

As Digital Audio Advertising Heats Up, D2Cs Pivot to Podcasts

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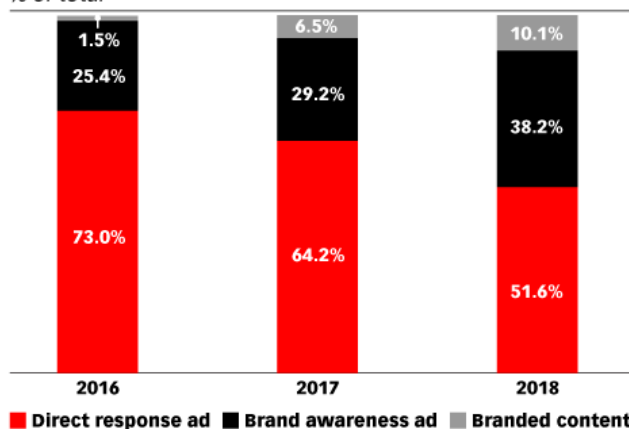
Lucy Koch

US consumers dig digital audio, and as listenership heats up, so does advertiser investment. For direct-to-consumer (D2C) brands, podcasts are top of mind for their engaging and influential ad opportunities.

Podcast revenues from branding campaigns are on the rise, according to the June 2019 edition of the [IAB](#) and [PwC](#)'s annual look at podcast advertising. In 2016, 73.0% of US podcast revenues came from direct-response advertisers. But that figure dipped to 51.6% by the end of 2018.

US Podcast Ad Revenue Share, by Campaign Type, 2016-2018

% of total



■ Direct response ad ■ Brand awareness ad ■ Branded content

Note: self-reported advertising revenues represent the companies surveyed, less than 100% of the total podcast advertising market; numbers may not add up to 100% due to rounding

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

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For our recent report, "[Digital Audio Advertising: Exploring Opportunities in Streaming Audio, Podcasts and Smart Speakers](#)," we spoke with D2C men's custom apparel brand [Indochino](#) and cleaning products company [Dropps](#) about their podcast-focused digital audio advertising strategies. Here's what we learned:

Lisa Craveiro, Director of Marketing, Indochino

We focus heavily on performance marketing channels that offer measurable results and found digital audio to be an incredibly effective channel for customer acquisition. With the many placement and spot lengths available, digital audio also lends itself well to advertisers looking to build their brand.

We've been steadily increasing our podcast investment since 2016. It's now one of our top performing acquisition channels. Podcast listenership has skyrocketed in the past few years, and the expanding list of shows has been incredibly helpful for scalability.

For us, podcasts are effective for two reasons. First, podcast listeners are active and engaged compared with other more passive mass media channels. Second, the storytelling element helps hosts make the spot

their own, share our brand story and draw a connection to their personal life.

For digital audio overall, we primarily rely on coupon redemption and customer surveys to measure impact. Podcast ad measurement remains a challenge due to the varying definitions and standards across the industry along with a lack of robust performance analytics. But I'm optimistic we'll see advances in ad measurement through streamlined analytics and standardized measurement along with greater targeting precision. The downside is that as the digital audio audience grows, we're likely to see the space turn increasingly competitive for advertisers.

Sydney Waldron, Director of Marketing, Dropps

We're relatively new to the digital audio space, having started advertising on podcasts within the past 12 months. Initially, we tested podcasts ranging in size from micro to mainstream. Over time, we've narrowed our partnerships to a shorter list of podcasts that we're committed to building longer, ongoing relationships with. We have seen that consistent messaging is effective in engaging listeners and building awareness and authenticity because for us, digital audio advertising is about being more of an awareness play than a conversion tactic.

Digital audio ads are an important part of our overall strategy because they help build out our multitouch marketing campaigns. For example, listeners might discover the Dropps brand on a podcast, get retargeted on Facebook or Instagram and see the brand again in a piece of influencer content. The different touchpoints build trust on the path to purchase.

But audio ads don't offer a lot of metrics for monitoring success, and that can be challenging. In a digital ad placement, we know the number of impressions, clickthrough rate [CTR] and conversion rate. With podcasts, we know the number of impressions and conversions, but it's hard to gauge brand interest similar to how we see traffic with a CTR. Most of this traffic will show up as direct or organic traffic, when the traffic may have originated with a podcast placement.

We're definitely looking forward to other avenues like streaming and voice advertising. It will be exciting to test out how we can make these other channels successful.