



A white paper by **WARC**

The investment gap: understanding the value of audio





Paul Coxhill
EVP & MD,
WARC & Lions Intelligence

Foreword by Paul Coxhill

At WARC, we aim to place facts at the heart of marketing decisions to enable more effective marketing. And the changing role of audio has been a relatively under-researched area of the marketing media mix. This study, with iHeartMedia, starts to address that. Specifically, based on an analysis of WARC’s proprietary knowledge base and in consultation with our experts, the study investigates whether there’s a disjoint between consumer consumption and media allocation of audio as a channel. The findings are fascinating and demonstrate a real opportunity for brands to expand their brand reach and, if done well, their share of consumer attention by expanding the role of audio in their media mix.

Objectives & Methodology

Core objective:

To evidence, as the global authority on marketing effectiveness, that there is a disjoint in media allocation vs the rising importance of audio as a channel.

Methodology:

Based on existing proprietary owned research and expert opinion.

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**Hetal Patel**

Executive Vice President,
SmartAudio Insights &
Analytics at iHeartMedia

Foreword by iHeartMedia

Generation Audio is leading the audio revolution: a massive expansion of the audio universe, where devices and digital are its accelerants. Everyone is listening: from Gens X, Y and Z, to Boomers.

Today, the power of audio, voice and sound is ubiquitous. From radio to streaming to podcasts, it's clear that audience demand will remain strong for years to come.

The opportunity for brands to grow with audio marketing is massive, but most brands are still under-invested and under-experienced.

At iHeartMedia, as the #1 reach audio company, we are in the business of increasing every brand's audio IQ. We deliver the full range of data-led audio planning, buying and targeting solutions; the best suite of attribution and measurement tools; and the best and most experienced creative studio working in audio today.

The simple facts are consumers are listening more; audio has the most reach and delivers the best engagement; and is much more efficient and effective as an advertising platform than TV, digital or social.

We hope you find this WARC research useful and we look forward to helping you close the Audio Gap and drive growth with Generation Audio.

Chapter 1

What we know about the audio investment gap



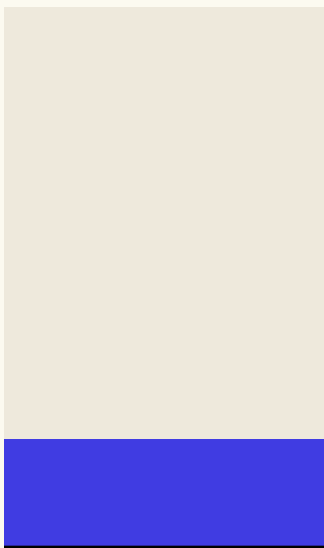
How do you get your brand heard?

Of all the challenges facing marketers today, attention scarcity is one of the most pressing.

Bombarded by visual stimuli, consumers are reaching saturation point.

At the same time, they're turning away from many traditional advertising channels. Share of consumption for linear TV continues to decline.

This is an environment in which brands are finding it increasingly difficult to cut through and land their messages effectively.

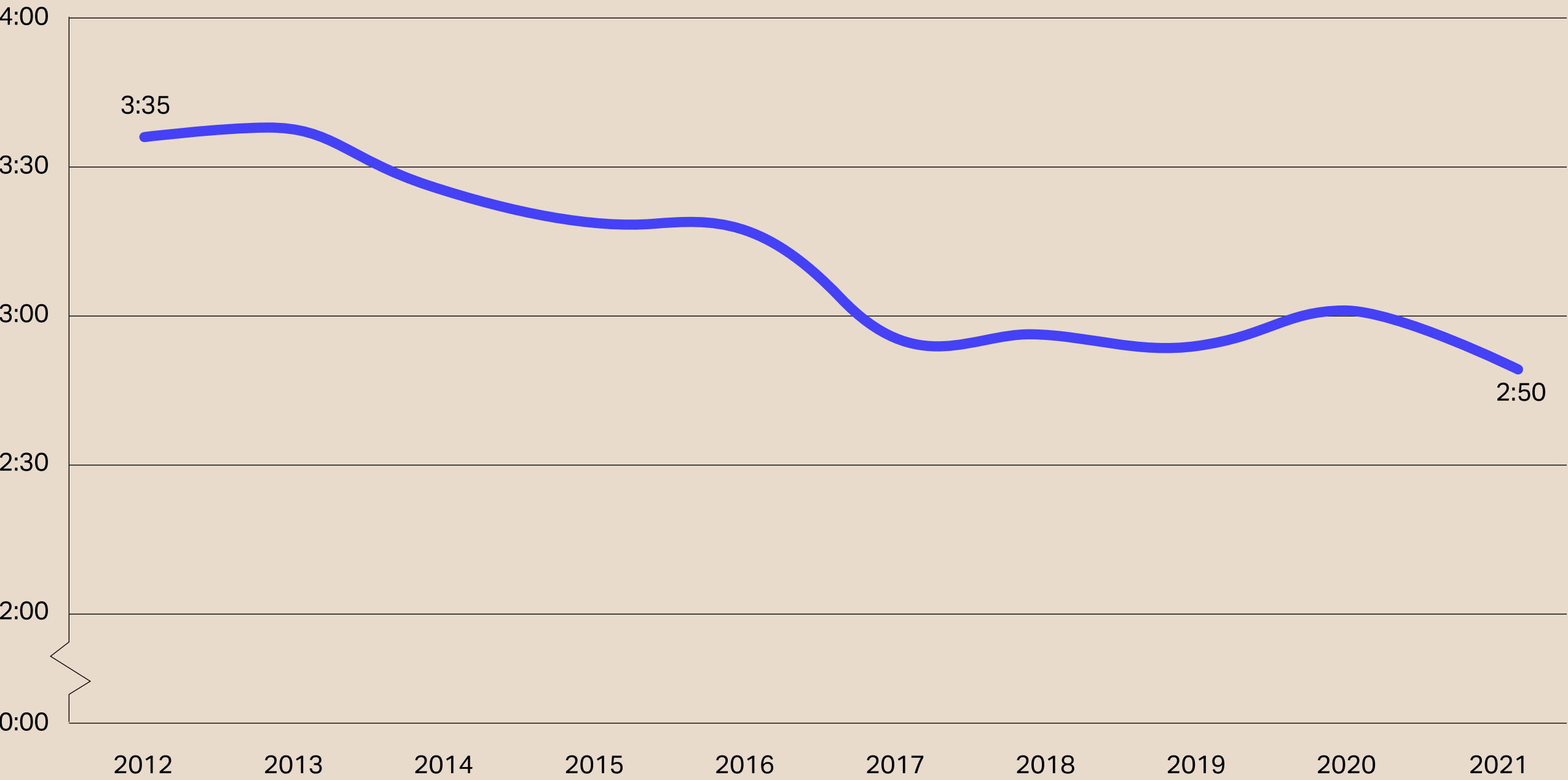


24%

Linear TV's share of consumption dropped from 32% in 2012 to just under 24% in 2021.

United States, Linear TV consumption

Daily average (hours:minutes)



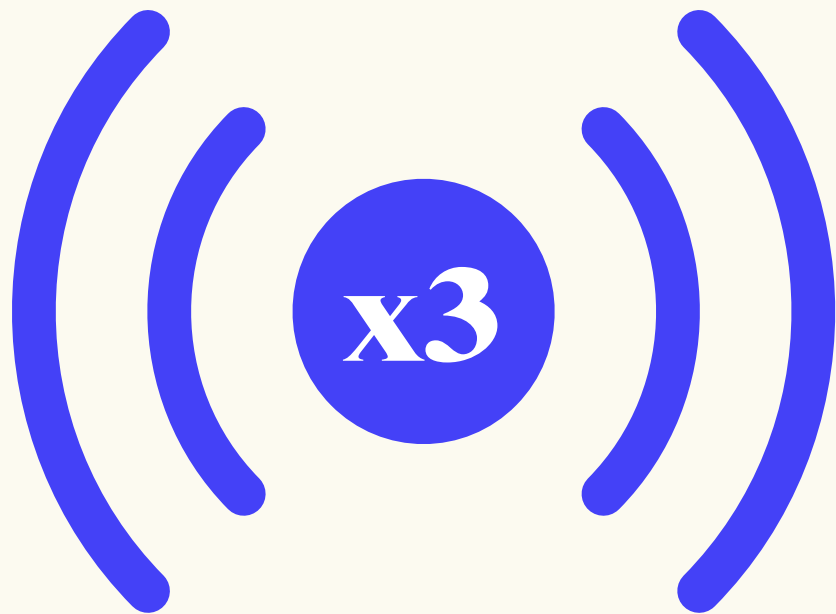
Note: Consumption is hours spent per day among online population aged 16 to 64, 2021 is Q1 only.
Source: WARC Data, GWI

The investment gap in audio

Audio is bucking this trend.

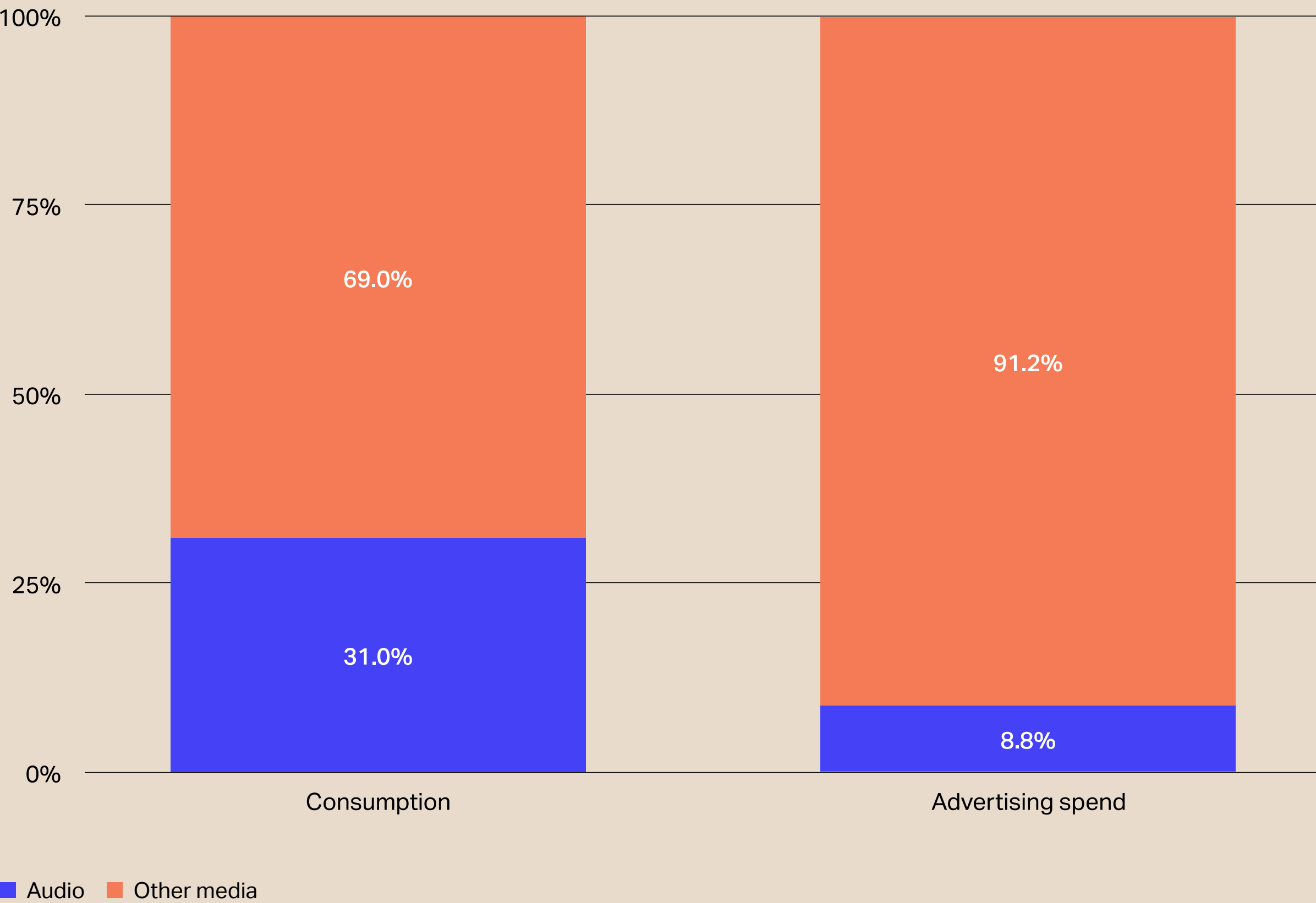
With digital creating new distribution points, and emerging formats like podcasts growing fast, its share of consumption is rising by the year.

But advertising dollars have yet to follow. Spend on audio would need to increase at least **x3** to match audience behaviors.



United States, Media activity

% share of total, 2021



Note: Audio includes broadcast radio, online audio and podcasts. Other media includes print press, linear TV and online excl. podcasts and audio. Display advertising only. Consumption is hours spent per day among online population aged 16 to 64, Q1 2021 only. Source: WARC Data, GWI.

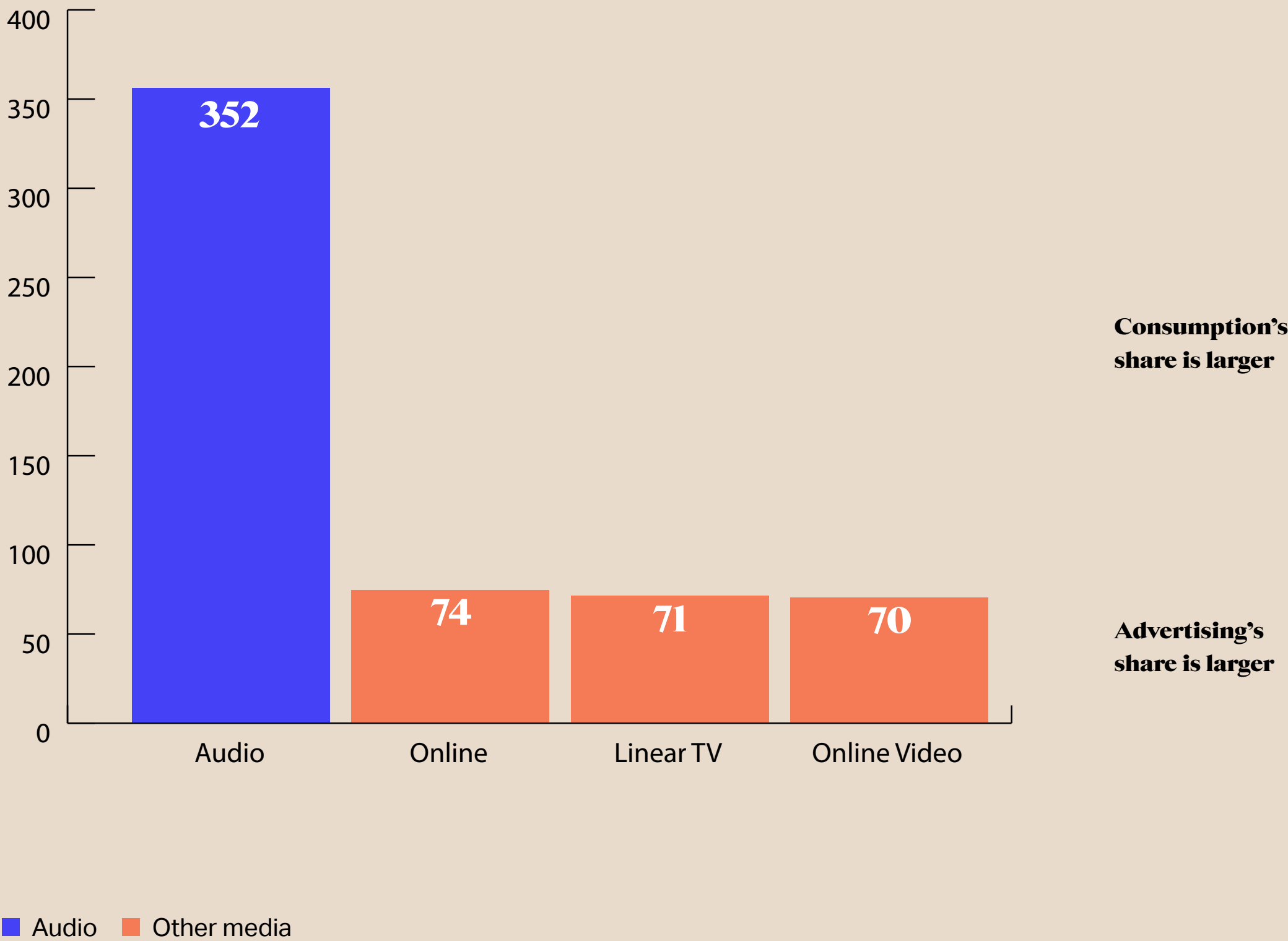
The gap between media allocation and marketing opportunity

The size of the investment gap could represent a meaningful opportunity for brands:

1. Advertisers need to spend their budget where their audience spends its time.
2. When share of consumption exceeds share of adspend, there is less competition for consumers' interest.
3. Conversely, investing ahead of a channel's share of consumption means brands have to fight much harder for the audience's attention.

Spend is inflated relative to consumption in other media channels

Index for consumption – adspend gap, 2021



Note: Audio includes broadcast radio, online audio and podcasts. Display advertising only.
Consumption is hours spent per day among online population aged 16 to 64, Q1 2021 only.
Source: WARC Data, GWI

1. Indexing is **used to compare two values**, in this case the % share of advertising and the % share of consumption.
2. A **number above 100** indicates that the medium's share of consumption is larger than its share of advertising spend.
3. A **number below 100** indicates that the medium's share of advertising spend is larger than its share of consumption.

The gap is even more pronounced amongst some audiences

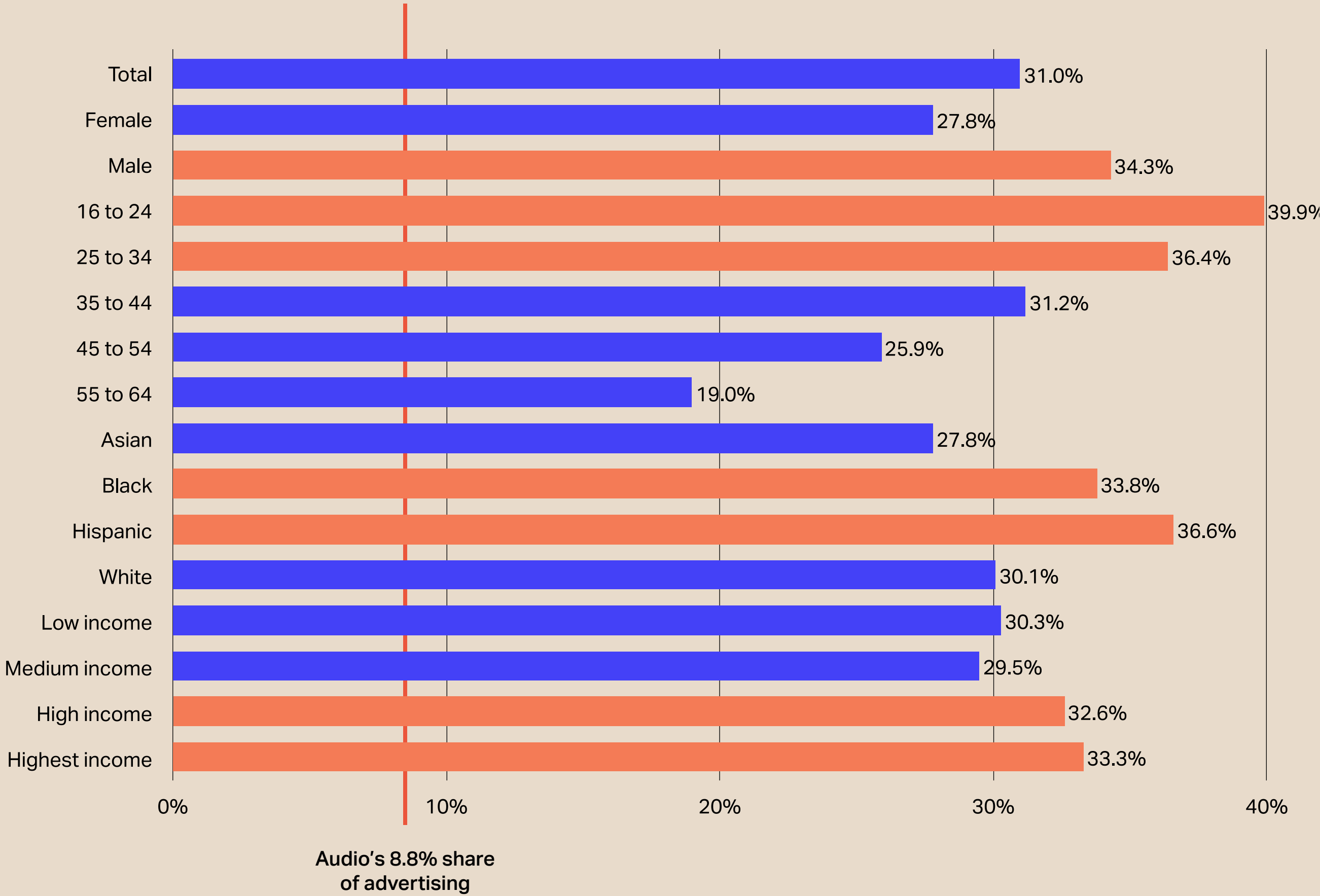
Audio’s share of consumption is higher than its share of adspend across all demographics.

Relative to listeners overall, the gap is particularly marked amongst:

- Men
- 16 – 34 year olds
- Black and Hispanic
- High income groups

The size of the audio gap by audiences

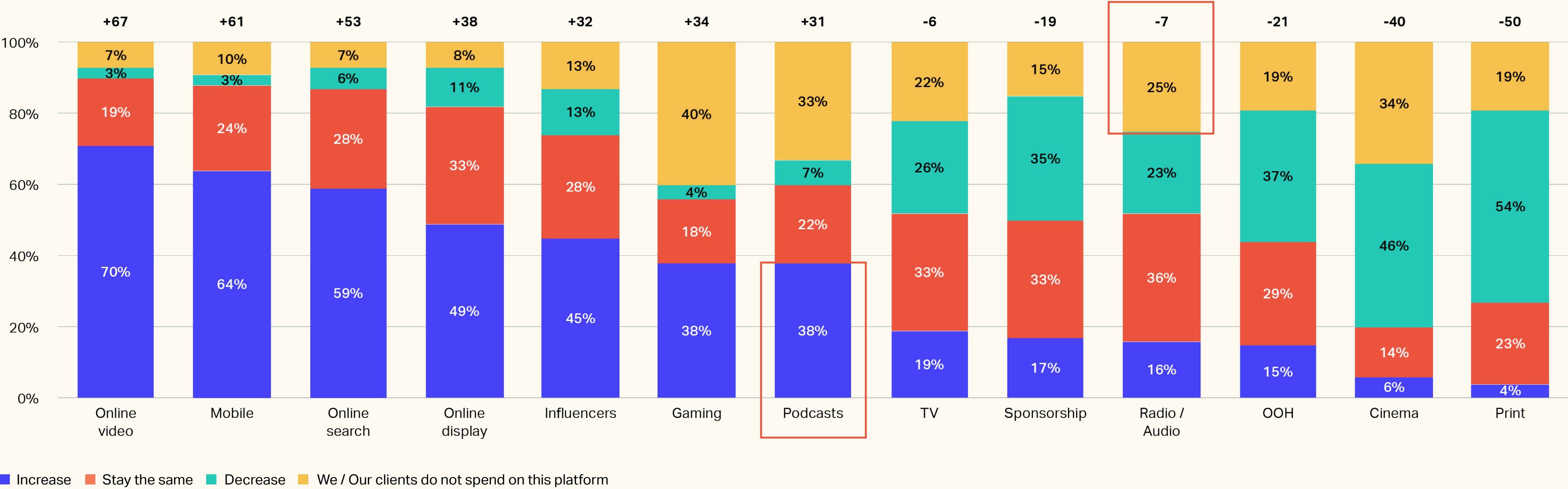
% share of total, 2021



Note: Audio includes broadcast radio, online audio and podcasts. Consumption is hours spent per day among online population aged 16 to 64. Highest income is a subset of high.
Source: WARC Data, GWI

Media investment decisions are changing based on WARC’s industry survey

Net budget outlook for 2021 = % increasing – % decreasing



Source: WARC Marketer’s Toolkit 2021

Is your brand part of the gap?

1. Audio Avoiders
WARC data shows that 25% of advertisers don't invest in audio at all.

4. Cross-Platform Champions
They are already exploring audio's full potential and continue to test and learn, optimizing their investment across platforms and creative strategies.



2. Digital Onlys
Some advertisers take the right first step by jumping into podcasts and cutting-edge audio formats early, but don't explore the full extent of audio, missing the largest pool of consumers and the power of context. WARC data shows 38% of brands are planning to spend more on podcasts this year.

3. Broadcast Believers
They are likely to have seen the benefits of radio and many will now push deeper, investing in other forms of audio. The categories investing the most in radio currently in the US are financial services and automotive. Both dedicate 9.3% of their media budgets to radio.



The gap could be a commercial opportunity

1.

Bridging the **investment gap** would seem a viable way for brands to increase visibility. When the competition is under-spending, it is easier to secure an unfair share of attention.

2.

Audio commands **strong levels of engagement**, but the nature of that engagement varies by format and content. The wide range of audio contexts allows brands to select the communications environment that best matches their objective.

3.

Listeners are **highly receptive**. Whether people turn to audio for companionship, education or entertainment, they are trusting of and predisposed towards commercial messaging.

4.

Multiple research studies demonstrate audio's ability to drive **positive business outcomes**.

Chapter 2

What we know about audio's effectiveness



Audio helps deliver the outcomes brands need

It's never been more important for marketers to balance short-term ROI with building equity for the future.

Audio can be highly effective across every stage of the funnel:

Increases brand awareness:

Audio delivers wide reach and high frequency. Nielsen Share Shift data shows that adding audio to a TV campaign improves performance whilst reducing costs.

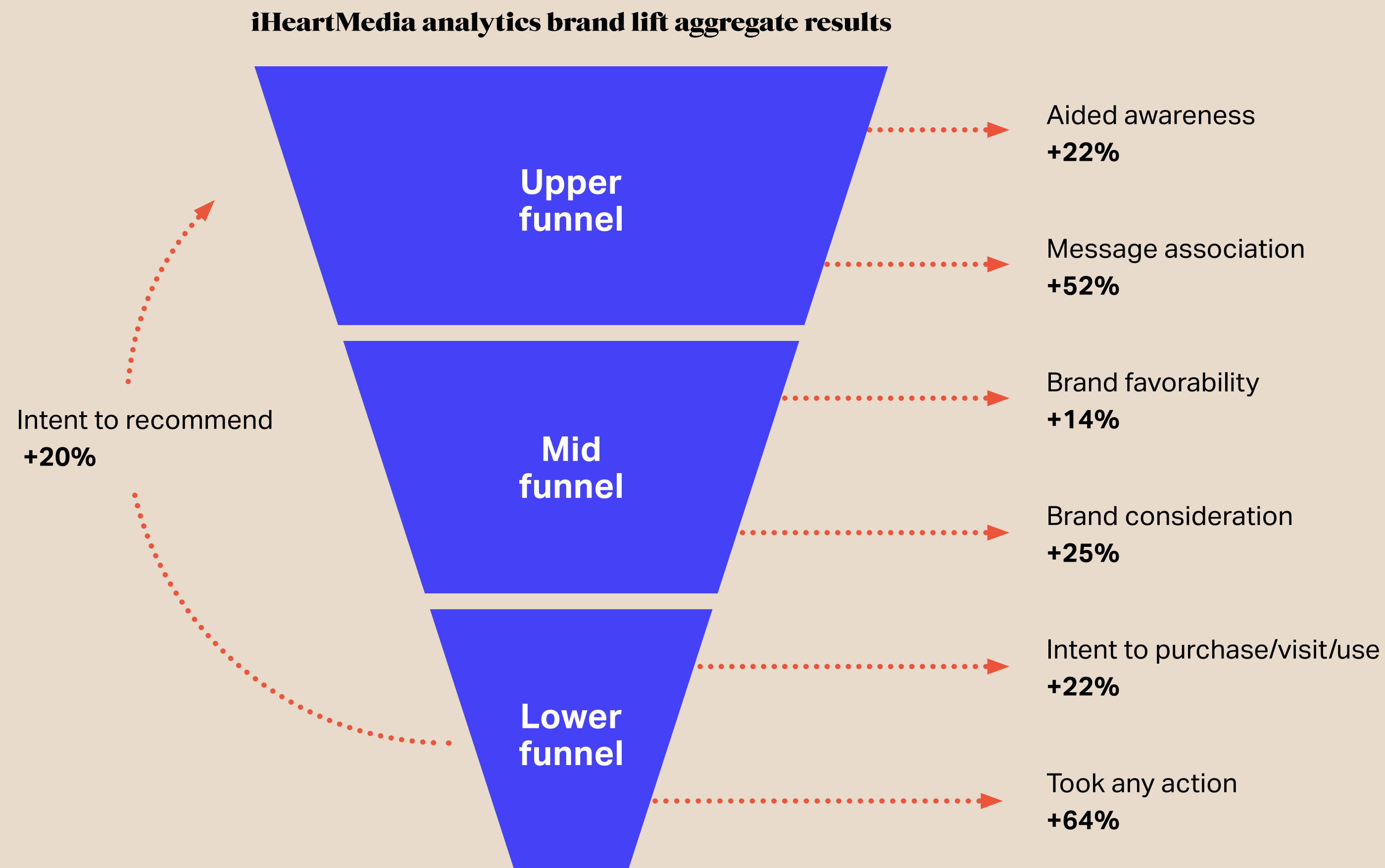
Creates favorability:

Because audience members have close relationships with their preferred stations and platforms, audio boosts brand familiarity and consideration.

Sparks conversion:

By delivering urgent calls-to-action at the most relevant times and places, audio motivates the actions and interactions brands require.

Broadcast radio delivers strong brand lift across all metrics



Source: iHeartMedia Brand Lift Studies. Average lift based on 195 studies..

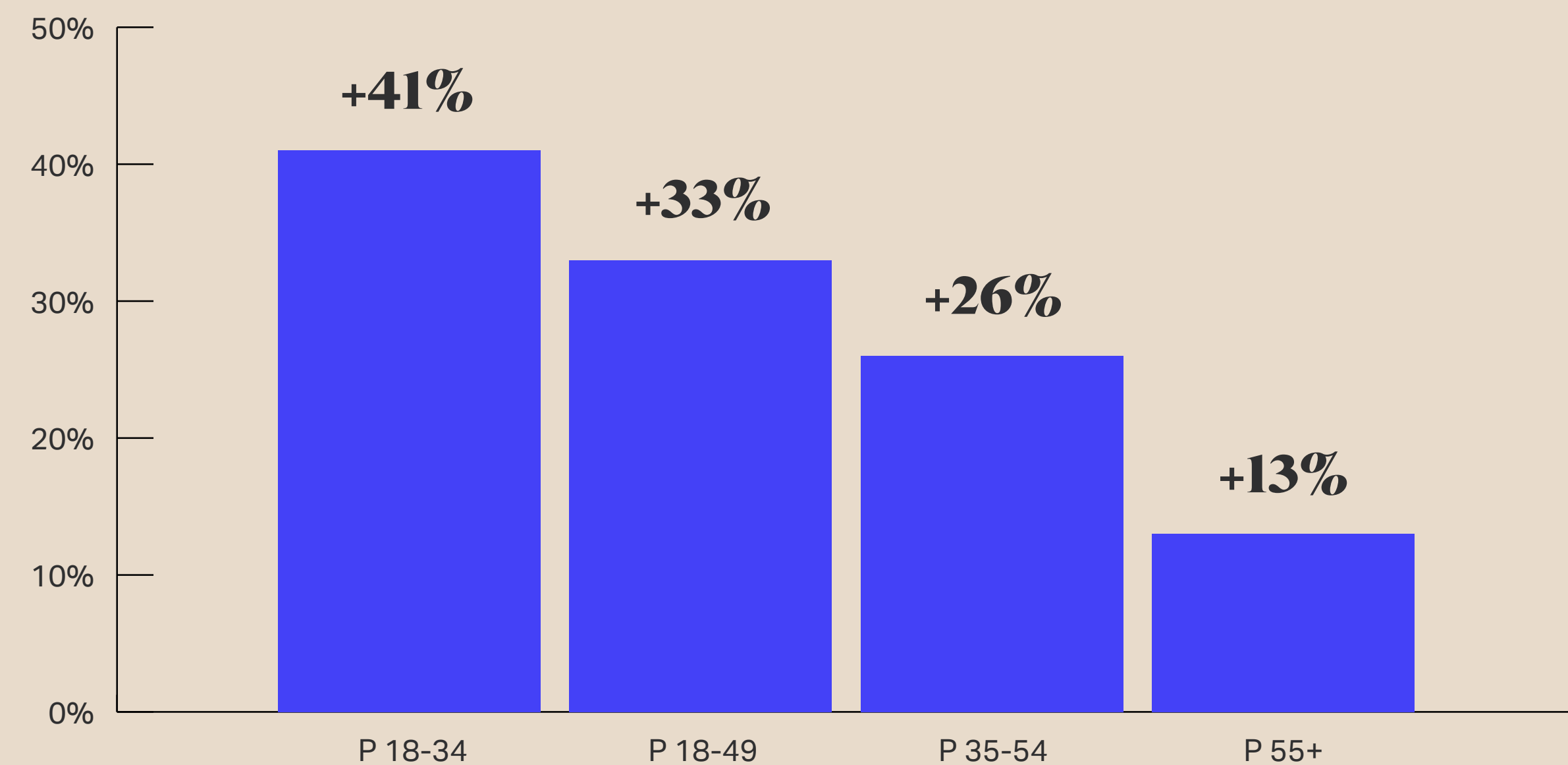
Broadcast radio drives incremental reach across all demographics

To grow, brands must impact all potential category buyers as often as possible.

Nielsen analysis shows that the inclusion of broadcast radio within a campaign can boost reach by as much as 41% without any increase in advertising spend.

Radio can deliver this additive reach at the local, regional or national levels.

Incremental reach by age, average across studies



Source: Nielsen PPM Custom Analysis, Aggregate of Incremental Reach Studies conducted in 2019/2020, Nielsen Normative data.

The effectiveness of broadcast radio

NC Solutions conducted research into return on advertising s across different media channels. Based on a sample of 19 CPG brands, it found broadcast radio to be the clear winner.

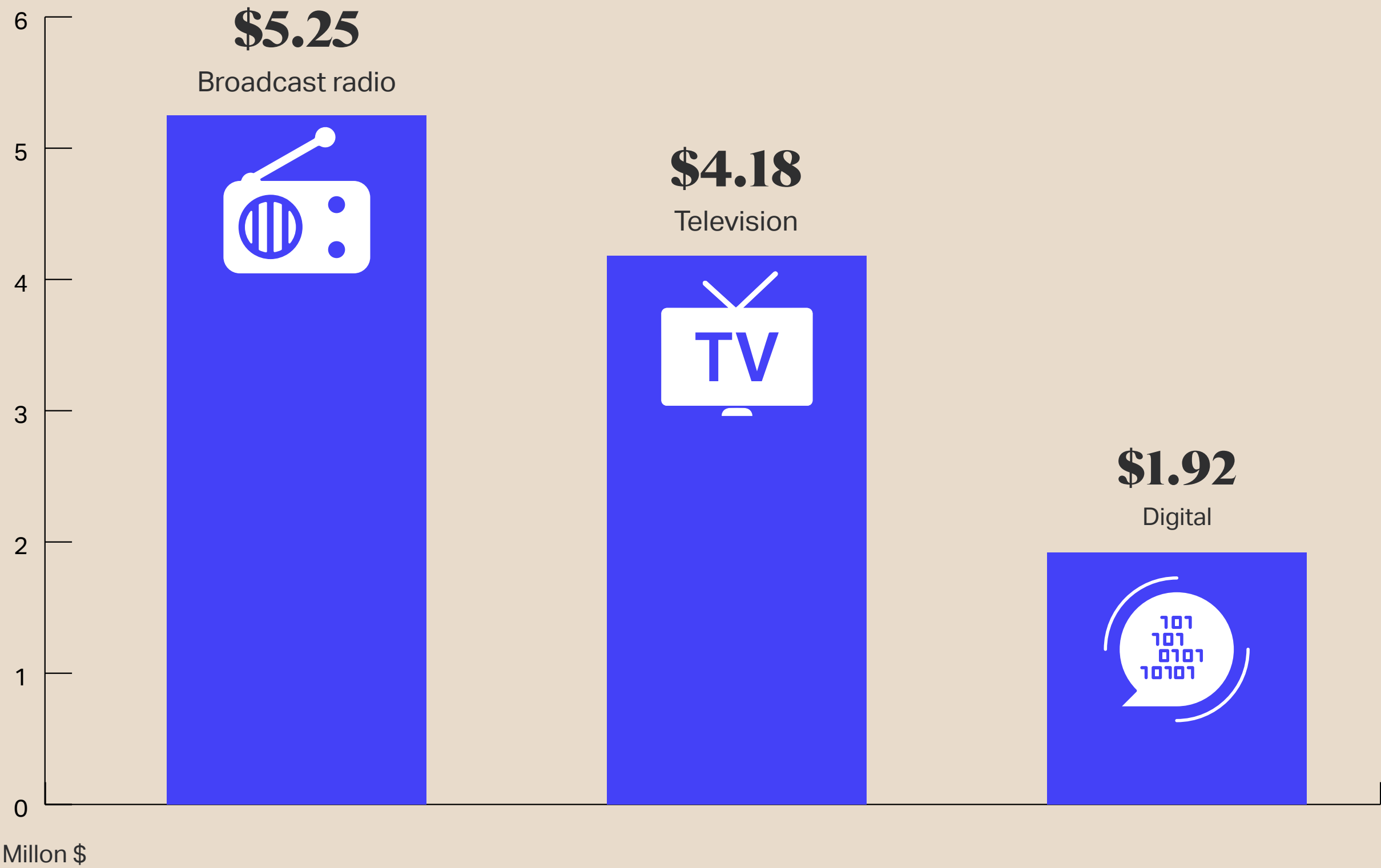
A major research study in the UK examined different media channels across 12 performance measures. It found radio came a very close second to TV in terms of overall effectiveness, and was significantly ahead of all other channels.

+20%

Audio also fuels the effectiveness of other media. Research has found that adding radio to a TV campaign increases average ROI by 20%.

Source: WARC – Advertising across Platforms: Conditions for Multimedia Campaigns – A Method for Determining Optimal Media Investment and Creative Strategies across Platforms.

Average return on ad spend across media types – CPG category



Source: NC Solutions

An audience whose ears are open

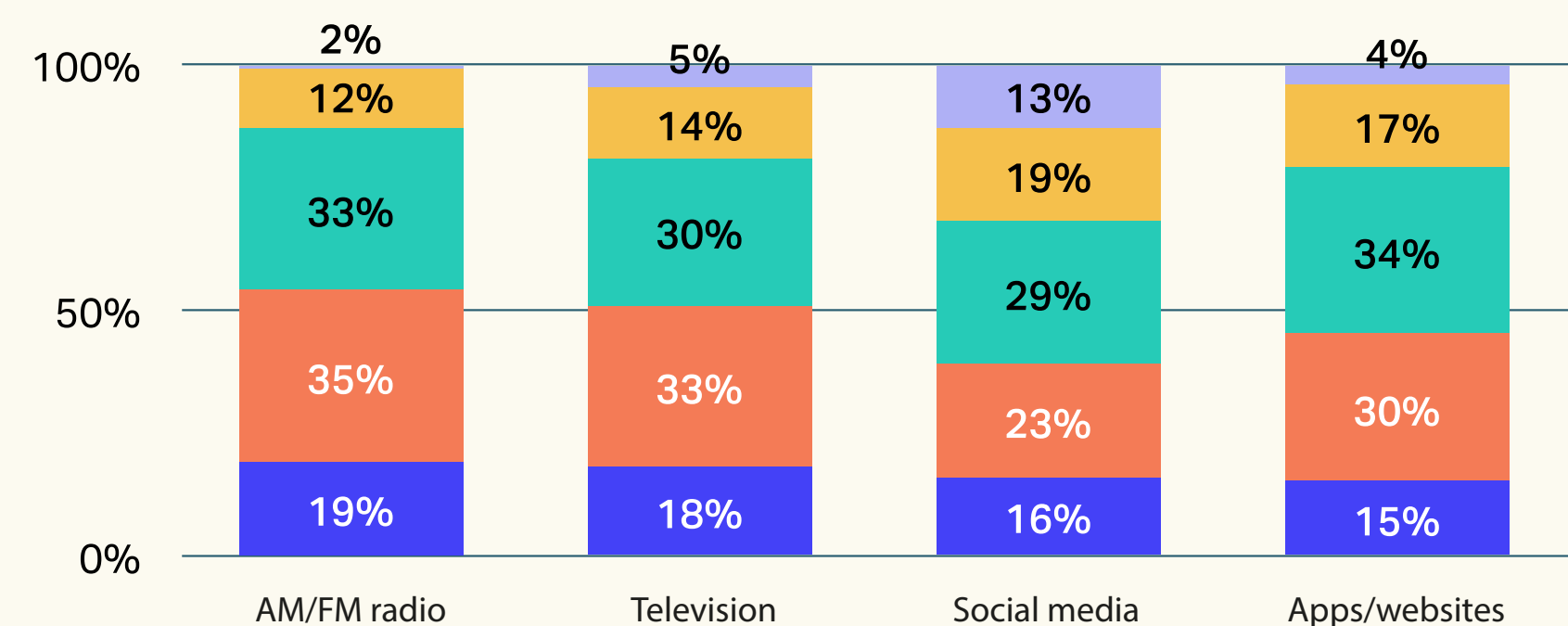
Broadcast radio delivers high levels of engagement and receptivity.

There are three main reasons why commercial messages land effectively:

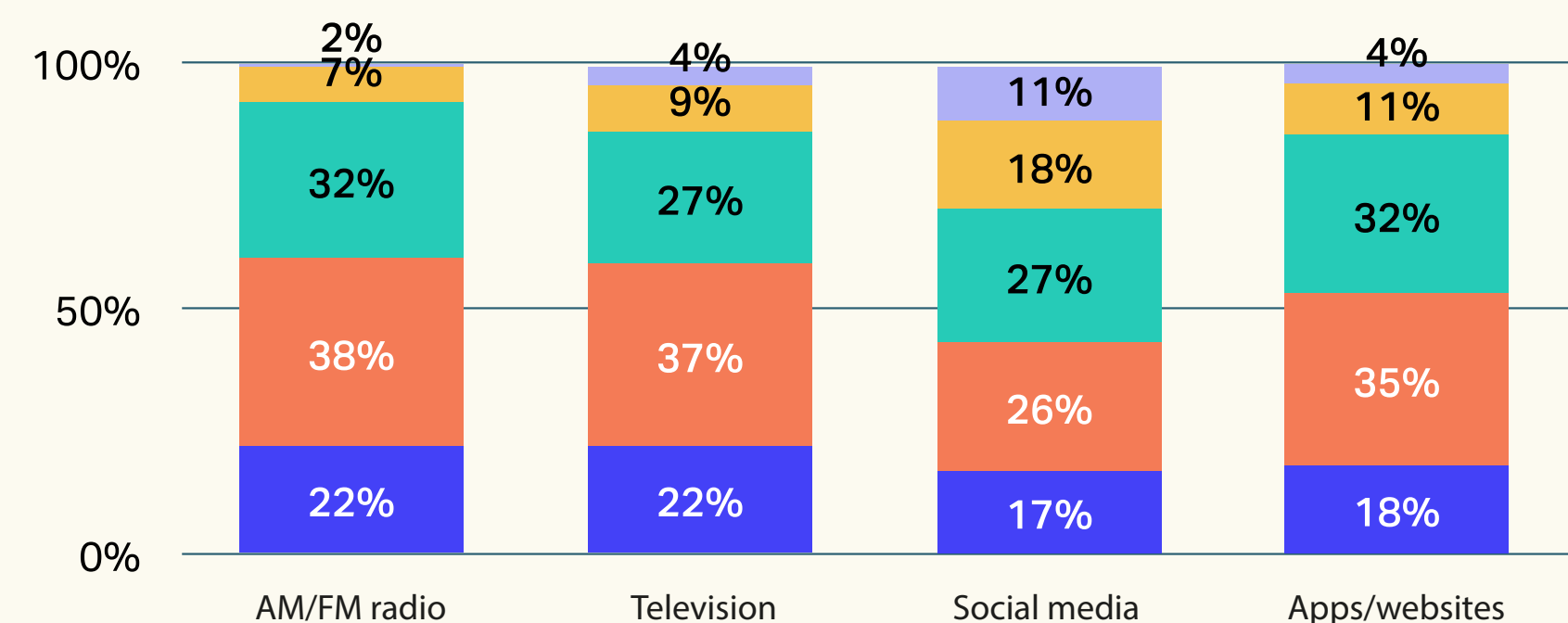
- 1. Trust.** Research by Nielsen shows that advertising claims made on broadcast radio are considered more trustworthy than those made on any other channel. This is true across every age group.
- 2. Context.** Broadcast radio provides the companionship and connection people crave. Hosts and DJ's are integral to this. In many ways, radio can be thought of as the original influencer channel; with advertising fitting seamlessly into the conversational flow.
- 3. An antidote to visual overload.** 56% of Gen Z and millennials agree that audio provides a valued escape from excessive visual stimulation.

How trustworthy would you consider the claims made in advertisements you experience in the following platforms?

18 – 34 year old



35 – 49 year old



■ Very trustworthy ■ Somewhat trustworthy ■ Neutral ■ Somewhat untrustworthy ■ Very untrustworthy

Source: Nielsen, Total Audience Report March 2021

Case study: RITZ Crackers

How broadcast radio helped Mondelez #WinWithRITZ

Business objective: Reverse the under-performance of RITZ Crackers and overall category decline within convenience stores.



CREDITS

Brand: RITZ Crisp & Thins
Brand owner: Mondelēz
Lead agency: TMPG (Trade Marketing Promotions Group)
Country: United States
Industry: Bread, cake & biscuits

Approach:
To achieve its goal, Mondelez knew it had to attract a wholly new audience: on-the-go millennial males, skewing Hispanic.

Broadcast radio was central to the strategy. It reaches 98% of Hispanic adults weekly, many of whom are listening in the car. Moreover, activity can be highly targeted against key localities.

To capitalise on the affinity this audience has with its favorite stations, Mondelez trained popular DJ's to become brand ambassadors.

Spot advertising was customized to ensure the right dialect was used for each local community. Finally, the radio stations hosted in-store events at key outlets.

Impact:
This level of grass-roots tailoring delivered strong results:

- Cracker category sales increased by **1.3%** (30% ahead of target).
- RITZ sales increased by **5.9%** (195% ahead of target).

VIEW THE FULL CASE STUDY

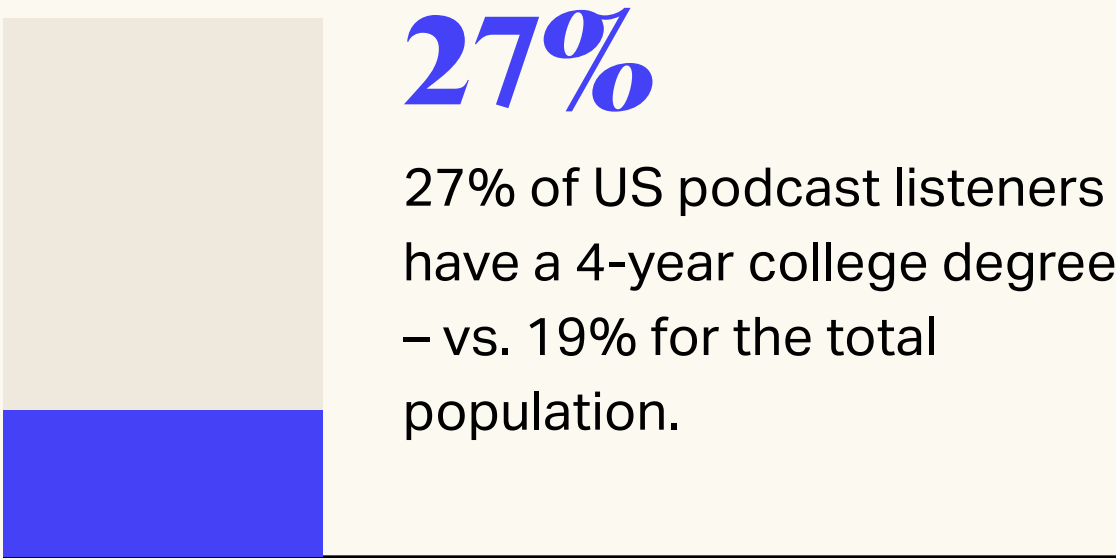
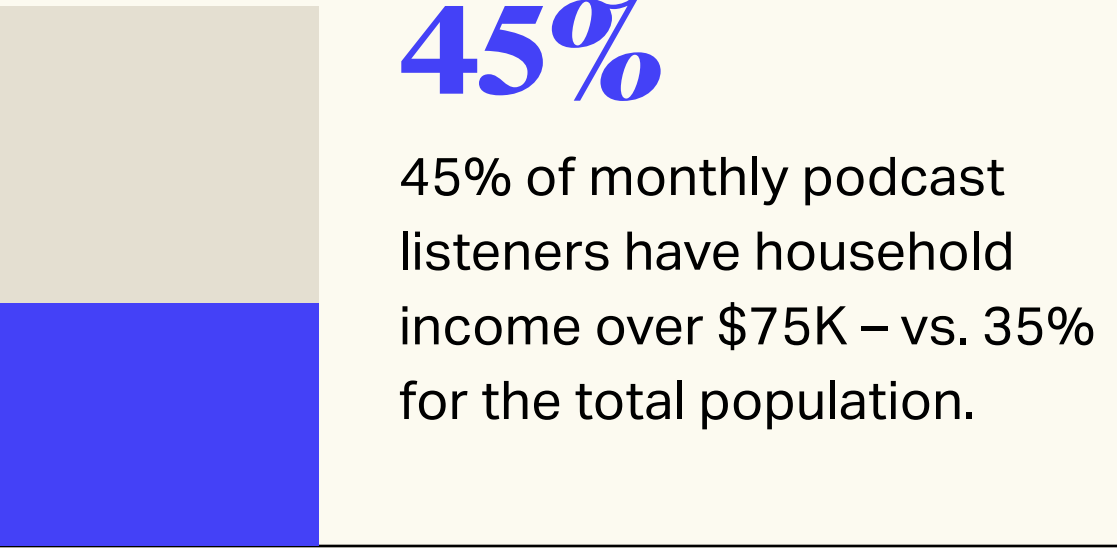
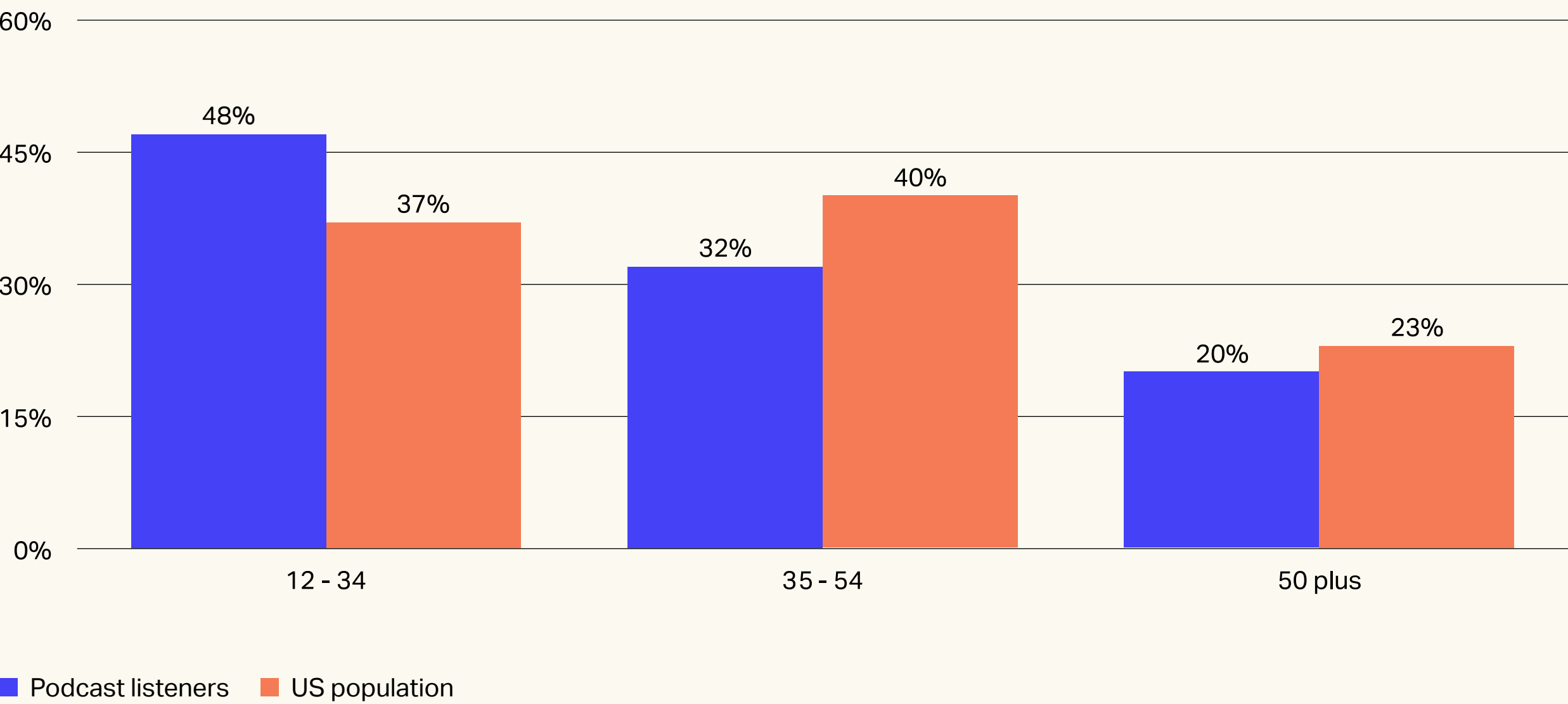
Understanding the potential of podcasts

The podcast audience is attractive, being heavily weighted towards younger, more affluent and better-educated segments.

It's also sizeable. Ad-enabled monthly reach is now 41%.

Users are highly committed to their favorite podcasts. 46% consume the content within 24 hours of release.

Age of monthly podcast listeners versus US population:



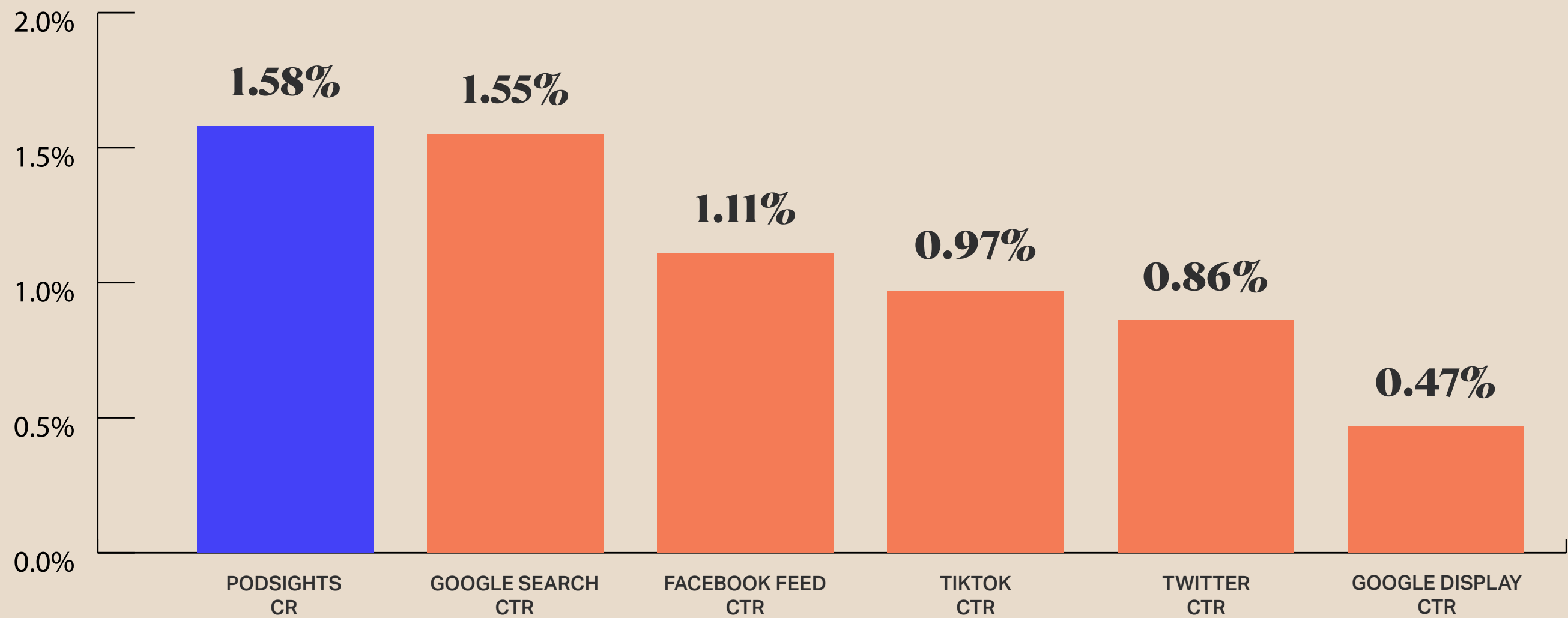
Source: Edison Infinite Dial 2020

Podcast audiences are highly responsive

Given their nature, podcasts are especially well-suited to top-funnel activity. Research has shown strong uplifts across awareness (+89%), consideration (+57%) and favorability (+24%).

But they can also be highly effective at triggering an immediate consumer response. Advertising conversion rates are higher than other digital channels.

Industry conversion rates / CTR's



Source: Adstage Q1 2020 Benchmark Report; Podsights Q3 Benchmark Report.

Case study: Ford

How Ford used podcasting to bring the Bronco back to market

Business objective: Support the Bronco's 2020 re-launch in ways that maximize credibility and authenticity.



CREDITS

Brand: Ford Motor Company

Advertiser: Ford Motor Company

Agency: GTB, Pacific Content, Hill Knowlton Strategies

Country: United States

Industry: Automotive

Approach:

Although it had been mothballed for 25 years, the Bronco was still an icon of popular culture.

In challenging Jeep, Ford turned to podcasts to re-ignite fans' passion.

'Bring Back Bronco' featured over 30 interviews with current and former Ford employees, racers, enthusiasts and industry analysts. It was distributed across all relevant platforms and on a website that offered bonus content.

Impact:

The first five episodes achieved **over 127,000 downloads** with an average completion rate of **92%**. The branded podcast reached **#1 in Apple's rankings**, unseating 'Car Talk'.

The activity helped Bronco beat Jeep in top-of-mind awareness for off-road vehicles by **42% to 13%**.

[VIEW THE FULL CASE STUDY](#)

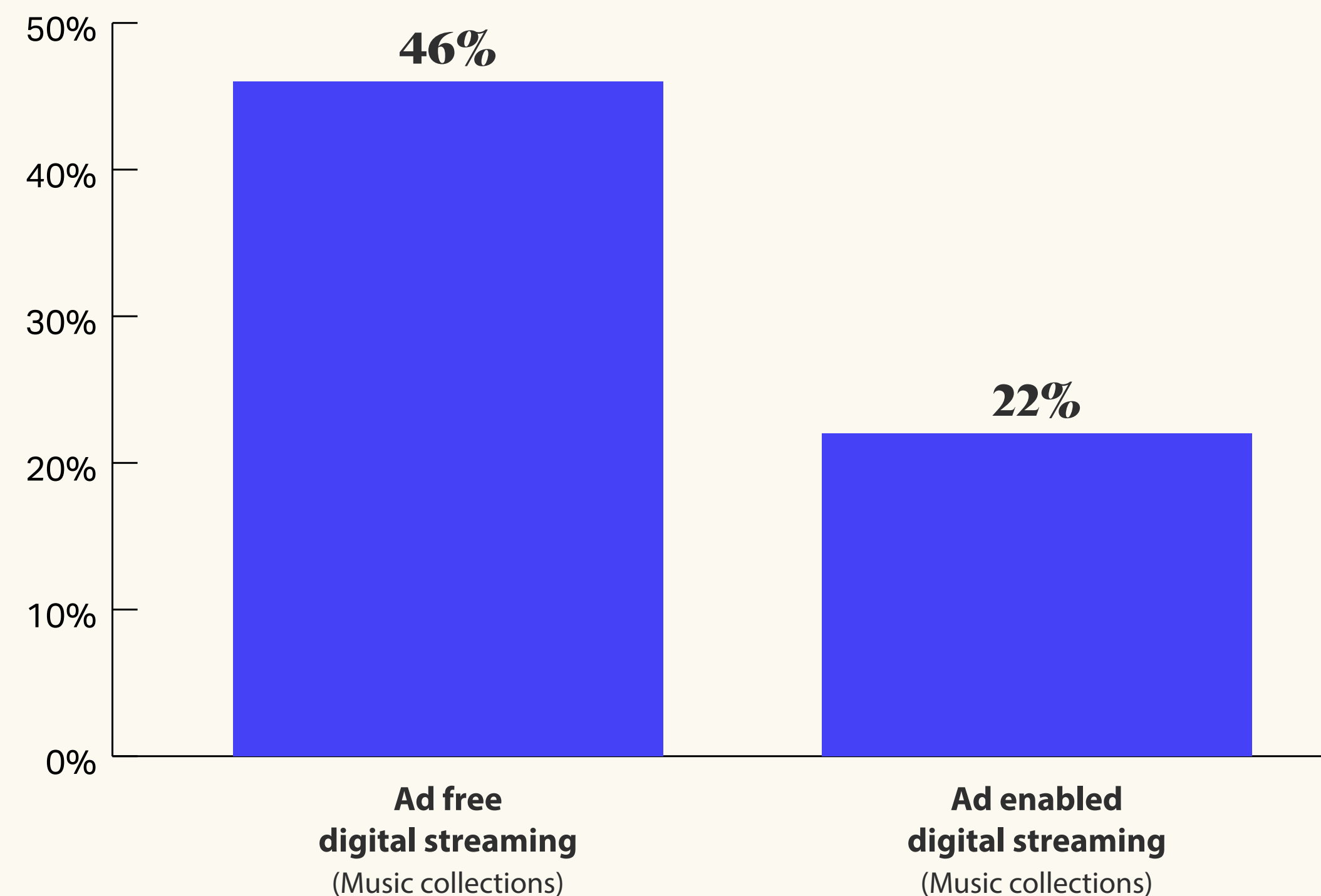
Online audio: an opportunity for pinpoint targeting

Whilst the digital streaming of music collections is growing fast, an increasing percentage of users are listening to premium, ad-free services. Analysis suggests ad-enabled reach is significantly lower than for podcasts.

Where advertising is available, online allows messaging to be programmatically targeted by time of day, day of week, location and the specific content being consumed.

Audio universe

Monthly % reach - P12+

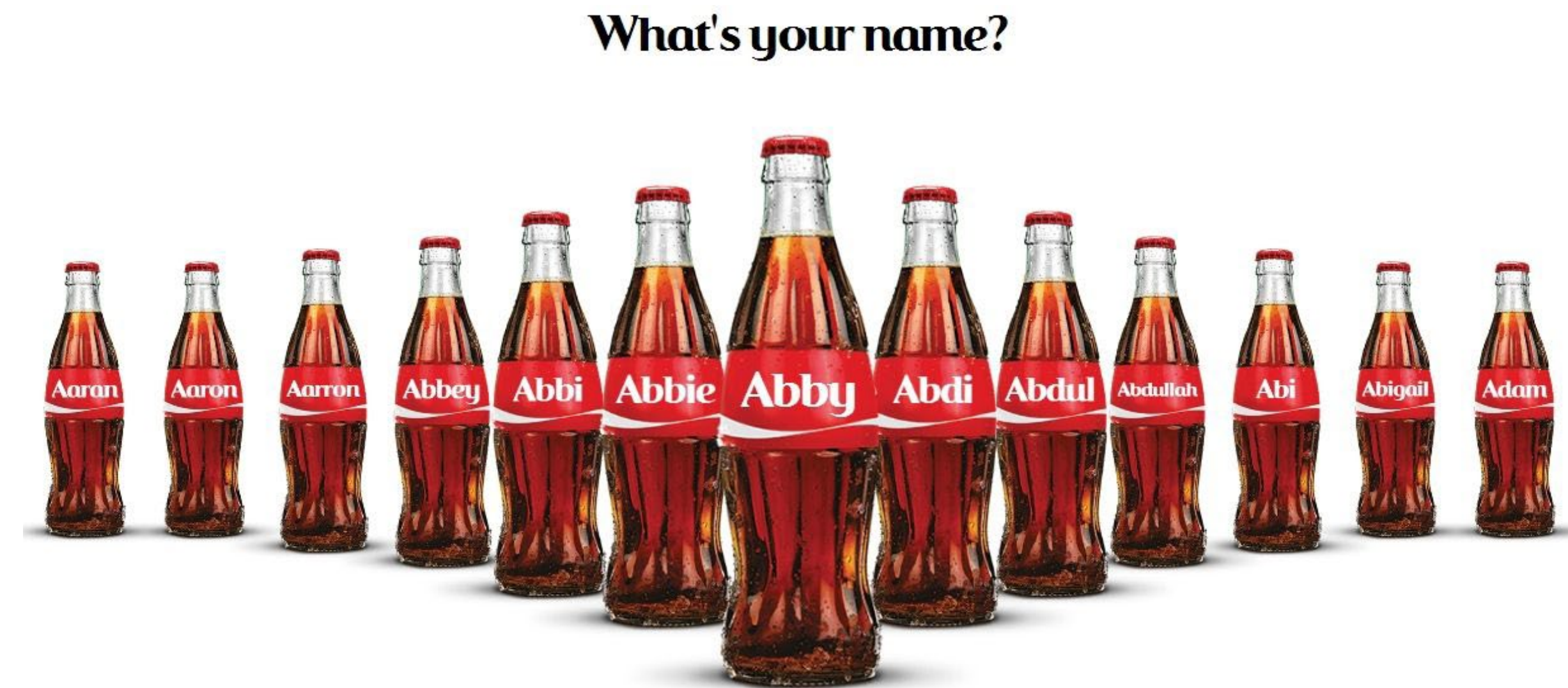


Source: Edison Infinite Dial 2020, P12+.

Case study: Coca-Cola

How Coca-Cola used audio to drive ultra personalization

Business objective: Four years into its 'personalized pack' strategy, find new ways to excite consumers.



CREDITS

Advertiser: Coca-Cola

Brand: Coca-Cola

Agency: Fitzco/McCann Atlanta

Country: North America

Industry: Soft drinks

Approach:

Coke didn't just make one :30 ad. Instead, it used audio to create a unique execution for every one of the +1,000 names available.

Having launched on broadcast radio, the campaign spread to social where audio-animated adaptations directed people to shareacoke.com to find their own song.

Celebrity figures like Ryan Seacrest joined in, posting about his personal song and encouraging others to find theirs.

Impact:

The combination of broadcast radio, influencer and social proved highly effective.

The initiative earned 45 million media impressions. Traffic to shareacoke.com rose by **177%** and transactions increased by **264%**.

[VIEW THE FULL CASE STUDY](#)

Chapter 3

Looking to tomorrow





Audio is well-suited to a mobile-first world

Driven by new formats and new distribution opportunities, audio's share of consumption is rising fast. But the channel is only at the start of its innovation journey.

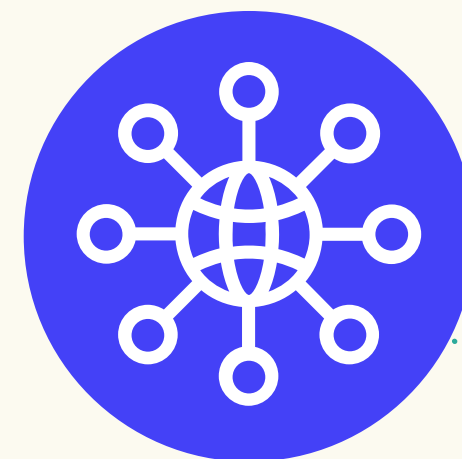
Channel growth could offer a competitive opportunity for ambitious brands.

In a world that is increasingly connected and mobile-first, audio is likely to become more pervasive and more welcomed as people seek to escape visual overload. The fact that earbuds and headphones have been the #1 selling gift for the last two Holiday seasons points to this future.

Trends shaping the future of media

1. A connected world

Internet-enabled devices – including smart speakers, connected TVs and gaming consoles – are growing ever more popular, especially among younger, more digitally savvy users. Audio is a powerful way to engage audiences across these devices; with podcasts in particular seeing high growth rates.



**Why audio
will play an
increasingly
prominent
role**

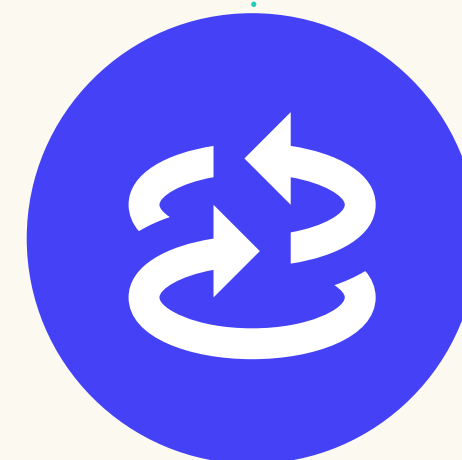
2. Crumbling cookies

As marketers enter a new Cookie-less, MAID-less and IP-obstructed world, privacy-first strategies centred on interest-based targeting will become increasingly important. Audio's strengths in contextual targeting are likely to play to its advantage.



3. Immersive experiences

Emerging technologies are offering new ways for audiences to interact with all types of content. Innovations such as 3D audio will be very much part of this trend. Podcasters, content creators and their listeners can expect a new wave of immersive audio experiences.



What does the investment gap mean for brands?

1.

Solve for video overload

Audiences are nearing saturation point under the weight of visual stimuli. It is more and more difficult for commercial messaging to cut through.

2.

More competitive share of voice

Not only does audio offer an escape from visual overload, the fact that share of adspend is markedly lower than share of consumption means there is much less competition for consumers' attention.

3.

Better engagement

Audio offers strong levels of engagement in environments that people trust. Receptivity has always been high; new formats are pushing it even higher.

4.

Growing medium

All the trends point to audio's growth accelerating over the remainder of this decade. Commercially valuable touchpoints and advertising formats will continue to emerge.

5.

Time to learn audio is now

Audio Avoiders, Digital Onlys, Broadcast Believers and Cross-Platform Champions alike should invest and test to understand the channel's full potential. Those who act now will be best positioned to profit in an 'audio everywhere' world.



Who we are

At WARC, our purpose is to save the world from ineffective marketing by putting evidence at the heart of every marketing decision.

We believe that effective marketing is based on facts and not opinions.

Since 1985, we've brought confidence to marketing decisions through the most trusted research, case studies, best practice, data and inspiration.



Today, we help 75,000+ marketers across 100+ countries. Our clients include the world's leading brands, advertising and media agencies, media owners, research companies and universities – including the top-five largest agency groups and top-five largest advertisers in the world.

Learn more about WARC Advisory [here](#).

For more information on bespoke advisory projects contact katie.sterling@warc.com or amy.rodgers@warc.com

About iHeartMedia, Inc.

iHeartMedia, Inc. is the leading audio media company in America, reaching over 250 million people each month.

It is number one in both broadcast and digital streaming radio as well as podcasting and audio ad tech, and includes three business segments: The iHeartMedia Multiplatform Group; the iHeartMedia Digital Audio Group; and the Audio and Media Services Group.

Visit [iHeartMedia.com](https://www.iheartmedia.com) for more company information.

Our Offices

London

20 Air Street
London
W1B 5AN
United Kingdom

+44 (0) 20 7467 8100
enquiries@warc.com

New York

229 West 43rd Street
7th Floor
New York, NY 10036
United States

+1 212 201 2800
americas@warc.com

Singapore

5 Shenton Way
UIC Building #10-01
Singapore 068808

+65 3165 4600
asiapacific@warc.com

Shanghai

Unit 05-08
31/F Garden Square
968 West Beijing Road
Jing'an District,
Shanghai 200052

+862161978692
nihaochina@warc.com

