

PODCAST PLAYBOOK

A Guide for Marketers



AUGUST 2017

Introduction

Nearly a quarter of the 12+ population in the US listens to podcasts on a monthly basis, according to Edison Research's 'Podcast Consumer 2017'. That significant percentage presents today's marketers with great opportunities to engage with digital media consumers through podcast advertising. Podcast listeners are highly engaged, react positively to ads in podcasts, and are likely to favor the advertisers they hear. The mainstreaming of podcasts follows a broader pattern of smartphone use and connected mobile lifestyles where audio plays an increasingly central role. In fact, 85% of listening to podcasts takes place on a mobile device (Podtrac Analytics, May 2017). Podcast advertising is versatile, offering both brand and response driven marketing strategies a wide variety of ad options from native and host read ads to dynamically inserted, standardized ad units. And podcasts ads can impact the consumer whether the screen is on or off - overcoming one of the biggest challenges of today's overcrowded digital media environment. Written by a working group of podcast members of IAB's Audio Committee, this guide provides an overview for marketers of podcast advertising.

Special thanks to the working group that put this guide together, including:

Harry Clark, *Market Enginuity (co-chair)*

Lex Friedman, *Midroll Media (co-chair)*

Carolyn Hudson, *Targetspot*

Ilwira Marciszek, *AdLarge Media*

Brett Robinson, *NPR*

Anna Sullivan, *Gimlet*

IAB Podcast Group Member Companies:

- ABC News
- Acast Stories USA
- AdGear Technologies, Inc.
- AdLarge Media
- Adswizz Inc
- BlogTalkRadio
- Bloomberg
- CBS Local
- Condé Nast
- ESPN.com
- Fyber
- Gimlet
- Good Apple Digital
- IAB
- iHeartMedia
- InfoSpace
- IPONWEB Inc
- Libsyn
- Lonely Planet
- Market Enginuity
- Midroll Media
- Minnesota Public Radio
- National Public Media
- New York Public Radio
- The New York Times Company
- Nielsen
- Pandora
- PodcastOne
- Podtrac
- Public Media Marketing
- RawVoice
- RhythmOne
- Sharethrough
- Sizmek
- Slate
- StartApp
- TargetSpot
- Triton Digital
- Turner Broadcasting System

Table of Contents

Introduction	1
What Is a Podcast?	3
Who Listens?	3
Podcasting’s Value Proposition to Advertisers	4
How Podcasts Are Consumed	5
Measuring Ad Effectiveness	6
Podcast Ad Formats and Creative Treatment	6
Podcast Ad Delivery and Targeting	7
Podcast Ad Metrics	8
How Podcasts Are Transacted	8
Podcasting’s Future	9

What Is a Podcast?

"A podcast is an episodic series of digital audio files which a user can download and listen to. It is often available for subscription, so that new episodes are automatically downloaded via web syndication to the user's own local computer, mobile application, or portable media player." (Wikipedia) Podcasts were born from radio, and have since grown organically to become its own medium.

After Apple made podcast audio files more readily accessible via iTunes in 2005, the idea of podcasting shifted away from serving as a supplementary form of reporting to its own independent medium. Both long-standing shows like "TED Radio Hour" and viral shows like "Serial" launched podcasting into popular culture. Today's podcast listener enjoys vast choices in terms of podcast genres such as comedy, drama, sports, politics, advice, technology, lifestyle and more, with tens of thousands of programs to choose from.

In 2012, Apple released its first version of a podcasting app into the App Store. Two years later, Apple began including its Podcasts app as part of the default installation of iOS 8 on iPhones and iPads. That app now accounts for more than 50% of all podcast downloads. With roots solidly based in in-app listening, podcast listening is highly mobile.

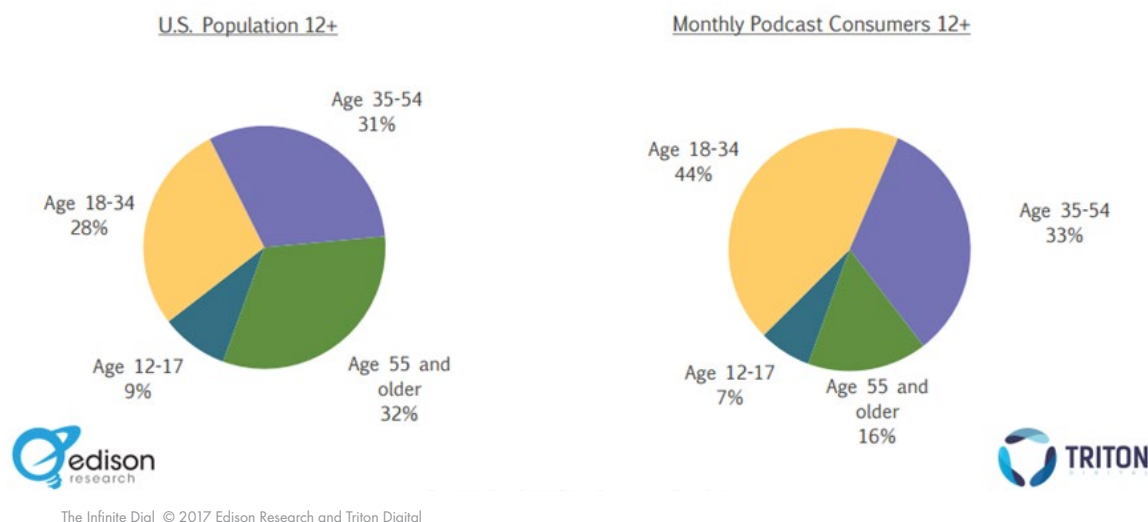
Who Listens?

With nearly a quarter of the US population listening on a monthly basis to podcasts, the audience is large and varied. Here's a snapshot of the podcast audience.

Podcast Listeners Are:

- 56% Male and 44% Female (Source: The Podcast Consumer 2017, Edison Research and Triton Digital)
- Younger than the US population:

Podcast Consumers — Age



- Podcast listeners are more likely than the US population to have a high household income, and also a college degree. (Source: The Podcast Consumer 2017, Edison Research and Triton Digital).
- Podcast listeners are "business influencers" as well - 80% have full time jobs and 30% are executives or managers. Nearly half (49%) are in a position where they make business purchasing decisions. (Source: NPR Podcast Listener Profile 2016)

Podcasting's Value Proposition to Advertisers

1. Reach

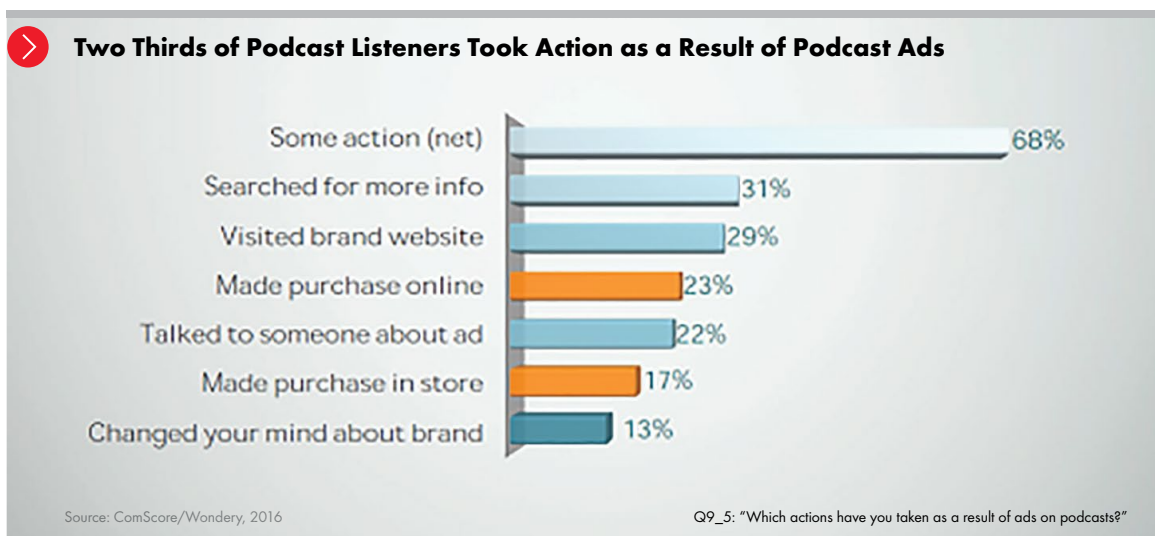
40% of the US 12+ population - an estimated 112 million - have listened to a podcast. Monthly podcast listenership has been growing steadily as well, with 24% of the population 12+ listening to a podcast in the past month. (Edison Research study: "Podcast Consumer 2017")

2. Captivated Audience

Podcasts present a valuable opportunity for advertisers, rooted in the "opt-in" nature of the medium. Because podcast listeners actively seek out their content in a way similar to video on demand, the engagement factor is significant... This provides an ideal environment for advertisers who can tap into a growing audience of people who are actively seeking the content they want whenever they want it.

3. Listeners Lean In

Podcasting's "lean forward" listening experience leads to strong responsiveness. In research conducted by Midroll among listeners to podcasts in their network, 67 percent of respondents could name an actual product feature or specific promotion mentioned in a podcast ad, and 61 percent of listeners indicated that they purchased a product or service they learned about from a podcast ad. A comScore/Wonderly study showed that podcast ads create favorable impressions with consumers:



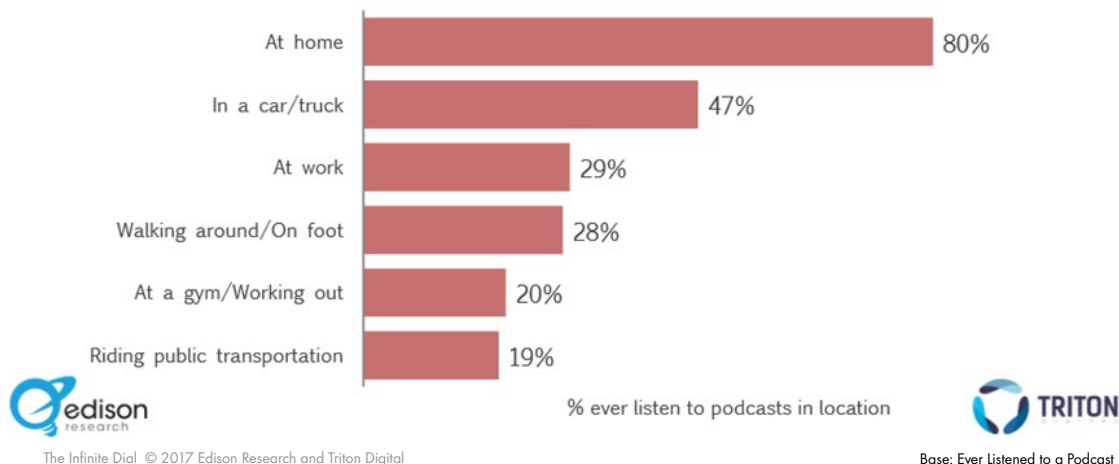
4. Mobile Opportunities

Most podcast consumption happens on mobile devices. In fact, 85% of podcast listening occurs on mobile devices (source: Podcast Analytics, May 2017). This allows for a marketing touchpoint with podcast listeners regardless of where they are listening. With two-thirds of digital media minutes now spent on mobile (2016 U.S. Mobile App Report by comScore), advertising reach on mobile devices is a key consideration for advertisers.

How Podcasts Are Consumed

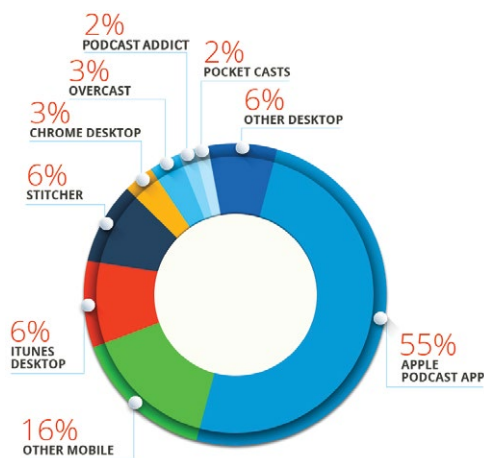
Podcasts can be consumed anywhere, and accessed from many apps. Listeners report that they listen to podcasts in numerous places: Commute listening is very popular, as is listening at work, while doing chores at home, during exercise, or while traveling.

Podcast Listening Locations



It's extremely easy – and popular – to listen to podcasts while mobile. Just as email can be read on a mobile phone, laptop or tablet using a web browser or app, the same is true for podcasts. Podcasts can also be consumed when the listener is connected to the internet, or downloaded on demand or automatically for offline consumption.

Top Podcast Listening Methods



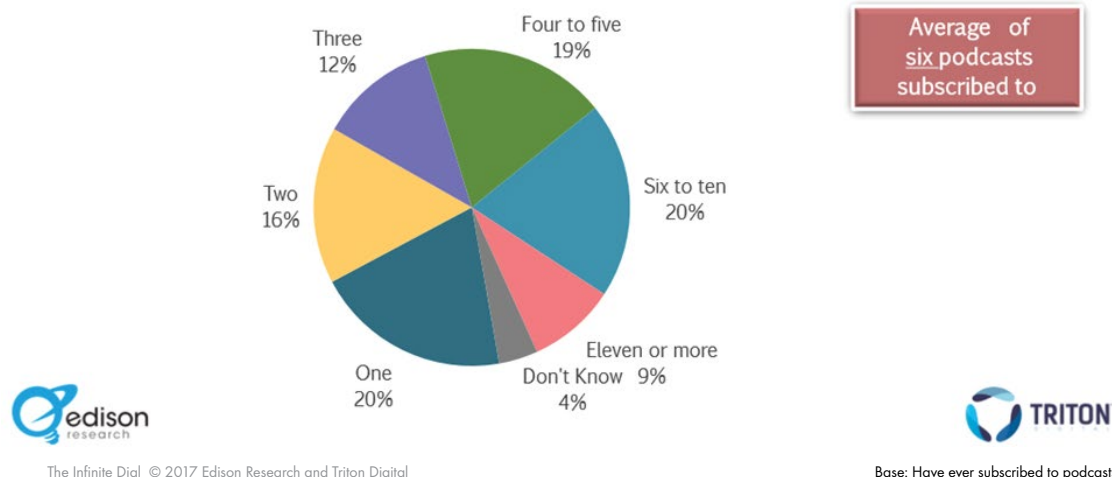
Once published, podcasts are typically available to every popular podcast listening app. By far the majority (61%) of podcast listening happens on an Apple platform - either iTunes on the Desktop (6%) or via the Apple Podcast app (55%). And podcast listeners are listening on the go, with 85% of listens happening on a mobile device. (Podtrac Analytics, May 2017)

Some listeners choose to listen to podcasts via embedded players on the web. These players can vary in look and functionality depending on where a podcast is hosted. Often, when people listen to podcasts in the car, they pair their phone via Bluetooth or connect it directly via USB. Some cars offer some level of in-dash connectivity to podcast apps, and others offer integration with Apple's CarPlay or Google's Android Auto.

Typically, podcast listeners subscribe to the podcasts they like. When they do so, new episodes appear automatically on their devices, often accompanied by a push notification (e.g., "A new episode of [Show Name] is available!"). Podcast apps will continue to download new episodes of a listener's subscriptions when new episodes are released, but most apps will eventually stop downloading if a user hasn't listened to episodes in a while.

The average number of podcasts that listeners report listening to continues to increase each year. The most recent data from Edison Research is that, on average, fans subscribe to an average six podcasts per week.

➤ Number of Podcasts Subscribed to



Measuring Ad Effectiveness

As with other mediums, there are numerous ways to evaluate the success of a podcast advertising campaign.

The podcast advertising space was first really put to significant use by the Direct Response (DR) community. DR advertisers track ad effectiveness in podcasts similarly to how they track other media – with custom offer codes, vanity URLs, and/or phone numbers (with those first two options being far more common than the third). DR companies can track success easily, because they can directly attribute sales to individual podcasts through those codes and URLs.

Brand advertisers typically rely on recall studies, lift studies, social media mentions, or overall growth to measure ad effectiveness. That's true not just in podcasting, of course; that's how brands measure effectiveness wherever they advertise.

Brand recall studies conducted around the industry show an impressively high recall rate for podcasting. In research conducted by Midroll Media among listeners to podcasts in their network, 67 percent of respondents could name an actual product feature or specific promotion mentioned in a podcast ad.

Podcast Ad Formats and Creative Treatment

The standard ad units available on most podcasts are pre-rolls, mid-rolls, and post-rolls. The availability and number of each will vary depending on the length of a podcast. As podcast listening grows and the industry evolves, new ad formats are being developed beyond these traditional ad types. The type of ad will vary by publisher and show.

- Spot Types and Lengths
 - Pre-roll: Audio ad that plays at the beginning of a show. Ad length will vary by publisher.
 - Mid-roll: Audio ad that plays within the content between show segments. Ad length and number of Mid-roll units will vary by publisher.
 - Post-roll: Audio ad that plays at the end of an episode. Number and length will vary by publisher.

Creative Treatments of Podcast Ads:

- Host/Announcer Read
 - Host-read ads are read by the show’s host. Depending on the show, they may be edited into the program or pre-recorded and dynamically inserted. These ads may or may not be endorsements. In some cases, instead of a show’s host reading these spots, an announcer voice common to the show may read the spots instead.
- Pre-recorded
 - Pre-recorded advertisements are recorded prior to a show’s air date and are edited or dynamically inserted into an episode.
- Endorsement
 - In an endorsement ad, a show host(s) talks about their personal experience with a product and encourages their listeners to purchase it.
- Custom Segments
 - A custom segment is part of an episode, with varying lengths, where advertisers have the opportunity to work with hosts and producers to create content around topics intended to feel endemic to the show. These segments are usually longer than a standard pre, mid, or post-roll spot. In some cases these can actually be entire standalone custom episodes.
- Branded Series
 - Branded podcasts are a series of full-length episodes created on behalf of a brand. The number of episodes in the series, and the length of each episode varies, typically the brand will have final editorial control over content and execution.
- Presenting sponsorships
 - A presenting sponsorship provides one, or more, advertisers exclusivity of all ad units in a show for a predetermined amount of time or number of downloads. If more than one presenting sponsorship is available, it will typically be divided by share of voice. Presenting sponsorships may include non-audio elements, like logo placement on the show art.

Podcast Ad Delivery and Targeting

Podcasting offers two ad delivery types. Targeting capabilities vary according to which type is used.

- The first, “baked in”, features an advertising message that is a part of the podcast content and therefore lives within the content for its lifetime. This message is often “host-read”, a unique opportunity that leverages the host personality for brand endorsement. The brand in this type of ad will benefit from native integration within the content, providing narrative brand awareness. Typically, “baked in” ads are labeled “host-read” or as “live reads” and are on a plan tied to specific podcast(s). They can also be a produced audio creative that is “baked in” to the content. With “baked in” ads, everyone who downloads the file will receive the same ad. Demographic targeting is achieved using data that shows that certain types of formats or programs deliver a particular age and gender set, or with user registration data that identifies the age and gender of a listener who is registered with a certain publisher or platform.
- The second type of ad delivery is a “dynamically inserted ad”. This ad is served through an ad server and is inserted upon receipt of a podcast file request. New ads are inserted within the content on-demand, enabling precise scheduling, targeting, and delivery reporting. Advertisers can choose to target podcasts specifically based on content, daypart, geographic location, and other criteria. Dynamically inserted ads can be served across a range of podcasts, and targeted to a particular audience, time period, or reach and frequency objective.

Dynamic ad-insertion and baked-in advertisements each have their own advantages and disadvantages. Baked-in advertisements are more a part of the fabric of the show, while dynamically served ads offer precise targetability and measurement capabilities. Your preferred supplier can help you further evaluate the suitability of these options for ad campaigns.

Podcast Ad Metrics

Podcasts are downloaded for immediate or later offline listening, or they are streamed. Downloads account for most of listening. Downloads, which can be tracked, are the standard audience measurement unit for podcasts. The ["IAB Podcast Ad Metrics Guidelines"](#) provides valuable insights into the development of reliable industry standards for podcast audience tracking and representation. Most podcast hosting platforms offer audience tracking resources that process data according to industry standards which can then be provided for planning and purchasing purposes.

Most podcasts are sold and measured on a basis of total downloads per episode, or downloads within a given timeframe. Podcast listening can happen entirely offline. Most apps download new episodes of subscribed podcasts automatically, enabling the listener to hear new episodes while on the subway, on a Wi-Fi-less airplane, or while driving into work. There is no standard way for podcast apps to report back on whether someone listened to an episode or not.

Most podcast companies price podcasts based on an average number of downloads per episode or per timeframe. Download measurement methodologies can vary a bit in their specifics among hosting companies, but the general formula for calculating downloads looks at bandwidth consumption per file, session length of a download, and similar factors.

To illustrate the math involved, here is an example: if an episode of a podcast is 80 megabytes, and a hosting company sees that 5,000 gigabytes of bandwidth were used serving that file, some quick math (remembering that 1 GB = 1,024 MB) indicates that the file in question was downloaded approximately 64,000 times. ($5,000 \text{ GB} \times 1,024 \text{ MB per GB} / 80 \text{ MB per episode} = 64,000$.)

Hosting companies work to de-duplicate users by looking at the number of requests from the same IP address to the same file in a short amount of time.

In June 2017, Apple announced that it would for the first time start offering publishers some data on listening behavior. These analytics will include information on completion rates, skips, and the like, and Apple promises the analytics will become available in "Fall 2017." Because Apple's apps represent such a sizable percentage of the listening audience, the data should provide further insights on how listeners consume podcasts.

How Podcasts Are Transacted

Podcasts can be transacted in ways that digital marketers have grown accustomed to:

- The first way is via a CPM model, in which the CPM is based on the number of downloads an episode receives. For example, an ad in an episode that is downloaded 100,000 times can be considered to have 100,000 impressions. Since the CPM represents downloads anyway, the plan and transaction should be based on downloads from the outset. This can help to avoid confusion on delivery. A download-based transaction can be measured off of a contracted or estimated number of downloads. Estimated downloads are generally based on a single episode average from the past several months. In many cases, estimates are used to outline delivery expectations during a certain flight period. A campaign with contracted downloads will continue to run until fulfilled.
- Podcasts can also be transacted on a flat rate. This can represent a 100% SOV (Share of Voice) sponsorship of the content in which an advertiser is the only one within the content or the content itself is branded content. A flat rate can also be used when aggregating several smaller podcast inventories together, based on their overall average downloads.

Podcasts offer a relatively new, yet un-cluttered advertising medium for marketers. Frequency is important to keep in mind as audio messages can benefit from repetition. Podcasts with episodic programming and regular new releases offer opportunities to marketers looking to build frequency and brand recognition with listeners.

Podcasting's Future

The podcast industry is healthy and growing at a fast pace. New content is being delivered daily and there are thousands of new listeners every month. Podcast producers continue to see exponential year over year growth with no signs of slowing down. The continued rise of smartphone ownership, lower data fees, and the ease of consuming podcasts on the go, all provide an ideal environment for podcasts to find new listeners.

Industry and advertiser confidence in the medium is strong. A recently released [independent study](#) from the IAB and PriceWaterhouse Coopers surveyed revenue data from top podcast companies, reporting that revenues will exceed \$220 million in 2017, an 85% increase over 2016.

Podcasting is very much in line with the on-demand media culture we live in today created by Netflix and others who make content available at any time in a non-linear stream. These listeners want what they want when they want it and as much of it as they can get. In fact, 50% of people who say they listen to podcasts spend 5 or more hours listening each week. (Edison Podcast Consumer Study 2017)

These "lean-in" listeners are intentional in that they are seeking out the content to consume it, and they are engaged in the moment. These are not passive listeners waiting for curation. This environment is ideal for advertisers seeking a connection with this hard to reach on-the-go consumer in ways traditional media cannot.

Adoption is growing for smart home devices where people can easily search for a podcast with just their voice. Voice activated devices reduce any friction for consumers seeking their favorite shows as well as encourage discovery of new ones. Most podcast apps also integrate with newer car models making it easier to find and listen to podcasts while in the car.

Podcast advertising offers marketers flexibility and unique options in creative execution to connect with an impassioned and engaged listener in a low clutter environment where their message will stand out. These elements create an excellent environment for both branding and results oriented ad campaigns. Podcast advertising ROI is high as evidenced by the most data advanced Direct Response Advertisers who today make up the majority of podcast revenue. As listening continues to grow and better data becomes available, more brand advertisers will place their confidence in the medium further bolstering the industry. The future is bright for podcasts, and the advertisers who utilize the medium's compelling opportunities.