

A WIDEORBIT REPORT | AUGUST 2017

# Survey: The Future of Programmatic Radio Advertising

WIDEORBIT

# Contents

Introduction and Methodology .....	3
Highlights .....	4
Programmatic Radio Activity Today .....	5
Ad Buyer Preferences .....	9
Programmatic Platform Capabilities .....	11
Programmatic Buying Dynamics .....	16
Respondent Composition .....	19
Getting Ready for Programmatic .....	21

# Introduction and Methodology

In April 2017, WideOrbit fielded an anonymous survey to advertising buyers and radio industry professionals to understand the factors driving adoption of programmatic radio and digital audio.

This report provides a unique perspective on what these two groups - buyers and sellers - value in a programmatic solution and their current and planned future usage.

Respondents were incentivized with an opportunity to win one of five \$100 Amazon gift certificates and to be among the first to review the results of the survey.

SurveyGizmo was used to field the survey and collect data. Surveys were sent anonymously with no intentional disclosure of the entity fielding the survey. Results were tabulated in May 2017 and responses were only reviewed in aggregate.



# Highlights

## **The future of programmatic audio advertising is bright.**

Nearly two-thirds of radio industry respondents and almost 90% of ad buyers plan to transact with programmatic platforms within the next 12 months. Both sides expect programmatic spending to increase in 2018.

## **Radio advertising buyers and sellers have different reasons for adopting programmatic.**

Radio stations and groups are looking for additional revenue, inventory protection and workflow automation, while ad buyers favor features that can make campaigns more efficient or effective.

## **Ad buyers are moving faster than radio stations and groups to embrace cross-media campaigns.**

Most buyers no longer differentiate between traditional and digital audio campaigns, and nearly three-quarters think it's important to buy these formats together. A smaller proportion of ad sellers say it's important to package linear and digital audio together.

# Programmatic Radio Activity Today

## QUESTION #1

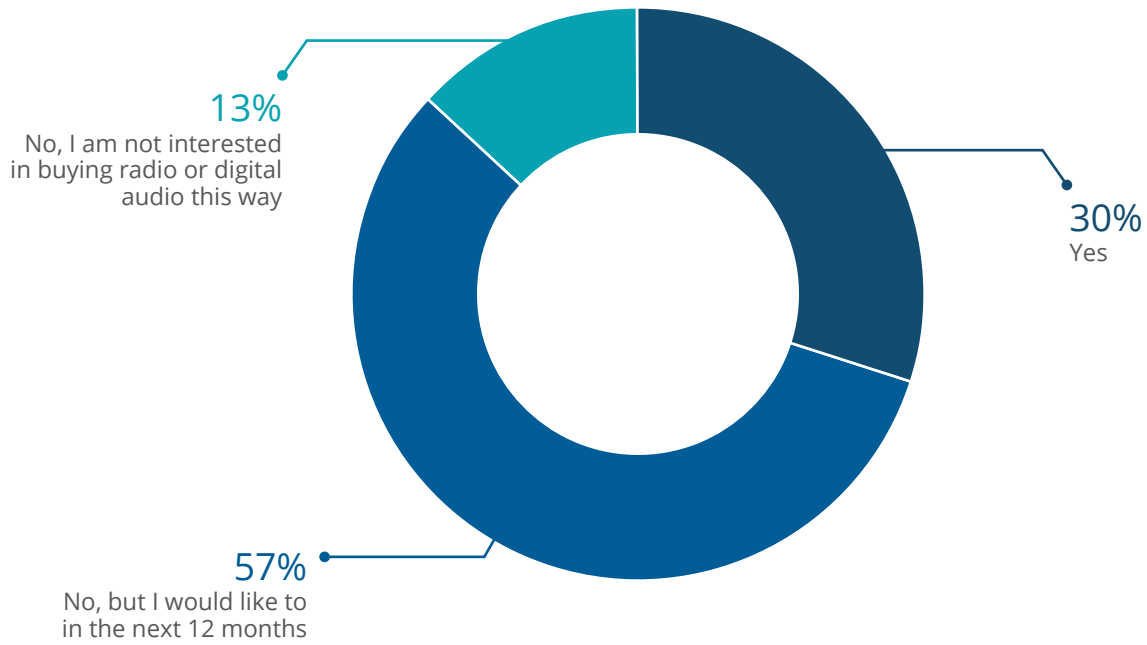
### Does your business use a programmatic platform to transact broadcast radio or digital audio advertising?

The future looks bright for programmatic audio advertising. According to our survey, the proportion of media buyers using programmatic for radio and digital audio looks set to nearly triple in the next 12 months.

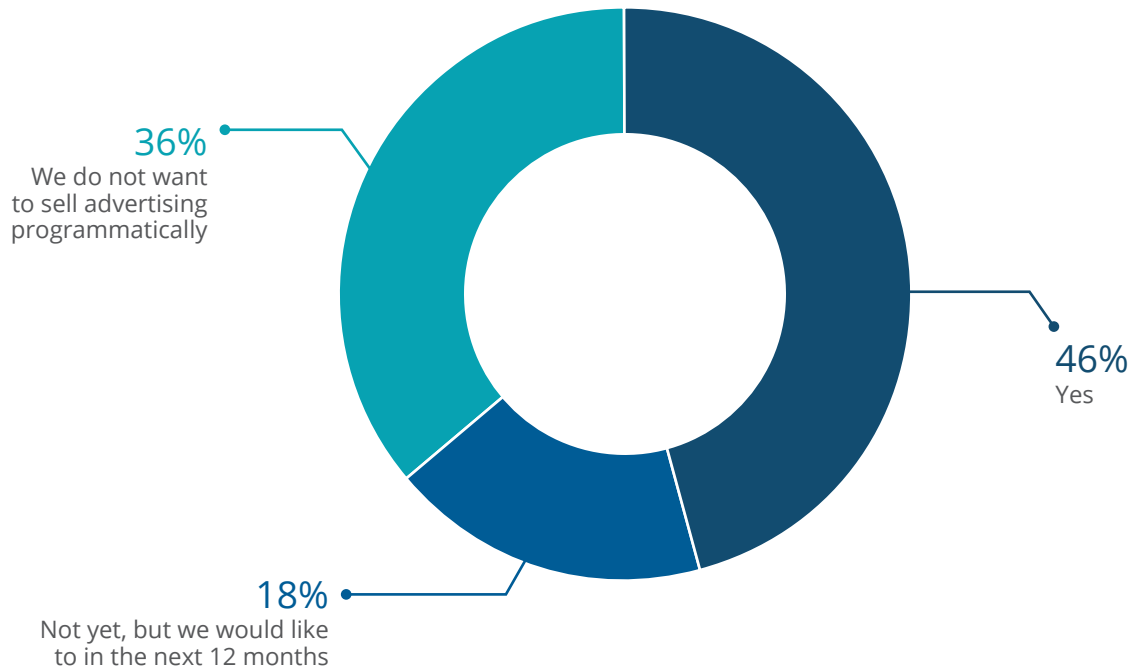
While more sellers use programmatic platforms today, interest from buyers should outpace that of sellers in the next 12 months. By middle of 2018, 87% of buy-side respondents say they are or would like to transact programmatically by the middle of 2018, while only 64% of stations ad groups plan to sell ad inventory this way.

Despite this enthusiasm, a large number of respondents from stations and groups—more than one-third—say they do not want to enter programmatic advertising.

### AD BUYERS



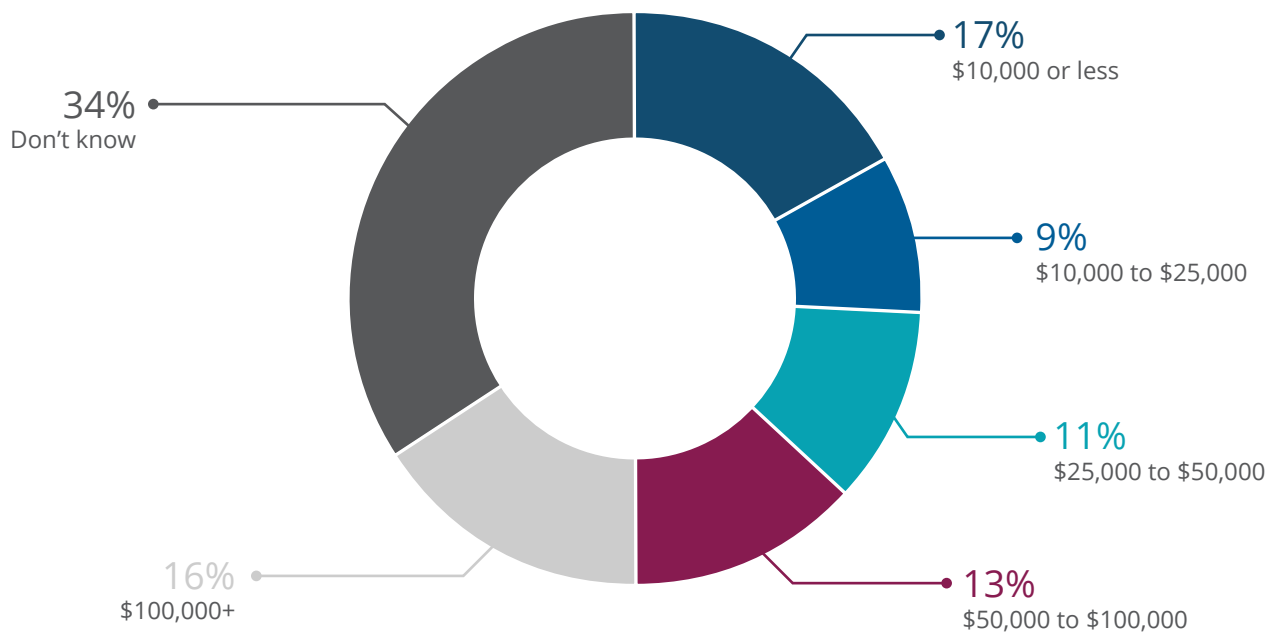
### RADIO STATIONS AND GROUPS



QUESTION #2

**Ad buyers:** For the remainder of 2017, approximately how much do you plan to allocate to programmatic radio or digital audio advertising buys?

Stations and groups should not expect to see large revenue gains from programmatic sales immediately. Agency budgets for programmatic audio ads will likely stay at experimental levels in the near future; 37% of respondents plan to spend up to \$50,000, while another one-third say they are unsure how much they will commit through the rest of the year.

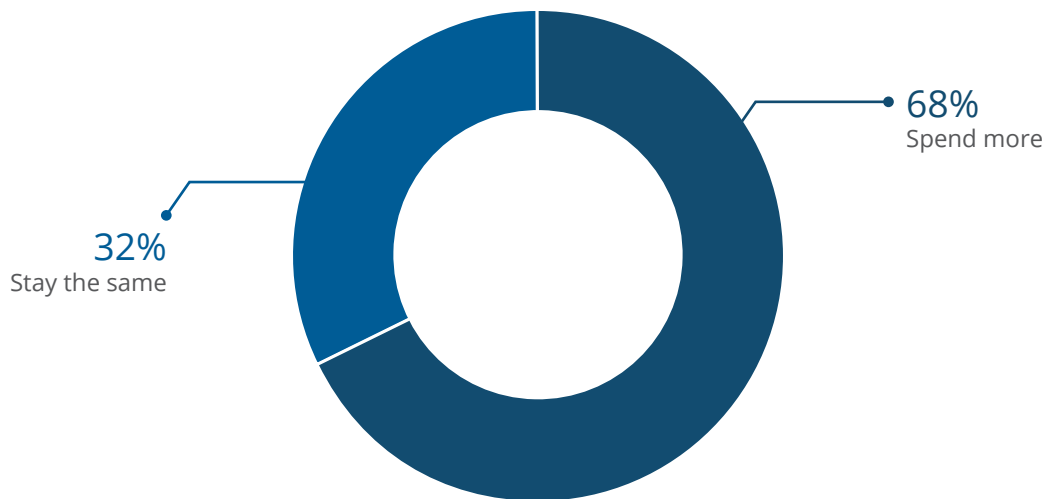


**QUESTION #3**

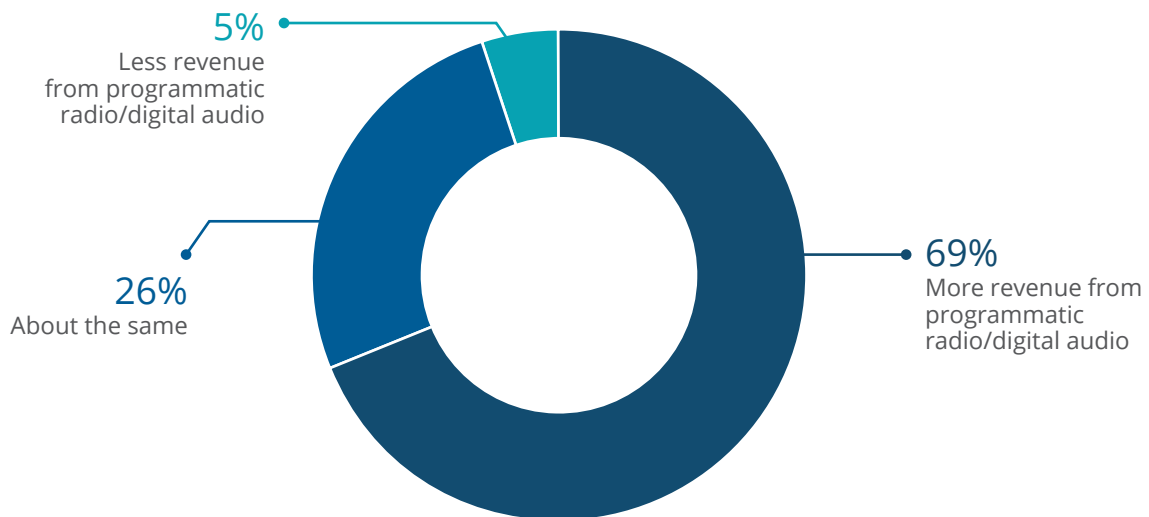
## In 2018, how will your business's volume of programmatic radio and digital audio ad sales change?

Both buyers and sellers are bullish on the prospects for programmatic radio. Seven out of ten respondents expect to see more advertising transacted through programmatic platforms next year. Not a single media buyer told us they planned to spend less on programmatic radio or digital audio in the future.

### AD BUYERS



### RADIO STATIONS AND GROUPS





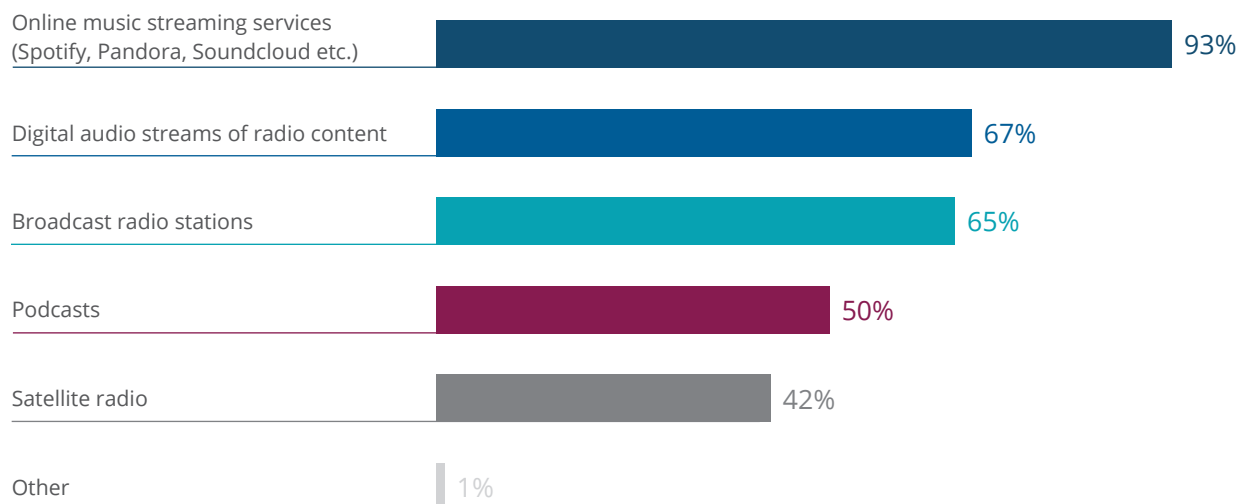
# Ad Buyer Preferences

## QUESTION #4

### Ad buyers: What types of radio and digital audio inventory are you interested in buying programmatically?

Ad buyers are most interested in digital audio inventory from music streaming services and digital audio streams of radio content. Broadcast radio closely follows in third place.

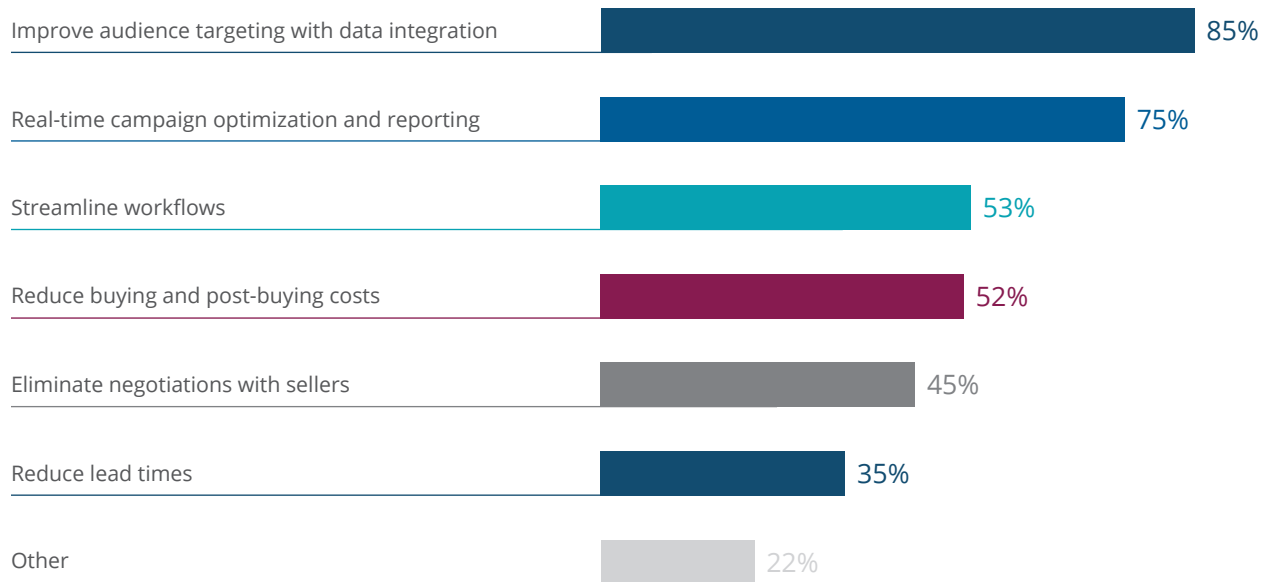
The order of preference may relate to the availability of programmatic inventory. Streaming and digital audio services already make much of their inventory available through programmatic channels. They also offer audience data and ad targeting options today.



QUESTION #5

## Ad buyers: What factors make programmatic platforms attractive for buying radio and digital audio ad inventory?

The number one reason buyers want a programmatic option is to make campaigns more efficient. Efficiency can be derived through multiple ways—improving audience targeting, optimizing campaigns, and making buys more efficient. Enhancements to the buying process are considered to be less crucial.



# Programmatic Platform Capabilities

## QUESTION #6

### What are the most important programmatic capabilities for radio stations and media buyers?

This question was asked of both buyers and sellers to understand where their interests align and where there may be gaps.

There is wide agreement that programmatic should make advertising more effective through optimization and opportunities for hyper-specific buying by time, market or content.

Beyond that, priorities differ. Buyers are focused on audience delivery, availability and advanced targeting opportunities. Radio stations and groups are concerned about retaining control of inventory and finding efficiencies in their businesses.

## IMPORTANCE OF PROGRAMMATIC PLATFORM CAPABILITIES

Sorted by top priorities for Ad Buyers. Average rating based on assigning scores on a 1–5 scale. “N/A” means that this group was not asked.

1= Not important, 5 = Extremely important	Buyer Ranking	Seller Ranking	More Important To...
<b>GUARANTEED DELIVERY</b>	4.04	n/a	Buyers
<b>REAL-TIME CAMPAIGN REPORTING &amp; OPTIMIZATION</b>	3.95	3.72	Buyers
<b>TOTAL AUDIENCE SIZE AVAILABLE THROUGH PLATFORM</b>	3.93	n/a	Buyers
<b>BUY SPECIFIC DAYS, DAY PARTS, MARKETS, GENRES OR SHOWS</b>	3.93	3.86	Buyers
<b>INTEGRATE 3RD PARTY DATA FOR ADVANCED TARGETING</b>	3.84	3.34	Buyers
<b>ACCESS INVENTORY FROM MULTIPLE STATIONS IN 1 MARKET</b>	3.81	3.2	Buyers
<b>INTEGRATE 1ST PARTY DATA</b>	3.65	3.43	Buyers
<b>BUY ON IMPRESSIONS</b>	3.55	3.48	Buyers
<b>WORKFLOW AUTOMATION</b>	3.43	3.81	Sellers
<b>TRAINING &amp; SUPPORT PRICING AND INVENTORY CONTROL</b>	3.36	3.91	Sellers
<b>PRICING AND INVENTORY CONTROL</b>	n/a	4.02	Sellers

## QUESTION #7

### Ad Buyers: How important are the following capabilities in a programmatic radio solution?

Average rating based on assigning scores on a 1–5 scale.

Ad buyer concerns center on campaign management: data-driven audience buying, delivery guarantees, real-time optimization,, and whether the audience offered through the platform is large enough to identify and target the right consumers at scale.

Because of their more extensive programmatic experience, it's not surprising that ad buyers do not value workflow automation or vendor support as highly as ad sellers do.

1 = Not Important, 5 = Extremely Important

	Average Ranking	% Saying Very or Extremely Important
<b>GUARANTEED DELIVERY</b>	4.04	75%
<b>REAL-TIME CAMPAIGN OPTIMIZATION &amp; REPORTING</b>	3.95	73%
<b>TOTAL AUDIENCE SIZE AVAILABLE THROUGH THE PLATFORM</b>	3.93	69%
<b>ABILITY TO BUY SPECIFIC DAYS, DAY PARTS, MARKETS AND SHOW GENRES</b>	3.93	71%
<b>ABILITY TO INTEGRATE SYNDICATED 3RD PARTY DATA FOR ADVANCED TARGETING</b>	3.84	66%
<b>ACCESS TO INVENTORY FROM MULTIPLE STATIONS IN A SINGLE MARKET</b>	3.81	63%
<b>ABILITY TO INTEGRATE 1ST PARTY DATA SEGMENTS FOR ADVANCED TARGETING</b>	3.65	58%
<b>BUY ON IMPRESSIONS</b>	3.55	54%
<b>WORKFLOW AUTOMATION</b>	3.43	45%
<b>TRAINING AND ONGOING SUPPORT FROM PROGRAMMATIC SOLUTIONS PROVIDER</b>	3.36	41%
<b>NUMBER OF STATIONS IN TOP 25 U.S. MEDIA MARKETS</b>	3.34	46%
<b>BUY ON RATING POINTS</b>	3.20	44%

## QUESTION #8

### Radio Stations and Groups: How important are the following capabilities in a programmatic radio solution?

Average rating based on assigning scores on a 1–5 scale

Radio stations and groups are most concerned with retaining control of inventory, support from programmatic vendors, and automating workflows. It is a lower priority to integrate first or third party data to support media buys.

1 = Not Important, 5 = Extremely Important

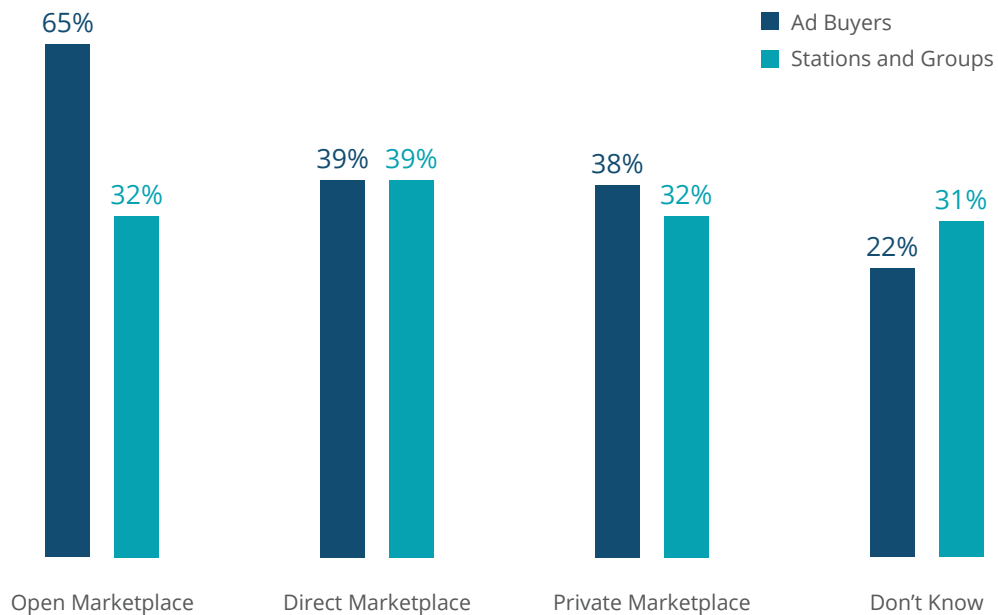
	Average Ranking	% Saying Very or Extremely Important
<b>PRICING AND INVENTORY CONTROL</b>	4.02	72%
<b>TRAINING AND ONGOING SUPPORT FROM PROGRAMMATIC SOLUTION PROVIDER</b>	3.91	66%
<b>ABILITY TO OFFER SPECIFIC DAY PARTS, GENRES OR SHOWS</b>	3.86	67%
<b>WORKFLOW AUTOMATION</b>	3.81	62%
<b>REAL TIME CAMPAIGN OPTIMIZATION &amp; REPORTING</b>	3.72	55%
<b>SELL BASED ON IMPRESSIONS</b>	3.48	50%
<b>ABILITY TO INTEGRATE MY FIRST PARTY DATA SEGMENTS</b>	3.43	45%
<b>PARTICIPATE IN A PRIVATE OR DIRECT MARKETPLACE WHERE I CONTROL WHO CAN MAKE OFFERS</b>	3.36	41%
<b>AVAILABILITY OF THIRD PARTY DATA TO INFORM MEDIA BUYS</b>	3.34	46%
<b>PARTICIPATE IN AN OPEN MARKETPLACE WHERE MY INVENTORY IS AVAILABLE ALONGSIDE SPOTS FROM OTHER STATIONS</b>	3.20	44%
<b>SELL BASED ON RATINGS POINTS</b>	3.06	36%

**QUESTION #9**

## What types of programmatic solutions are most appealing to you and/or your clients?

Likely because of their deeper experience with programmatic, ad buyers are more comfortable with programmatic open marketplaces and competitive bidding than respondents from radio stations.

Both sides are roughly equally interested in gaining the benefits from programmatic by transacting in Programmatic Direct or Private Marketplaces.



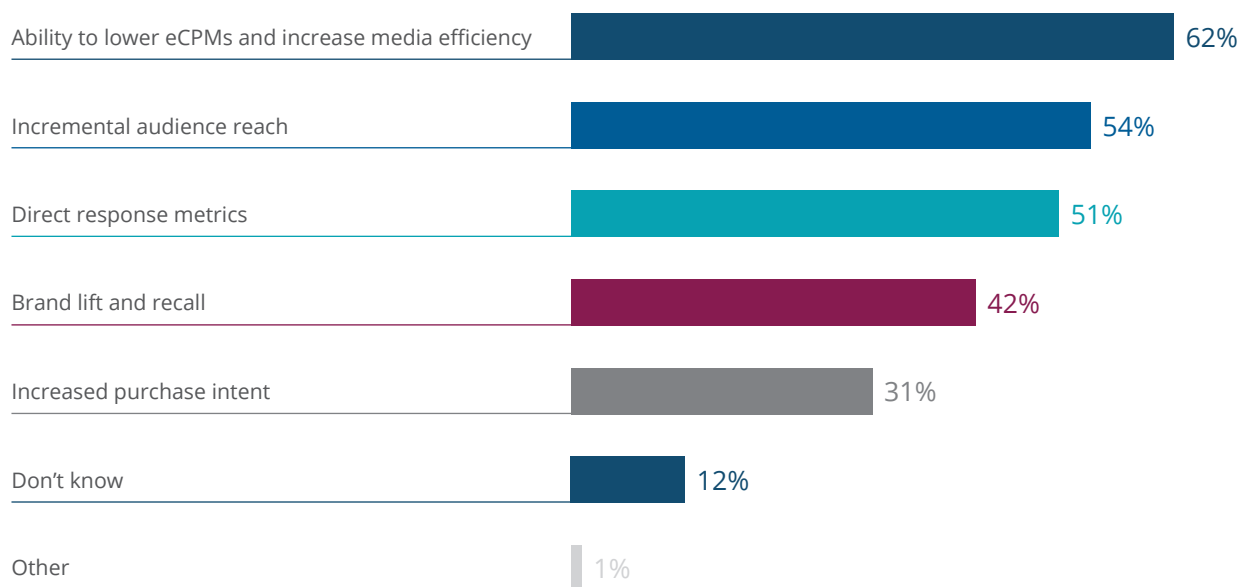
# Programmatic Buying Dynamics

## QUESTION #10

### How will you evaluate the success of a programmatic radio and digital audio solution?

#### Ad Buyers

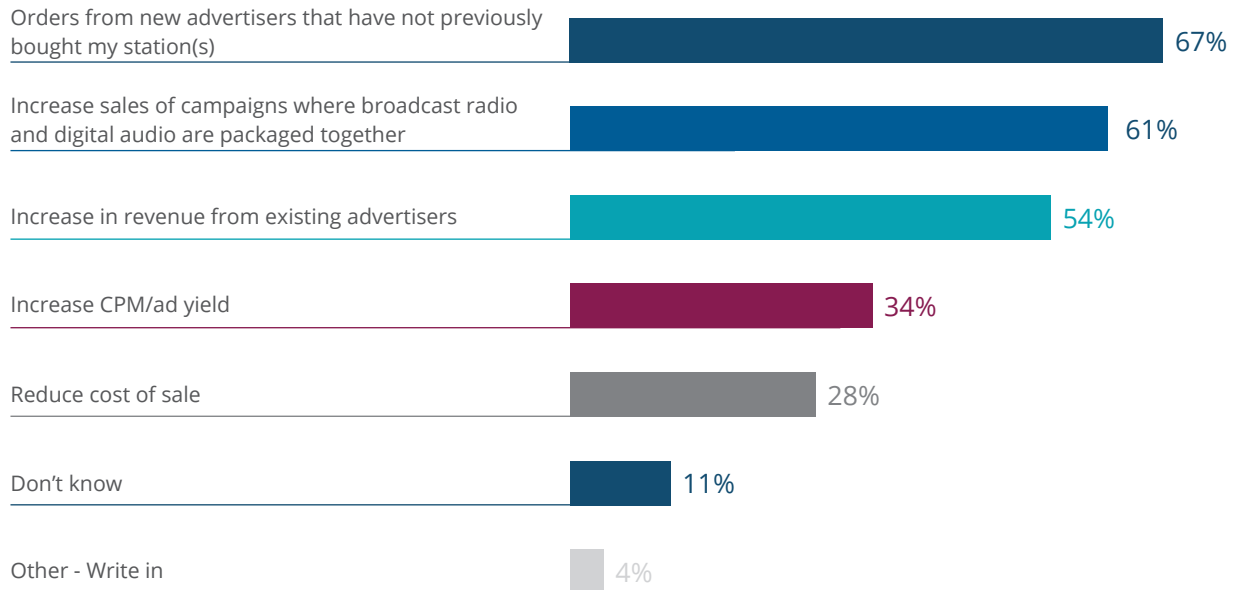
Ad buyers want programmatic to make campaigns more efficient. Efficiency can be found in multiple ways – streamline the buying process, make it more cost-effective to buy, improve measurable performance metrics, or reduce eCPMs.





## Radio Stations and Groups

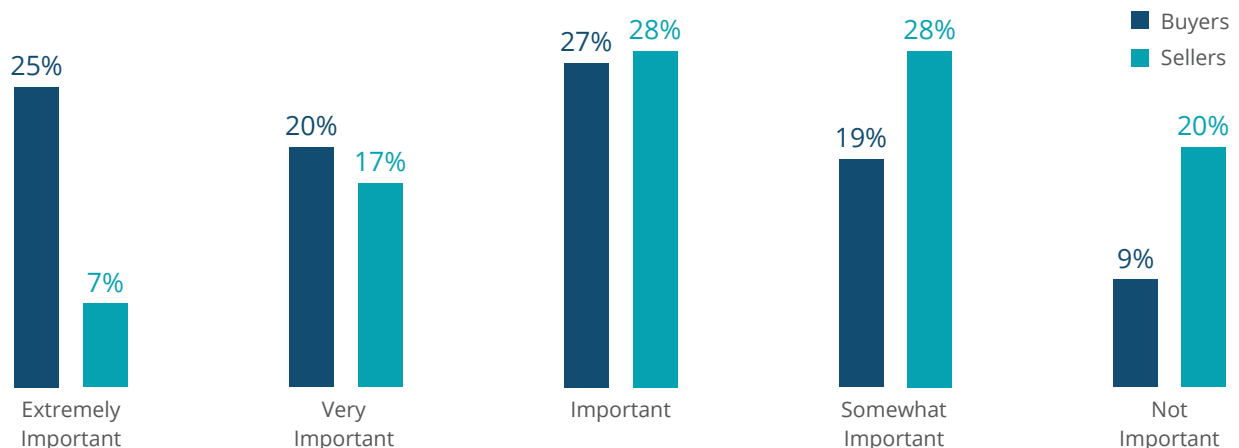
Radio stations and groups are motivated by revenue-related metrics: orders from new advertisers, more ads sold or an opportunity to sell more products to current advertisers.



### QUESTION #11

## How important is it to transact radio and digital audio advertising together?

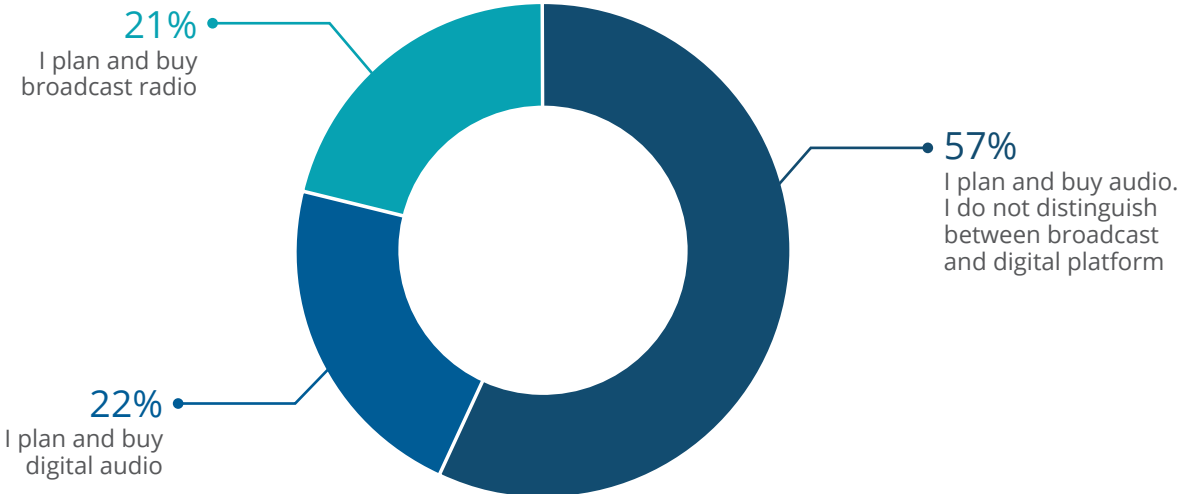
Nearly 75% of buyers agree that buying traditional radio and digital audio inventory together is important. Opinions were more split on the sell side: only 52% said packaging traditional radio and digital audio together is important.



QUESTION #12

### Ad buyers: Which sentence best describes what you do?

More than half of ad buyers see audio advertising as holistic across traditional and digital inventory. Less than half consider themselves to be either 'pure' radio or digital audio buyers.

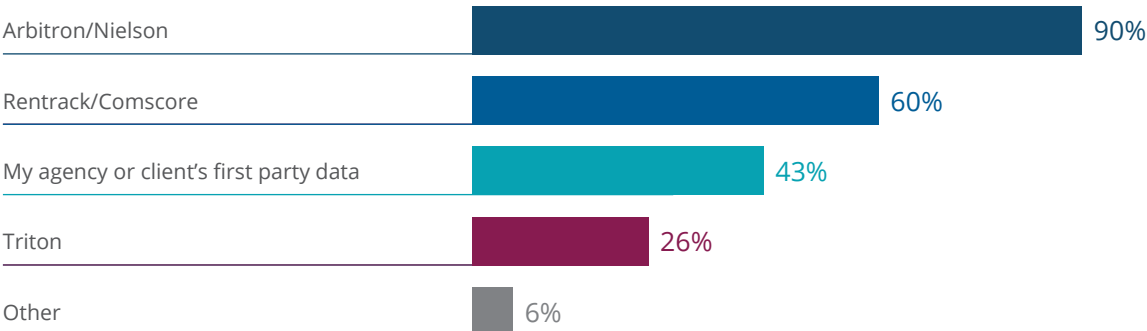


QUESTION #13

### Ad buyers: What data sources do you want to use for audience targeting?

Buyers still plan to rely on the most common third party data sources: Arbitron/Nielsen and Rentrak/comScore. It's nearly unanimous that Arbitron/Nielsen will play a key role in programmatic audience buying.

Less than half plan to use first party data for audience targeting. Expect that percentage to increase as programmatic buying sophistication grows.



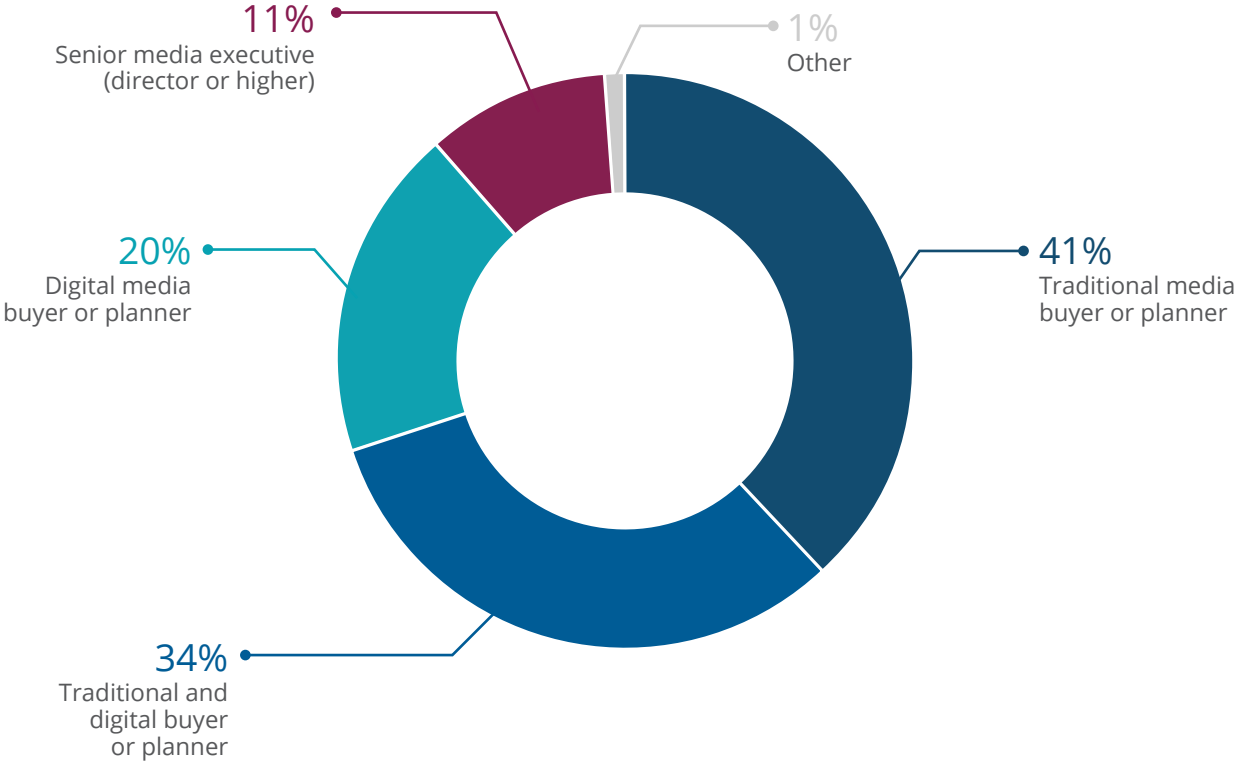
# Respondent Composition

Survey respondents represented a broad cross-section of ad buyers and radio business roles that may be impacted by adoption of programmatic advertising in the radio industry.

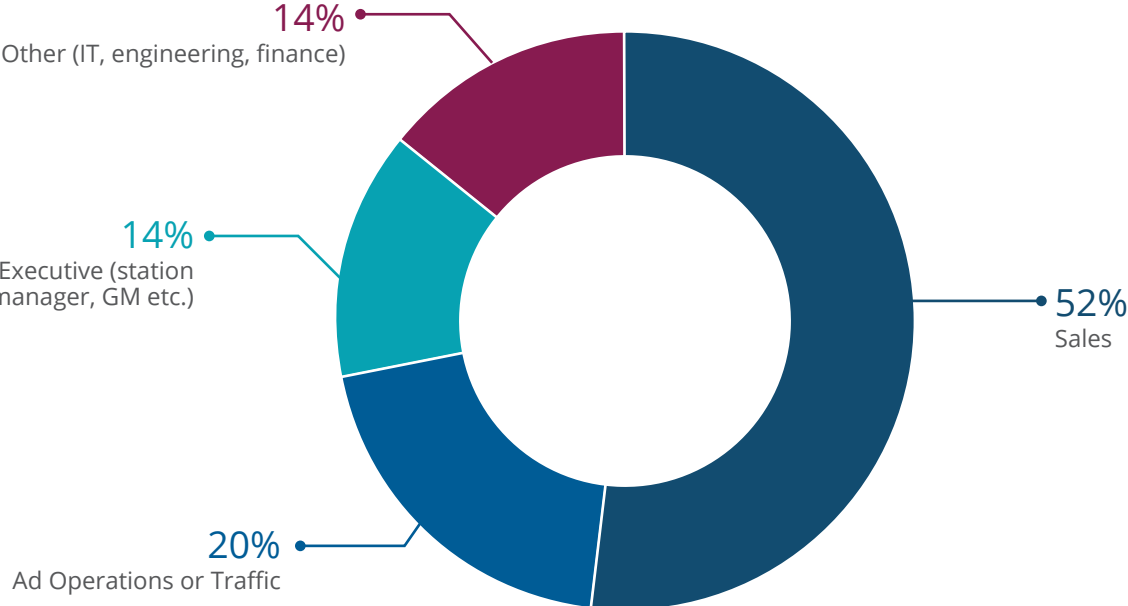
## QUESTION #14

### What function best describes your role at your company?

#### Ad Buyers



**Radio Stations  
and Groups**



# Getting ready for a smooth transition

Is your agency or station group ready for programmatic advertising? Do you know what capabilities your business will need or what your business partners will demand?

## Here are some questions you may want to ask suppliers of programmatic advertising solutions:

- Can we easily propose, execute and invoice advertising campaigns that utilize multiple media formats?
- What types of data integrations can your solutions support?
- Can your system support multiple programmatic marketplace types?
- How does your solution deliver advertising orders and creative?
- What's your roadmap for improving your technology?
- Will we have to purchase new software or hardware?
- How transparent is pricing and inventory selection?
- Is the whole programming schedule available?
- How simple is it to get started? Will tools, training and support be provided?

# Find out what WideOrbit can do for you today

## **US RADIO STATIONS AND GROUPS**

[RadioSales@wideorbit.com](mailto:RadioSales@wideorbit.com)

## **US ADVERTISERS AND AGENCIES**

[ProgrammaticSales@wideorbit.com](mailto:ProgrammaticSales@wideorbit.com)

## **MEDIA INQUIRIES**

Shawn Roberts | [sroberts@wideorbit.com](mailto:sroberts@wideorbit.com) | 415 675 6700

---

# **WIDEORBIT**

© 2017 WideOrbit Inc. WideOrbit® is a registered trademark of WideOrbit Inc. Other trademarks are the property of their respective owners.