

DIGITAL AUDIO ADVERTISING: STATE OF THE NATION

FEBRUARY 2017



BACKGROUND & METHODOLOGY

This study is an Australian first, 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 November 2016.



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 2017.



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 November 2016. Although we spoke to both agencies and marketers, the majority of the results focus in on the media buyers.



Key Points:

- 10 minute online survey conducted across Australia (85% in NSW or Victoria).
- 253 completed surveys.
- 213 work in media agencies. The majority of the analysis in this report is based on the agency sample.
- Respondents needed to:
 - Be a decision maker or influencer in the allocation of marketing spend across medias.
 - Have either placed, or planned Audio Advertising campaigns.
 - Be from cross section of positions and experience in the industry.

Industry Tenure	
Under 5 years	32%
5-10 years	27%
10 - 20 years	29%
Over 20 years	12%

State Distribution	
NSW	48%
VIC	37%
QLD	9%
Other	6%

- Audio advertising definition covered broadcast radio, streaming digital audio, DAB+ and podcasts.

Broadcast radio	Commercial radio broadcasters both AM & FM & DAB+ digital radio
Streaming digital audio	Radio and audio services that are delivered over the Internet – includes pure play services such as Pandora or Spotify and streaming services offered by traditional radio players
Podcasts	Digital audio made available on the Internet for downloading, typically available as a series.

SPONSORS

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



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EXECUTIVE SUMMARY

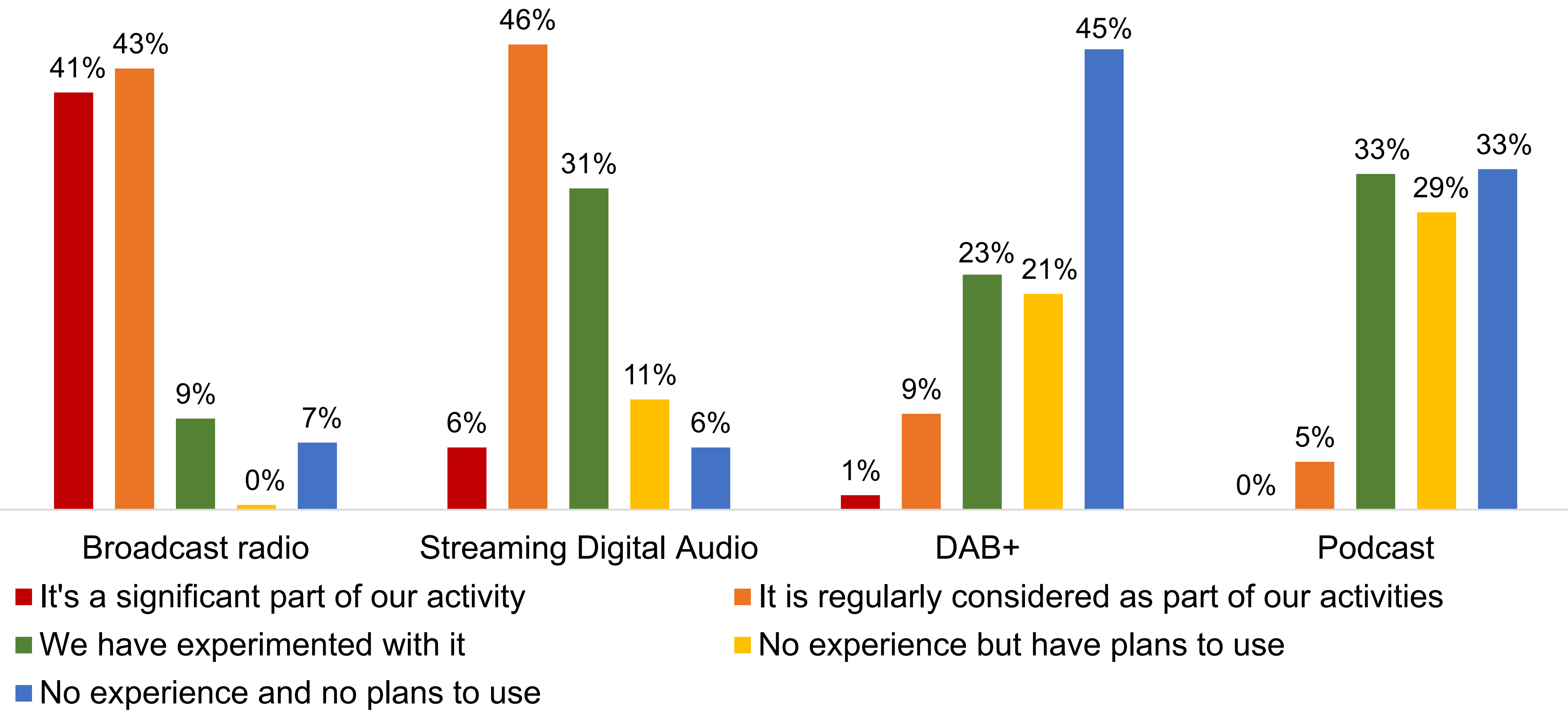
- Audio expertise is being leveraged within agencies with nearly half using the same team for broadcast radio and streaming digital audio planning and buying.
- 8 in 10 media buyers have used streaming digital audio.
- Half of agency people are either already buying programmatic audio inventory or expect to be in the next 12 months.
- Podcast usage expected to increase in 2017 with 3 in 10 people having plans to trial this advertising option on top of the 38% who have already experimented with it.
- Brand awareness is the most common and main objective for broadcast, streaming and podcasts, followed by support for promotions.
- High level of agency satisfaction with audio advertising in terms of both meeting objectives and being cost effective.
- There is desire from the buyers to see improvement in audience measurement systems and guidance in measuring effectiveness.





EXPERIENCE WITH DIFFERENT AUDIO FORMATS

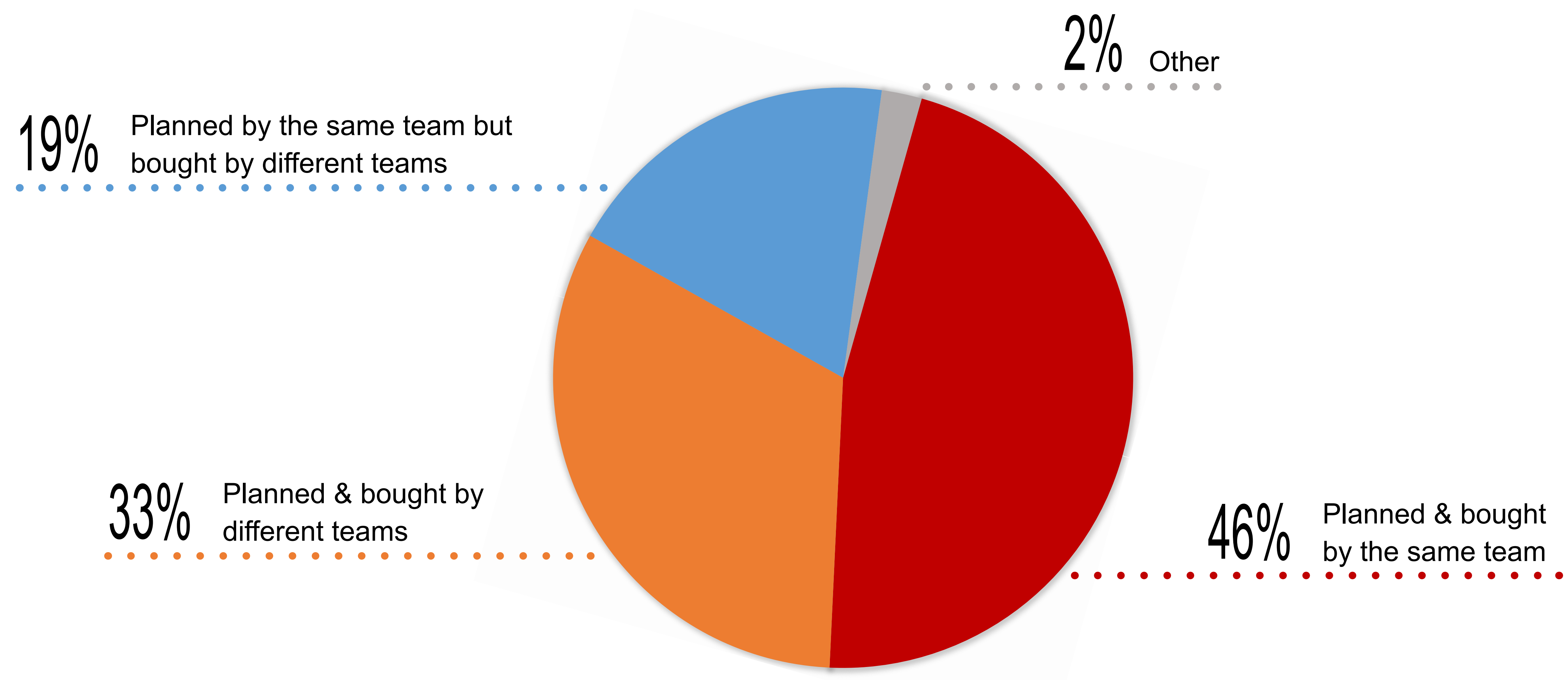
- Nearly universal experience with broadcast radio
- Over 8 in 10 media buyers have used streaming digital audio
- 38% of agencies have at least experimented with podcasts with a further 3 in 10 looking to in use podcast in the future





AGENCY TEAM STRUCTURE ACROSS BROADCAST & STREAMING

- Two thirds of media agencies are planning broadcast & streaming audio together
- Victorian agencies are more likely to buy with the same team (57% vs. NSW 41%)



BUYING METHODS IN 2017

- Half of agency people are either already buying programmatic audio inventory or expect to be in the next 12 months
- Strong appetite for bundled media opportunities

Traditional radio spot buy

74%

Bundled with other media opportunities

56%

Brand sponsorships

66%

Programmatically traded inventory

50%

Programmatic Private Marketplace

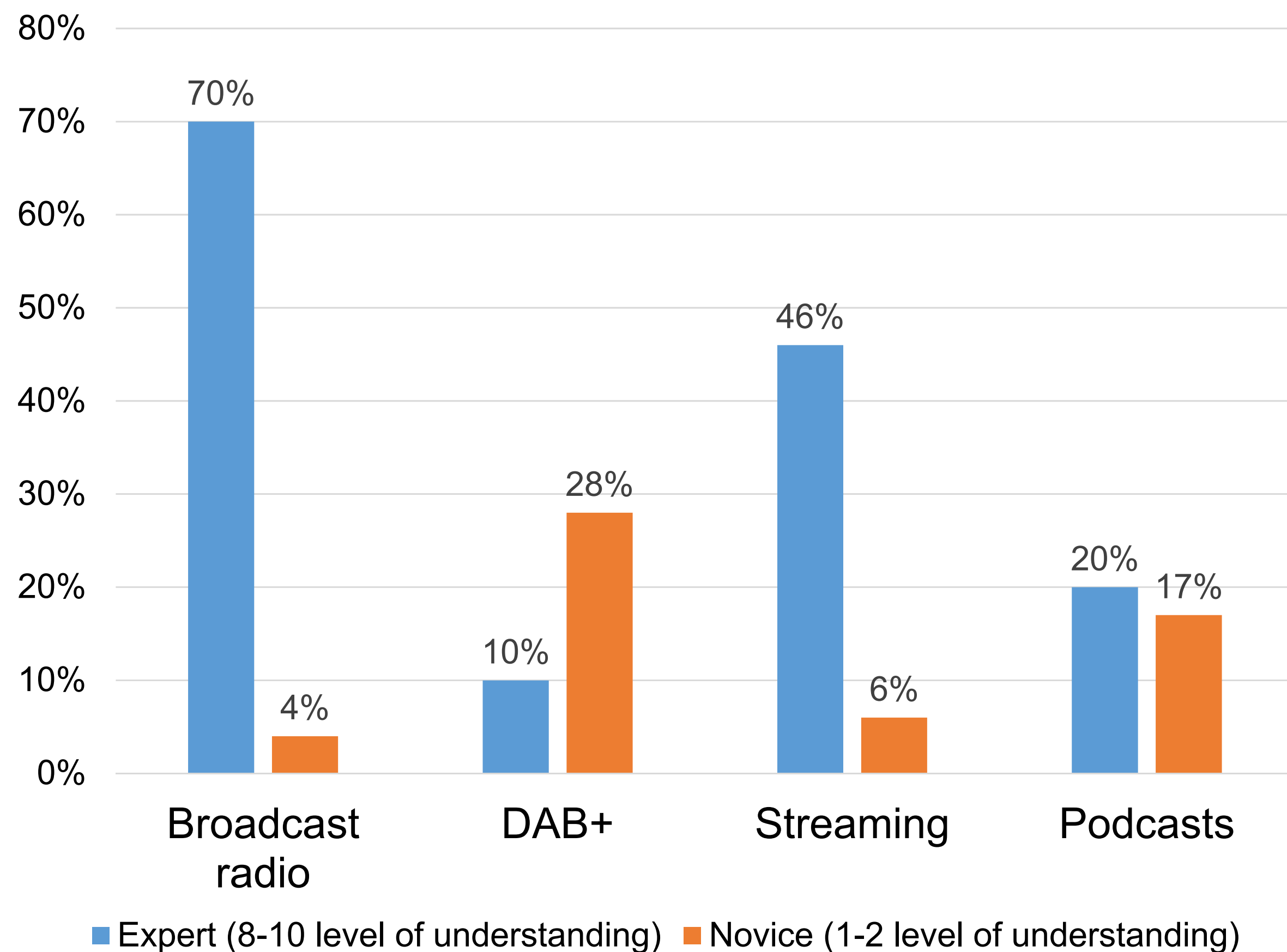
36%

Victorian agencies less likely to use
programmatic private marketplace
deals
(17% vs. NSW 41%)

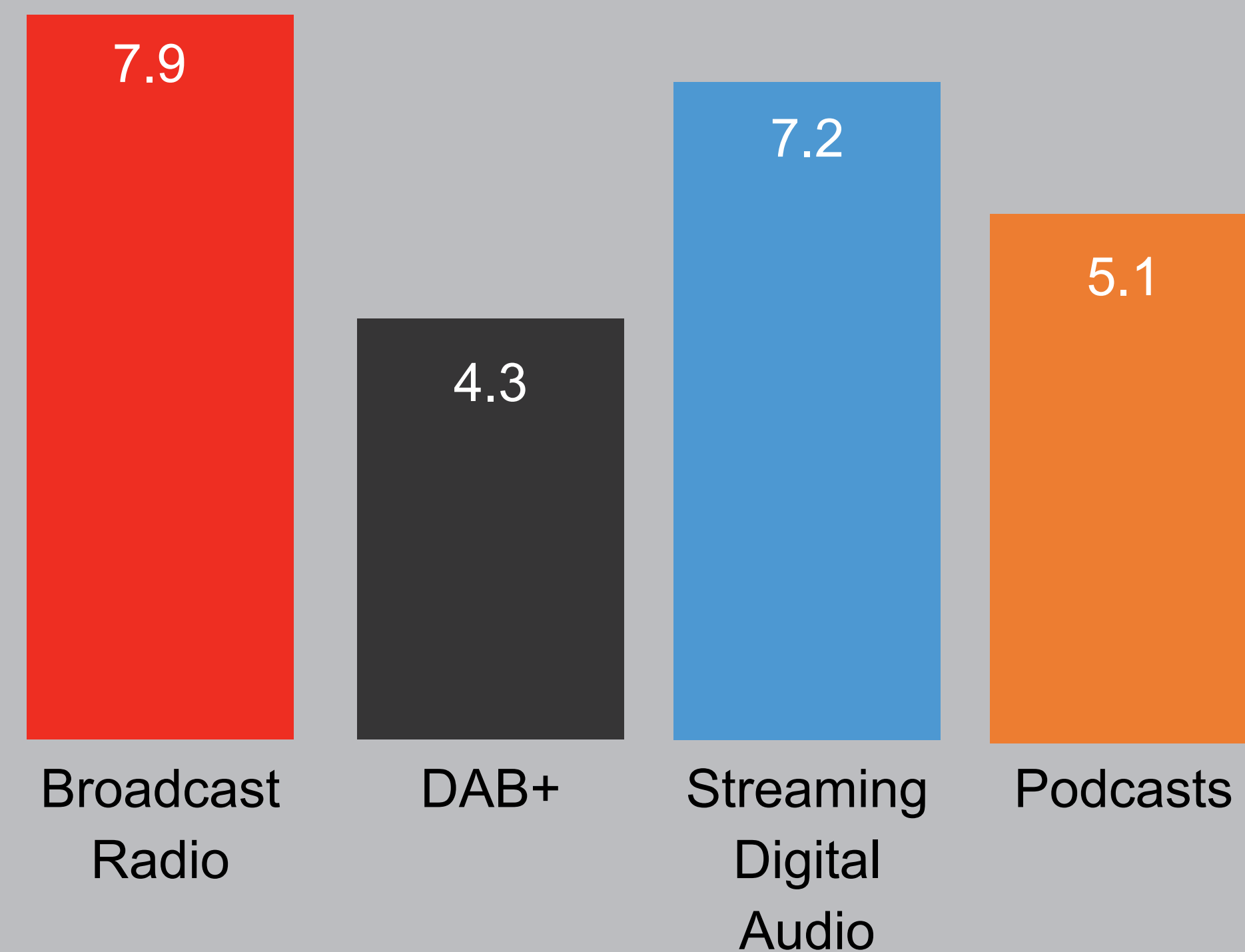
LEVEL OF UNDERSTANDING

- Whilst the average level of understanding is similar for both broadcast and streaming radio, there is a higher level of people identifying as experts in broadcast radio.
- Although podcast understanding is lower, one in five audio buyers feel like they have a high level of expertise

Experts vs. Novices



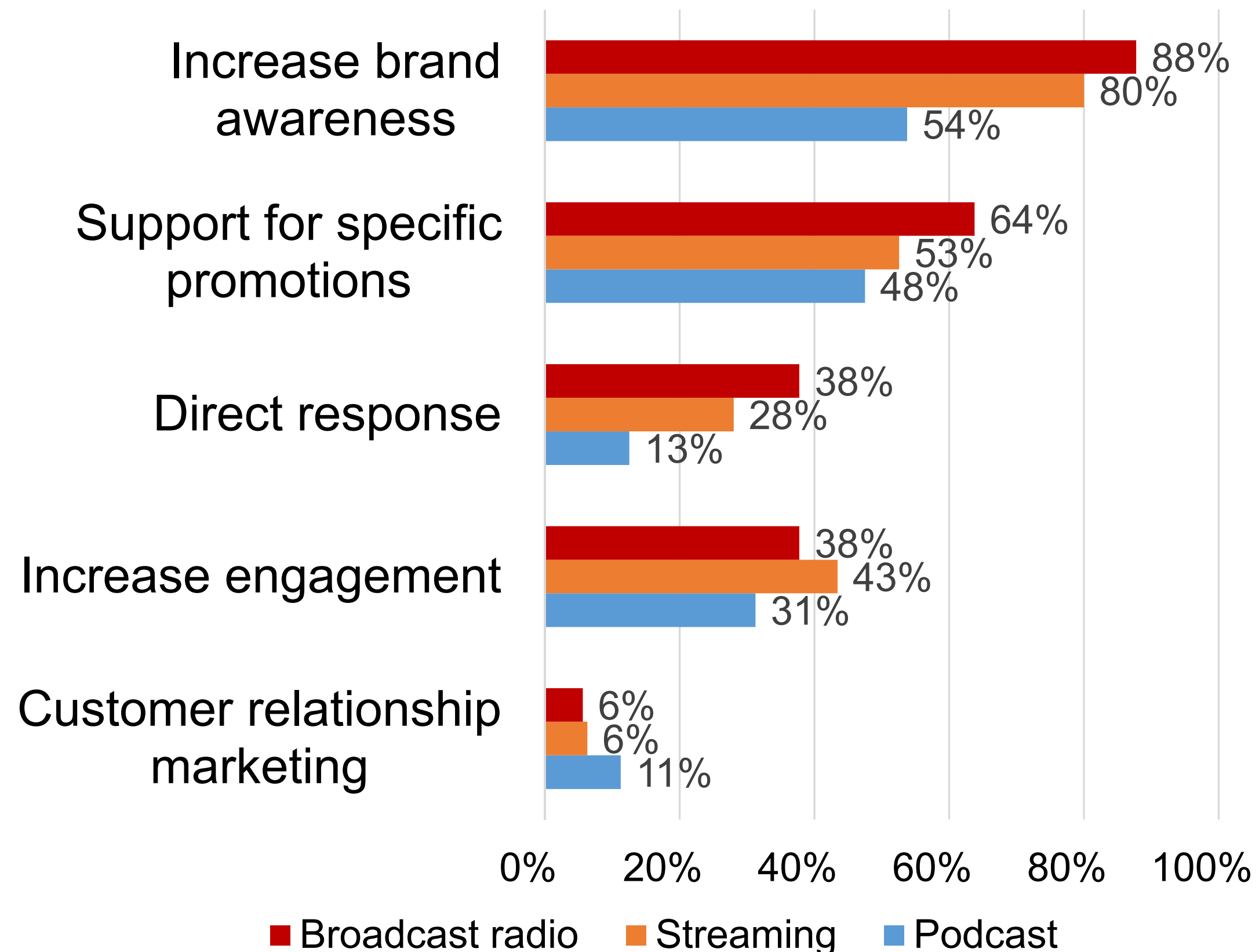
Average Level of Understanding Scale (1 = no understanding, 10 = Complete Understanding)



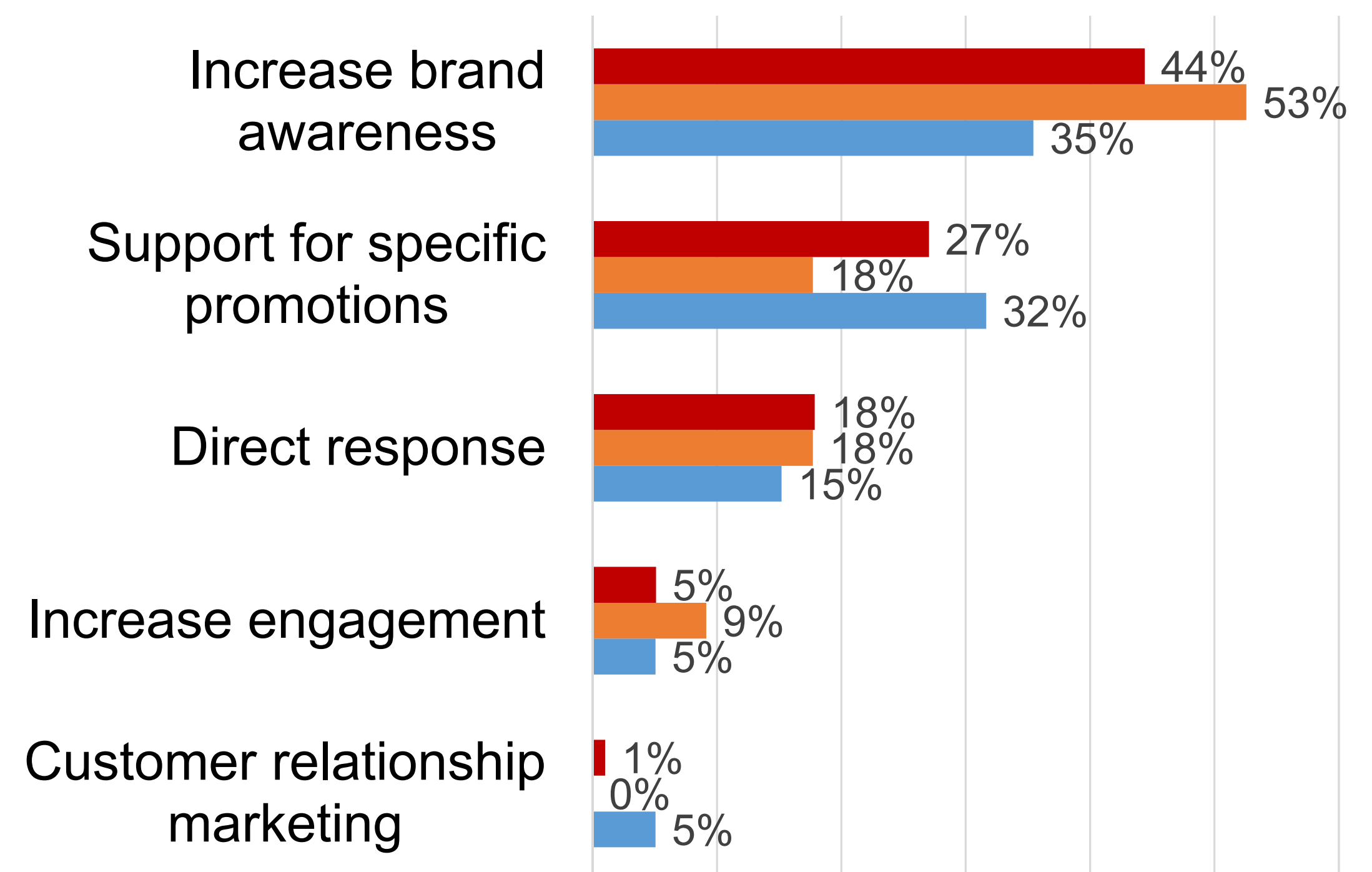
ADVERTISING OBJECTIVES

- 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.
- Audio is also seen as a key engagement driver with over 4 in 10 respondents using it for this purpose
- Brands/advertisers more likely to drive customer relations and direct response than agencies

All Objectives



Primary Objective



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.
- With the increase in sophisticated data solutions in the audio market and the increasingly integrated adtech & martech solutions it is expected that CRM related objectives and satisfaction will increase in 2017.

Increase brand awareness

89%

Increase engagement

81%

Direct response

71%

Promotions

91%

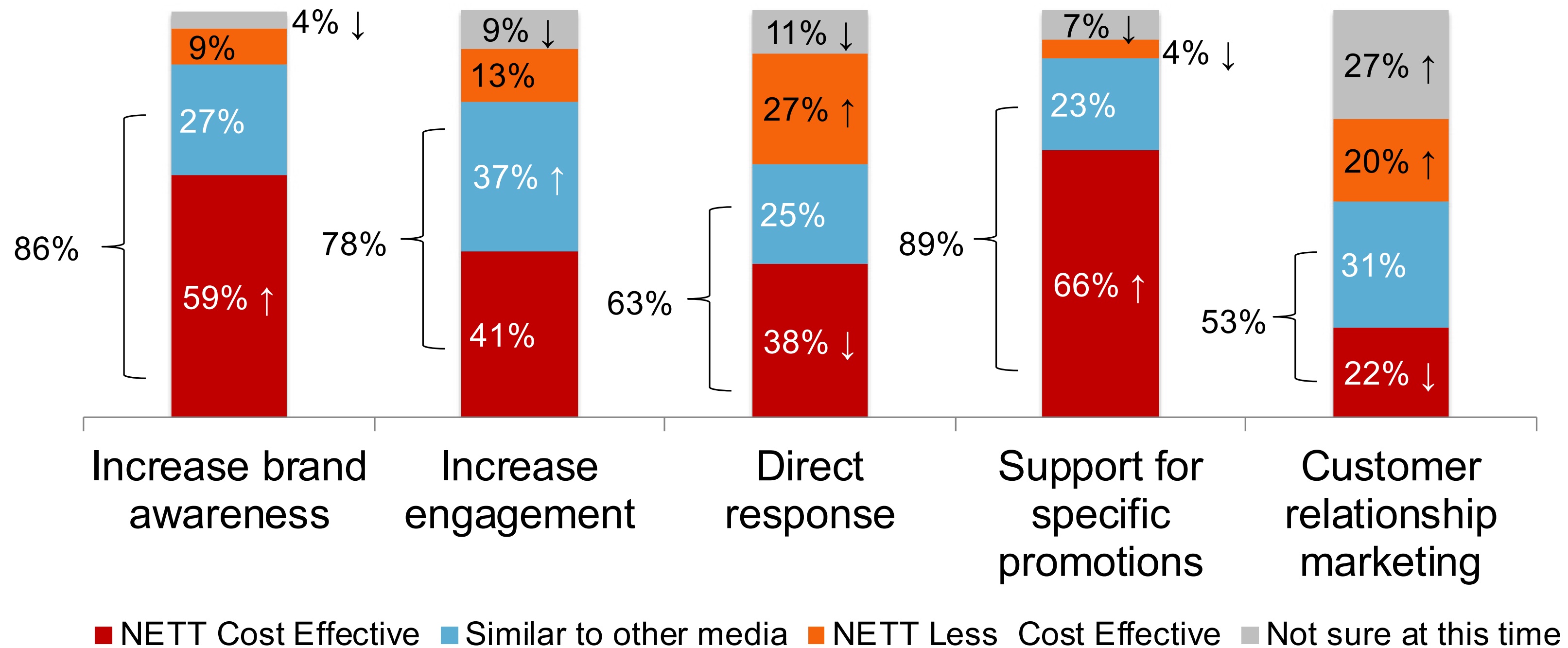
CRM

67%

Nett. Satisfied %

COST EFFECTIVENESS AUDIO VS. OTHER MEDIA

- Audio advertising seen as extremely cost effective for promotions and brand awareness.
- 89% of media buyers think audio advertising is similar or best value than other media for promotions and 86% for brand awareness
- The industry can help educate and leverage new digital offerings to enhance the cost effectiveness of both direct response and CRM campaign metrics.



ADVANTAGES OF AUDIO ADVERTISING

- Integration & Talent access
- Emotional saliency & storytelling
- Visual & audio combinations
- Data driven opportunities
- Dynamic Creative

OPPORTUNITIES FOR MARKET GROWTH

- Market Education
- Effectiveness Proof Points & Research
- Improvement Measurement & Standardised Metrics
- New creative opportunities

Agencies identified very similar areas for all forms of audio advertising

DIRECT QUOTES

“ SHOW US HOW BROADCAST AND STREAMING DEVICES CAN WORK TOGETHER TO INCREASE AUDIO REACH. ”

- Media Planner, VIC

“ REACHING CONSUMERS IN A PLACE WHERE THEY ARE RECEPTIVE TO BRANDS THAT ARE RELATED TO THE TYPE OF ENTERTAINMENT THEY ENJOY - CORRECT TIME AND PLACE AND RECEPTIVE AUDIENCES. ”

- Agency Director, NSW

“ OUR EXPERIENCE HAS BEEN THAT WITH THE RIGHT CREATIVE PARTNER, WE CAN PRODUCE HIGHLY ENGAGING AND MEMORABLE CREATIVE THAT CAN DRIVE GREAT BUSINESS RESULTS. ”

- CMO, NSW

VERBATIM – MAJOR OPPORTUNITIES

“ AUDIENCE PARTICIPATION AND REAL TIME ENGAGEMENT, POSSIBLE FOR THE LISTENER TO STEER THE CREATIVE IN A CONTEXTUALLY RELEVANT WAY SUCH AS PLAYLISTS, QUIZ FORMATS, GPS SIGNALLING...”

“ THEATRE OF THE MIND - YOU CAN TAKE A LISTENER ANYWHERE, WITHOUT THE TV AD BUDGET. ”

“ BEING ABLE TO TAILOR CREATIVE MESSAGES TO THE USER THROUGH STREAMING SERVICES. ”

“ RADIO ADVERTISING WITH A POSSIBILITY OF A CLICK THROUGH ONTO A WEBSITE. ”

VERBATIM – MAJOR BARRIERS

“ CREATIVITY IS A CHALLENGE GIVEN ONLY AUDIO. STRICT PARAMETERS BY RADIO NETWORKS (TRADITIONAL BROADCAST) - I.E. FORMAT CAN'T BE TWEAKED OR USED CREATIVELY UNLESS MASSIVE INVESTMENT. ”

“ LACK OF VISUALS CAN MAKE IT DIFFICULT MEDIUM FOR SOME PRODUCTS - ESPECIALLY ONES THAT RELY ON VISUAL. ”

“ CLIENT HAVEN'T TRIED AND ARE NOT WILLING TO TAKE RISK. ”

“ CREATIVE AGENCIES TEND TO DEVELOP A TVC AND OOH/PRINT AD IN THEIR RESPONSE TO CLIENTS. WE THEN HAVE TO EXTEND TO AUDIO SUPPORT IN OUR MEDIA RECOMMENDATION. ”

WHAT CAN THE INDUSTRY DO TO PROMOTE THE ROLE OF AUDIO?

- Creative showcases
- Better measurement
- Case studies/insights that highlight ROI & effectiveness
- More innovation
- Education, especially of new forms of audio advertising
- Better planning tools
- More programmatic & programmatic integration
- Beyond spots & dots
- Integration & collaboration across broadcast & streaming
- More integration with other media
- Contemporise the medium & highlight the new forms more



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.



About Hoop Group

Hoop is an independent research agency providing knowledge services to aid the communication process.