



# audio advertising

state of the nation report

wave 7 | march 2023

# iab audio council

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the **iab** thanks the following organisations for their support in this study.

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DEFINING AUDIO



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# 01. introduction & background

# introduction

The IAB Audio Council are pleased to release the 7th wave of the State of the Nation Audio Advertising Industry Report. From the very first State of the Nation back in 2017, the Audio Council continually looks forward to exploring the industry survey data we collect. This data supports best practices and ways to drive growth in digital audio as a successful and essential advertising channel for publishers and advertisers.

It has been rewarding to see continued growth in regular consideration of streaming and podcast advertising this year and the confidence advertisers have for increased investment over the next year.

As the industry matures different opportunities emerge for driving growth. I look forward to the IAB Audio Council's continued collaboration to further promote a stronger role for streaming audio and podcast advertising in the media mix.



**Richard Palmer**

Director of Market Development (APAC)  
Triton Digital  
Co-chair, IAB Audio Council



**Gai Le Roy**

CEO  
IAB Australia

The IAB State of the Nation Audio Advertising Industry Report continues to provide insight on buyer behaviors and plans allowing us to further understand the growth in advertiser investment. The IAB has also recently released CY22 digital advertising expenditure with PwC which found digital audio expenditure reached \$221.2m for the year.

Most agencies are now consistently considering digital audio advertising and are buying digital audio in combination with other audio and digital media for optimal ROI that comes from multi-channel campaigns.

Digital audio campaigns remain highly effective for brand building. Considering the importance of long-term brand building to business success during and after economic downturns, I'm looking forward to seeing agencies and advertisers continue to rely on digital audio to help them thrive during whatever conditions 2023 brings and beyond.

# background



- This study was conducted by independent research company, Hoop Research Group
- Fieldwork was carried out in December 2022 and January 2023
- 249 survey responses were collected
- Respondents are decision makers or influencers in the allocation of marketing spend and either placed or planned audio advertising campaigns
- The analysis in this report focuses on the attitudes of decision makers from a range of media agencies
- This is the 7<sup>th</sup> wave of the IAB Audio Advertising State of the Nation which has been conducted at a similar time each year, full reports are available on the IAB website

**The survey covers usage and attitudes to advertising in broadcast radio, streaming digital audio, DAB+ and podcasts.**

# executive summary

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**streaming digital audio and podcast advertising** continues to play a consistent and integrated role in media planning.

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**Streaming digital audio and podcast advertising is a significant or regularly considered part of most agency media planning.** 75% of media agencies now have streaming digital audio advertising and 70% have podcast advertising as a significant or regular part of their activity.

**Consideration of podcasts has increased significantly over the last year.** 70% of agencies now regularly consider podcast advertising up from 59% 2020. Usage of both podcast original content and catch-up radio have increased.

As greater economic uncertainty looms and proving ROI becomes even more scrutinised, **most agencies intend to increase expenditure in digital audio over the next year.**

**Integration of streaming digital audio and podcasts with other digital and audio channels is more consistent.** Planning and buying digital audio in combination with other digital advertising types has continued to increase, for example 80% of agencies now at least sometimes buy digital audio in combination with digital video advertising. 69% of agencies intend to buy digital audio bundled with other media opportunities (up from 51% last year).

**Intention to buy audio advertising programmatically continues to increase,** 82% of agencies intend to buy programmatic audio in the next year (up from 64% in year prior).

**Streaming digital audio and podcast advertising are effective brand builders.** Streaming music and radio are also seen as effective reach extensions to broadcast radio. Podcasts are also seen as effective for accessing hard to reach audiences and increasing engagement.

**There is increased focus on measuring ad effectiveness despite the industry challenges.** Measurement of brand impact of streaming digital audio has increased, while usage of all key metrics has increased to assess podcast effectiveness.

**Proving to brands/advertisers the effectiveness of audio for brand building will be important this year** considering the role of long-term brand building to business success during and after economic downturns. Brands/advertisers see the effectiveness of digital audio for engagement and reach but will need more proof of its effectiveness for brand.

**The lack of measurement and standardised metrics is an industry opportunity, however brands/advertisers see different challenges.** Brands see the key challenges stopping audio advertising being a larger proportion of ad volume as creating compelling creative in broadcast and streaming radio, along with a lack of understanding across all formats.

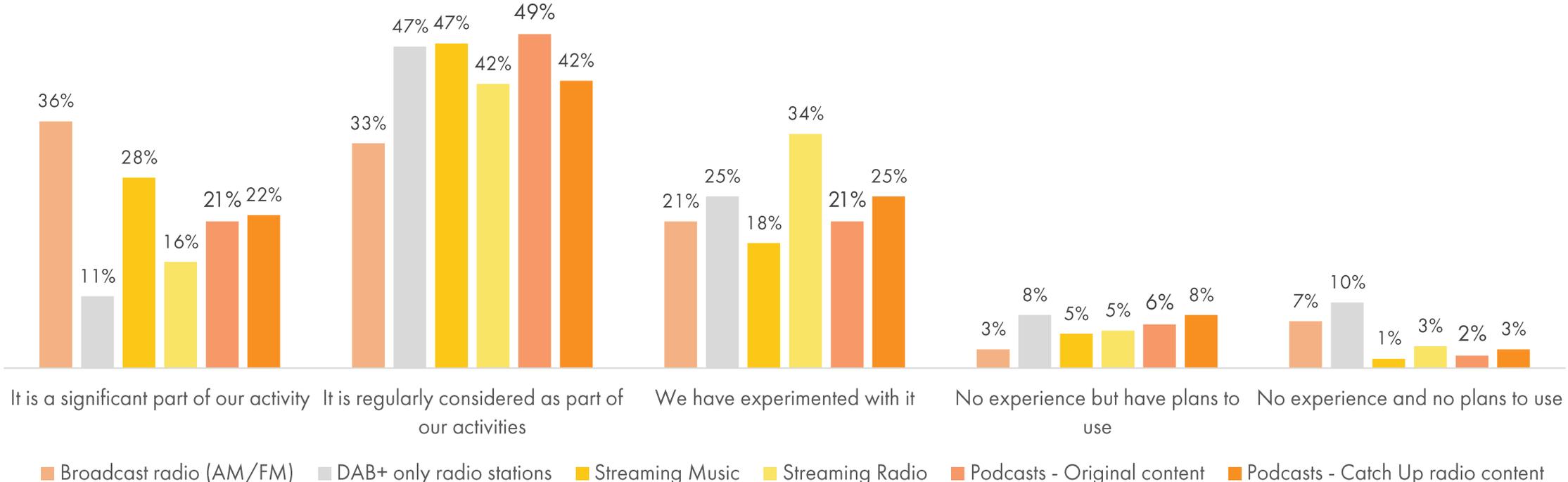
# 02. audio advertising planning and buying

# significant level of audio advertising usage

**9 in 10 have used digital audio**

Streaming formats have been split out in the survey for the first time this year with 75% having streaming music and 58% having streaming radio as a significant/regular part of their activity. 70% have podcast original content and 64% have podcast catch up radio content as a significant/regular part of activity.

experience with all types of audio advertising

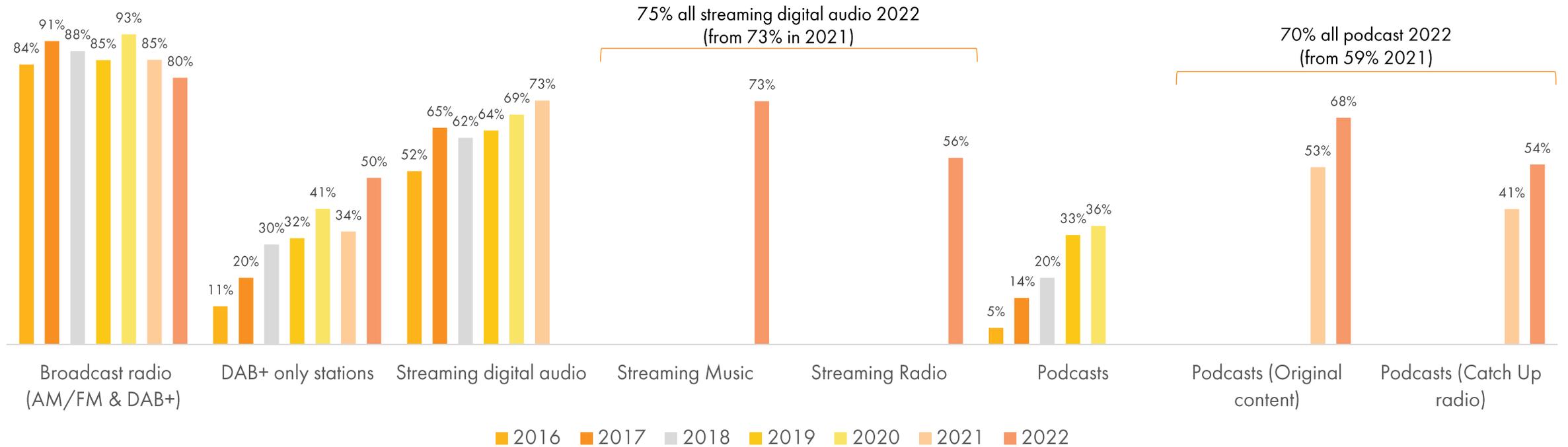


# agencies regularly consider audio advertising

**7 in 10 regularly consider digital audio**

75% of media agencies now have streaming digital audio advertising as a significant or regular part of their activity. Streaming formats have been split out in the survey for the first time this year with 73% of agencies regularly considering streaming music and 56% streaming radio. 70% of media agencies are now regularly considering podcast advertising. Significant or regular usage of podcast original content and catch-up radio have increased on last year.

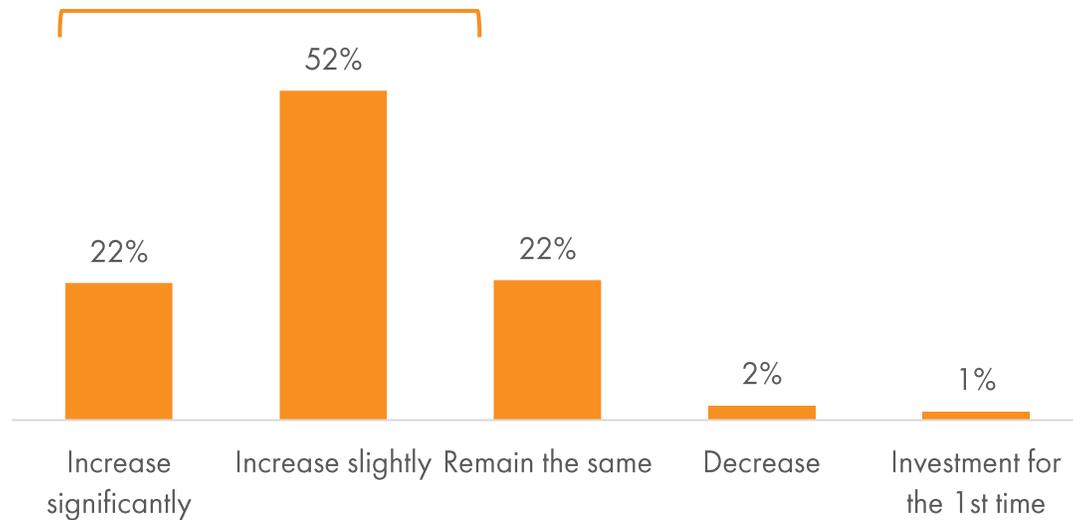
media agencies where audio is a significant or regular part of activity



# audio investment plans for 2023

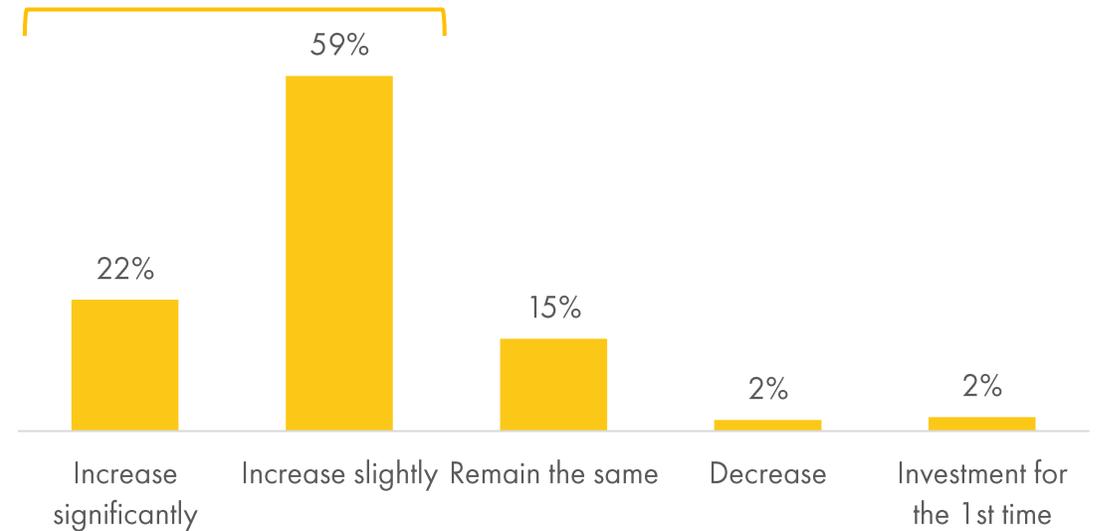
## streaming audio

74% (71% of media agencies) intend to increase investment in streaming audio in 2023.



## podcast

81% (78% of media agencies) intend to increase investment in podcast advertising in 2023.

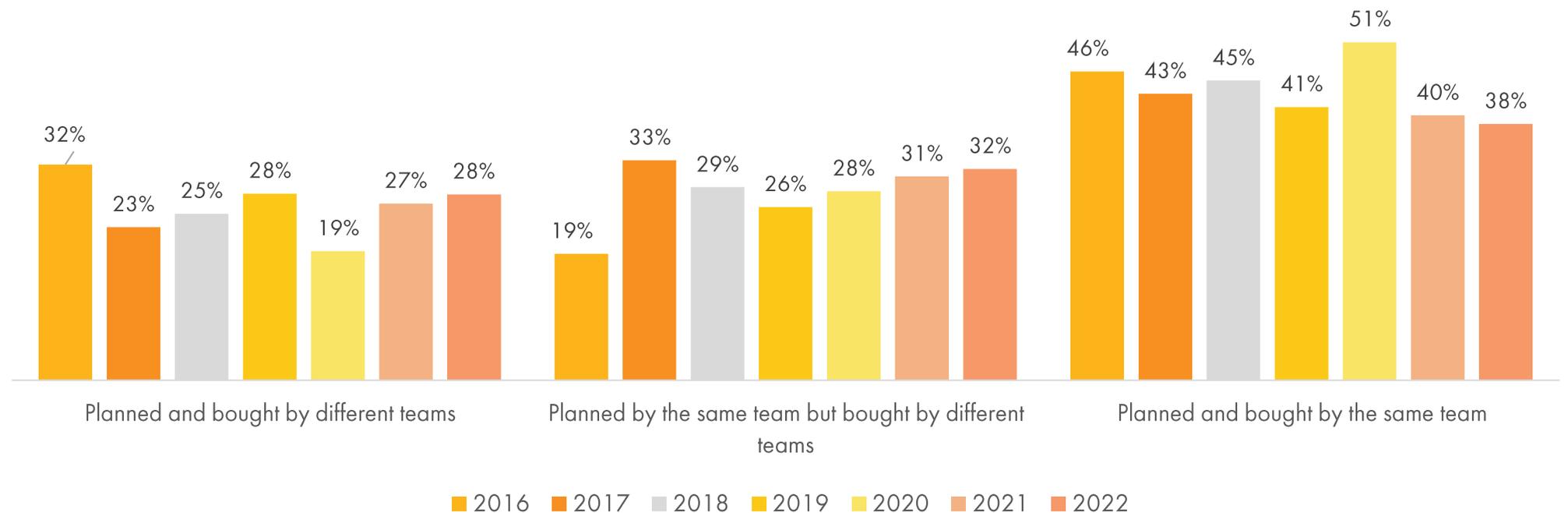


# most agencies plan audio within the same team

**7 in 10  
plan across the  
same team**

70% of media agencies plan across all audio activities within the same team, this has not changed greatly over previous years. 35% of media agency respondents report that their agency's audio channel planning approach and team structure has changed in last year and a further 32% expect change this year.

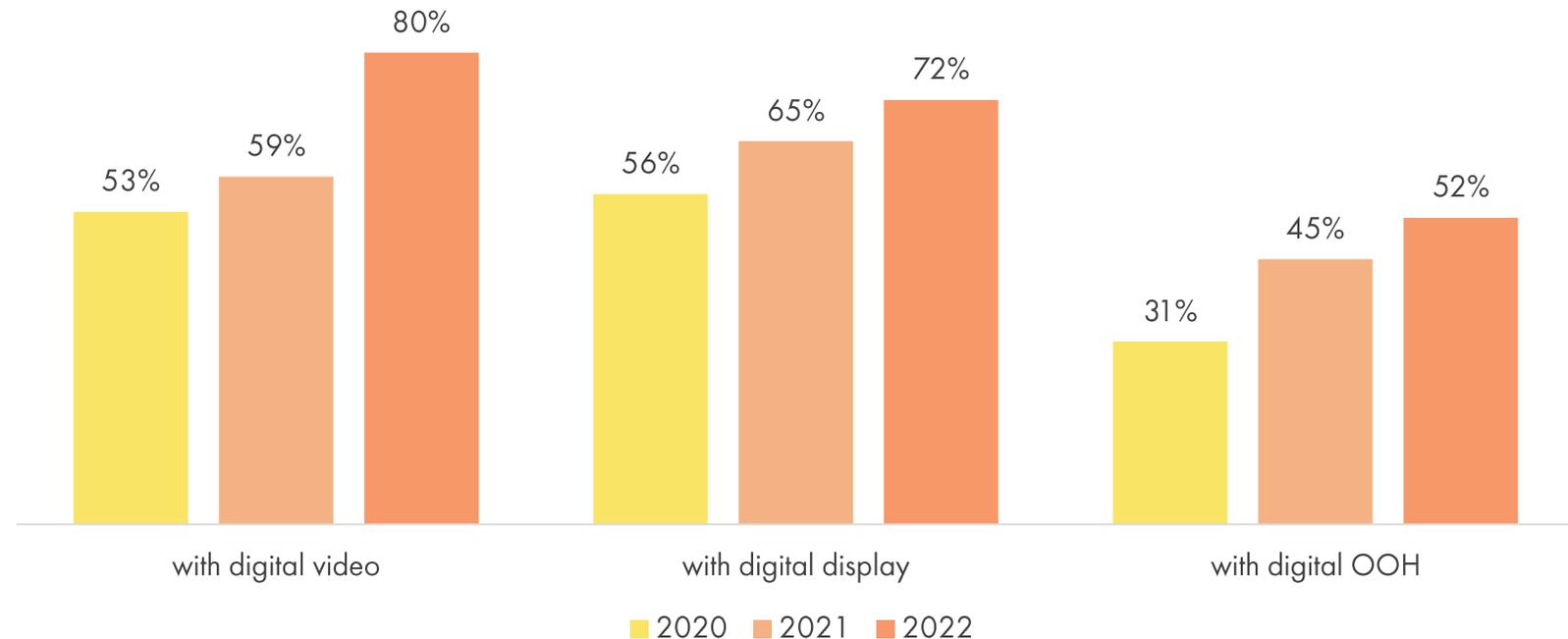
media agencies where audio advertising is a significant part of activity or regularly considered



# increasingly agencies plan and buy in combination with other digital advertising

Planning and buying digital audio (streaming or podcasts) in combination with other digital advertising types has continued to increase year on year. Buying digital audio in combination with digital video advertising has increased significantly this year (from 59% always/frequently/sometimes buying in combination, to 80%).

media agencies planning and buying digital audio with other digital advertising types

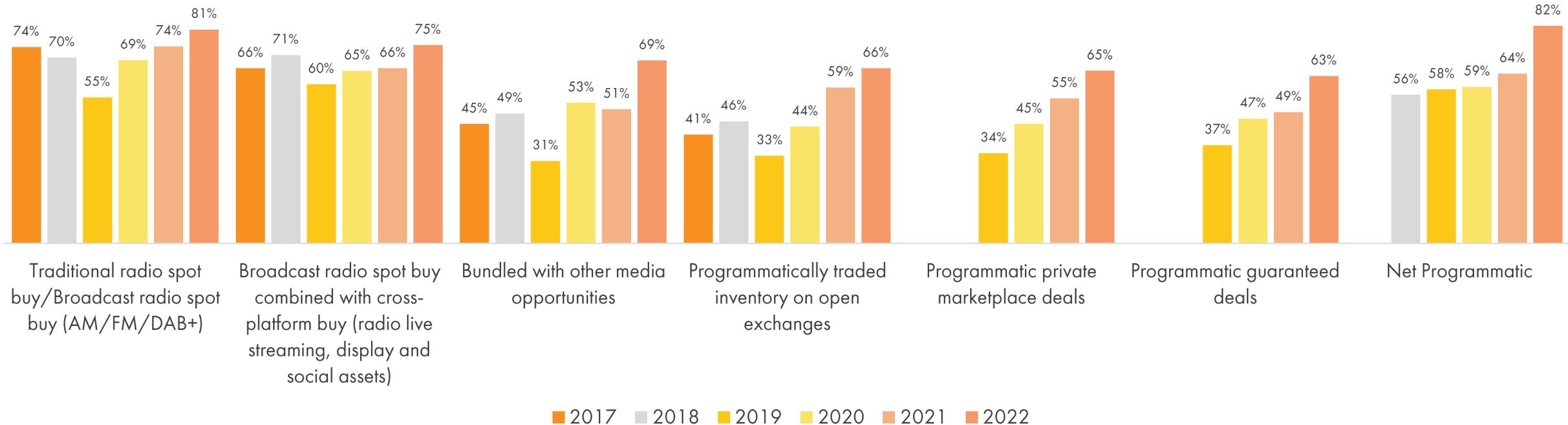


# programmatic expected to increase again

**8 in 10  
intend to buy  
programmatic**

The intention to buy audio advertising programmatically has increased steadily over the last few years with a significant increase this year to 82% (from 64%). Intention to buy programmatic guaranteed deals has increased the most. Intention to buy bundled with other media has also increased significantly this year to 69% (from 51%).

buying methods media agencies intend to use for audio advertising over the next 12 months

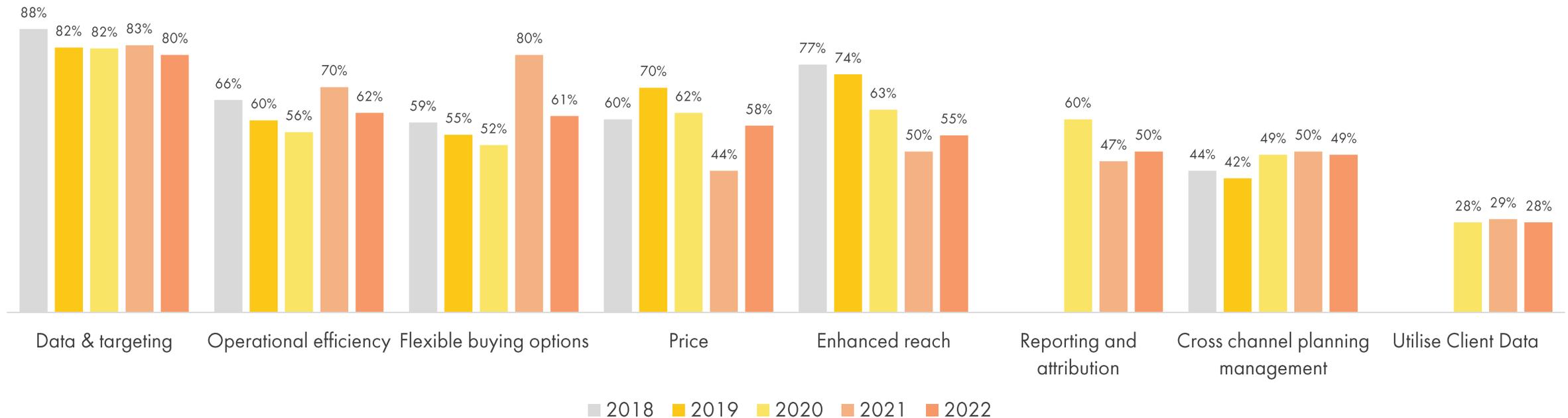


# data & targeting continues to drive programmatic

**8 in 10**  
driven by  
data & targeting

As the industry has moved out of covid impacted years, flexible buying has normalised to previous years as a factor for buying programmatic audio. Price has reemerged as a more important driver as we move into a year of greater accountability.

factors in buying programmatic audio amongst agencies buying programmatically



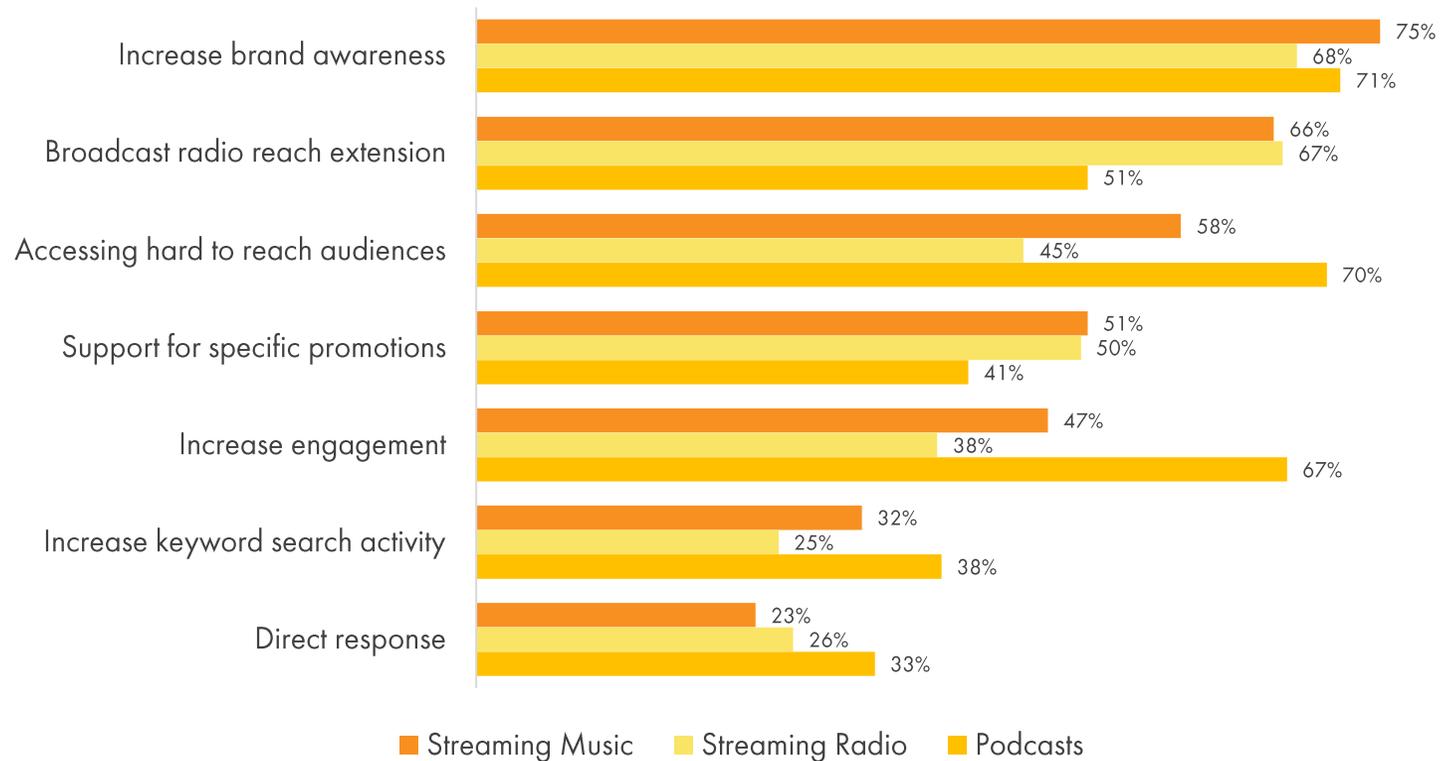
# 7 in 10 agencies say digital audio is effective for increasing brand awareness

Agency rating digital audio effectiveness for campaign objectives  
top 2 box

Digital audio remains most effective for campaigns with brand building objectives.

Streaming music and radio are also seen as highly effective reach extensions to broadcast radio.

Podcasts are also seen as highly effective for accessing hard to reach audiences and increasing engagement.

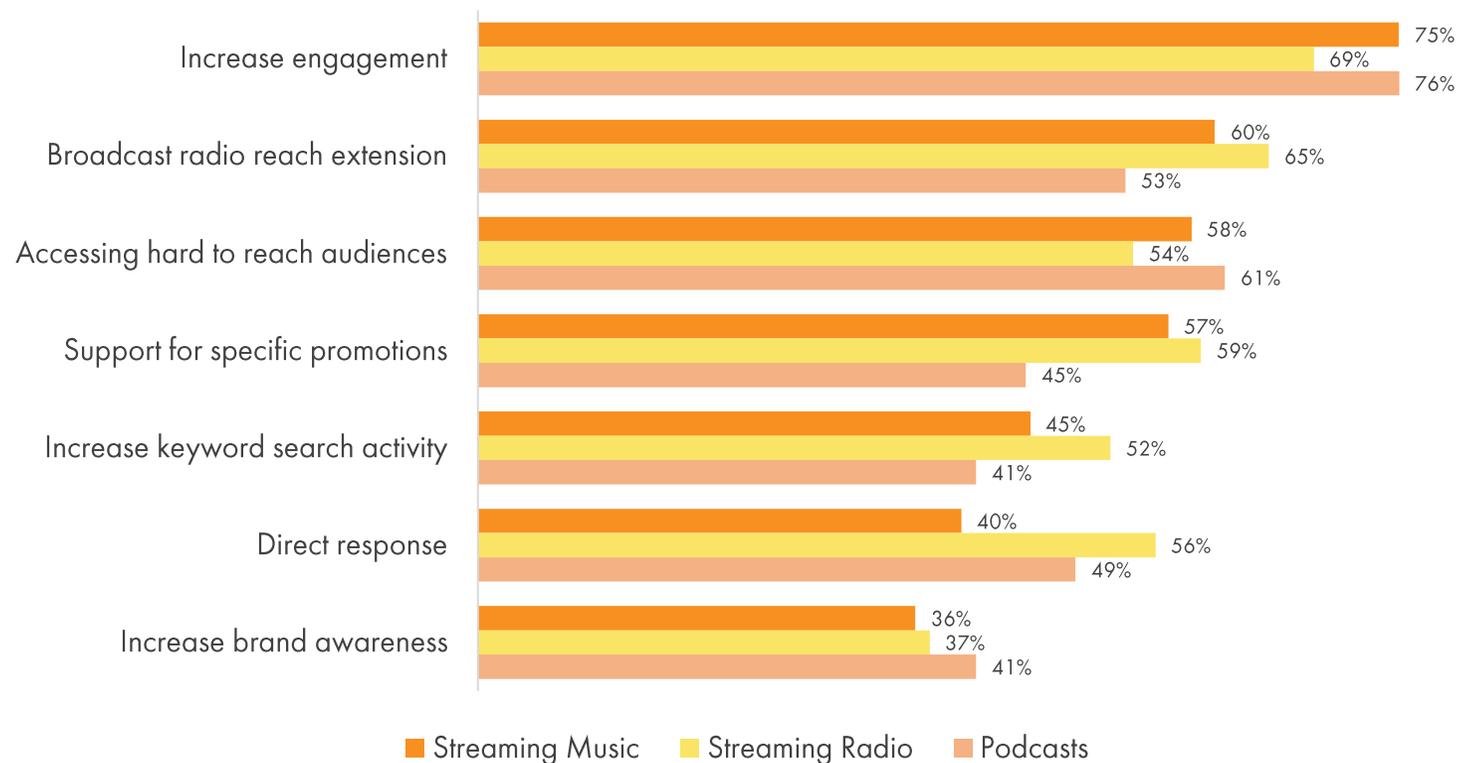


# 7 in 10 brands say digital audio is effective for increasing engagement

Most brands/advertisers surveyed who are using digital audio advertising, see it as effective for increasing engagement.

Brands also see digital audio advertising as effective for extending the reach of broadcast radio and accessing hard to reach audiences.

Brand/advertising rating digital audio effectiveness for campaign objectives top 2 box



# 03. audio creative formats

# agency usage of dynamic audio creative

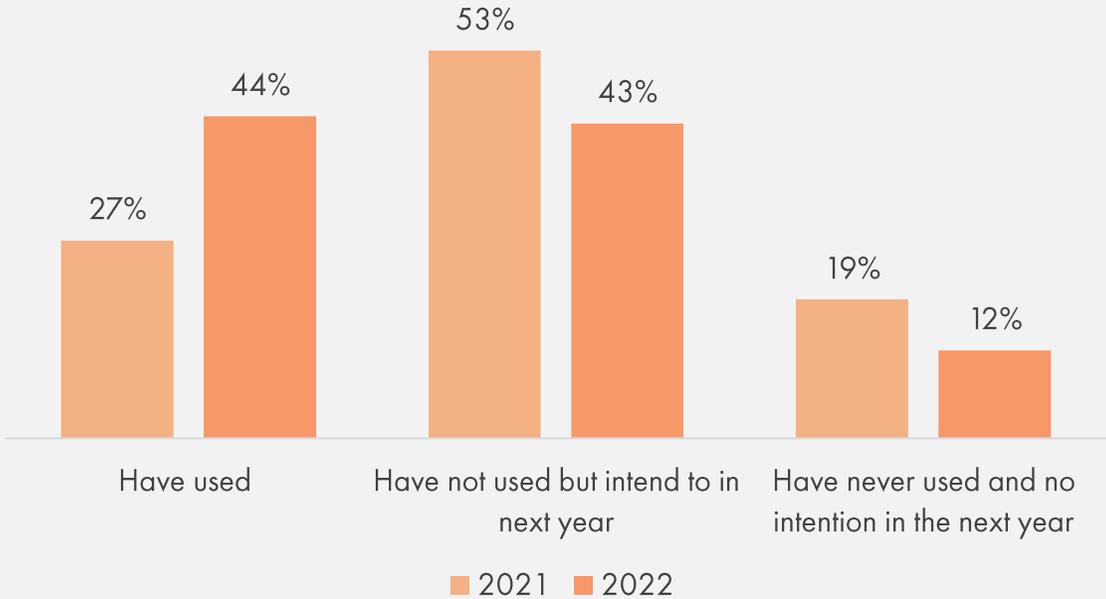
Comments from respondents highlight the main reasons for not using dynamic audio creative –

- not suited to the campaign strategy
- creative resourcing limits
- not understanding the format

*“not needing to have multiple messages in market that are dynamically triggered by audiences/events”*

## Dynamic Audio Creative

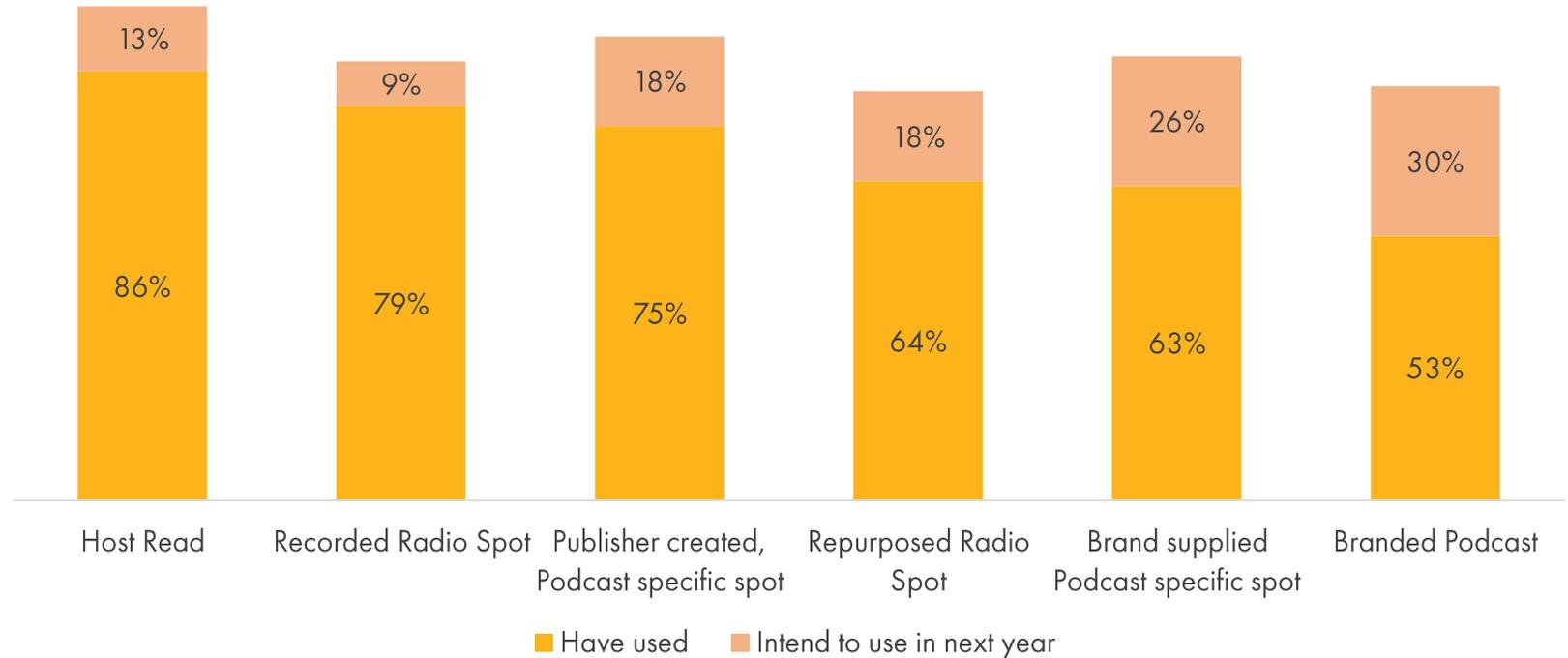
44% of agencies have used Dynamic Audio creative over the last year, an increase from the year prior.



# agency usage of podcast creative formats

Host read podcasts and recorded radio spots remain the most used podcast creative formats amongst agencies. There is high appetite to try branded podcasts and brand supplied podcast spots.

Agency usage of podcast creative formats

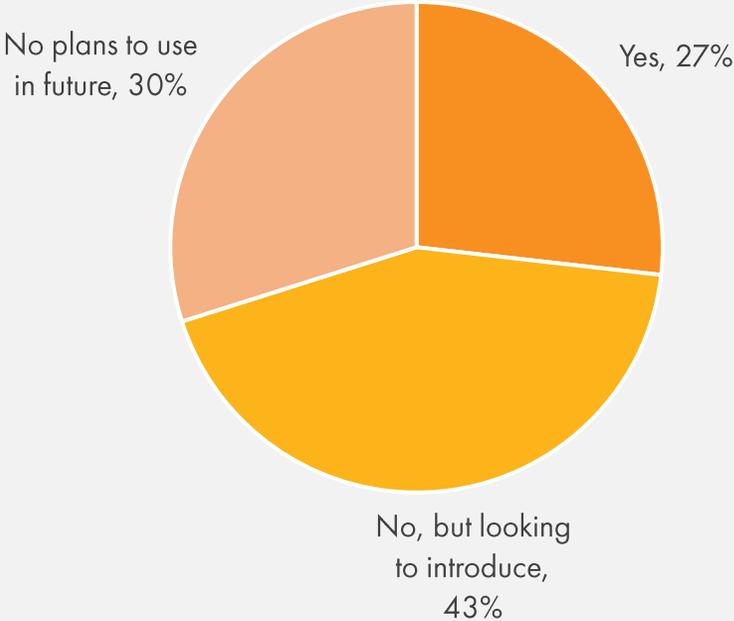


# consistent usage of sonic branding

Brand building is the predominant objective for digital audio campaigns, however only 27% of agencies consistently using sonic branding.

The strategic use of music, voice and sound to articulate a brand creates an emotional impact, and with consistency can make a brand more memorable. So, its worth looking to introduce sonic branding more regularly into audio campaigns.

**Sonic branding**  
27% of agencies use sonic branding consistently. Intention to introduce consistent sonic branding is high at 43%.



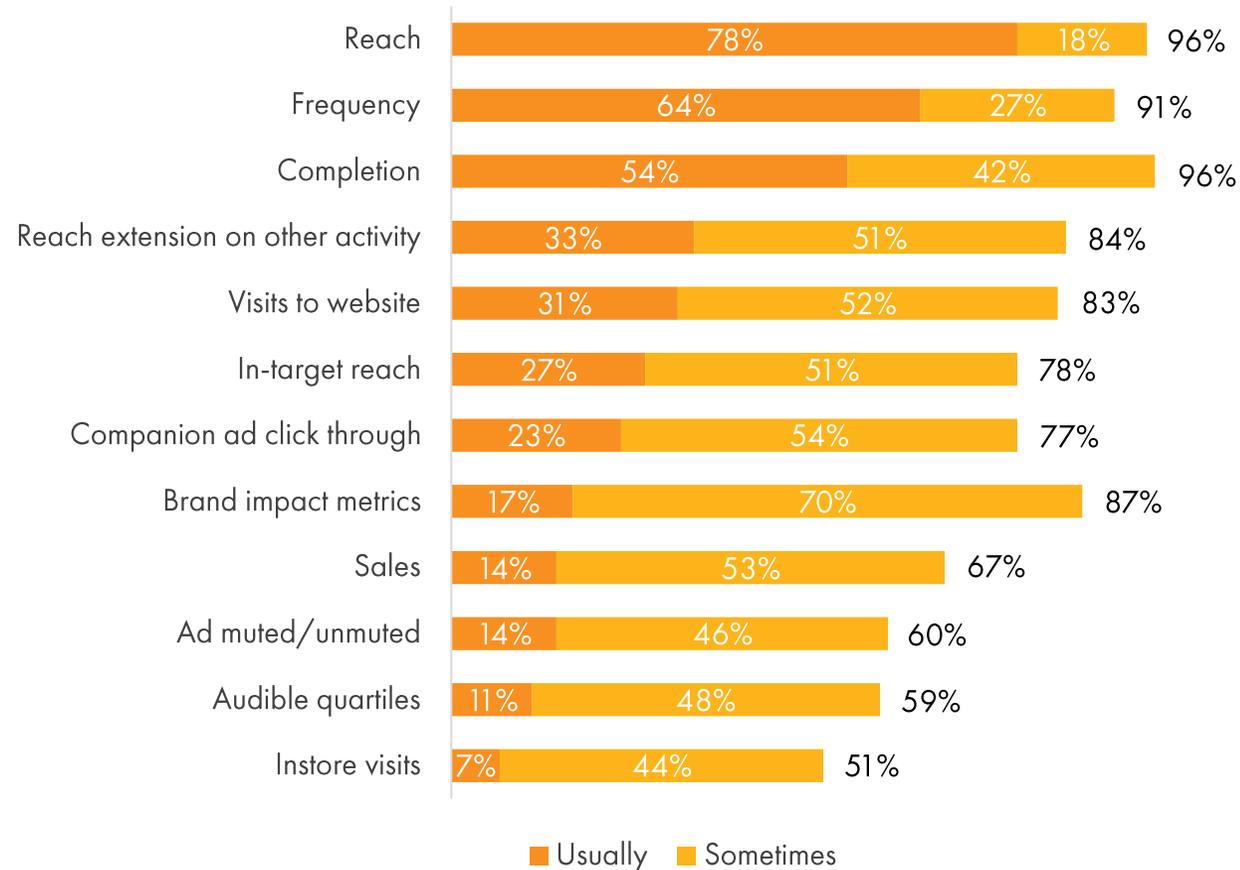
# 04. audio advertising effectiveness

# assessment of advertising effectiveness for streaming digital audio

## Streaming digital audio effectiveness metrics used

Completion, reach and frequency are used by nearly all agencies at least sometimes to assess effectiveness of streaming audio campaigns.

Measuring success of the predominant campaign objective of brand building is at least sometimes done by 87% of agencies.

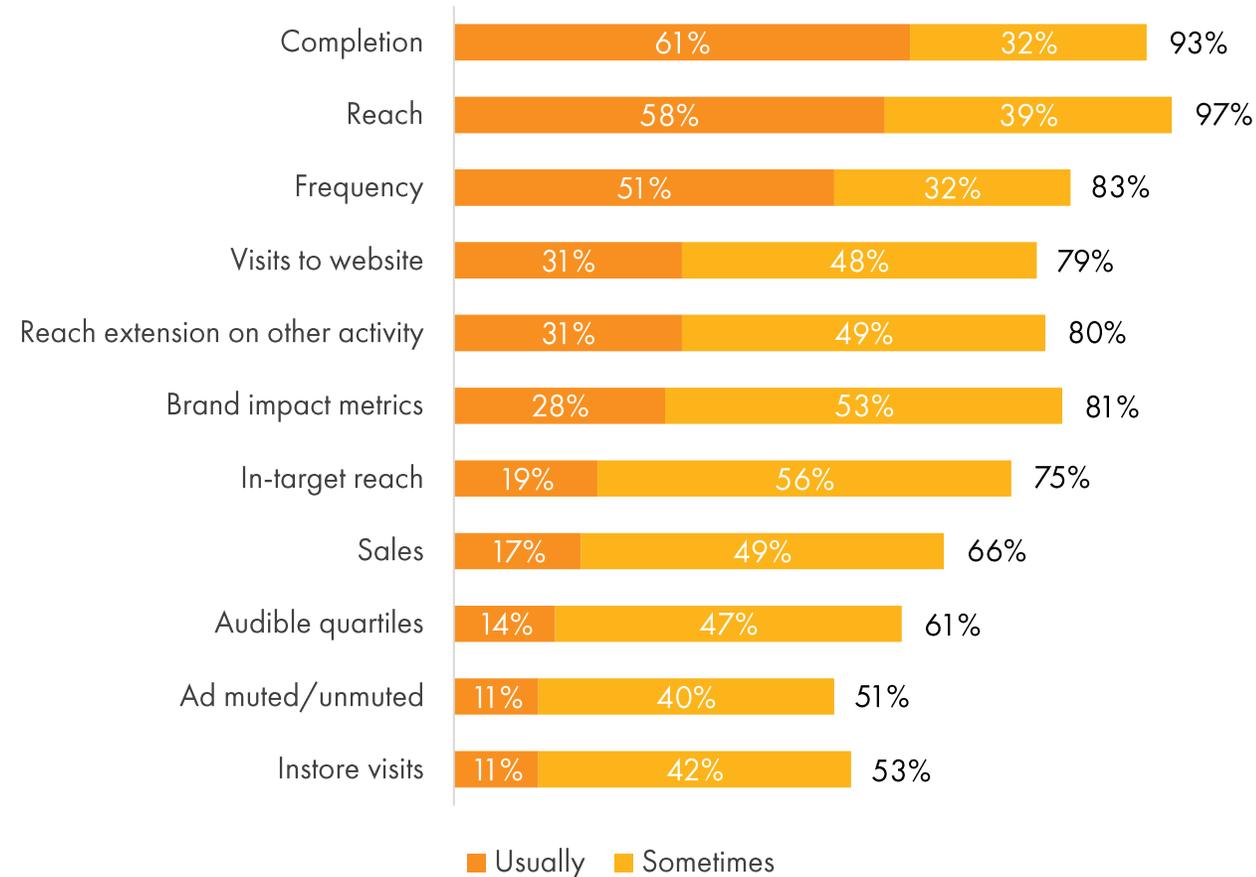


# assessment of advertising effectiveness for podcasts

## Podcast advertising effectiveness metrics used

Completion and reach are used by nearly all agencies at least sometimes.

Measuring success of the predominant campaign objective of brand building is at least sometimes done by 81% of agencies.



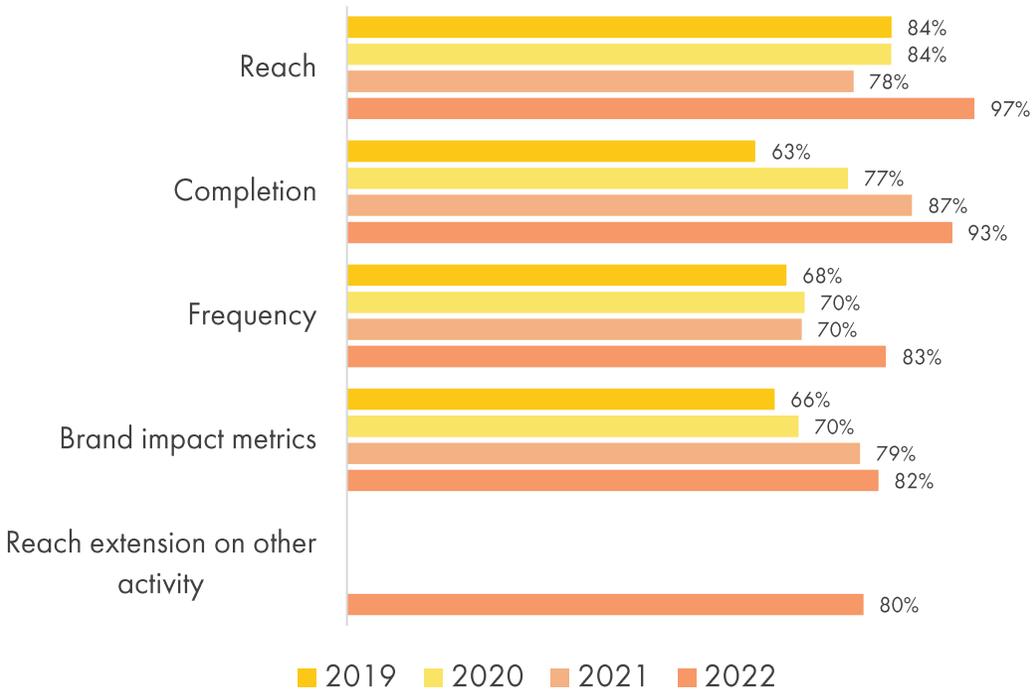
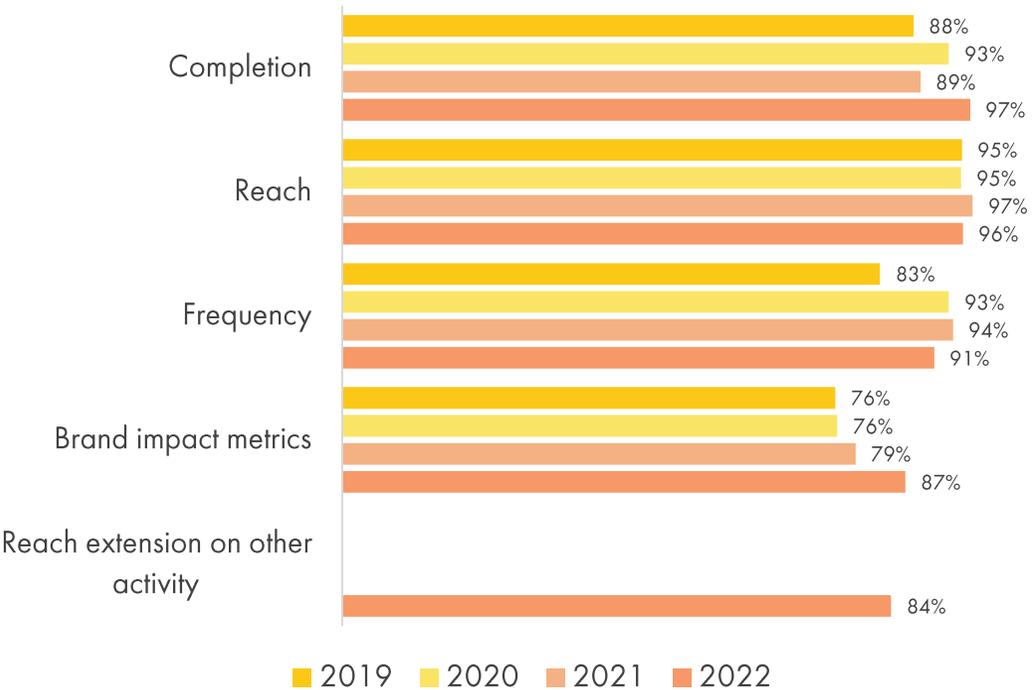
# agency usage of key metrics increasing over time

 **Streaming audio**

Agencies have increased usage of completion and brand impact metrics. Reach extension, added to the survey for the first time in 2022, is a key metric.

 **podcast**

Agencies have increased usage of all key metrics on previous years. There has also been an increase for the lesser used metrics; in-target reach and instore visits.



# measurement is a key industry opportunity

## Top 3 agency challenges

Amongst media agencies, the lack of measurement and standardised metrics is a key issue stopping all audio advertising formats becoming a larger proportion of ad volume. The lack of evidence of effectiveness also features as a top issue for all types of audio advertising.

Broadcast Radio	Streaming music	Streaming Radio	Podcast
<p><b>1. Lack of measurement and tracking/standardised metrics</b></p> <p>2. Lack of evidence of effectiveness</p> <p>3. Lack of addressability</p>	<p><b>1. Lack of measurement and tracking/standardised metrics</b></p> <p>2. Lack of advertisers' understanding around audio advertising</p> <p>3. Lack of evidence of effectiveness</p>	<p>1. Lack of evidence of effectiveness</p> <p><b>2. Lack of measurement and tracking/standardised metrics</b></p> <p>3. Lack of advertisers' understanding around audio advertising</p>	<p><b>1. Lack of measurement and tracking/standardised metrics</b></p> <p>2. Lack of evidence of effectiveness</p> <p>=3. Lack of advertisers' understanding around audio advertising</p> <p>=3.cost</p>

# strengths of streaming music and radio advertising

Q:

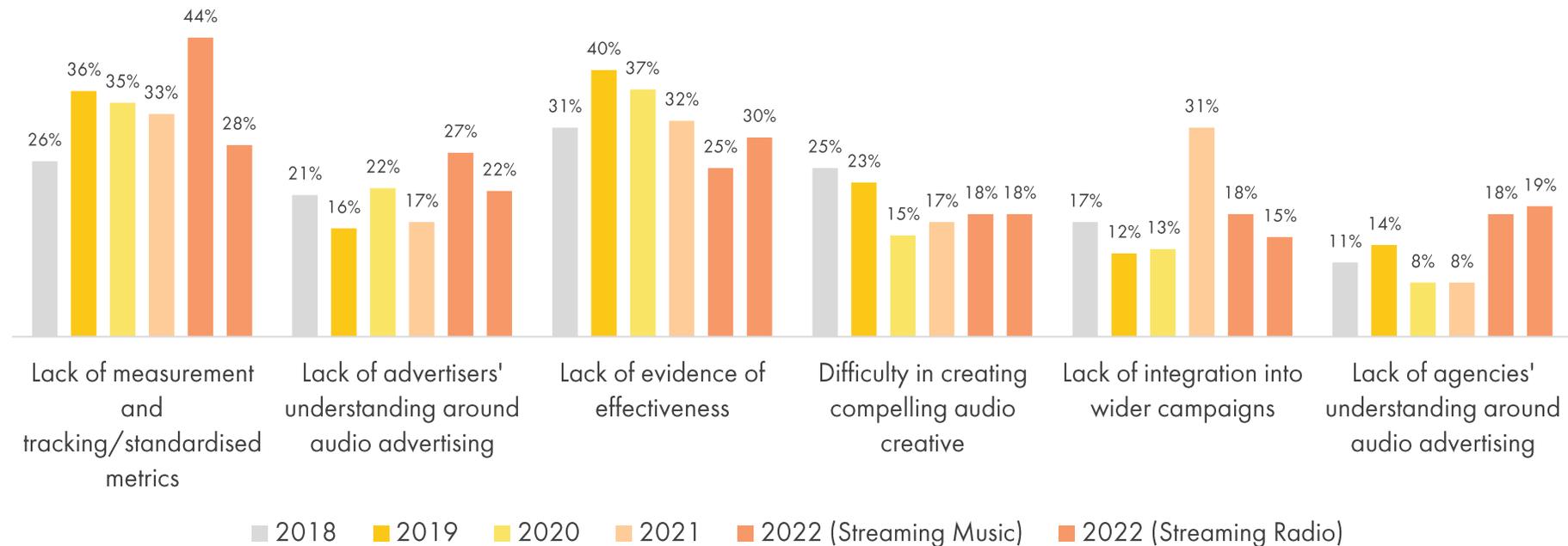
“reach”	“targeting and flexibility in targeting options”	“reach of younger demographics”	“highly engaging content that is most often listened to in a 1-1 capacity”
“incremental reach”		“access to hard-to-reach audiences”	
“cost effective reach”	“continuous, real-time, sequential”	“addressability”	“data and measurement”
“contextual advertising”	“continuity, real-time and	“cost efficiencies”	“streaming has proven lower carbon footprint than physical format”
“variety of environment	“accessibility”	“attention”	

# opportunities for streaming music and radio advertising

## Top 3 agency challenges

Amongst media agencies, lack of measurement and standardised metrics continues to be the predominant challenge for streaming music, while the lack of evidence of effectiveness is the predominant challenge for streaming radio.

*“ We are challenged by the lack of understanding on audibility standards and the effectiveness of audio with how much scale it has.”*



# strengths of podcast advertising

Q: What is the single biggest strength of podcast advertising?

"contextual targeting"

"context to increase relevance and memory"

"reaching niche audiences"

"targeting to specific audience segments"

"one to one, engaged audience."

"attention is greater as audiences' level of engagement with podcast is generally higher."

"able to build reach through a large variety of different podcasts."

"cut-through of message using talent"

"reach specific audiences as there are many podcasts that have different genres."

"ability to do a deeper integration, helping improve brand metrics and association."

"brand trust "

"in-car / opportunities for hard-to-reach moments"

"compelling narratives, engaging stories & informative content enhance the understanding & memory of the content"

"create something relevant for an audience who are deeply involved in the subject matter or person they are listening too"

"ability to leverage trusted voices to bring authenticity to campaign messaging"

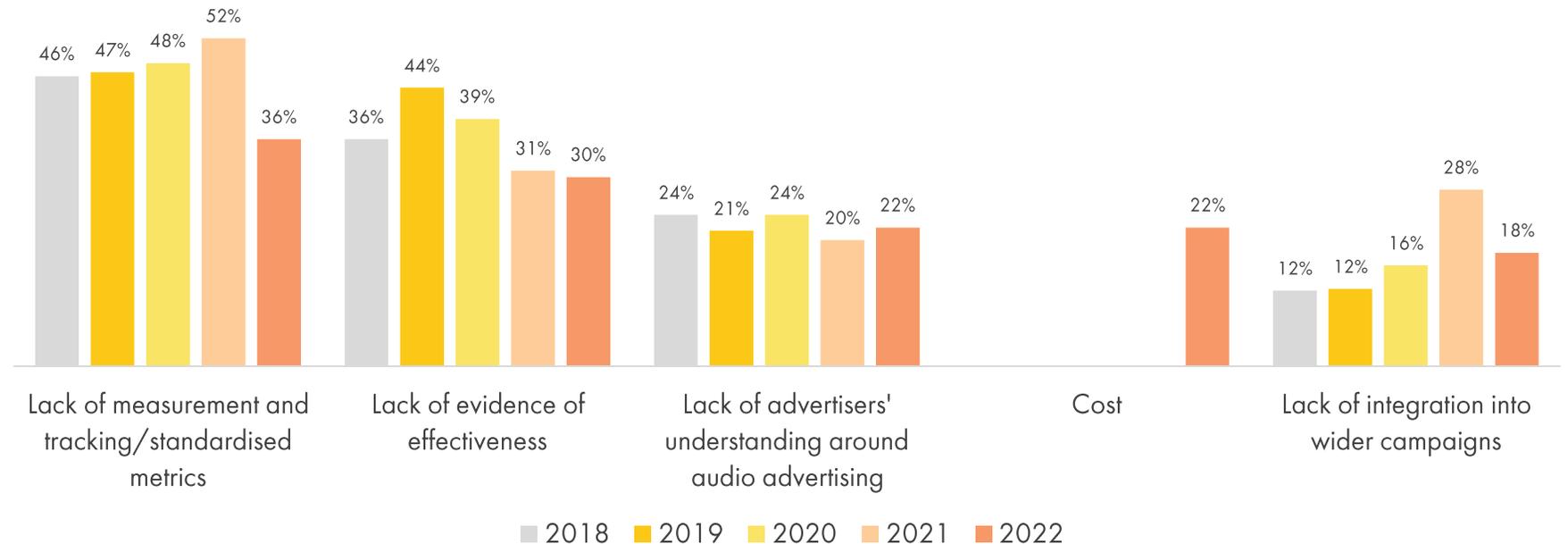
"the production of a podcast only requires a stable working studio and audio editing software. Therefore, audio in the production cost advantage is also obvious."

# opportunities for podcast advertising

## Top 3 agency challenges

*"We are challenged by a lack of understanding around the effectiveness and impact on brand metrics without a huge volume of spend that gives you access to brand studies that still only give you one piece of insight in a siloed environment, rather than a holistic view across all audio publishers."*

Amongst media agencies, the top challenges with podcast advertising have reduced over time. The predominant challenge continues to be lack of measurement and standardised metrics, although this has also reduced in 2022. Cost was added into the survey for this first time this year.



# brands/advertisers see different opportunities

## Top 3 brand/advertiser challenges

Amongst brands/advertisers, the key challenges stopping audio advertising being a larger proportion of ad volume are in creating compelling creative in broadcast and streaming radio, along with a lack of understanding across all formats.

Broadcast Radio	Streaming music	Streaming Radio	Podcast
=1. Difficulty in creating compelling audio creative	1. Lack of their own understanding around audio advertising	1. Difficulty in creating compelling audio creative	1. Lack of measurement and tracking/standardised metrics
=1. Lack of internal agency resource dedicated to audio advertising	=2. Lack of evidence of effectiveness	2. Lack of agency understanding around audio advertising	2. Lack of agency understanding around audio advertising
2. Lack of agency understanding around audio advertising	=2. Cost	3. Lack of evidence of effectiveness	3. Lack of addressability

# further resources

2022

**audio buyers  
guide**

[audio buyers guide 2022](#)

2022

**audio in the  
attention economy**

[audio in the attention economy](#)

2022

**online advertising  
expenditure report**

[online advertising expenditure  
report 2022 \(incl audio advertising\)](#)