

adswizz

Technology for a sound world.

The State of Audio Technology Report 2023



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INTRODUCTION



Turn the dial down and listen up. Because digital audio is getting loud.

The digital audio market—streaming radio, on-demand radio, and podcasts—has rapidly developed over the last few years, with consumption and content creation aiming to ripen and mature. To add, the technology and tools powering this ecosystem have transcended its ability to empower publishers, advertisers, and listeners alike.

But with the progress comes an impasse: the industry will need to constantly adapt in order to follow the changes in audio consumption, with each new generation accelerating the evolution of audio engagement.

So, how do we meet the moment to face the challenges to unlock opportunities that develop as fast as our industry evolves?

Whether monetizing content or engaging listeners, it has never been more critical to prepare for the waves of innovation with the latest technologies.

With that, meet **The State of Audio Technology Report 2023**. Based on proprietary data and in-depth interviews with industry subject matter experts, our analysis digests the most critical trends, themes, and opportunities in audio adtech and our predictions for what's on the horizon.

TECHNOLOGY FOR A SOUND WORLD.

AdsWizz has the power to reach people, no matter where, when or how they're listening. We have built an audio advertising technology platform trusted by publishers, podcasters, and advertisers of all sizes—from global leaders to boutique specialists. Audio advertising isn't one size fits all; it's about the right tool for the right job. And we have made building those tools our mission for the last 15 years.

If you've ever heard an ad on a podcast or streaming radio station, we're likely the technology that delivered and personalized that ad for you.

We've been pioneering audio ad technology since our inception in 2008. Our customers, partners, and seasoned team members create an unrivaled network of audio experts—this expansive network puts us in a position to see the big picture and develop technology solutions that serve all the key players at a global level.



WINNER
OCTOBER
2022

**Best Use Of
Technology By
A Publisher**



WINNER
OCTOBER
2022

**Innovation In
Audio
Advertising**

DIGIDAY

WINNER
JANUARY
2021

**Most Innovative
Technology
Platform**

ADWEEK

NOMINATION
AUGUST
2022

**Best Audio
Network**

DIGIDAY

NOMINATION
NOVEMBER
2022

**Best Use
of Audio**

250M+

unique devices
per month

25B+

monthly audio
impressions

100+

countries reached

GROWTH OF AUDIO

The rise of audio over the last decade has effectively transformed the media landscape.

Global digital audio listeners are projected to reach 1.52B by 2027. Worldwide digital audio ad spend is forecast to hit \$11.13B in 2024 and rise to \$12.82B by 2027.⁽¹⁾

Podcast adoption also continues to increase, consistently showing up as one of the fastest-growing forms of media. In 2020, the number of global podcast listeners was 332.2M. By 2024, it is expected to reach 504.9M, a **52% increase**.⁽²⁾

With this ongoing expansion of audio and the increased technological maturation, it's critical for publishing and advertising leaders to be agile, reactive to industry change, and adept at making pivots and well-informed strategic decisions.

(1) "Digital Audio Advertising - Worldwide." Most recent update: March 2023.

(2) "Global Podcast Listener Forecast 2021-2025." Published October 2021.

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The increasing popularity of podcasts and music streaming services has created new opportunities for content creators, businesses, and advertisers alike. The convenience and quality of audio content have led to shifts in consumer behavior, with more listeners turning to audio for entertainment, education, and information. As a result, the audio industry has experienced rapid growth, and we anticipate media investments in audio advertising to continue to grow as it catches up with time spent on audio.

- Anne Frisbie, SVP, Global Business Development at AdsWizz

AUDIENCE & CONTENT DIVERSITY



State of Play

DEMOCRATIZING AUDIO FOR NEW GENERATIONS AND DIVERSE COMMUNITIES

The evolution of audio would not have been possible without the support of a range of consumers. Digital audio reaches younger and more diverse audiences, particularly Millennials and Gen Z. In fact, streaming digital audio reaches **83% of 18-34-year-olds and 84% of 18-24-year-olds**.

Digital audio is growing particularly among Black and Hispanic audiences, the latter, a major demographic with three out of five Americans having Latin roots.⁽⁴⁾

When surveyed, 68% of Black Americans regard themselves as music fans and 70% of Hispanics declared they listen to more audio content today due to its accessibility.⁽³⁾ In fact, within our US Marketplace, **Spanish language streaming content increased 55.7%** from June 2022 to December 2022.⁽⁵⁾

(3) "If You Cut Your Audio Budget, You're Missing Out." Published May 2023.

(4) "A Brief Statistical Portrait of U.S. Hispanics." Published June 2022.

(5) Available Monthly Impressions for Streaming Radio in Adswizz US Audio Marketplace, 06/01/2022 vs. 12/31/2022.



FROM SOUND TO SCREEN

Audio has progressed from linear formats to on-demand in order to align better with listener consumption preferences. Not only that, but content creation (like the humble podcast) has a lower barrier of entry to reach listeners, enabling a wildfire-like spread of content creation across listening platforms. Paired with audiences consuming content outside of streaming and podcasts in greater frequency (i.e., in-game, audiobooks, CTV), it creates the perfect recipe for fragmented—but still engaged—audiences.

In August 2022, YouTube was named the world's most-used podcast platform.⁽⁶⁾ From our purview, mobile still reigns, with about 80% of audio ads delivered across our platform. Within our US Marketplace, OTT and CTV streaming audio ads have seen an uptick of 148% from June 2022 to December 2022.⁽⁷⁾ Video experiences that lack consumer engagement would be better served by audio advertising, and we expect OTT and CTV audio ad experiences to continue to grow even though it makes up a small amount of audio advertising today.⁽⁸⁾

But reaching target audiences across fragmented channels is not only an efficiency nightmare, but it can also be costly, hinder creativity, and result in a loss of customers.

⁽⁶⁾ "YouTube Named as the World's Most-Used Podcast Platform." Published August 2022.

⁽⁷⁾ Available Monthly Impressions for Streaming Radio on "Digital Appliances" in Adswizz US Audio Marketplace, 06/01/2022 - 12/31/2022.

⁽⁸⁾ Available Monthly Impressions for Streaming Radio in Adswizz US Audio Marketplace, 06/01/2022 vs. 12/31/2022.



| Skip Ahead - Predictions

So how can we get on the right frequency (pun intended) with new audiences across multiple platforms?



Technology Bridges the Gap

With an expanding variety of content and distribution fragmentation, brands will covet streamlined buying that feels familiar to current media buying practices, while still examining the new ways to aggregate and curate their content to engage listeners in an efficient way. We have the technology to do so, so let's tap into it!

New content can cause potential uncertainties, and that's where technology providers are on the hook for vetting new inventory sources to minimize fraud and ensure quality content and audiences are verified. Additionally, they can ease worries by deploying brand safety solutions.

Brands will leverage innovative ad formats to communicate in new, impactful ways while measuring real-time effectiveness, as seen with the rise in motion-activated and voice-interactive audio campaigns this year.

Authenticity Matters

To capture these audiences, advertisers need to meet them where they're at. We have the tools to navigate a cookieless world (more to come on that later), and that is a major strength in today's audio advertising tech.

But once advertisers reach their intended audience, they need to ensure it feels authentic. This applies to podcast environments where a host-read style ad feels more native. Authenticity even extends to language and dialect. SXM Media research shows stronger brand recall when you consider how you speak to your audience and what corresponds to your brand's unique identity.⁽⁹⁾

(9) "Striking a Balance to Deliver Authentic Ad Experiences." Published November 2021.

WAVES OF INNOVATION



Say “Yes” to Learn More

In a world where Google and Alexa are just a spoken command away, it's no surprise voice interaction is gaining more traction in audio advertising. We saw more brands leveraging technology to create a personal relationship with audiences and elevate the listener ad experience to a digital dialogue. Listeners can choose what happens next, like an audio message with more info or a redirect to a landing page. [Lagardère](#), a leading French publishing company, recently ran voice ad audio campaigns across podcasts where listeners could interact with the ad to learn more about tourism in Burgundy, France.

AI Voiceover for Podcast Ads

Inspired by the latest advancements in AI — as well as the production barriers preventing many smaller businesses from tapping into audio to promote their brand — AdsWizz's Technology Innovation Lab is developing a few unique tools, using research to determine how these tools can help us deliver better solutions for our advertisers, especially SMBs, and creators. Stay tuned for more soon!

State of Play

There is a need and appetite for tools with simplicity, scalability, and efficiency at their core. This technology will be critical for publishers as the temperature turns up on ad dollars in an unpredictable economy. We're in the midst of an innovation renaissance, with advancements in audio playing a part in expanding existing tools and capabilities into new forms of media. It's an exciting time!



I Skip Ahead - Predictions

THE FUTURE OF AI IN AUDIO ADVERTISING

AI audio innovations have already made a significant impact on the way brands interact with their audiences. As AI technology advances, we expect this trend to continue, with powerful tools to support brands in becoming more agile, resourceful, and audience-centric.

How AI Audio Innovations Can Continue to Empower Brands

Audience Insights and Personalization: AI analyzes listening preferences, behaviors, and demographic data, allowing brands to produce more targeted and relevant audio ads, creating a more engaging experience.

Contextual Relevance: AI allows brands to place their audio ads in the proper context to be more relevant, effective, brand safe, and suitable.

Voice-Activated Advertising: AI-powered voice-activated audio ads are triggered by specific voice commands or keywords, enabling brands to deliver highly targeted and engaging consumer messages.

Interactive Audio Ads: AI helps create interactive audio ads that engage consumers with brands in new and inventive ways.

TARGETING & INSIGHTS

State of Play

Targeting criteria can better monetize inventory and provide a positive, personalized listening experience with precise audience targeting and customized-to-fit campaigns.

Contrary to popular belief, digital audio can provide a wide variety of targeting beyond "music genre" and "podcast show level." Audio, specifically podcasts, provides a type of targeting that leverages what makes it so unique and powerful—the content.

CONTENT STILL REIGNS

In the past two years, we have seen an explosion of podcast content becoming available for contextual targeting. Contextual provides insight into podcast content, making it more transparent for advertisers. This enables advertisers to go beyond just keywords with the ability to target concepts, topics, and interests within the podcast.

From 2021 to 2022, there was a **32.4% increase** in transcribed podcast shows, bringing us to **17.8 million episodes transcribed**—that's over 1,000 years of nonstop content!⁽¹⁰⁾

(10) Available Transcribed Podcast Shows in AdsWizz Podcast Repository, 01/01/2021 - 12/31/2022.

THE POWER OF FORESIGHT

Have you ever wondered how many impressions you can book in the next few months; perhaps deploy them during breakfast time or even in pre-roll in Miami to mobile listeners in their 20s? Inventory forecasting is an ideal tool to help anticipate future expectations for audio advertising.

Complex algorithms evaluate audio-specific metrics like ad break duration, the maximum number of ads in an ad break, potential ad clashing, or whether a companion banner will complement the audio. Essentially, inventory forecasting uses campaign variables from the nature of audio campaigns and then estimates the number of opportunities for serving future ads. This differs from display advertising, where requests and impressions follow very closely in time, and their numbers usually match. Interestingly, audio is generally effective post-listen, with ad breaks taking effect after listeners disconnect, so the number of requests may be higher than the impressions delivered.





■ Skip Ahead - Predictions

Harnessing the power of content-based targeting will continue in its importance, especially as we navigate a world with the loss of audience IDs.

Anti-targeting has proven to be an effective tool for noteworthy publishers who cover serious topics that can or cannot align with brands' identities or messages.

For example, as a public broadcaster, National Public Radio (NPR) is responsible for reporting on the war in Ukraine. But to ensure its advertisers could still run audio campaigns on their content, they leveraged proprietary podcast contextual targeting technology to ensure brand safety (it even won an award). We already anticipate more podcast publishers and brands looking to this technology to implement brand safety measures.



Targeting helps advertisers to optimize their ad spend by minimizing wastage and improving the effectiveness of their campaigns. By leveraging data and analytics to inform their targeting criteria, businesses can gain valuable insights into their audience's behavior, preferences, and interests, allowing them to create more impactful campaigns. These measures are a critical factor in the success of audio advertising, delivering personalized messaging that drives engagement, loyalty, and revenue.

- Molly Ponzo, VP of Product, AdsWizz and SXM Media

BRAND SAFETY & TRANSPARENCY

I State of Play

Transparency is top-of-mind for advertisers, consisting of various controls, such as defining CPM within a budget, knowing when ads run, and access to campaign reporting. Marketers reported significant shifts across nearly all business verticals in how they evaluate, measure, and budget across media channels. The opportunity for brands is to acquire more data and valuable insights. Essentially, it is about knowing what kind of inventory is purchased, who the publisher is, the podcaster, the episode, the context, and the inventory type.

With greater visibility into the impact of ad campaigns, advertisers have clarity on where money gets spent and how much budget reaches intended publishers. **Data enhancement facilitates visibility into market trends and helps unlock more revenue.** With data-rich inventory, buyers can feel confident that their money is being wisely spent. Contextual targeting is more efficient, and there's a greater depth of creative personalization with improved reporting capabilities.

Additionally, reaching the right audience is the most effective method for increasing conversions. With the right tools, it is possible to draw an accurate map for campaigns and ensure each ad delivers safely to the intended audience.

The issue of transparency is one of the core concerns of advertisers for a range of controls.

I Skip Ahead - Predictions

As we move ahead, we anticipate less of a request or demand and more of a requirement from buyers for the insights they need. Those who can unveil this data in privacy-friendly ways will win.

Brand safety technology is steadily gaining traction as marketers lean into verification technology to ensure more seamless targeting. Look out for more third-party measurement providers entering this space!

Furthermore, we can expect industry prioritization on audio and display/video distinctions, the evolving definitions of GARM categories, and their relevant applications in audio.



IDENTITY, DATA & PRIVACY

The shifting data & privacy landscape can be hard to navigate.

State of Play

The fast-evolving data and privacy landscape will take time to settle. Successful publishers and advertisers must respect their customer's privacy preferences as such audience data—this foundation for successful advertising campaigns will become more challenging to access and use.

With a high reach, podcasts continue to peak, and advertisers are taking note. However, selling a diverse podcast inventory and enabling advertisers to reach the right audience without audience identifiers is challenging.

For a long time, podcasts have functioned without traditional forms of audience data, such as mobile IDs or cookies, data that conventional media is heavily reliant on. With increased concern about consumer privacy and any perception that their data usage may be in violation, advertisers and media sellers are always looking to reach audiences in a scaled, careful manner.

For streaming audio, conquering targeting, identity, and measurement headwinds requires thorough planning to ensure advertising campaigns offer relevance to users, respect privacy and data protection, and deliver a positive return on investment.

I Skip Ahead - Predictions

Advertisers and media sellers will continue to openly embrace consumer-focused, privacy-conscious technology options representing a new era of identity (in culture and technology) based on shared interests and passions that will give them access to data-driven capabilities like never before.

FIRST PARTY DATA

As audiences consenting to cross-platform identity matching dwindles, those that remain will become increasingly important for future probabilistic targeting and measurement solutions. Advertisers and publishers should invest in first-party data while exploring the options to quickly transfer those user segments to trusted partners through security-conscious data transfer solutions, like privacy-first cross-platform identifiers and clean rooms.

CONTEXTUAL TARGETING

Contextual targeting has come a long way from the essential solutions available in the early days of digital advertising. When used with first party data and contextual signals, data scientists can create scaled offerings strongly correlated to desired audiences. Predictive Audiences is an example of AdsWizz innovating in that space last year, and we are investing in additional offerings that can support streaming environments in 2023.

PROBABILISTIC IDENTITY SOLUTIONS

Predictive Audience segments are an industry-first, cookie-free targeting capability paired with AdsWizz AI Transcription Technology. They are privacy-friendly, powered by context and consented user identifiers, and allow advertisers to reach over 300+ audiences (without relying on scaled 1:1 user identity matches).

Advertisers and publishers select relevant segments based on TV viewership, over-the-top (OTT) consumption, and consumer behaviors related to automotive purchase or location data. This capability delivers ads on episodes that include topics the audience has a high affinity for. The methodology used for predictive assignments involves AI-based algorithms and panel-based correlation determination.

Embracing technology that augments the days of old (with rich data) has proven highly effective and shows no sign of slowing down.





The future of identity, data and privacy in the audio advertising will be driven by consumer demands of the user experience with a growing emphasis on privacy, security, and transparency. (But advertising can't be left behind.) The industry will need to adapt quickly to new technologies, regulations, and consumer preferences while also delivering compelling and effective advertising experiences that drive engagement, loyalty and revenue.

*- Maria Breza, VP of Audience Data Operations & Ad Quality Measurement
AdsWizz and SXM Media*

FUTURE AUDIO ADVERTISING OPPORTUNITIES

Podcasts are (still) on an upward trajectory.



Returning to audio's growth this year—from listening and creation booms to advertising spend increases—podcasts are on an upward trajectory. As digital audio hits new highs - advertisers can see this as an opportunity to move more of their budgets to audio in all forms, and we're placing our bets on Connected TV (CTV) and Gaming. To boot, the **IAB UK introduced CTV, audio, and gaming to its Gold Standard certification.**⁽¹⁾ As gaming, audio, and CTV advertising become more prominent facets of media mixes, IAB UK is widening the scope of its Gold Standard guidelines to boost transparency across the breadth of advertising channels.

(1) "IAB UK Introduces CTV, Audio and Gaming to its Gold Standard Certification." Published October 2022.

Audio and CTV

CTV is just one of the platforms for which publishers are evolving and expanding inventory, yet new publishers dominate demand delivery with little insight into the inventory and brand quality. Video publishers can expand their fill with audio ads that do not erode video CPMs and have been vetted and curated by audio technology vendors.

The experience is different as listeners are visual viewers, and the inventory environment is a display slate with audio ad delivery. A display slate is a set of typically static images relating to the channel's content. There are opportunities for advertisers to include high-res display banners or QR codes in conjunction with audio to provide the right user experience.



Netflix's initial steps into ad-funded video present advertisers with access to audiences previously out of bounds. We can expect a rush towards new and different kinds of advertising. Brands eager to hop onto the opportunity of reaching a new global audience, especially an audience that is open to advertising in exchange for services at a lower price, **CTV can be an opportunity for video demand and audio inventory for buyers**, helping brands break into CTV without a heavy financial investment.

- Scott Walker, SVP of Ad Platform, Adswizz & SXM Media



Both CTV and gaming have great potential as platforms for audio advertising with opportunities to reach audiences in new and innovative ways due to their increasing popularity and engagement levels. CTV offers a highly targeted and measurable advertising channel for businesses to reach viewers with personalized ads. At the same time, **gaming provides a captive audience with high engagement levels, making it an attractive option for advertisers** looking to get younger demographics. We look forward to seeing continued growth in both these platforms.

- Marsha Fischer, VP of Strategic Partnerships, Adswizz





Audio and Gaming

Gaming is an option for brands to connect with coveted hard-to-reach audiences. Since audio and gaming are highly effective in capturing audiences' attention and engagement, audio advertising offers gamers a unique ad experience.

Non-disruptive experiences make audio advertising in gaming so compelling; gamers can listen to an ad without it interrupting gameplay, unlike video ads that require them to pause, watch and listen. Ad content must be highly relevant to the player to guarantee engagement and interest.

To further guide buyers and publishers while also confronting pervasive tech challenges, advertising solutions need to augment the capabilities of their targeting tools, for example, identifying the device players are using to ensure the best audio ad format.

For audio adtech to better understand gaming demand and interest, the industry needs to align with stakeholders to identify those blind spots and attributes not supported by the platforms and enhance the in-game ad monetization, which is critical for attracting publishers.



CONCLUSION



Cue the Outro Music

Whether driving brand expansion, optimizing revenue and managing multiple demand sources, or producing audio content, there has never been a more critical yet complex time in audio to engage listeners.

With that in mind, as a stakeholder in the budding and expansive media ecosystem, it's crucial for you to react to changes in

listener consumption and buying behaviors by meeting audience expectations and offering more meaningful experiences.

Connect with us now to learn more about harnessing the power of audio that drives results with passion, innovation, and solutions.

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Technology for a sound world.

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