The Big Audio Handbook
blinkbox music is the easiest way to listen to the music you already like, or discover new favourites - all for free.

Bring your campaign to life with the power of audio to increase engagement.

We offer a great range of sponsorship opportunities across our platform and beyond including bespoke creative, takeovers, social media focus, live events and in-store promotions.

Get in touch.

sales@blinkboxmusic.com

Download the app for free

blinkboxmusic.com

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Introduction

Stuart Aitken
Chair, IAB Audio Council
Online audio is one of the fastest moving sectors in the digital industry. In the last few months alone we’ve seen rapid change with a number of high profile players developing their presence in the market. These changes are a reflection of some well-documented and fundamental shifts in audio consumption behaviour.

At the IAB we’ve been monitoring how people’s consumption of audio content has shifted over recent years. Last year for example, we put together a report which showed that while music continues to play a major role in the lives of 20 to 25 year old music fans, they were almost unanimous in their refusal to pay for it.

Clearly, new patterns of consumption can present challenges for everyone with an interest in the audio sector in the UK. However, as business models change to reflect new consumer attitudes, this opens up opportunities for advertisers keen to communicate with an engaged audience.

Many of the companies at the forefront of these developments are represented in this new handbook from the IAB’s Audio Council. As you’ll see throughout the book, this is a very varied market with a number of key players who each have something unique to bring to the industry.

From an advertisers’ perspective this is great news. Multiple players bring competition and a focus on quality. They also bring variety, meaning that brands who want to take advantage of this powerful medium have a number of effective options to choose from.

We at the IAB are very excited about the possibilities for growth in this sector. Over recent years, we’ve witnessed explosive growth in online video and mobile advertising. As consumer behaviour around audio continues to evolve and as the companies who form the IAB’s Audio Council continue to innovate and educate the market about what’s possible, we expect this sector to be a strong performer in years to come.
The IAB’s Audio Council is well-placed to drive this agenda of education, innovation and growth. The Council was launched in April 2013 and is now made up of a wide cross-section of companies including key players of all sizes from within the sector. Industry experts from all sections of the industry, including online pure players, radio specialists, audio advertising agencies and advertising technology specialists, are all part of the mix.

We hope you find this guide valuable and would welcome any feedback, so please feel free to get in touch with any of the companies listed in the Contacts section at the end of the book. Equally, if you’re keen to learn more about the exciting advertising opportunities available within the digital audio sector, then please do get in touch. We’re all ears…

1 Advertising in an Online Audio Environment
www.iabuk.net/resources/white-papers/advertising-in-an-online-audio-environment
Radio and online audio: what’s the difference?

Simon Pearce, Client Insight Director at RadioWorks and Maple Street Studios, reflects on some key recent changes within the audio sector which have blurred the lines between different types of media
Since 2008 and the launch of Spotify, online audio services have become an increasing part of the ever-growing UK media landscape. As this landscape has developed and become more fragmented, the lines between the different types of media available to advertisers have started to blur – especially in the audio sector.

Gone are the days of audio being the sole domain of radio stations and online just static web pages; technological advances have allowed online audio services to be delivered across desktop, mobile and tablets both on and offline. In a similar way radio stations now have multiple touch points to engage listeners as stations can be accessed online, via a smartphone app, or through a digital/analogue radio.

Traditional radio and online audio offer different routes to the same destination (audio) but they provide very different user journeys. Online audio services are best described as databases where users can search for and listen to selected audio (predominantly music) in a way which is legal, whilst ‘radio offers the listener access to music and audio in a familiar environment. The additional content on radio over and above the music provides the main point of difference; news, weather, sport, traffic and travel are all targeted towards the core station audience.

Online audio services often provide two paths for users to gain access to content: an ad-funded model which is free to the user (many of the providers require user details which can then be accessed for advertiser targeting), and a subscription model, where a monthly fee is paid in order to access ad-free audio. Once logged in the user can access content in a number of ways, but commonly there are two main categories: on-demand and ‘radio’.

On-demand provides the user with the option to search and identify audio or create playlists. Alternatively, users can select the ‘radio’ streaming option and a pre-populated playlist using algorithms based on their tastes is created.

The use of the word radio within online audio has caused some confusion and a backlash from some in the traditional radio industry who believe the term has been misused. The Radio Advertising Bureau (RAB) defines radio in the purest sense as a broadcasted “linear stream of predominantly live presenter-led audio content.”
Unlike traditional radio, within the online audio environment there is usually no additional audio content, such as news or weather, so it’s understandable a degree of confusion exists. While each online audio platform is different, many have ways for the user to discover new music, with some offering curated playlists in a pseudo-radio style. Some of these playlists are even presenter-led, which takes us half-way toward the RAB’s definition of radio.

There are many benefits to using online audio advertising from both a consumer and advertiser point of view. Advertisers can utilise a number of different advertising methods including various display ad options, video and audio, to make their message stand out; many services also provide advertisers with the ability to accurately target consumers based on their age, gender, location or even the music they listen to. This array of options allows advertisers to minimise wastage within campaigns and additionally measure click through data. Such measurability, along with tight targeting options and the environment in which the commercials sit, provides a powerful platform for advertisers.

Understanding the environment you are advertising in is crucial to delivering a successful campaign. Knowing that a traditional radio ad will not necessarily translate well in an online audio environment and tailoring your message accordingly with the use of smart creative, will pay even greater dividends to those who invest in these platforms.

We view radio and online audio services as complementary to each other and it’s clear that both are here to stay.
Adam Bowie, Head of Strategy & Planning at Absolute Radio, outlines how digital technology has impacted on how we listen to radio.
In the world of UK broadcast radio, there’s been an ongoing and sometimes tedious debate about whether the medium should go digital. Naysayers argue that the DAB platform the UK has adopted is outmoded and that listeners don’t want to replace their analogue radios. However, the entire discussion is something of a moot point, since listeners are voting with their dials.

The reality is that 58% of radio listeners in the UK spend at least some time during the week listening via a digital platform, according to the latest results from the UK radio measurement body RAJAR. In the radio world, those digital listeners could be listening via DAB, but equally, they might be listening via a digital television or, increasingly, the internet – whether through a PC or mobile device.

These recent RAJAR figures suggest that we’re seeing the beginning of a really significant change in consumer listening behaviour.

In terms of the actual volume of radio listening taking place, RAJAR reports that 36.8% of all time spent listening to the radio is via a digital platform. And this includes difficult to listen places like in the car, where holding onto a stable 3G signal can be difficult, and where hitherto, converting radios to DAB has been costly. Fortunately, a range of cheaper in-car conversions are now reaching the marketplace, and the majority of new cars sold have digital radio built in.

London has historically shown itself to be about a year ahead of the country as a whole, and in the capital digital listening creeps ever closer to being the majority of listening – now up to 43.8% of all radio listening.

Most major stations now have mobile apps that extend the listening experience, and they commonly report an ongoing increase in listening via mobile platforms.

Then there’s the small matter of the BBC releasing iOS and Android versions of its iPlayer Radio App, as well as the cross industry RadioPlayer consortium also releasing its own aggregator apps on multiple mobile platforms. And that’s before you get to into third party aggregators such as the very popular TuneIn.

What this means is that in just twelve months, we’ve seen UK radio listening increase from 4.6% of time spent listening to the radio via the internet to 6.0%. While those might seem like small numbers, internet listening now represents the fastest growing digital radio platform.
Changes in consumer radio listening behaviour

It seems likely that this increase is linked to the continued growth of smartphone and tablet ownership, and the streaming that this has enabled. Indeed, a remarkable fact is that the proportion of adults who listen to audio via a mobile phone has increased by 34% in the last twelve months to 24%, and a massive 42.9% amongst 15-24s\(^3\). Younger listeners are probably the most interesting group to examine. Changes in behaviours within this demographic tend to be a good indicator for the future trends of all listeners. They just “get it” a little sooner.

Capital Radio listeners spend 8.0% of their time listening via the internet; for Radio 1 listeners it’s 9.0%; and for Kiss listeners it’s 9.6% of their time. These stations are all well above the national average, and if these trends continue then there will be ever increasing opportunities for targeted advertising. As with other internet advertising formats, radio is capable of delivering targeted copy based on demographics, location or device. Absolute Radio is already applying this targeting with its InStream product matching the ability of other audio streaming services to target individual consumers.

Radio has always had the benefit of being highly portable, and smartphones and tablets are reinforcing this. Issues surrounding 3G or 4G data costs notwithstanding, more people are able to listen to more services in more places than ever before. So it really shouldn’t come as a surprise to find that listeners are choosing to do just that. The mobile nature of this kind of listening offers unparalleled opportunities to advertisers to reach their targets utilising not just display but audio advertising.

What also seems clear is that the idea of a “dumb” single-function box in the corner of the room being the primary means of listening to radio services has a limited shelf life. A future “radio” is likely to be multi-functional. Tablets are the most obvious form-factor, but speaker docks are another. The current consumer trend is for more compact audio systems with lots of connectivity. Devices will probably have nice clear colour displays that both broadcasters and advertisers will be able to utilise.

What we do know is that audio remains important to consumers. At a time when the overall consumer electronics sector is actually quite depressed, a burgeoning area is that of sound-bars and connected speaker systems from companies including Sonos and Cambridge Audio. Radio can happily sit within this sector, either in the form of IP delivered apps or with broadcast DAB architecture in-built - ideally, a combination of both.

The good news is that while the hardware might be changing beyond all recognition, and while “traditional” broadcast radio is facing competition from new streaming audio services entering this arena, listeners still find audio incredibly compelling, while at the same time finding new ways to listen.

1 RAJAR Q2 2013
2 SMMT Q2 2013
What the numbers say – and why you should care

Grant Goddard, CEO of Audiometrics, introduces some new research into online audio listening habits and explains what this means for advertisers
Audio has long proven itself to be a very effective advertising medium due to low consumer avoidance, good recall levels of messages/brands and strong consumer trust in ‘radio’. The online audio platform benefits from these established behaviours, while monetisation of listening via the internet in the UK can be enhanced by the availability of objective market consumption data to media buyers and potential advertisers.

In June 2013, Audiometrics published the first results of its research programme to measure what audio content UK adults are listening to, how they listen and where they are listening. From this data, it emerged that:

The audio medium maintains its significance, even in our increasingly visual world

Some 90% of the adult population reported listening to audio content during a week. Amongst 15-24 year olds, this figure was 92%. In our multi-tasking lives, audio appears to be an ideal ‘secondary’ medium that can accompany other activities such as travel, working at a computer screen or fitness.

Listening to audio via the internet is not a marginal activity

Some 48% of adults reported using audio delivered via IP during a week, listening either live, to on-demand content or to audio podcasts. Amongst 15-24 year olds, this figure was 75%. Recent growth in ownership of connected devices, combined with widespread access to the internet on-the-go, has made online audio content available much more universally.

Listening to audio online has spread far beyond relatively young, early adopters

Almost half of 35-54 year olds reported using audio delivered via IP during a week. Intensive marketing of the iPlayer, having built upon the BBC’s longstanding offerings of on-demand and downloadable audio programmes, appears to have succeeded in engaging older demographics with these technologies.

1 Methodology: The survey sampled 3,112 adults aged 15+. Questionnaires were executed online and via pre-selected residential based face-to-face interviews with quotas for age, sex and location. The criterion for ‘weekly reach’ was listening for five minutes or more at any one time during the last seven days. ‘Online audio & radio’ comprises AM/FM/LW/DAB/SW radio broadcast stations online and/or audio content available only on the internet. The results were weighted to be a representative sample of the UK population and reflect the different attitudes found within online and offline survey populations as has been monitored for the past 18 months.
Smartphones and mobile phones have more significance for young people as devices for listening to audio than radio receivers (analogue or digital)

Over half (51%) of 15-24 year olds had used a phone to listen to audio during the week, but only 36% had used a radio receiver. This trend of migration to connected devices is already evident amongst older 25-34 year olds, of whom 42% used a phone and 54% used a radio to listen to audio.

Tablets and games consoles are emerging as potentially important devices for listening to audio

Tablets/e-readers were used by 7% of adults (13% of 25-34 year olds), whilst games consoles were used by 4% (11% of 15-24 year olds). More significant currently are computers (desktop, laptop, notebook) used by 34% of adults to listen to audio in a week, and portable media players used by 17%.

Audio’s characteristic as a secondary medium remains significant for drivers, passengers and users of public transport

Over half (51%) of adults reported listening to audio whilst in transit during a week. The arrival of smart, connected dashboards activated by voice commands, combined with improved portability of online services between devices, will be an important catalyst for audio delivered to vehicles by IP or 4G.
Listening to audio in the workplace, though still not as prevalent in the UK as in North America, is noteworthy

Some 17% of adults reported listening to audio at work during a week, with an evident skew between genders (21% of males). Usage was almost even across all ages from 15 to 54 year olds.

Listening to music that is owned, either in physical or digital formats, remains substantial

Just under half (47%) of adults reported listening during a week to music that they own, 27% using digital files and 34% using physical formats (CD, cassette, vinyl). Inevitably, digital files dominate amongst younger consumers (used by 45% of 15-24 year olds), whilst physical formats dominate amongst older consumers (used by 42% of 45-54 year olds).

These initial results indicate that UK consumers are already leaders within Europe for listening to audio delivered via the internet. Potential advertisers and sponsors can be confident that online audio is an effective medium to reach significant UK audiences, particularly in environments (at work, on transport) that prove more challenging for other media.

How are we listening to audio? (Total UK population 15 years+)

weekly reach

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<tr>
<td>Audiobooks/Magazines</td>
<td>4%</td>
</tr>
<tr>
<td>Podcasts</td>
<td>6%</td>
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What the numbers say – and why you should care

- **Physical Formats**: 48%
- **Online Audio**: 34%
- **Digital Files**: 27%
How audio consumption patterns fit modern lifestyles

David Cooper, Group Head – Sales at Spotify, explains that with so much change in the audio marketplace, there are huge opportunities for brands, artists and consumers alike.
Music is one of life’s essentials. It’s part of the everyday, fulfilling a wide range of roles from regulating our moods all the way through to shaping our identity. And as our lives become increasingly busy, so does our daily consumption of music. It shifts between private and social, foreground and background, high and low moments, at home and away.

What’s more, consumers now have access to music across an ever-increasing range of devices and services. For example we can consume radio on a variety of platforms, utilise the portability of MP3 devices and smartphones and of course take advantage of the huge catalogues and easy access of streaming services such as Spotify, Last.fm, blinkbox music and Mixcloud. The portfolio of choice is outstanding, and for some, baffling.

At Spotify, before we look at how and when users listen to music, we spend a lot of time asking why they do so. For example, we understand that music ‘expresses’; it is both an identity former and definer and this is why our service – like many others – places personalisation at the core. We recognise that music ‘motivates’; be it when people are working in an office or working out in the gym, which is why making music portable through mobile-enabled apps or MP3 devices is so integral to any service with ambitions of scale. We also know music inspires, regulates, enhances, expresses, amplifies and of course, simply entertains. Furthermore music ‘connects’; sharing music is social glue that both creates and fuels conversation.

This music sharing with friends and social circles is an increasingly important part of most successful music services. Spotify acknowledges that identity has two faces: the ‘Private Me’ of how we like to see ourselves and the ‘Social Me’ which is how we want others to see us.

We consider the Private Me to have more instinctive and impulsive traits when it comes to music. In this mindset people are more likely to listen indulgently and in binges, listening shamelessly to instinct - unwilling to share the fact that they’re listening to Kylie in the shower for example. The Social Me has an outlook that’s more controlled and more constructed. This Me is more willing to share what’s considered cool.

We also strive to understand how users’ music consumption changes over the different platforms that Spotify is available on. For example, our research shows people are more likely to listen to the ‘Private Me’ whilst using the service on their mobile device, when nobody is around to hear what’s being played through speakers on their desktop or web browser versions of Spotify. The portability and use of headphones leads to more listening of guilty pleasures and increased ‘naked’ listening than the more controlled listening across desktop and web.
Taking this insight further we look at how consumption of music breaks down across different times of day and at different occasions. This directly influences who we choose to develop partnerships with, either to make the most of existing opportunities or to ‘fix’ – to make listening smoother and easier. We know, for example, that many students use Spotify whilst studying. This prompted a discount deal with the NUS.

Conversely we found that few people are using Spotify in-car. This led to working with the likes of Ford Sync and Volvo with Parrot, seamlessly integrating Spotify into new car dashboards.

We also see lower listening levels at home if users aren’t actively using the internet. And yet, there are so many different moments in the home that music can accompany; be it whilst people are relaxing, entertaining guests, cooking or even doing chores. Accordingly we further integrated into the home and developed partnerships with sound systems such as Sonos and Bang and Olufsen as well as creating apps within integrated ‘smart’ Samsung and LG televisions too.

There has never been such opportunity for brands to associate themselves with music. However, research from music branding experts Frukt shows that while 97% of brands think music can strengthen their brand, 7 out of 10 spend less than 5% of their marketing budget on music.

So why is it the case that brands aren’t putting their money where their mouths are? Maybe it’s because of the sheer variety of choice. Maybe it’s because whilst good work with brands and music is very, very good, when done badly, it can be horrid. Maybe it’s because key to a successful partnership and delivery is authenticity, and that can hard to crack.

But a few things are for sure. Firstly, as music becomes more and more available on so many devices and across so many services, brands who don’t identify how they should sound really are missing a trick. Secondly, there is no other art form that allows brands to connect with consumers so emotionally, experientially, conversationally and in an engaging, powerful and passionate way.

Thirdly, as music is everything to everyone in every different way, there’s a huge opportunity for brands to target their ads to certain activities, even certain genres of music listening. Nando’s captured this potential perfectly by targeting their messages to specific groups of listeners based on their listening behaviour. Listeners of alternative music were deemed (with tongue firmly in cheek) only able to handle the mango and lime sauce. Pop listeners would be advised to try the medium sauce whilst listeners of metal were marked as the most hardcore – only they got the extra hot flavour.

With so many providers giving access to music, there’s everything to play for, and a world of opportunity for owners, brands, artists and consumers alike. To us though, those that rise to the top will be the ones who best understand their users, when they listen, how they listen and increasingly why they listen.
Listen up – new strategies for new technologies

Cathal Naughton, COO of blinkbox music, explains why Tesco is investing heavily in the provision of online audio content
In the past few years the rise of new technology has had a profound impact on the way consumers engage with advertising. The increase in smartphone and tablet ownership has created a new way in which entertainment services are consumed, and as a result has created a fresh environment for brands to communicate with customers and offer them content more tailored to their interests.

Tesco is one of the UK’s biggest CD retailers and we’re keen to bring this experience to the digital environment. At blinkbox music, our passion is music. And our service is the perfect vehicle to be at the cutting edge of audio advertising. As mobile usage increases in popularity, we are fully invested in employing our platform in intuitive ways to engage our users with advertising that’s relevant to their core interests. The market for experimenting with this medium is growing fast, and companies such as Red Apple Creative, AdSwizz and Absolute Radio are exploring the rich opportunities this format offers, whilst pushing for a consensus on standardisation in the same way that was achieved for video previously.

Entertainment, FMCG and Retail brands made up the top three spenders in mobile advertising last year¹, and this combination of industry sectors makes Tesco and blinkbox music the perfect partnership to bring brands and customers together. With advertising spend on mobile forecast to grow to £160 million by 2016², it’s never been more relevant to consider the power of mobile advertising.

The mobile and tablet ecosystem offers us the unique ability to communicate with our audience anytime, anywhere. The opportunity to connect brands with customers and deliver results through the buying cycle increases exponentially in this environment. Our service is primarily designed for the consumer who wants to have content at their fingertips at all times. Engagement with our service increases exponentially on these devices, and as our user base expands, the opportunity for us to communicate with our customers on this basis forms the backbone of why Tesco is so excited to be partnering with us in this market.
Currently audio advertising forms a small segment of the overall spend per year on mobile, but the attitude toward it as a secondary adjunct to display is being eroded as the music streaming market grows. More and more people are engaging with music in this way and so the medium of audio has become a stronger proposition for advertisers to utilise. Combined with segmentation and geo-targeting, the ability to drive audio content to the relevant consumer is more powerful than ever.

Audio is a powerful tool in encouraging a user to engage with your product. It’s an experience that is personal to the user, and initiates a conversation between a brand and between customer and establishes a good partnership between both parties. Whilst most users accept the use of advertising within their daily online experience, feelings can be negative toward it if it’s handled badly. This is all the more important when considering the way audio advertising plays its part in the context of a music service. The majority of our users will engage with our service for over an hour per session. This means the way we deliver advertising content to our users becomes a key issue in ensuring it enhances rather than depreciates the listening experience.

The way we do this is to ensure the content is relevant to them and their interests, whether that be native advertising or external creative. In our editorial capacity we offer our users selected messaging that enhances their experience of the service, either in the form of audio tool tips or information on key content. Sales creative can be targeted against age, gender, genre choice, and location to create bespoke campaign ranges that yield higher levels of engagement with more focus.

From this starting point the future for us is to develop the processes behind how we deliver audio advertising to achieve a more granular level of interaction with our customers. This might be tied into key offers that require footfall generation through incentive, with the audio driving the call to action – or perhaps connected to a rich media campaign that offers our users a deeper insight into a product. In this way we can add value to all points of the consumption cycle from initial engagement to purchase, be it online or in store.

At all points, for us audio is the first point of contact with our users and therefore forms the most integral part of our advertising proposition. It is our vision to bring audio into focus for the mobile advertising industry and work with our partners in establishing an audio advertising standard and champion new methods of delivery.

1 IAB/PWC Digital AdSpend Survey 2012
2 IAB/PWC Digital Ads spend Report 2012
Branded content in an audio environment

Nikhil Shah, Co-founder of Mixcloud, explores how advertising is changing, the increasing role of Branded Content and how it is relevant to audio.
‘Content’ is something of a buzzword du jour. And like most buzzwords, it’s often misunderstood and misused. In a fragmented media landscape where the audience is increasingly in control, content is an essential tool for brands to reach and engage their target audiences.

In this article we will explore Branded Content in an audio environment and why it provides a compelling solution to brands in the competitive attention economy.

Why do brands need to create content?

Social media has radically changed the way consumers create and consume content. With the rise of social platforms, we are all simultaneously creators, curators and consumers. The barriers to entry have been torn down and the gatekeepers are trembling behind their gates.

We are told that 99.9% of display advertising is “ignored”. This is like statistics popularized by Disraeli – more commonly known as a lie. Online display advertising is a branding metric and should not be measured on clicks alone. However, the sentiment remains – visitors are developing “banner blindness” and broadcasters can no longer push interruptive advertising down our throats without us switching off (or fast forwarding).

Advertising 1.0 was all about information, interruption and annoyance. Advertising 2.0 is about conversation, engagement and entertainment. This is why brands need to create content.

To achieve cut-through, brands must create something that people are interested in and want to share. Meaningful, original content that speaks directly to their target audience.

The challenge for brands is to create work and ideas that people want to share and that’s how you get success in the social economy. If someone doesn’t want to share it, then it might as well not exist.

Ajaz Ahmed
CEO, AKQA
Think about the time you spend on social networks. How would you say social networks have impacted on the amount of time you used to spend…?

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<th>No impact</th>
<th>Spent more time</th>
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<td>-3%</td>
</tr>
<tr>
<td>Listening to the radio</td>
<td>10%</td>
<td>84%</td>
<td>7%</td>
<td>-3%</td>
</tr>
<tr>
<td>Going to the cinema</td>
<td>8%</td>
<td>87%</td>
<td>6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Attend cultural events</td>
<td>7%</td>
<td>87%</td>
<td>6%</td>
<td>-1%</td>
</tr>
<tr>
<td>Download unauthorised music</td>
<td>8%</td>
<td>85%</td>
<td>7%</td>
<td>-1%</td>
</tr>
<tr>
<td>Spending time with friends</td>
<td>9%</td>
<td>82%</td>
<td>9%</td>
<td>+1%</td>
</tr>
<tr>
<td>Socialising/go ing out</td>
<td>8%</td>
<td>82%</td>
<td>10%</td>
<td>+2%</td>
</tr>
<tr>
<td>Listening to music</td>
<td>9%</td>
<td>78%</td>
<td>13%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Base: All using social media networks and doing activity
Source: Entertainment Media Research
Listen to the brand

The graph on the previous page shows the behavioural changes brought about by social media – an overall decline in watching TV, browsing websites, reading magazines and going to the cinema. Brands are fighting to capture our attention on channels that have declining audiences.

Bucking the trend, with a net increase of 5%, is “listening to music”. The latest Q2 2013 RAJAR figures also show that radio is holding its audiences. In an age of social media, consumers are listening to more audio than ever.

With other traditional media channels suffering, why is audio still going strong?

We live in an age of both personal and social listening. The headphone industry has exploded in recent years – brands like Beats, Skullcandy and Logitech have turned headphones from listening devices into must have fashion accessories, helping account for the US headphone market’s 32% jump in 2012 revenues. This is mirrored in the resurgence of high quality in home systems – from iPod docks to front room AV systems to fully integrated multi room systems.

We listen at home; we listen at work; we listen while we commute. We listen on our own; we listen with our friends. There is huge scope for brands to be a part of the soundtrack to people’s lives, building upon the emotional connections so often associated with listening to music and the radio.
**Who’s doing it?**

Some notable brands, radio stations and audio platforms have been investing heavily in branded audio content solutions. In the five years from 2007 to 2012, the commercial radio industry saw a 13% increase in revenues from “brand integration” to £114.3 million, against an overall industry decline of 8%.

Red Bull, with their “Red Bull Music Academy Radio” asset, focus on producing their own original radio content. They build audience via their own platforms as well as content syndicated across terrestrial FM stations globally and online platforms such as Mixcloud.

Ford’s latest dedication to music is their Ford SYNC project – a joint audio and experiential partnership with Xfm, NME and Spotify.

At Mixcloud, we have worked with a number of brands on crowdsourced DJ campaigns, generating thousands of sets and hundreds of thousands of hours of listening for brands such as Corona, Intel, Burn, and Sonos. We have also curated, produced and hosted Branded Content channels for brands such as Malibu, Red Bull, Reebok Classics and BlackBerry.

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**Conclusion**

It is clear that technology is changing the way people behave and content is consumed. Brands and content creators are working in partnership to create engaging content that their target audiences want to consume. We believe there is a huge opportunity for brands to do this in an audio environment. This translates into an opportunity for the media companies who are focused on audio, radio and music – but they must move quickly or risk being replaced by the brands and their agencies.
Where to spend your money – radio or online audio?

Tim Cowland, Managing Partner at Radio Experts, offers advice on planning your audio spend
As experienced radio airtime buyers, Radio Experts first found ourselves considering the question of where advertisers should spend their money in late 2008 as We7 and Spotify burst onto the scene.

It was an intriguing match-up and it was the first time that radio advertising had met an audio placement model that could give it a run for its monetisation.

In the red corner we had ‘good ole’ traditional radio advertising. Sturdy, reliable, established, solid, tried and trusted. A champion with a great record of effectiveness and staying power.

In the blue/green corner we had the fresh faced challengers. Spotify and We7, the online audio advertising models. Comparative unknowns who could pack a serious punch but had a lot to prove before anyone would give them their ‘big shot’

Choosing between radio advertising or online audio advertising was never going to be easy. At the time, we recommended that our clients used both. And even today, our primary recommendation is to use both. Together they are complementary and we would place them alongside one another to help formulate an intelligent audio placement strategy.

But that’s the easy answer.

If you really do have to choose just one, we’d say this:

Choose online audio advertising when:
- your brand has a defined micro(ish) target audience
- your brand desires above all else to drive target audience to its website
- your brand is offering a genuinely compelling incentive for a click through
- your brand can accommodate a high CPM for a full on target audience hit

Choose radio when:
- your brand needs to create mass results and mass awareness
- reaching hundreds of thousands or millions of people is important
- driving online traffic is important – radio directs traffic online beautifully
- the CPLs, CPAs and the ROI need a low CPT base to power the calculations
Where to spend your money – radio or online audio?

The radio business is stronger than ever (Rajar now regularly reports 90% + of adults listening to radio every week) and the industry has got itself seriously match fit to embrace and harness the challenges that online’s emergence and then convergence has delivered.

On the other hand, Online Audio Advertising is creating a fast expanding pot of concentrated audio impressions and its power is clearly on the rise. With Blinkbox Music and iTunes Radio now clambering up the hill – we’ve got our binoculars trained on these exciting new horizons.
Why mobile streaming of music is the next big money-maker

Patrick Reynolds, Chief Strategy Officer at Triton Digital, explains why a revolution in mobile is transforming the digital audio landscape
We all know the world is going mobile. You only need to walk any street, sit in any airport, or have any children to realize just how much.

With news that the Facebook Home phone from HTC is now available for just $0.99 and now that Apple has brought out a cheaper iPhone to market, expect the global mobile phenomena to continue.

I find how we use them more interesting than how much we use them or how ubiquitous they’ve become.

According to The NPD Group, we’re doing a lot of listening. No surprise there. But it’s not to friends and family. Talking on the phone is a poor substitute for texting it seems. We’re listening to music. Roughly 56 percent of smartphone users use their device for music listening. More than video. More than games.

Traditional radio companies are joining in the mobile surge by using mobile-friendly apps like TuneIn and iHeart Radio to gain access to consumers outside of terrestrial signal strength while giving even more convenient access to local fans.

Whereas the car was once referred to as a “radio with wheels” in ad circles, the mobile phone is now the “supercomputer with wings.” People listen to what they want, when they want, wherever they are. Critically, they’ll not only listen to music wherever they are, but wherever the music comes from. Audio is now available globally, never out of range or reach.

Why are audio and mobile such a match?

1. Audio is pervasive

Mobile video gets more ink, but audio gets far more time (Millward Brown and Dynamic Logic, “AdReaction 2012: Marketing in the Mobile World” report, page 10). Why? You can’t watch video while driving or in the office (usually). When you can devote the time to it, increasingly rare for most of us, there are still some technical and bandwidth limitations to watching video on mobile. Treating tablets as the separate category they are, video on mobile can also be just plain tiny regardless of buffering issues.

2. Passive versus active

Life is hectic for most of us. The clean, clear lines of working nine to five with an hour for lunch seem quaint if not downright laughable. Life’s messy. We’re working from home, playing at work — audio can be as passive or active as the situation dictates. Most of us happily bang away on our keyboards while listening to audio. It tethers to our dashboard effortlessly in those situations where it’s better to be heard than seen. It’s comfortable in the background in a way video isn’t.

Audio moves effortlessly from foreground to background at the listener’s command, thriving in either where radio and other media never could.
3. Control and co-creation

Listening to Pandora, for example, allows the listener to also be the program director most of us secretly always wanted to be. It allows us to get very involved and active in the content we consume. There’s still the excitement of “what’s next” in terms of the next song being unknown, but in audio the anticipation is heightened even more by the fact that you played a hand in selecting the next track. You may not know exactly what it will be, but you can take a good guess. That’s the Jiffy-Pop moment, the all-consuming anticipation. Audio also allows the creator to share that “station” with friends through simple digital connections like Facebook, Twitter, and so on.

Similarly, on-demand audio services like Spotify allow the time-honored tradition of playlist creation to take on a modern twist with lyrics, music discovery, and more. All shareable. All easy. All audio-based but decidedly multi-media if you want them to be.

4. Audio is good for advertising

Banners are certainly a go-to digital advertising staple, but they’re not the best on mobile. People have fat fingers. Fat fingers hit things they don’t mean to, giving false positives that muddy the analytics that are so central to digital. Video, as mentioned, runs up against form-factor, bandwidth, and attention limitations among others. Audio is the advertising porridge that’s just right. It’s involving and creative like video, geo-targetable and measurable like display, and sits somewhere in between.

5. FREE!

As advertisers invest in audio more and more, there is at least the opportunity for a free option for consumers, going against the subscription tide. That’s big for lots of folks. Recent research shows, nearly 64 percent of those surveyed thought free web content was extremely important. Beyond free admission, audio ads are fewer and farther between than most other media and play just one at a time. That makes for a better quality user experience. That kind of open mic is music to any advertiser’s ears and every consumer’s wallet.

Unless you’re a budding Grandmaster Flash, you probably find having tens of millions of music tracks from around the world in your phone preferable to a boom box on the shoulder with one cassette and a few AM/FM stations. People like choice, and streaming audio gives them a voice in the programming they consume in a relatively uncluttered environment. Competition is good for everyone. Their digital street cred is nonpareil, and they don’t have to worry about their still-developing audio chops. After all, the audience will do most of the programming anyway.

If Darwin was right and adaptive evolution is real, mobile devices of the future will be subcutaneous parts of our palm. The first digital appendage. Not the last. Can Beats earlobes be far behind?

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1 Poll: Americans Want Free Internet Content, Value Interest-Based Advertising
The differences between radio and online audio commercials

Jessica Smith, Creative & Client Services Manager at Red Apple Creative, offers key creative tips to bear in mind when advertising on different audio platforms.
There is a common misconception amongst some advertisers that when running an audio campaign on an online music service such as Spotify, it is ok to use an existing radio commercial. There are two key things to consider when choosing between radio and online audio:

1. Why people are listening
2. How people are listening

It sounds like an obvious consideration to account for, but all too often radio commercials find themselves online. So let’s look at this in more detail.

Why people are listening

Radio began life as a public messaging service. It is listened to predominantly on devices that play through speakers. It has personalities, it entertains, creates atmosphere, informs and advises. Listeners tune in as much for the presenters as they do the music.

Online audio services were born out of technological advances in the way we consume music and the desire to share music between individuals. Services like Spotify were also created as a response to the proliferation of music piracy.

Predominately online audio is music listened to by individuals, or small groups of people, through a personal computer. Radio is populated by people and presenters who play music and content to a mass audience as though they are an individual.

How people are listening

Tuning into a radio station is like joining a community. You choose one that suits you and your current mood as there are radio stations for every demographic and music genre.

Radio is also an auxiliary medium, it accompanies us whilst we do something else. As a radio listener you agree to hand over the controls to the broadcaster and will zone in and zone out as you go about your tasks.

Online audio takes a bit more effort. As an online audio listener you have to make the choice – even if it’s as small a choice as what style of music you’d like the friendly algorithm to use. This personal choice of listening is reflected in the way in which streaming is most often consumed – personally, through headphones or laptop, cocooned in your own little world.
When worlds collide!

So what happens when the inevitable occurs and an audio advert is about to break into a consumer’s listening world?

The radio listener continues to zone in and zone out – so you’d better make sure they zone in for your message. You’ve got to compete with the other advertisers as well as the activity distracting your listener right then.

We liken radio commercial breaks to a high street parade of shops. You have to travel past them on a regular journey. In order to grab your attention they will try to make their brand distinctive, bright, showcase offers in window displays, place A-boards in your path and so on.

Online audio commercials are more like a personal butler who announces a guest and offers you the chance to invite them into your home. No shouting, no jazz hands, more a polite knock at the door. It had better be polite as your streaming listener has chosen what they want to hear so far and you are talking straight in to their individual ears. So don’t shout, be smart with what you say. And take the opportunity to be inventive with how you say it.

The added advantage with the online user is that they are likely to be listening via headphones, giving you the opportunity to explore new audio opportunities that radio can’t offer – 3D audio for example, or delicately whispered text, or the invitation to engage further with an associated animated display or link to further audio.

Through streaming you have an audience instantly connected to your shop window, but you still need to ask them to make an action. We’ve found that the best results occur if you can ask for that action as early as possible and remind again at the end.

Whilst radio advertising also offers immediacy if the listener is near a computer, it’s also about memorability for that future action through repetition and brand connection. So just because online audio offers the immediacy of online exploration it shouldn’t be at the sacrifice of emotional brand connection with a potential consumer. Your brand needs to be just as memorable in online audio as its radio counterpart has to be. Make sure your audio brand has a consistent sound, but make the commercial message sympathetic to the environment it’s being consumed within. Online is in ear. Radio is out of speaker.

Give the online listener the right experience to become a click catalyst rather then using a radio commercial out of context which then becomes an audio irritant.

In summary here are the five key things to remember when producing audio for online use.

- Create a commercial specifically for online use, don’t just use the radio commercial.

- There aren’t any presenters online so use your “voice” to distinguish yourself from the music and catch the users’ attention creatively.

- There are less commercials online so be clever with what you say and don’t shout!

- Don’t crash the playlist! As online users usually listen through headphones be inventive with how you deliver your message.

- Remember the call to action should be to click via the online player so results can be measured and tracked.
Mark Foster, Managing Director of Deezer UK & Ireland, outlines how changes in consumer behaviour leave us with a positive outlook for the future of the online audio sector.
The change in the way consumers can and increasingly prefer to listen to their music is a hot topic right now. This leads to all kinds of speculation about whether streaming is substitutional for other formats (it isn’t), whether it’s a potential antidote to piracy (it is) and whether it generates enough incremental revenue both in absolute terms, to reflect the “real” value of music, and in relative terms, to replace the lost sales of the last 10 years (it’s looking increasingly likely).

What we know about consumer behaviour in general – particularly from our partners in the telecoms space – is that the combined growth across the digital market for “content” products of all types and genres, of demand for cloud storage and of multiple platform ownership, indicates that customers require greater flexibility of access and control of what they listen to, watch and play. They are living a digital life, through billions of downloaded apps or accessed websites. And now, of course, 4G enables richer content and multi-tasking on the move.

We’re also seeing that while there is huge demand now for multiple-use devices, people will continue to have more than one smart device, eg. smartphone, tablet, PC/laptop and a Big Screen.

Technologies like Deezer are lifting barriers to legal music consumption by providing ease and simplicity of access and flexibility. It makes this transition so simple that customers are moving up the digital engagement scale without really noticing that they no longer have a “collection” sitting on the shelf. And with Deezer’s offline mode, you don’t even need a connection all the time.

Exciting times for the mobile music consumer and, therefore, for repertoire owners and artists. Make music more accessible and people will consume more of it, generating more income right across the value chain.

And the positive outlook doesn’t end there.
There is no evidence (and recent research by Universal and Sony supports this) that streaming music is cannibalising sales of physical product. Instead, editorially-driven, discovery-focused services such as Deezer are re-opening parts of the market that were lost. Many consumers, disenfranchised by MP3s from the touchy-feely engagement with and investment in a physical product, and intimidated by technology, are finding their way back. Why? Because we’re making it easier (just click on a picture), more fun (share playlists with your friends) and more accessible (on a train, plane or automobile as well as at home) to sample new music without having to pay more than your monthly subscription or mobile phone tariff. Digital “No-Risk Discs”, if you like.

And if some consumers are using illegal sites just because they don’t want to pay, then at least Freemium services are tempting them back. So our responsibility as an industry is to offer them a better and more enjoyable, editorial-led service than the pirates. If they see what great value (20 million tracks, great quality sound, no malware) a subscription would be, then maybe they’ll stay.

This becomes ever more important as sadly they can no longer find that depth of catalogue and range of artists – niche genres, developing acts, deleted albums – in the increasingly-constricted world of record stores, as both indie retailers and supermarkets face their own economic challenges.

It doesn’t mean it’s all over for other formats – not for a long while, anyway. Physical, downloads, streaming and radio will continue to coexist, provided the economic models allow them to remain sustainable (rights holders take note) and that all of them offer consumers an overall great service, because not everyone wants the same experience.

More choice, more information, ease of use and affordability. This is what customers have always wanted, whatever they are shopping for. If we deliver, the ones we have lost will come back, and we can generate a renewed excitement about music.
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