



THE RISE OF THE DIGITAL AUDIO ADVERTISER

dax
DIGITAL AUDIO EXCHANGE

mtm

1. Overview

Foreword by Mike Gordon - Chief Commercial Officer, Global

Would it surprise you to hear that nearly 70% of advertisers and agencies are looking to create ads specifically for voice-activated devices in 2018? Or that 80% expect to invest more in digital audio over the next year?

At Global, we've always been excited about the power of sound and now we're seeing this confirmed by advertisers and agencies alike.

The last 12 months have seen an almost unstoppable rise of new technology meet the demands of changing consumer behaviour. This perfect mix is creating brand new opportunities for advertisers, with digital audio at the very heart of it.

The way we listen to audio is rapidly evolving. It's having a huge effect on how we keep ourselves entertained and informed, as well as how we connect with brands. This change has fitted so seamlessly into our lives, you may not have even spotted it. Whether it's the morning commute, a session at the gym or an evening relaxing at home, more and more of us are plugging in our headphones and tuning into the wealth of content that is being created, streamed and shared every hour, every day.

Like radio, digital audio is a consumer's ultimate companion and it plays a big role in providing the soundtrack to our lives. And with more people listening to digital audio than ever before, how do advertisers fit into this? How can they unlock its potential? What are the benefits as well as the challenges?

We wanted to know exactly what digital audio means for advertisers and media agencies in 2018 and beyond. The result is a definitive look at the state of advertising in the digital audio industry in the UK. From the explosion of new technologies, such as voice-activated devices, to advanced targeting and immersive experiences, our findings show that digital audio is driving real change in the way advertising is planned, created and bought.

But in this brave new world of digital audio, we recognise the industry is still adapting and learning. As one of the world's leading media and entertainment groups, we see it as our responsibility to demonstrate digital audio's strengths and push the boundaries of what is possible, from the creative content we produce to the way we target listeners and measure results.

Through greater education and accessibility of world-class advertising platforms such as DAX, we believe digital audio will not simply be an advertiser's secret weapon, but an essential part of all marketing plans.

Welcome to the new age of audio. Welcome to the future of advertising.

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

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. In particular, the research focused on the role that digital audio advertising plays within media plans, the reasons why advertisers and agencies use digital audio, and on the industry’s expectations for the future trajectory of digital audio.

To capture industry perspectives, MTM conducted quantitative and qualitative primary research between November 2017 and February 2018, comprising:

- A survey of 220 manager-level and above executives 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 12 senior executives from media agencies (e.g. Amplifi, Havas, Mediacom and OMD) and major brand advertisers in the UK (eBay and TalkTalk). All quotes used in the report come from these interviews.

See Appendix 1 for detailed methodology.

2. Executive Summary

Across the UK, listening habits are changing. Each week, more than 24 million people now listen to digital audio – that is, audio content streamed on a connected device¹. Advertisers and agencies are recognising its potential as part of the media mix, with 84% agreeing that digital audio allows them to reach a growing audience².

New trends such as voice-activation and podcasts are driving advertiser and agency interest in digital audio: 79% agree it will be important to reach audiences via voice-activated devices in 2018³, while 77% agree advertising in podcasts represents an untapped opportunity⁴.

Digital audio is now seen as the ultimate companion media by advertisers and agencies: 87% agree it fits easily into people’s lives and complements other activities⁵, while 86% believe it is a great way to reach a listener in a one-to-one context, directly via their headphones⁶.

Digital audio gives advertisers and agencies access to exciting new capabilities: 81% agree it gives brands new ways to target consumers, through capabilities such as geo-targeting⁷; while 78% agree that dynamic creative makes digital audio an attractive advertising medium⁸.

84% of advertisers and agencies say that digital audio will play a bigger role in their media plans in the future, though better industry education is still needed if digital audio is to fulfil its potential⁹.

¹ Source: RAJAR, MIDAS Winter 2017 (November 2017)

² % agreeing/strongly agreeing with statement: “digital audio allows advertisers to reach a growing audience”; base: advertisers and agencies (n=220)

³ % agreeing/strongly agreeing with statement: “it will be important to reach audiences through voice activated devices, such as Amazon Echo, Google Home, or Apple Home Pod, in the next year”; base: advertisers and agencies (n=220)

⁴ % agreeing/strongly agreeing with statement: “advertising in podcasts represents an untapped opportunity”; base: advertisers and agencies (n=220)

⁵ % agreeing/strongly agreeing with statement: “digital audio fits easily into people’s lives and complements other activities”; base: advertisers and agencies (n=220)

⁶ % agreeing/strongly agreeing with statement: “digital audio is a great way to reach a listener in a one-to-one context, directly via their headphones”; base: advertisers and agencies (n=220)

⁷ % agreeing/strongly agreeing with statement: “digital audio advertising presents new ways for brands to target consumers through capabilities such as geo-targeting”; base: advertisers and agencies (n=220)

⁸ % agreeing/strongly agreeing with statement: “dynamic creative makes digital audio an attractive advertising medium”; base: advertisers and agencies (n=220)

⁹ % agreeing/strongly agreeing with statement: “digital audio will become a larger part of our media plans over the next three years”; base: advertisers and agencies (n=220)

3. Listening habits are changing as consumption of digital audio increases

There is a revolution happening among UK listeners, and it's all to do with digital audio. The dramatic rise in the availability, ownership and usage of such devices means that consumers are increasingly accessing digital audio content. They are doing this not just on their mobile phones and PCs, but also on dedicated streaming devices, as well as with an increasing number of voice-activated devices. In turn, the proliferation of services – offering music and podcasts as well as radio apps – has had a profound effect on the way we listen to content. According to RAJAR's MIDAS survey, 24.3 million people in the UK now listen to digital audio each week¹⁰.

Naturally, most advertisers and agencies recognise this shift, with 86% agreeing that more people are listening to digital audio than ever before¹¹. Crucially, this is not simply a migration from traditional radio to digital audio: the new services and devices have helped to grow new incremental audiences for audio content. Indeed, 84% of respondents agree that digital audio allows advertisers to reach a growing audience¹².



agree that more people are listening to digital audio than ever before



agree that digital audio allows advertisers to reach a growing audience

*The total audio audience has grown because of digital audio – it has not replaced traditional radio. So, if you get the right balance (between digital and radio advertising), you have **a bigger audience who consumes more audio.*** – Agency

This growth is expected to continue, fuelled by increased adoption of devices enabling digital audio and services offering digital audio content. The rollout of integrated digital audio technology in cars will create an important new audience, while the popularity of in-home music streaming devices (from the likes of Sonos) will boost demand for content.

The popularity of music streaming and radio streaming services is also driving the consumption of digital audio. But two new developments in particular are seen as crucial to future growth of the market: the rise in the use of voice-activated devices (such as Amazon's Alexa or Google Home) and the rise in popularity of podcasts.

Voice-activation and podcasts are driving advertiser and agency interest in digital audio.

¹⁰ Source: RAJAR, MIDAS Winter 2017 (November 2017)

¹¹ % agreeing/strongly agreeing with statement: "more people are listening to digital audio than ever before"; base: advertisers and agencies (n=220)

¹² % agreeing/strongly agreeing with statement: "digital audio allows advertisers to reach a growing audience"; base: advertisers and agencies (n=220)

Interest in voice-activation is helping to put digital audio on the agenda. Seventy-nine per cent of advertisers and agencies agree it will be important to reach audiences through voice activated devices in the next year¹³, while 68% will look to create ads specifically for voice-activated devices in 2018¹⁴.



agree it will be important to reach audiences through voice activated devices in the next year



will look to create ads specifically for voice activated devices in 2018

Some expect that voice-activation will impact even those brands for which audio is not currently a key medium:

*“Voice-activation will have an effect on **how brands think about themselves** in the audio space and that they do need to have an audio identity.” – Flora Williams, Account Director, Vizeum*

The potential of linking voice-activated devices to high-quality music streaming services also excites advertisers and agencies:

*“(Sonos) allows existing Alexa owners to sync with their existing Sonos now – that’s really interesting, to see when we will start to hear audio ads within that. (...) With these devices, better technology and better sound quality, particularly linked to an audio system – that gives us a better platform. You clearly want **your ad played out on a great sound system**, having all the advantages of audio behind it, with targeting.” – James Weinberg, Head of AV, m/SIX*

Another trend within digital audio adoption has been the rising popularity of podcasts, even if the true value to advertisers is yet to be realised. Seventy-seven per cent of advertisers and agencies agree advertising in podcasts represents an untapped opportunity¹⁵, while 66% of advertisers will experiment with advertising in podcasts in 2018¹⁶.



of advertisers and agencies agree advertising in podcasts represents an untapped opportunity



of advertisers will experiment with advertising in podcasts in 2018

UK advertising industry executives confirmed widespread interest in exploring the value of advertising in podcasts.

*“Not a week goes by where I’m not contacted by one of our clients who **wants to use the podcast space.**” – Tom Coare, Head of Audio, OMD*

*“The client **appetite for podcasts** is definitely there (...) they can be very niche, (reaching target audiences) with nice content alignment opportunities.” – James Weinberg, Head of AV, m/SIX*

¹³ % agreeing/strongly agreeing with statement: “it will be important to reach audiences through voice activated devices, such as Amazon Echo, Google Home, or Apple Home Pod, in the next year”; base: advertisers and agencies (n=220)
¹⁴ % agreeing/strongly agreeing with statement: “we will look to create ads specifically for voice activated devices (e.g. Amazon Echo) in 2018 ; base: advertisers and agencies (n=220)
¹⁵ % agreeing/strongly agreeing with statement: “advertising in podcasts represents an untapped opportunity”; base: advertisers and agencies (n=220)
¹⁶ % agreeing/strongly agreeing with statement: “we will experiment with advertising in podcasts in 2018; base: advertisers (n=70)

Integrating brand advertising into podcasts is still evolving – many podcasts use a voiceover from the host, rather than the insertion of a traditional audio ad – but the potential for engagement, especially with niche audiences, is now widely acknowledged. As more people listen to podcasts, the opportunities for advertisers in terms of context and engagement are undeniable.

4. Digital audio gives advertisers a new consumer context

Digital audio is now widely seen as the ultimate companion medium: 87% of advertisers and agencies agree digital audio fits easily into people’s lives and complements other activities¹⁷. More so than other media, it’s seen as effective at reaching people while they are doing other things. Digital audio is an ideal accompaniment to people’s lives and is used to facilitate other experiences, such as accessing a music stream while exercising or listening to a podcast while commuting.



believe digital audio fits easily into people’s lives and complements other activities

Reflecting the value of digital audio’s role in the media mix, over half (52%) of advertisers and agencies believe digital audio will be the most effective way to reach consumers on the go by 2020¹⁸. This in turn creates brand new opportunities for advertisers and agencies to engage audiences:



believe digital audio will be the most effect way to reach consumers on the go by 2020

*“If we can identify when and where those things are happening and an advertiser becomes part of that, then that becomes **interesting and powerful** because you can talk to any category about those opportunities.” – Clare Peters, Executive Director, Head of Planning, Manning Gottlieb OMD*

Through these new associative and contextual experiences digital audio has created a number of new touchpoints allowing advertisers to access consumers during the day.

*“Radio has always been good at getting people on the move, and it’s always been a companion. **This is taking that to the next level**, and you’re injecting yourself into more of the content that people are consuming all day.” – Tom Coare, Head of Audio, OMD*

Advertisers and agencies recognise the value of this: 74% agree that listeners are highly engaged with digital audio¹⁹ and 59% agree digital audio creates an immersive experience for its users, more so than other media such as TV (35%), video (49%) and social (40%)²⁰. They see digital audio as one of the only media (along with OOH) that can effectively target people on the move²¹. As such, it creates high levels of engagement relative to other media, and enables advertising to work harder:



believe listeners are highly engaged with digital audio

¹⁷ % agreeing/strongly agreeing with statement: “digital audio fits easily into people’s lives and complements other activities”; base: advertisers and agencies (n=220)

¹⁸ % agreeing/strongly agreeing with statement: “by 2020, digital audio will be the most effective way to reach consumers on the go”; base: advertisers and agencies (n=220)

¹⁹ % agreeing/strongly agreeing with statement: “listeners are highly engaged with digital audio”; base: advertisers and agencies (n=220)

²⁰ % who chose corresponding media in answer to “please choose any of the media to which the following statements apply: creates an immersive experience for its users”; base: advertisers and agencies (n=220)

²¹ % who chose corresponding media in answer to “please choose any of the media to which the following statements apply: great way to target people on the move”; base: advertisers and agencies (n=220); digital audio: 67%; outdoor: 65%

*Clients are quite rightly scrutinising budgets and **looking for advertising that works.** If you use digital audio and target people based on their mindset, and can prove that that works 15% harder, that's money well-invested. Even if it costs 5% more it can be justified."* – Clare Peters, Executive Director, Head of Planning, Manning Gottlieb OMD

*"We are still learning around digital audio, but **engagement and listen-through rates** are much higher than, for example, pre-roll VOD."* – Rich Hall, Publishing Manager, Havas Media Group

*"(Digital audio) is one of the only media, like out of home, where you can reach people who are **doing something else and are equally engaged in your ads** – you can reach them during something they really enjoy, which you can't do with any certainty in any other medium."* – Agency

Digital audio has a unique strength. The very nature of listening makes digital audio highly immersive and this is an exciting prospect for the ad industry. 86% of advertisers and agencies agree digital audio is a great way to reach a listener in a one-to-one context, directly via their headphones²².



agree digital audio is a great way to reach a listener in a one-to-one context, directly via their headphones

*"A large percentage of (digital audio listeners) have their headphones in (...) that **makes audio more compelling, more of a one-to-one medium.**"* – James Weinberg, Head of AV, m/SIX

This is amplified further by the potential of delivering personalised, targeted messaging in this context:

*"There's an element of implied permissibility there, that people are allowing you into their very personal environment when they're streaming their own content on their device. A lot of advertisers seem to understand that, and they can be a lot **more personal and have a more engaged audience** listening on their headphones."* – Tom Coare, Head of Audio, OMD

The new consumer context that digital audio creates is generating renewed interest from advertisers and agencies, not just in digital audio, but in audio advertising in general:

*"Clients are asking for (digital audio), and it forms an **ever-increasing part of the radio plan, which we now call an audio plan.**"* – Agency

²² % agreeing/strongly agreeing with statement: "digital audio is a great way to reach a listener in a one-to-one context, directly via their headphones"; base: advertisers and agencies (n=220)

5. Digital audio gives agencies and advertisers new capabilities

Advertisers and agencies are now taking advantage of the new capabilities that digital audio advertising provides, with particular interest in three areas: advanced targeting, dynamic creative and programmatic buying.

1. Advanced targeting

Advertisers and agencies are very positive about the targeting capabilities of digital audio. Like other forms of digital advertising, digital audio enables brands to target audiences based on factors such as demographics, location (geo-targeting) and interests, including listening habits:

"(Targeting audio ads) could transform people's views of audio – bear in mind our clients want us to be more precise with our targeting." – Clare Peters, Executive Director, Head of Planning, Manning Gottlieb OMD

"Being able to target with audio more efficiently has been excellent for the industry. It's really rejuvenated advertisers' views on what audio can offer them." – Tom Coare, Head of Audio, OMD

In particular, geo-targeting enables advertisers and agencies to reach audiences with relevant brands and messages. Eighty-one per cent of advertisers and agencies believe digital audio gives brands new ways to target consumers, through capabilities such as geo-targeting²³, while 80% of advertisers and agencies feel geo-targeting makes digital audio a valuable asset to run alongside out-of-home campaigns²⁴.



agree digital audio gives brands new ways to target consumers, through capabilities such as geo-targeting

"We are really interested in the ability to process an out of home and audio buy that talk to each other (programmatically). For example, with our client, we could geo-target, and set up a bespoke message outside (the client's) store, in a cross-media interaction. That is exciting." – Charlie Yeates, Partner, Mediacom

Agencies and advertisers are now taking advantage of the ability to tailor specific messages, based on audience characteristics or contextual data:

"(Digital audio) gives us better targeting capabilities. From a messaging point of view, we can target a certain message to our audiences, knowing who we are reaching, the time of day and what they are listening to." – David Parslow, Group Marketing Director, TalkTalk

2. Dynamic creative

Advertisers and agencies are positive about the ability to use dynamic creative – a key differentiator for digital audio – where contextual data or data about each individual listener can be used to personalise parts of an audio ad's message in real time. For example, a listener in London could hear a slightly different ad on a sunny day or a rainy day, while a listener in Manchester would be served a different ad again. The potential variations can reach into the thousands – far more than could ever feasibly be created manually. A clear majority (78%) of advertisers and agencies think dynamic creative makes digital audio an attractive advertising medium²⁵:

²³ % agreeing/strongly agreeing with statement: "digital audio advertising presents new ways for brands to target consumers through capabilities such as geo-targeting"; base: advertisers and agencies (n=220)

²⁴ % agreeing/strongly agreeing with statement: "geo-targeting makes digital audio a valuable media to run alongside outdoor campaigns"; base: advertisers and agencies (n=220)

²⁵ % agreeing/strongly agreeing with statement: "dynamic creative makes digital audio an attractive advertising medium"; base: advertisers and agencies (n=220)

*If you can get the right message, digital audio gives you the opportunity for dynamic creative: a **personalised message to the right person, in the right daypart**, with the possibility of 46,000 versions of one ad.” – Agency*



agree digital audio gives brands new ways to target consumers, through capabilities such as geo-targeting

*“The main positive attribute (of digital audio) is that the targeting capabilities lend themselves to dynamic creative. (Digital audio) can be targeted to make sure **our creative is much more suited to the audience.**” – James Weinberg, Head of AV, m/SIX*

3. Programmatic buying

With agencies looking to move higher percentages of their ad spend to programmatic buying, the ability to buy audio ads in this way, via exchanges such as DAX, is seen as a compelling feature of digital audio:

*“(Programmatic buying of audio) means we can use data to give a higher value and smarter buy to every impact we buy. Programmatic means we can get **the right message to the right person at the right time.**” – Agency*

*“We’re excited about DAX specifically because it gives us the ability to use our first-party data, in a way that is similar to how we use it through other channels, such as Facebook and display. (...) **(Digital audio) could become a very integral part of our programmatic data-driven marketing plans.** That’s fundamentally a different way of activating (the audio) channel.” – Gareth Jones, Marketing Director, eBay*

Agencies are also interested in programmatic buying to execute more sophisticated strategies such as retargeting and sequential messaging (where messages are recorded in a pre-set order and executed individually based on each activation of a device). As a result, they expect digital audio spend to grow:

*“Programmatic (audio) means we can buy to similar targeting as programmatic display – that’s very beneficial for clients. (...) Sequential messaging, for example, opens clients’ eyes. Clients are learning that **we can do what we do on display, on audio, programmatically.**” – Rich Hall, Publishing Manager, Havas Media Group*

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

The majority of advertisers and agencies (80%) expect to invest more in digital audio in the next 12 months²⁶. Furthermore, 84% of advertisers and agencies agree that digital audio will play a bigger role in their media plans in the future²⁷. The reasons they give for increasing their levels of investment are varied – including targeting capabilities (62%), the rise in streaming platforms (54%), voice activated devices (52%), and reach (50%)²⁸ – but there is a consensus that digital audio is becoming an increasingly important advertising medium. Seventy-seven per cent of advertisers and agencies believe it will be an essential part of mixed media campaigns by 2020²⁹.

“Digital audio reinvents a mass medium for the digital age, which is great news.” – David Parslow, Group Marketing Director, TalkTalk

However, several challenges need addressing if digital audio is to fulfil its potential. In particular, our research highlighted three areas where greater industry education is still required: understanding digital audio’s creative potential; understanding the way in which it can complement other media, especially radio; and quantifying digital audio’s effectiveness, attribution and ROI.

Digital audio’s creative potential needs to be better understood

Digital audio offers numerous opportunities for creativity in advertising, such as the use of 3D audio, sonic branding, and creative messages that leverage its one-to-one nature. However, this creative potential is yet to be fully understood by advertisers and agencies:

“We’ve put specific radio briefs out to our creative agency to think about 3D radio and 3D listening: what can you do to capitalise on the real immersion that people often have when listening to digital audio? Because 75 to 80% of those people are listening with a pair of headphones on.” – Gareth Jones, Marketing Director, eBay

*“I don’t think we’ve ever had a client come to us and say ‘we have an audio ad, what can you do with it digitally?’ That’s not happened once, but it **should be happening.**” – Pete Robins, Founder, Agenda21*

*“I think there’s always been **potential in audio for great creativity** and it’s always an oversight from the client perspective because they don’t see audio as a big part of their strategy.” – Flora Williams, Account Director, Vizeum*

However, as this potential becomes more widely recognised, we expect more advertisers and agencies to further explore the creative opportunities that digital audio provides:

*“We are now starting to take (audio) more seriously, it’s a more important medium for us, with a bigger share of the media mix, so **sonic branding will be more important to us going forward.**” – David Parslow, Group Marketing Director, TalkTalk*

Digital audio is best seen as a complement to traditional radio, not a substitute

Advertisers and agencies need to better understand the relationship between digital audio and radio. Those agencies already using digital audio in their media mix know it is not a replacement for radio, but a complement or extension:

²⁶ % that stated advertising investment in digital media would increase in the next 12 months, answering the question: “how do you think your advertising investment in the following media will change in the next 12 months?”; base: advertisers and agencies (n=220)

²⁷ % agreeing/strongly agreeing with statement: “digital audio will become a larger part of our media plans over the next three years”; base: advertisers and agencies (n=220)

²⁸ % selecting answer to question: “why do you think you might increase advertising investment in digital audio?” base: advertisers and agencies who stated advertising investment in digital media would increase in the next 12 months (n=176)

²⁹ % agreeing/strongly agreeing with statement: “digital audio will be an essential part of mixed media campaigns by 2020”; base: advertisers and agencies (n=220)

*"We use (digital audio) as incremental audience, it's difficult to measure that, but we are very close to having a robust tool that will. Also, there's the creative element – the ability to do dynamic, target people smarter via OOH, banners and so on. **(Digital audio) is more than just an addition to radio.**" – Charlie Yeates, Partner, Mediacom*

A clearer picture of effectiveness, ROI and attribution of digital audio will help further growth

Sixty-seven per cent of advertisers and agencies agree brands can accurately measure success and track attribution of their digital audio advertising campaigns³⁰. But with marketers facing growing pressure to justify the success of their media spend, greater information about the ROI of digital audio will be important in growing its share of the media mix. As other advertising media (e.g. digital display, VOD and digital out-of-home) transition into digital forms with ever-increasing measurement and attribution capabilities, advertisers and agencies will expect to be able to measure the ROI they can achieve with digital audio:

*"Digital audio is more expensive because it's more targeted, more premium, a different type of audience. An advertiser is prepared to spend more for that, but we haven't seen any compelling information about ROI. **We do need to start seeing it.**" – James Weinberg, Head of AV, m/SIX*

*"It's difficult to say (how ROI of digital audio performs) because it is part of a media mix and, as a relatively new channel, **there aren't a lot of econometric studies that specifically pull it out.**" – Tom Coare, Head of Audio, OMD*

*"**Clients will be asking for more and more in terms of accountability in their media during the next 12 months, so (digital audio) will need to (catch up to digital display) quickly.**" – Rich Hall, Publishing Manager, Havas Media Group*

As digital audio matures, the breadth of ROI studies available is rapidly growing. In turn, this presents further opportunities for education on the effectiveness of digital audio, particularly in driving consumer consideration and intent.

Importantly, the availability of tools to measure the success of campaigns and provide deeper strategic and commercial audience insights is improving. DAX launched its Listener Insight ID tool in October 2016, allowing advertisers and agencies to understand advertising effectiveness better and learn about audiences who engage with their ads, including their demographic profiles and post-exposure behaviour such as purchase activity. Tools such as Listener Insight ID will have a key role in persuading advertisers and agencies to increase their spend on digital audio:

*"**Each time we use Listener Insight ID, the results have improved. We can then optimise planning for next campaign.**" – Agency*

*"Being able to serve people a particular offer, which you can then track their response to, has been **hugely beneficial.**" – Agency*

*"Once you've got (Listener Insight ID) pixel integration, you've got much more visibility of the potential ROI of DAX spend, because you can start to see how consumers behave and what they do, and you can start **to retarget in a more elegant way than with normal radio.**" – Gareth Jones, Marketing Director, eBay*

³⁰ % agreeing/strongly agreeing with statement: "brands can accurately measure success and track attribution of digital audio advertising campaigns"; base: advertisers and agencies (n=220)

7. Conclusion

There is no denying that digital audio advertising is set to grow in the UK, as more people spend more time listening to digital audio content. This will be fuelled by adoption of new technologies (including voice-activated devices) and new content services (including podcasts).

In response, advertisers and agencies are now increasing their spend on digital audio. They value it as part of the media mix for two reasons in particular:

1. Digital audio gives advertisers a new consumer context – it is a companion medium that fits easily into people's lives and facilitates other experiences. Advertisers and agencies value the ability to reach consumers who are highly engaged, often on a one-to-one basis.

2. Digital audio offers new capabilities – advertisers and agencies highlight advanced targeting, dynamic creative, and programmatic buying as valuable capabilities that make digital audio an attractive advertising medium.

The potential of digital audio is widely acknowledged, but challenges remain. Advertisers and agencies need to understand how to make strong creative that utilises the capabilities of this connected channel consumed mostly through headphones, and how to use it to complement other media. Better understanding of digital audio's effectiveness, ROI and attribution capabilities will also be a key driver in its growth.

With greater education, the UK advertising industry is optimistic that awareness and understanding of digital audio's strengths will make it an essential part of media plans in 2018 and beyond. We are seeing a very real trend in the rise of the digital audio advertiser. So much so, that by 2020 advertisers and agencies believe digital audio will become an increasingly important part of the media mix and will be the most effective way to reach people on the go.

Appendix 1: Methodology

The findings in this report were developed between November 2017 and February 2018 and are based on MTM research and analysis as well as primary qualitative and quantitative research with executives at media agencies and advertisers in the UK:

Quantitative survey:

MTM conducted an online survey of 220 manager-level and above executives at media agencies and advertisers in the UK, consisting of:

- 150 executives at media agencies
- 70 executives 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 10 senior executives from media agencies and 2 senior executives 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.