



TUNE INTO 'DIGITAL AUDIO' IN 2021

The COVID-19 pandemic exemplifies the effectiveness of audio ads. From the UK government's extensive use of audio advertisement to provide advice on social distancing and testing to the World Health Organization's lighthearted radio campaign encouraging people to "help save a life by really, really not going anywhere near it," audio advertising is getting important messages to the ears of those who need them. Since the term "audio advertisement" is also used interchangeably with conventional radio campaigns, it's easy to mistake digital audio advertising for radio advertising. Radio is also a hugely successful medium in many countries.

The Changing Face of Digital Audio

Audio use can be active or passive in general. And as people become more accustomed to the variety of ways they can access audio material, the position in passive listening becomes more prevalent in our lives. With new ways to consume audio content, it has become the ultimate multitasking media source. Half of the **millennials and Gen Z** listen to digital content while cooking, cleaning, and doing other related tasks. However, digital audio isn't just for the young and tech-savvy.

According to Global Web Index (Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020), the top 10 countries leading in Music Streaming include

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|----------------|-----------------|
| 1. Denmark | 6. South Africa |
| 2. Sweden | 7. Mexico |
| 3. South Korea | 8. Brazil |
| 4. Turkey | 9. Ireland |
| 5. Italy | 10. Spain |



Why Digital Audio?

The figures above demonstrate the enormous success of digital audio. Aside from the rising listenership rates in this sector, there are many advantages to using digital audio ads in your marketing strategy.

Reaching the Right Target Audience

Traditional radio commercials rely heavily on reaching customers when they are in their vehicles. Consumers can listen to digital audio anywhere they are: at the gym, while walking to work, while running, while working from home, and so on. Consumers are served advertisements when looking at their screens and televisions during the day; digital audio fills in the gaps when they aren't looking at their smartphones but are still listening to content with strong audio-only ads.

Contextually Align Your Message

Digital audio advertisements, as previously mentioned, blend the scope of conventional radio ads with the strategic demographic targeting of digital advertising. The days of broadcasting your message on a radio station in the hopes of reaching your target audience are long gone. With strategic audience targeting features like contextual, behavioral, device-type, regional, and even genre relevance, programmatic audio advertising helps you to reach your target audience.

Spending on Strategic Media

Marketers soon recognize the value of digital ads in terms of cost-benefit analysis. Brands can be confident that audio ad experiences are reaching the right audience with the right message at the right time, thanks to analytics and attribution models.

There's another advantage of audio for advertisers looking to save costs. Although audio and video have distinct advantages and applications for brands, they are often contrasted. Audio is a perfect stepping stone for advertisers who want to enter the video advertisement room but don't have the budget. Although the cost of creating and producing advertising is lower than that of film, there are still competitive advantages to be gained from digital audio advertising.

Excellent Customer Experience

Finally, because of the high interaction and listen-through rates, many marketers want digital advertising ads. Since listeners only hear (or engage) with one audio ad at a time, audio ads are difficult to miss and absorb. According to *Midroll Media*, 60% of podcast listeners purchased after hearing a podcast audio commercial. Advertisers can make a lasting impact on customers thanks to viewer targeting capabilities combined with consumer-friendly ad placement.



Digital Audio Types

Streaming music, live chat, radio, and sports and podcasts all fall under the category of digital audio.

Naturally, advertisers are paying attention. The most important medium for brands and advertisers has been streaming audio, specifically AM/FM radio. Other music streaming services, such as Spotify and Pandora, have also become popular.

Podcasts have also proven to be a common platform for direct-to-consumer (D2C) brands and advertisers.



• RADIO

Each year, more digital mediums emerge, allowing listeners to access information and entertainment continuously.

And, contrary to popular belief, radio remains one of the most effective ways to reach customers through all media channels. To fully appreciate radio's ability, you must consider all over-the-air stations and their online sources, as well as all types of streaming audio, such as apps and websites. At a compound annual growth rate (CAGR) of -3.07 percent, the global radio advertising market is forecast to decrease from \$19.6 billion in 2019 to **\$19 billion** in 2020. The decrease is primarily due to the COVID-19 epidemic, which has resulted in restrictive containment measures such as social distancing, remote working, and the closing of factories and other economic operations, all of which have created operational difficulties. At a CAGR of 2.55 percent, the market is projected to rebound and hit \$20.5 billion in 2023.

Radio - Avg. Time Spent Listening to Radio

APAC: 00:55	Europe: 01:07	Latin America: 00:59	Middle East & Africa: 01:03	North America: 01:08
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(Source: GlobalWebIndex - Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)

Country Ranking

Country	Poland	Belgium	Germany	Italy	Austria
Broadcast Radio Listeners	87.3%	87.0%	86.8%	86.5%	84.5%

(Source: GWI -Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)

• MUSIC STREAMING SERVICES

Music plays a much more significant role in our culture than most people realize.

Humans have a deep desire to make, whether the small or large scale and art and music, fundamental human functions that stimulate the mind and transform society.

The global music streaming market was worth USD 20.9 billion in 2019 and is projected to rise at a **CAGR of 17.8%** from 2020 to 2027. During the forecast era, the rising popularity of digital platforms and the increasing adoption of smart devices are expected to affect industry development positively. Users can listen to audio, podcasts and watch music videos on sites that offer music streaming services. Furthermore, these services include music suggestions, automatic playlist customization, and hassle-free accessibility on smartphones and browsers, both of which are expected to attract end-user interest during the forecast period.

Many platform providers let you try out their premium subscriptions for free. In emerging markets, promotional deals such as free monthly trials and price reductions in subscription models also drive market growth. Similarly, as more customers opt for paid subscriptions, the market for music streaming services is projected to rise.

Radio - Avg. Time Spent Listening to Radio

APAC: 01:34	Europe: 01:05	Latin America: 01:55	Middle East & Africa: 01:34	North America: 01:37
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(Source: GlobalWebIndex - Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)

Country Ranking

Country	China	Mexico	Sweden	India	Brazil
Podcasts Listeners	75.7%	68.6%	65.5%	65.0%	62.9%

(Source: GlobalWebIndex- Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)



• SPOTIFY

Spotify is a significant player on both the app and developer sides of the industry.

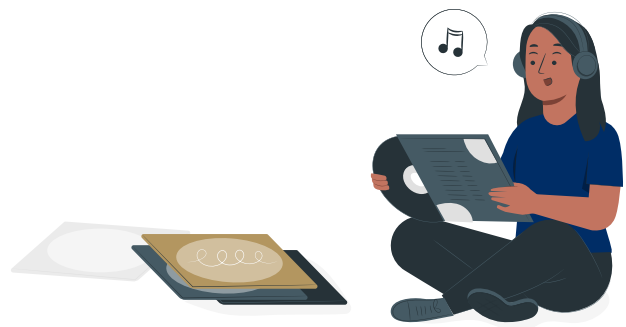
Now, advertisers are included. Brands are attracted to Spotify primarily because of its remarkable 250 million listeners in terms of ads. Spotify's ambition to be the leader of podcasting and online radio is another reason marketers consider them.

They've collaborated with various third-party publishers and podcast startups to develop impressive ad technology that gives them a significant edge over the competition.

How can brands win with Spotify advertising?

WHY SPOTIFY?

- 100% Share of Voice
- Up to 30' UNSKIPPABLE ads
- 100% Completed Views
- 100% logged-in users
- 356M monthly active users across 178 markets
- 70M+ tracks, 2,6M+ podcast titles, 4B+ playlists



HOW?

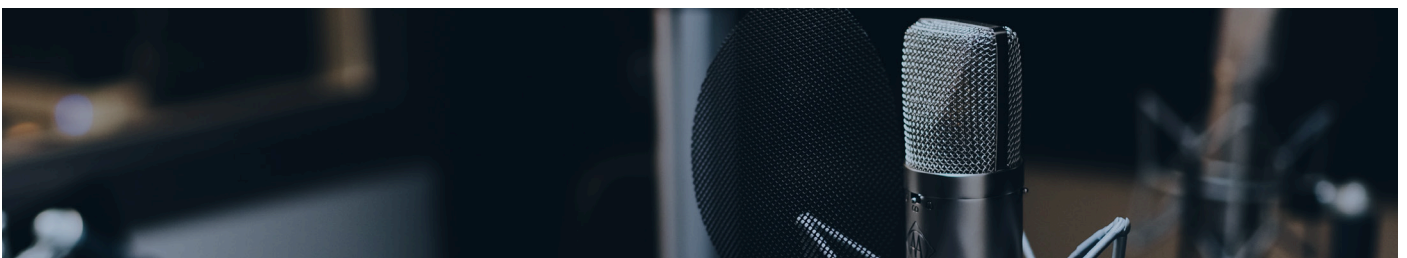
First, try to think of your KPIs to choose the right format to accomplish your goals. Second, we always recommend running a multi-format campaign on Spotify to drive more robust performance and thus reach better results in brand awareness or Ad recall.

KNOW YOUR AUDIENCE

Try to understand your audience, think of their routine, and choose the right targeting. There is plenty of options! You can reach them through multiple mobiles, desktops, tablets, cars, desktops, connected devices, Smart TV, or Gaming console. You can also choose a specific daypart targeting options, music genres, playlists, moods, or moments. Furthermore, you have an opportunity to select an operating system, manufacturer, browser, etc.

FOCUS ON AUDIO

As Audio is one of the key formats, try to use the whole length of the 30 second – it is **UNSKIPPABLE!** Also, don't be shy, talk to your listeners, and include a **VERBAL CALL-TO-ACTION**. CTR is what also counts! In addition to the audio spot, your brand takes ownership of a clickable companion display unit, allowing you to extend your campaign and drive traffic to a URL destination. Be creative! You can also immerse your Audience through **3D Audio** – as **80%** of free Spotify users are listening with the headphones on - and reach higher engagement.



• **PODCAST**

We listen to them in our cars, at home, at the gym, and even when taking a shower. Podcasts have become more common in recent years as consumers incorporate this medium into their everyday lives. A form of programmatic audio is podcast ads. Programmatic audio is a modern ad format that positions advertisements inside audio content, including podcasts, music streaming apps, and online radio. Success with podcast advertising doesn't come from constantly blasting people in the face (or ear) with something that isn't important to them, just as it doesn't come from blasting people at the beginning with something that isn't relevant to them.

Many podcasts have devoted listeners, and those listeners don't want to be sold something. Marketers must do their homework and be selective when it comes to the podcasts they advertise on in this regard.

The best podcast advertisements are put in shows with listeners who will potentially use the product or service advertised (e.g., a meal prep subscription box ad on a foodie podcast). Much better if the hosts will address the topic in a way that feels normal to them rather than forcing it into an unnatural way.

Podcast ads help businesses to communicate with their clients on a one-to-one basis. In screenless settings, such as the car or when cooking at home, marketers may hit a highly engaged audience. As a marketer, you can refine the audience you're approaching by layering on additional targeting strategies like demographics and place. Your strategy will enable each consumer to receive personalized stories/ads based on their interests, allowing for personalized tailoring at scale.

Podcast - Avg. Time Spent Listening to Podcasts

APAC: 01:03	Europe: 00:28	Latin America: 00:51	Middle East & Africa: 00:55	North America: 00:48
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Source: GlobalWebIndex - Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020

Country Ranking

Country	India	China	Philippines	Mexico	Indonesia
Music Streaming	78.6%	77.8%	77.2%	76.8%	73.6%

(Source: GlobalWebIndex- Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)

Country	Denmark	Sweden	South Korea	Turkey	Italy
Music-streaming service Mobile	26.0%	24.3%	23.7%	22.1%	21.4%

(Source: GlobalWebIndex- Waves: Q1 2021, Q2 2020, Q3 2020, Q4 2020)

• PROGRAMMATIC AUDIO

Programmatic audio uses technology to automate the sale and placement of advertisements in digital audio material such as AM/FM radio and music-streaming services. It has had considerable success in other forms of advertising, so major players, including Spotify, are optimistic about its audio potential.

Radio brags about its ability to reach vast audiences, but we live in a world where conversion is the only thing that counts. Real-time data will become increasingly important for marketers as new technology and advancements arise.

Advertisers may target more than just demographics with programmatic audio.

Emerging Trends in Digital Audio Advertising

Advertisers are following in the footsteps of customers who are flocking to digital audio, and we've already seen a few major growth patterns in the field of digital audio advertising.

The audio format is an exciting new frontier for all brands to explore.

Regardless, all brands must decide if audio media purchases are the right fit for their company and, if so, how to maximize their effectiveness. Consider the following trends when thinking about your brand before deciding to advertise in the digital audio room.

Programmatic Advertising

Audio ad automation, also known as programmatic advertising, is a growing and significant factor. It automates the purchase, sale, and delivery of audio advertisements.

Spotify seems to be leading the way in programmatic ads, with programmatic revenues accounting for ¼ of its ad revenue.

Personalization And Context-Awareness

This can be achieved in a variety of ways, either programmatically or manually.

Whatever format is used, the aim is to create a highly customized and personalized campaign tailored to each user. Context-aware advertisements have a higher recall rate and stand out more. They also have a significantly higher level of interaction than conventional ads.

Acknowledge Data

Brands that use data-driven audio ads effectively can have a significant impact.

Since no two ads are alike, brands use data to build meaningful, dynamic, and hyper-personalized messages.

To deliver valuable and high-converting communications, they integrate user insights, location data, and other vital insights.

Voice Recognition And Smart Speakers

Smart speakers are available in a range of sizes and shapes.

Amazon Echo and Google Home are the most common. According to "The Smart Audio Study," nearly a quarter of the population in the United States (over 60 million) owns a smart speaker, and **24% of them use it** regularly.

In 2020, there will be **4.2 billion** digital voice assistants being used in devices around the world. Forecasts suggest that by 2024, the number of digital voice assistants will reach 8.4 billion units – a number higher than the world's population.

As a result, as user adoption grows, so does the advertising opportunity.

Smart speakers not only allow and accelerate the consumption of digital audio, but they also provide marketers and brands with a forward-thinking, creative outlet.

While smart speaker advertising is still in its infancy, brands keep a close eye on it to stay ahead of the competition, particularly as it proves to be a critical touchpoint for retail shoppers.

In 2021, according to EMarketer, 38 million people will use a smart speaker to make a purchase.

Like every other new medium or tactic, Audio should be approached holistically, blending in with all other formats along the user's path. Search, social, television, video, and so on are examples of these formats. Audio ads should never be perceived as a stand-alone strategy; instead, they should integrate them into the brand's overall digital strategy.

The power of audio ads is undeniable.

