

# Redefining Measurement in Programmatic Audio

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**MEDIA**

# sxm MEDIA

We represent the most dynamic portfolio of immersive audio experiences.

Live



Streaming



Podcasts



# Americans Are Listening

Digital audio reaches a vast majority of Americans.

- 214M Monthly digital audio listeners
- 75% of the total US population 12+



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Audio occupies a unique role in our media consumption, adaptable for various settings and activities, with an increasing number of devices supporting its consumption.

It seamlessly accompanies tasks and multitasking, making it accessible during moments and in locations where video cannot reach.

# Our Lives Revolve Around Audio

**22** Connected devices in the average US home<sup>1</sup>

**+12 mins** more time spent listening to audio than previous year, 5% increase in daily audio time<sup>2</sup>

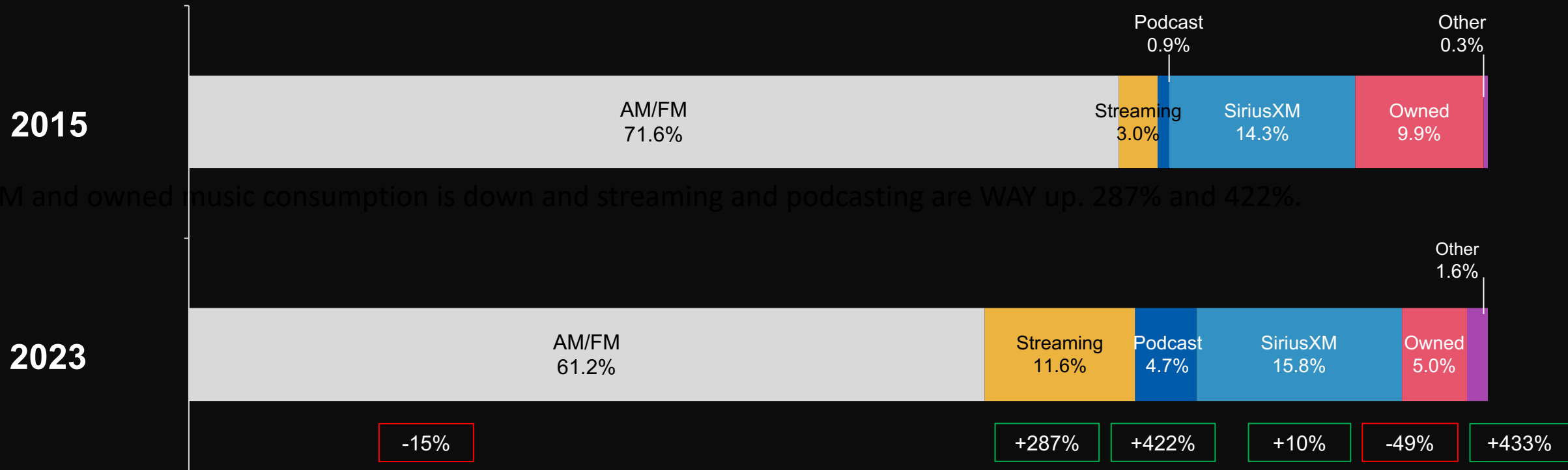
**69%** listen to more audio content because they can access it/take it everywhere<sup>3</sup>

**53%** audio helps escape from too much visual stimulation<sup>3</sup>

Source: 1. Reuters, 2021 - Smart Devices get pandemic boost in U.S. households. 2. Edison Research Share of Ear, Q4 2022, Daily Listening Figures 3. Pandora Soundboard, 2022 User Study, A18+, March 2022 .Base: A25-54

# How Daily Share of Listening Has Changed Overtime

STREAMING, SATELLITE, AND PODCASTS DAILY SHARE OF EAR GROWING (P13+) IN-CAR

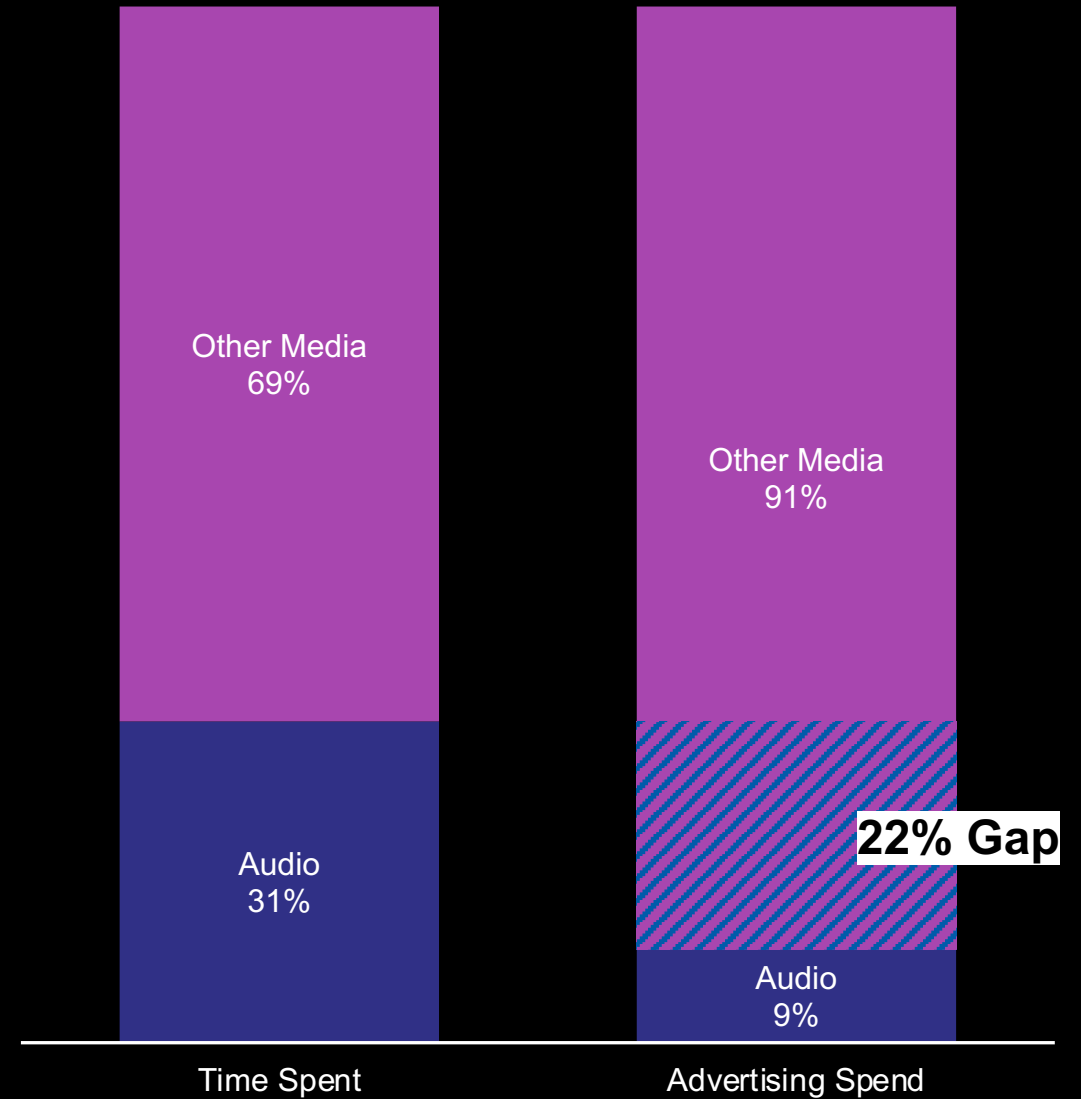


AM/FM and owned music consumption is down and streaming and podcasting are WAY up. 287% and 422%.

# Mind the Gap

While digital audio significantly engages consumers, advertising spend lags behind, with audio comprising only 9% of media budgets despite occupying 31% of media time.

In 2022, programmatic transactions for digital audio represented roughly 20% of total ad spend, but this share drops further to just 8% in 2023 for podcast advertising.



# Audibility

## A PARALLEL TO VIEWABILITY

Audibility, introduced by the MRC in its 2018 Digital Audio Impression standard, defines an ad as audible if it plays continuously for two seconds with sound on and without invalid traffic. Pandora partnered with UCSF Neurology Professor Ted Zanto that year to validate this two-second recognition threshold for audio ads.

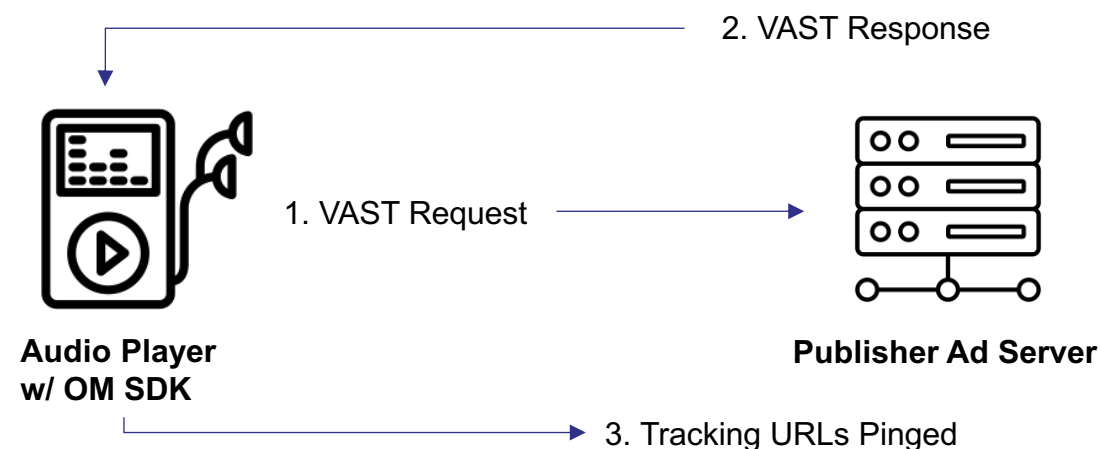
### Test Result Highlights:

- All ad durations led to "free recall memory."
- Longer ad duration did not significantly affect free recall results.
- All tested ad durations enabled significant recognition memory.
- 8-second ads yielded a slight improvement in memory (only +6% increase) compared to 2- or 4-second ads, whereas 2- and 4-second ads were nearly identical.

## DID YOUR AD REACH A HUMAN USER AND WAS IT PLAYED WITH SOUND ON?

- ▶ MRC Digital Audio Standard is **2** continuous seconds with sound on and free from IVT

## HOW DOES IT WORK?



# IVT

## A MEASURE OF NON-HUMAN TRAFFIC

Highlighting the importance of audibility, it's crucial to stress the need for ad validity. With digital audio's rapid growth, it attracts both advertisers and undesirable elements like bots. Monitoring for invalid traffic and maintaining a secure environment is vital to prevent wasted resources and ensure a positive ROI for advertisers.

Audio advertising comes with its own unique invalid traffic threats. One example is "Low Quality/Fake" audio tracks that can generate illegitimate traffic and royalties. At SXM Media, our dedicated teams and partnership with HUMAN Security ensure we quickly detect and mitigate these and other risks. AdsWizz recently implemented pre-bid traffic validation to ensure a safe marketplace.

## Invalid Traffic

- ▶ Ad impressions that don't come from a real user with genuine interest

## Unique Threats to Streaming Music

- ▶ Low quality/'fake' recordings to generate royalty payments
- ▶ Influence song selection algorithms and music charts to inflate spins





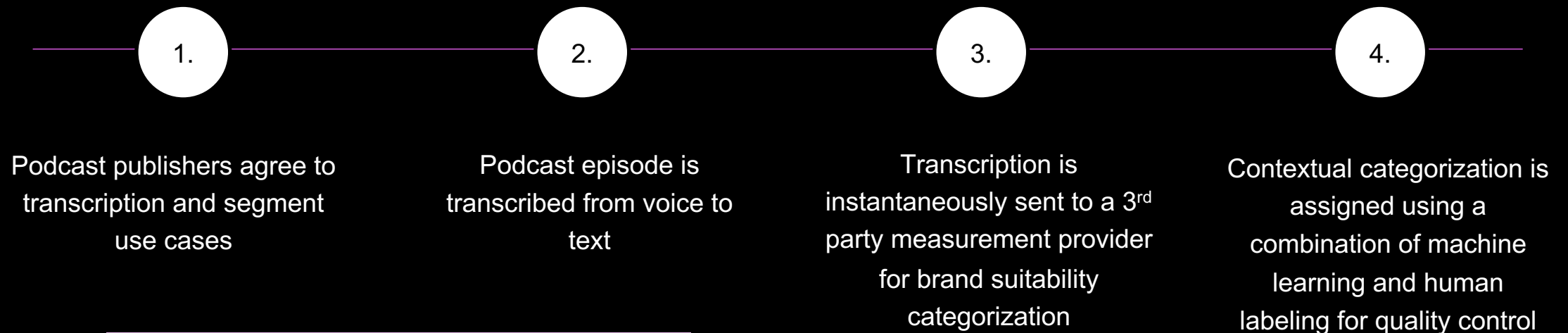
# Brand Suitability

The Right Audience, The Right Environment

# Podcast Transcription Targeting

One of the most significant barriers to brands entering the podcast advertising space is the lack of industry-wide measurement and attribution standards.

Brand safety and suitability are essential to advertisers regarding podcasts.



## USE CASE: "VIOLINS" vs "VIOLENCE"

Transcription engine looks at the overall context of the episode and synonyms around them to gut check the use and meaning of the word and thus categorize the episode it belongs in

# Podcast Verification Measurement

In collaboration with Barometer and ArtsAI, we've introduced an unprecedented brand safety and suitability verification solution tailored for podcast advertising. This pioneering initiative represents a significant milestone. It marks the first instance of podcast advertisers gaining access to a third-party BS/S verification solution, ushering in an era of enhanced transparency.

1.

Podcast Ad Sales team  
applies Brand Suitability  
Targeting

2.

Measurement Verification  
Provider creates transcript  
and categorizes episodes

3.

Episode IDs in impression  
logs are used to validate  
discrepancies

4.

Discuss any discrepancies  
and optimize targeting for  
reach and avoidance

This development will attract new brand advertisers to podcasting, catering to those eagerly awaiting third-party measurement and verification tools for this metric. Marketers are willing to embrace the challenges; they seek the necessary tools for effective management. We are anticipating that this breakthrough will spark substantial industry discussions and innovations.

THANK YOU  
THANK YOU  
THANK YOU

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