

adswizz

AdsWizz Whitepaper

Podcast Advertising in a Programmatic World: A Primer for Agencies

*Leveraging Technology to Unlock
the Podcast Opportunity.*

www.adswizz.com

TABLE OF CONTENTS

The Podcast Opportunity for Agencies	1
Challenges in Buying Advertising on Podcasts Today	3
The Future of Podcast Buying: The Fundamentals	4
The Delivery: Ad Insertion vs. Baked-In	
The Creative: Host-Read vs. Produced	
The Transaction: Insertion Order (IO) vs. Programmatic	
Connecting the Dots with End-to-End Technology	6
Accessing a Podcast Marketplace	6
PodScribe: Contextual Targeting and Podcast	7
Unlocking the Podcast Opportunity	8
Podcast Discovery and Targeting	
Automated Host-Read Campaigns	
Eliminating Manual I/Os	
Brand Safety and Contextual Targeting	
Better Podcast Measurement	
New and Interactive Audio Ad Formats	
Transparency, Fighting Fraud, and Industry Standards	10
Remote Audio Data (RAD)	
Trustworthy Accountability Group (TAG)	
Where Do We Go From Here?	11

Podcast Advertising in a Programmatic World:

Leveraging Technology to Unlock
the Podcast Opportunity

Rewind for a second to the mid-1990s. Digital advertising was in its infancy. Banner ads were being sold like newspaper display space. There was little indication that this humble start would soon be a \$100 billion industry that would revolutionize advertising with powerful technology, laser-focused targeting, and wide-open access.

Now fast forward to today. Podcasts have honed in on one of the most prized audiences in the world. But much of the medium's advertising is still being sold like radio airspace. While podcast advertising is growing rapidly, technology promises to unlock value and connect the world's biggest brands and agencies with this coveted audience.

Now, think ahead. Technology has unlocked the full potential of podcast advertising. Large agencies and brands can target, monitor, and activate ad campaigns at scale with a few clicks of a button.

The era of truly automated podcast advertising is coming and it's coming quicker than anyone thinks.



1. THE PODCAST OPPORTUNITY FOR AGENCIES

Podcasting Has Arrived. Have You?

Podcast listeners have tantalized advertisers for years. These highly coveted, hyper-engaged media consumers are growing at such an exponential rate that *The Guardian* proclaimed podcasts are having their “Netflix moment.” *Wired Magazine* called their fandom and attentiveness to the medium “the Holy Grail advertisers hoped they would be.”

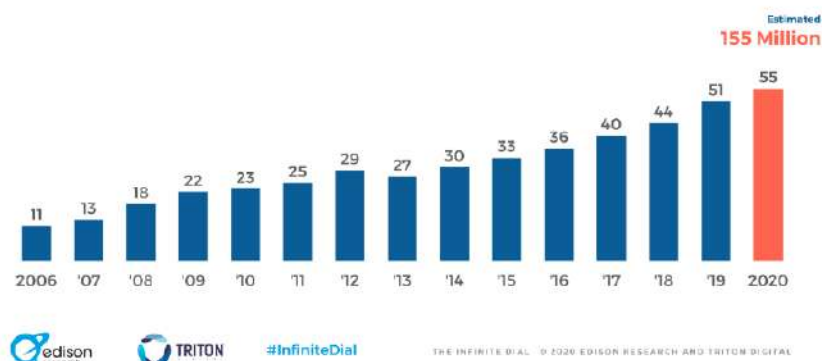
According to [Edison Research](#), nearly half the US population – 155 million people – listen to podcasts, with over 104 million people listening at least once a month.

In three short years, 1.85 billion podcast listeners are expected globally, according to research by [Ovum](#). As a result, advertising dollars have followed this powerful audience and will continue to, as advertising spend on podcasts is expected to surpass \$1 billion next year, according to research firm IAB.

However, podcasts have continually presented one vexing problem for modern marketers: engaging podcast listeners at scale. In an industry that has embraced powerful programmatic technology to deliver precise marketing messages to the right audience at exactly the right time, current approaches to podcast advertising often feel like taking a step back in time – with little or no targeting or intelligence. Engaging podcasts listeners at scale – and with precise targeting and measurement – has proven frustratingly elusive. However, there are solutions in the market today that address these challenges.

Podcasting Listening

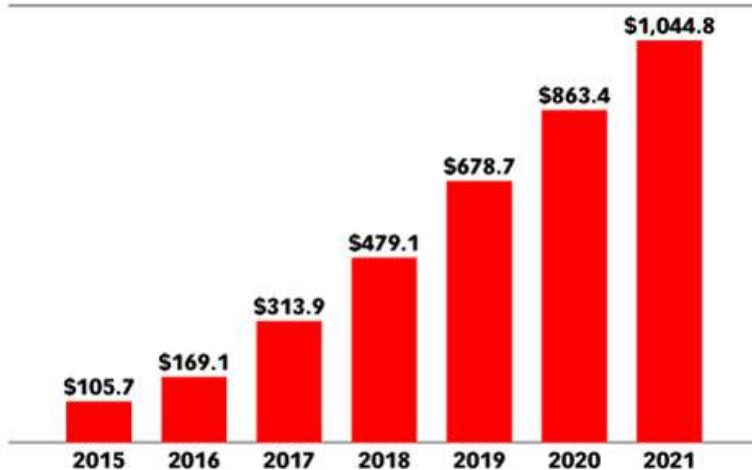
TOTAL U.S. POPULATION 12+
% EVER LISTENED TO A PODCAST



THE INFINITE DIAL 2020

US Podcast Ad Revenues, 2015-2021

millions



Note: estimates based on total market sizing, not self-reported revenues; market sizing represents an estimate of total US total podcast advertising market

Source: Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC), "Full Year 2018 Podcast Ad Revenue Study: A Detailed Analysis of the US Podcast Advertising Industry," June 3, 2019

247907

www.eMarketer.com

Cracking the Code on Podcast Advertising

The tools and technologies that made digital advertising a surgical and precise endeavor are now becoming available in the world of podcasts. Agencies can now marry the unique advantages of podcast advertising from host-read ads that generate trust and high purchase intent with more powerful audience targeting, reporting, innovation, and control that are the hallmark of digital advertising.

A new form of programmatic podcast advertising has arrived that will change the nature of audio advertising for brands and agencies that have eagerly awaited a simple, scalable solution to reach these tens of millions of highly coveted, passionate, and loyal podcast listeners.

What's Driving Advertisers to Podcasts? Attractive Audiences, Trusted Voices.

Loyal. Educated. Affluent. It's no wonder podcast listeners are a coveted audience. In the US, 85% of podcast listeners attended college, [20% higher](#) than the rest of the population.

Furthermore, podcast listeners are 40% more likely to have earned a college degree. Of monthly podcast listeners, 45% earn a household income higher than \$75K, vs. 35% of the total population, according to [Edison Research](#).



Podcast listeners also stay engaged throughout their listening experience, tending to invest their trust – and their purchasing power – in the host and his or her recommendations.

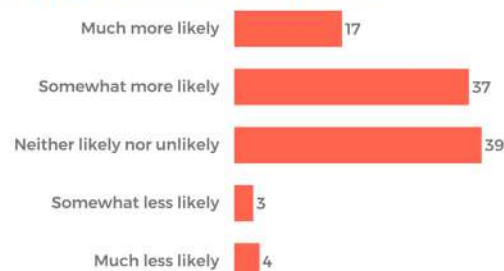
According to [Nielsen](#), 80% of podcast listeners listen to most or all of an episode, and 54% of listeners are “somewhat or much more likely” to buy an advertised product when they hear it on a podcast, than compared to other advertising.

Likelihood to Consider Brands Advertised on Podcasts

U.S. ONLINE MONTHLY PODCAST CONSUMERS 12+

% GIVING RESPONSE

“When you hear advertisements on podcasts, how likely are you to consider the brand advertised?”



#PodcastConsumer

THE INFINITE DIAL © 2019 EDISON RESEARCH AND TRITON DIGITAL

THE INFINITE DIAL 2019
The Podcast Consumer

2. CHALLENGES IN BUYING ADVERTISING ON PODCASTS TODAY

Stepping Back in Time

Despite the growth in podcast listenership and the flow of ad dollars into the medium, fully capitalizing on the opportunity has been elusive for eager advertisers. While the world of display and video advertising offers robust and intelligent solutions for planning, targeting and reporting, podcast advertisers may feel trapped in a time warp. Planning and buying podcasts remain not only inefficient but also ineffective without intelligent targeting and planning. And – without this capability and the added effectiveness driving the influx of advertising dollars – the podcast industry will be slower to scale.

Baked-in Ads Limit Flexibility

Today, according to the [IAB](#), over 50% of podcast ads are “baked” into the content. While baked-in, host-read ads are less disruptive and effective in generating trust with the listener, the format relegates the buyer to small-scale, static messages that are not targeted. In addition, the baked-in ads may be less relevant for listeners who discover the content months, or even years, later.

Focusing Only on Top Shows

Unlike traditional display or video advertising, it’s challenging for a podcast advertiser to know what content to buy, creating a high dependency on publishers packaging inventory. According to the [Wall Street Journal](#), “Serial”, a runaway podcast hit, saw 300M downloads of its first season. However, when the podcasts are downloaded, agencies have limited visibility into who is listening. Even with these limitations, advertisers buy podcast ads on a show-by-show basis today, looking to the rich audiences of top shows like Serial or Joe Rogan to drive results. And, the process is cumbersome. Agencies need to reach out to individual podcasters and networks, content sourcing is fragmented, and only part of the audience is reached. Focusing on top shows with manual buys means limited – and expensive – opportunities for buyers and reduced revenue opportunities for content creators.

Disaggregation Limits Targeting & Audience Buys

What’s more, agencies accustomed to making effective audience buys find themselves buying podcasts on a show-by-show basis in an effort to reach the right audiences. For example, a women’s athletic wear brand looking to reach women ages 18-34, in Austin, Texas, who earn more than \$100,000, hasn’t been able to translate that level of granular targeting that they have grown accustomed to in the programmatic world to podcast buying. Instead, agencies are only able to select shows that “mostly” reach their target audience, accepting that a portion of their buy is going to be “wasted” on listeners outside of their target.

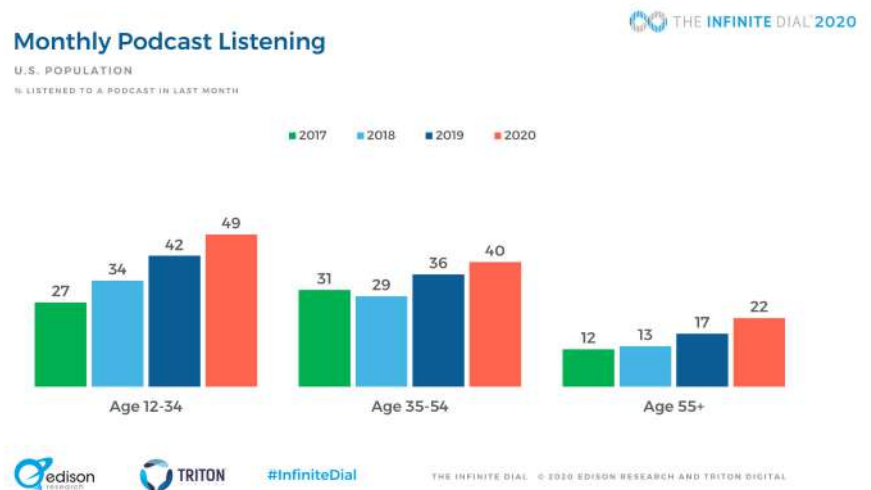
Podcast Scale = Hidden Long Tail

With 900,000 shows, and more than [28 million episodes](#), finding the right audience and effectively purchasing

advertising on the “long tail” of podcasts – high-quality content with small audiences – proves extremely challenging. Agencies will compete for sponsorship opportunities for the top shows, but there isn’t a way to access or find the small shows that meet the demographics for a targeted advertising buy. Programmatic has evolved so that it’s extremely efficient to ensure advertising is only seen, viewed, or heard by the advertiser’s target audience. However, in the podcast world today, agencies literally have no way to reach the “long tail” unless it opportunistically happens when an advertiser discovers a small show they would like to sponsor. Even then, the “single show” method of buying does not scale.

A Diverse Listener Base

As podcast content grows, so does the audience, which spans men and women, young and old. Listeners hail from both big cities and small towns. Current methods of manually buying sponsorship positions on top shows results in a great deal of waste, and it’s clear that more relevant and contextual buying within podcasts is where the industry is headed in order to grow and scale.



3. THE FUTURE OF PODCAST BUYING: THE FUNDAMENTALS

Getting Aligned on Podcast Advertising: Some Basic Definitions

New technology is now available that brings programmatic capabilities to podcast buying. Rather than handpicking shows, agencies efficiently buy podcasts by focusing on context and audience buys, with parameters for brand safety, so you know you’re addressing the right audience with the right content.

Contrary to popular belief, podcast advertising is not only a host read, baked-in sponsorship medium. Although, this has been the primary format for podcast advertising during the past few years. According to Marketing Land, dynamic ad insertion is increasing, going from nearly 42% in 2017 to nearly 49% in 2018. Host read ads are indeed very effective, both in terms of listener experience, and results for the brand.

But, let’s break down the core elements of podcast advertising, and get clear on some basic definitions that will help any agency design an effective podcast advertising strategy, and deliver the most value for their clients in 2020 and beyond.

To understand how to make podcast advertising more efficient, let’s decouple the podcast advertising experience into three parts: **The Delivery, The Creative, and The Transaction.**

The Delivery: Ad-Insertion vs. “Baked In”.

Creative units can be **delivered** within a podcast in different ways. They can be read by the host and permanently integrated as part of the content (baked-in) which makes it static, and hence can not be changed over time or targeted. Or, it can be delivered via ‘Dynamic Ad Insertion’, or DAI. Dynamic Ad Insertion describes the process of delivering an ad unit at the moment of the listen, uniquely for each listener. Delivery using this method means that the ad can be targeted, based on geography, demographics, behavior, and more. It also means that the ad opportunity can be continually sold and optimized over time.

The Creative: Host-Read vs. “Produced”.

Different types of **creative ad units** can be used during a podcast. The ad can be read by the host (host-read), or it can be produced, which is what we are accustomed to with digital audio and terrestrial radio. If the ad unit is produced, it generally should still be created with a tone and nature that’s “podcast friendly” (no overt sales pitches or marketing jingles). Generally speaking, the least disruptive creative is either read by the host or by someone with a soothing, trusted voice, to match the tone and cadence of the podcast. Often, a host will read a number of scripts for different creative units, which are then dynamically inserted, giving the listener the benefits of a host-read ad, while the advertiser enjoys the benefits of Dynamic Ad Insertion.

The Transaction: Insertion Order (IO) vs. Programmatic.

Finally, after the decision has been made as to how the advertising will be delivered and what type of creative unit to use, there are different ways the podcast advertising can be sold. It can be sold directly by the publisher and their sales teams and transacted via an insertion order. Or, it can be sold programmatically, via a marketplace, where the ad unit is purchased based on target audience and campaign objectives, and bidding may (or may not) take place for the ad unit. In this case, specific podcast content and/or a specific publisher may (or may not) be specified. In addition, these can be transacted as a sponsorship, or they can be purchased based on the number of impressions.

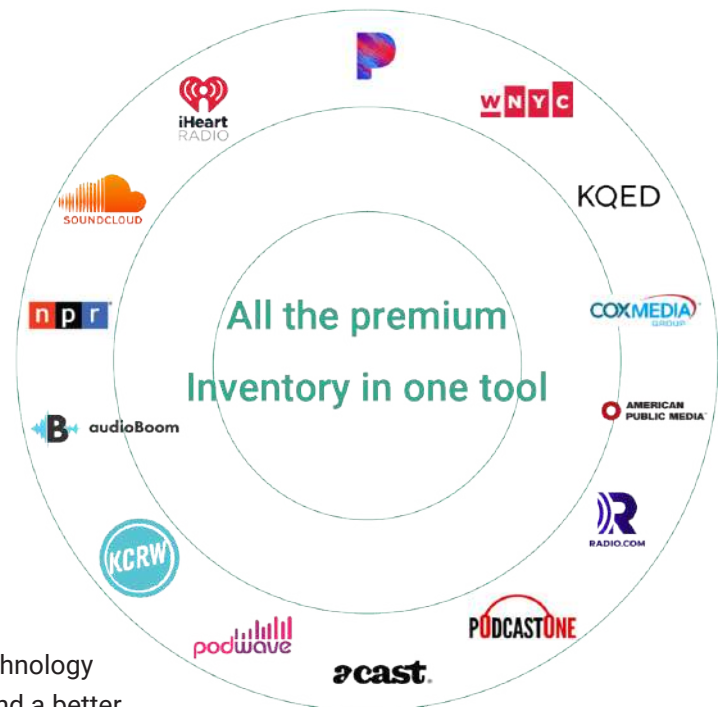
It’s important to understand each of these elements and to keep them separate to create unique combinations to develop a podcast advertising strategy for your advertisers, based on their objectives. Having the underlying technology to enable the combination of these elements gives agencies the power to offer more robust and effective solutions for brands, and enables the podcast advertising industry to accelerate its growth.



4. CONNECTING THE DOTS WITH END-TO-END TECHNOLOGY

Creating a Better Podcast Buying Experience for Agencies

To imagine the optimal buying experience for agencies, it helps to take a step back and understand audio publishers and where their audio content lives. In addition to creating audio ad buying solutions used by agencies all over the world, AdsWizz also provides the monetization platform that powers the top podcast publishers and audio streaming services worldwide, including Pandora, iHeart, NPR, TuneIn, PodcastOne, Radio.com, talkSPORT in the UK, Lagardère and NextRégie in France, and others. Having this “end-to-end” technology platform creates more opportunities for buyers and sellers and a better experience for listeners.



Why is an End-to-End Technology Platform Better?

Audio publishers using AdsWizz technology have Software Development Kits (SDKs) downloaded on hundreds of millions of mobile devices. SDKs allow publishers to serve more valuable ad impressions in their apps and can help gather critical data, like location, or device type. A well-implemented SDK also can create a much more dynamic in-app ad experience – a significant perk for advertisers.

In addition, one platform offers more efficiencies with buyers and sellers, the ability to better leverage data, less drop off, and higher match rates. And AdsWizz tools gives advertisers insight to be able to get greater reach and frequency with less effort.

The **AdsWizz AudioMatic DSP** is uniquely able to connect to these SDKs to offer agencies entirely new and innovative audio experiences. From providing incentives for local merchants with a simple shake of the phone, to delivering different audio ads based on local weather information, behavior, demographics, or location, we empower agencies to target, connect with, and engage their audiences in new moments during the day, and in powerful new ways.

5. ACCESSING THE PODCAST MARKETPLACE

Accessing the Long Tail of Podcast to Increase Reach

As podcasting continues to grow, each of these smaller podcasts with high-quality content are also seeking monetization opportunities. Marrying this long tail of supply with the high level of demand from advertisers has proved a challenge. Clearly, a solution that enables agencies to reach these podcasts in a way that allows audience and contextual targeting would be ideal. Today, solutions are emerging to enable just that.

AdsWizz launched **PodWave**, a marketplace that enables efficient selling between buyers and sellers of podcast, in 2016. The marketplace is the first and one of the largest podcast-centric exchanges in the market today.

For podcasters, it provides access to advertisers that they wouldn't otherwise be able to reach.

For agencies, it offers the opportunity to purchase advertising on the long tail of podcast to meet reach and frequency objectives, with the ability to target by audience in a simple way.

PodWave reaches over 59 million unique users each month, with more than 1,500 shows and 419 million impressions monthly across 210 DMAs. Agencies can target by geography, device, and time of day.

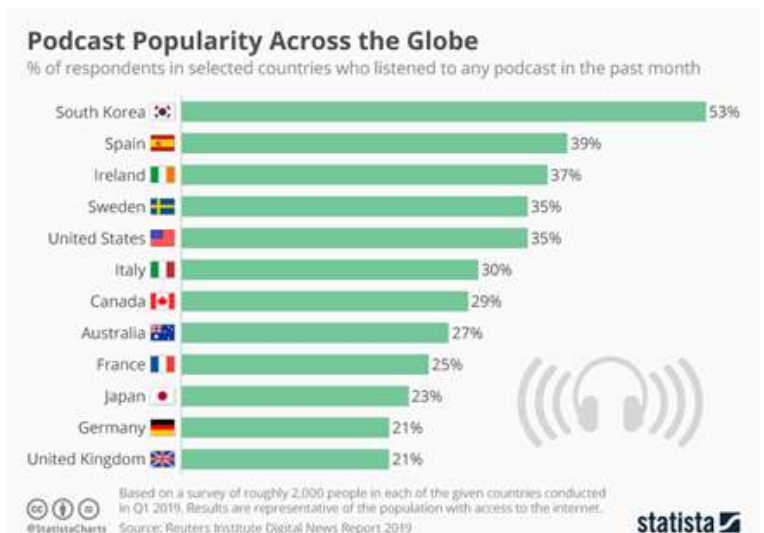


6. PODSCRIBE: CONTEXTUAL TARGETING AND PODCAST

Podcast Targeting and Brand Safety

According to Edison Research, more than 104 million Americans listen to podcasts on a monthly basis and 7.1 million people listen to podcasts every week in the UK, according to [Ofcom](#). Podcasts represent one of the fastest growth channels within advertising. The industry has been asking for solutions that help them capitalize on the rapid expansion and scale – without sacrificing brand safety.

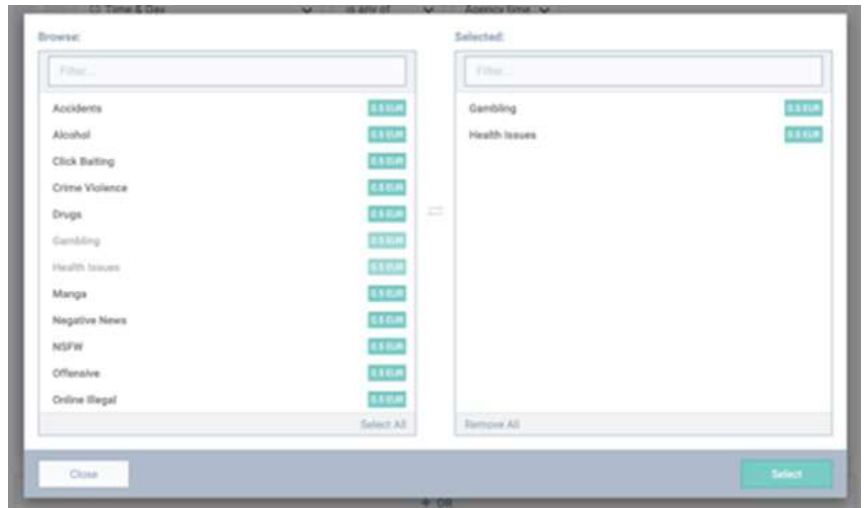
With today's advertising solutions, it's challenging to do any intelligent targeting within a podcast in a scalable way, or go beyond sponsorship of the top shows and reach the "long tail", because the content within the podcast is



unknown, and its brand safety is uncertain. To fully scale, we believe that podcast advertising needs to evolve in the way programmatic buyers look at digital audio as a whole.

AdsWizz introduced **PodScribe** in October 2019 to address these challenges by providing enhanced targeting and brand safety for podcast advertisers, and scalable monetization for publishers. In partnership with Comscore, we are bringing intelligent, contextual targeting to podcast advertising so that it scales without sacrificing brand safety.

PodScribe uses advanced speech-to-text transcription technology to provide insight into podcast content and enables agencies to more efficiently target by keywords, concepts, topics, and interests within the podcast. Comscore then verifies the content to ensure it is brand safe. This makes it easier for agencies to target ads within the context of relevant content, making the ad itself more relevant and less disruptive, and giving advertisers peace of mind.



Example of AdsWizz AudioMatic PodScribe blacklist categories, to enable brand safety with Comscore

7. UNLOCKING THE PODCAST OPPORTUNITY

Reaping the Benefits

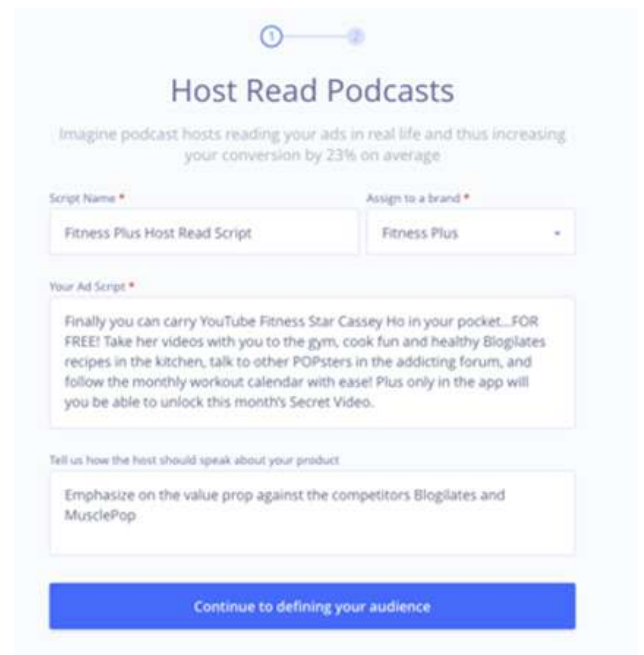
To reap the benefits of today's podcast opportunity, agencies must have access to new tools that offer the benefits of programmatic to the podcast world. With AdsWizz AudioMatic, the technology and tools are, in fact, here today. Below are some examples of capabilities in podcast advertising that are either available today or available in the first half of 2020.

Podcast Discovery and Targeting.

Rather than buying one show at a time, agencies can now discover and select multiple podcast shows, based on campaign objectives. Simply define your objective and receive recommendations on what content to target. With this information, it's then possible to buy ads programmatically based on categories, or at the show level. Furthermore, agencies can set campaign objectives based on location and purchase programmatically based on audiences, streaming vs. download, and device.

Automated Host-Read Campaigns.

Host read campaigns are the most effective method for advertising within podcasts. However, as noted above, you'll find important distinctions between **how an ad is delivered** (dynamically inserted vs. baked-in); **what type of creative is used** (host read vs. produced); and **how the transaction takes place** (direct sold vs. programmatic). For example, creating host-read ads, dynamically inserting them against your target audience, and buying inventory programmatically enables an agency to create a podcast advertising campaign that fully takes advantage of the unique podcast medium. By automating host-read ads, AudioMatic allows marketers to maintain authenticity and connection while creating scale. With these new features, agencies can build a single brief, allow hundreds of publishers to participate, and keep control of their campaign.



*AudioMatic Host Read Podcast
Programmatic Feature*

For example, **creating** host read ads, **dynamically inserting them** against your target audience, and buying inventory **programmatically** enables an agency to create a podcast advertising campaign that fully takes advantage of the unique podcast medium. By automating host-read ads, AudioMatic allows marketers to maintain authenticity and connection while creating scale. With these new features, agencies can build a single brief, allow hundreds of publishers to participate and keep control of their campaign.

Eliminating manual IOs.

Agencies can now eliminate the need for manual IOs when creating sponsorships that are 100% share of voice. You can create and manage PG campaigns and run them the same way you would a programmatic campaign for display or video, marrying robust and intelligent targeting with the power of podcast advertising. Other programmatic capabilities, including media planning, behavioral targeting, and detailed reporting are available for podcast buying, eliminating the need for manual, show-by-show buys.

Better Podcast Measurement.

In a recent [survey](#) Westwood One conducted with 95 top podcast advertisers, the #1 catalyst for preventing podcast advertising growing from a \$1B to a \$2B market was the need for **better measurement and attribution**. With AudioMatic, you can better measure streaming and downloaded campaigns, leveraging AdsWizz work with the Remote Audio Data (RAD) standard. Also, AdsWizz offers patent-pending Audio Pixel technology, which enables agencies to create custom audiences and track ad performance across those audiences.

New and Interactive Audio Ad Formats.

Finally, as audio is increasingly becoming the primary way we interact with media, advertising formats are following suit. For example, podcast listeners understandably don't engage or click on a display banner while listening, as they're

often in their car or on a mobile device while engaged in another activity. So then, how can a listener become more engaged? We have a few ideas.

Second Screen from AdsWizz is audio retargeting for podcast, enabling companion display banners to be intelligently delivered on associated IP addresses of the listener. Someone listening to a podcast on their mobile device will then see an ad on their connected TV or laptop. This type of association has resulted in a 400% increase in engagement with these ads. Similarly, display and video advertising campaigns see a lift overall when coupled with audio advertising.

Dynamic Creatives enables a personalized audio advertising experience for the listener based on location, time of day, day of week, weather, proximity to a “Point of Interest”, and more. The result is hundreds – or even thousands – of different audio ads, customized and optimized for the listener, intelligently in real-time.

ShakeMe, our patented technology, allows listeners to trigger an action during an audio ad – like placing a call, visiting a website, or downloading a coupon – by merely shaking their phone. Over half a billion audio impressions have been delivered with this technology in the past two years around the world, featuring leading audio publishers like iHeart, talkSPORT, and Australia Radio Network ([Release](#)).

8. TRANSPARENCY, FIGHTING FRAUD, AND INDUSTRY STANDARDS

Standards to Grow the Industry

At AdsWizz, we regularly work with our partners – the leading publishers in streaming music and podcast – to drive industry standards for transparency and brand safety, to help fuel the growth of audio. Because our end-to-end technology stack is the solution for both major agencies and some of the largest audio publishers, the work we do lays the foundation for a powerful step forward in driving transparency and addressing fraud prevention for the digital audio advertising industry.

Creating Transparency

We have worked closely with NPR and other podcast businesses to support the Remote Audio Data standard or RAD. NPR originally released the RAD framework as an open-source mobile SDK at the end of 2018. It was created through collaboration with other podcasting industry stakeholders, including AdsWizz, as NPR developed the proof of concept for a way to obtain more accurate listening data. In 2019, AdsWizz released a new version of its Ad Insertion Software (AIS) that fully supports the RAD standard, which addresses whether ads are being listened to or skipped. The AIS update brought additional features to the AdsWizz platform to make its listening metrics more flexible and accurate. An active contributor to this industry standard, AdsWizz is one of the first companies to update its software stack to support RAD since the standard was released in December.

Fighting Fraud

After more than a year of work, Adswizz, along with Pandora, was recently awarded the “Certified Against Fraud” Seal by the Trustworthy Accountability Group (TAG), and Adswizz itself is a TAG-certified intermediary. The TAG seal has become a baseline expectation for fraud prevention in the advertising industry, and it reassures buyers that Adswizz is following anti-fraud best practices to combat fraudulent, invalid traffic and promote greater transparency in the advertising supply chain.

9. WHERE DO WE GO FROM HERE?

Many platforms and networks promise to deliver the true potential of programmatic podcast advertising. But often those promises are not backed up by technology that can actually deliver, and a team that will go the extra mile to bring the technology to life in unique and innovative campaigns that deliver results for agencies.

At Adswizz, we have been solely focused on solutions for digital audio for more than 10 years. For example, we were the first to enable dynamic ad insertion for podcasts in 2012. And we’ve been recognized by the industry for our continual innovation. We’re proud of the new capabilities in our AudioMatic DSP and Audio Ad Buying Platform that bring programmatic capabilities to podcast buying, and are excited to share that. Everything in this paper is available now or will be available by mid-2020 with AudioMatic.

We also take our partnerships very seriously. The Adswizz Alpha Program for select agencies gives access to new and upcoming technologies in a test environment to stay one step ahead and deliver innovation and entirely new experience to advertisers in audio.

Our platform meets the needs of agencies who are looking for the best-in-breed solution for programmatic podcast advertising. But, don’t just take our word for it: we’ve been widely recognized in the industry for our technology and its ability to deliver true ROI and real solutions for agencies and their clients.



Winner, AdExchanger

Best Monetization Platform 2019
“Fueling the Growth of Audio”



Winner, DRUM Digital Trading

Best Overall Technology for
Programmatic Trading (3 times)
2018 Europe; 2019 Europe; 2019 USA
“The industry standard for digital audio
advertising for agencies and publishers.”



Winner, Digiday Technology Awards

Best Monetization Platform for
Publishers 2019
“Best-in-class audio monetization
tools for publishers worldwide.”

It’s a new era in audio advertising. We’re excited to be part of it and to be able to build technology that enables agencies and their clients to not only fully leverage the opportunity for podcast advertising, but for all of digital audio.

Visit adswizz.com/audiomatic or email us at contact.us@adswizz.com and eubizdev@adswizz.com to get a demo of what the platform can do.

About AdsWizz

AdsWizz has created the end-to-end technology platform that is powering the digital audio advertising ecosystem. AdsWizz is the underlying monetization solution for well-known music platforms, podcasts and broadcasting groups worldwide with a comprehensive digital audio software suite of solutions that connect audio publishers to the advertising community.

The AdsWizz SDK has been downloaded on over 500 million devices around the world. From dynamic ad insertion to advanced programmatic platforms to innovative new audio formats powered by AudioMatic AdsWizz efficiently connects buyers and sellers in digital audio. AdsWizz is headquartered in San Mateo, California, with offices in New York and London, an IT Development hub in Bucharest, Romania, and a presence in 39 markets around the world.