

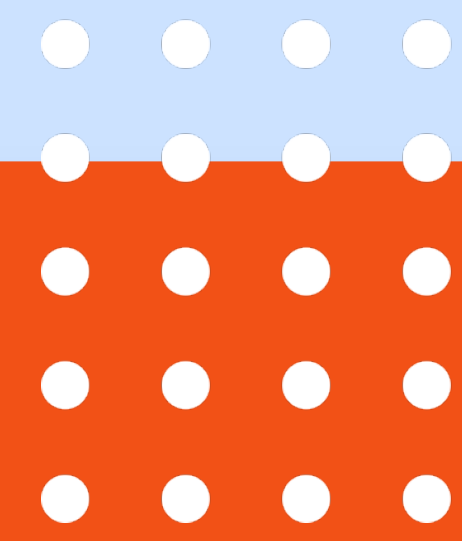
SOUNDS PROFITABLE

# The Podcast Opportunity

Buyer Perceptions of  
Podcast Advertising



# The Podcast Opportunity



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Buyer Perceptions of  
Podcast Advertising

JUNE 2023



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# Methodology:

- In May/June 2023, Sounds Profitable worked with both Digiday and Signal Hill Insights to study the current perceptions of podcast advertising with a broad sample of over 300 buyers, distributed as follows:
- Quantitative: 293 online interviews with buyers from both the brand and agency side (93 sourced from Digiday's buyer panel, 200 verified buyers from brands/agencies sourced from a reputable B2B panel)
- Qualitative: 11 interviews (mostly agency, with some holding company/brand representation) with Sounds Profitable "Insiders" – veteran buyers of podcasts
- Respondents were asked a variety of questions about their past and current podcast buying, as well as general perceptions of the medium as an advertising vehicle

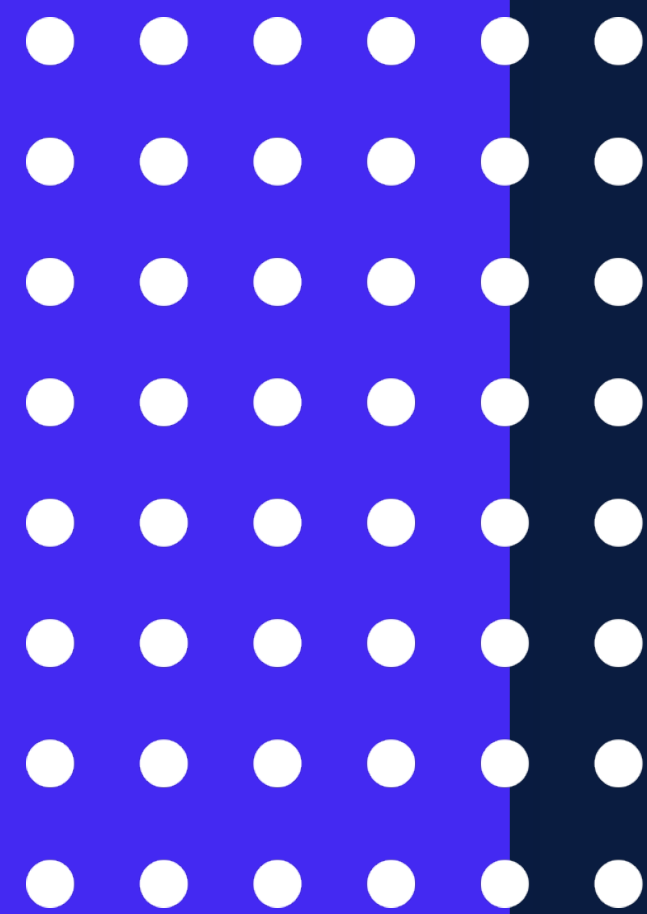
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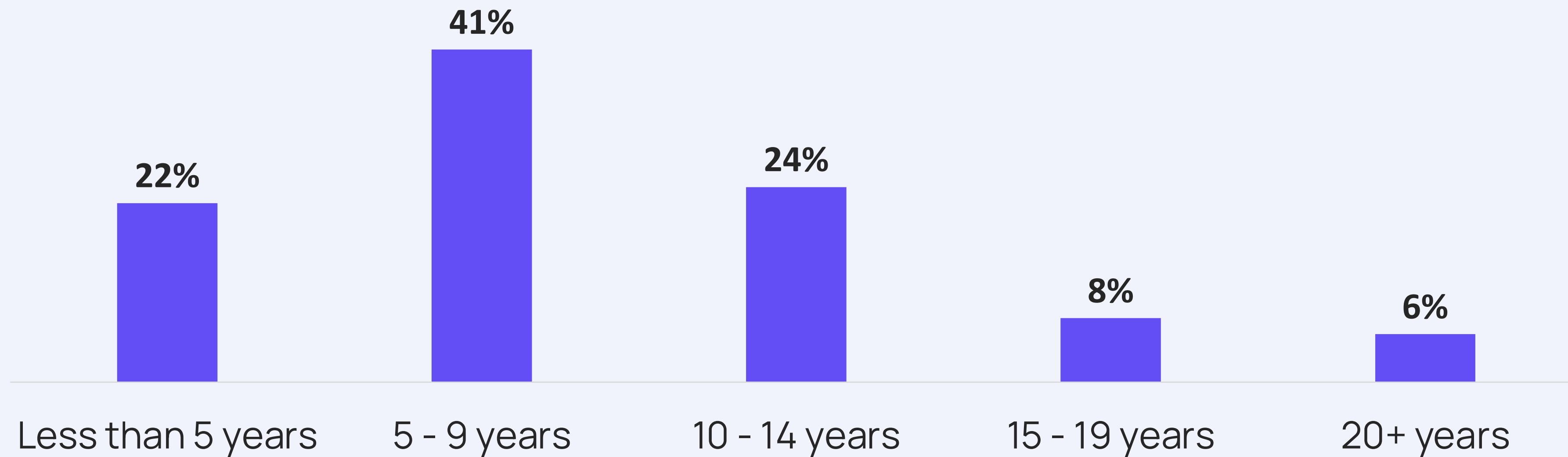
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# The Podcast Opportunity

Buyer Profile



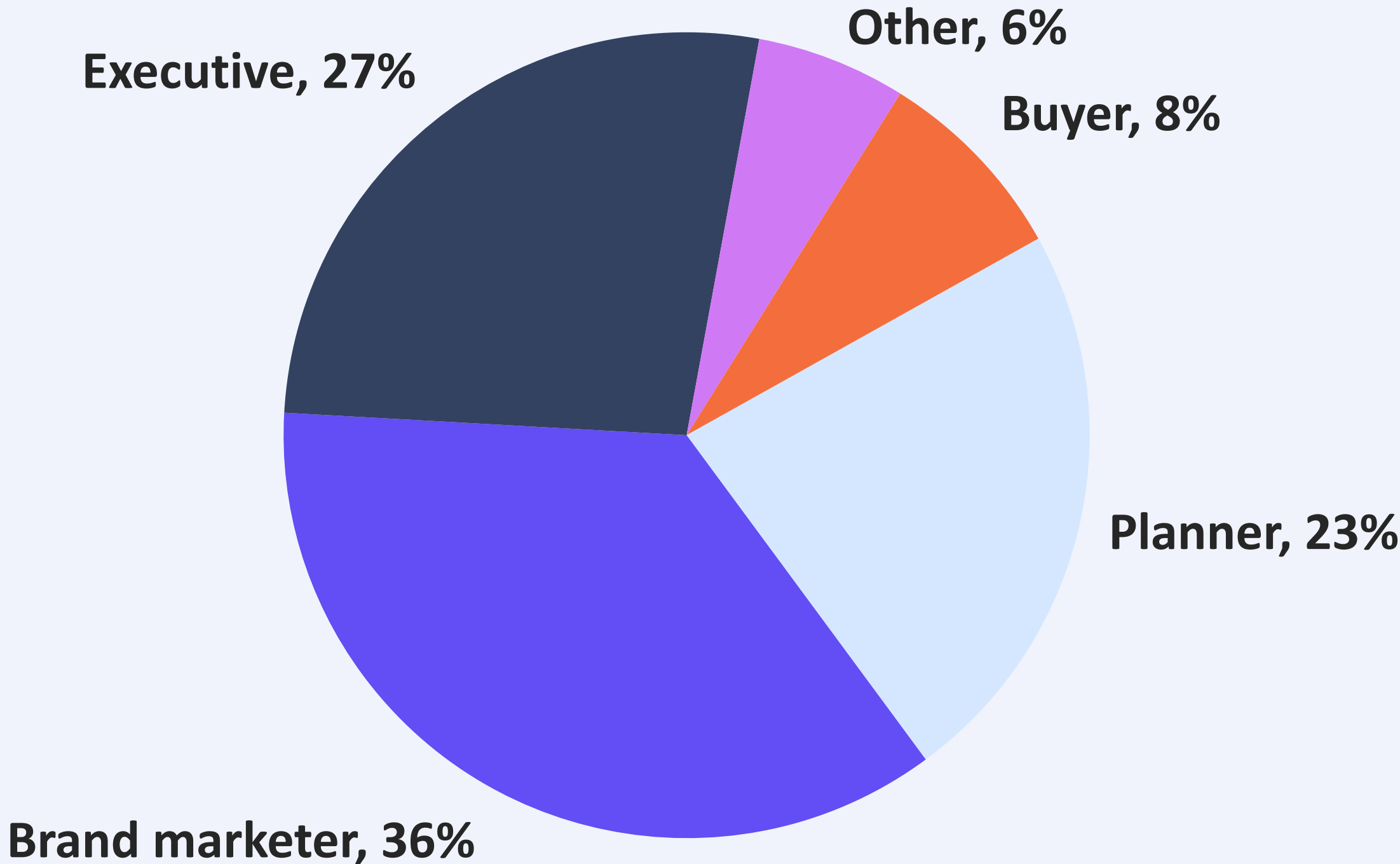
# How many years have you worked in the advertising industry?



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# What is your role?

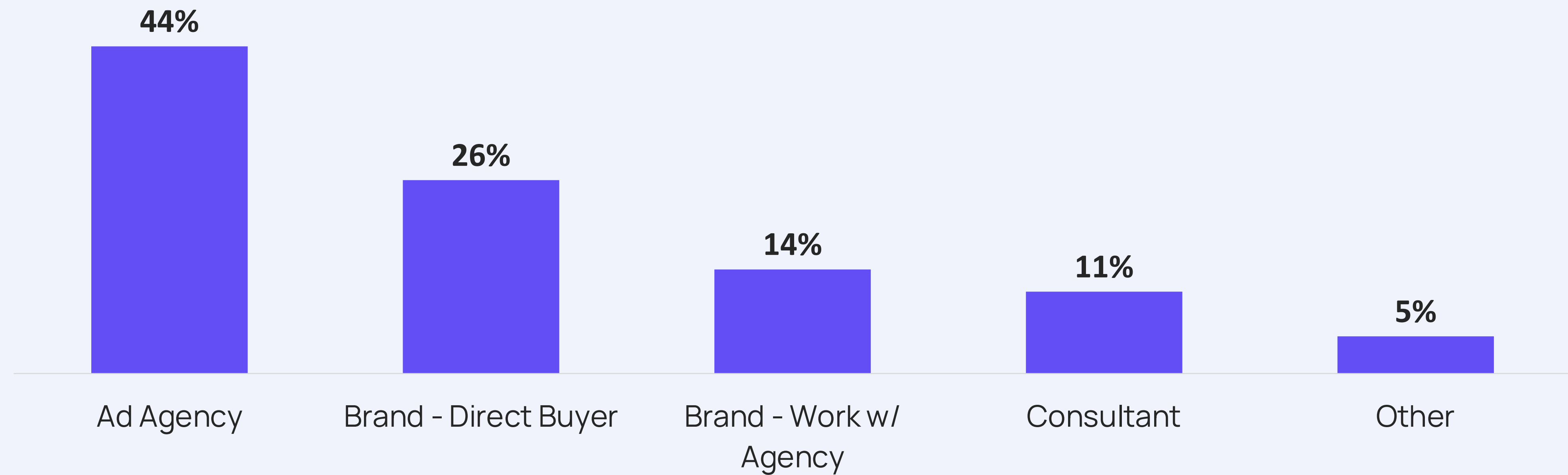


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# Type of Organization



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SignalHill  
Insights

SOUNDRISE

betterhelp

WONDERY

barometer

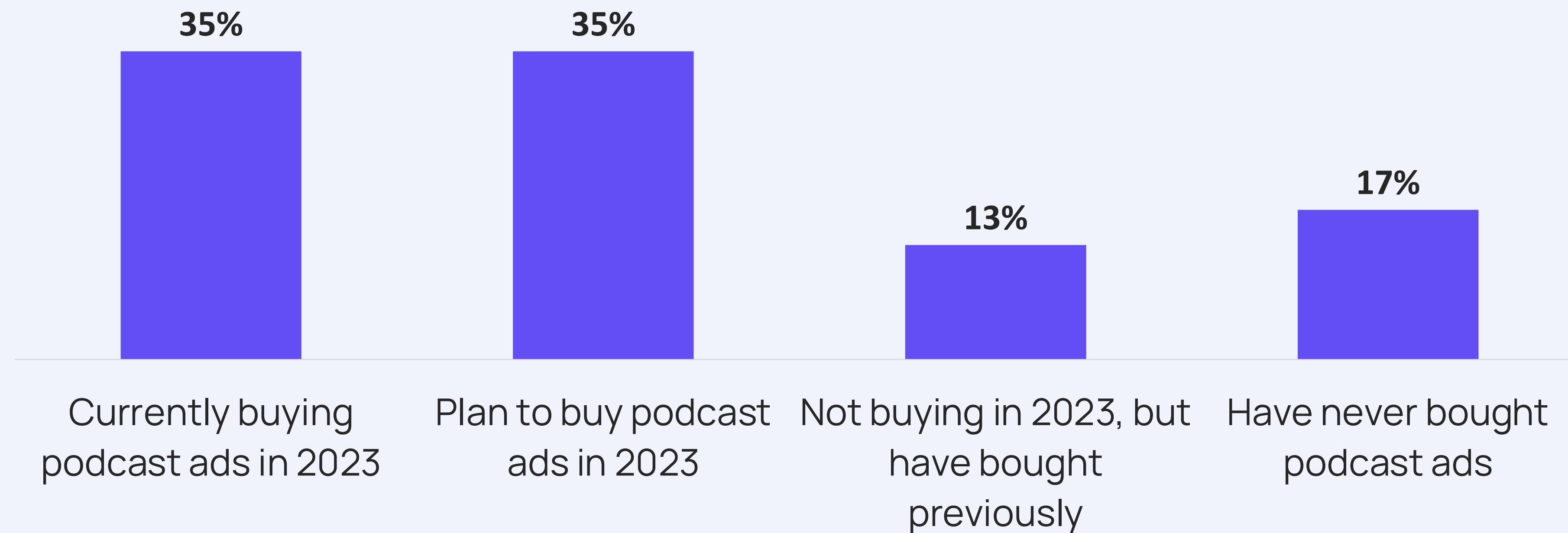
ESPN Podcasts

npr

sxm  
MEDIA

AUDIOHOOK

# Which one best describes your company's experience with buying podcast ads?



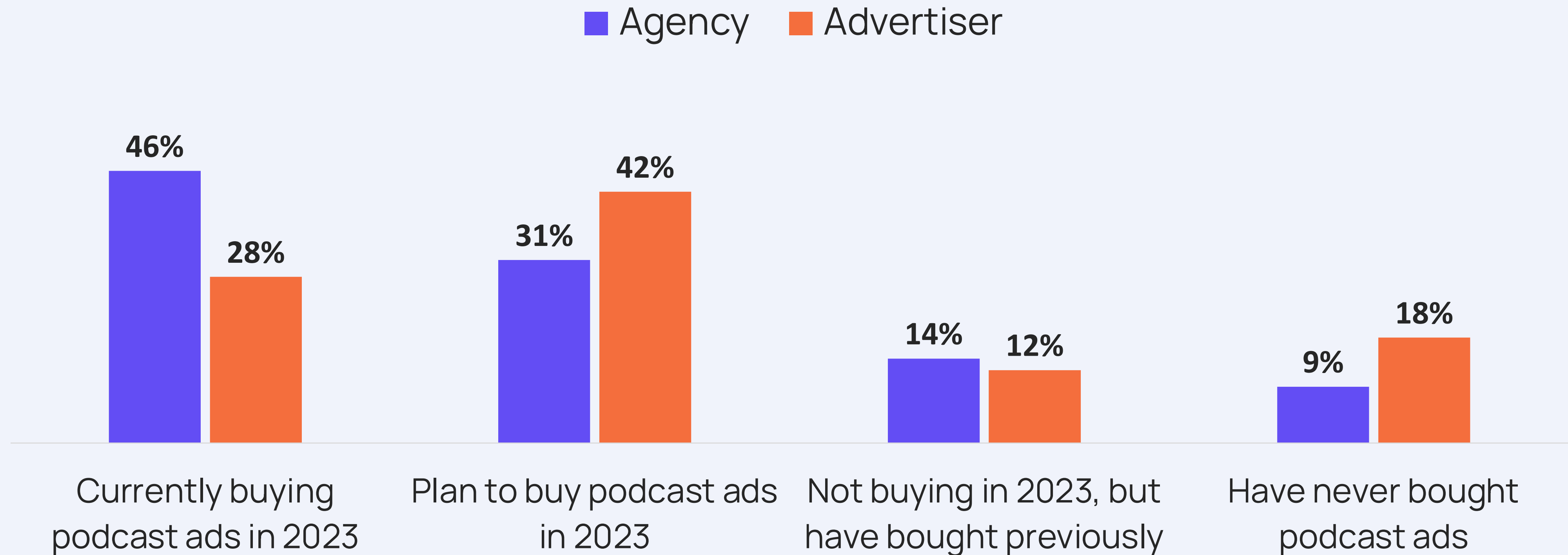
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# Which one best describes your company's experience with buying podcast ads?



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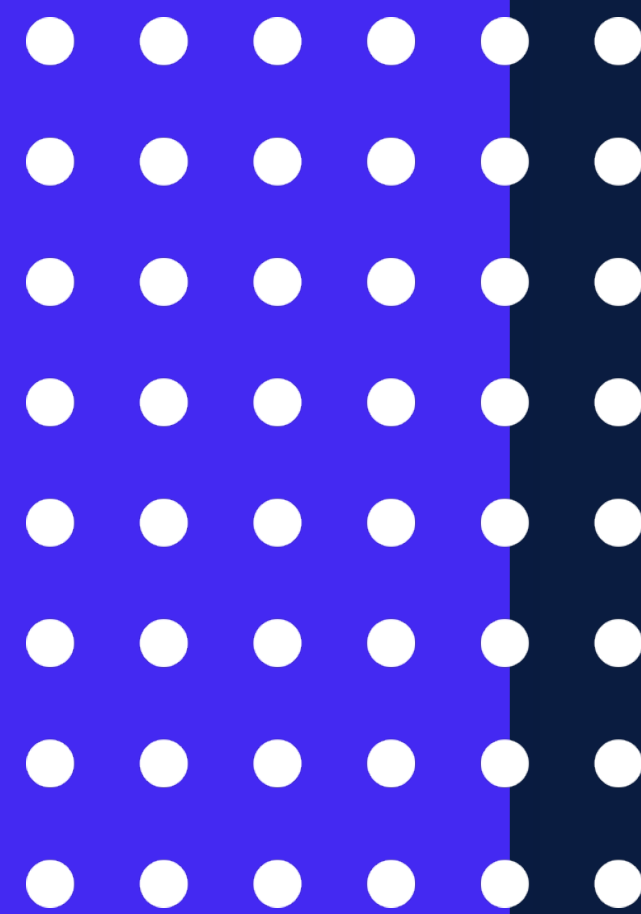
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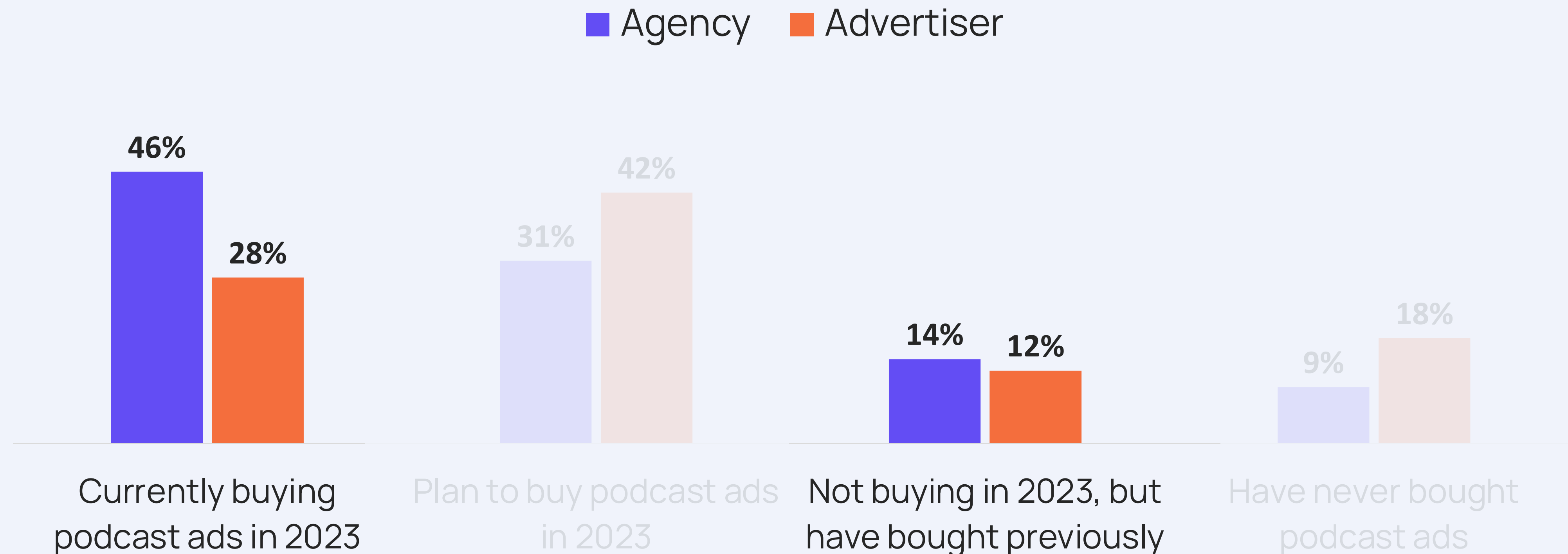
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# The Podcast Opportunity

The Experience of Buying Podcasts



# Which one best describes your company's experience with buying podcast ads?



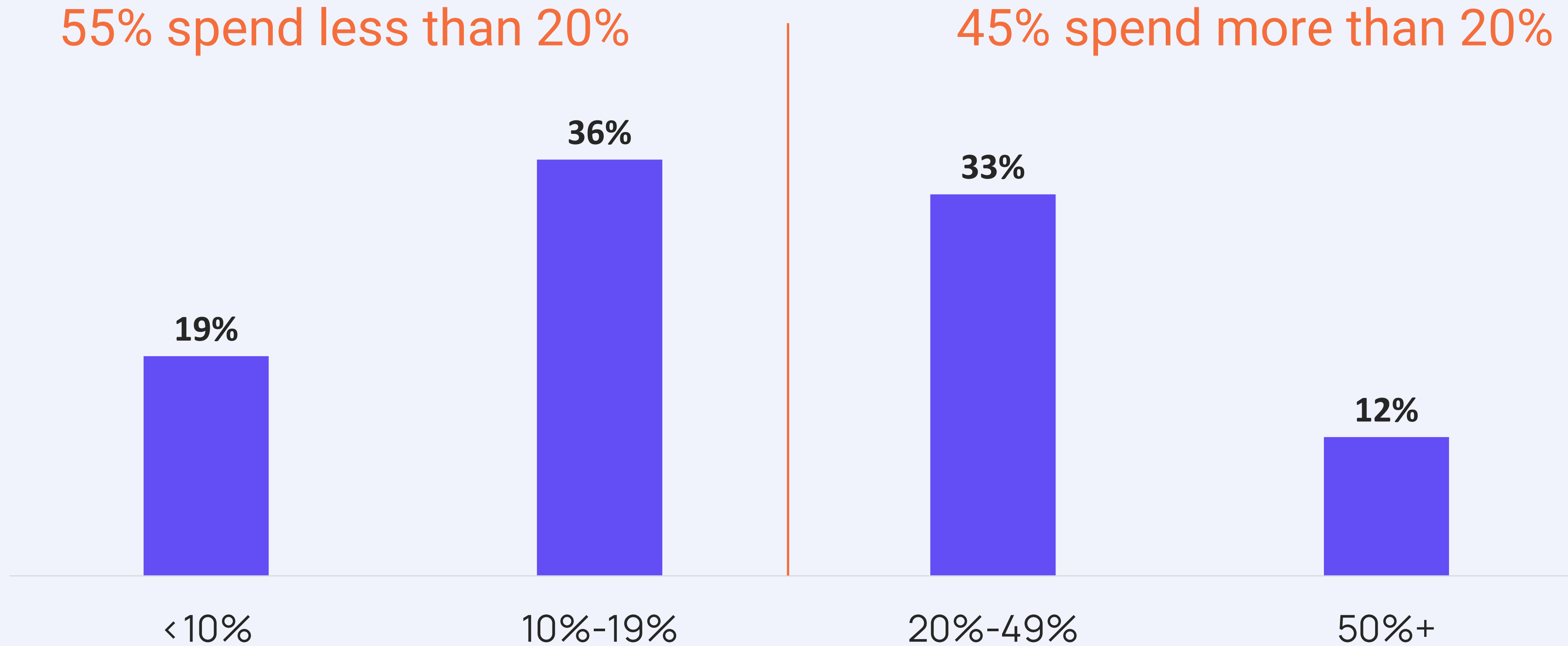
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# What overall percentage of your media spend is allocated to podcasts?

Currently Buying Podcast Advertising



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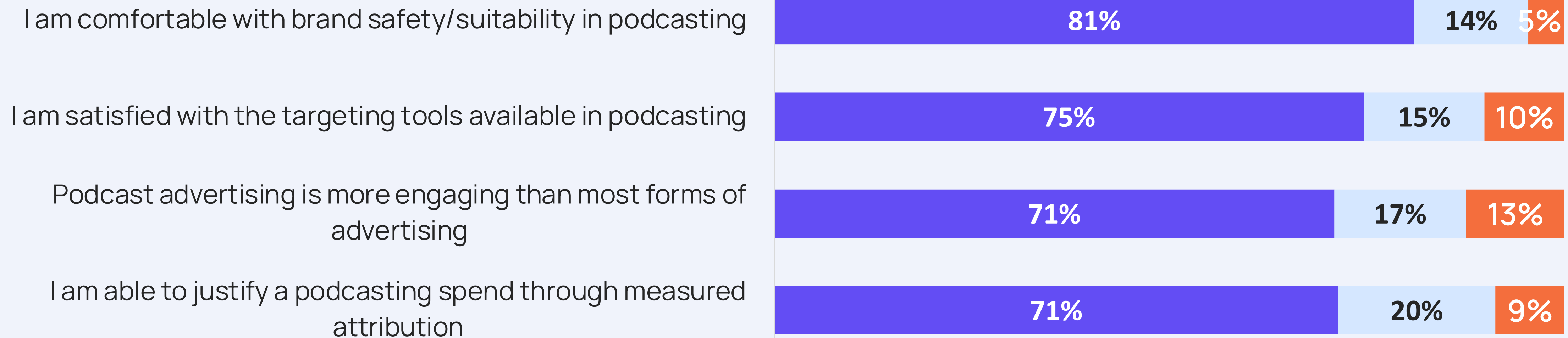
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# How much do you agree or disagree with the following statements?

Currently Buying or have Previously Bought Podcasts

■ Agree ■ Neither agree nor disagree ■ Disagree

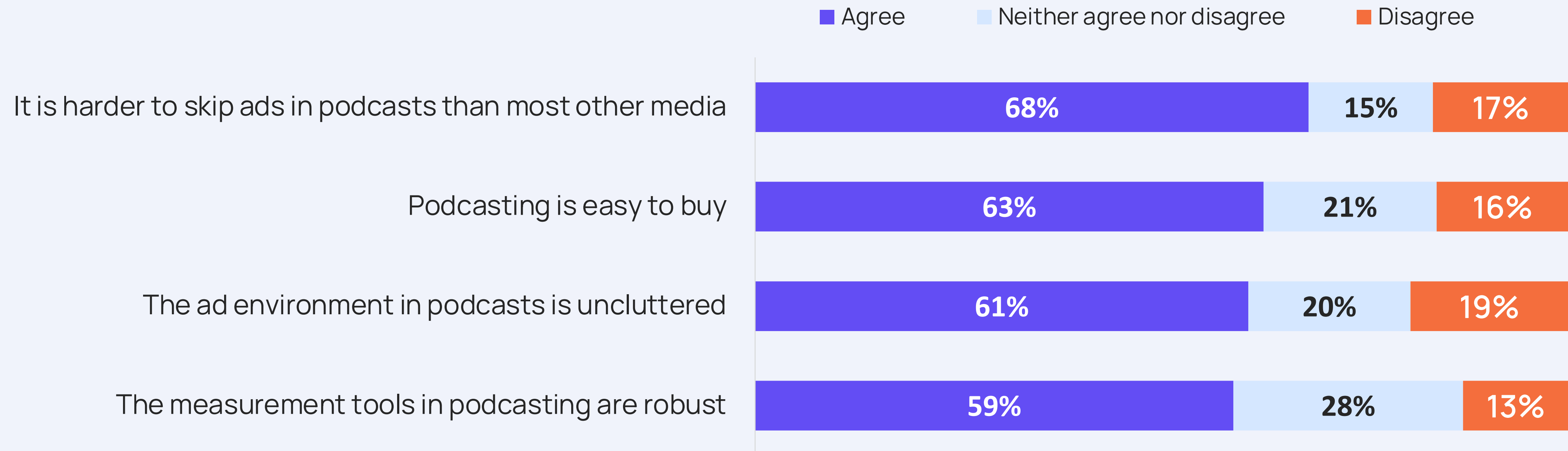


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# How much do you agree or disagree with the following statements? (cont'd)

Currently Buying or have Previously Bought Podcasts



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# Qualitative themes (Sounds Profitable “Insiders”)

- “There is no one source of truth, so you need to reconcile multiple data sources.”
- “Another challenge...was the efficacy of different measurement processes, and how they felt that sometimes they weren't the most accurate, or even the most effective.”
- “I would just add that on a long-term basis, I like MMM, MTA, but for campaigns, they don't help you. If Amazon or Google had acquired Podsights instead of Spotify, I think that we could get better iterations on what we currently have, but I don't know how much better it can get without a major player involved.”

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Insights

**SOUNDRISE**

**betterhelp**

**WONDERY**

**barometer**

**ESPN Podcasts**

**n p r**

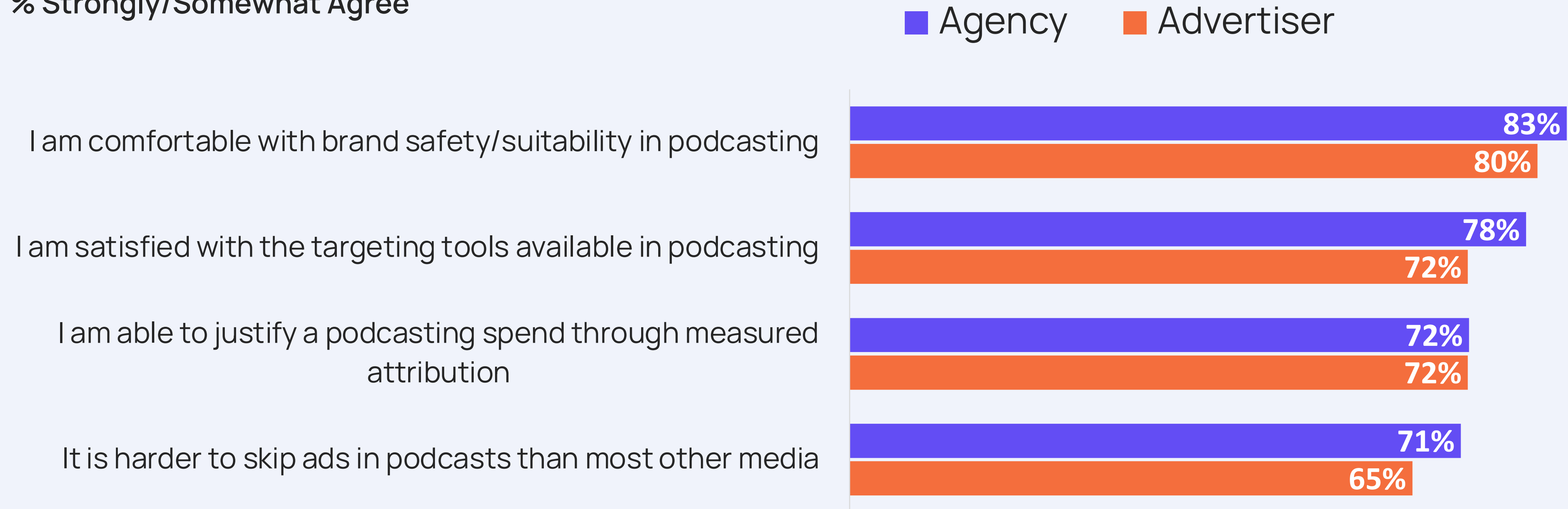
**sxm**  
MEDIA

**AUDIOHOOK**

# How much do you agree with the following statements?

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Agree



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# How much do you agree with the following statements? (cont'd)

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Agree

■ Agency ■ Advertiser

Podcast advertising is more engaging than most forms of advertising



The ad environment in podcasts is uncluttered



The measurement tools in podcasting are robust



Podcasting is easy to buy



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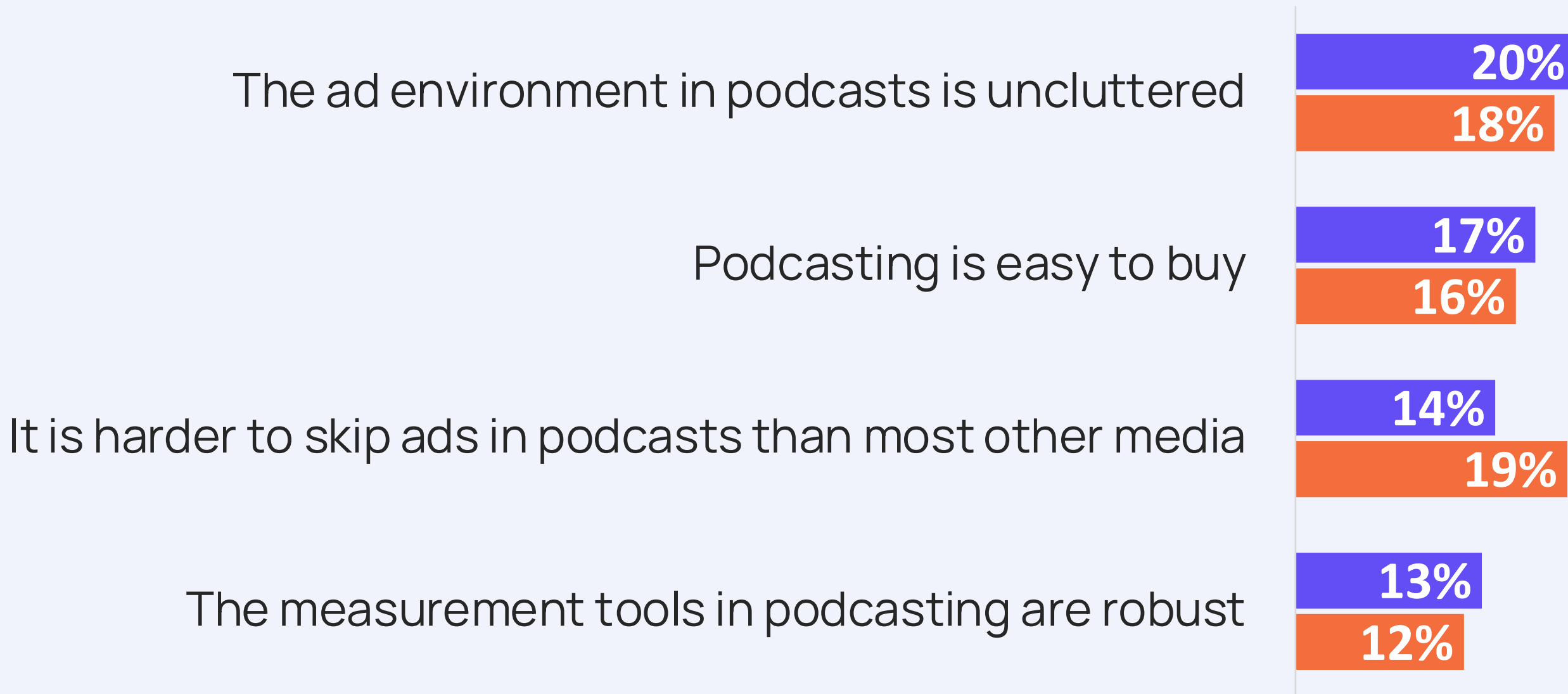


# How much do you disagree with the following statements?

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Disagree

■ Agency ■ Advertiser



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# Qualitative themes (Sounds Profitable “Insiders”)

- “It's difficult for brands to walk in the footsteps of Athletic Greens, Manscaped, BetterHelp, and other brands that have made their names clear in podcast advertising. There is a limited inventory on shows and there are limited shows that work for particular types of brands and products.”
- “The efficiency of Share of Voice shows has dipped, and now I hear six ads in an episode. As a listener, I hated the ads on a podcast last night. The more brands enter this space, the less efficient the system becomes, and the less we can pay podcasters.”

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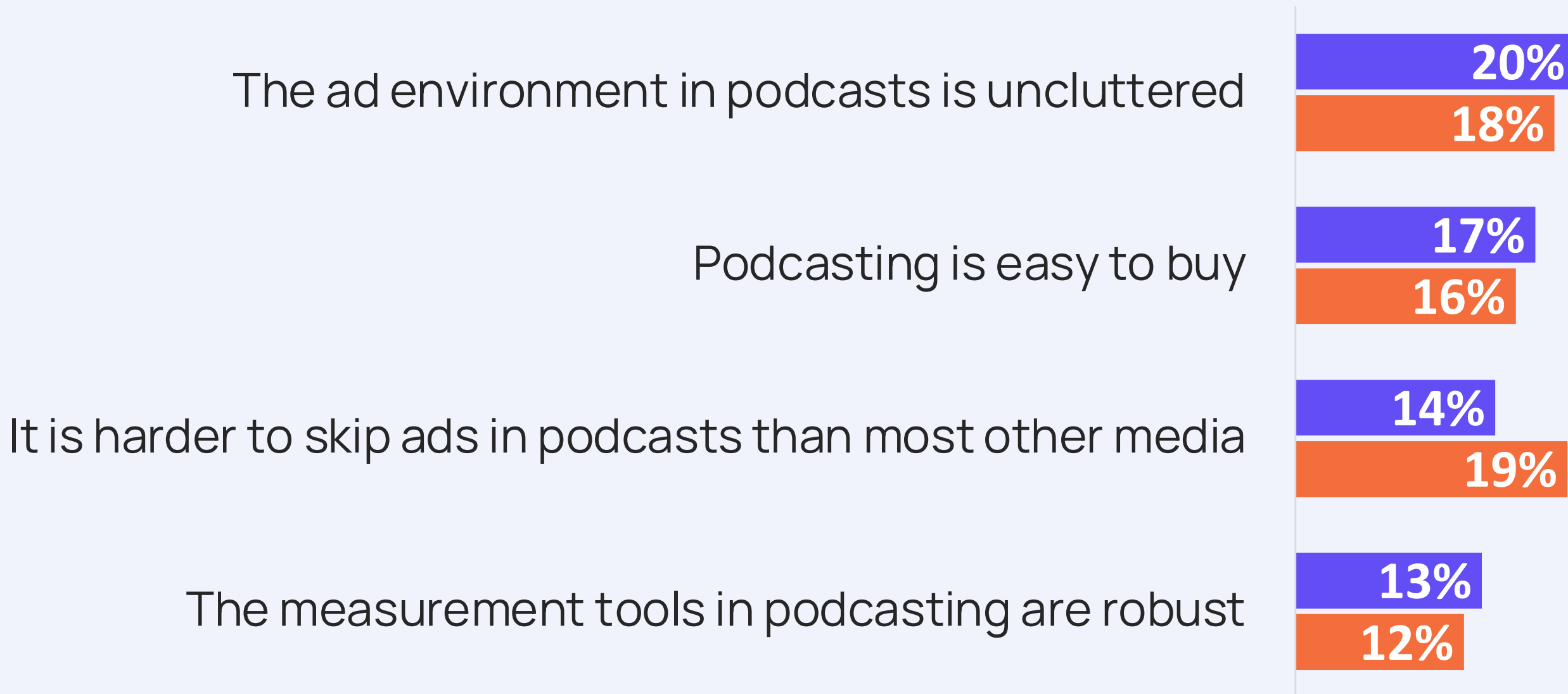


# How much do you disagree with the following statements?

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Disagree

■ Agency ■ Advertiser



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# Qualitative themes (Sounds Profitable “Insiders”)

- “The biggest challenge for podcasting right now is how fast the technology has grown and how slowly the technology has grown with it. Third party tracking and targeted podcast buying are helping solve some of those problems, but they're not solutions yet.”
- “The biggest thing we're running into right now is its inventory volatility, because of the aggregation of companies, and because of that, when I RFP something, get it back, put together a plan, get the client to approve it, the inventory might not be there anymore.”

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# Qualitative themes (Sounds Profitable “Insiders”)

- “Actually, a big challenge coming from an ad buying perspective [is] that as a buyer, when we want frequency capping, we have to ask the network to do that. And they're controlling that, rather than us having the dial in the switch to turn things on turn things down.”
- “I think growth is just an outcome of good efficiency at the end of the day, and if we're just saying we want to get to \$4 billion, we're probably looking at it the wrong way. We need to improve the efficiencies that already exist for the brands that are in this space.”

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**ESPN Podcasts**

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MEDIA

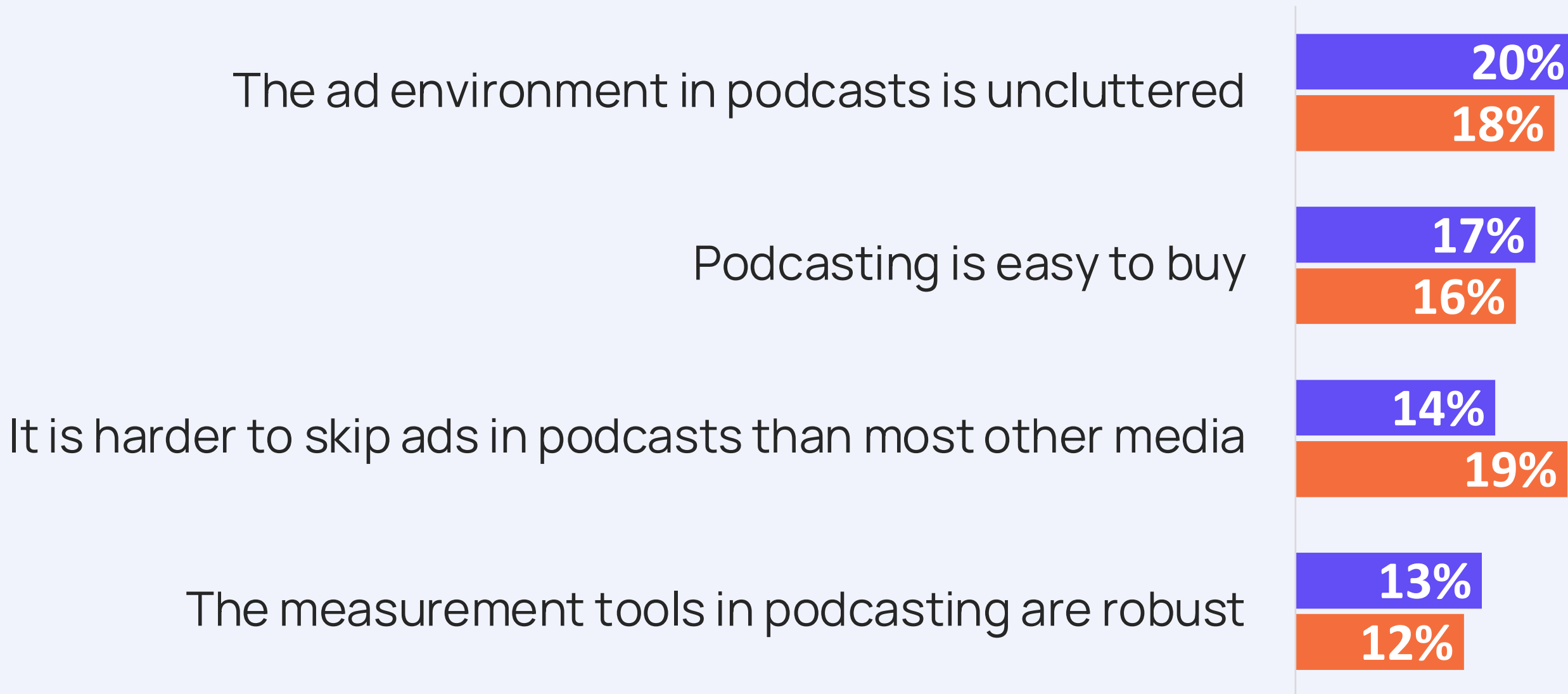
**AUDIOHOOK**

# How much do you disagree with the following statements?

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Disagree

■ Agency ■ Advertiser



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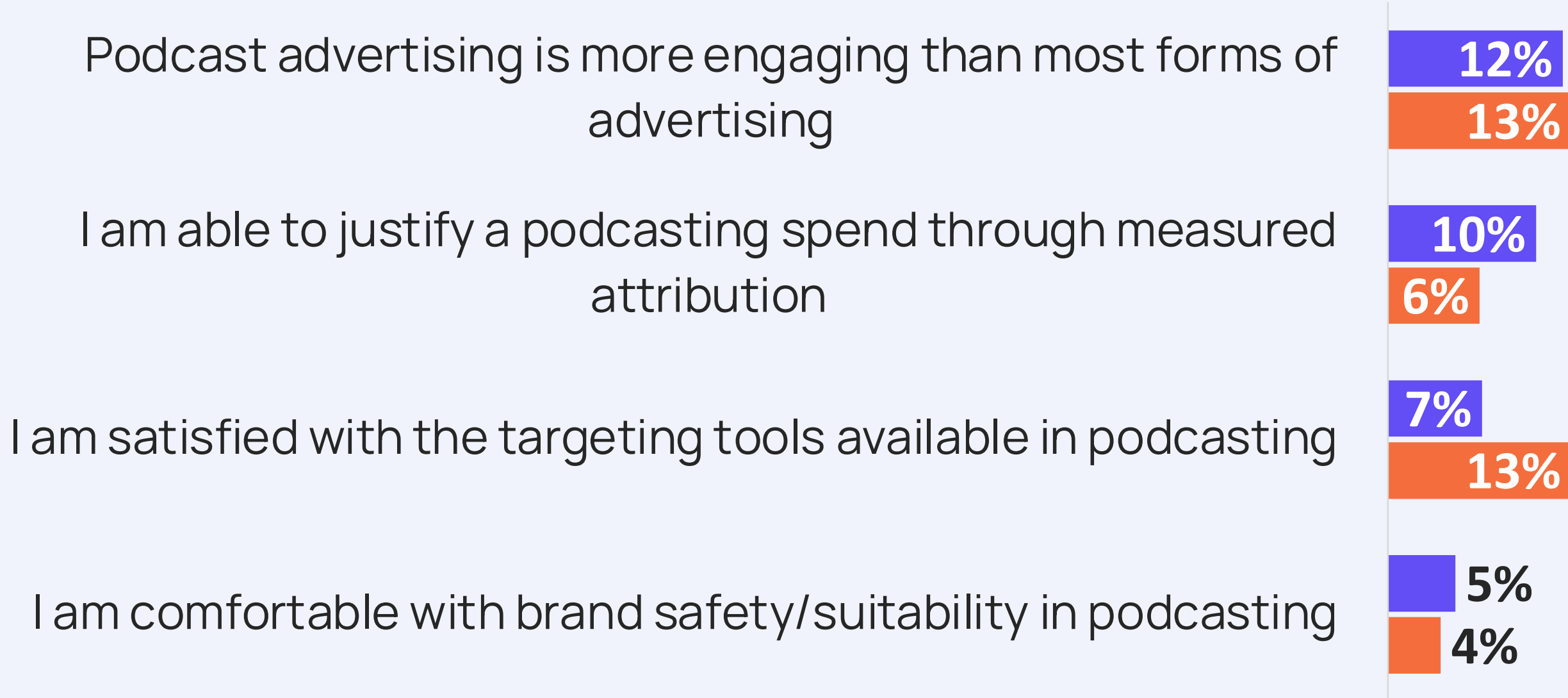


# How much do you disagree with the following statements? (cont'd)

Currently Buying or have Previously Bought Podcasts

% Strongly/Somewhat Disagree

■ Agency ■ Advertiser



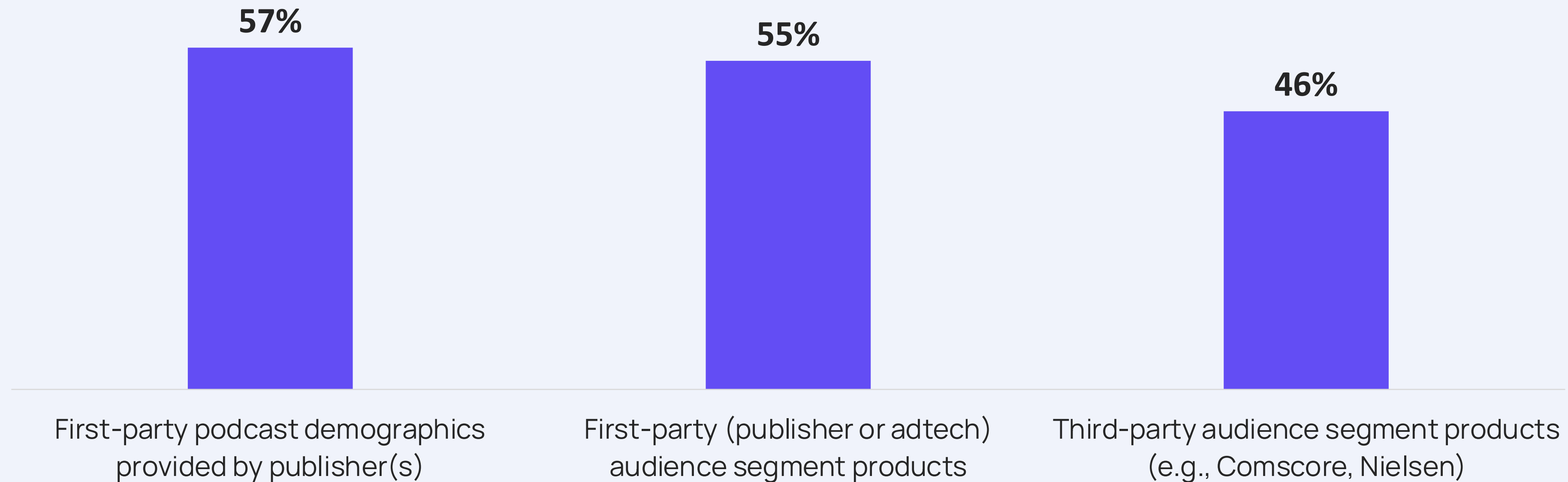
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# What methods have you used for audience targeting with podcast ads?

Currently Buying or have Previously Bought Podcasts

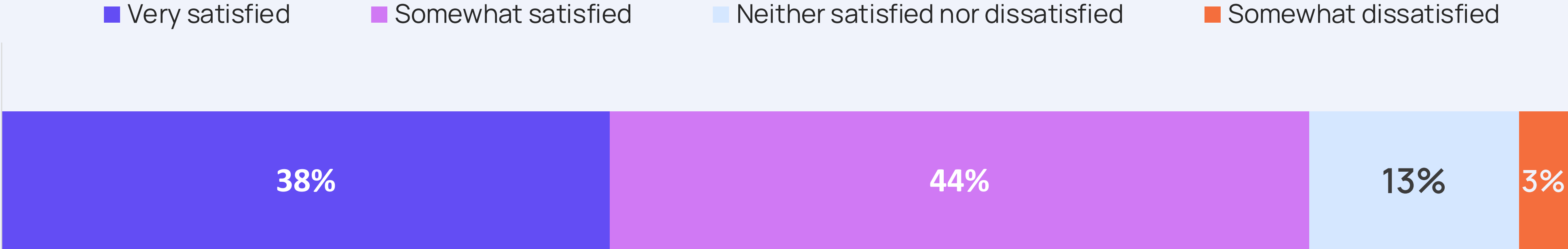


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# How satisfied have you been with those audience targeting methods?



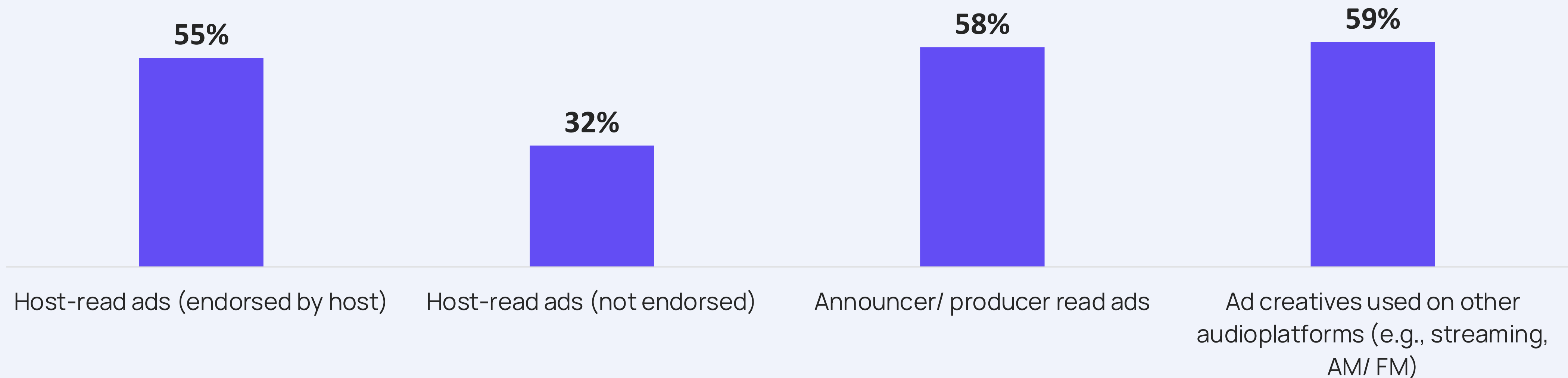
Base: Have bought podcasts using audience targeting

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# Which of the following ad creative types have you purchased or placed on podcasts?

Currently Buying or have Previously Bought Podcasts

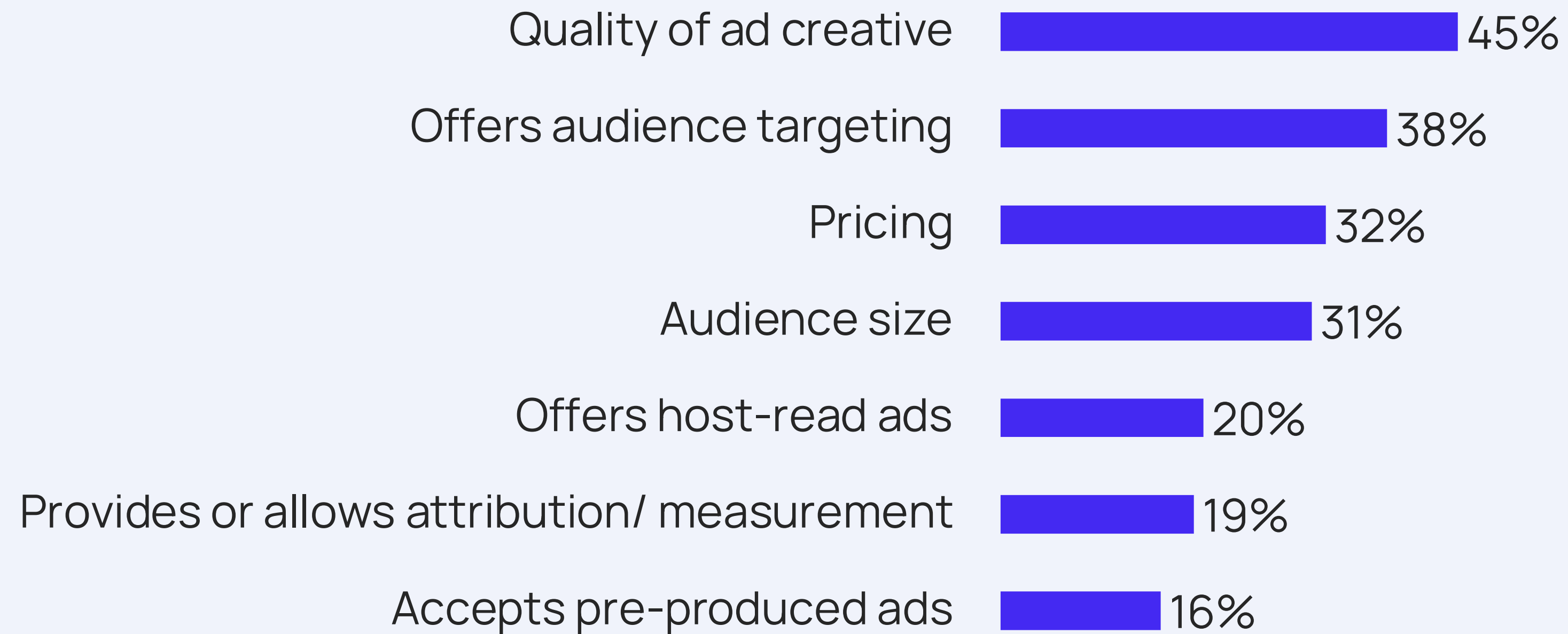


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# Which factors related to product and services when choosing podcast publisher partners are the most important?

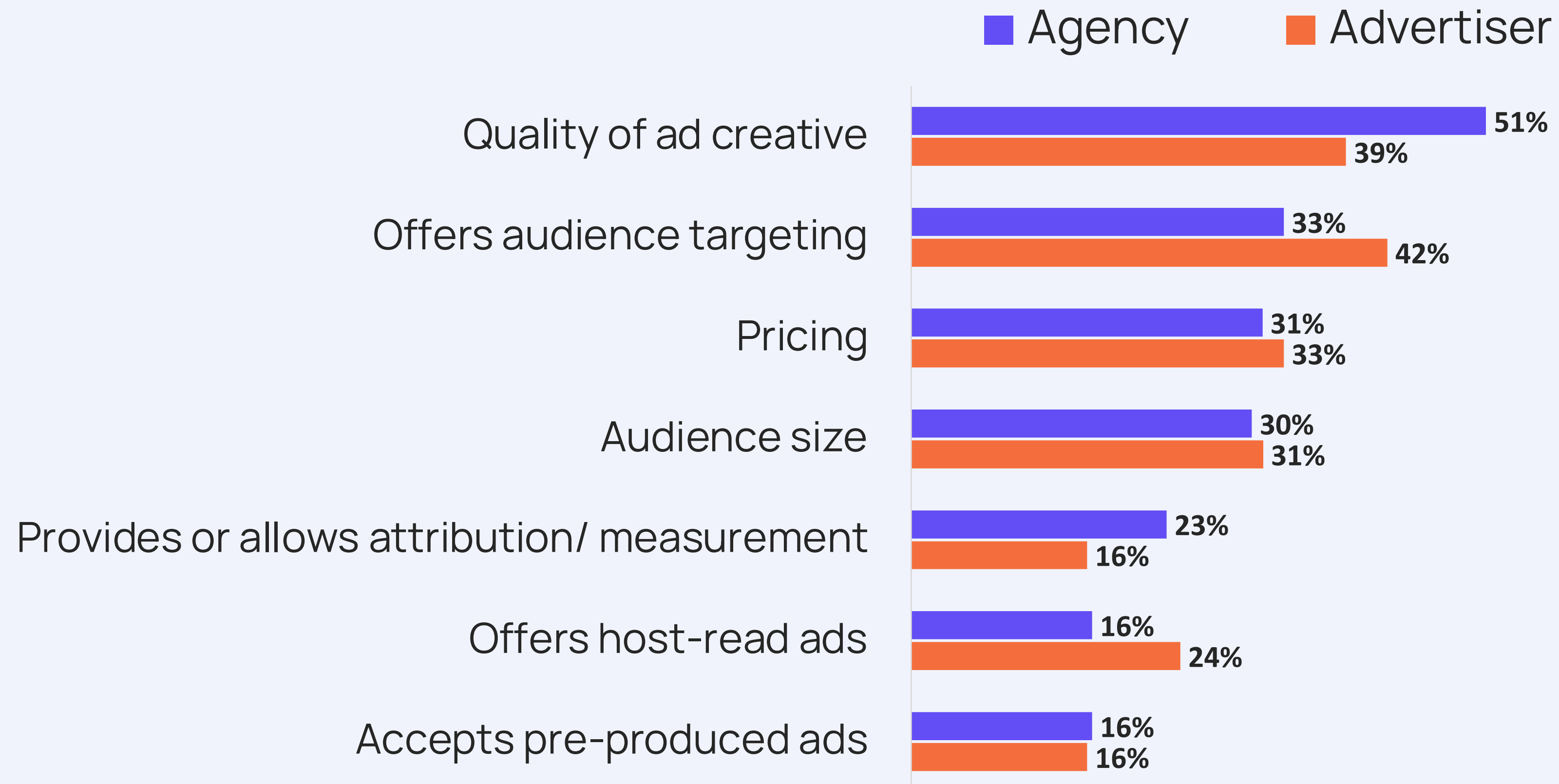


Currently Buying or have Previously Bought Podcasts

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# Which of the following factors are most important when choosing podcast publishing partners



Currently Buying or have Previously Bought Podcasts

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# Qualitative themes (Sounds Profitable “Insiders”)

- “If publishers can develop their sales teams as creative professionals, then brands can take advantage of more strategic campaigns.”
- “I think having good content and quality content is super important, and I think we've all seen a slowdown over the last 12 months of content being released, which hopefully means that our network partners are putting their heads together to release meaningful good content.”
- “There has been a concerted effort to scale back on top performers first and foremost, which has affected the ability to test new podcasts. For some brands, the bar has been set higher of what it takes to earn their money or earn that new opportunity.”

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# Qualitative themes (Sounds Profitable “Insiders”)

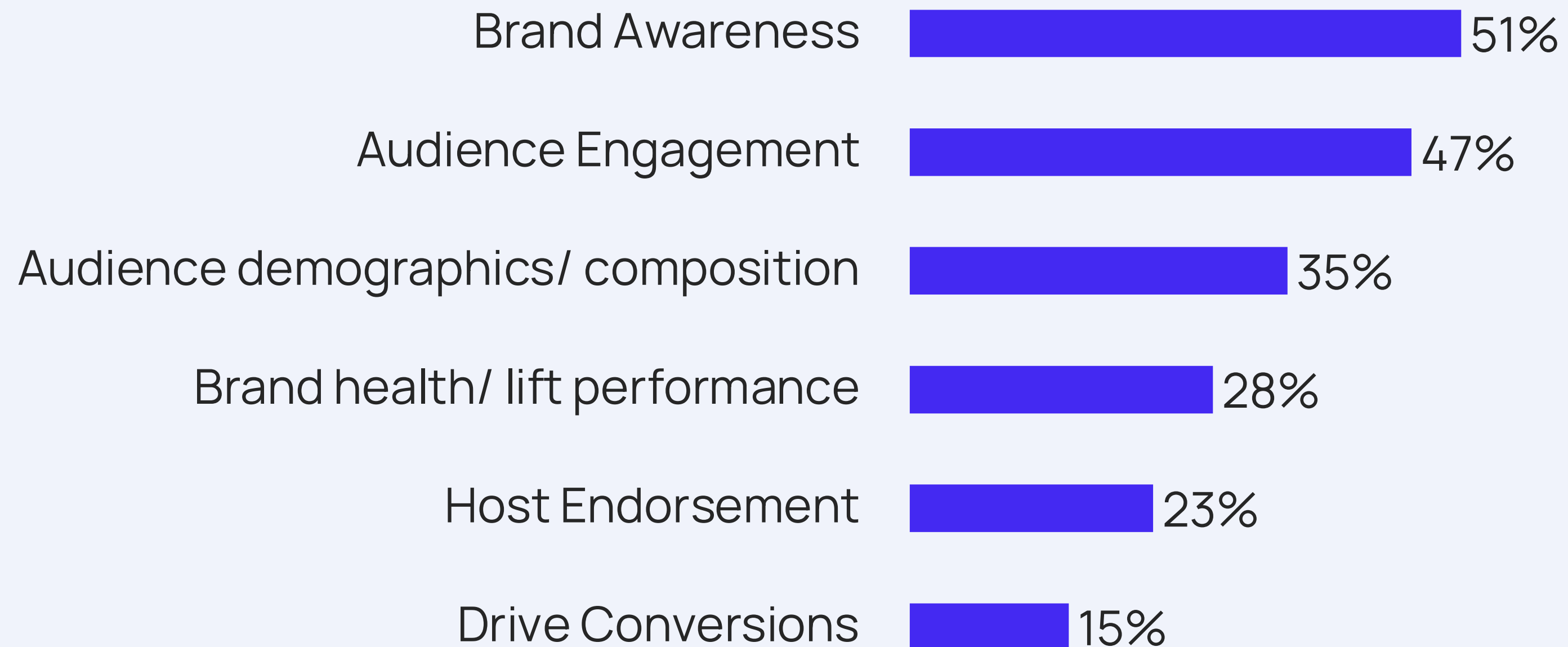
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# Which of the following are the main driving factors to buy or plan to buy podcast ads?

Currently Buying or have Previously Bought Podcasts



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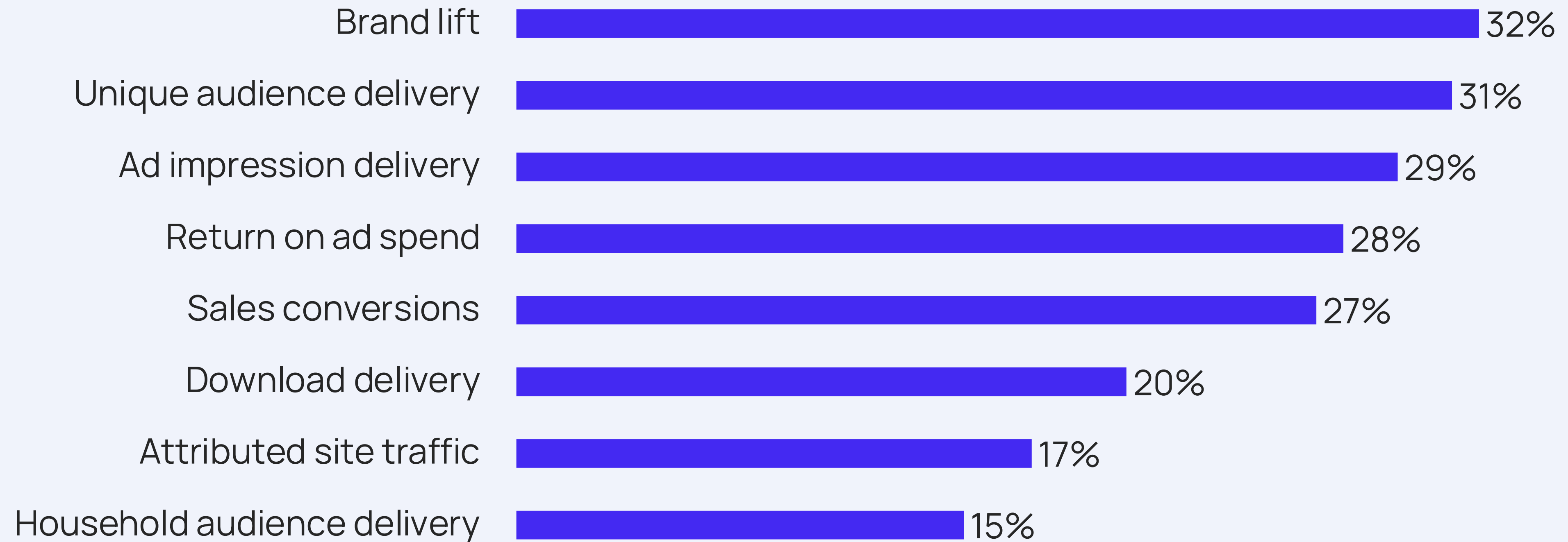
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# Which evaluation criteria are the most important?

Currently Buying or have Previously Bought Podcasts



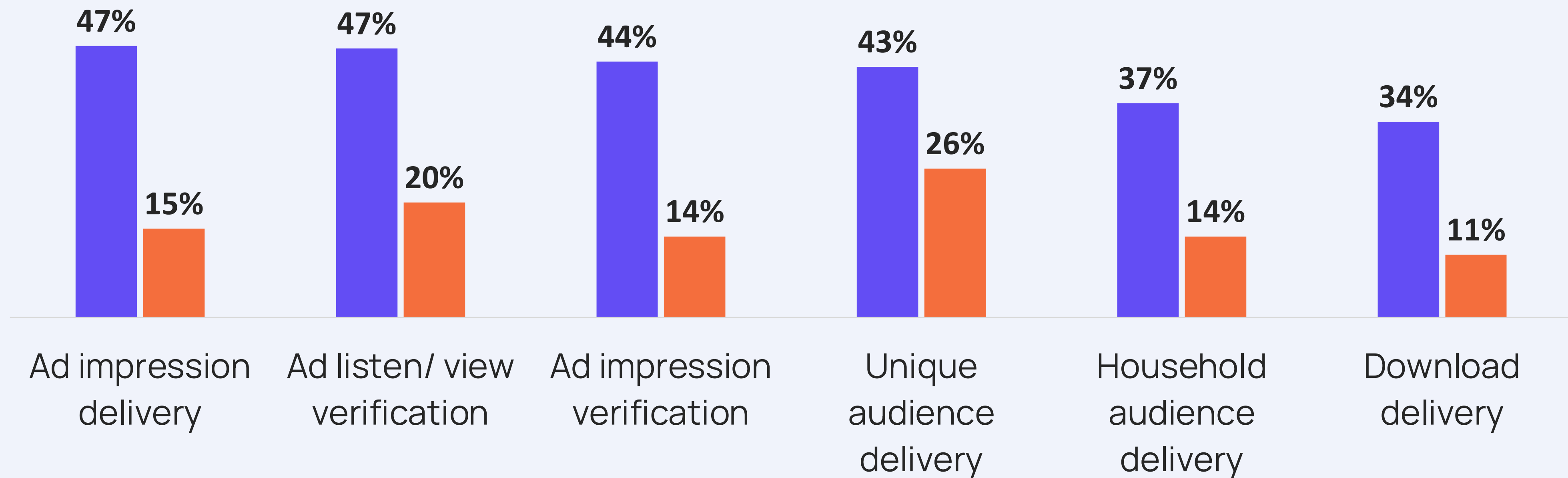
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# Which ad delivery measurements are available/most effective?

Currently Buying or have Previously Bought Podcasts

● Available ● Most Effective



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# Qualitative themes (Sounds Profitable “Insiders”)

- “The main [challenge] on everybody's mind is transparency. It really falls on the brands to make sure that things are delivering it in a way that is beneficial to the advertiser, and it shouldn't really fall on the brands.”
- “The value of transparency and flexibility of networks has grown exponentially, and we've started to open up the data with networks and show them how we can make this work. As a buyer, you have to weigh things by results, and if your ad reads aren't generating results for the brand, you can't keep justifying spending on it. So you have to ask for flexibility from your network partners.”

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# Qualitative themes (Sounds Profitable “Insiders”)

- “I think the reality is, the bigger the brand, the more likely they're going to focus on things like MMM, or MTA to determine that overall media mix, right? So let's say I have \$10 million to put towards a new effort... how do I make 2 million of that audio or podcasting...if what we're doing does not connect into that overall ecosystem...which is going to be a challenge, right?”
- “Third-party vendors are providing data that we can trust, but how do we ingest it into our other media mix models? For us, it's about proving the efficacy of the channel, but also correlating that back to the efficacy of the data and the measurement that we're procuring and producing for clients.”

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Insights

**SOUNDRISE**

**betterhelp**

**WONDERY**

**barometer**

**ESPN** Podcasts

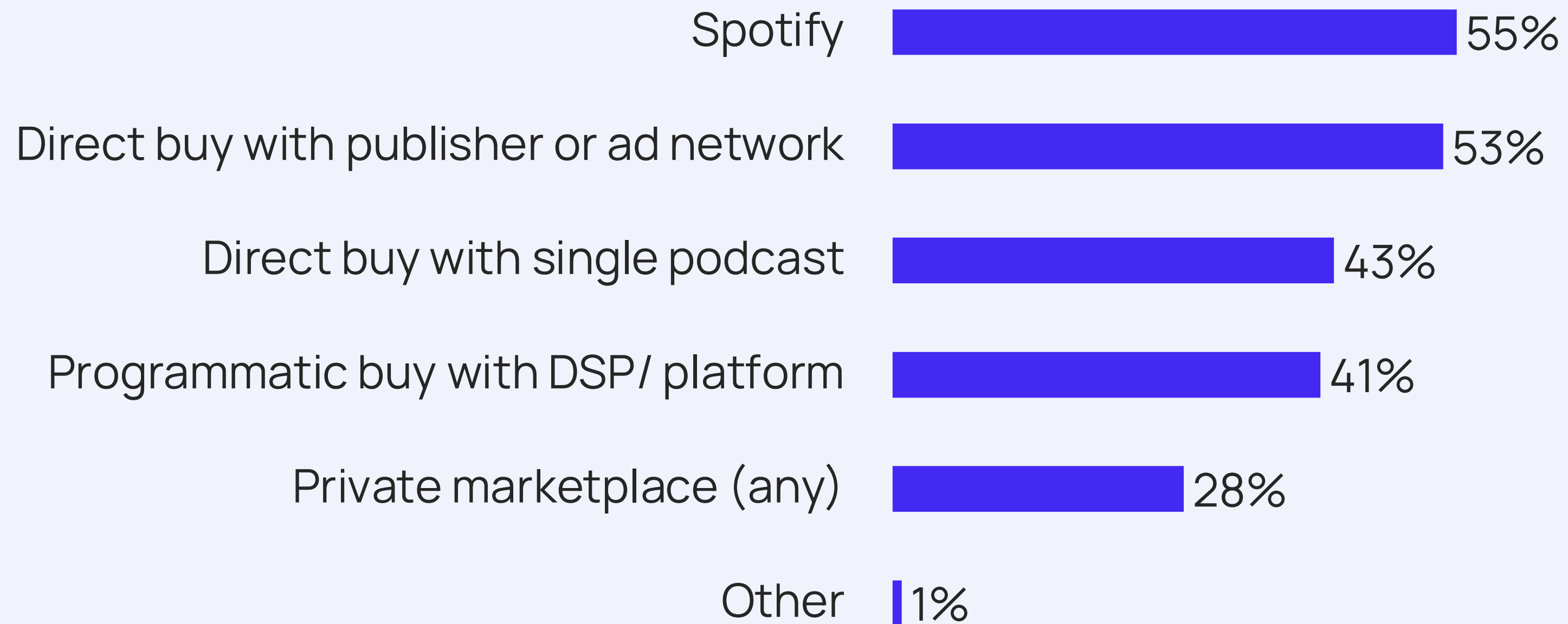
**n p r**

**sxm**  
MEDIA

**AUDIOHOOK**

# Which of the following methods have you used to purchase podcast ads?

Currently Buying or have Previously Bought Podcasts



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# Qualitative themes (Sounds Profitable “Insiders”)

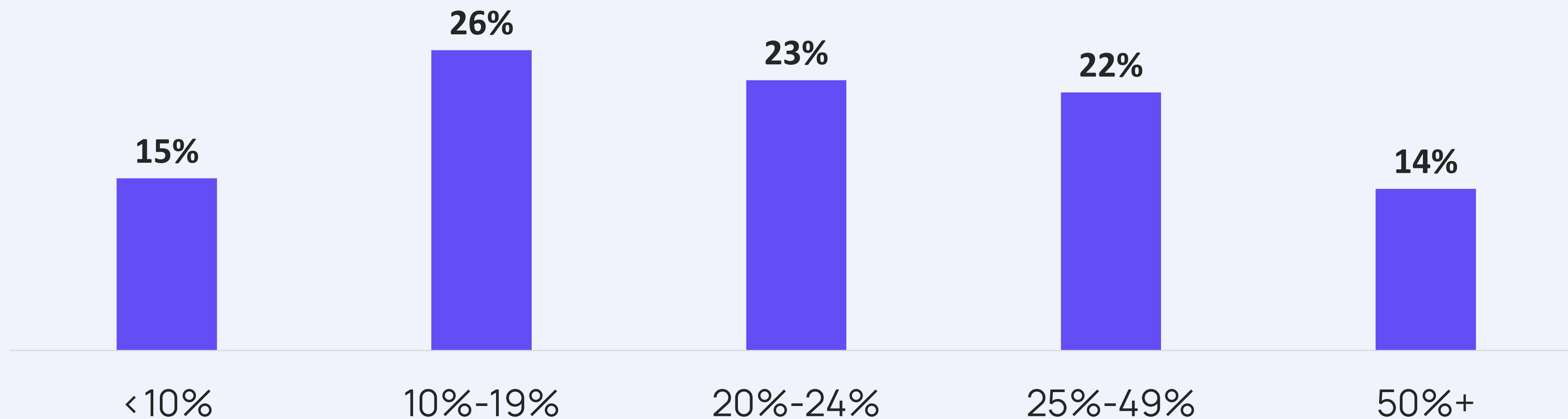
- “I don't hate dynamic, and I think that there is a lot to be done there. But for now, we do less than 5% of our overall budget on anything dynamic because for the most part, it just hasn't been effective.”
- “Programmatic is going to continue to grow because brands want to use it, and we have to figure out the right way to create the creative and serve the ads so that they're not a disruptive experience.”
- “The challenge is that as we get more into impression-based selling and lower touch partnerships, we are cutting ourselves off at the knees...you can still create seismic impact by doing the right style buys with the right partners.”

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# What percentage of your current podcast spend is dedicated to programmatic buying?

Currently Buying Programmatic Ads in Podcasting



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# Which of the following would make you more likely to consider using programmatic buying for podcast ads?

Current/Previous Buyers who have not used Programmatic Advertising



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# Qualitative themes (Sounds Profitable “Insiders”)

- “There is definitely a place for programmatic, but we try to stay away from it because we don't feel super confident about brand safety.”
- “When allowing programmatic ads on your content, you don't know what's going to end up in your show. It's something to be cautious about in terms of brand safety.”

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**barometer**

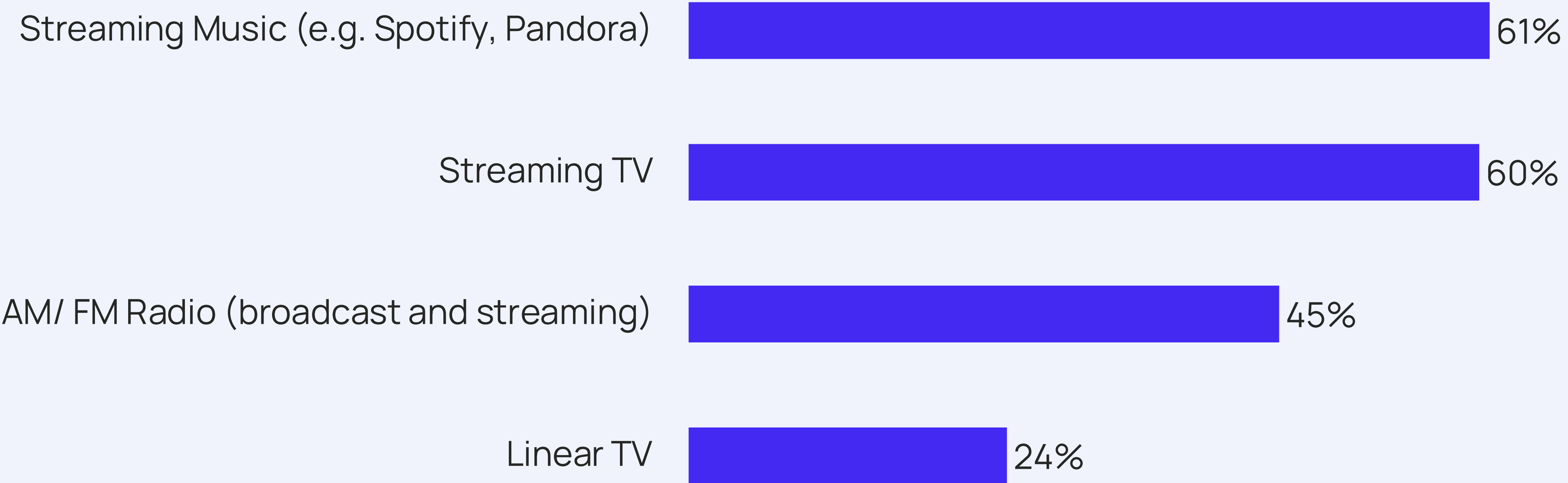
**ESPN** Podcasts

**n p r**

**sxm**  
MEDIA

**AUDIOHOOK**

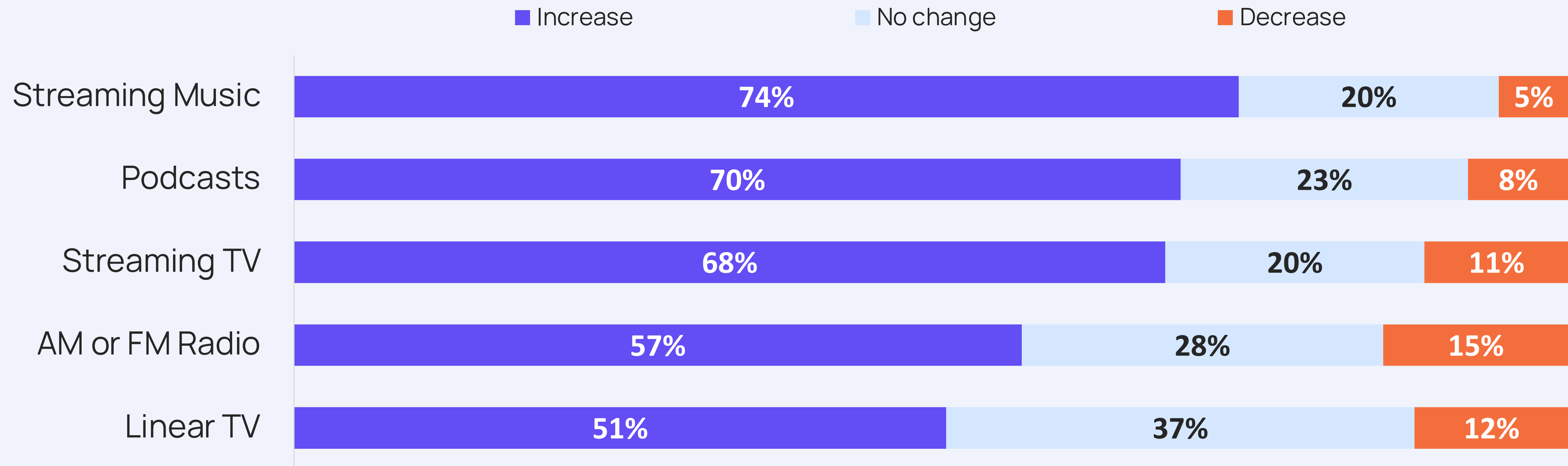
# Other media channels used for purchasing ads



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# Planned Investment (2023 vs. 2022)



Among those purchasing each media type

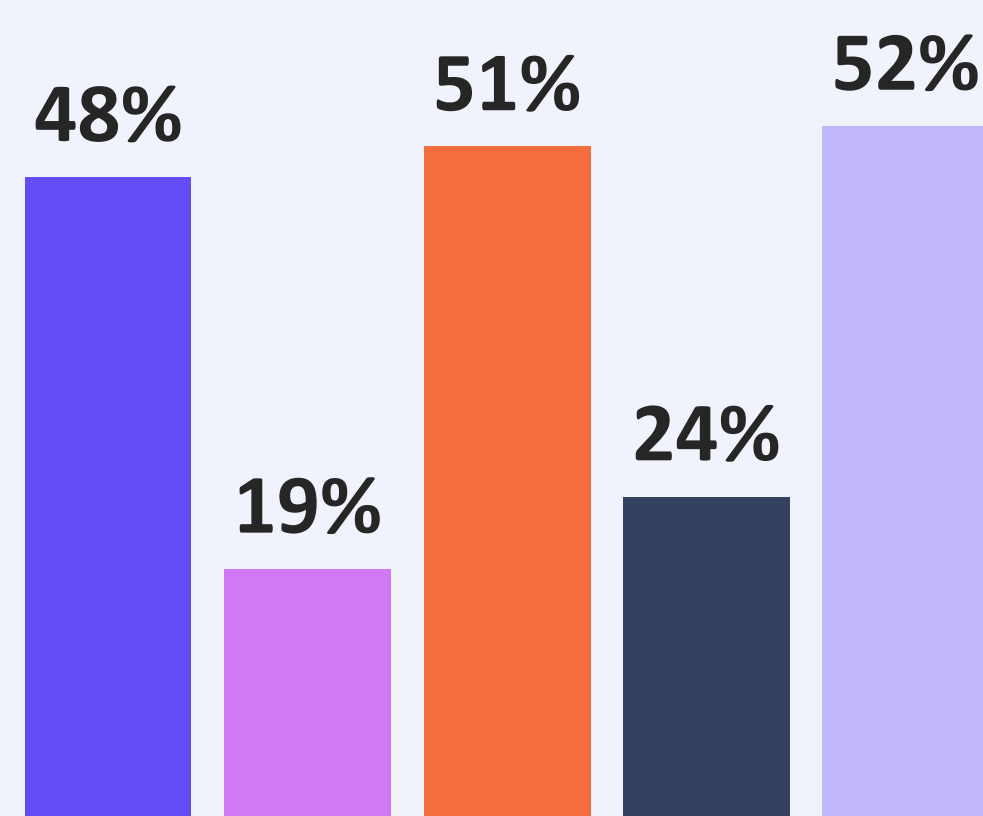
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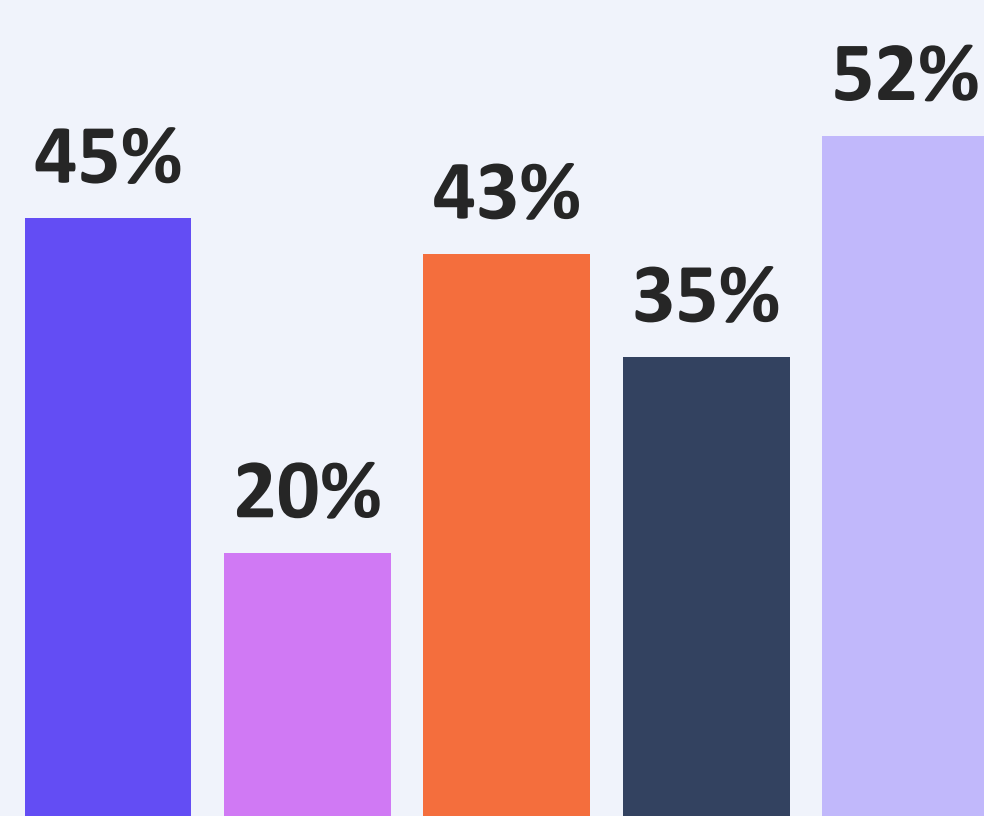


# Media channels

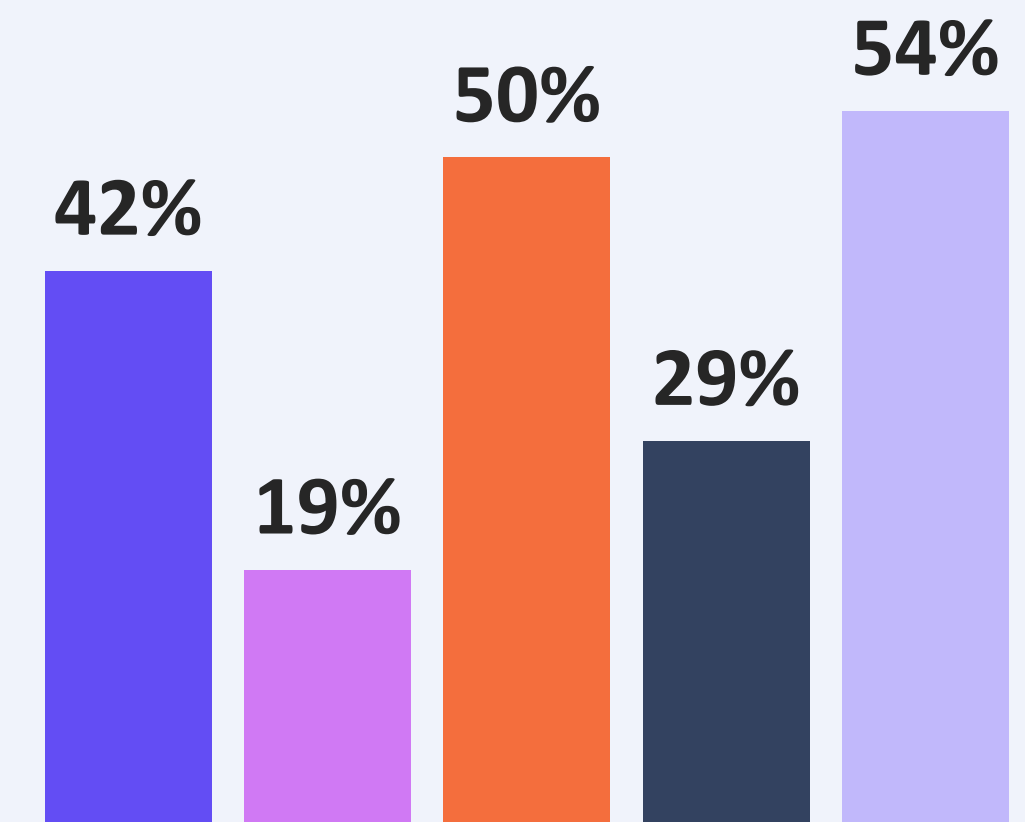
● Podcasts  
 ● Linear TV  
 ● Streaming TV  
 ● AM/FM Radio  
 ● Streaming Music



Best for brand awareness



Best for driving return on ad spend



Best measurement and attribution options

Among those purchasing each media type

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# Qualitative themes (Sounds Profitable “Insiders”)

- “One of the big issues we've run into in terms of measurement is that more and more impressions are running on YouTube. We want to be transparent with our clients on how we measure conversions and measurement, so we ask them what percentage on average their show runs on YouTube.”
- “The promise of the tech has been amazing for the industry, but the implementation has actually been somewhat disastrous for many advertisers ...as a result, many advertisers are just sprinting for the safety of YouTube and a more old-school embedded approach.”
- “The big trend right now is video first and there's always been a little bit of overlap, but having a video component to the actual podcast is becoming a lot more necessary.”

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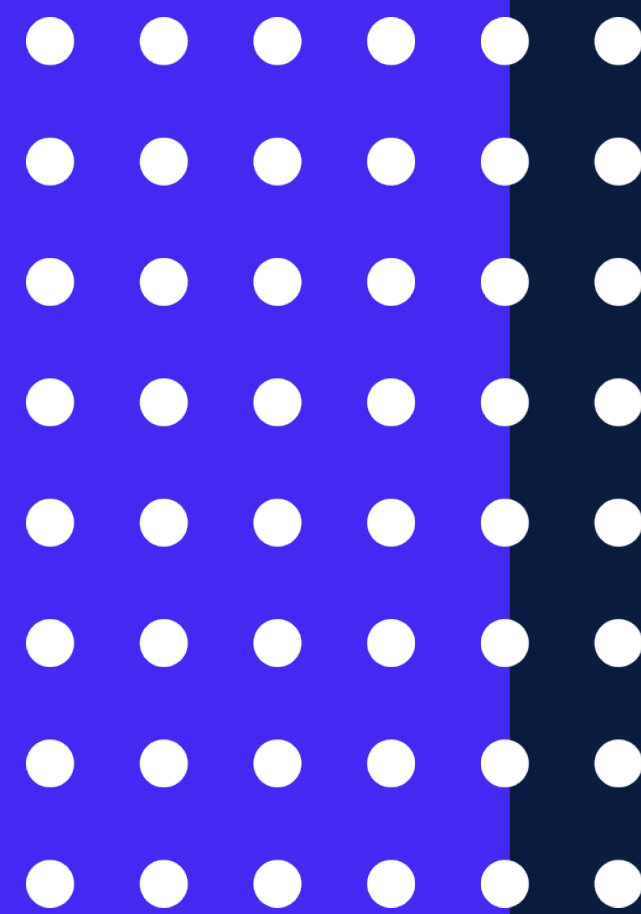
**sxm**  
MEDIA

**AUDIOHOOK**

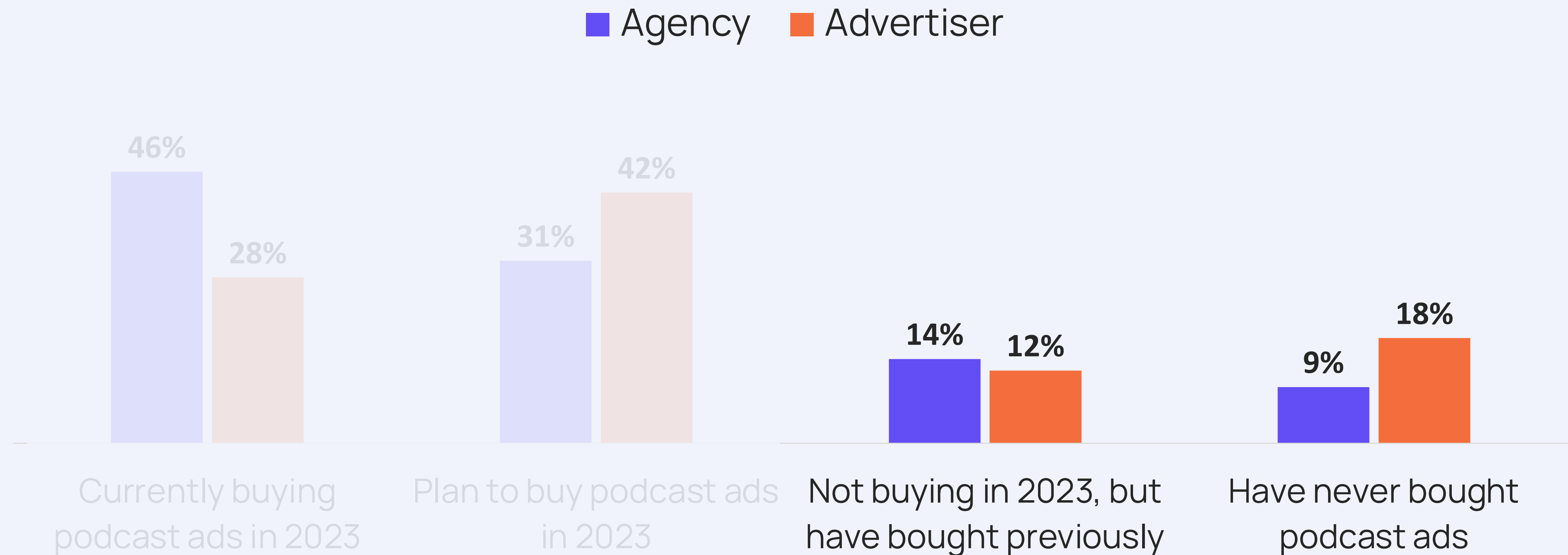
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# The Podcast Opportunity

Why *Not* Podcasts?



# Which one best describes your company's experience with buying podcast ads?



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# What Perceptions Most Separate Buyers from Non-Buyers?

% Strongly/Somewhat Agree

■ Buying Podcast Ads in 2023  
■ Not Currently Buying Podcasts

I am able to justify a podcasting spend through measured attribution



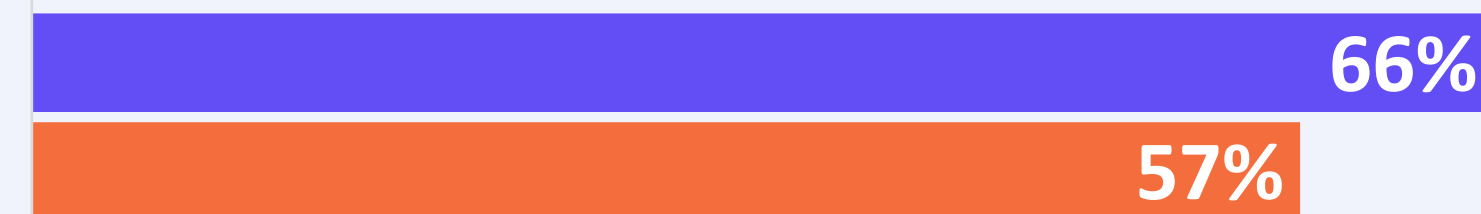
Podcast advertising is more engaging than most forms of advertising



Podcasting is easy to buy



The ad environment in podcasts is uncluttered



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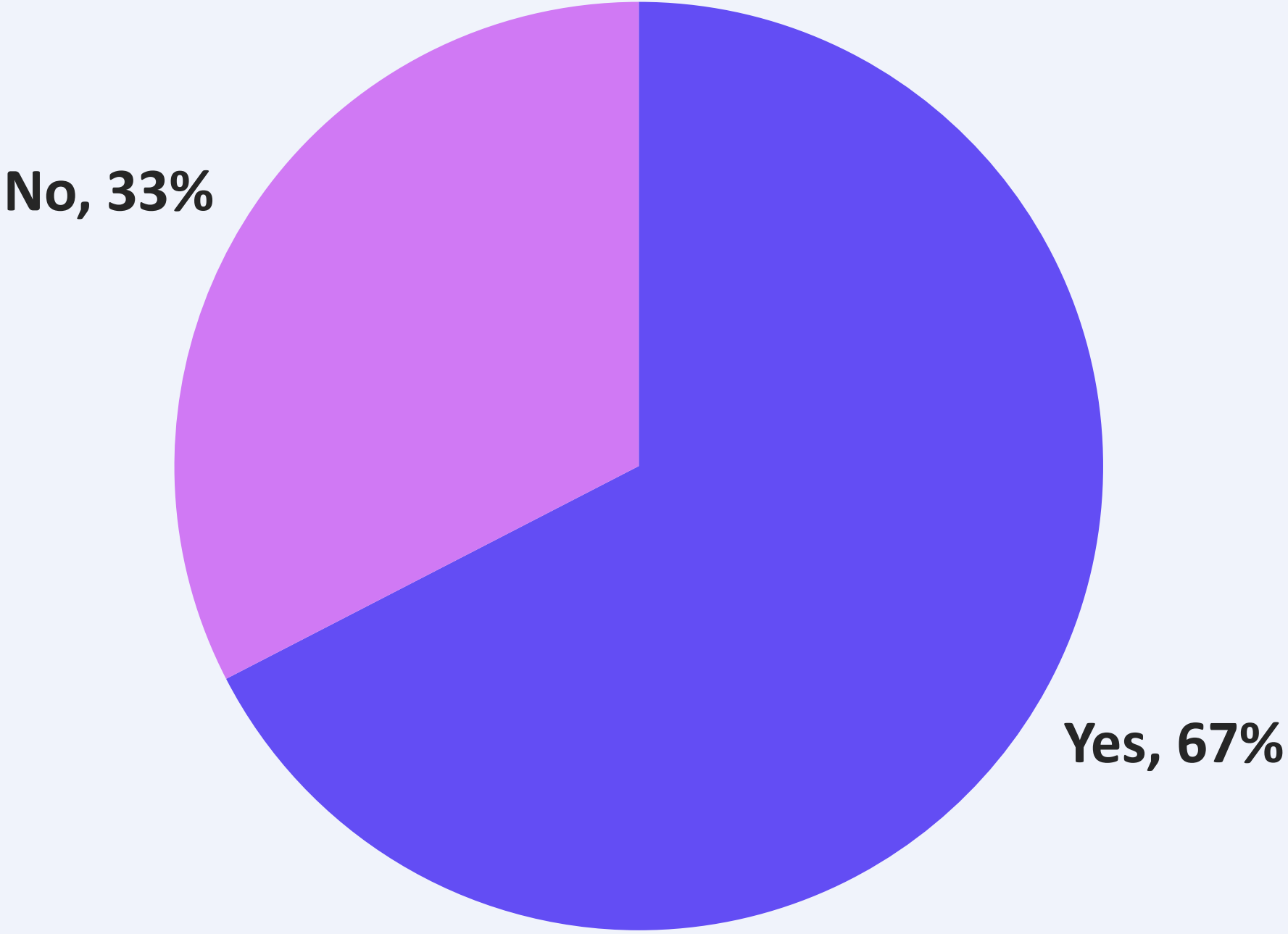
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# Have you used any pixel-based attribution solutions to measure success?

Currently Buying or have Previously Bought Podcasts



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# Why are you **not** buying podcast ads in 2023?

|   |     |
|---|-----|
| No demand from client brands or my brand        | 42% |
| Previous performance was unsatisfactory         | 36% |
| Cost is too high                                | 36% |
| Lack of ad effectiveness/delivery measurement   | 33% |
| Brand suitability/ safety concerns              | 19% |
| Insufficient targeting/ demographic information | 17% |
| Other   | 6%  |
| None of the above                               | 3%  |

Previously Bought Podcasts, but not in 2023

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# Why have you never purchased podcast ads?

|   |     |
|---|-----|
| No demand from client brands or my brand        | 37% |
| No room in budget(s)                            | 27% |
| Lack of ad effectiveness/ delivery measurement  | 24% |
| Insufficient targeting/ demographic information | 24% |
| Cost is too high                                | 12% |
| Do not understand how to use podcasts           | 10% |
| Lack of brand suitability/ safety               | 10% |
| Ad skipping                                     | 8%  |
| Purchase workflow seems too difficult           | 6%  |
| Not available in my preferred buying platform   | 2%  |
| Other   | 12% |
| None of the above                               | 4%  |

Have never purchased podcast advertising

**SOUNDSPROFITABLE** | **DIGIDAY** Sponsored by



# Why have you never purchased podcast ads?

|   |     |
|---|-----|
| No demand from client brands or my brand        | 37% |
| No room in budget(s)                            | 27% |
| Lack of ad effectiveness/ delivery measurement  | 24% |
| Insufficient targeting/ demographic information | 24% |
| Cost is too high                                | 12% |
| Do not understand how to use podcasts           | 10% |
| Lack of brand suitability/ safety               | 10% |
| Ad skipping                                     | 8%  |
| Purchase workflow seems too difficult           | 6%  |
| Not available in my preferred buying platform   | 2%  |
| Other   | 12% |
| None of the above                               | 4%  |

Have never purchased podcast advertising

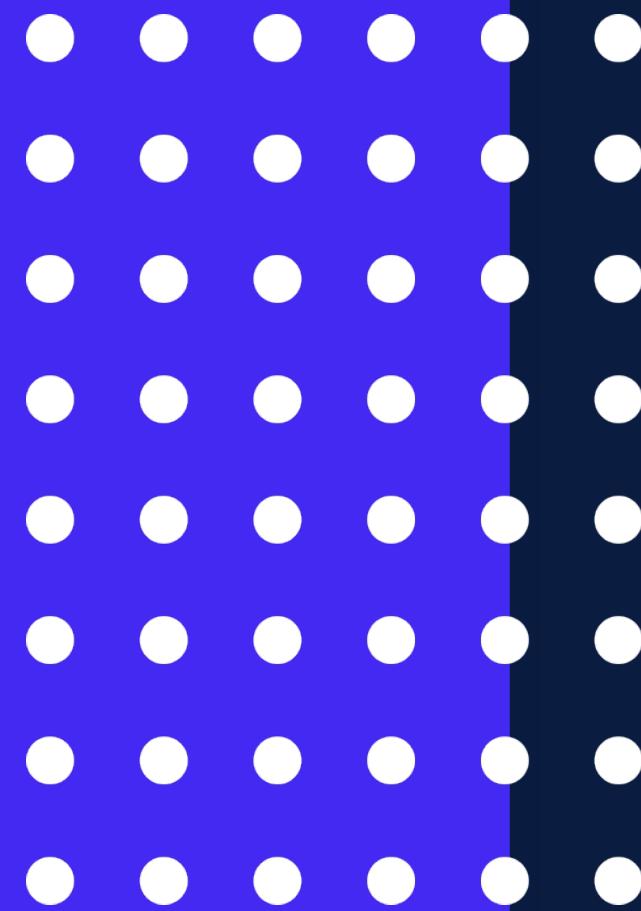
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# The Podcast Opportunity

Observations and Action Steps



# Observations and Action Steps

- Podcasting needs a concerted industry effort to reintroduce itself to both the public AND to brands – many brand marketers are simply unaware of the advances podcasting technology has made over the last five years, particularly in targeting and measurement.

# Observations and Action Steps

- However – even with those advances, more experienced buyers are experiencing frustration with the tools available. The audience has grown enormously over the last five years, but the technology available for targeting, measurement, and ad operations needs to grow with it for better integration from creative to campaign.
- We also need to ensure that it becomes easier – not more difficult – for the brands who supported the medium early with direct buys of host-read ads to continue to do so

# Observations and Action Steps

- Podcasting needs more transparency and sharing between publishers, agencies, and brands around KPIs and success metrics. The industry needs to have better ways to evaluate the role of podcasting in the context of MMM/MTA models across other platforms



# Observations and Action Steps

- Many existing buyers exhibit little concern about brand safety/suitability issues, but there is an entire cohort of advertisers and buyers that cannot invest more in podcasting without solutions for protecting their brands.

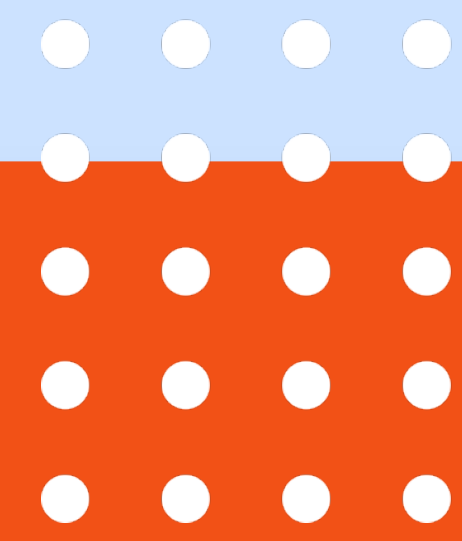
# Observations and Action Steps

- This study has revealed a few areas that warrant additional study in order to overcome or address potential objections to buying podcasting, including the prevalence and potential impact of ad-skipping in podcasting compared to other ad-supported media.
- More work also needs to be done to quantify the effects of podcasting in conjunction with online video and streaming TV to match the work Sounds Profitable has already done to examine legacy broadcast media.

# The Sounds Profitable “Sales Kit”

- For buyers who want to know more about the podcasters themselves: [The Creators](#)
- For buyers concerned about brand safety and suitability: [Safe and Sound](#)
- For questions about the effectiveness of host-read, scripted, and announcer-read spots: [After These Messages](#)
- To open buyers’ eyes to the changing demographics of podcasting and the unique advantages a podcast buy has in complementing or supplanting a broadcast media buy: [The Medium Moves the Message](#)
- ...and coming soon, [the definitive study on audience growth](#)

# The Podcast Opportunity



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Buyer Perceptions of  
Podcast Advertising

JUNE 2023



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