2019 DIGITAL AUDIO BUYER'S GUIDE – 2.0

An overview and resource for planning and buying digital audio advertising

About IAB

The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media and technology companies that are responsible for selling, delivering, and optimizing digital advertising or marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, it develops technical standards and best practices. IAB and the IAB Education Foundation are committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., IAB advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. There are 43 IABs licensed to operate in nations around the world and one regional IAB, in Europe. Founded in 1996, the IAB is headquartered in New York City and has a San Francisco office.

For a complete list of IAB Members as well as the Councils, Committees and Working Groups who are actively shaping the interactive industry, please visit the IAB Member Center.

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Introduction

The demand for Digital Audio is growing, driven by connected lives that rely more and more on mobile devices. According to the most recently reported study of consumer adoption of digital media, The Infinite Dial 2018 by Edison Research and Triton Digital, 64% of Americans (12+) listen to online radio, while 26% listen to podcasts. This mainstreaming of digital audio follows a broader pattern of smartphone use and connected mobile lifestyles where audio plays a more and more central role.

With smartphone ownership now at more than three-quarters of the population[1], constant connectivity has become the way most Americans live their lives. The expectation of constant connectivity has driven innovation in terms of connected cars as well as devices in the home and everywhere. As consumer demand for these products expands, screens and browsers on these devices are shrinking or disappearing, while smart speakers are becoming increasingly popular. The Connected Car and connected home are Audio First environments where what you hear is more important than what you see. Advertisers, brands and agencies with developed expertise in audio messaging are poised to excel in such a landscape.

This guide is designed to provide those key players with the information and resources necessary to take advantage of Digital Audio advertising opportunities. IAB and the members of its Digital Audio Committee have pursued a goal of educating marketers and agencies, creatives, planners and buyers about audio advertising opportunities and discussing best practices and guidelines for building highly successful audio campaigns.

Digital Audio's Value Proposition to Advertisers

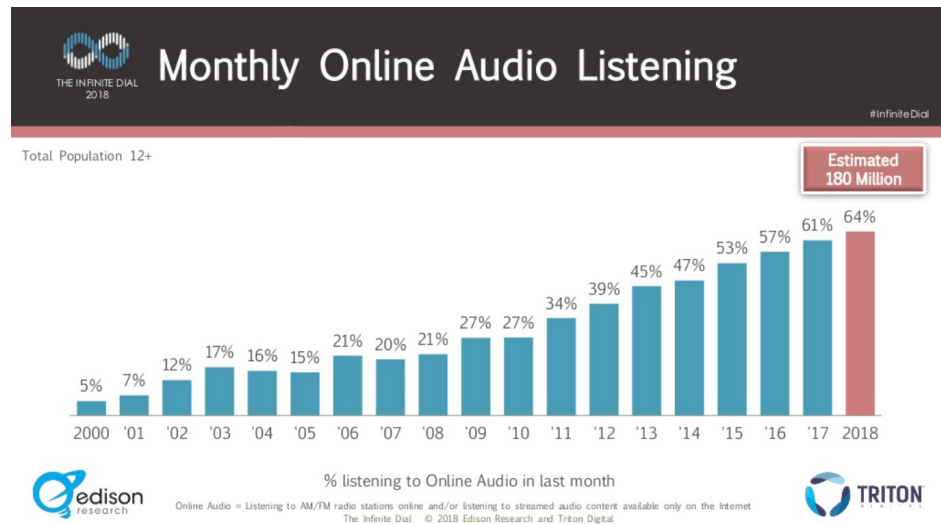In today's highly mobile and connected consumer environment, advertisers are investing in digital audio for several key reasons:

1. Large and growing audience
2. Effective reach with mobile consumers
3. Audio is on when screens are not
4. Favorable demographics
5. Highly measurable impressions
6. Strong responsiveness to ads
7. Brand safe message environments

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[1] http://www.pewinternet.org/fact-sheet/mobile/

1. Audience Size

Digital Audio reaches 180 million consumers each month.

Monthly Online Audio Listening

Total Population 12+

Estimated 180 Million

2000: 5%
'01: 7%
'02: 12%
'03: 17%
'04: 16%
'05: 15%
'06: 21%
'07: 20%
'08: 21%
'09: 27%
'10: 27%
'11: 34%
'12: 39%
'13: 45%
'14: 47%
'15: 53%
'16: 57%
'17: 61%
2018: 64%

% listening to Online Audio in last month

Online Audio = Listening to AM/FM radio stations online and/or listening to streamed audio content available only on the Internet
The Infinite Dial   © 2018 Edison Research and Triton Digital

2. Access to Mobile Consumers

According to eMarketer, the average adult mobile app user will spend over an hour (62 minutes) listening to digital audio each day in 2018. Among all adults, the average time spent with digital audio in mobile apps will increase from 50 minutes this year to 56 minutes in 2020.

Average Time Spent per Day with Mobile Apps by US Mobile App Users vs. Total Adults, by Activity, 2018-2020
minutes

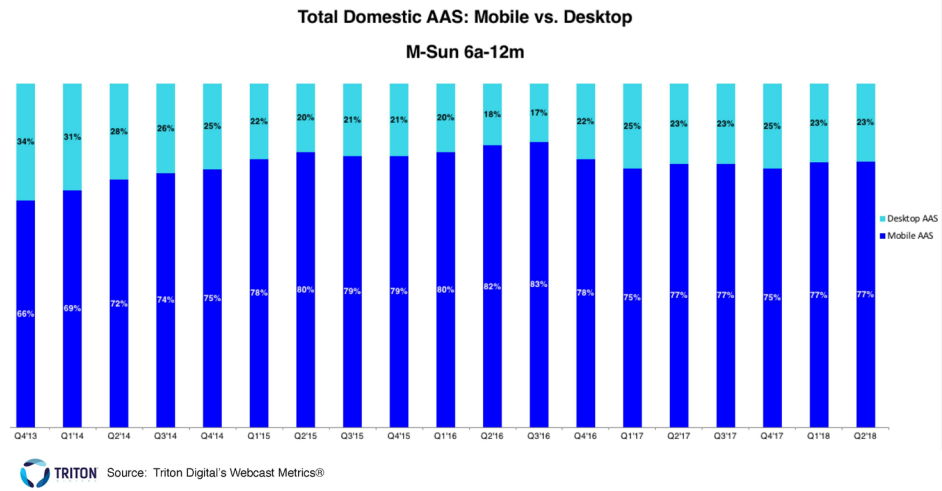|	Adult mobile app users			Total Adult		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**
Audio listening	62	65	67	50	54	56
Social networking	50	53	55	40	43	46
Video viewing	39	41	43	32	34	35
Gaming	26	26	27	23	24	24
Messaging	23*	23*	24*	12	12	13
Other	12	14	14	11	12	13

*Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on smartphone while on a tablet is counted as 1 hour for smartphone and 1 hour for tablet; *among adult mobile messaging app users only*
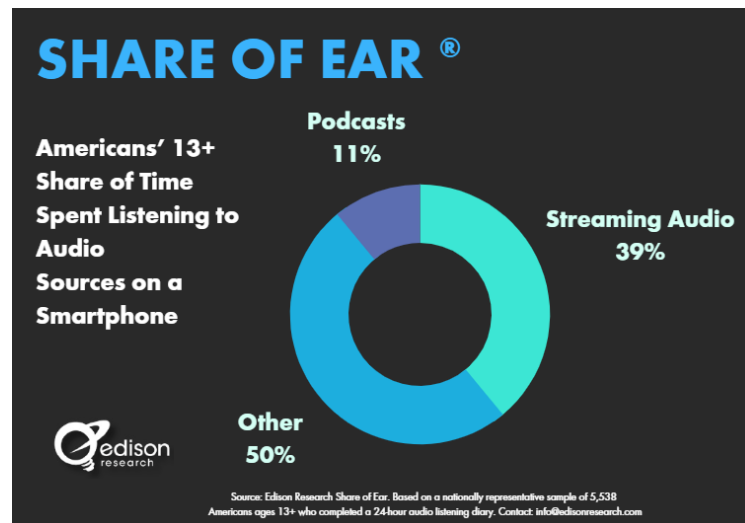*Source: eMarketer, April 2018*

238557   www.**eMarketer**.com

Listening to streaming music and podcasts is a highly mobile activity. As recently as Q2 2018, 77% of listening to streaming stations measured by Webcast Metrics took place on mobile devices:

Total Domestic AAS: Mobile vs. Desktop

M-Sun 6a-12m

Quarter	Desktop AAS	Mobile AAS
Q4'13	34%	66%
Q1'14	31%	69%
Q2'14	28%	72%
Q3'14	26%	74%
Q4'14	25%	75%
Q1'15	22%	78%
Q2'15	20%	80%
Q3'15	21%	79%
Q4'15	21%	79%
Q1'16	20%	80%
Q2'16	18%	82%
Q3'16	17%	83%
Q4'16	22%	78%
Q1'17	25%	75%
Q2'17	23%	77%
Q3'17	23%	77%
Q4'17	25%	75%
Q1'18	23%	77%
Q2'18	23%	77%

TRITON Source: Triton Digital's Webcast Metrics®

What do mobile consumers listen to? 50% of all listening on smartphones is to digital audio in the forms of streaming audio and podcasts:

SHARE OF EAR ®

Americans' 13+ Share of Time Spent Listening to Audio Sources on a Smartphone

Podcasts 11%

Streaming Audio 39%

Other 50%

edison research

Source: Edison Research Share of Ear. Based on a nationally representative sample of 5,538 Americans ages 13+ who completed a 24-hour audio listening diary. Contact: info@edisonresearch.com
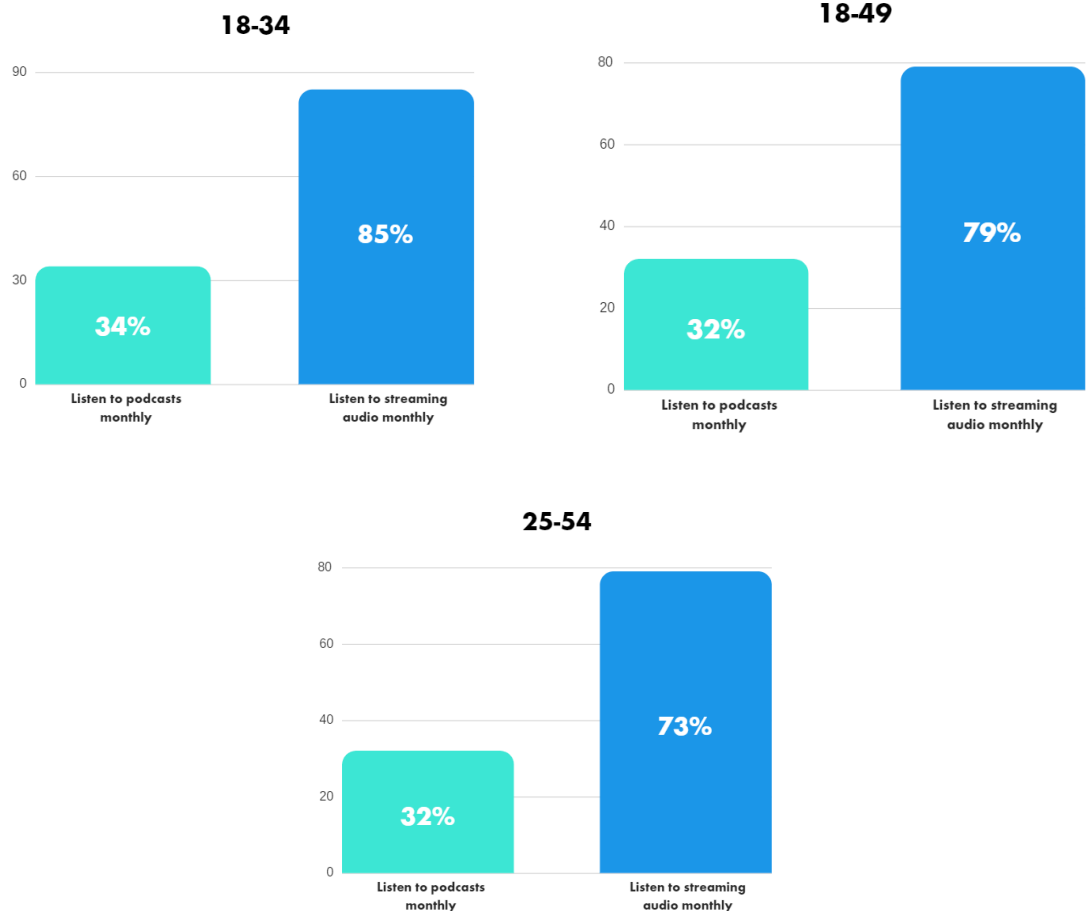
3. Audio is On When Screens Are Not

As consumption shifts to mobile, screens get smaller or disappear entirely. Devices that do have screens face challenges as more and more use takes place while the consumer is driving, or otherwise occupied. Digital audio impressions do not need a screen to impact the consumer, ads play whether the device screen is on or off.

4. Favorable Demographics

Digital Audio is consumed widely across age groups. It has particularly strong usage in the coveted 18-34 age group where consumers are starting to make choices about brands that can last a lifetime[2].
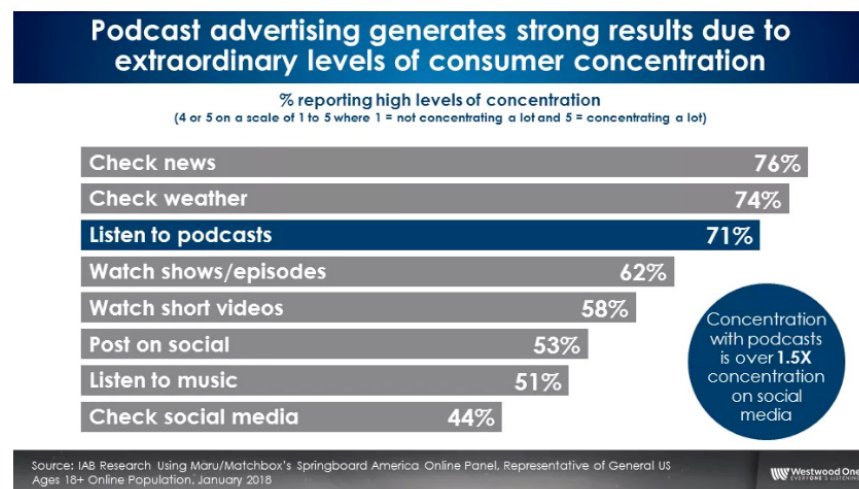
18-34

34%	85%
Listen to podcasts monthly	Listen to streaming audio monthly

18-49

32%	79%
Listen to podcasts monthly	Listen to streaming audio monthly

25-54

32%	73%
Listen to podcasts monthly	Listen to streaming audio monthly

2 Edison Research Infinite Dial Survey 2018

5. Highly Measurable

Streamed audio impressions are highly measurable. Measurement is key to tracking results, and marketers say the key to increasing their ad investments in digital media is the ability to track ROI[3]. Akin to other digital ad options such as video and banners, streamed audio data is available for planning purposes and can be verified by third party ad tracking services. In addition, the fully measurable aspect of Streamed Audio also introduces demographic and behavioral targeting opportunities.

6. Strong Engagement

Podcasts deliver a "lean forward" listening experience that leads to strong responsiveness. According to Midroll Media's survey of 151,502 podcast listeners, conducted from Feb. 2 to Oct. 4, 2017, 60% say they have purchased something after hearing it advertised on a podcast. Listeners are more receptive to ads in podcasts due to high levels of concentration:

Podcast advertising generates strong results due to extraordinary levels of consumer concentration

% reporting high levels of concentration
(4 or 5 on a scale of 1 to 5 where 1 = not concentrating a lot and 5 = concentrating a lot)

Check news	76%
Check weather	74%
Listen to podcasts	71%
Watch shows/episodes	62%
Watch short videos	58%
Post on social	53%
Listen to music	51%
Check social media	44%

Concentration with podcasts is over **1.5X** concentration on social media

Source: IAB Research Using Maru/Matchbox's Springboard America Online Panel, Representative of General US Ages 18+ Online Population, January 2018

Westwood One

7. Brand Safe Messaging

Digital Audio platforms offer several advantages that enhance brand safety. The ability to select content channels and control an ad's context; and listening where the listeners are actively engaged in selection of programming create positive listening environments for advertiser messaging. Non-skippable ads and in-app listening diminish the incidence of fraud. Filtering of invalid traffic, server-side ad insertion, and transparency in programmatic platforms are important protections as well.

The value proposition for advertisers looking to invest in digital audio is significant. For marketers looking to achieve reach, frequency, engagement, targeting and measurability all in a mobile friendly package, Digital Audio presents a unique opportunity to impact consumers.

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[3] Millward Brown, "Getting Digital Right"

How is Digital Audio Consumed?

Digital Audio can be streamed or downloaded. The technical distinctions between streaming and downloading are virtually invisible to the listener but can impact the way that ad campaigns are planned, bought and measured.

Streamed audio is delivered over a continuous connection between the audio source and the listener. This connection enables real time measurement of audience and reporting of impressions. The connection is initiated at the beginning of listening and ends when the listener ends the listening session. Streaming services can be further categorized:

- AM/FM station streams – where the same content that is broadcast is also streamed and delivered to many people at the same time.
- Streaming stations – Offer programmed channels or channels which are personalized through algorithms based on listener choices. Content is delivered 1:1 to each listener.
- On Demand Services – Allow listeners to select songs and build playlists. Content is delivered 1:1 to each listener.

Listening by download means that the listener has selected a segment for listening that has a beginning and an end – often referred to as a podcast. Downloads can be measured, can take just a few seconds and require the listener to be connected. While music services like Spotify and Pandora are delivered entirely via streaming, podcasts can be consumed either by streaming or downloading. Downloaded podcasts can be consumed immediately or saved for later listening. Edison Research's Podcast Consumer Study 2016 found that 79% of all podcast listeners said they "Click and Listen Immediately", suggesting that downloaded programs have tremendous immediacy for the advertiser.

Building a Digital Audio Campaign – Elements and Tools

Widely Used Ad Units for Digital Audio Include:

- Recorded spots
- Native Ads
- Branded channels/playlists
- Branded podcasts
- Voice activated ads

Recorded Spots – Typically available in standard lengths such as :15, :30 and :60, these spots can run by themselves or within a commercial stop-set with other units. They are pre-recorded and sometimes include a visual element on the screen that is clickable. They can be dynamically inserted into music streams and podcasts. Positioning can include preroll, midroll and post roll. There is a distinction between an audio spot that was produced by a creative agency with the intention to run across multiple types of digital audio, and a spot that is produced by the network or show to run exclusive in that programming.

Native Ads – These spots are often host read and can include an endorsement. Length of these spots tends to be irregular. Native ads are more often associated with podcasts. These units can be permanently integrated into the program or dynamically inserted. They can run in pre, mid, or post roll positions.

Branded Channels/Playlists – Streaming platforms offer customized channels and playlists that can be branded for an advertiser, including audio elements as well as on screen and marketing elements.

Branded Podcasts – Podcast creators offer numerous ways for brands to engage with their audiences. In some cases, creators can produce a stand-alone podcast series on behalf of a brand. Other creators can make themed or branded episodes of an existing show in partnership with a brand, and either release it into the show feed as part of their regular publishing schedule or present it to their audience as a bonus episode. Other creators will work with brands to create highly-produced segments delivered in the regular ad break. Website and marketing elements can be included.

Voice Activation Ads – Some platforms offer integration with a technology that enables listeners to respond to an ad in hands free mode by speaking. Specific calls to action might be to have information emailed or texted to the user, enabling a connection between the advertiser and the consumer.

Conversion and Attribution for Digital Audio Campaigns

Digital Audio Ad Campaigns can be evaluated in several ways, depending on the type of digital audio and the way it is consumed.

- Tracking by impressions – When listening is over a streamed source, as in music platforms and sometimes podcasts, delivered impressions can be tracked and verified using ad tagging. Click-through, Last-click, and Post-listen are the most precise key performance indicators for streaming audio. The placement of the ad tag within the audio unit can vary, however among some of the leading streaming platforms, it has become standard to fire the ad tag at the end of the audio unit, confirming that the listener remained connected for the duration of the ad.

- Tracking for downloaded programs – In podcasts, client-side tracking is usually only possible when the client player passes ad data back to the source. The iOS Apple Podcast app, which accounts for approximately 55% of listening[4] does not enable this function currently. To overcome this lack of consistency, the industry has developed standards whereby server logs can be analyzed according to agreed-upon core metrics for proper attribution. For more information on this process please refer to the IAB document "IAB Podcast Metric Guidelines v2"[5].

- Tracking by results – Several unit types provide the opportunity to track results:
  - Native ads – these ads are often read by the show host and sometimes include endorsements. Listeners are given a purchase incentive and code specific to the content platform or program and results are tracked by code use.

  - Voice activated ads – The responses from listeners to the ad can be counted using this technology where the listener vocally responds to an ad.

  - Companion banner ads – When a banner ad appears on the screen with the audio, both the content platform and the advertiser can count responses and calculate a click-through rate. Since much listening occurs when the screen is not in use, this is not an effective way to evaluate performance of a digital audio campaign.

- Independent Research – Third party research options can be integrated to track listener engagement from the top of the sales funnel (e.g. brand awareness lift, purchase intent) to the bottom (e.g. in-store traffic, purchase).

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[4] https://www.wired.com/story/apple-podcasts-app-revolutionary/
[5] https://www.iab.com/wp-content/uploads/2017/12/Podcast_Measurement_v2-Final-Dec2017.pdf

Audience Measurement for Digital Audio Advertising

Measurement and reporting methods for digital audio campaigns are determined by the way the audio is consumed (streamed or downloaded).

Streamed digital audio metrics – Similar to other digital media, streaming audio publishers can support third party ad serving and tracking for audio ads. Audio playback triggers the tracking pixels that are needed to report impressions and events by both the publisher and 3rd party ad servers based on the listener's activity and in compliance with IAB measurement guidelines.

Podcast Audio metrics – When it comes to reporting for downloadable audio, the ability to track podcast content and ad playback largely depends on the player requesting the file. Approximately half of podcast listening is taking place on iOS systems, and those Apple systems offer no technology for confirming that a podcast file was played. This lack of client-side response prevents podcast distributors from measuring ad plays at the level expected in other digital media. Despite challenges, the industry has developed a set of standards that enable uniform metrics for reporting and evaluating podcast advertising campaigns. Those standards are fully explained in the IAB document "IAB Podcast Metric Guidelines v2"[5].

Digital Audio Advertising Case Studies

Pandora and TGI Fridays Recorded Spots/Real-time Audio Campaign: Pandora and TGI Fridays Recorded, Shorter Length Audio Campaign: TGI Fridays approached Pandora with the key objective of increasing foot traffic to their locations across the U.S. TGI Fridays partnered with Pandora to produce a short and entertaining :15 audio spot that ran across mobile, web, tablet, connected devices, and connected car to reach potential customers in a platform-agnostic manner. To further refine reach of their target audiences, TGI Fridays also leveraged Zip Code, Daypart, and Age-based targeting. By keeping the Audio message simple, to the point, and targeted, Pandora was able to drive a 59% lift in visitation and a 20X return on ad spend[1] for TGI Fridays. This far surpassed Placed's benchmark of 5% lift in visitation for the Casual Dining category. "Pandora has become a great partner in helping us drive incremental traffic to our stores. They deliver on our needs in terms of rich targeting, audience scale and are committed to proving their worth in every campaign." - Caroline Masullo, VP of Brand Marketing, TGI FRIDAYS.

Midroll and Talenti Brand Advertising Campaign: Talenti brand frozen desserts ran a campaign to increase brand awareness. The campaign included 30-second pre-roll spots on shows represented by Midroll. The campaign aired for 22 weeks. Midroll surveyed 608 listeners who heard an episode of the "Gastropod" and "Spilled Milk" podcasts that contained a host-read pre-roll ad for Unilever's Talenti brand of gelatos and sorbettos. 74% of listeners were able to recall a specific feature of the product advertised, unaided. 71% said they were somewhat or much more likely to buy Talenti after hearing the podcast ad.

iHeartMedia and Office Supply Retailer: IHeartMedia partnered with a major office supply retailer to deliver a successful streaming audio campaign using audience data to target Small Business owners. The goal was to drive small business owners in-store and increase sales lift. The solution was to leverage iHeartMedia's first and third-party data to target small business owners. iHeart custom-built the audiences with a proprietary Data Management Platform, launching an SBO targeted digital media campaign that placed branded spots on streaming audio across both mobile and desktop. The successful campaign delivered +16% INCREASE IN STORE VISITATION during the campaign, which translates to 12,039 incremental stores visits over a 3-week period.

NPR/NPM and Kia Motors Custom Audio Campaign: When Kia Motors America released its first-ever hybrid crossover – the Niro – in 2017, the automaker worked with NPR's sponsorship team at National Public Media to incorporate custom audio creative into the launch strategy. National Public Media produced a collection of original audio stories – Brand Soundscapes – that feature interviews with the makers of the Niro, showcasing the craft behind the car.

"We needed a format where people could hear from different folks throughout the organization – people that work in marketing like myself, people that work on the product – and hear it from us," says Kimberley Gardiner, Director of Marketing Communications for Kia Motors America. "If you're new to a brand, there's no better way to learn about that brand than from the people who work on it every day. [The Brand Soundscapes] didn't feel like [a] marketing message. It just felt like... talking about what they loved doing. I think if you hear that through our voices, through audio, it's very powerful."

Kia's Brand Soundscapes were featured as sponsorship across NPR digital platforms including NPR podcasts and NPR One. Units included :60 midrolls. After placement in just two episodes of NPR's Hidden Brain podcast, listener surveys revealed more positive perceptions of Kia's priority brand messages. Most critically, listeners were more likely to consider Kia the next time they were car shopping. Among 'Hidden Brain' podcast listeners, 68% of NPR podcast users were more likely to describe Kia as "versatile." 14.35% of listeners who heard a Kia Brand Soundscape on NPR One, clicked through to the automaker's website.

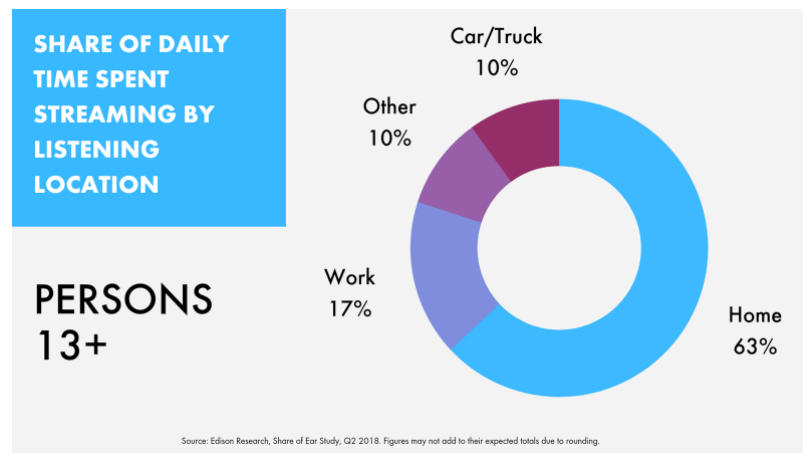[1] Placed Location Analysis, Feb – March 2018

Audio Everywhere on Spotify and Greyhound: Greyhound wanted to shift the perception of their brand with millennials. To get millennials' attention in a fun, creative way, Greyhound created custom audience spots that reimagined their original jingle. Spotify's streaming intelligence (our first-party, contextual data on users' moods, mindsets, tastes and habits) revealed top genres to target with a receptive audience for this unique creative.
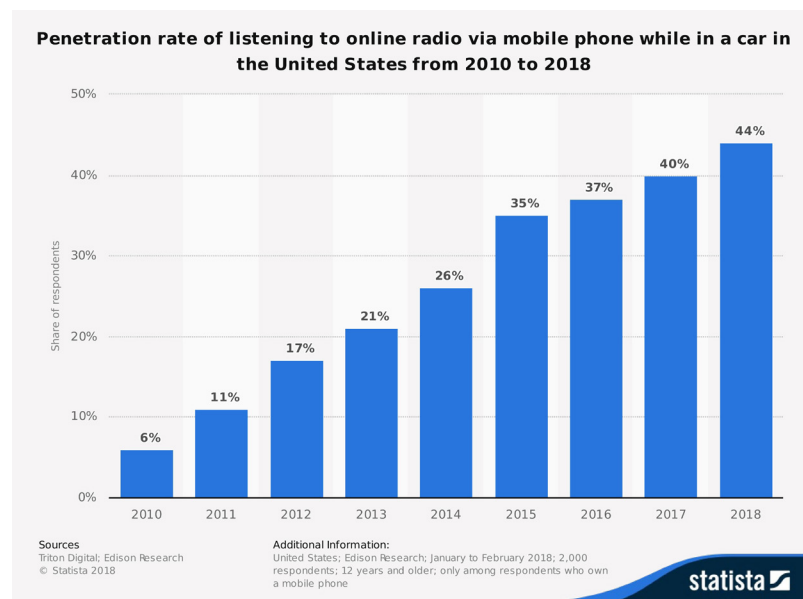
According to Nielsen Brand Effect, the campaign shifted perceptions of Greyhound and drove a 21% lift in positive opinion of the brand and drove a 15% lift in likelihood to consider the bus line for a short trip.

Listening Locations for Digital Audio

With the proliferation of connected devices, consumption of digital audio content as never been easier. From Smart Speakers and Gaming Consoles to Connected TV's and Set-Top Boxes, these devices are creating new places and spaces for consumers to enjoy audio first programming as demonstrated by 10% of listening coming from "Other" non-traditional platforms.


SHARE OF DAILY TIME SPENT STREAMING BY LISTENING LOCATION

PERSONS 13+

Car/Truck 10%
Other 10%
Work 17%
Home 63%

Source: Edison Research, Share of Ear Study, Q2 2018. Figures may not add to their expected totals due to rounding.

Digital Audio Consumption in the Car – Digital Audio Consumption in the Car – One of audio's key consumption locations has always been the car. That listening used to be exclusive to broadcast radio stations, but now the connected car has enabled access to digital audio. Integrated dashboards like Apple's CarPlay and Google's Android Auto promise to accelerate adoption of connected listening in cars. Online radio listenership in cars by cell phone owners connecting to a cars audio entertainment system has been on a steady incline from 6% in 2010 to 44% in 2018. By 2020 it is projected that 98% of new cars sold will be connected[6]. Of course, the opportunity to reach consumers in connected car environment will present marketers with an even greater opportunity.

Penetration rate of listening to online radio via mobile phone while in a car in the United States from 2010 to 2018

Share of respondents

Year	Rate
2010	6%
2011	11%
2012	17%
2013	21%
2014	26%
2015	35%
2016	37%
2017	40%
2018	44%

Sources
Triton Digital; Edison Research
© Statista 2018

Additional Information:
United States; Edison Research; January to February 2018; 2,000 respondents; 12 years and older; only among respondents who own a mobile phone

statista

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[6] Accenture, various sources

Digital Audio, Smart Speakers and the Internet of Things - 16% of Americans 18+ or approximately 39 million people own a Smart Speaker. These devices offer nearly ubiquitous connectivity, often with voice activation, and seldom with a browser or even a screen. As the use of these devices expands — it's projected to reach 76.5 million users by 2020 - use of a screen proportionally diminishes. Audio messaging will become even more relevant and important than it is today. 70% of smart speaker owners listen to more audio since they got their smart speaker.[7]

US Smart Speaker Users, 2017-2020
millions

	2017	2018	2019	2020
Q2 2017 (old)	35.6	45.4	52.8	
Q2 2018 (new)	43.9	61.1	69.7	76.5
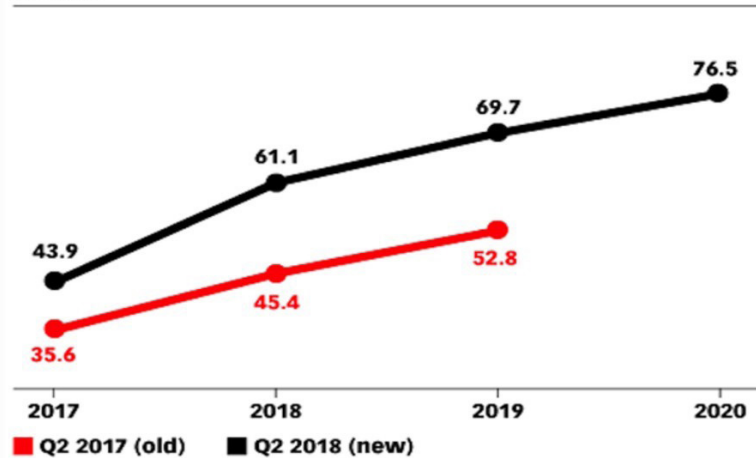
Note: individuals of any age who use a smart speaker at least once per month
Source: eMarketer, April 2018

238136   www.**eMarketer**.com

Audio is Everywhere – Digital Audio moves with consumers throughout their day, as exemplified by this chart of podcast listening locations:

Where, What, When, How

- In car/truck 22%
- At work 11%
- Riding public transportation 4%
- Working out 4%
- Walking around 3%
- Other 7%
- At home 49%
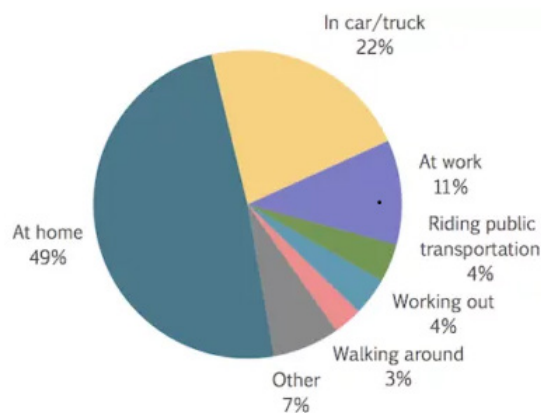
Credit: Infinite Dial 2018

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[7] Smart Audio Report from NPR and Edison Research Spring 2018

Planning and Buying Digital Audio Campaigns

There are many resources that offer support for planning and buying digital audio campaigns. From buying channels to measurement and targeting technologies to creative expertise, the digital audio marketplace has the tools to support advertisers' strategic campaign objectives.

Sales Channels – Access to digital audio inventory is available from several types of companies who offer support and resources for campaign execution:

- Publishers – Some streaming publishers, particularly some of the larger ones, sell their inventory directly through sales representatives that work exclusively for one brand.

- Content Aggregators/Portals – Some companies provide access to a catalogue of digital audio content under one consumer brand.

- Digital Audio Networks – Similar to display, video and mobile, a digital audio platform is one that aggregates ad space supply from publishers and matches it with advertiser demand using a central ad server to deliver advertisements to consumers using dynamic ad insertion.

- Advertising Rep Firms – Like traditional rep firms, these companies provide access to inventory for a certain group of publishers.

Programmatic Audio - Like other digital media, programmatic access to digital audio is readily available. IAB defines "programmatic" as the automated buying and selling of inventory. The access, purchase and opportunity to bid on audio inventory utilizes the IAB Open RTB 2.4 Protocol framework (www.iab.com/openrtb).

There are many advantages of trading audio programmatically:

1. Yield & ROI: Buyers and Sellers can use audience and performance data to increase inventory value across Audio (alongside other channels such as including mobile, video, native, high-impact and display.)

2. Data Intelligence: A seamless way to use first-party data to improve effectiveness and performance.

3. Connections: Access to global transparently traded, high-quality campaigns and audiences including brands, agencies, trading desks, DSPs and premium brand audio platforms, for both private market-place and guaranteed deals.

4. Efficiency: Assure maximum reach through specific targeting, effective discovery, negotiation and execution to reduce operational cost and increase time spent on more valuable activities.

5. Real Time Campaign Optimization: Enables buyers to deliver real time dynamic creative which can target, refine, expand and optimize on a variety of specific parameters day by to optimize it and reach the pre-established KPIs (e.g. universal campaign management, setting filters for devices, geos, sites, audience frequency cap cross publisher, etc.).

Inventory sold through programmatic solutions can be split between two types of buying: Open Market (OMP) and Private Marketplace (PMP). Both solutions require a buyer to use a DSP and a seller to use an SSP/Exchange. Through programmatic trading there are options for a publisher to disclose their domain/name transparently or make it anonymous, masking the publisher's domain/name. Due to an increased demand for transparency, a seller that chooses to mask their domain/name they may be excluded from some buyers' programmatic trading.

Open Market: This is an open mode of buying and selling where a media owner can offer their ad inventory for sale to buyers, often through real-time auctions. There are options to disclose the publisher's name as transparent, or make it anonymous, masking the publisher's name.

Private Market: A unique set of biddable inventory (differentiated placements or data) that is not available in its full transparency in a general RTB auction. PMP inventory is packaged within a publisher's SSP and offered to selected buyers/bidders. A buyer can use a Deal Id (a universal identifier/numeric keycode) to gain access to and bid on the specific PMP inventory.

PMPs can be sold based on pricing, preferred access or via multi seller deals depending on the terms agreed by both the buyer and seller through the deal negotiation.

Typically, both types of buys are executed in a non-guaranteed basis, however there is also an option to buy PMP inventory in a guaranteed deal.

Programmatic Guaranteed: Also known as programmatic direct, programmatic guaranteed gives advertisers access to premium inventory while also allowing them to overlay first-party and third-party data. It's a win-win situation where buyers choose which audience and impressions to bid on while publishers are guaranteed a certain level of pricing. It's important to distinguish programmatic guaranteed from automated guaranteed, which is a deal that's negotiated directly between a buyer and seller, and where both inventory and pricing are guaranteed.

Traditionally auctions have been based on a second price model, where the highest bidder wins, but pays the second highest bid price plus a small premium (like eBay). Today, the industry is moving to a first price auction model, where the winner pays their actual bid price. For any programmatic buyer or seller, it is important to understand which auction dynamics your inventory is being bought or sold at.

It is important to note that there are specific programmatic audio contexts which different technologies support to deliver automated buying and selling mechanism. At a basic level Programmatic buyers and sellers must select a DSP/SSP which supports DAAST or VAST[8] to dynamically make inventory available to buyers and deliver campaigns effectively. There are additional product, features and technologies which are available to buyers and sellers to utilize to enable a richer creative and user experience.

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[8] See section headed 'DAAST and VAST' in this document.

Digital Audio Measurement Tools

It's been noted previously in this document that there are two ways to consume digital audio – by streaming or downloading. Audience measurement and impression tracking methods vary according to the way the content is consumed.[9]

Streaming Audio – Two companies provide measurement for streamed digital audio.

- **Triton Digital's Webcast Metrics™** is MRC accredited. It provides credible, third-party data that is translated into traditional and digital metrics to facilitate both kinds of media buying. No samples, surveys or panels are utilized in the data collection, transformation or display processes and procedures. Triton Digital collects data through raw log files of streaming activity collected daily from the Content Delivery Network (CDNs) hosting the radio station players, or through client-side measurement, by collecting the data directly from the web-based player or mobile device. Triton Digital obtains data on each stream including the station, individual stream specifics, and listener identifier. Triton Digital also publishes an Internet Top 20 Ranker report monthly which is a listing of the top-performing Internet audio stations and networks measured by Webcast Metrics. It provides high-level metrics such as "Session Starts," "Average Active Sessions" and "Average Time Spent Listening" to the general public.

- **Nielsen** provides measurement of streamed AM/FM services using a proprietary software development kit (SDK), which is integrated into mobile apps and web players. This method uses big data, a census-style measurement approach and demographic information from third-party data providers, which is calibrated with Nielsen's PPM panel. The data is aligned with the existing radio geographies (metros), radio currency metrics (AQH, cume, TLH and TSL) and PPM survey periods. The service is currently in preview and is limited to the 48 PPM markets and enables subscribing broadcast stations to combine or separately represent their over-the-air and online listening.

- **Local Market Reporting –** Triton Digital's Webcast Metrics also offers market-level listening data for the top 278 US markets. Data on certain publishers is fed to common agency workflow systems platforms to streamline the buying process.

Podcast Audience Measurement – As previously noted, podcasts are downloaded for immediate or later offline listening, or they are streamed. Downloads account for most of the listening. Downloads, which can be tracked electronically, are the standard audience measurement unit for podcasts. The document "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 be provided for planning and purchasing purposes. In addition, there are two companies that offer "rankers" publicly:

- **Podtrac –** is a company that has been measuring podcast audiences for more than ten years. It recently began publicly releasing monthly rankers reflecting the audience size of publishers and platforms it measures by counting "Monthly Unique Audience" which is available both for US and global listening.

- **iTunes –** The iTunes Podcast Top Charts is sometimes taken to be a measurement resource. Methodology is unstated and therefore it is sometimes unclear what the charts represent. Therefore, it should be used in combination with other data sources for accuracy.

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[9] The descriptions of companies providing measurement services for streaming digital audio and podcasts is based upon publicly available information and/or information provided by those companies. IAB does not in any way endorse any provider of measurement services. Additionally, IAB makes no representations or warranties, express or implied, including, but not limited to, any implied warranty of merchantability and/or fitness for a particular purpose, with respect to such information, and specifically disclaims all such warranties and representations. IAB recommends that companies considering the purchase of measurement services conduct their own diligence about these and other potential providers in the marketplace.

Delivery and Targeting Capabilities of Digital Audio

Various techniques and technologies enable targeting of digital audio advertising based on geography, demographics, and behavior. Most, but not all, rely on real-time ad insertion for execution:

- Geotargeting – Is accomplished using one of the following techniques:
    - IP based targeting which uses the Internet Protocol address of the listener to identify their location and serves ads.
    - Registration Data – platforms that collect user registration information use that information to target listeners in certain areas or markets.
    - Geo-fencing – when enabled by the listener and media player, location data can be tracked and targeted.
    - AM/FM Broadcast stations – one can assume with some degree of accuracy that listeners to the stream of an AM/FM broadcast station are within that station's broadcast market location.

- Demographic – Targeting users based on demographics can be accomplished in several ways:
    - Content Targeting – Using data that shows that certain types of formats or programs deliver a particular age and gender set.
    - Registration Data – This information identifies the age and gender of a listener who is registered with a certain publisher.
    - Behavioral Targeting – This technique is used by advertisers and publishers to utilize a user's previous browsing, listening and/or shopping behavior to customize the types of ads they receive.

- Audience targeting – using a publisher's DMP (data management platform) ads can be served a group of people based on combining their app registration data (1P) and their buying intent and purchase behaviors (3P data), using Audiences, i.e. "Luxury Car Buyers" vs. traditional demo A25-54).

- Contextual – Ads can be served that are relevant to the genre of certain station, channel or program.

- Cookie Targeting: A cookie is a small text file that stores data generated by a website and is saved by your web browser. Its purpose is to remember information about you, creating data that informs preferences by which an advertiser can target messages. Cookies are only available via web platforms.

- Mobile Ad ID Targeting: Mobile Advertising ID's (MAIDs) are unique, user-resettable ID's used in advertising to identify a mobile device. MAID's are the equivalent of a cookie for the web.

- Dynamic Audio: Dynamic Audio ads allow advertisers to serve ads tailored to listeners in real time using listener data signals. The technology strings together different elements, or pieces of an audio ad, to get a message just right for each listener. Data signals available to advertisers can include but are not limited to:
    - Location: DMA, MSA, State, City, Zip Code
    - Demographics: Age, Gender, Income, Hispanic/Spanish, Parents, Political Affiliation
    - Date & Time: Day of Week, Weekday/Weekend, Daypart, Countdown
    - Music Genres: Pop, Rock, R&B,
    - Phone Operating System: iOS, Android, Mobile Carrier

- Technographic Targeting: Custom platform targeting can include but is not limited to:
    - Email domains: @yahoo.com, @gmail.com, etc.
    - Web IP Domains: .com, .edu, .org, etc.
    - Web Browser: Chrome, Firefox, Safari, etc.
    - Wireless Carriers: AT&T, Verizon, T-Mobile, etc.
    - Listening Platform: Web, mobile, tablet, in-home connected devices/speakers, and/or connected-car platforms,
    - Operating Systems: iOS, Android
    - Devices: Mac, PC

- Sequential Ads: Ads that are served in a placed sequence, as on an impression-based or click-based sequence, with the objective of delivering multiple and / or consecutively executed messages over a period of time.

Creatively Speaking

The most successful audio campaigns are executions that are unique to the medium, and often to the specific program. Many publishers and platforms offer creative resources to enable development of audio spots that are unique and appropriate for specific types of programming.

Considerations for audio advertising campaigns should include:

- Use audio creative that is specific to digital audio: not already used from TV or video ads.

- Recognize the fact that the screen may in fact be turned off or not exist at all. Call to action should not rely on a screen activation or companion banner interaction.

- Tell a story. Allow the listener to visualize your product or brand; "theatre of the mind" opportunities drive better engagement.

- Create an episodic experience: listeners tune in to hear content they are interested in.

- Be authentic: speak softly to carry a big idea. Be clear and stay on specific message. Repetition, especially clever repetition works. Try avoiding skits, jokes or testimonials that make it difficult for listeners to connect with your brand.

- Rely on a familiar voice: leverage the friend-to-friend connection personalities have with their listeners. Limit the amount of voices necessary, as multiple voices confuse the listening experience.

- Keep a consistent pace, tone and tempo, saying more with less. (target: 55-75 words per :30 ad)

- Localize your message: know that you are speaking to people in their personal spaces. Many customers are listening to music on their own, with headphones, so think of your entire audience on a per individual (1:1) basis.

- Make sure host reads and native ads follow truth-in-advertising guidelines.

Keep in Mind

As with all forms of targeted advertising, buyers and sellers should pay close attention to the implications for consumer privacy and be aware of industry best practices and self-regulatory codes, such as the Digital Advertising Alliance Program. http://digitaladvertisingalliance.org/principles

DAAST and VAST

IAB has developed standards for delivery of ads that accommodates client- and server-side ad tracking for better visibility into campaign performance.

For more information on this technology, please examine the following information available on the IAB website.

Digital Audio Ad Serving Template (DAAST)*:
www.iab.com/daast

Video Ad Serving Template (VAST):
www.iab.com/vast

*DAAST is being deprecated with the release of VAST 4.1. All the features in DAAST have been included in VAST 4.1 which now support both Audio and Video ads.

Conclusion

The number of digital devices owned by a typical US consumer has exploded in recent years. Today, 77% of US Adults own a smartphone[10] and the average household owns more than 4 connected devices. From connected personal devices to connected cars to smart speakers and other connected home appliances, digital technology offers today's consumer constant connectivity that can be a challenge for advertisers and brands looking to maximize campaign impressions efficiently.

Digital Audio overcomes several challenges facing advertisers in today's overloaded media landscape by offering impressions that break through viewability obstacles inherent to situations where the screen is minimized, dark or non-existent. Digital Audio impressions are the only impressions that can impact a consumer while the device is in use but not in view.

Today's Digital Audio marketplace is a tremendously effective messaging environment that offers digital delivering and targeting capabilities, innovative creative options, sophisticated buying and reporting tools, a safe branding environment, and relevant, effective reach with today's connected consumer.

Special thanks to working group members who developed this guide:

Tyler Moody Turner Podcast Networks

Ken Lagana Panoply

Ross Geier IHM

Nina Harvey Rubicon Project

Sarah Van Mosel* Market Enginuity

Priscilla Valls* Pandora

Kate Gerwe Adswizz

Josh Petersel Spotify

*co-chair

[10] http://www.pewinternet.org/fact-sheet/mobile/

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Members of the Audio Committee:

- ABC News
- Acast Stories USA
- Adform
- AdGear
- AdLarge Media
- Adstream
- Adswizz
- Alliance for Audited Media (AAM)
- AMC Networks
- American Public Media
- Art19
- Audioboom
- Bloomberg
- Chocolate
- comScore
- Condé Nast
- Cox Media Group
- DAX U.S.
- Dentsu Aegis
- DoubleVerify
- Ernst & Young
- ESPN.com
- Extreme Reach
- FORTVISION
- Foursquare
- Fyber
- Gimlet
- Google
- Headway Digital

- iHeartMedia
- InMobi
- Katz Media Group
- Libsyn
- Los Angeles Times Media Group
- Market Enginuity
- MarketStar
- Media Japan Network
- MediaMath
- Merkle
- Midroll Media
- Minnesota Public Radio
- MiQ
- National Public Media
- NBCUniversal
- New York Public Radio
- Nexstar Digital
- Nielsen
- NPR
- Oath
- Pandora
- Panoply
- PGA TOUR
- Pod Digital Media
- PodcastOne
- Podtrac
- Public Media Marketing
- PubMatic
- Rakuten Marketing
- RawVoice

- Refinery29
- Rooster Teeth / The Roost Podcast
- Network
- Rubicon Project
- Sales Athlete, Inc.
- SAS Institute
- Sharethrough
- Slate
- SoundCloud
- Spotify
- StackAdapt
- Stuff Media
- TargetSpot
- The Center for Sales Strategy
- The New York Times Company
- Theorem
- Triton Digital
- TuneIn
- Turner Broadcasting System
- Univision
- Unruly
- Varick Media Management
- Veritone One
- Viacom
- Washington Post Digital
- WBUR
- Westwood One
- WideOrbit
- Wondery, Inc.
- XAPPMedia

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Appendix

Common Digital Audio Advertising Terms

A glossary of basic and commonly used terms in audio, with everything you need to know in alphabetical order:

ACTION – Metric that indicates how many times listeners completed an action on the marketer's website after being exposed to an audio ad.

ACTIVE SESSIONS (AS) – Number of sessions (with duration of at least one minute) that were active within the daypart/time period.

AGGREGATOR – Firms that collect multiple digital audio channels into larger entities, increasing reach and making them of greater interest to advertisers.

AUDIO IMPRESSION – Metric that indicates the number of fully delivered ads.

AVAIL – The commercial position in a program or between programs on a given station or network available for purchase by an advertiser.

AVERAGE ACTIVE SESSIONS (AAS) – The average number of listeners (with duration of at least one minute) during the daypart/time period.

AVERAGE QUARTER HOUR (AQH) – The average number of persons listening to a station for at least five minutes during a 15-minute period.

AVERAGE QUARTER HOUR (AQH) RATING – A rating calculated by dividing the AQH listening in the relevant daypart and demographic by the base population in that demographic.

AVERAGE TIME SPENT LISTENING (ATSL) – The average length of each session (with duration of at least one minute) within the daypart/time period.

BANNER IMPRESSION – Metric that indicates how many display companions were delivered along with the audio ad.

CLICK-THROUGH – Metric that indicates how many times listeners followed the link associated with a banner ad.

CLICK-THROUGH ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Click-Throughs.

CONTENT DISTRIBUTION NETWORKS (CDNS) – Vendors that provide the technical heavy lifting of moving streamed digital audio content around the Internet and ensuring scalability and performance for listeners.

CONVERSION ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Actions.

CUME – The count of unique listeners during the specified time period (with sessions lasting at least one minute in duration).

CUME RATING – A rating calculated by dividing the weekly average Cume in the relevant daypart and demographic by the base population in that demographic.

DIGITAL AUDIO – Audio programming available to consumers on a streaming basis, delivered via the wired and mobile Internet.

EFFECTIVE REACH – The average number of people that will hear a commercial at least three times during a campaign.

FREQUENCY – is the average number of times an individual has an opportunity to hear an advertising message during a period of time.

LISTENER TRACKING METHOD – A method of collecting data through client-side measurement directly from the web-based player or mobile device.

PODCASTS – A podcast is an audio program that listeners can access on portable devices or their computers in an offline mode.

POST-LISTEN ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Visits.

PUREPLAY STREAM – Personalized and on-demand, streamed audio services that create playlists based on user preferences of artists, tracks, or genres.

REACH – The number of different persons in the audience of a specified advertising campaign, station, network, or syndicated program.

SATELLITE – This system transmits audio with orbiting communication satellites rather than ground-based transmission.

SESSIONS STARTED (SS) – The number of streams (with duration of at least one minute) within the daypart/time period.

SHARE OF VOICE – The percentage of total advertising weight per brand in a competitive set.

TERRESTRIAL STREAM – Live digital audio streams of terrestrial (also known as Broadcast AM/FM) radio stations.

TIME SPENT LISTENING (TSL) – The average amount of weekly time spent listening by an individual user within the daypart/time period. An individual user's discreet sessions are added together to calculate total weekly TSL.

TOTAL LISTENING HOURS (TLH) – Total number of hours streamed during sessions (with duration of at least one minute) within the daypart/time period.

UNIQUE LISTENERS – The number of unduplicated people listening to a given online audio program, piece of content, or advertising message. Typically, 'listeners' and 'streamers' are interchangeable.

VISIT – Metric that indicates how many times listeners visited the marketer's website after being exposed to an audio ad.

VOICE CLICK-THROUGH – Metric that indicates how many times listeners respond to Interactive Audio Ads by speaking to connect with advertiser offers by automatically initiating call, a video view, request an email, webpage open, content selection or similar action on a mobile device.