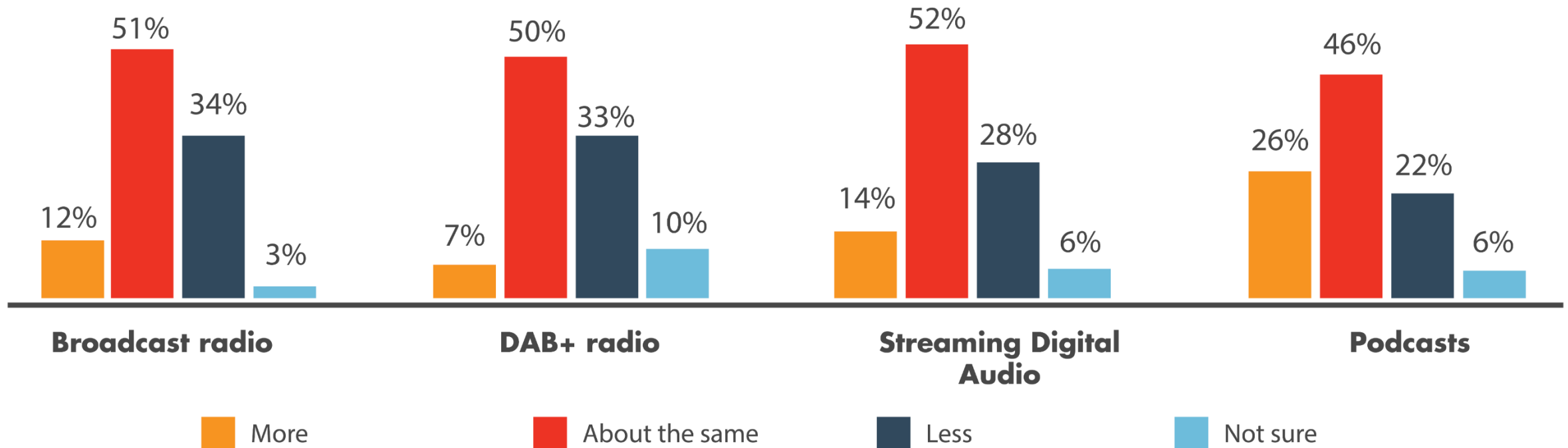


**COST EFFICIENT**



# BRAND SAFETY – ONE TO WATCH

Brand safety is less of a concern for the majority of audio formats compared to other media options. Podcasts are more of concern than the other audio formats.



Note: streaming digital audio = music streaming services and live broadcast radio

2018 All Respondents



Q12 Compared to other media options, how much of a concern is brand safety in audio advertising (across each of the following formats)? Base: All Respondents N = 241 (2018) Media Agencies N = 194 (2018)

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# AUDIBILITY STANDARDS – GROWING AWARENESS

Following on from a focus on viewability over the last few years, agencies are starting to look at audibility in more detail. This is present for both broadcast radio, streaming and podcasts highlighting the market interest in understanding and assessing attention of different ad formats.

**% OF AGENCIES STATING AUDIBILITY STANDARDS ARE IMPACTING THEIR INVESTMENT**



**BROADCAST RADIO** 19%

**STREAMING** 13%

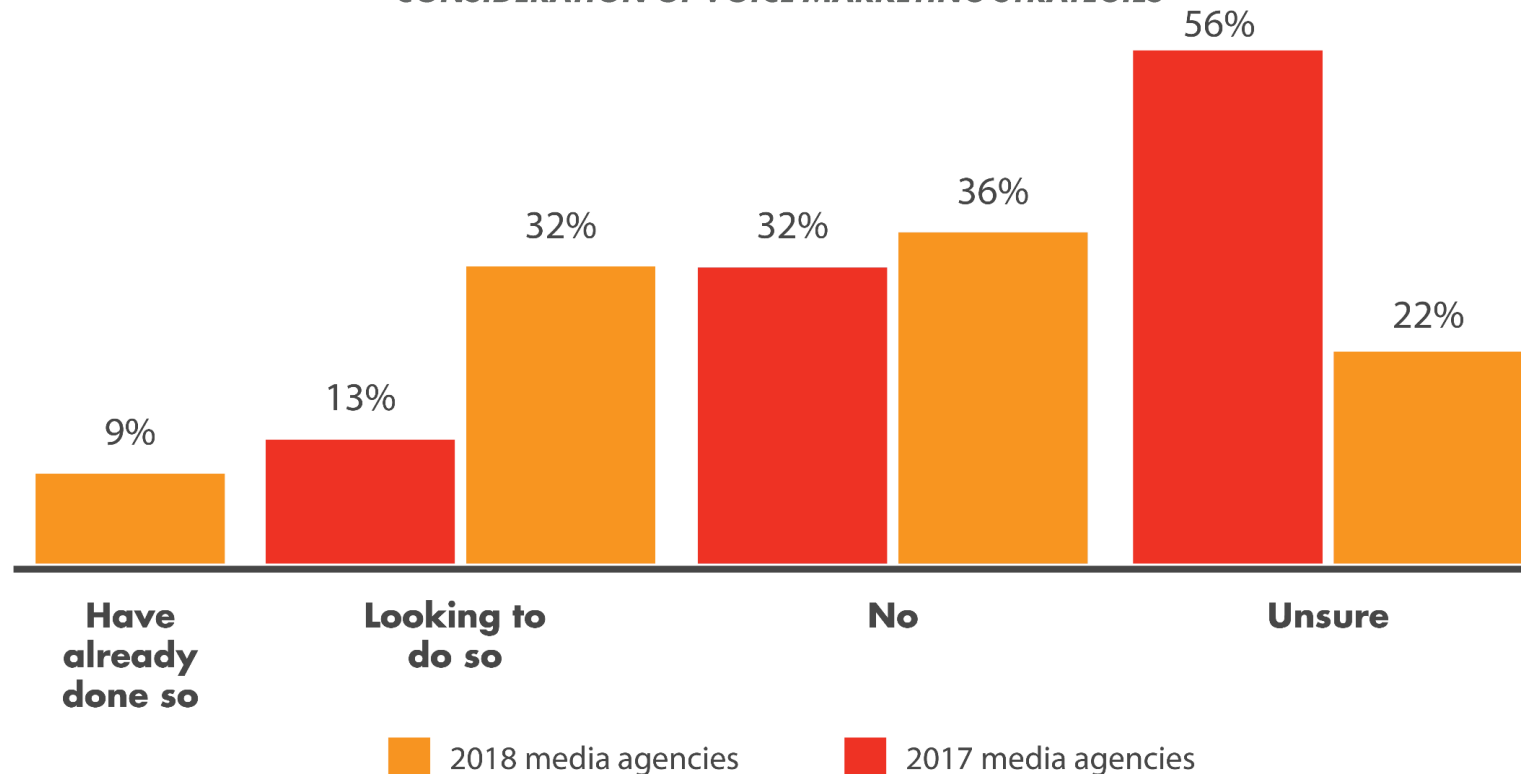
**PODCASTS** 11%



# VOICE MARKETING IS EMERGING AS A STRATEGY FOR CONSIDERATION IN 2019

- Understanding of the voice marketing sector has increased significantly over the last year with the number of people “unsure” about usage dropping from 56% to 22%
- There has been a change in media agencies usage/consideration of voice strategies in 2018. 9% of media agency respondents had assessed voice marketing strategies in 2018, and a further 32% are looking to do so.

CONSIDERATION OF VOICE MARKETING STRATEGIES



Q13 Is your organisation looking at voice marketing strategies (e.g. search voice strategies) for any clients or brands?

Base: Media Agencies N = 194 (2018) N = 133 (2017)

# VOICE MARKETING IS EMERGING AS A STRATEGY FOR CONSIDERATION IN 2019

*“Excited to see how we can integrate content along with the search results. Clients are starting to ask these questions.”*

*“It will be a fantastic way to determine direct response to audio ads, and link together audio ads and search behaviour. However, a robust measurement system will need to be determined.”*

*“Large uptake in devices will give deep market penetration for clients. Availability of new audio channel give many marketing possibilities.”*



Q13 Is your organisation looking at voice marketing strategies (e.g. search voice strategies) for any clients or brands?

Base: Media Agencies N = 194 (2018) N = 133 (2017)

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# IAB UK HAS IDENTIFIED VOICE STRATEGIES FOR BRANDS

IAB UK 'Find your Voice' study offers guidance to help brands identify opportunities within the voice tech space



## VOICE APPS

Specific voice assistant applications that exclusively work on one of the voice operating systems e.g. Alexa Skills



## ADS

Advertising in its traditional sense. Paid for messages and content targeted at people e.g. digital audio ads



## SEO

Optimising your digital presence for voice search e.g. voice search engine optimisation



## PRODUCTS/ DIGITAL SERVICES

Creating new, or augmenting your existing, products or services with voice tech e.g. website or chatbots



## BRAND PARTNERSHIPS

Partnering with existing voice tech providers or services e.g. sponsorships of an existing voice tech service



# PRIORITIES FOR 2019 INDUSTRY FOCUS

Based on open ended responses from survey participants would like the industry to focus on the following areas over the next twelve months.

**MEASUREMENT – CROSS PLATFORM & CROSS MEDIA**

**DEMONSTRATING EFFECTIVENESS**



**EDUCATION ON PROGRAMMATIC AUDIO**



**CONTINUE TO SHOWCASE CREATIVE**



Q15 What single thing would the industry need to do to promote a stronger role for audio advertising? ?

Base: All Respondents N = 241 (2018)

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# MORE RESOURCES FROM IAB AUSTRALIA

## BEST PRACTICE AUDIO CREATIVE

Digital Audio Fit-For-Purpose Creative:  
Choosi and IAB Audio Council



There's no one-size-fits all approach to audio. Each audio platform is consumed in a different way and has its own nuances which need to be considered. Visit the IAB Digital Audio Best Practice site here.

## LATEST IAB PODCAST ON AUDIO

The Podcasting Boom - with Sharon Taylor and Rob Loewenthal



Gai Le Roy caught up with audio experts Sharon Taylor of Omny Studio and Rob Loewenthal of Whooshkaa to discuss what makes a good podcast, building an audience that will last, dynamic ad insertion and targeting.

## MORE RESOURCES FROM THE IAB

IAB Creative Resources



On this page we have rounded up all of our latest creative resources, designed to fully embrace digital advertising in all shapes, sizes and formats. Visit the IAB microsite for more.

Stay up-to-date with IAB Australia and the work we do to simplify and inspire the digital advertising industry by following us on LinkedIn, Twitter and Facebook, and subscribing to our monthly newsletter.

