PODCAST CAMPAIGN LIFT:

A Guide to Accurately Analyzing Campaign Conversion Rates

Does it pay off to invest in a podcast marketing campaign? Claritas analyzed the results of over 158 podcast campaigns in multiple industries and found lift significantly exceeding those of other channels.

Claritas' proprietary measurement tools help marketers measure the effectiveness of their podcast and other advertising campaigns, measuring conversions both online and off. Our tools can isolate conversion data by creative, audience, channel and much more. For more information, visit our Podcast Attribution and Audience Identification page at claritas.com.

Marketers Are Projected to Spend $1 Billion on Podcast Ads in 2021

22% OF AMERICANS LISTEN TO PODCASTS WEEKLY

(62 million U.S. people 12+)

55% Of Podcast Listeners Pay Attention to Advertisements

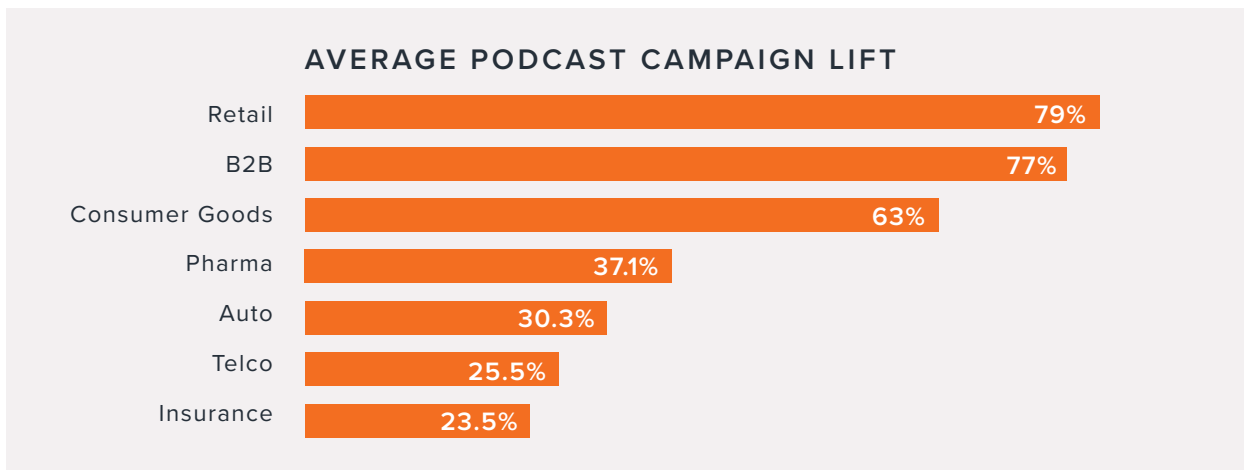**45%** Of Podcast Listeners Have Household Incomes > **$250,000**

PODCAST NUMBERS ARE EXPLODING

JUNE 2018 | **500,000** PODCASTS

APRIL 2020 | **1,000,000** PODCASTS

BUT ARE PODCAST CAMPAIGNS ACTUALLY CONVERTING?

To determine the effectiveness of podcast advertising in the real world, Claritas used its proprietary lift methodology to analyze the results of over 158 podcast campaigns across multiple industries – including automotive, consumer goods, insurance, retail and telecommunications. The results are compelling:

AVERAGE PODCAST CAMPAIGN LIFT

Industry	Lift
Retail	79%
B2B	77%
Consumer Goods	63%
Pharma	37.1%
Auto	30.3%
Telco	25.5%
Insurance	23.5%

Average lift rate for non-podcast channels is 2.6%; digital display (1.1%), print (2.4%) and linear TV (3.1%).

STUDY SCOPE | JANUARY 2018 THROUGH JULY 2020

834,065,930 Impressions

158 Campaigns

51 Advertisers (est.)

$13.3 Million Total Ad Spend (est.)

Answering the Million-Dollar Question: Did a Consumer Buy Because of this Campaign?
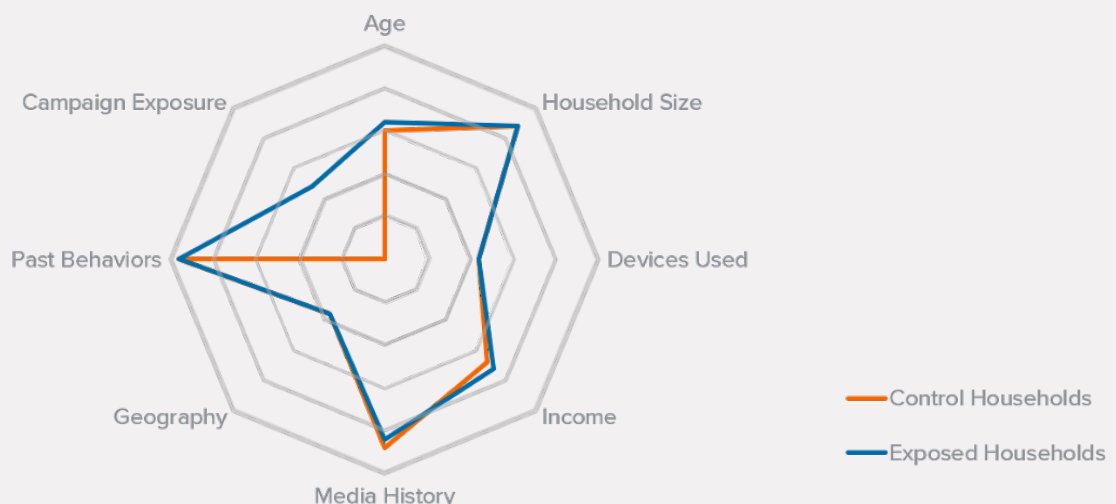
The Claritas lift methodology allows advertisers to understand something that's been almost impossible to pinpoint in this multichannel world: It tells them the number of buyers who purchased as a direct result of a particular campaign.

To answer this question, Claritas uses a measurement methodology called "incremental lift analysis." Incremental lift is the change in consumer behavior resulting from exposure to advertising when all other influences are taken into account.

We all know that some people who are exposed to a marketing campaign will perform the behavior being measured, regardless of that exposure. For instance, a family of five will likely purchase more cereal than a single-person household. Someone who attended a ballgame will be more likely to do so again versus someone who has never been to a game.

So even if it produced a high level of conversions, a campaign may not have been effective if those individuals would have purchased anyway. Claritas' incremental lift analysis uses a control group methodology to calculate exactly how many consumers made a purchase as a direct result of a podcast or other specific marketing investment.

FACTORS CONTRIBUTING TO HOUSEHOLD CONVERSIONS

Legend: Control Households, Exposed Households

Axes: Age, Household Size, Devices Used, Income, Media History, Geography, Past Behaviors, Campaign Exposure

How does it work? Claritas uses Identity Graph data to create two groups that exhibit the same external "factors" that might cause them to buy. One of these groups is the "exposed" group, which consists of those who have been exposed to the campaign. And the other is the "control" group, which is made up of people who look exactly like the exposed group but haven't heard the campaign. Through Claritas' methodology, you're also not required to purchase incremental media to run a PSA or non-brand related ad simply to create this control group. Claritas' Identity Graph has the scale to build that control group without needing to reallocate precious marketing dollars.

CONTROL GROUP IS IDENTICAL, EXCEPT FOR EXPOSURE

Income $100K+
Age 18-24
Urban
Hispanic
AT&T Subscriber
iPhone User
VOD 10+ Hours

"LIFT" IS THE DIFFERENCE IN HOW THE GROUP BEHAVE

Incremental Lift

Control   Test

As the campaign runs, you calculate a "lift rate," which compares the conversion rate of the exposed group to the conversion rate of the control group. This lift rate, also referred to as the incremental lift rate, represents the true conversion rate of the campaign. That's because it controls for those factors outside of the campaign that might influence buying behaviors, such as a previous relationship with the advertiser.
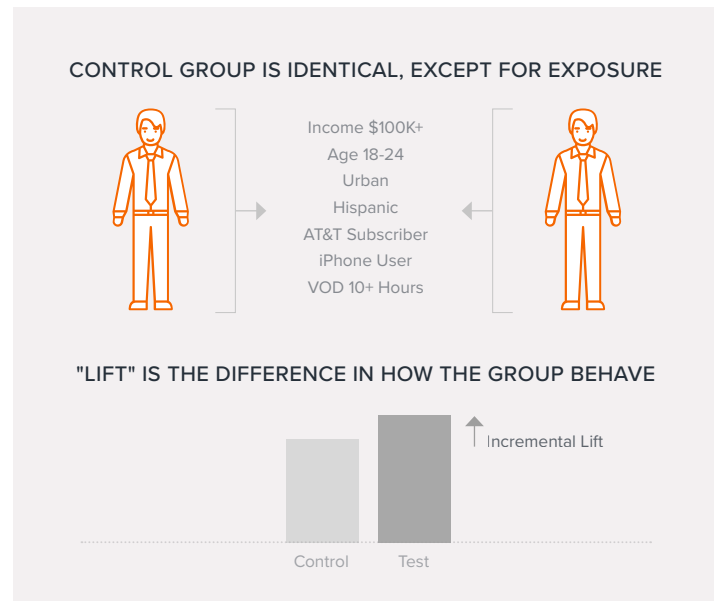
WHY IS THE CLARITAS CONTROL GROUP METHODOLOGY THE BEST WAY TO CALCULATE A CAMPAIGN'S LIFT RATE?

Claritas' unique lift methodology tells you exactly how many conversions you generated from a particular campaign such as a podcast campaign.

And that gives you access to never-before-available metrics that allow you to truly understand the cost of your campaign, the return you made on it and – most importantly – how to adjust the campaign to improve the return on your investment (ROI) in the future. Specifically, it allows you to accurately measure:

- **Incremental/attributable conversions:** Conversions that were the direct result of a campaign exposure

- **Incremental Lift:** The percentage increase in conversions that can be directly tied to exposure to a particular campaign

- **Return on Ad Spend:** An efficiency metric that provides the number of incremental/actual conversions generated for every $1.00 spent on advertising

- **Average Cost Per Incremental Conversion:** The average cost of acquiring one buyer

Why Incremental Conversions Matter

Let's look at an example. Say 50,000 households were exposed to a particular podcast campaign. Using Identity Graph data, you determine that 2,870 households accounted for 4,005 specific conversions and $1 million in sales. But the reality is that some of those buyers would have purchased even without exposure to the campaign.
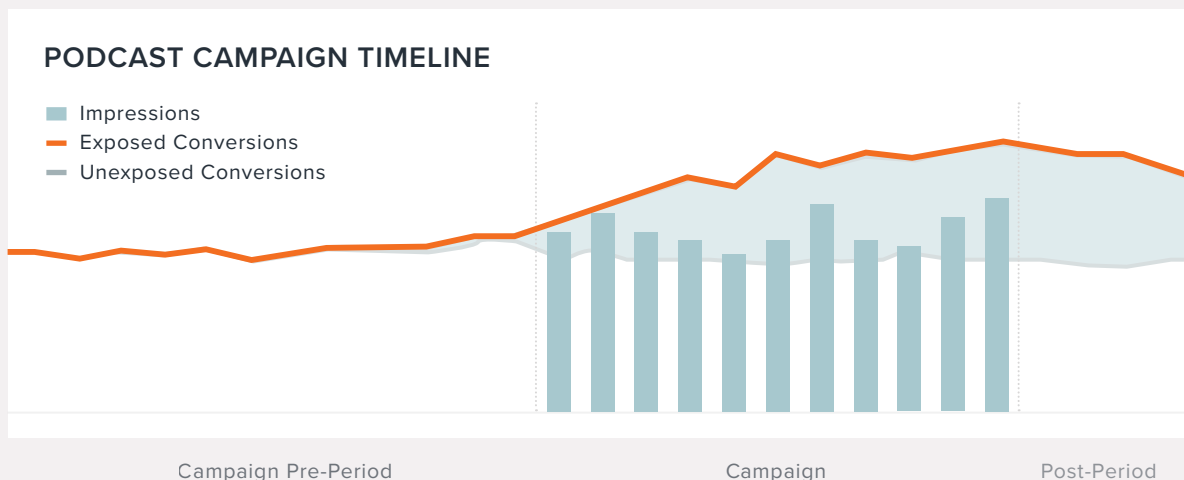
HOW TO DETERMINE WHICH CONVERSIONS WERE THE DIRECT RESULT OF THE CAMPAIGN

Claritas conducts an incremental lift analysis to determine the actual sales number generated by a campaign. Claritas first creates a control group made up of individuals who were NOT exposed to the campaign – but have the same characteristics as those who were.

Claritas then compares the control group's conversions to the conversions made by the group of 50,000 podcast listeners – to determine how many people who were exposed to the campaign would have purchased anyway.

Now you'll remember that the 50,000 podcast listeners who did hear the ad generated 4,005 conversions. But if the 50,000-person control group produced 3,135 conversions, that means that 3,135 out of those 4,005 purchases made by listeners would have been made anyway – even if the buyers hadn't heard the ad.
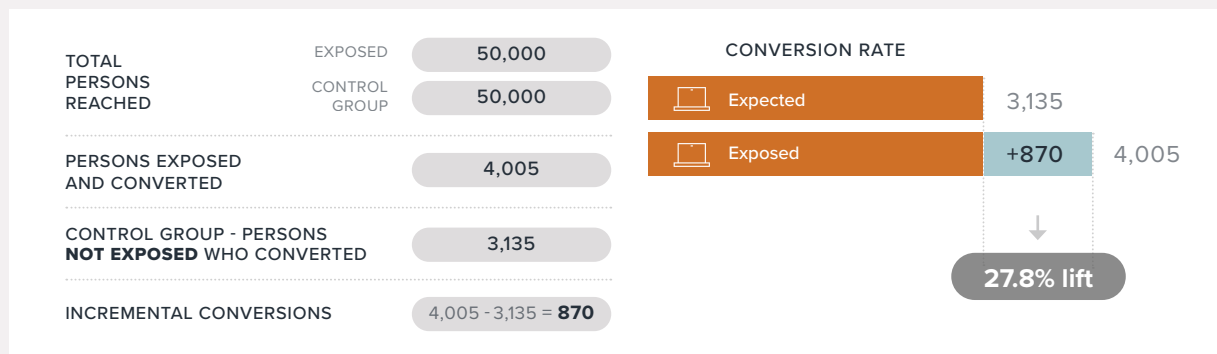
So that means that the number of purchases that could be attributed directly to the campaign – also known as the incremental conversions – totals 870.

PODCAST CAMPAIGN TIMELINE

- Impressions
- Exposed Conversions
- Unexposed Conversions

Campaign Pre-Period   Campaign   Post-Period

Calculating Conversion Rates

So now let's look at conversion rates. In the 50,000-person control group, there were 3,135 conversions. That's a conversion rate of 6.7%. In the 50,000-person group of those who were exposed to the campaign, there were 4,005 conversions – a conversion rate of 8.01%.

To calculate the incremental lift rate, you then compare the conversion rate of the exposed group (8.01%) to the conversion rate of the control group (6.27%). This tells you exactly how much your conversion rates increased as a direct result of your podcast advertising campaign.

			CONVERSION RATE		
TOTAL PERSONS REACHED	EXPOSED	50,000	Expected		3,135
	CONTROL GROUP	50,000	Exposed	+870	4,005
PERSONS EXPOSED AND CONVERTED		4,005			
CONTROL GROUP - PERSONS **NOT EXPOSED** WHO CONVERTED		3,135		27.8% lift	
INCREMENTAL CONVERSIONS		4,005 - 3,135 = **870**			

In this case, you find that the incremental lift rate is 27.8%, which, as just mentioned, represents 870 additional conversions. And if those 870 incremental conversions generated over $230,000 in sales, then that number represents the revenue generated directly by the campaign.

CALCULATING RETURN ON AD SPEND

Knowing the exact number of incremental conversions – and the resulting sales – allows you to accurately calculate the return on ad spend (ROAS). For instance, in the campaign mentioned above:

- If the campaign cost $975
- Reached 50,000 people
- Directly generated 870 conversions
- And resulted in over $230,000 in incremental sales...

...the cost per thousand (CPM) would be $19.50. But the return on your ad spend would be a whopping $235.90 per $1.00 spent.

How to Calculate Your Average Conversion Cost Per Buyer

One of the most common measurements in advertising has been cost per thousand (CPM), or what an advertiser pays for every 1,000 people who are exposed to an advertisement. At around $18, the average CPM for a 30-second podcast ad is competitive when compared to the average CPM of other channels, including:
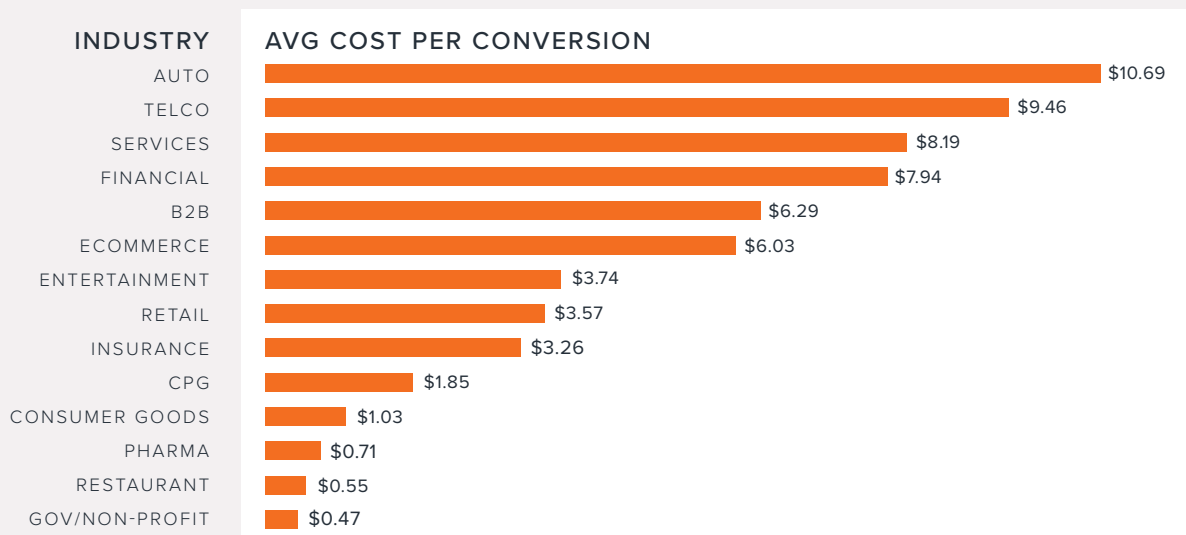
- CPM of social media campaigns such as Facebook ads = $9.06
- CPM of traditional radio spots = $12- $18
- CPM of TV ads in larger markets = $27-$34
- CPM of direct mail = $300 or higher

But CPM doesn't give you true visibility into how much it costs to get a buyer. To understand that, you need to calculate the cost per conversion. This alone will tell you how cost-effective your campaign truly is – and gives you insight on how to optimize that campaign. The formula to calculate cost per incremental conversion is simple:

Cost Per Incremental Conversion = CPM/Incremental Conversion Per 1,000 Impressions

So if a 30-second podcast ad's CPM is $18 and the average incremental conversions per 1,000 impressions is 27, then your cost per incremental conversion is $.67: **$0.67 = $18/27**

Only an incremental lift analysis can tell you the true cost of reaching <u>actual</u> buyers instead of the average cost of reaching <u>potential</u> buyers.

INDUSTRY	AVG COST PER CONVERSION
AUTO	$10.69
TELCO	$9.46
SERVICES	$8.19
FINANCIAL	$7.94
B2B	$6.29
ECOMMERCE	$6.03
ENTERTAINMENT	$3.74
RETAIL	$3.57
INSURANCE	$3.26
CPG	$1.85
CONSUMER GOODS	$1.03
PHARMA	$0.71
RESTAURANT	$0.55
GOV/NON-PROFIT	$0.47

Podcast Providers and Advertisers Now Have a Better Way of Measuring Return

Claritas' proprietary measurement tools and methodology help marketers understand a whole lot more than just the effectiveness of their podcast channels. Claritas' attribution and lift analysis can be leveraged across multiple channels – both online and offline – to analyze the effectiveness of your entire multichannel campaign.

Want to understand whether your podcast campaign is delivering a better return on investment than your email marketing campaign? Want to determine if your direct mail campaign led to conversions on your website? Want to know what your best-performing conversion path is? Want insight into walled gardens conversions? Claritas can help you determine this... and a whole lot more.

The Claritas measurement methodology allows you to determine exactly which elements of your multichannel campaign are working. It can even segment out the effectiveness of particular elements of a campaign, measuring effectiveness by channel, partner, audience, message and other specific campaign segments.

This is a critical step in achieving multitouch attribution, which allows you to precisely measure how each customer touchpoint contributes to the buying decision – and adjust your multichannel campaigns accordingly to maximize ROI.

Consider the six-month campaign conducted by a Claritas auto dealer client. The client used the Claritas intelligent identity graph to directly link the campaign to actual sales, including tracking when digital communication lead to an offline sale at a dealership. Take a look at the results:

$2.3M	**$10,200**	**$33.82**	**+$82M**[*]	**$346,000**[*]
Total Dealer Spend	AVG Spend Per Dealer	AVG Dealer ROI Per Dollar Spent	Total Revenue	AVG Revenue Per Dealer
				*Campaign Results: 6-Month Timeline

Another Claritas client used the methodology to determine the effectiveness of a mobile billboard campaign. Results showed the offline mobile billboard campaign increased online booking rates for flights to Hawaii by nearly 20%.

The Power of Segmentation

Claritas' lift analysis tools can also be combined with its segmentation tools to more accurately determine and define which audiences are responding to your campaigns – and what messages they're responding too.

How can segmentation help?

STEP 1　First, you determine which type of customers are buying as a result of your campaign.

STEP 2　Next, you use an identity graph both to connect online and offline data on those customers to understand exactly how they're engaging and buying – and to attach more behavioral and demographic data to that customer list. This can include what social media they use, their income, what other services they buy, and more. This lets you develop a complete, in-depth profile of your "best" campaign responder.

STEP 3　Third, you use this "best responder" profile to create a new customer prospect list full of "look-alike" prospects that look remarkably similar to those responding to your campaign. You do this by identifying segmentation models that mirror the attributes of the best responders.

LEVERAGE THOUSANDS OF DATA POINTS TO IDENTIFY YOUR BEST BUYERS

POLITICAL PODCAST
High Tech Family

Clothing Retail Shoppers
Middle-Upper Class
Upscale Sports Fans & Attenders
Fast Food Frequenters
Fashion Seekers
Moderate Income Producing Assets
Well Educated

SPORTS PODCAST
Digital Savvy Singles

Dollar & Mass Retail Shoppers
Lower-Middle Class
Blue Collar Sports Fans
Fast Food Frequenters
Value Driven
Low Income Producing Assets
Well Educated

STEP 4　Finally, you target those "look-alike" customers with a similar campaign and increase the return on your campaign investment.

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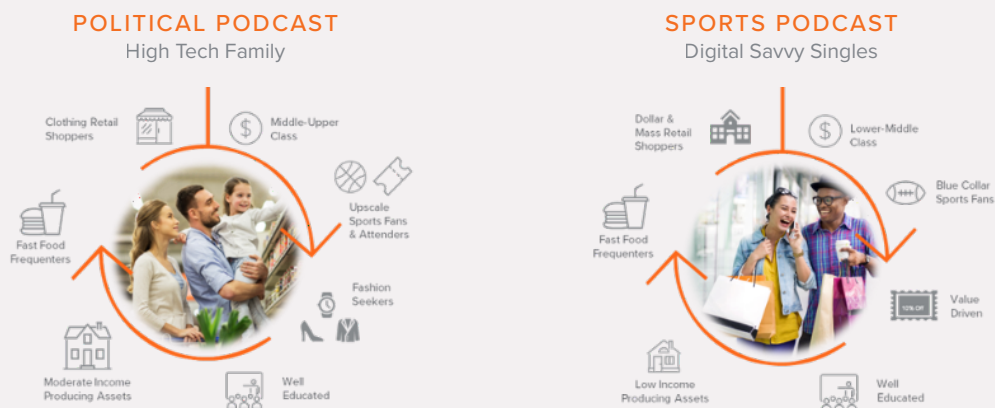
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Partnering to Improve
Audio Advertising

The study was conducted in partnership with Entercom, one of the country's top media companies and a leading creator, distributor and seller of top-rated podcast content. Entercom is using Claritas' industry-leading Identity Graph and lift analysis tools to compare the buying behaviors of those households that listened to its clients' podcasts to that of similar non-listening audiences. The analytics tools allow Entercom's marketing customers to accurately isolate and measure the effectiveness of each channel, message or partner in their campaigns.

This means that marketers that run advertising campaigns on the Entercom platform are now able to measure each specific portion of their campaigns with never-before-available precision and speed. This allows them to optimize these campaigns as they run to maximize their ROI.

For instance, Entercom's podcast advertising customers can determine if a particular creative, property, message or media channel was more effective at generating a response. Or determine which geographic markets delivered a better return on their investment.

BETTER DATA MEANS BETTER CAMPAIGN RESULTS

They can then use that data to improve campaign results. For instance, using incremental lift analysis and consumer segmentation data, advertisers can determine which type of consumers responded better to a particular message or channel. Then they can use segmentation data once again to gain additional insight into this audience – and to personalize their engagements with these consumers by using the messaging and media channels that they prefer.

The Claritas analysis tools are helping both podcast providers and advertisers gain deeper insights into the effectiveness of their podcast advertisements. They provide a completely new way to tie podcast exposures to offline and online conversions. And they are revolutionizing the way podcast campaign conversions are measured.

Meet Better Prospects. Market More Precisely. Improve Your ROI.

ABOUT CLARITAS

For nearly 50 years, Claritas' unparalleled knowledge of the American consumers has yielded the most adopted segmentation in the industry, helping marketers identify their best customers. Through key acquisitions, the company has transformed into a marketing leader, now offering a single-source suite of solutions that give marketers the ability to identify their ideal audiences, deliver multichannel marketing engagements with precision and leverage measurement tools to optimize their media spend across online and offline channels and thus drive better marketing ROI. With an accuracy-first foundation, the robust Claritas Identity Graph serves as the engine that drives these powerful solutions, reaching 120 million households and over 600 million devices. More information can be found by visiting www.claritas.com.

ABOUT ENTERCOM COMMUNICATIONS CORP.

Entercom Communications Corp. (NYSE: ETM) is a leading audio and entertainment company engaging over 170 million consumers each month through its iconic broadcast brands, expansive digital platform, premium podcast network and live events and experiences. With presence in every major U.S. market, and accessible on every device, Entercom delivers the industry's most compelling live and on-demand content and experiences from voices and influencers its communities trust and love. The company's robust portfolio of assets and integrated solutions offer advertisers today's most engaged audiences through targeted reach, brand amplification and local activation—all at national scale. Entercom is the unrivaled leader in local radio sports and news and the #1 creator of live, original local audio content in the U.S. Learn more at www.entercom.com, Facebook and Twitter (@Entercom).

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