



AUDIO ADVERTISING STATE OF THE NATION: WAVE 4

FEBRUARY 2020



CONTENTS

1. INTRODUCTION & BACKGROUND

- IAB Audio Council
- Research methodology
- Executive summary

2. AUDIO ADVERTISING PLANNING & BUYING

- Levels of usage
- Objectives of audio advertising
- Programmatic buying

3. AUDIO CREATIVE FORMATS

- Streaming audio formats
- Podcast formats
- Voice marketing
- Fit for purpose creative

4. AUDIO ADVERTISING EFFECTIVENESS

- Metrics
- Satisfaction in meeting objectives
- Brand safety
- Opportunities to drive growth

STATE OF THE NATION WAVE 4 INTRODUCTION AND BACKGROUND

INTRODUCTION

Over the past four years, there has been an explosion of enthusiasm and interest in the audio space across publishers, brands and buyers. The benefits of digital audio advertising are now widely understood and the market is clearly embracing the branding potential different formats offer.

Over the next twelve months we anticipate the industry will come to understand the need to move from repurposing existing ads and instead look to produce creative campaigns tailored to suit the environment in which it appears.

The State of the Nation: Wave 4 study along with the IAB Audio Council aims to enrich all sectors of the digital audio space to ensure consumption, investment and the industry strive well into the future.



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

Advertising across digital audio platforms is maturing, nine in ten media buyers having used streaming audio advertising and 75% have used podcasts.

The market has evolved from experimentation into a more strategically driven brand building approach to digital audio advertising.

We are pleased to release the fourth wave of this important industry research to help the audio market continue growth in 2020. The IAB continues to invest in research to provide the market with objective market wide data.

This report is a truly collaborative industry project with support from 18 different media and tech companies as well as industry body Commercial Radio Australia.



GAI LE ROY
CEO
IAB AUSTRALIA

IAB AUSTRALIA AUDIO COUNCIL

The IAB Audio Council strives to educate marketers and agencies on the value of online audio and podcasts as powerful and effective advertising mediums.

The Audio Council has an expert membership base from which to leverage competency and 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 online audio advertising
4. To establish standards and guidelines for audio to define the future of the market



THEMES FROM LAST YEAR

The Audio Advertising State of the Nation drives priorities for industry initiatives for the year. Last year the research helped the IAB Audio Council design a guide to provide marketers with information and resources to take advantage of ad opportunities and build successful audio campaigns.



[**DOWNLOAD THE DIGITAL AUDIO BUYER'S GUIDE**](#)

BACKGROUND & METHODOLOGY

- Wave 4 of the annual Audio State of the Nation industry survey was again conducted by independent research company, Hoop Group
- Fieldwork was carried out in December 2019
- 252 completed surveys (204 from 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



DEFINITIONS

- **Broadcast radio** – commercial radio broadcasters both AM & FM & DAB+ digital radio (DAB+ radio includes radio broadcast stations not on AM and FM such as Kinderling, Coles Radio, Chemist Warehouse, Grandstand)
- **Streaming digital audio** – Live radio and music services that are streamed over the Internet – includes streaming services such as Spotify, Apple Music or SoundCloud and live streaming services offered by radio stations & aggregators such as Kiis/iHeartRadio, RadioApp, Nova, Hit & Triple M.
- **Podcasts** – Spoken word audio in the form of either Original/Narrative Content or Catch Up Radio available to download via apps like Apple Podcasts, Google Podcasts, Spotify, Acast, PodcastOne etc.

EXECUTIVE SUMMARY

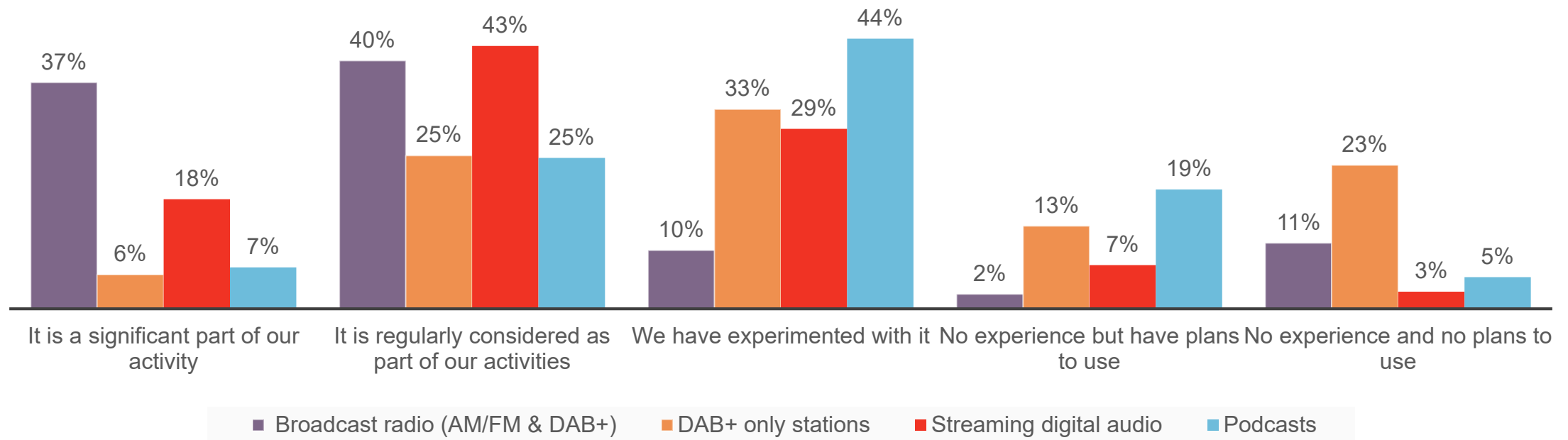
- Advertising across digital audio platforms is maturing with **9 in 10 media buyers** having used streaming digital audio in 2019 (up from 87% in 2018) and **75%** having experience with podcast advertising in 2019 (up from 63% in 2018).
- Nearly **two-thirds of media agencies are regularly using streaming digital audio advertising**. Call to action spots are most popular format of streaming audio and have increased in usage strongly year on year
- Podcast advertising has seen another year of significant growth with **a third of agencies now using podcasts regularly (up from 20% last year)**. Recorded radio spots have emerged as the most popular format while usage of native audio and branded podcasts have experienced growth with potential for further growth over the next year.
- Buying methods are shifting. Global data protection trends will influence a shift from open exchanges, while the safer options of **programmatic guaranteed and private marketplace (PMP) deals are expected to increase**.
- Advantages of **data and targeting** continue to drive the adoption of **programmatic trading** in the audio advertising space and in a challenging ad market **price** has increased as an influence. European markets have seen buy-side groups recognise the **ability of programmatic to deliver brand campaigns** at scale and contribute to programmatic growth.
- Increasing **brand awareness** is the key objective for broadcast, streaming and podcast advertising and satisfaction with audio in meeting this objective high. Branding has become **a more important primary objective for podcast** advertising with 48% of agencies using podcasts primarily for branding (up from 35% previous year).
- **Creative** is one of audio advertising's greatest strengths and greatest challenges. The ease and speed of audio creative development is a great attraction for agencies, however a third of media agencies are not tailoring creative to suit the different audio environments – vital when creative is the most important element of campaign impact.
- There is an opportunity to drive growth in audio advertising with improved measurement and ad effectiveness case studies.

STATE OF THE NATION WAVE 4 AUDIO ADVERTISING PLANNING & BUYING

SIGNIFICANT LEVEL OF AUDIO AD USAGE

- 9 in 10 (90%) have used streaming digital audio in 2019 (up from 87% in 2018). Streaming audio is now regularly bought by 6 out of 10 (61%) of respondents.
- 75% respondents have had experience with podcast advertising in 2019 (up from 63% in 2018). Podcasts are now regularly bought by 31% of respondents.

EXPERIENCE WITH ALL TYPES OF AUDIO ADVERTISING



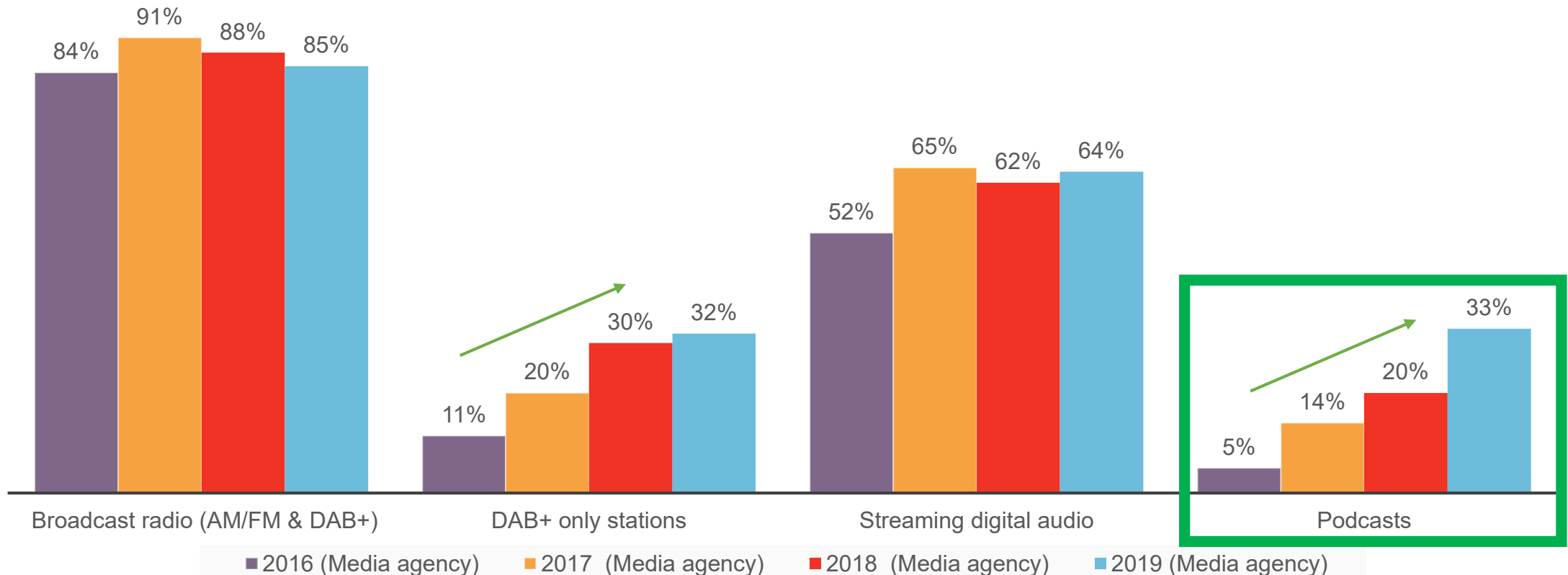
Q3. Which of these best describes your organization's experience with the following forms of audio advertising to date?

Base: All Respondents n – 252

AGENCIES REGULARLY CONSIDER AUDIO ADVERTISING

- 64% of media agencies now regularly consider have streaming digital audio advertising
- Strong growth in experience with podcasts, a third of media agencies now regularly consider podcast advertising (increasing from 20% last year)

MEDIA AGENCIES WHERE AUDIO ADVERTISING IS A SIGNIFICANT PART OF ACTIVITY OR REGULARLY CONSIDERED



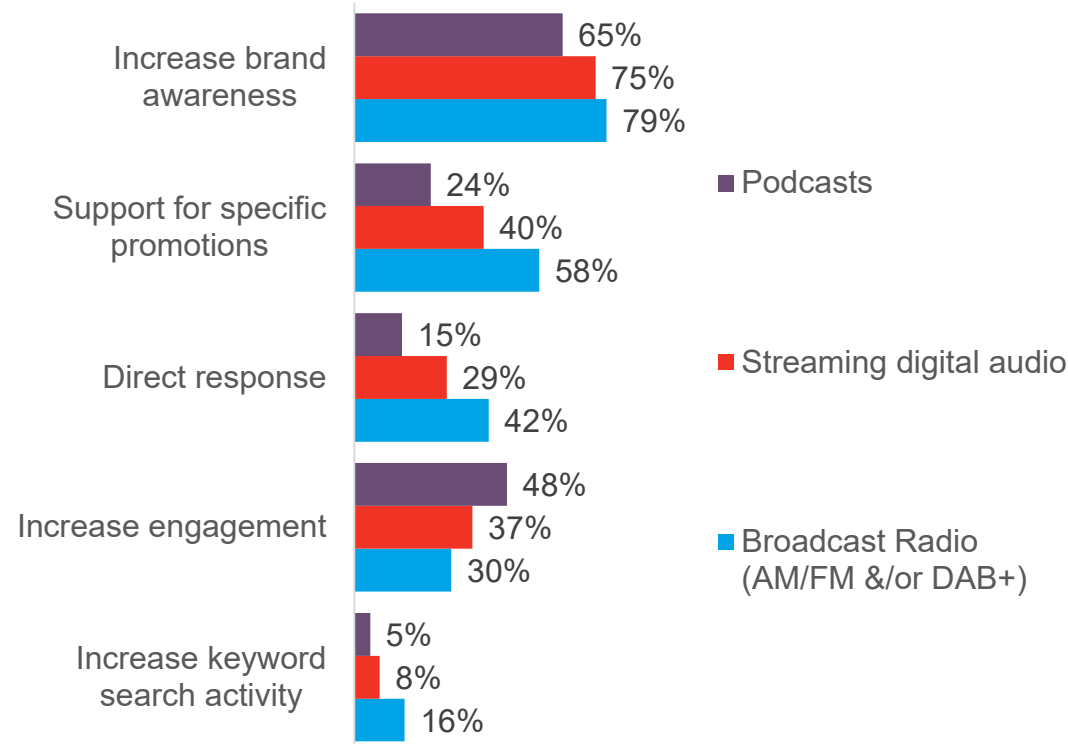
Q3. Which of these best describes your organization's experience with the following forms of audio advertising to date?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016)

ALL AUDIO TYPES PLAY A STRONG ROLE IN BRANDING

- All types of audio advertising are most often used to increase brand awareness
- Audio is also seen as a key engagement driver, with nearly half (48%) using podcasts for this purpose.
- Also high levels of usage of broadcast and streaming digital audio to support specific promotions.

**OBJECTIVES OF AUDIO ADVERTISING OVER THE PAST YEAR
AMONGST THOSE MEDIA AGENCIES WITH EXPERIENCE IN AUDIO ADVERTISING TYPE**



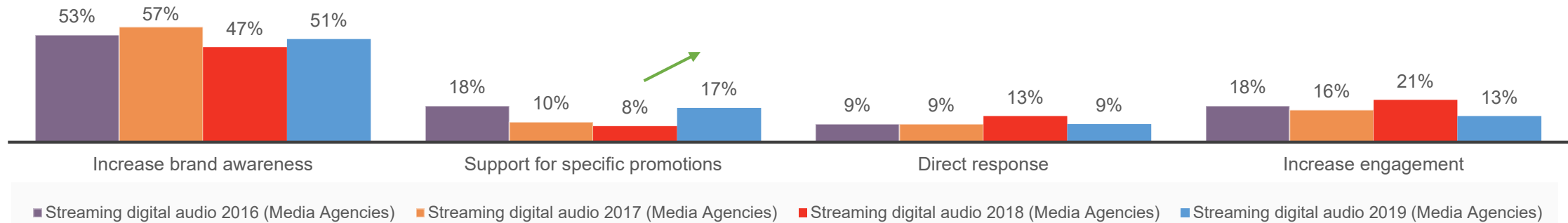
Q7/8a,b,c. What have been the objectives of the advertising activities you've been involved with over the past year?

Base: Media Agencies n – 204 (broadcast =171, streaming digital = 163, podcasts = 138)

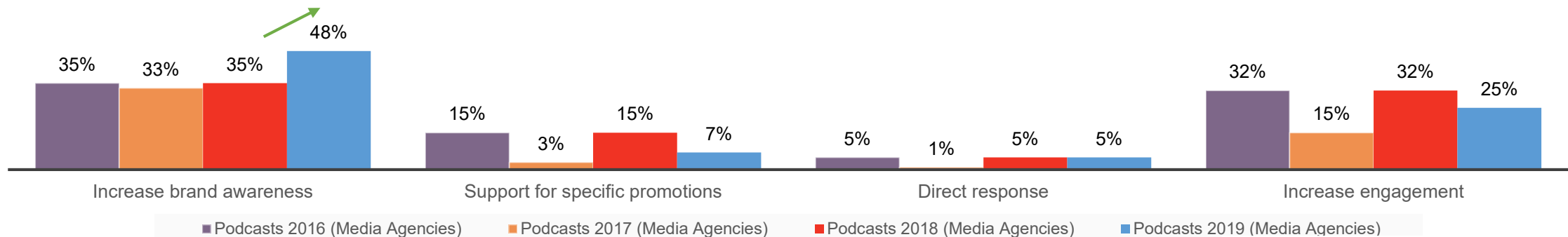
BRANDING HAS BECOME A MORE IMPORTANT OBJECTIVE FOR PODCASTS

MOST IMPORTANT OBJECTIVE AMONGST MEDIA BUYERS WITH EXPERIENCE IN STREAMING OR PODCAST

Streaming digital audio



Podcast



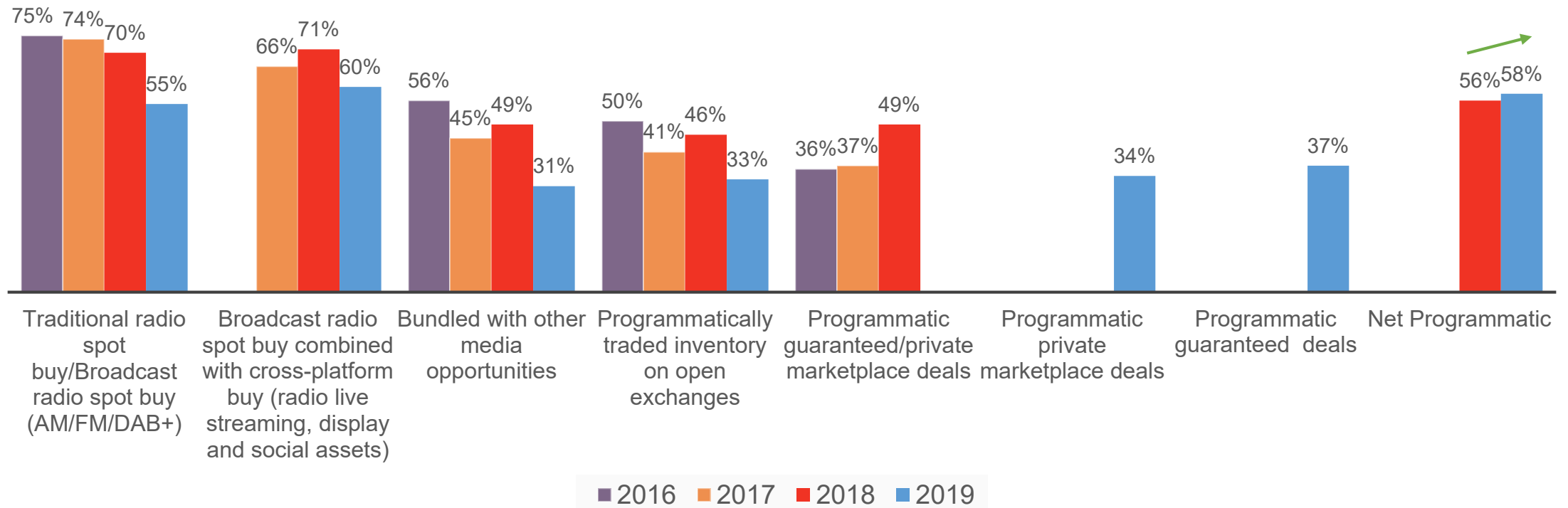
Q7/8a,b,c. Of these, which has been the most important?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016)

PROGRAMMATIC BUYING METHODS EXPECTED TO INCREASE

- Intentions to buy programmatically over the next 12 months have increased driven by guaranteed and private marketplace deals. We are seeing agencies recognise the future compliance risk of trading on open exchanges with intentions to use declining this year.

BUYING METHODS MEDIA AGENCIES INTEND TO USE FOR AUDIO ADVERTISING



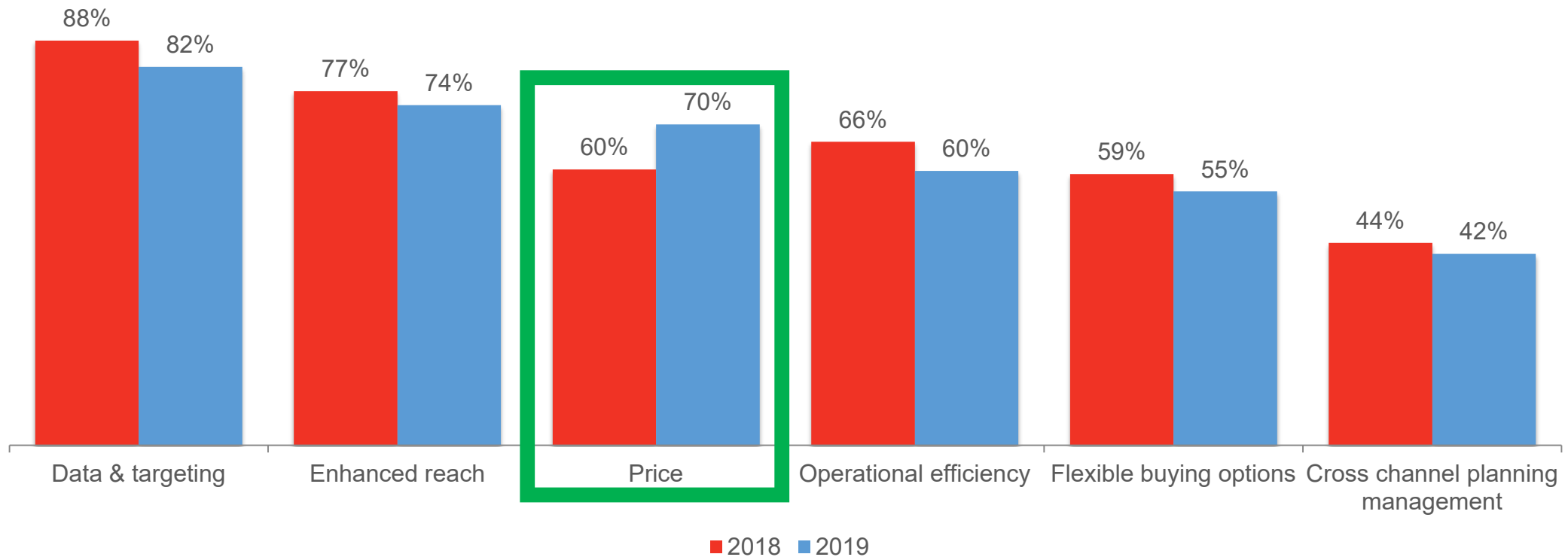
Q5A. In the next twelve months, which of the following buying methods do you expect to use for audio advertising?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016). NB: QUESTION CHANGE FROM PREVIOUS YEARS

PRICE HAS BECOME MORE IMPORTANT IN PROGRAMMATIC

- Data and targeting is still the #1 factor in using programmatic buying methods for the audio space.
- With businesses operating in a challenging low growth environment over the last year, price has increased as an influence for programmatic amongst those buying.

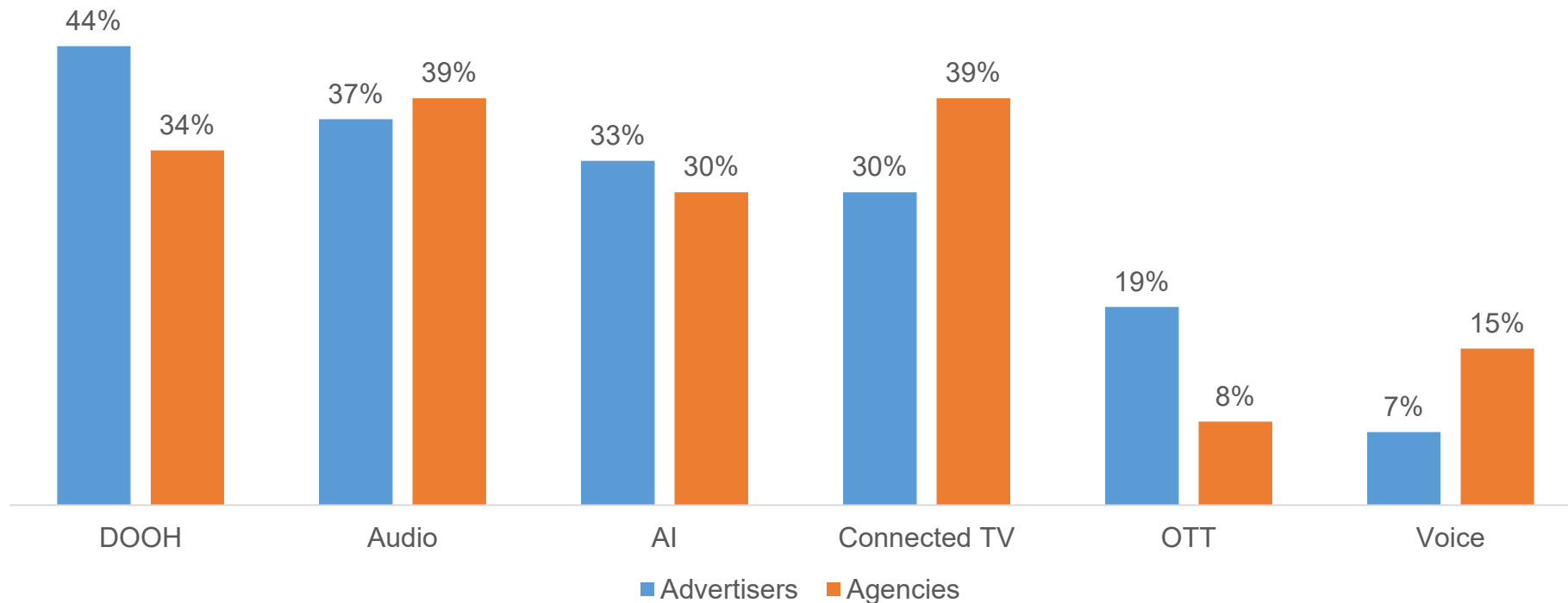
FACTORS IN BUYING PROGRAMMATIC AUDIO AMONGST AGENCIES BUYING PROGRAMMATICALLY



AUDIO EXPECTED TO DRIVE GROWTH IN PROGRAMMATIC ADVERTISING IN EUROPE

- European advertisers are seeing DOOH (digital out of home) as the largest growth opportunity for programmatic advertising over the next 12 months, followed by audio. Agencies are hedging their bets between audio and connected TV.

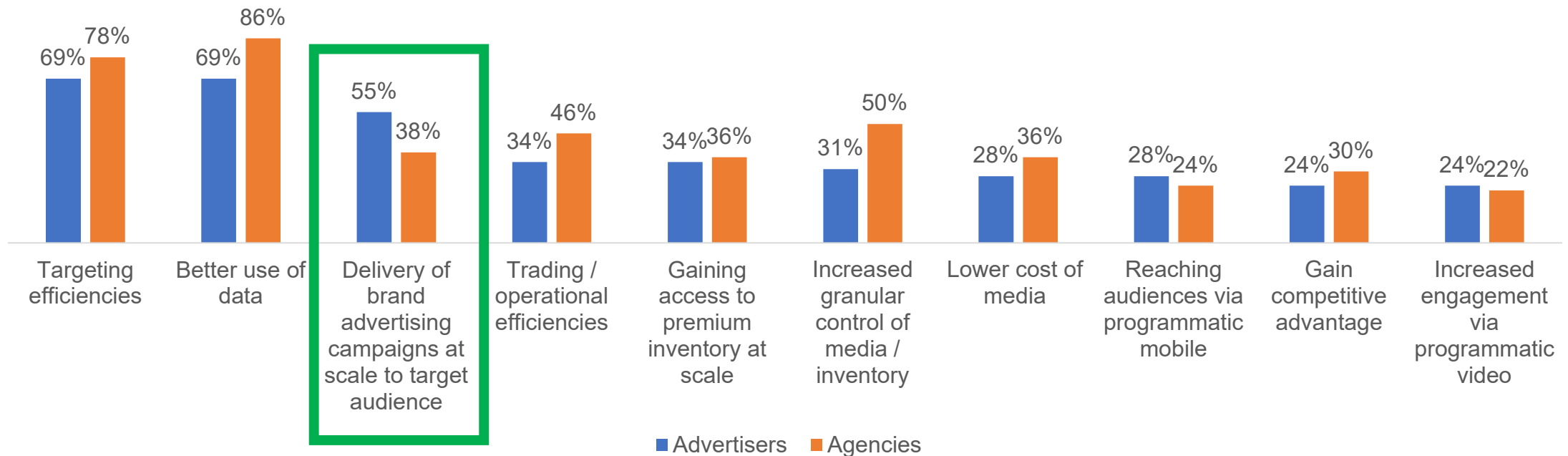
*FORMATS EXPECTED TO INCREASE PROGRAMMATIC INVESTMENT OVER THE NEXT 12 MONTHS
AMONGST EUROPEAN ADVERTISERS AND AGENCIES*



IN EUROPE, BUY-SIDE HAS RECOGNISED THE ABILITY OF PROGRAMMATIC TO DELIVER BRAND CAMPAIGNS AT SCALE

- While targeting and use of data play a significant part, European media buyers are recognising the ability of programmatic to deliver brand campaigns at scale. Traditionally seen as a performance media, this highlights a change in perception of programmatic advertising and a recognition of how it can support brand campaigns.

DRIVERS OF PROGRAMMATIC INVESTMENT AMONGST EUROPEAN ADVERTISERS AND AGENCIES



WHAT DO AGENCIES LIKE ABOUT AUDIO?

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

REACH
COST EFFICIENCY
PERSONALISATION
TALENT

EASE
FREQUENCY
ENGAGED
AUDIENCE
CREATIVE



WHAT DO AGENCIES LIKE ABOUT AUDIO?

“Podcast listeners are listening using headphones so it's an intimate environment. There's more cut through when you're going direct to a listener who may only hear one other ad in their commute to work.”

“Host reads mean that there is an implicit approval from a perceived authority which has a good impact on effectiveness (the host is reading the ad, I trust the host, therefore I trust the ad/that the product is good)”

“Podcasts and streaming audio is highly personal and engaging and a great opportunity to target across the audience's interest and passion points.”

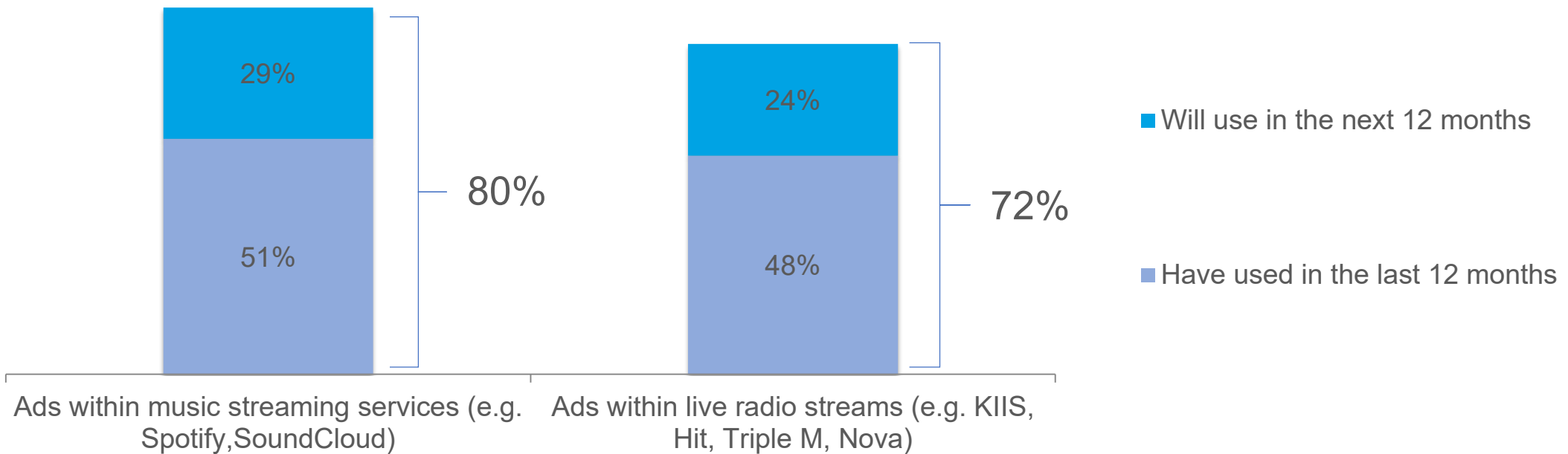


STATE OF THE NATION WAVE 4 AUDIO CREATIVE FORMATS

HIGH CONSIDERATION OF STREAMING AUDIO ADVERTISING

- 8 in 10 media agencies have either used or intend to use ads within music streaming services
- 7 in 10 media agencies have either used or intent to use ads within live radio streams

*TYPES OF STREAMING AUDIO ADVERTISING HAVE USED OR INTEND TO USE IN THE FUTURE
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OR INTENT TO USE STREAMING AUDIO*



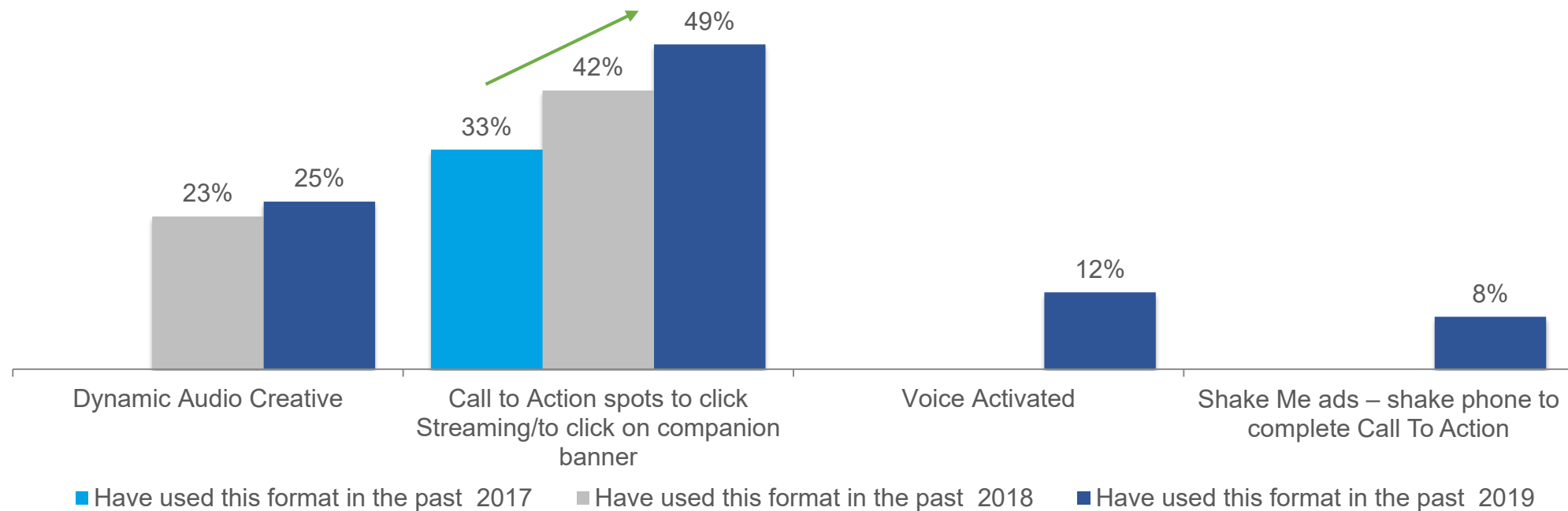
Q3A - which of the following types of services have you used in advertising activity or intend to use in the future?

Base: Media Agencies with experience or intent to use streaming audio n=189 (2019). NB; UPDATED QUESTION FROM PREVIOUS YEARS

USAGE OF CALL TO ACTION SPOTS HAS INCREASED

- Call to action spots increased in usage year on year and remain the most popular streaming audio creative format with nearly half of media agencies with experience of streaming audio having used call to action spots.
- A quarter of media agencies with experience in streaming audio have now used dynamic audio creative.

**STREAMING AUDIO CREATIVE FORMATS USED
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OR INTENT TO USE STREAMING AUDIO**



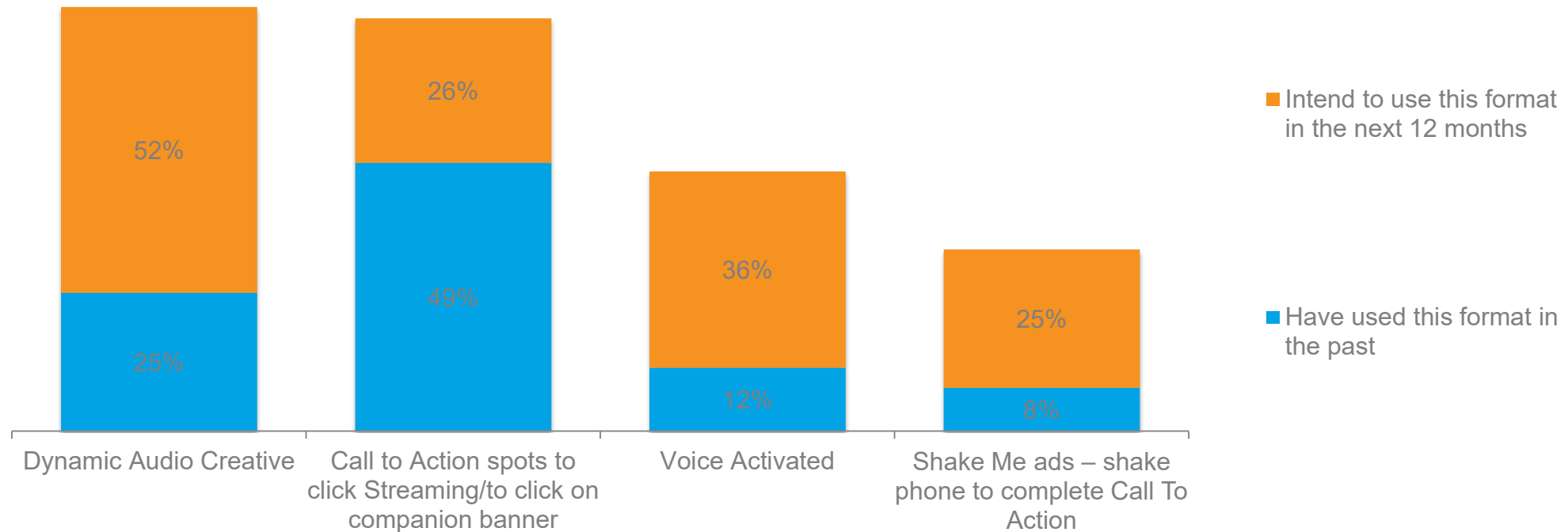
Q5C1- Which of the following creative formats have you used/or plan to use for audio advertising on Streaming audio?

Base: Media Agencies with experience or intent to use streaming audio n=189 (2019) NB; UPDATED QUESTION FROM PREVIOUS YEARS

APPETITE TO TRY CREATIVE FORMATS

- While usage of dynamic audio creative has not grown significantly year on year, there is still high intention to use it over the coming year
- While usage of voice activated and shake me ads is lower, there is significant intention to experiment with these formats over the next year

**STREAMING AUDIO CREATIVE FORMATS USED OR INTEND TO USE
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OR INTENT TO USE STREAMING AUDIO**



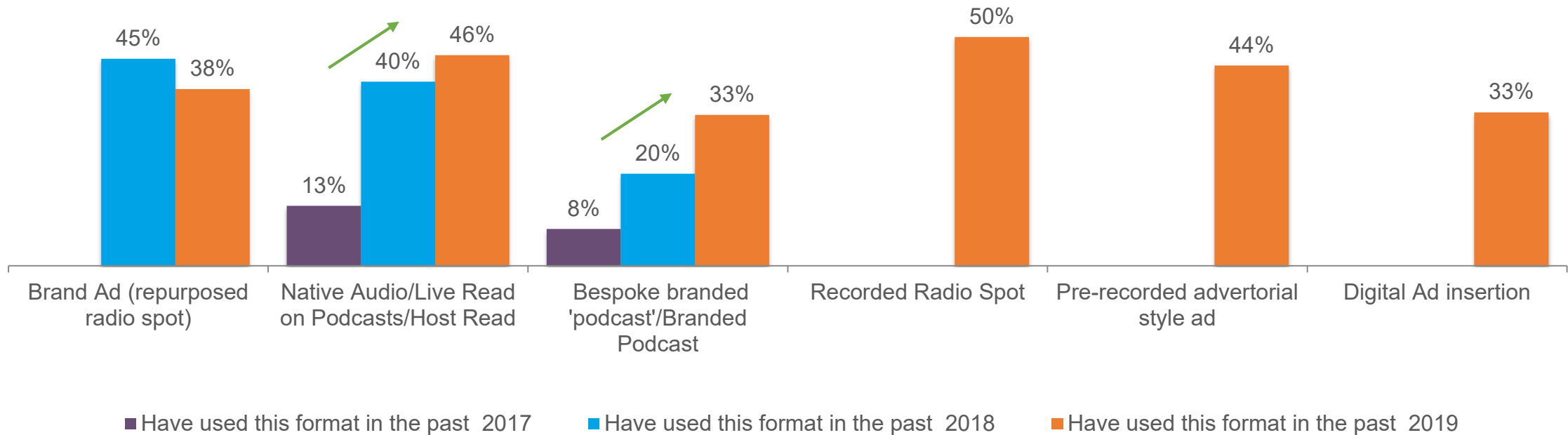
Q5C1- Which of the following creative formats have you used/or plan to use for audio advertising on Streaming audio?

Base: Media Agencies with experience or intent to use streaming audio n=189 (2019)

STRONG INCREASE IN USAGE OF PODCAST FORMATS

- Recorded radio spots have emerged as the most popular podcast audio creative format with half of media agencies with experience in podcasts having used the format in the last year.
- Usage of native audio and branded podcasts have experienced strong growth over the last year

*PODCAST CREATIVE FORMATS HAVE USED
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OR INTENT TO USE PODCASTS*



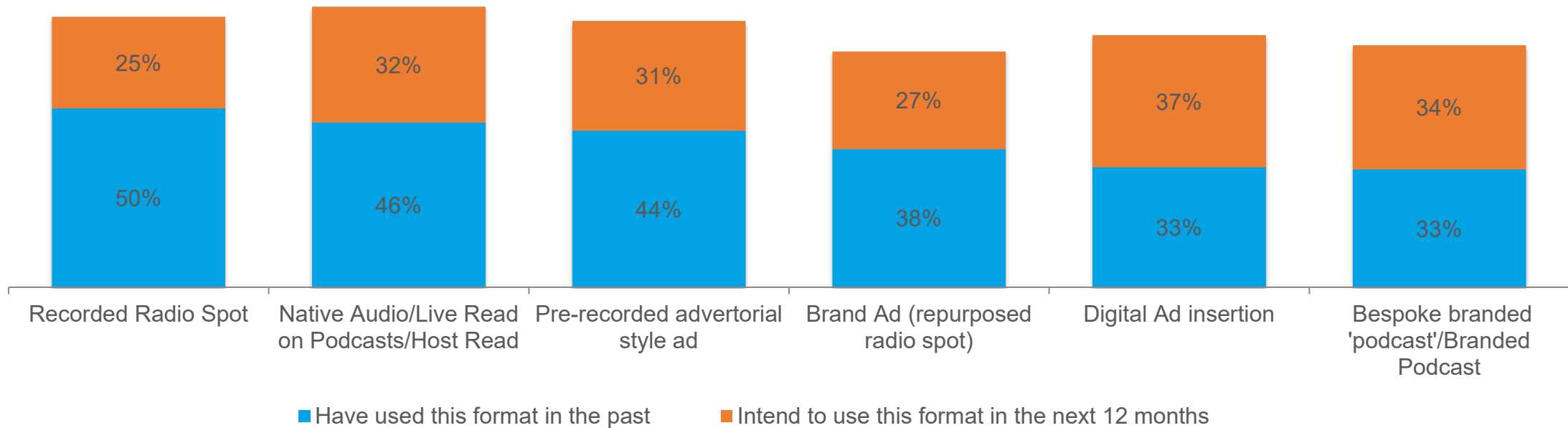
Q5D1 - Which of the following creative formats have you used/or plan to use for audio advertising on Podcasts?

Base: Media Agencies with experience or intent to use podcasts n = 177 (2019)

APPETITE TO TRY A VARIETY OF PODCAST FORMATS

- There is high intention to trial all varieties of podcast formats, in particular digital ad insertions in podcasts and branded podcasts should see usage growth in the next 12 months.

*PODCAST CREATIVE FORMATS HAVE USED OR INTEND TO USE
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OR INTENT TO USE PODCASTS*



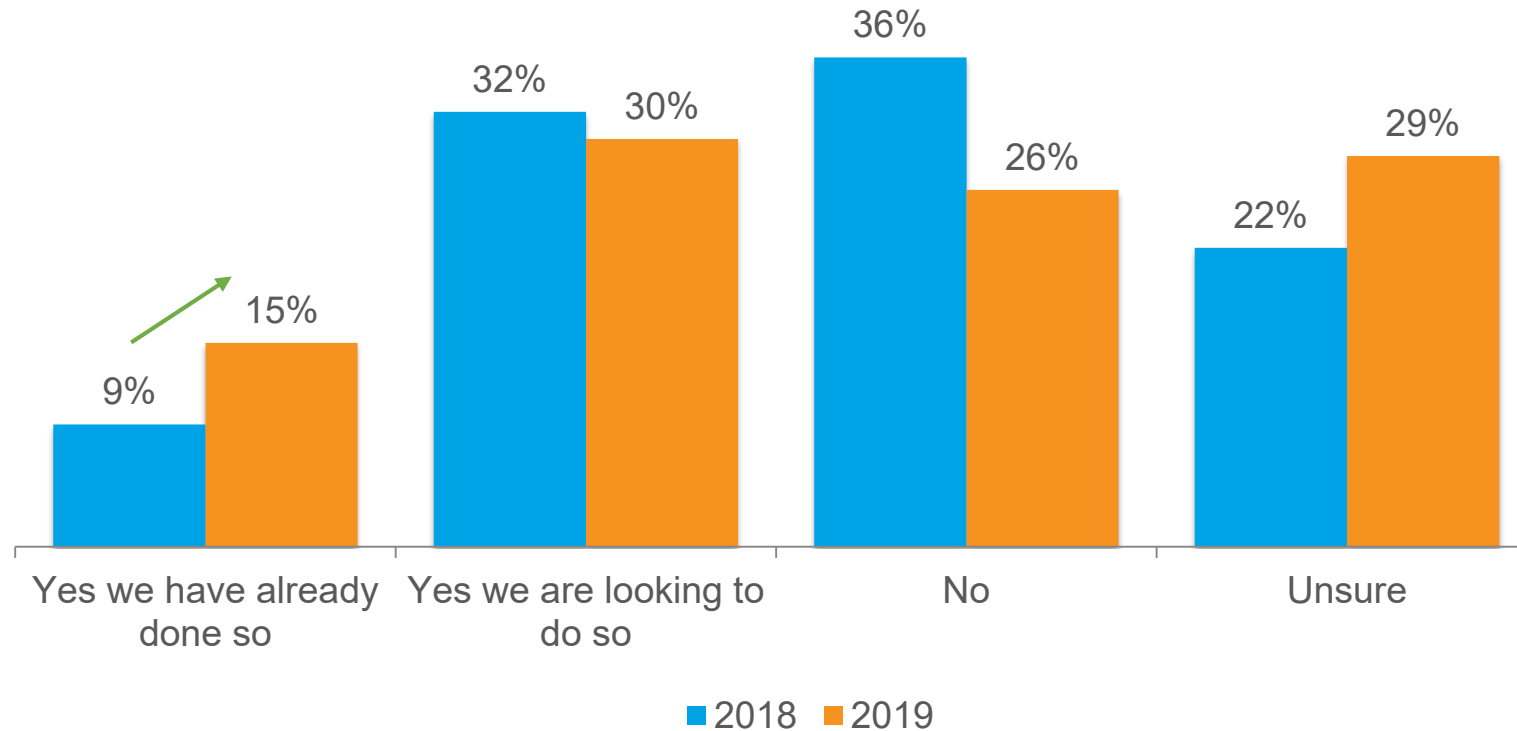
Q5D1 - Which of the following creative formats have you used/or plan to use for audio advertising on Podcasts?

Base: Media Agencies with experience or intent to use podcasts n – 177 (2019)

VOICE MARKETING STRATEGIES STILL EMERGING

- There has been a slight increased in those who have already looked at voice marketing strategies over the last year from 9% to 15% of media agencies
- 45% of media agencies have either already looked into using voice marketing strategies or intend to do so.

CONSIDERATION OF VOICE MARKETING STRATEGIES AMONGST MEDIA AGENCIES



Smart speaker
penetration at
15% of the
population*



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

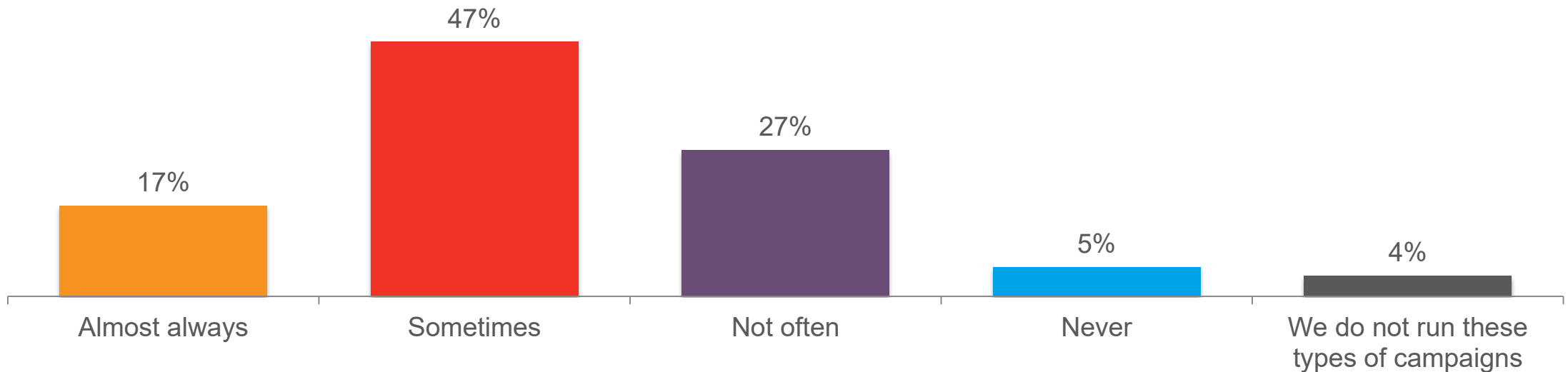
Base: Media Agencies n – 204 (2019) *Source; IAB Australia Enumeration Survey Conducted by Nielsen age 14 n=3000 Nov 19

AUDIO ADVERTISING
STATE OF THE NATION: WAVE 4

ROOM TO IMPROVE FIT FOR PURPOSE CREATIVE

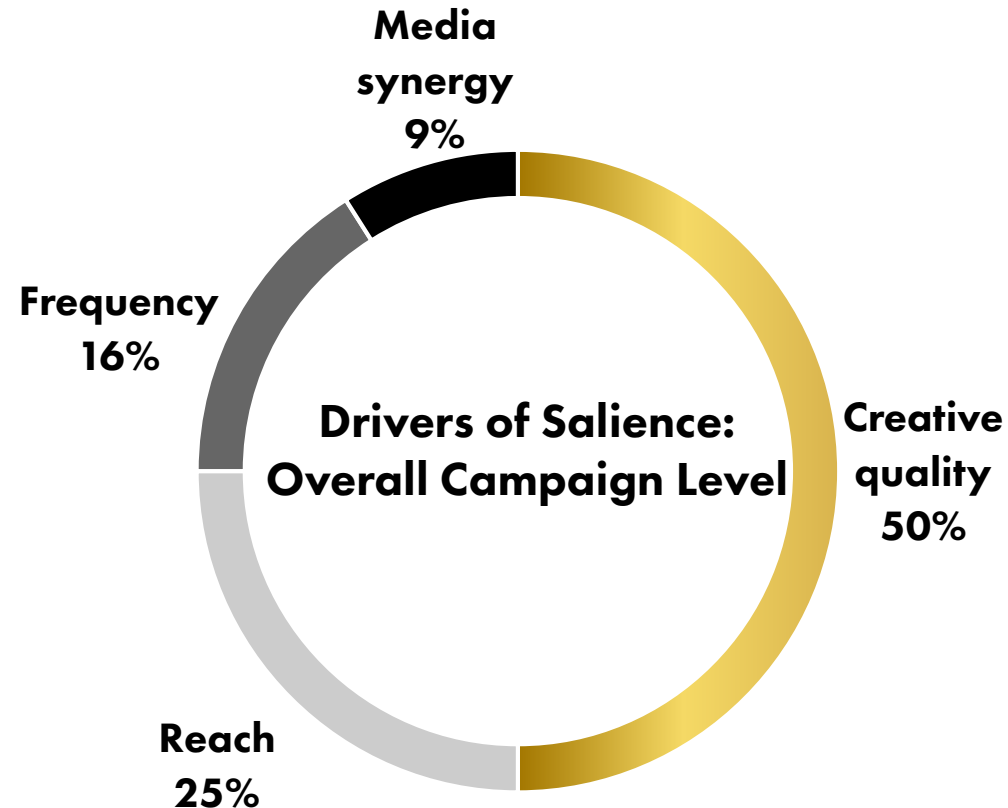
- A third of media agencies with experience of audio advertising are not tailoring creative to suit different audio environments.
- Creative quality is one of the most important drivers of digital advertising effectiveness so its worth putting effort into adapting creative to suit the different audio environments.

*FREQUENCY OF CHANGING CREATIVE TO SUIT PARTICULAR AUDIO ENVIRONMENT
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OF ANY AUDIO*



CREATIVE QUALITY IS HALF OF CAMPAIGN IMPACT

- Kantar's global cross-media effectiveness database highlights that creative quality on average contributes to half of campaign effectiveness.
- This highlights the importance of designing creative with context in mind. Optimising assets to work their hardest makes your ad dollar work to highest potential.

**KANTAR**

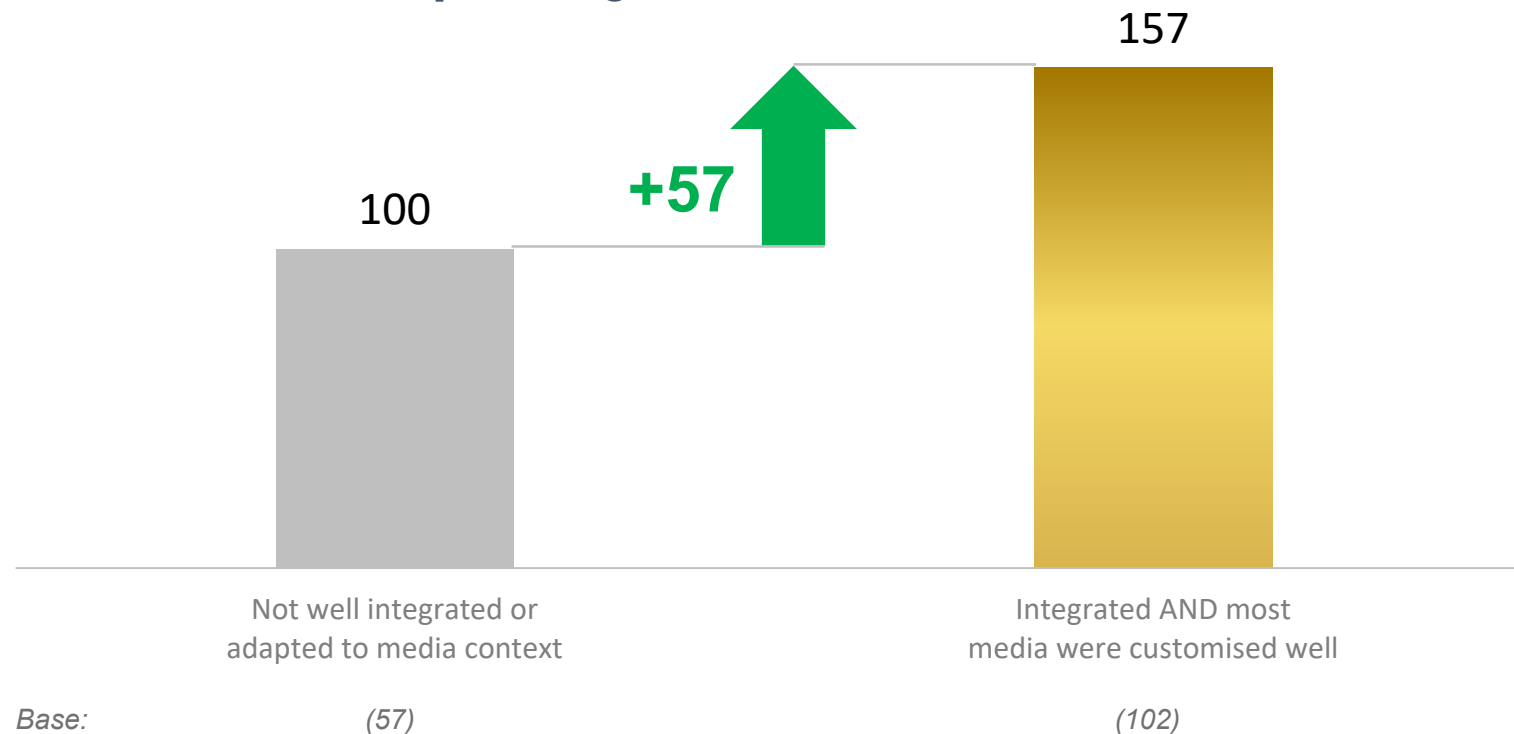
Source: Kantar global CrossMedia studies, 2015-2017, (223 studies).

OPTIMAL CREATIVE IS INTEGRATED AND CUSTOMISED

- Kantar's global cross-media effectiveness database shows that campaigns where creative is customised to the media and creative elements are integrated well, will on average delivery 57% higher brand effectiveness results than campaigns that are not adapted to media context or well integrated.

Campaign contribution to brand exposure growth

(100 is indexed)

**KANTAR**

Source: Kantar global CrossMedia studies, 2015-2017, (223 studies).

Overall Campaign Contribution is a measure of campaign impact on a combination of all brand KPIs (awareness, associations, motivation)

LET'S HELP AGENCIES EDUCATE THEIR CLIENTS ON THE BENEFITS OF FIT FOR PURPOSE CREATIVE

"Many clients will just re-use radio ads. It is hard to bring them along the journey that they need different creative. They believe it is just an add-on to radio."

"Benefits of audio advertising are understood. What does need to improve is the client's understanding of the need for different creative to suit the environment in which it appears in"

"More education on the art of storytelling and it's neuro benefits. We usually treat audio as a re-purposed 15/30s ad across all formats which is typically bound to client pressures. But how can we give longevity to the brand's story? Audio is a great way to do this."

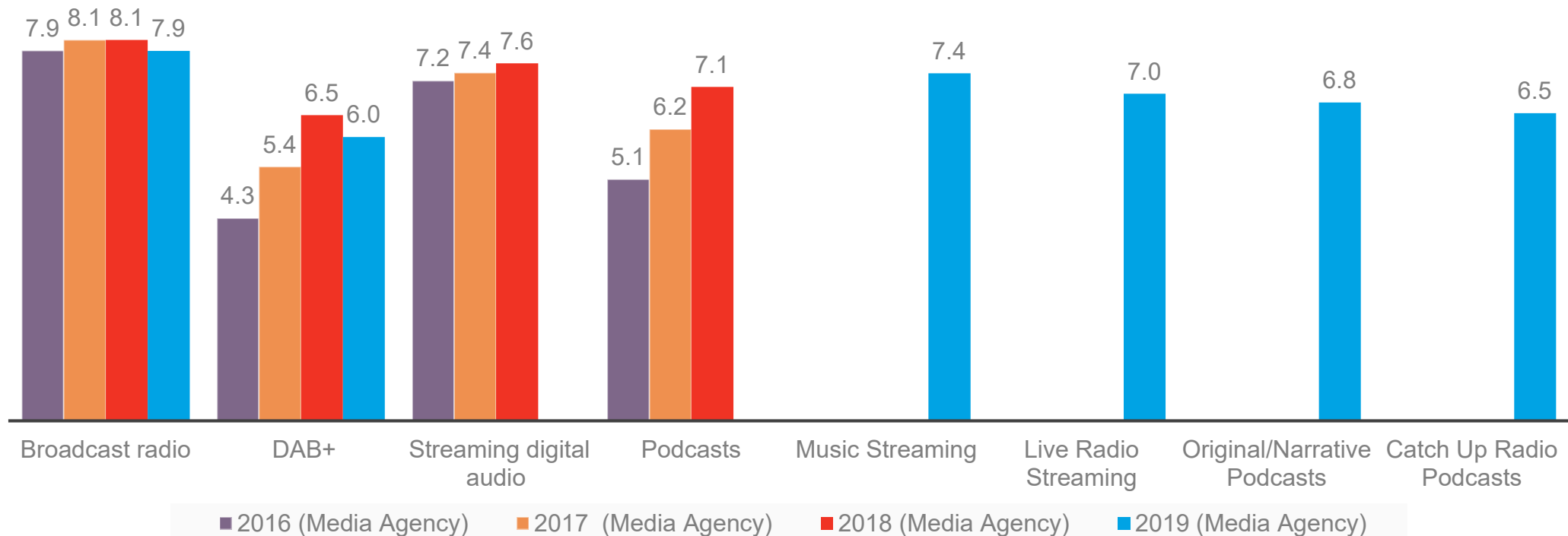


STATE OF THE NATION WAVE 4 AUDIO ADVERTISING EFFECTIVENESS

CONTINUAL NEED FOR EDUCATION TO ENHANCE UNDERSTANDING OF AUDIO

- Levels of understanding of audio formats amongst agencies remains high.
- This year we have broken out streaming digital audio and podcasts into more specific forms. The industry needs to provide deeper education on the role of these more specific types of streaming and podcast opportunities.

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



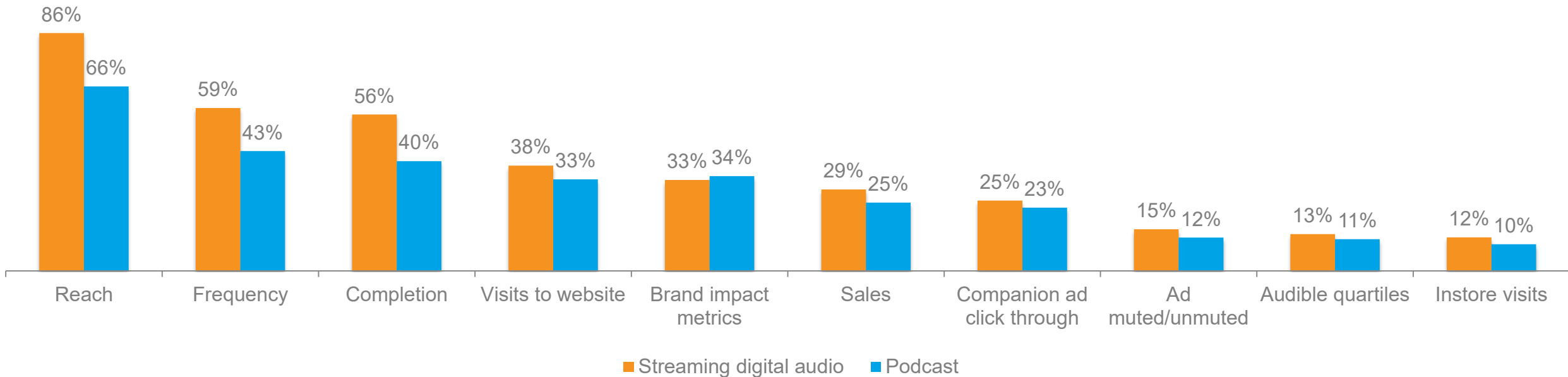
Q6. How well do you feel you understand the following forms of audio advertising?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016). NB; UPDATED QUESTION FROM PREVIOUS YEARS

METRICS FOR ASSESSING STREAMING DIGITAL AUDIO

- Streaming and podcast advertising campaigns are being assessed using a variety of metrics, most usually reach and frequency.
- Lower usage of metrics overall for podcast highlights the relative complexities in measurement.
- A third of media agencies are assessing effectiveness using brand impact metrics, aligning to the #1 objective

*METRICS USUALLY USED TO ASSESS EFFECTIVENESS OF AUDIO CAMPAIGNS
AMONGST MEDIA BUYERS WITH PREVIOUS EXPERIENCE OF STREAMING AND PODCAST ADVERTISING*



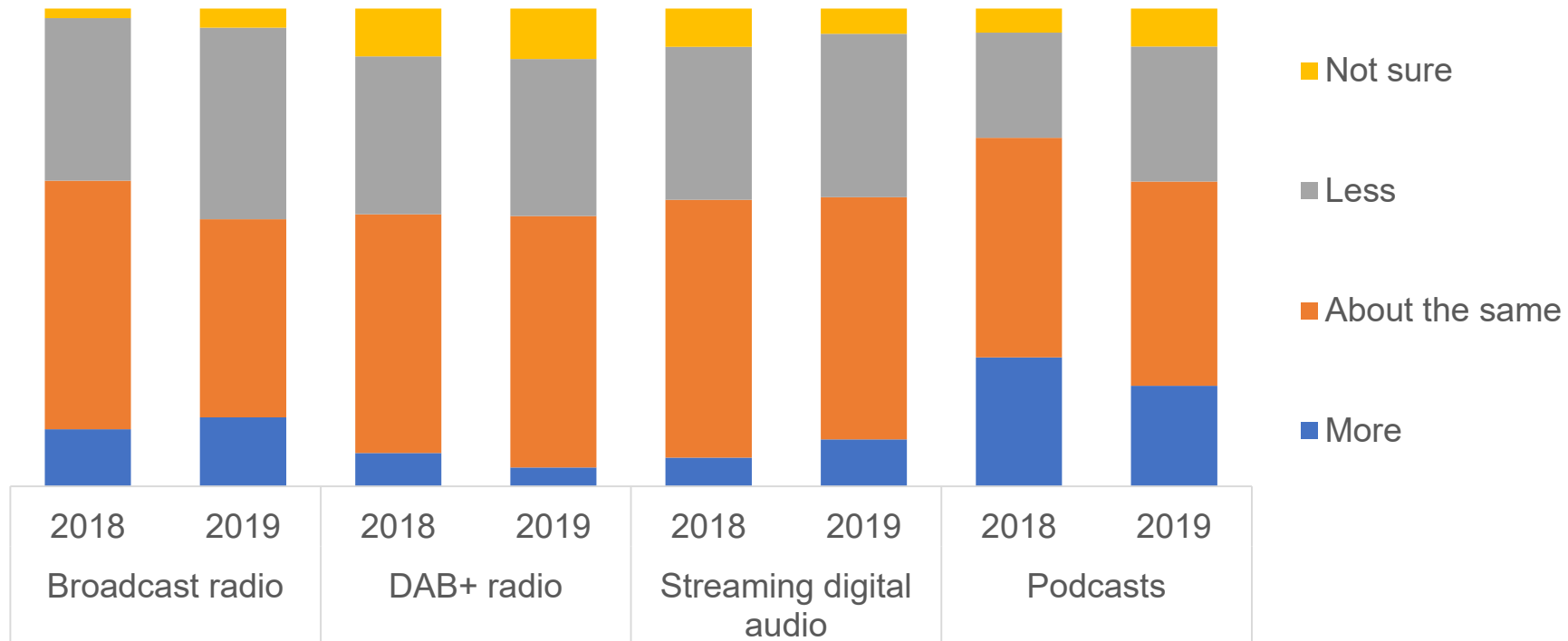
Q9B2 - What metrics are you using to assess the effectiveness of your audio campaigns?

Base Media Agencies with experience in streaming audio n – 174 and Media Agencies with experience of podcast advertising n – 167 (2019)

BRAND SAFETY IS LESS A CONCERN FOR AUDIO

- Audio continues to be seen a 'safe' media to use for advertising compared to other media. Media agencies perceive brand safety is less of a concern for audio formats compared to other media options.
- Brand safety concern around podcasts has reduced year on year – in 2018 27% of agencies were more concerned about podcast safety than other media options, this has reduced to 21% of agencies in 2019.

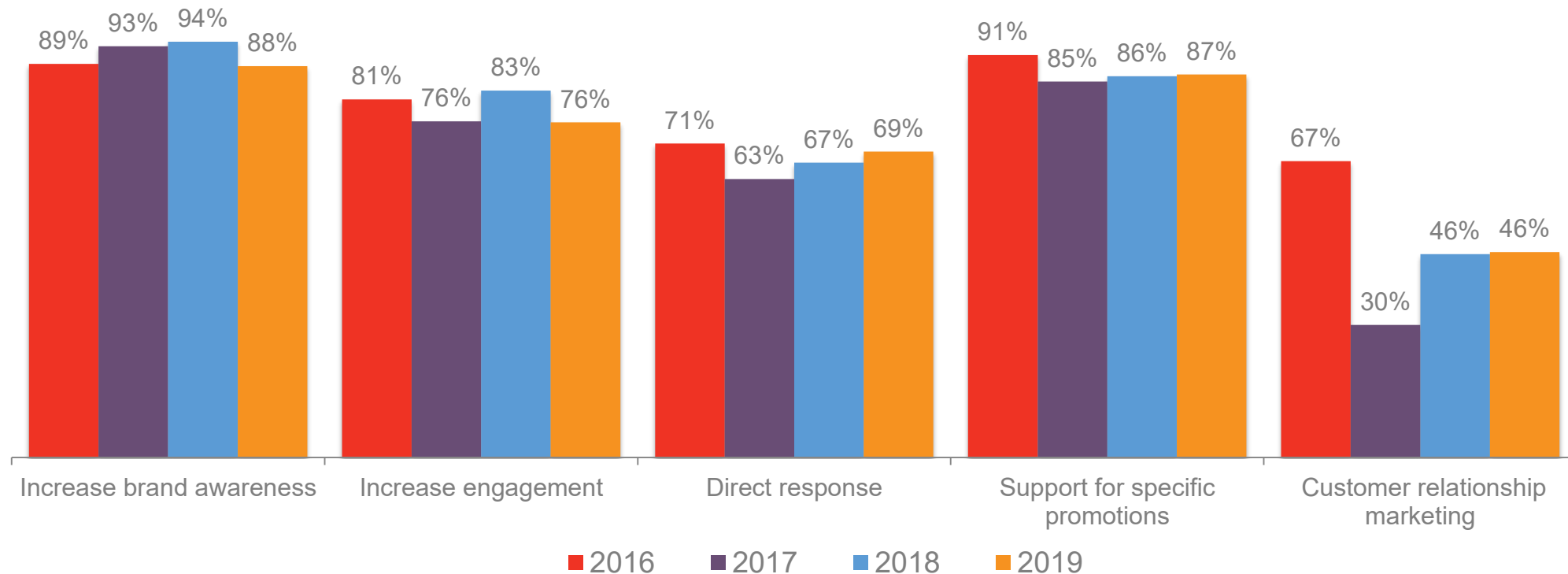
MEDIA AGENCIES LEVEL OF BRAND SAFETY CONCERN IN AUDIO ADVERTISING COMPARED TO OTHER MEDIA OPTIONS



SATISFACTION WITH AUDIO ADVERTISING IS HIGH

- Overall satisfaction with audio is high amongst agencies, particularly for its core campaign objectives of increasing brand awareness and support for promotions.

MEDIA AGENCIES LEVEL OF SATISFACTION WITH RESULTS OF AUDIO ADVERTISING ACTIVITIES



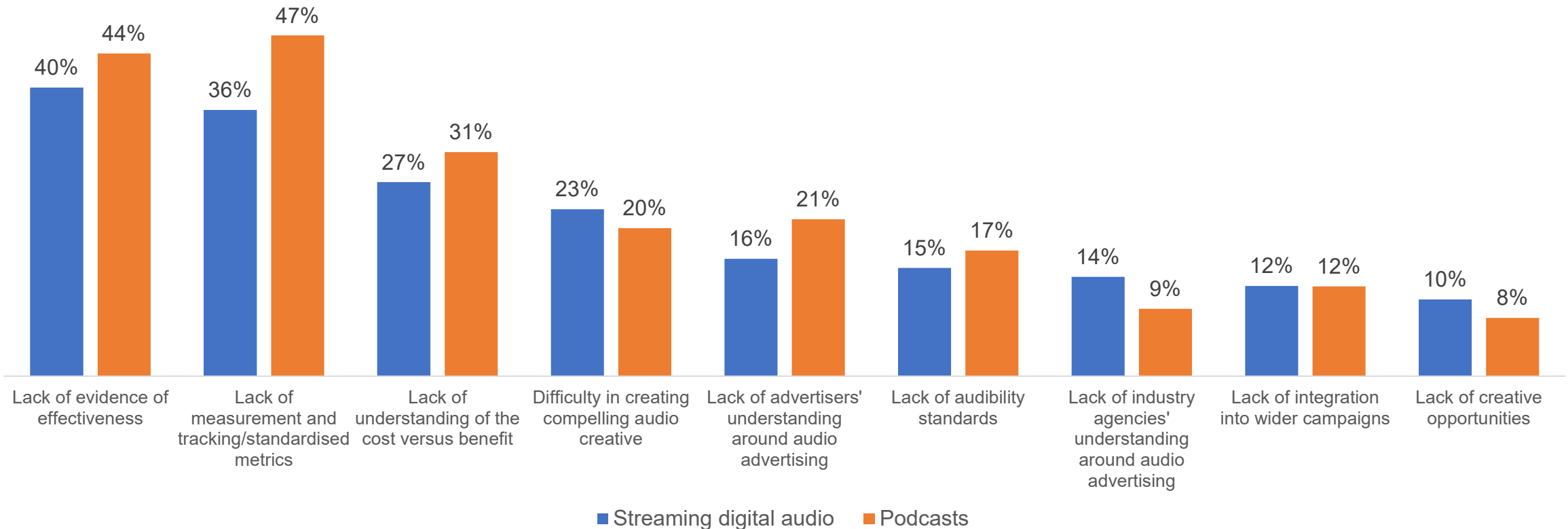
Q9. How satisfied are you with the results of your audio advertising activities for the following objectives?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016)

OPPORTUNITIES TO DRIVE INCREASED INVESTMENT

- Improved measurement and standardised metrics continues to be the greatest opportunity to drive increased investment for broadcast and podcast advertising.
- While measurement is a key opportunity for streaming also (and has increased as a concern year on year), more evidence of effectiveness is the greatest opportunity for streaming investment.

MEDIA AGENCIES BIGGEST OPPORTUNITIES FOR AUDIO ADVERTISING TO DRIVE A LARGER PROPORTION OF AD VOLUME



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

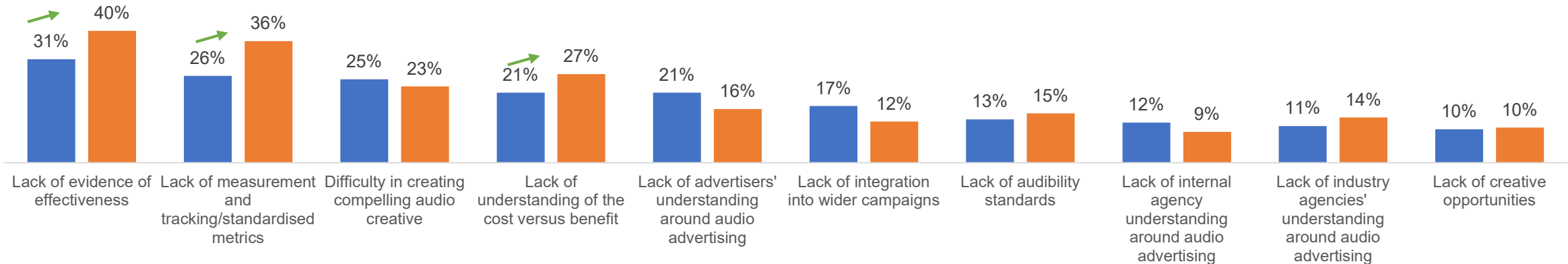
Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016)

AUDIO ADVERTISING
STATE OF THE NATION: WAVE 4

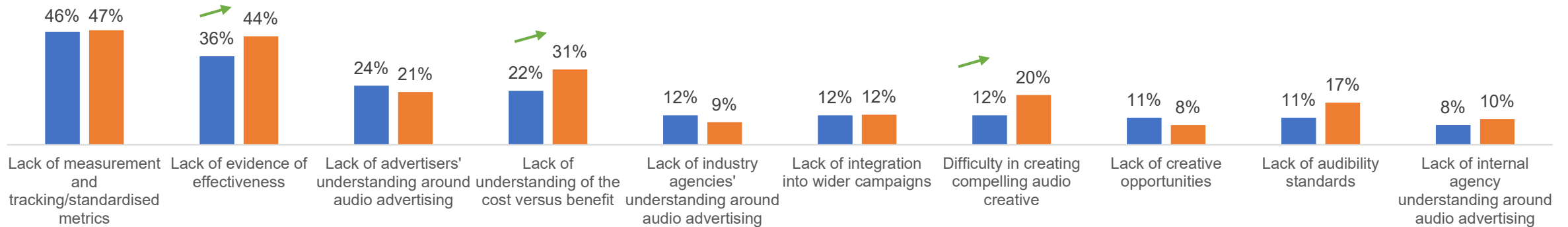
OPPORTUNITIES TO DRIVE INCREASED INVESTMENT

MEDIA AGENCIES BIGGEST OPPORTUNITIES FOR AUDIO ADVERTISING TO DRIVE A LARGER PROPORTION OF AD VOLUME

Streaming digital audio



Podcast



■ 2018 ■ 2019



Q7/8a,b,c. Of these, which has been the most important?

Base: Media Agencies n – 204 (2019) n – 194 (2018) n – 133 (2017) n – 213 (2016)

PRIORITIES FOR 2020 INDUSTRY FOCUS

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

MEASUREMENT
EFFECTIVENESS/CASE STUDIES
EDUCATION
INTEGRATION
CREATIVE



HUGE OPPORTUNITY IN IMPROVING MEASUREMENT OF DIGITAL AUDIO IN THE CROSS-MEDIA CONTEXT

“An understanding of how audio can assist long term brand building (particularly with podcast) rather than smaller campaign activation that peak and drop.”

“Create greater awareness in the role radio plays in marketing and supporting a brand's overarching marketing strategy. As many companies might not be able to isolate the results of this specific media channel, but it may have a positive impact overall!”

“Consolidation - being able to access all sources together for streamlined planning and buying and standardised measurement and reporting metrics.”



MORE RESOURCES

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.



iab.
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