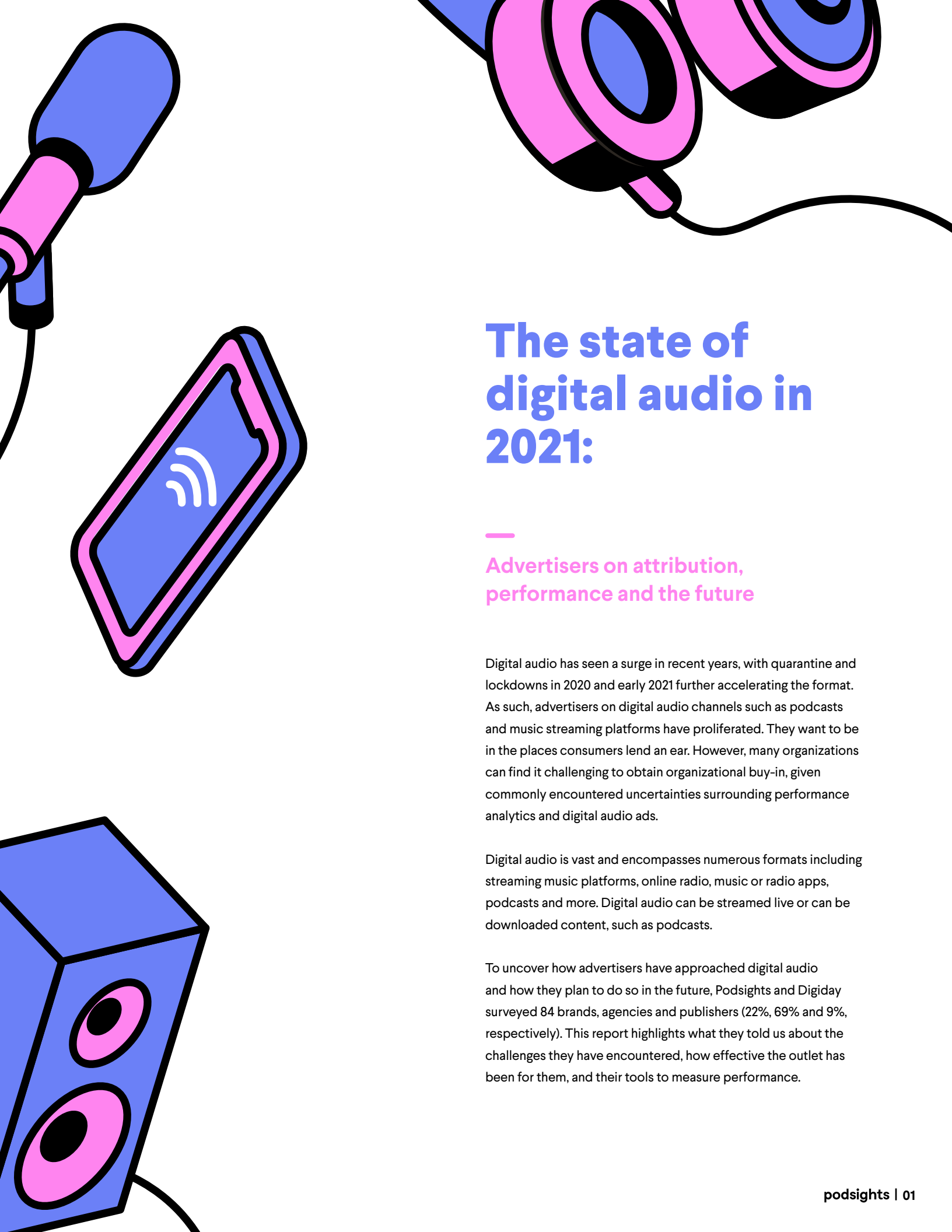


The state of digital audio

Advertisers on performance and attribution





The state of digital audio in 2021:

Advertisers on attribution, performance and the future

Digital audio has seen a surge in recent years, with quarantine and lockdowns in 2020 and early 2021 further accelerating the format. As such, advertisers on digital audio channels such as podcasts and music streaming platforms have proliferated. They want to be in the places consumers lend an ear. However, many organizations can find it challenging to obtain organizational buy-in, given commonly encountered uncertainties surrounding performance analytics and digital audio ads.

Digital audio is vast and encompasses numerous formats including streaming music platforms, online radio, music or radio apps, podcasts and more. Digital audio can be streamed live or can be downloaded content, such as podcasts.

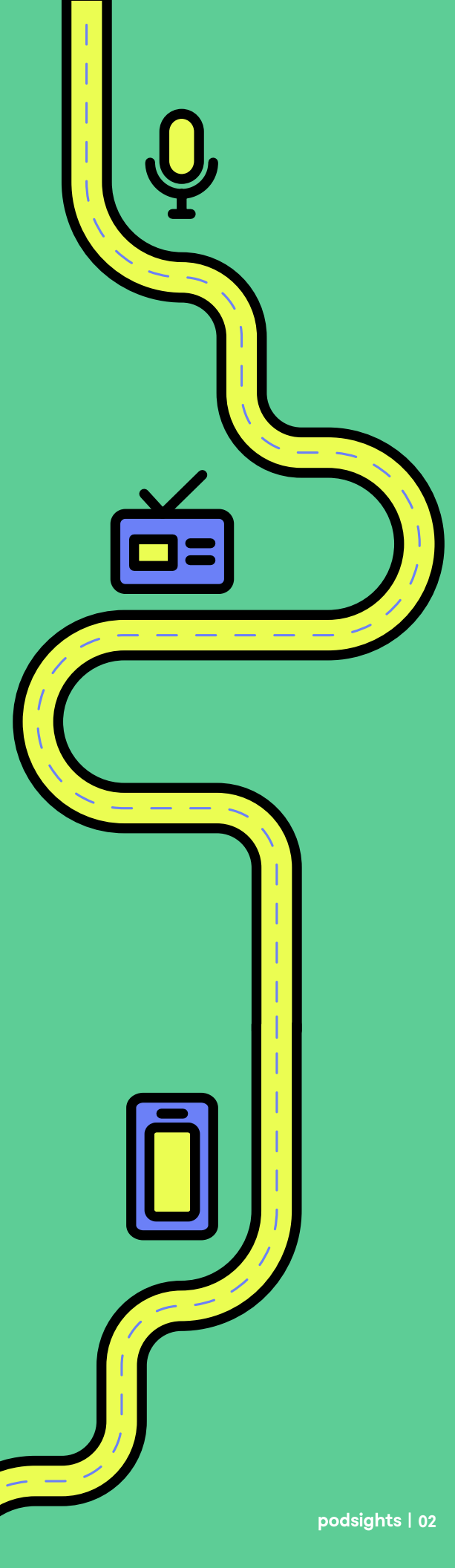
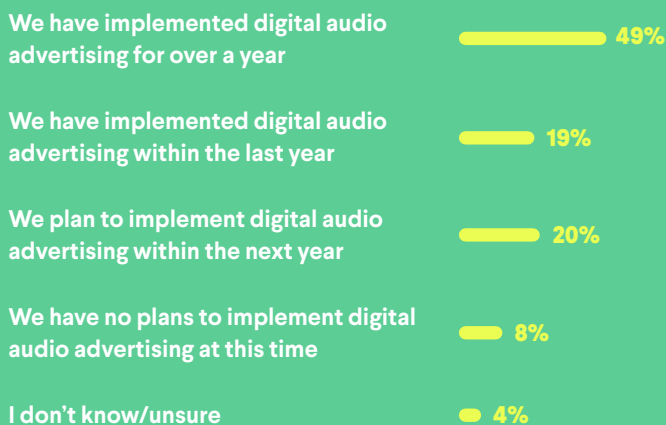
To uncover how advertisers have approached digital audio and how they plan to do so in the future, Podsights and Digiday surveyed 84 brands, agencies and publishers (22%, 69% and 9%, respectively). This report highlights what they told us about the challenges they have encountered, how effective the outlet has been for them, and their tools to measure performance.

Benchmarking the changing state of audio advertising

“When first introducing major brands to digital audio, they were not convinced it was for them,” said Matt Drengler, director of partnerships at Podsights, speaking about the early days of the channel. “They wanted to know how to tell that people were listening. It wasn’t until later on that some other folks in the space, like Katz Radio Group, were starting to aggregate different properties and places for people to listen. That’s when brands started to realize that there is a lot of untapped potential to reach new audiences that otherwise might not be available elsewhere.”

The effect of that realization has been significant. Over the intervening years, digital audio has evolved into an established channel for digital advertisers. More than half of our survey’s respondents (68%) have been advertising on digital audio for a year or more.

Q How long has advertising on digital audio been a part of your marketing strategy?



As for what kinds of digital audio environments they're using, while streaming music platforms came out as the dominant digital audio channel, it barely edged out podcasts, demonstrating the significance of both formats.

Q On a scale of 1 to 3 (with 1 being the most important), which of the following digital audio channels would you rank as the most important?

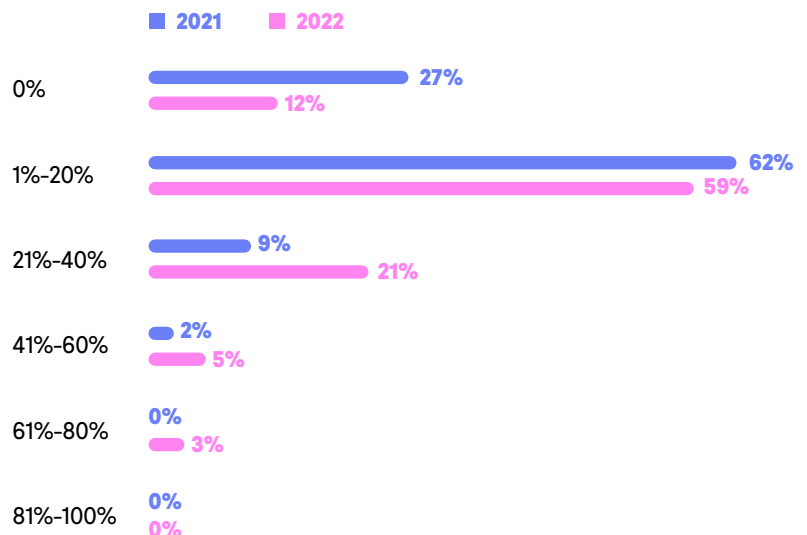


“It’s more than what everyday people think of when thinking of streaming audio. Many think of Pandora, Spotify, SoundCloud, but it’s actually so much more than that,” said Brigid Judge, director of partnerships at Podsights. “Listening to the radio on the internet through an AM/FM stream or maybe through an app counts too. Streaming audio is essentially endless. There’s so much music out there and so much content out there to listen to. It’s really quite remarkable.”

And while some five or six years ago, annual ad spend in the podcast space was somewhere in the \$150 million range, in 2021, the space is poised to hit \$1 billion, Drengler said.

Advertiser spend on digital audio for 2022 is increasing compared to 2021.

Q What percentage of your advertising budget is allocated toward digital audio for 2021 and how much is projected for 2022?



“

Streaming audio is essentially endless. There's so much music out there and so much content out there to listen to. It's really quite remarkable.

Brigid Judge
director of partnerships, Podcasts



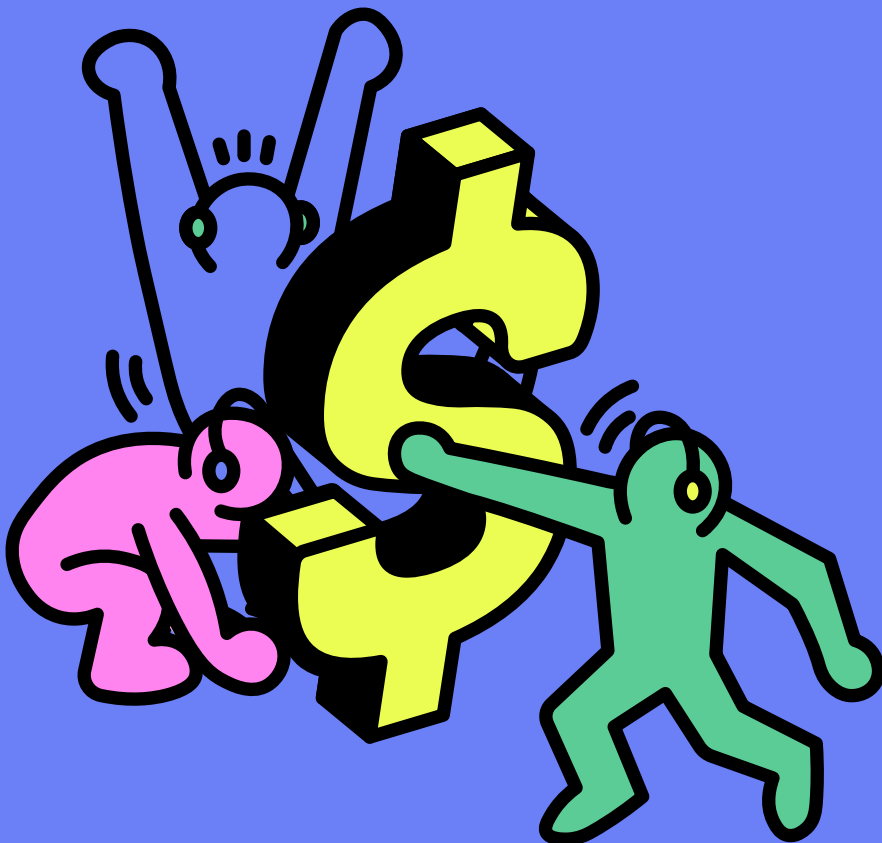
Interestingly, when it comes to how our survey respondents broke out their marketing spend between these three digital audio formats, podcasts edged out streaming music platforms for most spend, with online radio coming in third.

Remarkably, as the percentages of spend increase beyond the 20% mark, the survey shows leaps in the budget intended for 2022 – a 144% percentage-point increase for those allocating in the 21%–40% range and a 150% percentage-point increase for those earmarking the 41%–60% range. That there are advertisers pushing 61%–80% of their advertising budget into digital audio is another testament to the change in the channel.

Most of our survey respondents (80%) are putting between 1% and 40% of their budget toward digital audio advertising as we move into 2022. Maria Tullin, director of digital and advanced audio at Horizon Media, said she typically advises that advertisers allocate somewhere between 20% and 30% of their budget.

“The reason for that is when you look at time spent listening, overall, streaming is starting to surpass broadcast, but the issue with looking at that in a silo is that not all of that time spent listening is actually addressable. With Spotify, for example, it could be up to 50% premium subscribers, so the actual unique visitors that you’re able to reach is significantly lower,” Tullin said.

As with the adoption of digital audio for ads in the first place, this change in spend is primarily occurring because advertisers have come to understand the nature of the channel, even if targeting remains an ongoing effort.



Budget intended for 2022



144%

for those allocating in the 21%–40% range



150%

for those earmarking the 41%–60% range

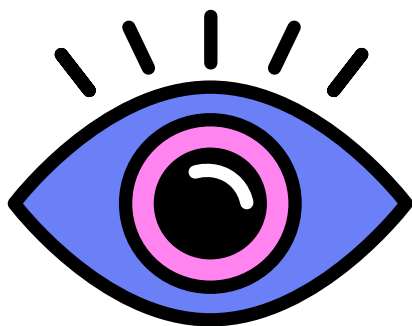


are putting between 1% and 40% of their budget toward digital audio advertising

The role of digital audio in the marketer's media mix

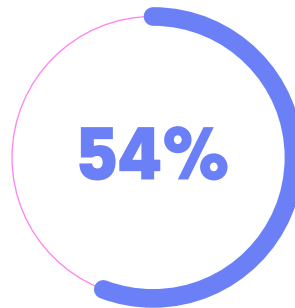
Our survey shows that an increasing number of marketers are adding allocation to digital audio for 2022 – but what roles does the medium play in their mix, and how effective has it been for advertisers? To start, more than half (54%) of our respondents indicated they are using digital audio advertising for mostly brand awareness purposes.

This is in line with what industry experts recommend – for now. “It makes sense as brand awareness. We are seeing as attribution tools become more sophisticated that more brands are looking at using it [for performance], but click-through rate with audio is not a measure of success,” said Tullin.

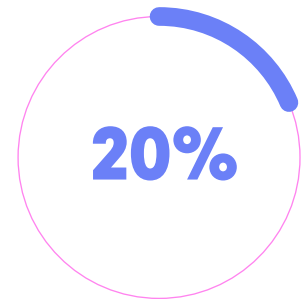


Brand awareness is driving digital audio uptake

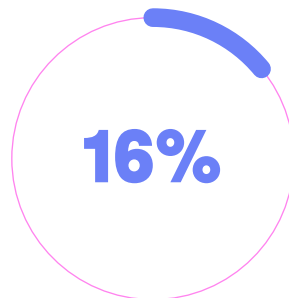
Q What role does digital audio play in your marketing strategy?



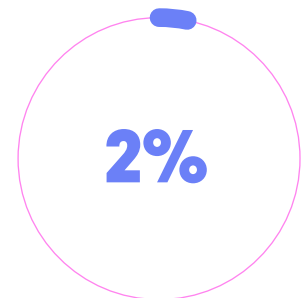
Primarily brand awareness/brand presence



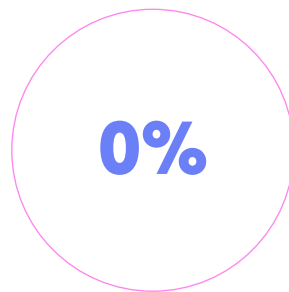
Mostly brand presence with a little focus on conversions



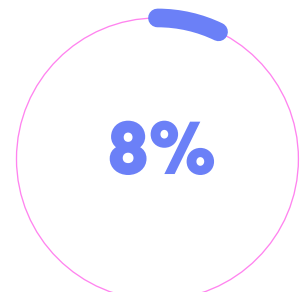
Equal mix of both brand presence and conversions



Mostly drives conversions with a little focus on brand presence



Primarily drives conversions



I don't know/unsure



How advertisers are building their digital audio campaigns

“We get a lot of brands that come in and ask how they get started,” said Andy Pellett, COO and founder of Podsights. “With some other mediums, it takes a credit card, clicking a few boxes and that’s it, but with audio, there are a few more steps. Figuring out who is publishing the audio, finding someone to record the ad — which is becoming easier — and then it’s really understanding what content is available. Discovery has always been a hard thing with digital audio, but it’s getting better.”

Knowing what’s available and how to find the right audience are vital steps in ensuring success with digital audio campaigns.

“One of the things that a lot of agencies and brands tend to think about is overlap,” said Judge at Podsights. “How many of the same people will I hit with the same ad? In addition

to that, it’s also understanding who are the aggregators out there and who are the folks in the space who are aggregating a variety of different properties?”

Once it’s clear who the audience is, frequency is the next step in ensuring that the same ad doesn’t hit the same person so much that it becomes ineffective.

“The other thing is understanding what’s the ideal frequency, so listeners aren’t being served the same ad several times within 30 minutes,” Judge recommended. “It’s important to think about unique reach. And it’s always an ongoing process to think about as habits of listeners change over time. Figuring out the best way to flight the media depends on the brand’s business needs and will vary depending on the advertiser.”

When determining the effectiveness of streaming audio and podcast advertising, the type of ad is important. Are they dynamically inserted ads, are they baked-in/embedded, are they host-read? All of these can affect a campaign, and each option may work better for one brand than another.

“With embedded ads, because they live indefinitely, it’s important that the message is evergreen. Don’t use a coupon code that expires or have a vanity URL that won’t be used again,” offered Drengler.

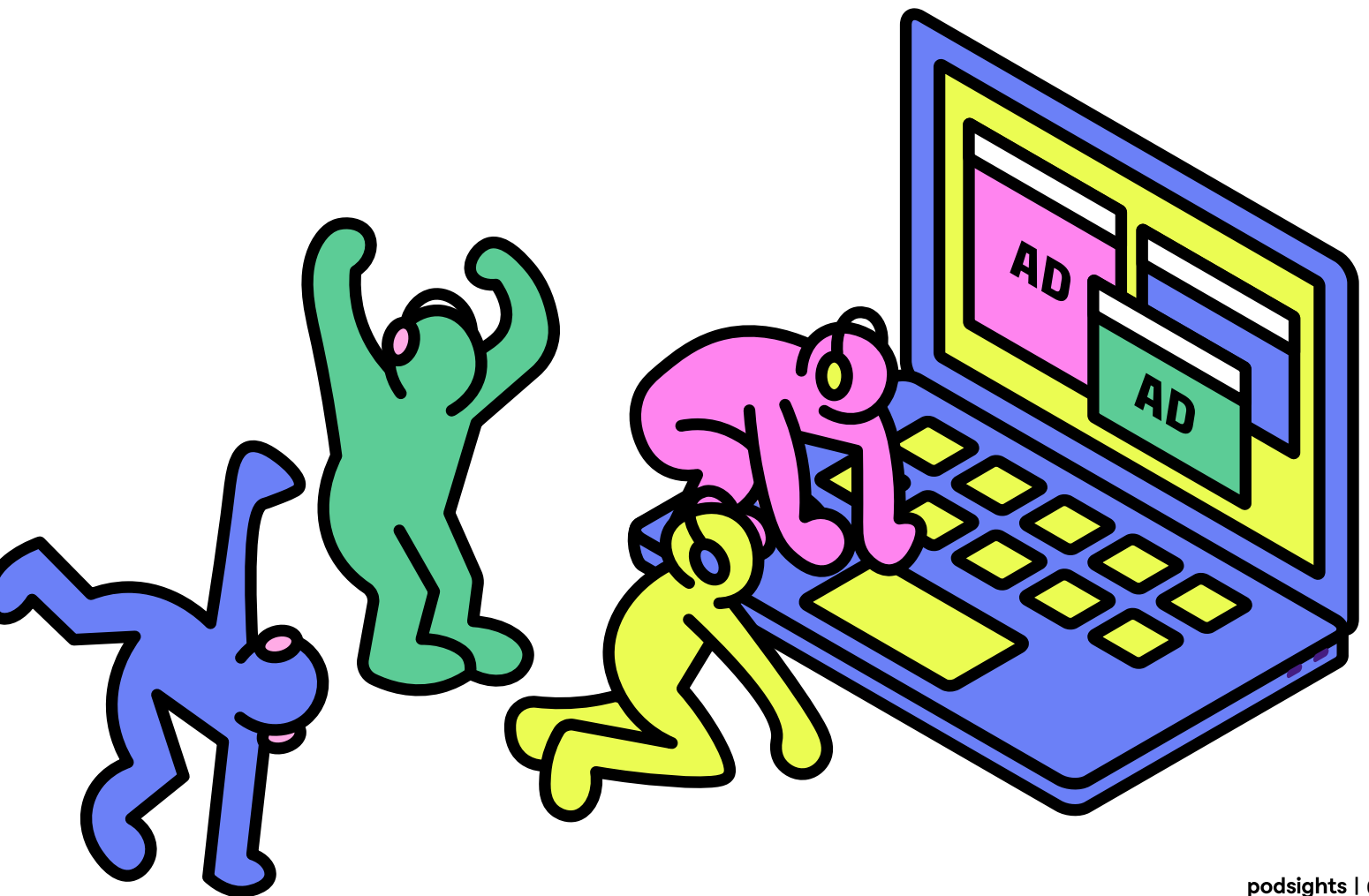
Dynamically inserted ads are on the rise, and some people now consider them synonymous with digital marketing.

“It gives advertisers more control over the number of impressions and the delivery. They can pick the period they want to run in and can stop whenever,” Tullin said. “It’s really the best way for brands to activate in the space. For shows that can deliver six million impressions, one brand isn’t likely to purchase all of those, so it allows some of the bigger shows to be accessible to more brands.”

Whether advertisers go with dynamically inserted or embedded ads, it’s clear that host-read ads win with niche audiences, whereas dynamically inserted ads help brands looking to scale their presence in the audio channel.

“Advertisers in the industry need to preserve the value of the host-read ad,” said Judge. “The podcast and streaming audio space wouldn’t be where it is today without the host-read ad. It’s so important for authenticity and delivering something strong and meaningful. It adds that human element.”

“People feel really attached to hosts — they’re basically another influencer. If brands have safety concerns or they’re concerned about what the host is going to say specifically, we find the best reads are when we let the host run with it and give them some copy points. Brands that are a little more hesitant tend to get nervous about that and want to hear the spot ahead of time, but with baked-in ads, that’s not usually possible. So, for those brands, dynamic insertion is best,” added Tullin.



Effective outcomes

How advertisers say digital audio measures up

As streaming develops and becomes more advanced, there may be more focus on performance and conversions, but how that is measured will look different from how it's done with more traditional channels.

To start, digital audio advertising is generating results.

Q How effective has digital audio advertising been for your team?

Very effective, we have seen a great impact on conversions or brand awareness

4%

Somewhat effective, we have seen some impact on conversions or brand awareness

54%

Somewhat ineffective, we have not seen much of an impact on conversions or brand awareness

11%

Very ineffective, we have seen no impact on conversions or brand awareness

5%

I don't know/unsure

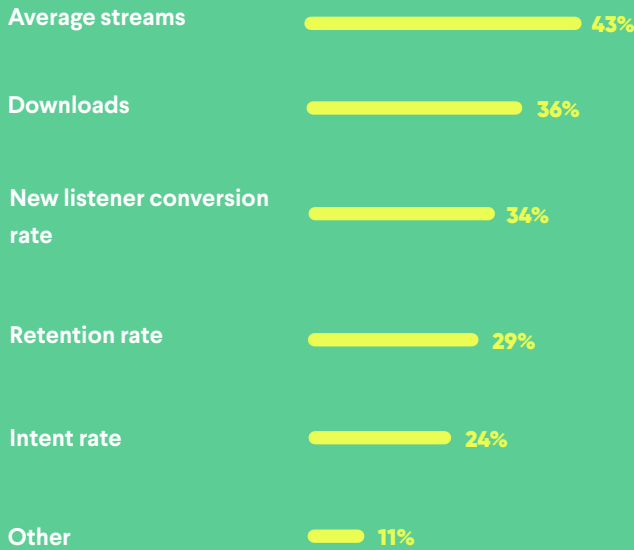
26%



58%

More than half of our respondents (58%) are seeing these campaigns drive conversions and brand awareness – some to a great extent. Meanwhile, average streams and downloads serve as the primary success metrics, with new listener conversion rates close behind.

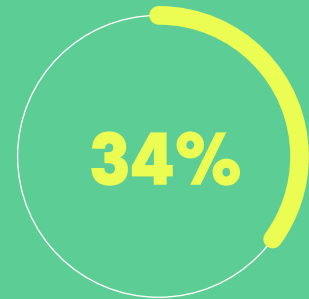
Q What metrics are you using to measure your digital audio campaign success? Select all that apply.



Who measures digital audio advertising's success?



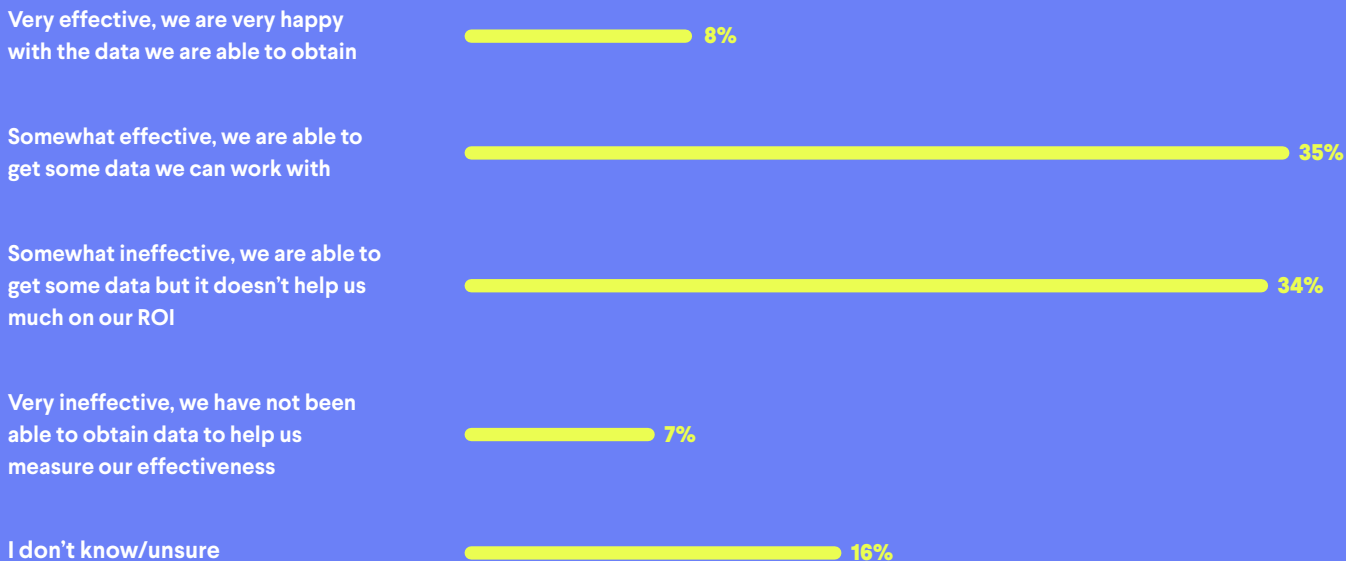
When it comes to how our advertisers measure performance, about 39% have been using in-house teams for a year or more, with 18% only focusing on awareness.



Thirty-four percent indicated that they have been working with a third party for over a year on performance data. In contrast, one-quarter do not plan to work with a third party, and 20% have been only focusing on awareness metrics.

However, challenges are a factor among these metrics: Our respondents were split between having somewhat effective and somewhat ineffective data.

Q How effective do you feel your current tactics are for measuring the success of your digital audio campaigns?

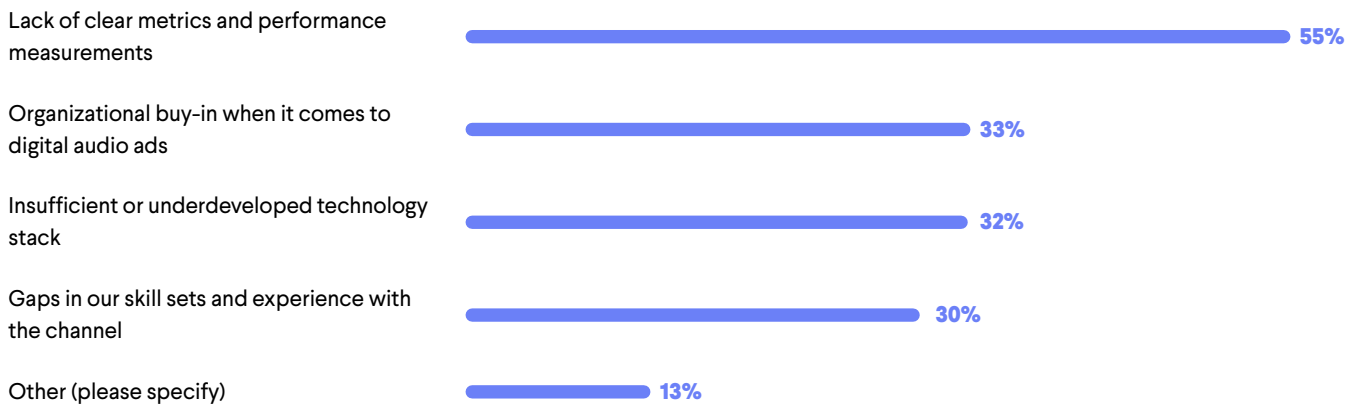


There is room for education and shared best practices, experts told us. It's essential to know each platform's audience and tailor campaigns and creatives accordingly; otherwise, it's difficult to determine how digital audio works for a brand.

Framing digital audio advertising's challenges and barriers

In our survey, a perceived lack of clear metrics and performance measurement served as the primary barrier for digital audio's presence in advertisers' marketing mix.

Q What are the primary challenges you encounter that affect how large a role digital audio plays in your advertising mix? Select all that apply.



Issues around tech stack and obtaining organizational buy-in were of equal concern to our respondents, with gaps in skillsets and experience following closely behind.

"It's important to stay current with what solutions are available," Tullin recommended for those looking to overcome these challenges. "There are multiple partners in the space that are looking to provide attribution. As that continues to evolve, it will become more and more user-friendly."

On the planning side, obtaining organizational buy-in can be easier when there's a designated team.

"It's important to have team members who are knowledgeable about the capabilities available and who can highlight those types of things that can make the campaign more successful," said Tullin. "Having everyone on the same page in terms of how people interact with the space from the get-go will help with expectations."

Meanwhile, marketers are making progress when it comes to the puzzle of attribution.

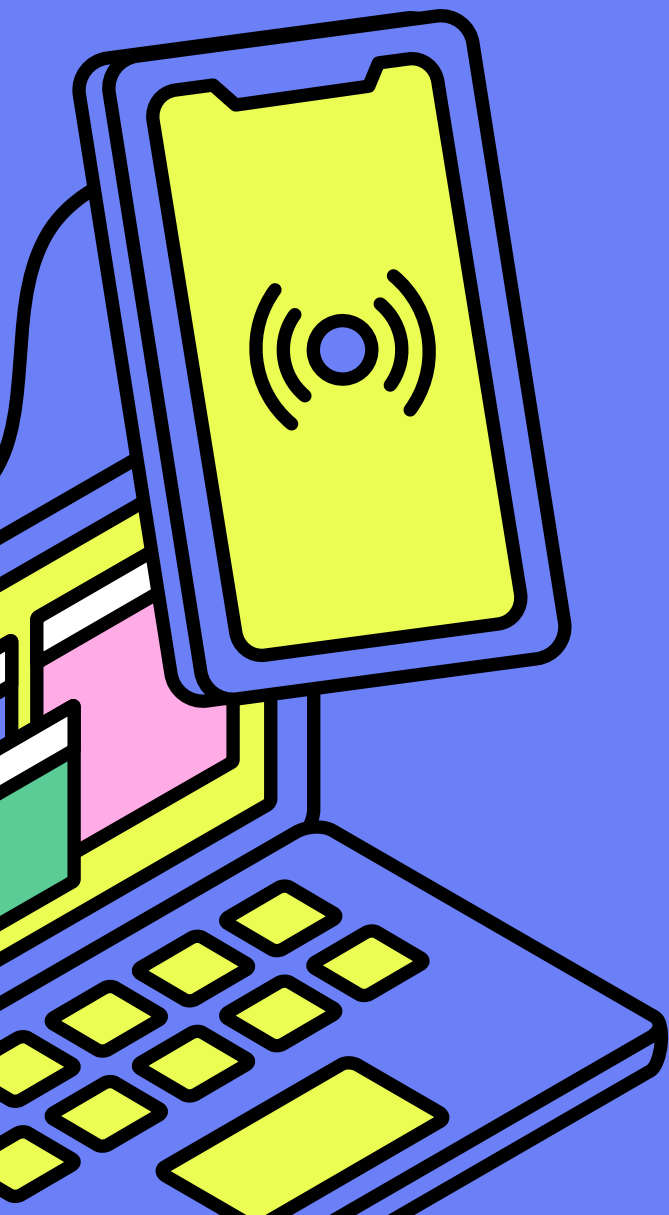
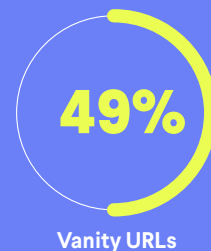
Reframing digital audio campaign attribution

Attribution has come a long way from even five years ago, especially for podcasts.

“At first, there were vanity URLs which really just test the listener’s memory and see results from three to 20%, which is truly under-reporting what the podcast space is doing,” said Drengler. “The next was coupon codes, which were very popular, but the reality is those codes get leaked and no longer measure the effectiveness of that podcast medium. The third way was with surveys. After a conversion, they would ask, ‘how did you hear about us?’ A lot of folks claim that 75% fill that out, which is amazing, but the reality is that it’s one selection, and it doesn’t capture all the touchpoints for that customer.”

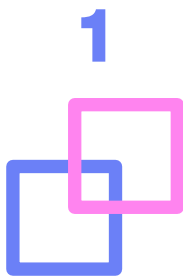
In our survey, when it came to attribution, pixels garnered most of our respondents’ focus, with vanity URLs close behind. Interestingly, most of the responses for “other” were not measuring attribution at all.

Q Which tools are you using for digital audio campaign attribution? Select all that apply.

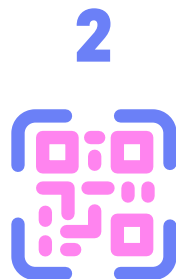


Pixels also turned out to be cited as the most effective attribution tool for our survey respondents, with codes coming in second, followed by vanity URLs.

Q Which tools have been most effective for your digital audio campaign attribution? Please rank by order of importance, with 1 being the most effective.



Pixels



Codes



Vanity URLs



Post-conversion surveys



Fingerprinting-based attribution

More recently, additional and more effective ways to measure attribution have emerged and developed within the space.

“Streaming audio is a traditional digital channel from an attribution perspective as it has unique identifiers and allows for pixel-based attribution,” Drengler said. “And now, that can be done with podcasts, which is a big change. When placing pixels on advertisers’ websites, we allow metrics

to be calculated that all digital marketers and media buyers can have and compare to their other channels. This can then allow podcast and audio marketers to allocate budget from TV, digital or social if podcasts are performing better. This is why there’s such a meteoric rise in ad spend on podcasts these days.”

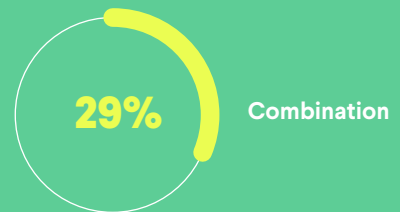
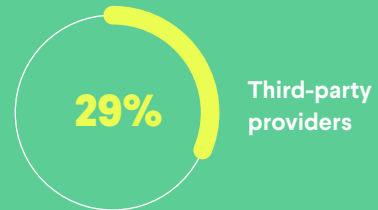
The shift to a performance marketing mindset

“There’s still an awareness gap for a lot of brands who don’t know that podcast advertising and streaming audio is measurable,” Megan Johnson, director of partnerships at Podsights, said. “A lot of folks think that because podcasts or streaming ads often don’t have a clickable unit that there’s no way to track performance in the same way as other digital channels. What pixel-based attribution is doing now is really bringing podcast and streaming audio advertising up to parity with digital marketing channels.”

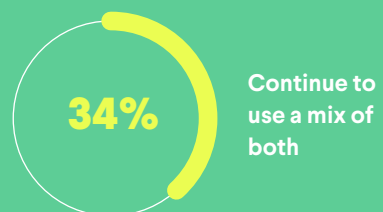
While tracking these ads can be considered more complicated than other digital channels, much has changed.

“Oftentimes we talk to brands who think of podcasts as exclusively top funnel, but podcasts can also be a powerful direct response channel. Brands have had success with podcasts and streaming audio using pixel-based attribution to prove that out. We can measure KPIs like purchase and lead conversion, so there’s a lot of granularity with pixel-based attribution to prove-out the performance of the channel. Pixel-based attribution gives advertisers the most robust performance insights,” Johnson added.

Who’s measuring attribution outcomes?



Right now, our advertisers are fairly split when it comes to how they are managing the measurement and attribution aspect of their marketing mix. Almost 40% utilize an in-house team, with 29% relying on third-party providers and 29% using a combination of both.



In the future, there will be a few shifts. Most will continue to use a mix of both (34%), while 31% will continue with an in-house team and 14% with their third-party provider. Twenty percent are planning to make some switch in the way they manage measurement and attribution.

The future of digital audio advertising

Another aspect that our experts agreed on was the increase in smart-speaker listening.

“People have been saying that this is the up-and-coming thing for too long because it’s not there yet, but smart speakers and voice are going to become a lot bigger,” added Drengler. “The interactivity within either streaming audio or podcasting is going to become a lot more important. This may be two or five years out in the landscape, but brands, advertisers, partners and vendors need to start thinking about their brand experience in the audio space, and if people can’t pronounce their brand name, they might be in trouble.”

“Smart speakers are exploding,” Tullin said. “The number of people who have more than two has doubled. People get them for a variety of reasons, and once they get one and begin to really use it, their behavior toward it changes, and they use it more. That listenership isn’t going to go away. A lot of vendors have the scale to target smart speakers, but the inventory isn’t quite there yet.”

The acquisitions in this space will also continue to be something that can shake things up significantly.

“I think Amazon is very interesting because of their acquisitions between Audible and Wondery,” said Tullin. “They also just purchased a hosting platform, so they’re making a lot of bets on audio.

“We’ve really exited a place of owning music,” Tulin continued. “People still own music, but it’s different at this point. I’m curious to see how things continue to evolve and what people are willing to pay for. I don’t love the idea of paywalls for podcasting, as that’s not a great way to expand an audience, which is the goal of every podcast. It will be interesting to see how those acquisitions impact measurement and to see the ripple effects of these deals and acquisitions.

“In terms of streaming, it will be interesting to see how music is consumed and how people are engaged,” Tullin added. “Are people going to be more interested in paying? And then, with Spotify, will they have podcast ads if you’re a premium subscriber? I’m excited to see what these brands will do.”

The right mix for a strong partnership

With partnerships, it all comes back to data. When looking for a good digital audio advertising partner, consider these essential qualities:

Exclusivity

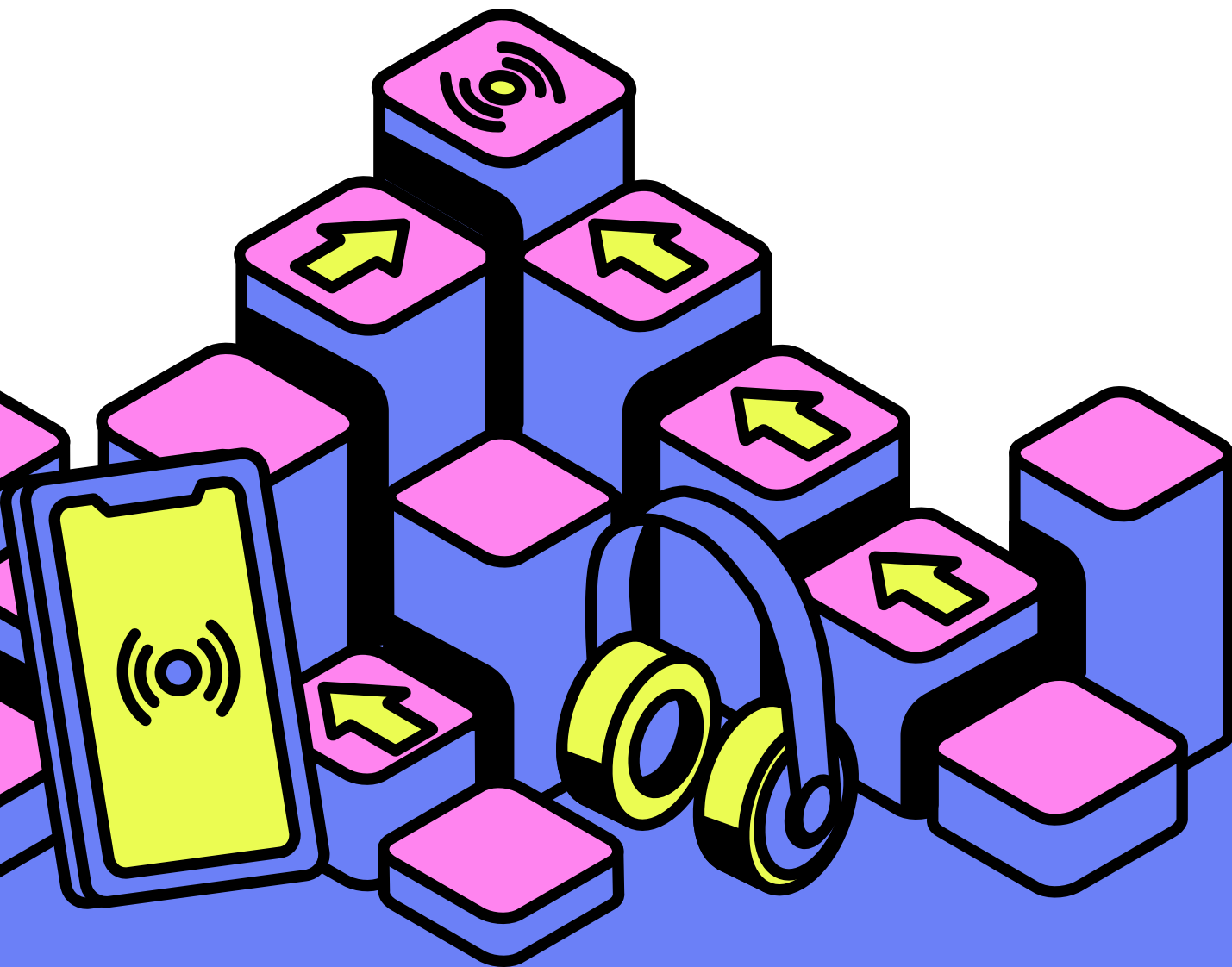
Exclusivity is significant in terms of making sure there’s quality control. How can the partner guarantee that the brand won’t run within the same podcast or same time as another advertiser within that brand’s category?

Growth

It’s important to identify the growth of a platform and whether an advertiser should continue to invest in it. How many new listeners do they see on a month-to-month basis? How many monthly new uniques do they have, and how many new people are they bringing to the platform?

Flexibility

There are many ways to tell a story through audio advertising, whether sequential or unique and different. What are the different ways to sponsor? Audio is generally a more intimate experience than other forms of advertising, so testing out different ways to present the brand to show what they can offer to that listener that’s different is critical.



Overall, our experts said digital audio advertising is poised to grow.

“I believe audio is going to continue to command more and more budget from all of the other channels,” said Drengler at Podsights. “The more that podcasting specifically becomes more synonymous with digital from an ad tech perspective, the more that’s going to ring true. When we look at the publishers selling both podcasts and streaming audio, streaming audio takes the cake right now.

“They will become fairly synonymous,” he said, “especially with the increase in the number of shows from a podcasting perspective and the increase in acquisitions that all these larger publishers are making to buy shows and bring them under their umbrella. It’s going to make it that much more attractive to the people that are spending ad dollars in the audio space — that’s going to be huge.”

About Podsignals

Podsignals is the industry leader for podcast insights.

Podsignals empowers brands and agencies with valuable attribution and performance measurement to help validate and scale their podcast advertising. Publishers use Podsignals to help grow their audience and effectively monetize their podcast content.

Podsignals is on a mission to grow podcast advertising by helping advertisers truly understand and leverage the power of the podcasting medium.

Learn more at podsignals.com.

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