



# THE RISE OF DIGITAL AUDIO ADVERTISING

**dax**  
DIGITAL AUDIO EXCHANGE

**mtm**

# 1. Overview

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## Foreword from Ollie Deane, Director of Commercial Digital at Global

Over the course of a year, the digital audio industry has experienced unprecedented change. This year's analysis reveals how perceptions of digital audio have developed in the past 12 months and takes a definitive look at the factors driving the industry forward.

This year, 86% of advertising agencies and 66% of brand advertisers said that they now see digital audio as a key part of their integrated media strategies.

The rise of smart speakers has led to a surge in brands and advertisers prioritising digital audio as an essential part of their campaigns. Digital audio is already an important part of many listeners' daily habits and advertisers are eyeing further opportunities to reach even more listeners, with the roll out of 5G enabling widespread adoption of connected cars.

Podcasts are now well and truly at the forefront of advertisers' minds. With many forecasting that podcasts will achieve even more scale, 75% of advertisers plan to increase spend across podcasts in the next 12 months.

The report identifies the growth of podcasts as a key factor for driving change around the way audio is planned and bought. Contextual advertising across a range of verticals - from sport to business and well-being - coupled with a range of different ad formats, has presented advertisers and agencies with many different options suited to a wide variety of brands.

Whilst interest in digital audio is stronger than ever, the proliferation of content and platforms can make for a fragmented marketplace for advertisers. As one of the pioneering platforms created to connect advertisers with the growing numbers of people listening to digital radio and streaming music and podcasts, we see it as our responsibility to help demonstrate the real value of audio to brands and advertisers.

The ability to target a listener at the right time, in the right place and in the right context, has always been and continues to be our focus at DAX. This focus has driven us to improve our proprietary measurement tool, Listener Insight ID, to help advertisers understand exactly how audiences respond to their brands' call to action.

Advertisers surveyed were excited by growth in programmatic buying opportunities, however many lack awareness of attribution tools available and methods of effective measurement. Whilst it's encouraging to see advertisers using insights from DAX to optimise their audio campaigns not everyone in the industry is aware of, or yet persuaded by, the benefits of digital audio and therefore we still have work to do in this space.

Overall, it's extremely positive to see confidence in digital audio at an all-time high. With 85% of advertisers and agencies set to increase their investment in digital audio within the next year alone, it's undeniable that digital audio has become a major player in a mature advertising market.

## About MTM

MTM is an international research and strategy consulting firm, specialising in media, technology and advertising. MTM helps clients around the world understand and respond to digitally-driven change, providing award-winning consumer research, industry analysis, strategic advice, and support for new ventures, business development, and organisational change and transformation.

For more information, please visit [www.mtmlondon.com](http://www.mtmlondon.com)

## Introduction to the research

DAX, the digital audio advertising platform from Global – one of the world’s leading media & entertainment groups and Europe’s largest radio company – commissioned MTM, a strategy and research consultancy, to explore advertisers’ and media agencies’ perceptions of digital audio. Following on from the 2018 report, *The Rise of the Digital Audio Advertiser*, this new study aims to identify how industry perceptions and usage of digital audio advertising have changed in the last 12 months, and to understand the factors driving further growth.

To capture industry perspectives, MTM conducted quantitative and qualitative primary research between March and April 2019, comprising:

- A survey of 215 manager-level or above employees at media agencies and advertisers in the UK. Roles included managing partners, managing directors, heads of strategy and heads of AV planning.
- Depth interviews with 11 directors/heads of department from leading media agencies and major brand advertisers in the UK. All quotes used in the report come from these interviews.

See Appendix 1 for detailed methodology.

## 2. Executive Summary

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### Confidence in digital audio advertising has grown in the past year

People in the UK are consuming more digital audio than ever before, whether it is digital radio, podcasts or streamed music. As a result, **86% of agencies and 66% of advertisers surveyed now see digital audio as an important part of most media strategies**<sup>1</sup>.

### Digital audio advertising’s value proposition is becoming clearer

Digital audio is now demonstrating its applications to industry stakeholders more successfully. They believe it is effective in reaching listeners in a variety of contexts, for example **reaching consumers on the go (85%)**<sup>2</sup>, and **while they are doing lots of different activities (79%)**<sup>3</sup>. As a result, **81% of survey respondents said that digital audio means advertisers can be really contextually relevant**<sup>4</sup>.

Digital audio is increasingly perceived by agencies and advertisers as a rich creative medium. **78% of survey respondents think that listeners are highly engaged with digital audio because of the great content that’s available**<sup>5</sup>.

Digital audio’s role in a campaign is changing, as agencies increasingly experiment and innovate. **Survey respondents see digital audio as the medium developing the most innovative opportunities for advertisers (53% selected the medium)**<sup>6</sup>.

### Digital audio still faces a number of challenges

There is still work to do around the effective measurement and attribution of digital audio. **53% of respondents think that streaming audio enables them to target the right people at the right time**<sup>7</sup>

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<sup>1</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is part of your media strategy”; base: advertisers and agencies (n=215)

<sup>2</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is a great form of advertising for reaching consumers on the go”; base: advertisers and agencies (n=215)

<sup>3</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is a great way to reach people while they are doing lots of different activities”; base: advertisers and agencies (n=215)

<sup>4</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio means advertisers can be really contextually relevant”; base: advertisers and agencies (n=215)

<sup>5</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that listeners are highly engaged with digital audio because of the great content that’s available”; base: advertisers and agencies (n=215)

<sup>6</sup> % who chose corresponding media in answer to: “which of these media are developing the most innovative opportunities for advertisers?”; base: advertisers and agencies (n=215)

<sup>7</sup> % who chose corresponding media in answer to: “please choose any of the media you feel deliver against these attributes. - Targeting the right people at the right time”; base: advertisers and agencies (n=215)

but some respondents lack awareness about the availability of measurement and attribution tools. It is evident that further industry education is required to ensure that advertisers understand how to attribute a return on investment to digital audio and digital audio's potential as a powerful advertising medium is recognised.

#### Four factors will drive further growth in digital audio

The outlook for digital audio advertising is positive as more advertisers opt to build it into their media strategies. **85% of survey respondents said they will increase their investment in digital audio in the next 12 months<sup>8</sup>.**

Podcasts are a key driver, with **7.6 million people in the UK now listening to podcasts every week, an increase year-on-year of approximately 25%<sup>9</sup>,** and further growth forecast.

Another area driving future growth is the increased use of smart speakers. **While 75% of digital audio is still consumed on PCs and smartphones, 17% of digital audio is now consumed via smart speakers<sup>10</sup>.**

Programmatic buying is also critical to future growth in the space. Digital audio, thanks to the targeting capabilities it brings, is increasingly being seen by buyers not as a sub-set of radio but as a new and dynamic form of digital advertising.

Finally, the ability to deliver location-based targeted campaigns across complementary media, including out of home, is one that will unlock more future value from digital audio advertising.

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<sup>8</sup> % selecting a year-on-year percentage change greater than 0% for either "streaming audio (radio or music)" or "podcasts" when asked: "how do you think your advertising investment in the following media will change in the next 12 months?"; base: advertisers and agencies (n=215)

<sup>9</sup> Weekly reach, MIDAS Digital Audio Survey, Spring 2019

<sup>10</sup> Share of hours by device, MIDAS Digital Audio Survey, Spring 2019

### 3. Confidence in digital audio advertising has grown in the past year

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UK listeners are consuming more digital audio than ever before, whether it is digital radio, podcasts or streamed music.

Digital audio now reaches a record high of **28.3 million adults a week (+14% year-on-year)**, which means that, for the first time, **more than half of UK adults listen to digital audio each week**. On average, **each listener spends 12.9 hours per week** listening to digital audio, adding up to a **total of 365 million hours per week for the whole of the UK (+21% versus 2018)<sup>11</sup>**.

In the last year, widespread adoption of connected devices, from PCs and smartphones through to smart speakers, and the growing availability of digital audio content, have seen UK audiences increasingly engage in new forms of listening.

In response, advertisers and agencies have become ever more willing to use digital audio in their media planning and buying activity. **Respondents to our survey stated that, on average, more than 40% of their advertising campaigns in the past 12 months had included digital audio – up from 33% in our previous study<sup>12</sup>**.

***“Everything is very positive from a digital audio point of view at the moment. Investment in digital audio has increased for most of our big advertisers and people seem really excited to get on board with it.” – Tom Coare, Head of Audio, OMD UK***

Advertising agencies are at the forefront of these bolstered levels of confidence as they see the exciting opportunities that digital audio offers. In particular, they like the **innovative potential of digital audio, with 56% citing this as a positive factor<sup>13</sup>**.

As media agencies increasingly embrace digital audio, they are bringing their clients with them. As a result, we are seeing advertisers becoming more interested in digital audio as part of their media strategy.

***“Clients are showing a lot of genuine interest in digital audio; they are asking us a lot of questions about the medium and are very interested in how it has moved on in the last year or so.” – James Weinberg, Head of AV, m/Six***

***“In the past, advertisers have asked “what does digital audio bring, what’s the benefit of using that over traditional 100% linear radio? But now acceptance levels have definitely increased as the market matures and delivers proof points back to brands - meaning digital audio is a regular part of our audio plans.” – Michael Williamson, AV Planning Director, Manning Gottlieb OMD***

**86% of agencies and 66% of advertisers surveyed now see digital audio as an important part of most media strategies<sup>14</sup>**. In turn, advertisers and agencies believe this growing confidence will translate into further growth next year, as more interest feeds greater innovation and ultimately, greater investment.

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<sup>11</sup> MIDAS Survey Spring 2019

<sup>12</sup> % agreeing / agreeing strongly with statement: “think of the campaigns you’ve worked on in the past 12 months, for what proportion have you placed, planned or bought, created digital audio advertising?”; base: advertisers and agencies (n=215)

<sup>13</sup> % who chose corresponding media in answer to: “which of these media are developing the most innovative opportunities for advertisers?”; base: agencies (n=147)

<sup>14</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is part of your media strategy”; base: advertisers and agencies (n=215)

## 4. The value proposition of digital audio advertising is becoming clearer

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Greater industry confidence in the last 12 months is partly due to the proposition of digital audio advertising becoming clearer. Agencies and advertisers are noting that digital audio performs well across a number of metrics in terms of targeting and engaging listeners.

### Digital audio is an effective way to reach and target listeners

Digital audio also has the ability to reach audience segments, notably younger listeners, which other media struggle to reach. **73% of survey respondents believe that digital audio is a great way to reach audiences of all ages**<sup>15</sup>.

***“The younger the audience, the higher percentage of spend that goes into digital audio is a general rule of thumb. We use it to deliver cost efficient reach versus younger audiences such as the 16-34 age bracket.” – Michael Williamson, AV Planning Director, Manning Gottlieb OMD***

They also think it is effective in reaching listeners in a variety of contexts, for example **reaching consumers on the go (85%)**<sup>16</sup>, and while they are doing lots of different activities **(79%)**<sup>17</sup>.

Advertisers and agencies also appreciate the efficiency of digital audio in providing a cost-effective way to reach audiences in these different contexts.

***“Digital audio gives us the sophistication of targeting either on a location basis or by a particular type of audience. It delivers cost-effective coverage and better frequency capping.” – Andrew Roscoe, Head of Brand, Sponsorship and Celebrity, Shop Direct Group***

The ability to buy programmatically and precisely target ads to engaged listeners based on granular data is seen as a key strength of digital audio. **81% of survey respondents think that digital audio means advertisers can be really contextually relevant**<sup>18</sup>. Moreover, agencies value the fact that programmatic audio doesn't face the same challenges as other digital formats, with virtually no ad blocking, ad fraud and high brand safety.

***“No one talks about brand safety in audio because it's 100% brand safe. That's a huge positive. It's all cleared content, there's no user generated content on there, there's no risk in going into digital audio. It shouldn't be underestimated how useful that is.” – Michael Williamson, AV Planning Director, Manning Gottlieb OMD***

### Digital audio provides new creative opportunities

Digital audio is increasingly perceived by agencies and advertisers as a rich creative medium that allows brands to tell stories to audiences who are seeking deeper engagement from all their media interactions. **78% of survey respondents think that listeners are highly engaged with digital audio because of the great content that's available**<sup>19</sup>.

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<sup>15</sup> % agreeing / agreeing strongly with statement: “digital audio is a great way to reach audiences of all ages”; base: advertisers and agencies (n=215)

<sup>16</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is a great form of advertising for reaching consumers on the go”; base: advertisers and agencies (n=215)

<sup>17</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio is a great way to reach people while they are doing lots of different activities”; base: advertisers and agencies (n=215)

<sup>18</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that digital audio means advertisers can be really contextually relevant”; base: advertisers and agencies (n=215)

<sup>19</sup> % agreeing / agreeing strongly with statement: “thinking about the role of digital audio now and in the future, how much do you agree that listeners are highly engaged with digital audio because of the great content that's available”; base: advertisers and agencies (n=215)

The potential to deliver dynamic creative via digital audio, for example, where an advertiser can deliver multiple variations of an ad for different listeners based on their profile, is increasingly recognised. Although it is already widely used, agencies believe digital audio is still under-utilised and represents a significant opportunity.

***“Digital audio represents a great opportunity to tell a compelling story & can be bought in a sophisticated way.” – James Duffy, Head of Paid Media, Agenda21***

***“Running an ad on a podcast, for example, feels really natural to the listener because the presenter is often talking about the actual product that you’re advertising, so it doesn’t feel massively forced. We are in the early stages, but I expect it to grow in the next year or two.” – Ryan Perry, Communications and PR Manager, Organix***

### **Digital audio can work for standalone campaigns or as part of a wider media mix**

Digital audio’s role in a campaign is changing, as the media is increasingly considered as a key component to the wider digital media mix and not just a complement to traditional radio. Agencies also flagged the increasing number of standalone digital audio campaigns.

***“This is definitely something that has changed over the past 12 months. Initially we sold digital audio into advertisers very much as a build on their radio campaigns, but now marketing teams are starting to look at it more as a part of their digital plans.” – Tom Coare, Head of Audio, OMD UK***

***“The industry has done a better job of educating advertisers and agencies, helping them to see that there is a distinct role for digital audio. They now see it as a standalone platform in its own right compared to radio, analogous to VoD and TV.” – Charlie Yeates, Partner, MediaCom***

In summary, while advertisers and agencies welcome digital audio’s ability to effectively target specific audience segments, they also see it as a great way to discover new ways of reaching and engaging with audiences - it offers scope for innovation while being a brand safe environment.

Survey respondents see digital audio as the medium best at developing innovative opportunities for advertisers (**53%** said it did so), above social media (**50%**), digital video advertising (**39%**), outdoor (**22%**), TV (**21%**), radio (**10%**), and print (**7%**)<sup>20</sup>.

***“This is a space that people are talking about and are excited about. We have more and more innovation and the data that we are putting into it is only going to expand it. It’s a very exciting space to be involved with.” – Tom Coare, Head of Audio, OMD UK***

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<sup>20</sup> % who chose corresponding media in answer to: “which of these media are developing the most innovative opportunities for advertisers?”; base: advertisers and agencies (n=215)

## 5. Digital audio still faces a number of challenges

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Despite strong growth and enhanced understanding from agencies and advertisers there are still challenges to overcome for digital audio to fulfil its potential.

### Measurement and attribution are key to further investment

It is evident that there is still work to do on the effective measurement and attribution of digital audio. With its measurement tool, Listener Insight ID, DAX is seen as an industry leader, but other platforms are lagging behind.

While growth in programmatic audio remains strong, the availability and accountability of measurement and attribution tools are essential for the progression of audio in a mature digital advertising market.

Digital audio is widely acknowledged as a great format for discovering new ways of reaching and engaging with audiences, but this requires effective measurement. When advertisers can measure the effectiveness of their audio ads, they can test different strategies and creatives, learn what works best, improve performance and continually innovate.

***“I think DAX have done really well with their listener ID insights. They are ahead of the game as no one else is really able to attribute the effectiveness of Digital Audio unless you do a more robust study. But they still have a way to go to show effectiveness against different KPIs.”*** – Patrick Pink, Journey Activation Lead, Wavemaker

***“I am keen to better understand the impact of audio as a channel. For example I am keen to isolate the impact of digital audio on Brand health and sales.”*** – Peter Markey, Chief Marketing Officer, TSB Bank

While 53% of survey respondents think that streaming audio enables them to target the right people at the right time<sup>21</sup>, second only to digital social media, some participants lack awareness about how to attribute a return on investment to digital audio<sup>22</sup>. The current state of measurement and attribution is reflected in industry perceptions of digital audio as a medium with positive ROI. However, integrating digital audio into the wider media mix and creating campaigns involving other media – including out of home – may improve this perception.

***“I think the out-of-home proposition is going to be an interesting one. It will definitely open up opportunities for advertisers. There are clients already asking how the two different media can work together.”*** – Patrick Pink, Journey Activation Lead, Wavemaker

***“If I could show that digital audio was a significant driver of brand health leading to action, we’d be onto a winner. Is there a point where this could actually replace some TV spend because it’s so well-targeted?”*** – Peter Markey, Chief Marketing Officer, TSB Bank

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<sup>21</sup> % who chose corresponding media in answer to: “please choose any of the media you feel deliver against these attributes. - Targeting the right people at the right time”; base: advertisers and agencies (n=215)

<sup>22</sup> % who chose corresponding media in answer to: “please choose any of the media you feel deliver against these attributes. - Generating return on investment”; base: advertisers and agencies (n=215)

## Greater industry understanding is still required

However, digital audio is still developing as a medium and not everyone in the industry is aware of, or yet persuaded by, the benefits of digital audio. Some advertisers have unrealistic expectations of what digital audio can deliver them.

***“A lot of clients are focused on a very short-term immediate response. We need more understanding of the longer term value.”*** – James Duffy, Head of Paid Media, Agenda21

And while media agencies are increasingly advocating the use of digital audio, creative agencies are less engaged with the potential of digital audio. **Media agencies rated streaming audio as the most creatively innovative medium (49% agreed)<sup>23</sup>, whereas only 11% of creative agencies agreed<sup>24</sup>.** Providing further education and examples of creative innovation - including case studies of successful campaigns - will be required to ensure that creative agencies recognise the potential of digital audio as a medium.

## 6. Investment in digital audio is growing, but further industry education is needed

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As more advertisers opt to build digital audio into their media strategies, the outlook for the medium is positive. This is a result of two factors; **85% of survey respondents said they will increase their investment in digital audio in the next 12 months<sup>25</sup>, and 45% of their campaigns are likely to include an element of digital audio<sup>26</sup>, compared to 41% in the past 12 months.**

***“As more advertisers start spending on digital audio, as long as the campaign KPIs are measurable, there isn’t a reason why digital audio ad spend shouldn’t go up.”***  
– Patrick Pink, Journey Activation Lead, Wavemaker

Agencies and advertisers identified four factors that are driving increased investment in digital audio: the rise in podcasts; consumer adoption of new connected devices; the rise of programmatic trading; and cross-platform opportunities.

### Podcasts offer advertisers a unique opportunity

More time is being spent listening to podcasts than ever before, with **7.6 million people in the UK now listening to podcasts every week, an increase year-on-year of approximately 25%<sup>27</sup>, growth looks set to continue.**

***“Podcast listening may plateau, but I still think we are on the upward curve at the moment, and I don’t see that slowing down in the next 12-18 months.”*** – Patrick Pink, Journey Activation Lead, Wavemaker

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<sup>23</sup> % who chose corresponding media in answer to: “which of these media are developing the most innovative opportunities for advertisers?”; base: media agencies (n=120)

<sup>24</sup> % who chose corresponding media in answer to: “which of these media are developing the most innovative opportunities for advertisers?”; base: creative agencies (n=27)

<sup>25</sup> % selecting a year-on-year percentage change greater than 0% for either “streaming audio (radio or music)” or “podcasts” when asked: “how do you think your advertising investment in the following media will change in the next 12 months?”; base: advertisers and agencies (n=215)

<sup>26</sup> Average of % changes in answer to: “thinking of the campaigns you’ll be working on in the next 12 months, for what proportion will you place, plan or buy, create digital audio advertising?”; base: advertisers and agencies (n=215)

<sup>27</sup> Weekly reach, MIDAS Digital Audio Survey, Spring 2019

Brands that build podcasting into their marketing mix are able to access audiences that previously have been hard to reach via other digital audio platforms, **as over half of podcast listeners (4.5M) do not stream music**<sup>28</sup>.

It was pointed out that much of the growth in podcast consumption has been exponential, rather than as a substitute for radio. Podcasts have found an audience of commuters, for example, who did not previously listen to any form of audio on their journey.

***“Once you’ve put your book down on the commute and you listen to a podcast instead, I think that’s something that you probably do day in and day out.”*** – Tom Coare, Head of Audio, OMD UK

Podcasts offer advertisers unique contextual environments ranging from sports and business to technology and health. This coupled with a range of different ad formats - including advertising messages presented by the host in the same style as the podcast – means that advertisers have different options with this growing media. **49% of survey respondents agreed that podcasts create greater reach with a highly engaged and diverse audience**<sup>29</sup>.

***“Having a podcast host read an ad is verging on influencer marketing. If it’s the right person and it sounds natural, I think that is very powerful.”*** – Chris Le’Cand Harwood, Content Marketing Strategist, SMRS

***“One of our most successful media strategies was about focusing on moments of positivity; we used digital audio to target people coming out of work on a Friday, thinking this is the end of the week, I’m listening to my favourite playlist...”*** – Andrew Roscoe, Head of Brand, Sponsorship and Celebrity, Shop Direct Group

### **Smart speakers and in-car connectivity are set to deliver scale**

Another area driving future growth is the increase use of smart speakers. **While 75% of digital audio is still consumed on smartphones and PC’s, screenless devices have now achieved scale with 17% of digital audio consumed via smart speakers, overtaking listening via a tablet**<sup>30</sup>.

Listening to digital audio on voice-activated devices is becoming increasingly popular and while smart speakers may not have cookies or device IDs, advertisers can use other data points such as location, content type, and daypart for effective contextual targeting. **82% of survey respondents think that digital audio will be an important way to reach growing audiences listening on screenless devices such as Amazon Echo, Google Home, or Apple HomePod, in the next year**<sup>31</sup>.

Furthermore, **84% believe that digital audio provides new ways of reaching people across different devices, for example smart speakers or connected cars**<sup>32</sup>.

***“I think voice activation through the use of smart speakers and voice assistants could unlock a new audience, but I think there’s a way to go before the industry nails that customer journey.”*** – Chris Le’Cand Harwood, Content Marketing Strategist, SMRS

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<sup>28</sup> MIDAS Digital Audio Survey, Spring 2019

<sup>29</sup> % who selected “podcasts are creating greater reach with a highly engaged and diverse audience” in answer to the question: “why would you increase advertising investment in digital audio?”; base: advertisers and agencies (n=215)

<sup>30</sup> Share of hours by device, MIDAS Digital Audio Survey, Spring 2019

<sup>31</sup> % agreeing / agreeing strongly with statement: “digital audio is an important way to reach growing audiences listening on screenless devices such as Amazon Echo, Google Home, or Apple HomePod, in the next year”; base: advertisers and agencies (n=215)

<sup>32</sup> % agreeing / agreeing strongly with statement: “digital audio provides new ways of reaching people across different devices e.g. smart speakers or connected cars”; base: advertisers and agencies (n=215)

Agencies also see longer-term potential in other technologies, especially those enabled by the rollout of 5G. For instance, integrated digital audio technology in cars will create an important new in-car audience for advertisers to target.

Better coverage on the road network and drivers taking advantage of plug-in digital adapters for their last vehicle resulted in a **45% increase in digital in-car listening last year**<sup>33</sup>.

***“In-car is very interesting. Because the life cycle of car ownership is changing a lot, we are going to see within two or three years a huge increase in the number of people owning connected cars. There’ll be much more potential for attribution of campaigns, and to deliver at a much larger scale. That particularly interests clients because they know that 65% of listening is in car.”***

*– James Weinberg, Head of AV, m/Six*

### **Programmatic gives audio advertisers new targeting capabilities**

Programmatic buying is critical to future growth in the space. Digital audio, thanks to the growth in programmatic buying, and the targeting capabilities it brings, is increasingly being seen by buyers not as a sub-set of radio but as a new and dynamic form of digital advertising. The opportunity to deliver targeted campaigns in a brand-safe environment is set to attract further investment in digital audio.

***“Programmatic buying is hugely important because it enables a lot of the targeting and re-targeting techniques that make digital audio so useful. We have seen most of our growth flowing through the programmatic desk.”*** – Tom Coare, Head of Audio, OMD UK

### **Cross-platform campaigns will unlock more value**

A key theme from our qualitative interviews this year was the potential they see for cross-platform opportunities, notably combining digital audio with out-of-home capabilities. The ability to deliver location-based targeted campaigns across complementary media is one that will unlock more future value from digital audio advertising.

***“Potentially fusing together audio and out of home in a programmatic, highly targeted way excites me greatly. I think we’ll see channels come together more as they’re planned and bought around the customer experience.”*** – Peter Markey, Chief Marketing Officer, TSB Bank

***“Using dynamic creative based on device location gets people excited as it is very hard to do in other channels. Even if it is theoretically possible, it becomes very expensive very quickly, but that isn’t the case in digital audio.”*** – Tim Radcliffe, Head of Print and Radio Trading, Aegis Media

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<sup>33</sup> Which?, Digital radio switchover explained, 2019

## 7. Conclusion

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From both a listener and industry participant point of view, it is clear that interest in digital audio is stronger than ever. Listener figures from Rajar show that public consumption of digital audio is higher than ever and from the industry side **78% of respondents in our survey said that they would increase investment in audio streaming (radio and music) over the next 12 months<sup>34</sup>, plus 75% for podcasts<sup>35</sup>.**

Yet there is still scope for further development of this exciting and adaptable medium. While there are challenges still to overcome, many in the industry now see significant opportunities for continued growth of digital audio advertising in the coming years.

From this year's research programme, two key areas emerged that will be crucial to the industry as a whole in maximising the potential of digital audio as a medium.

### **Better measurement and attribution will encourage further investment in digital audio advertising**

While agencies and advertisers have been keen to embrace the opportunities that digital audio has had to offer, particularly in terms of new ways to reach and engage listeners in a crowded media marketplace, the medium's contribution to overall campaign objectives and its return on investment is still an uncertain area.

Improved measurement and insight – through DAX's Listener Insight ID technology, for example - will help advertisers better achieve their commercial goals using digital audio.

### **Digital audio will thrive by being at the forefront of innovation**

Growth in digital audio will be driven by technological advances impacting both the industry and listeners. For advertisers and agencies, the opportunity to buy digital audio advertising programmatically is critical, as is digital audio's ability to provide a wide range of creative opportunities.

Further developments in the way that listeners access audio content – including smart speakers, connected cars and further growth in podcasts – will all create new incremental opportunities for digital audio advertising to deliver strong engagement with listeners.

Digital audio is already an important part of many listeners' daily media habits. As the applications and benefits of digital audio are more widely understood within the industry, the rise of the digital audio advertiser looks set to continue apace.

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<sup>34</sup> Average of % changes in answer to: "How do you think your advertising investment in streaming audio (radio or music) will change in the next 12 months?"; base: advertisers and agencies (n=215)

<sup>35</sup> Average of % changes in answer to: "How do you think your advertising investment in podcasts will change in the next 12 months?"; base: advertisers and agencies (n=215)

## Appendix 1: Methodology

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The findings in this report were developed between March and April 2019 and are based on MTM research and analysis as well as primary qualitative and quantitative research with manager-level and above employees at media agencies and advertisers in the UK:

### Quantitative survey:

MTM conducted an online survey of 215 manager-level and above employees at media agencies and advertisers in the UK, consisting of:

- 147 at media agencies
- 68 at brand advertisers

Participants ranged from junior-managerial up through senior board members, and were required to have prior experience with either digital advertising or audio advertising (or both).

### Qualitative interviews:

MTM conducted interviews with 8 directors/heads of departments from media agencies and 3 from major brand advertisers in the UK.

All quotations used in the report come from these interviews. All sessions were conducted under the Chatham House Rule (no attribution without prior permission), with participants speaking as individuals and not as company representatives.

MTM and DAX would like to thank all the participants for their contribution to the research:



The opinions expressed in this paper are solely those of the authors and reflect MTM's judgement at the time of writing, based upon the available information. These views do not necessarily represent the views of the interviewees and contributors. Any errors or mistakes are entirely the responsibility of the project team. Inevitably, this paper provides a partial view of a highly complex industry: it represents a snapshot of industry perspectives at a particular moment in time.