

A woman with dark hair, wearing large black headphones and dark sunglasses, stands in the center. She is holding a small, dark, rectangular device in her right hand. The background is a complex, low-poly geometric pattern in shades of blue and green, with a blurred image of a man in sunglasses visible in the upper left.

# AUDIO NOW

HOW A NEW ERA OF LISTENING IS HELPING ADVERTISERS BE HEARD

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## INTRODUCTION

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**Mark Barber,  
Planning Director, RAB**

Radio is now part of a much wider audio ecology.

There used to be two choices for listeners – live radio, or your own music collection.

Things are very different in 2014, thanks mainly to developments in connected devices and the fact that audio content is now “device neutral” for the most part.

The rise of new audio formats, such as on-demand streamed music services, means that listeners have more options than ever before. You can get almost anything, anywhere, at any time.

Yet, as this study reveals, the unique characteristics of live radio set it apart from the competition. Far from cannibalising radio listening, the complementary nature of new formats is helping to grow the overall audio audience, especially from a commercial perspective.

Despite a deep well of evidence demonstrating the influence that sound can bring to bear for advertisers – including some powerful new data drawn from the IPA Databank featured in this report - audio is an undervalued communications channel.

We trust the conclusions of this study will address this and persuade more advertisers to consider Audio Now...

# THE MAIN HEADLINES

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COMMERCIAL AUDIO NOW REACHES MORE PEOPLE THAN EVER

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LIVE RADIO REMAINS THE DOMINANT AUDIO FORMAT, BUT IS NOW  
COMPLEMENTED BY ON-DEMAND SERVICES

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AUDIO ADVERTISING IS DEMONSTRATED TO BE AN INCREDIBLY  
POWERFUL COMMUNICATIONS TOOL AND  
MUSIC PLAYS AN IMPORTANT ROLE IN THIS

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IN SUMMARY, A NEW ERA OF AUDIO LISTENING IS  
HELPING ADVERTISERS BE HEARD

# IMPLICATIONS FOR ADVERTISERS

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**Consider audio for longer-term brand effects:**

audio, particularly radio, has all the essential attributes of a longer-term brand-building medium

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**Consider using music in advertising:**

the IPA data reveals that music can have a dramatic effect on ad effectiveness

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**Consider a bigger share for audio:**

this study shows, yet again, that radio's share of advertising does not reflect its true, much larger role in people's lives

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**Consider radio PLUS on-demand audio:**

live radio is clearly the dominant channel, even for young people, but on-demand services when used in addition can help extend campaign reach and targeting efficiencies

# EXECUTIVE SUMMARY

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- » Thanks to technology, audio consumption is growing, creating more listening occasions - and therefore communications opportunities for advertisers - than ever before.
- » Within this, the reach of live radio is stable with around 90% of adults tuning in every week, and it remains the dominant audio channel accounting for 70% of all time spent listening, with on-demand increasing the reach of the total audio audience.
- » The pressures of modern lifestyles – for example, feeling widely connected but in some ways disconnected - create need-states where audio can play a valuable role for people. Live radio is the primary audio medium used to meet most of these need-states.
- » Young people (15-24) account for a disproportionate share of on-demand listening because, unlike their older peers, they are still able to indulge their listening tastes at leisure.
- » Analysis of the IPA Databank shows that audio can play an important role, not just in short-term “activation” campaigns, but also in longer-term “brand-building” activity.
- » Campaigns which use radio outperform those which don’t feature the medium, and this is true across many metrics including sales, ROMI (return on marketing investment) and profitability. Analysis also reveals that music is a highly effective communications tool for advertisers.





“ THE ABSOLUTE TRANSFORMATION OF  
EVERYTHING THAT WE EVER THOUGHT ABOUT  
MUSIC WILL TAKE PLACE WITHIN TEN YEARS.

MUSIC ITSELF IS GOING TO BECOME  
LIKE RUNNING WATER... ”

DAVID BOWIE, 2002

# WHY WE CONDUCTED THE STUDY

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## IN THE PAST FEW YEARS, TWO FACTORS HAVE CREATED A MAJOR CHANGE IN THE OPPORTUNITIES FOR AUDIO CONSUMPTION.

The first is the increased penetration of devices which can be used for listening. Almost any device which can access the internet can now be used to consume audio – including laptops, smartphones, tablets etc.

At the same time, the number of different audio sources has increased. Where historically there were two main audio sources – personal music collections and broadcasting – an important third source has developed, in the form of audio streaming and on-demand content.

So, in a world where David Bowie’s 2002 prediction that **“music will be like running water”** is becoming a reality, how are these changes affecting listening, what is happening to the different audio sources, and what does this all mean for advertisers?

The aim of this study therefore was to develop an understanding of the audio market and the potential it offers for advertising purposes.

## IT CONSISTED OF THREE STAGES:

- 1 Establish the overall size of audio market and different elements within this
- 2 Understand the role played by different audio services in people’s lives; where they overlap and how they differ
- 3 Explore implications of using audio for advertisers



# HOW THE **STUDY** WAS DONE

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## QUANTITATIVE STAGE

Survey analysis to establish the overall size of the audio market at consumer level and individual segments within this, and to identify trends using RAJAR MIDASplus (Measurement of Internet Delivered Audio Services) data.

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## QUALITATIVE STAGE

This was conducted by specialists The Sound Research, and focused purely on “digitally agile” consumers, i.e. younger people (15-49) who listen to live radio but also to at least one digital audio service. The 32 participants recorded video footage of themselves on smartphones when they were listening to audio, explaining what they were listening to and why. They subsequently attended discussion groups to explore some of the themes that emerged from the initial phase. The “Audio Moments” database that was created from this consisted of 72 hours of footage made up of over 800 individual video clips.

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## EXPERT OPINION

Les Binet, Head of Effectiveness at adam&eveDDB, provides a neutral, expert perspective on the roles that audio can play for advertisers, using the Brand-Building/Activation framework featured in the influential IPA study ‘The Long and the Short of It’ (of which he was co-author), and world-leading advertising effectiveness data from the IPA Databank.



MORE  
LISTENING  
THAN EVER

# MAIN FINDINGS

## 1. THERE IS MORE LISTENING THAN EVER BEFORE

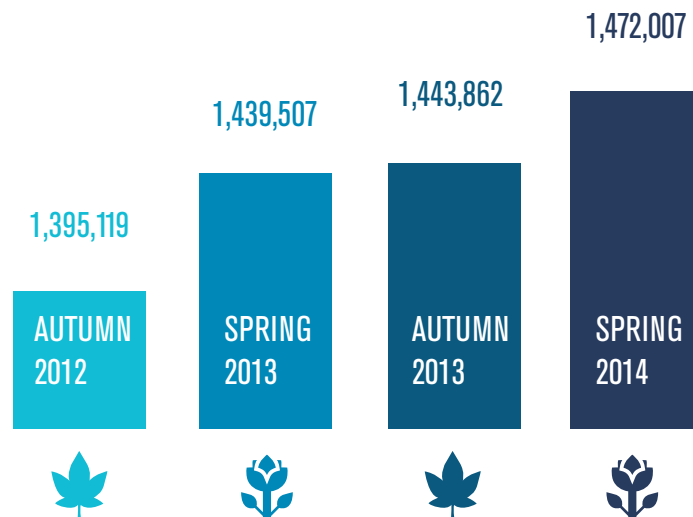
Past changes in audio formats – from LP to cassette, from cassette to CD – required people to switch to a new technology to enjoy their audio. But all the more recent evolutions are format-neutral: people can use virtually any connected device to access audio.

So, it's not surprising that overall listening continues to increase.



### Overall audio listening is growing

Total audio hours listened in a week



Source: RAJAR MIDASplus

Alongside the developments in technology, a new form of audio has emerged. The two traditional forms of audio are:

- » “owned” content which people have purchased (or pirated) and keep for themselves
- » “live radio” consumed in real time as transmitted

These have now been joined by a third source:

- » “on-demand” audio which people access online e.g.
  - radio station content (non-live) such as podcasts or catch-up radio
  - music streaming services like Spotify and Deezer
  - online audio/video clip services like YouTube

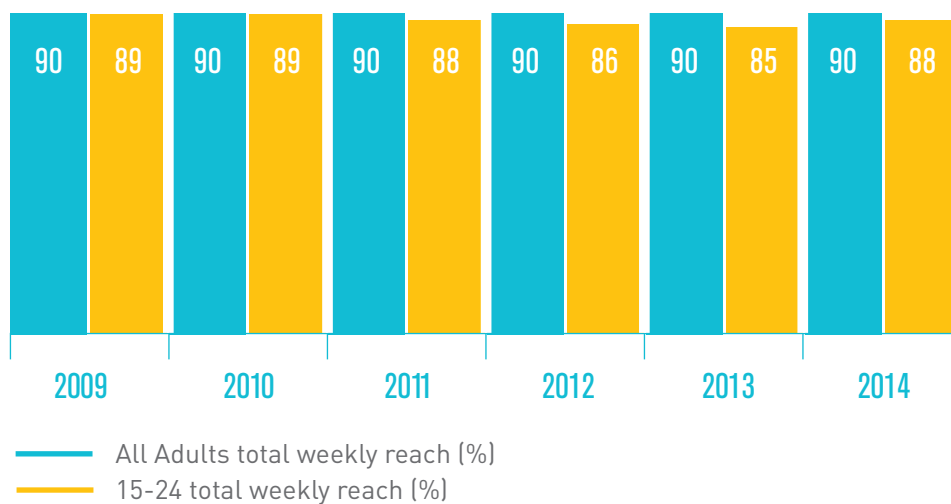
Within this, broadcast radio listening has remained more robust than media and music industry forums might suggest – an apparent instance of Amara’s Law, where we overestimate the effect of new technology in the short term (a similar misperception has applied in recent years to broadcast TV).



Around 90% of the UK population tune in to radio each week and, as the chart shows, this has been pretty stable over recent years, even for 15-24 year-olds who tend to be the biggest users of the new audio platforms.



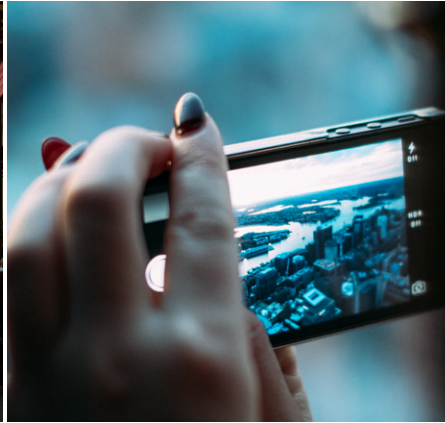
## Radio reach remains stable



Source: RAJAR Q1 Data

## 2. MODERN LIFESTYLES DRIVE THE NEED FOR AUDIO

The qualitative stage of the study – conducted by The Sound Research – established that the role for audio is created by the pressures of modern life, which they clustered into three broad categories:



### REWARDING YET RELENTLESS

We can **do more**  
More **flexible working hours**  
Able to create **new identities**

Less time to **think and feel**  
Busy, tired and **stressed**  
Pressure to be **authentic**

### TECHNOLOGY: A BENEFIT AND A BURDEN

**Empowering**  
**Enabling**  
**Endless Choice**

Pressure to **keep up**  
Pressure to be **'always on'**  
Tyranny of **choice**

### MORE CONNECTED MORE *DISCONNECTED*

Multiple **connections**  
**Engrossed in our screens**  
Able to **share freely** with friends

It can feel **lonely**  
We need **conversation starters**  
Pressure to be **relevant**

In response to these pressures, people use audio – as one of a range of activities including sport, watching TV, etc. – to help them cope with life. But audio doesn't just fulfil one need - The Sound Research identified six different need-states where audio played a role:

- 1 HELP ME ESCAPE
- 2 AMPLIFY THE MOMENT
- 3 LIFT MY MOOD
- 4 BROADEN MY HORIZONS
- 5 PROVIDE SOCIAL CURRENCY
- 6 KEEP ME IN THE LOOP

The six different need-states make behavioural sense if we see them presented along two axes:

- » **SOCIAL/PERSONAL** – our social needs concern how we relate to other people and/or the wider world, rather than being purely about our selves
- » **CONTEXT/CONTENT** – sometimes we choose specific content, but at other times it's all about where we are and what we are doing



## Audio satisfies six contemporary need-states



Source: The Sound Research

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The difference in mood and motivation between these need-states affects the way people choose which type of audio to consume at any point.



### LIFE IS NOISY AND COMPLICATED

- » Audio provides a sanctuary from the outside world
- » Blocks out external noise
- » Me Time
- » Helping to recharge

*"I'm feeling stressed after the drive home and need to chill out a bit. I'm going to lie down here, listen to some music and have some quiet time"*  
Phil, Newcastle



### I NEED ENCOURAGEMENT AND SUPPORT

- » Fuel to keep going
- » Audio accompanies an activity providing support
- » Audio is also a 'pick me up'
- » Combating loneliness

*"We've all had our dinner, and the children are in bed. I'm listening to Kiss FM while I tidy up. It's quite a boring job so I need something that keeps me going"*  
Marie, Bristol



### BE PRESENT IN THE OCCASION

- » Brings people together
- » Physically and emotionally
- » Setting the tone
- » Audio adds to the moment, memorability

*"I'm sitting in the garden with my mum, it's a nice day, so we're going to listen to some summery music on my iPod and chill"*  
Daniel, Newcastle



### GIVES US SOMETHING TO TALK ABOUT

- » Allows listeners to connect with others
- » Sparks conversations
- » Know what's current
- » Audio allows listeners to stay relevant

*"Whatever they talk about on the breakfast show gets us chatting in the office - stuff like 'you know you're old when...'"*  
Katie, Newcastle



### SO - SURPRISE ME

- » Audio arrives unexpectedly
- » Serendipitous moments can link to more
- » It can also inspire a journey
- » Allows listeners to keep it fresh and interesting

*"You sometimes get bored of your own music. It's great when you hear a new track that you would never think to play!"*  
Rachel, Newcastle



### IT'S EASY TO LOSE TOUCH

- » Audio plugs listeners into the wider world
- » Stay aware and feeling informed
- » In touch with reality
- » Audio allows listeners to multitask

*"I really wanted to listen to a conversation this morning (on the radio). There's a few things on the news I want to catch up on"*  
Ben, London

BLIPP THE FRONT COVER TO  
SEE RELEVANT VIDEOS



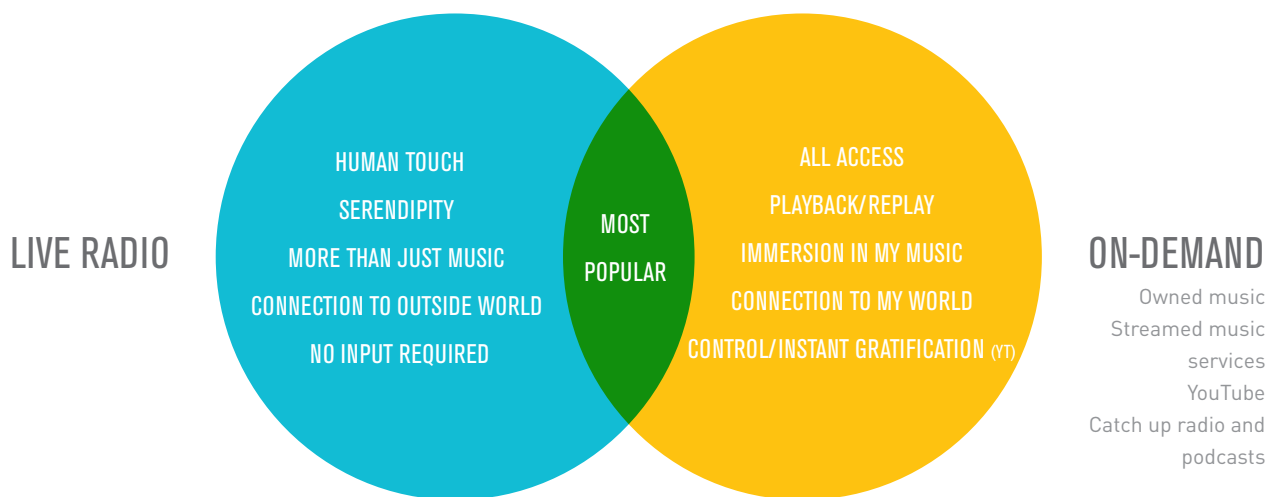
### 3. LIVE RADIO AND ON-DEMAND AUDIO PLAY COMPLEMENTARY ROLES

Broadly, listeners perceive that there are two types of audio source – live radio (which can be listened to on many devices) and on-demand, which is available from several different services and on multiple platforms.

The different characteristics of live radio and on-demand audio mean that they are suited to different need-states (in reality, people can use any audio – or none – in a given need-state, but these are the typical patterns).



#### Live radio and on-demand audio play complementary roles



Source: The Sound Research

The need-states where on-demand audio has the best fit are those where the listener wants to feel in control of what is being played; for example in the Amplify The Moment need-state, where people sometimes want to create just the right atmosphere in a shared space.

By contrast, live radio shows a better fit when people are looking for a bit of external input, for example in the Lift My Mood need-state, when people are often happy to let the radio station do the choosing and mixing.



## Live radio fulfils more need-states

	ROLE FOR AUDIO	PRIMARY AUDIO FORMAT	ALSO USED
 <b>HELP ME ESCAPE</b>	<ul style="list-style-type: none"><li>» Reflect my moods/emotions</li><li>» Avoid interruptions</li><li>» Surrounding me in my space</li><li>» "Digging" can be relaxing</li></ul>	On-Demand	Live Radio
 <b>LIFT MY MOOD</b>	<ul style="list-style-type: none"><li>» Be a friend, keep me company</li><li>» Reliable accompaniment</li><li>» Give me energy</li><li>» Help me focus</li></ul>	Live Radio	On-Demand
 <b>AMPLIFY THE MOMENT</b>	<ul style="list-style-type: none"><li>» Create ambience for a place</li><li>» Match music to the occasion</li><li>» Avoid interruptions, focus on people</li><li>» Enhance the moment</li></ul>	On-Demand	Live Radio
 <b>PROVIDE SOCIAL CURRENCY</b>	<ul style="list-style-type: none"><li>» Tell me something new, surprising</li><li>» Chat, gossip, stories shared</li><li>» Feed me bits of info effortlessly</li><li>» Help me keep up with latest</li></ul>	Live Radio	On-Demand
 <b>BROADEN MY HORIZONS</b>	<ul style="list-style-type: none"><li>» Serendipity; the unexpected</li><li>» Unpredictable choice of others</li><li>» Links to new, unknown music</li><li>» Let me find more, explore</li></ul>	Live Radio	On-Demand
 <b>KEEP ME IN THE LOOP</b>	<ul style="list-style-type: none"><li>» Want to stay plugged-in to life</li><li>» Keep up with the wider world</li><li>» Effortless fit with routine</li><li>» Reassurance of connectedness</li></ul>	Live Radio	

Source: The Sound Research



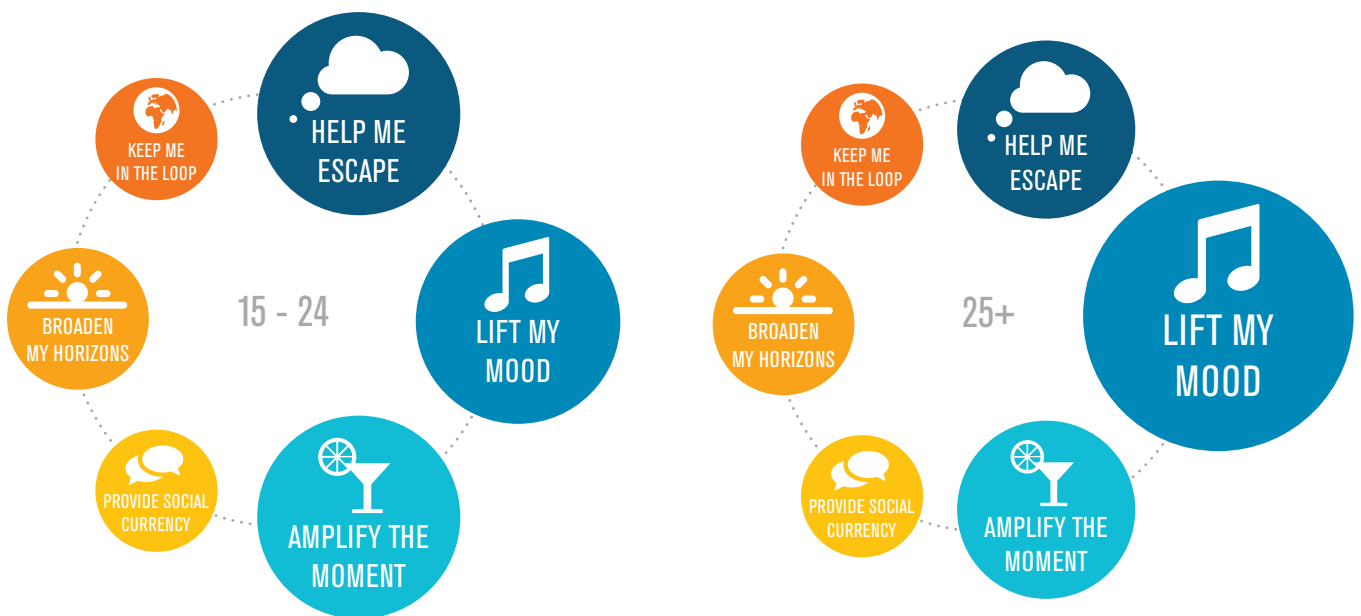
Some need-states are much more prevalent than others. Although the qualitative sample did not allow a precise measurement of this, there were over 800 listening “moments” captured in the study, and the researchers concluded that one need-state is significantly more common than others – Lift My Mood.

This tends to be the mood we are in during routine chores and at work, where our tasks are set for us, and we look for something to help us make time move along faster, lift our spirits and ward off boredom and loneliness.

The same analysis amongst the 15-24 segment showed that they have slightly different mixture of need-states. Although they too major on Lift My Mood, they are also equally inclined to be in two other need-states – Help Me Escape, and Amplify The Moment.



## Younger audiences have more time to indulge in audio



Source: The Sound Research

Why? Certainly younger people are more adept with technology on the whole, but this is less about devices and more to do with attitude. A generous interpretation would be that young people are being creative, exploring and following their dreams. A more pragmatic explanation would be that, although older people would like to escape and spend time matching music to moments, they simply don't have the time to indulge themselves in this way – and many young people do.

By the same logic, it seems likely that young people's tendency to be in these two need-states – Help Me Escape and Amplify The Moment – will diminish as they get older and enter the world of work and day-to-day family life.



LIVE RADIO  
REMAINS  
DOMINANT

## 4. RADIO REMAINS THE DOMINANT COMMERCIAL AUDIO FORMAT, EVEN FOR YOUNGER AUDIENCES

But what does this mean for the advertiser, who is mainly interested in platforms which offer commercial messaging?

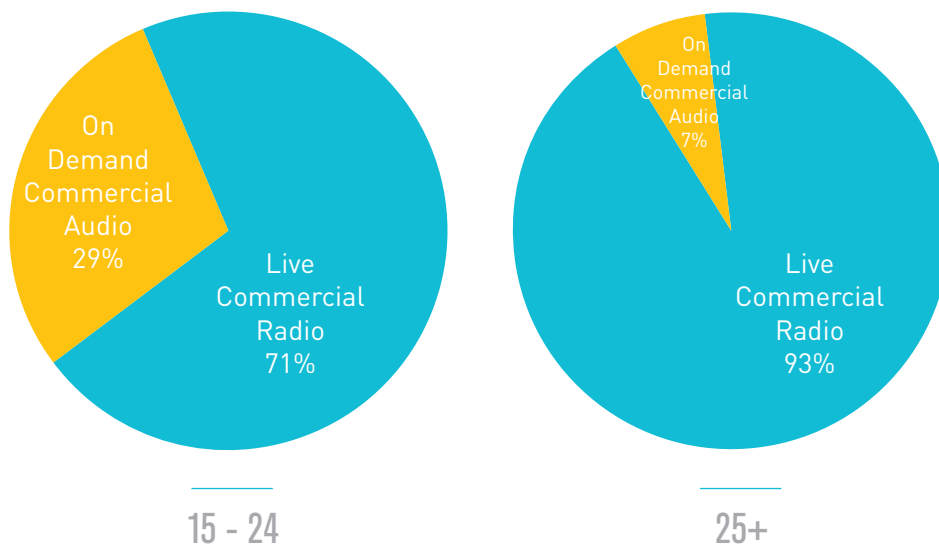
In this respect, live commercial radio still dominates listening hours. If we exclude audio sources where there is no advertising (e.g. BBC, owned content and subscribers who pay to avoid advertising on music streaming services), commercial radio accounts for around 90% of the hours people spend listening to audio – and even amongst 15-24s it still accounts for 71% of listening time.

Note: this is live radio only – podcasts and other time-shifted radio consumption are included in On-Demand Audio.



### Radio dominates commercial pure play audio services

Share of total hours



Source: RAJAR MIDASplus; Wave 4, Spring 2014

So if live radio is still the dominant medium in terms of advertising potential, what does this mean for advertisers who want to use audio effectively?





AUDIO  
IS  
INFLUENTIAL

## 5. AUDIO CAN PLAY AN IMPORTANT ROLE IN ADVERTISING EFFECTIVENESS

A synopsis of the analysis conducted by Les Binet, Head of Effectiveness at adam&eveDDB and co-author of the IPA's report on effective advertising "The Long and the Short of it".

In a world where the supply and consumption of audio are both increasing, it makes sense to look again at the way audio works for advertisers in terms of effectiveness. We already have a mass of data in the world-leading IPA Databank about ad campaigns using audio (mostly in the form of radio), and we are able to draw some conclusions.

To recap briefly, we know that brands which use advertising successfully in the long-term balance two types of activity:

- » **"activation"** – designed to create an immediate response, using a rational message and building short-term business
- » **"brand-building"** – longer-term communication which changes feelings about a brand, working at the emotional level, with a cumulative effect over time

Where does audio fit in to that?

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### i. Audio for activation: the radio heartland

The short-term, sales-response model of audio advertising is fundamentally the way local advertisers use radio, and is based on its obvious strengths:

- » it's highly targeted, by region and by age group
- » it offers short lead-times and relatively low cost
- » it's consumed in real time, often at relevant moments across the day (cooking, travelling)

People also spend many hours listening to commercial radio each week (13 hours on average), and this ensures a high number of impacts for the advertiser's messages.

But what about the longer term?

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### ii. Audio for brand-building: the radio higher ground

We know from the IPA Databank that successful, long-term, brand-building campaigns need to do three things: **reach a wide audience**, **make an emotional connection** and **create fame**. Can audio do these?

As far as reach is concerned – the weekly audience for commercial radio is 34 million people, or 64% of the adult population. It means that audio is already one of the truly mass channels, and this is set to increase with the availability of new audio platforms which, as MIDASplus data shows appeal to an audience which has low overlap with the existing radio listenership.

Audio can also clearly create an emotional response. Music is inherently emotional and radio stations are often talking on-air about topics in a way that triggers an emotional response: hence people phoning in with their very personal contributions – be that a strong view about a topic, or a dedication for a piece of music.

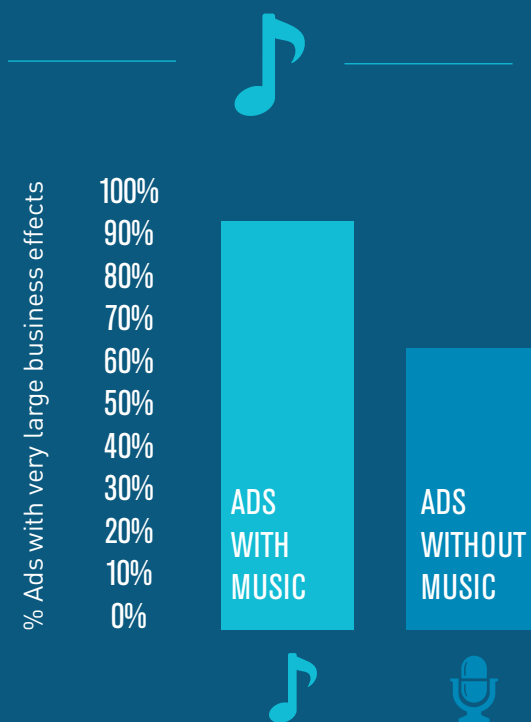
## A SPECIAL NOTE ABOUT THE POWER OF MUSIC

Radio undoubtedly gets a lot of its emotional power from music, and this would apply to wider forms of audio too. Music has a unique ability to influence our emotions and change the way we perceive and interpret things.

Surprisingly, there has been relatively little research into the effects of music in advertising. [Out of 48,000 articles on the WARC database, only 29 look at music in any detail.] But what work has been done suggests that music can make a big difference.

Music increases attention to advertising and makes people more likely to recall the ad, the brand and the message. Music increases intent to purchase and can increase actual sales effects by 10%-30%. And, given that music is one of the main reasons why people listen to radio, musical advertising can be particularly effective in this medium.

## Music makes advertising work harder



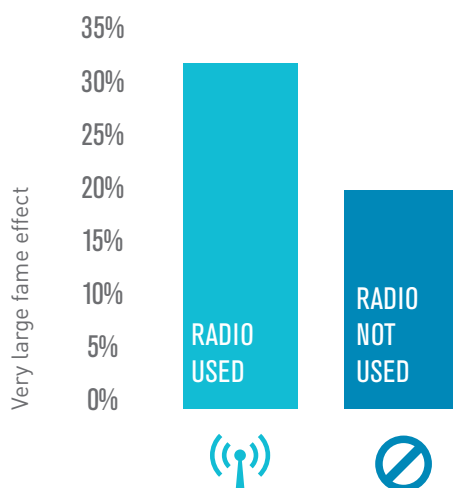
Source: Binet, Mullensiefen and Edwards, Admap 2013

## But can audio offer fame?

"Fame" is one of the effects which is monitored in the Databank – the extent to which people have not just heard of a brand (awareness), or feel it is front-of-mind (saliency), but have actually talked about it.

As this chart shows, the campaigns which used radio had a far stronger "fame effect" than those which did not.

## Radio amplifies fame



Source: IPA Databank

## vvv. Evidence of audio's effectiveness from the IPA Databank

Beyond “soft” measures like fame, the IPA Databank also gives us a good indication of the power of audio in terms of the bottom line – the results for marketing effectiveness

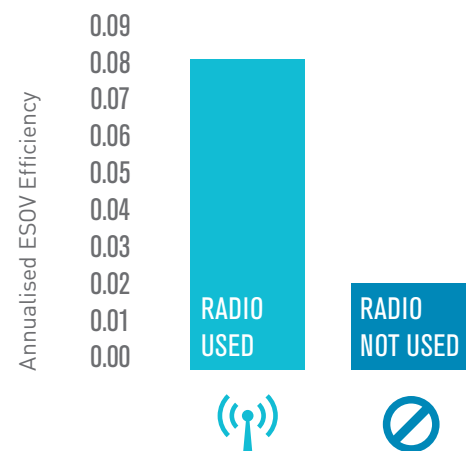
There are three analyses in particular which paint a clear picture for the role of audio – or radio, which was the audio source in all these cases:



### a) sales efficiency:

When all other things are equal, a brand's market share tends to follow its share of voice. This chart shows that brands which use radio have a much higher efficiency rating for converting their share of voice into share of market

## Radio amplifies sales efficiency



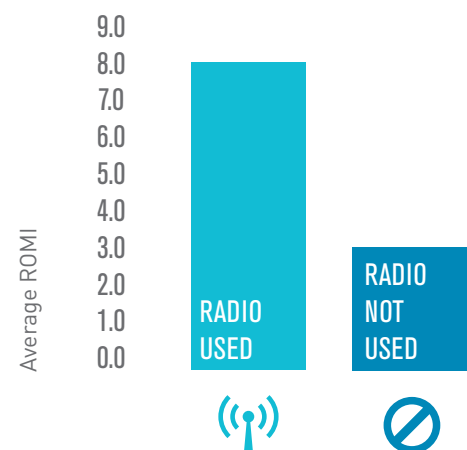
Source: IPA Databank



### b) ROMI (Return On Marketing Investment)

Sales efficiency directly influences the return which brands make on their marketing investment. The IPA data suggests that campaigns which include radio have a much higher financial return than those which don't, and this is in line with previous research for the RAB conducted by Holmes & Cook in 2013. This showed that on average, advertisers get nearly £8.00 back for every £1.00 they spend on radio

## Radio boosts ROMI



Source: IPA Databank

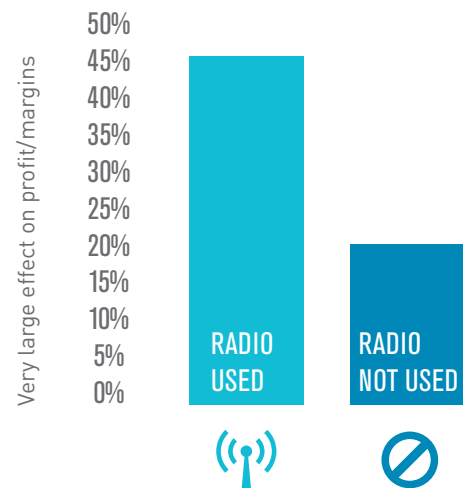




### c) effect on profits and margins

In a sense, this is the ultimate metric for an advertiser's marketing spend – the effect it has on profitability. Again, the data here indicates that including radio in the mix significantly increases the effect on the client's profits and margins.

## Radio amplifies advertiser's profits



Source: IPA Databank

## iv. Audio is an underexploited opportunity

While these findings suggest that audio is a credible and powerful brand-building medium, there is one analysis which jumps out.

Radio – the primary audio medium – takes around 6% of all display advertising revenue, yet accounts for around 22% of the time people spend with media. When considered in the context of the evidence of this study, this suggests that the advertising business is underinvesting in audio advertising and missing out on the powerful influence it can exert for brands.

Again, there is a fit here with the Holmes & Cook ROI study of 2013, which identified that raising radio's share of an advertising budget to around 20% leads to a significant rise in ROI – not for radio alone, but for the overall ad campaign.



# APPENDIX

## **About RAJAR MIDASplus**

This survey runs twice a year and comprises 1200 re-contacted respondents from the main RAJAR Survey. Since Autumn 2012 it has measured listening to all forms of audio beyond radio, including owned music, music streaming services and online music audio/video clips. The data is published here for the first time.

### **For more on the way music works in advertising:**

<http://www.rab.co.uk/research/turning-art-science/>

### **Amara's Law: From Wikipedia, the free encyclopedia**

Roy Amara was a researcher, scientist and past president of the Institute for the Future. Born in Boston 1925, he has also worked at Stanford Research Institute. He held a BS in Management, an MS in the Arts and Sciences, and a Ph.D. in Systems Engineering. He died in 2007. He is possibly best known for the quotation "We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run.", which was paraphrased by Robert X. Cringely, and is sometimes known as Amara's Law.

### **What David Bowie said about the future of music in 2002**

<http://www.nytimes.com/2002/06/09/arts/david-bowie-21st-century-entrepreneur.html>

Research partner:





# AUDIO NOW

The Radio Advertising Bureau, part of RadioCentre Ltd, is funded by the UK Commercial Radio industry to encourage national advertisers and their agencies towards more effective use of radio as part of their communications mix. For further information, go to: [www.rab.co.uk](http://www.rab.co.uk)

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