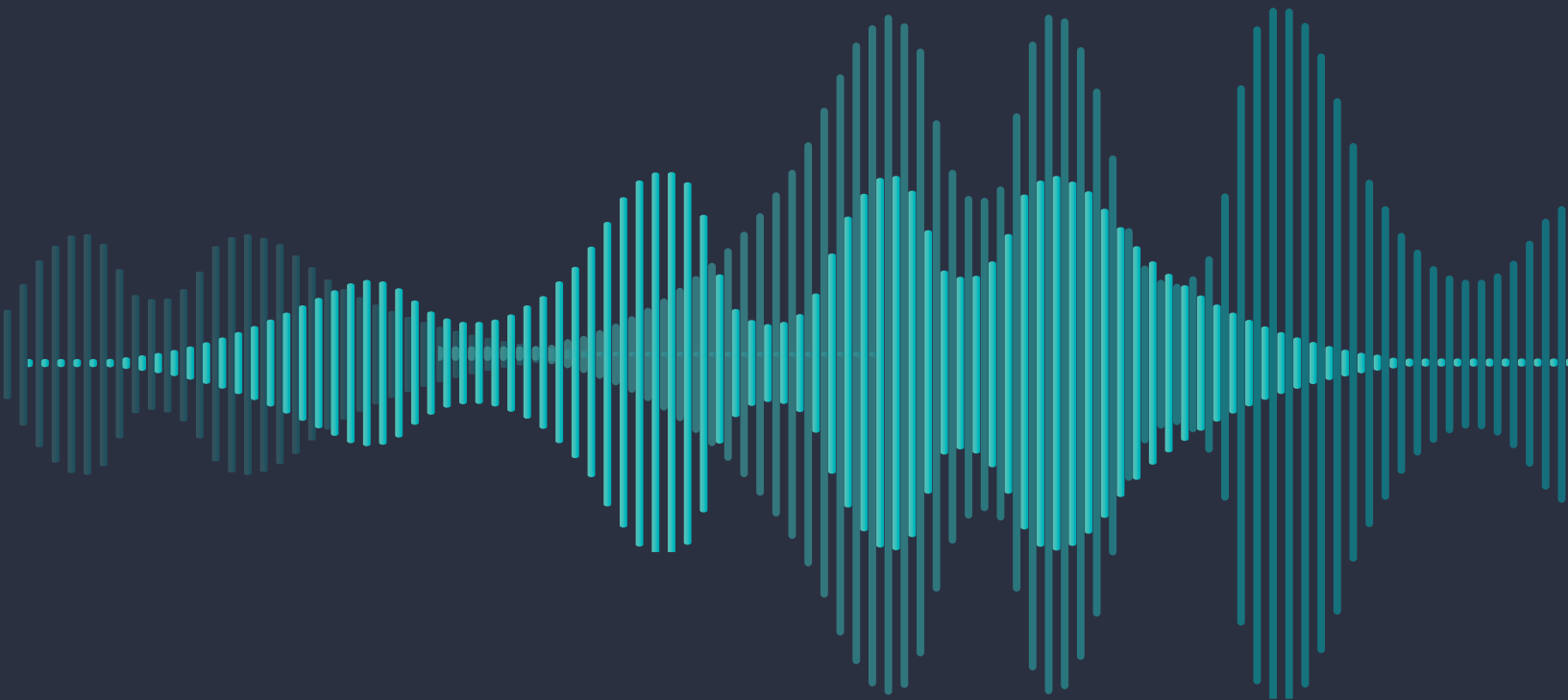




Considerations for Audio Investments During COVID-19



April 2020

While consumers are settling into their new routines of life at home, consumption habits are shifting dramatically across digital mediums. So much so that Nielsen is estimating Americans are spending just shy of twelve hours each day with media platforms. At a glance, here is how brands should be reassessing their audio strategies:

Don't discount the consumer value audio and podcasting bring.

Offer consumers value as they look to escape and unplug.

Be willing to try new targeting strategies while also being agile with messaging.

For this POV, let's take a look at how people are turning to audio to pass the time.

State of the Market

Even though media consumption is up, live TV viewership is surprisingly down YoY — likely as a result of live sports being canceled in masse. Of note, this is the first time in history that a decline in live TV viewership is occurring during a crisis. Typically, natural disasters or public crises are a driving force behind rising time spent with live TV, but not in this instance. In its place, consumers are sticking with their mobile devices to stay connected and informed through social media, radio, and podcasts.

For podcasts in particular, downloads are up with mid-March 2020 recording the highest number of downloads within a 5-day period. Listeners have shifted categories and are spending more time with news shows, resulting in a 30% increase in downloads. Listening behavior has also changed. With millions safe at home, podcast listening is occurring throughout the day instead of primarily during commuting hours.

For advertisers, biddable audio inventory and demand were relatively flat programmatically through March, resulting in gradual pricing increases at the start of the crisis. This was in contrast to other digital channels that saw CPM declines as a result of inventory surges and advertisers blocking content (via blacklists) surrounding breaking news headlines.

Music

In the past week alone, iHeartRadio digital listeners grew by 21% at home, top 3 (Alexa, Google Home, and Sonos) speaker listeners +30%, web listeners +20%, and smart TV listeners +23%. And it's not just the content that's benefitting. Listeners are engaging (up 19%) and sharing content (+97%) from radio personalities's social media profiles as well.

It's no secret that people turn to music in tough times, though this time around, content is in higher demand than ever before. With the ease of listening across (quite literally) billions of devices, we typically see Pandora listenership remain consistent regardless of a public health crisis, or natural disaster. Based on a Pandora user study, it was found that 88% of people that music improves their mood, 89% say music relaxes them, 85% say music makes them happy, and 74% said music motivates them.

Audio meditations, work from home playlists, and SiriusXM content are all resources and key content verticals listeners are going to lean into as we adapt to a "new normal," according to Pandora. Additionally, Pandora is already tracking a daily uptick of 25-30% in creator uploads to SoundCloud. This tells us that music is going to be elevated as an outlet for creating and consuming during social distancing measures.

Just as there is a movement to support local restaurants and small businesses, brands have created initiatives geared toward helping the music community and individual artists who have been impacted during the outbreak:

- Levis has launched a live stream concert series on Instagram, bringing entertainment and comfort to consumers who are social distancing via the hashtag #StayHomeStayConnected. The performances feature a new artist each day and allow users to donate to various COVID-19 relief charities, while also [supporting the arts](#) during a trying time.
- Spotify has launched its [COVID-19 Music Relief](#) project to partner with various organizations to encourage donations from users. The company has pledged to match every dollar donated up to \$10M to help support the music industry.

Of course, shifting consumer habits (WFH, minimal commuting, and school closures) are causing some declines in music streaming across genres. For starters, restaurants, bars, and other facilities across the world are closed, [resulting in listenership declines](#), and with millions safe at home, there are endless hours of content to consume across other platforms instead of music. From the BBC, "People who stream music in the office also seem to be turning off and watching Netflix instead, and there's a big rise in radio listening – suggesting we're seeking [companionship alongside our music](#)."

Podcasts

While music streaming may not have seen dramatic inventory increases, the podcast space is seeing huge transformations during this period as people seek information, education, entertainment, and comfort. Overall, podcast listenership has increased on publishers, including iHeartRadio and Acast, which are outpacing the last three months by 15% and 7%, respectively. These volume increases have allowed the following macro-level trend observations:

Listening Moves Home, Creating New Habits

Streaming consumption in the home across devices such as desktop, gaming consoles, TVs, and speakers is beginning to grow while in-car consumption has seen a decline, as a greater share of listening moves inside. iHeartRadio smart TV listening was up 23%, and smart speaker listening (across Amazon's Alexa, Google Home, and Sonos) was up 30%.

Mobile is still dominant

Mobile continues to be the primary platform where users listen to Spotify. However, it's likely increasingly used as a remote to control other devices like speakers, TVs, and consoles, reflecting users adapting to new routines. Smartphone use is up to nearly four hours/day (~2.5 pre-crisis) and tablet use up to 52 minutes/day (43 pre-crisis).

Content focus is shifting to fit the current state

As increased domesticity becomes the norm, we're seeing an increase in cooking and housework playlists, as well as children's music, and a move away from music intended for group celebrations and work. Of note, kids and family, education, and arts podcasts are up 300%, according to Katz. As sporting events are canceled or postponed indefinitely, sports-related podcasts are taking a hit. Listens to podcasts in Acast's Sport and Recreation category over the weekend were down -2% globally. However, it is likely this trend may reverse as sports podcasts adapt their content for the current circumstances.

Listening trends show human resilience

Podcast genre choice reflects listeners' attitudes towards the world around them. We're seeing that users are focusing their podcast listening time on self-improvement and spirituality. Within the first two weeks of March, Italy experienced enormous growth in the following podcast verticals: religion and spirituality podcasts were up 1500%, and self-improvement podcasts are up 500%. While U.S. trends resulting from the novel coronavirus outbreak trail a few weeks behind those of Italy, books are already up by 250%, and religion and spirituality are up 160%, according to Katz.

Terrestrial Radio & Satellite Radio

We can all assume that both terrestrial and satellite radio will see quite a hit as few people are in-car as both of these platforms are highly dependent on in-car usage. Streaming, on the other hand, is ubiquitously available throughout someone's daily life, car or no car.

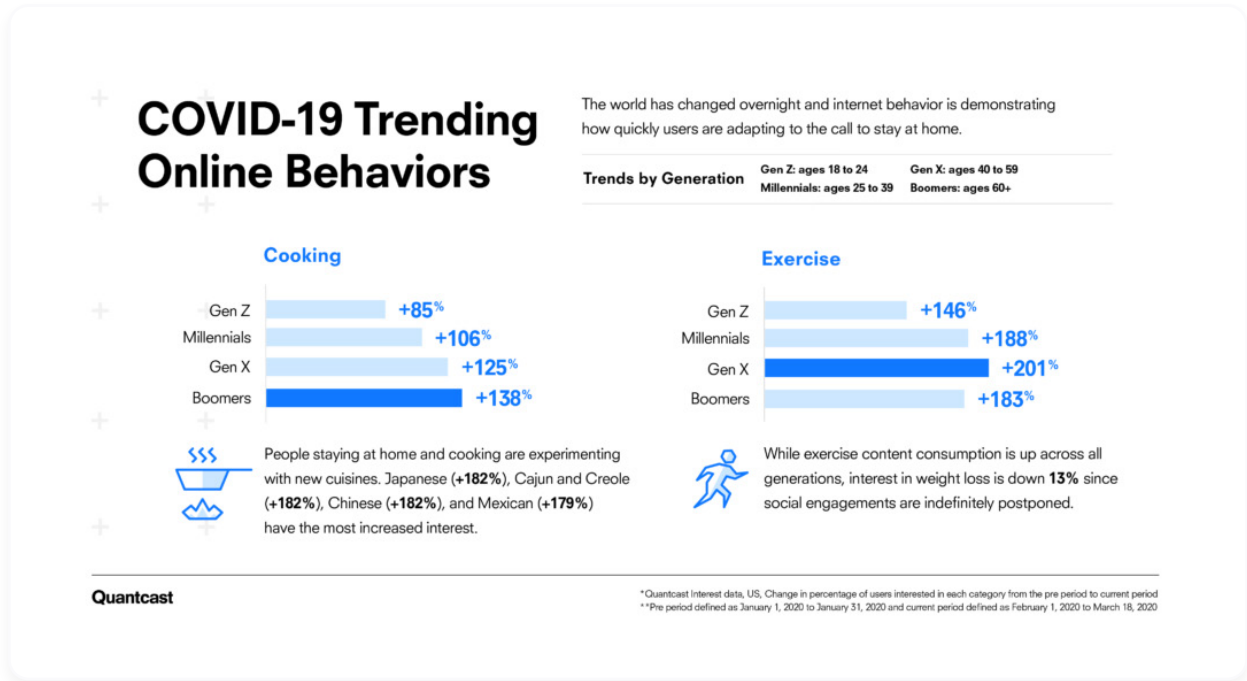
In the UK, radio listening rose 15% across Global, who owns Capital FM and LBC, channels as the spread of the virus had widened in the region. News radio is showing to be a trusted channel in times of crisis for UK listeners for news updates. According to James Purnell, BBC Radio and Education director, "People turn to us during significant events for our news analysis but also for music, entertainment and companionship."

Cooking Tutorials & Cabin Fever Cooking

With a fair amount of the U.S. population staying home, we find ourselves dusting off pans we forgot we had and attempting things we would usually do once a year. A plethora of talented chefs and home cooks are online, sharing with us their tried and tested recipes, insightful tips and tricks, and quite honestly – a new form of entertainment.

According to Quantcast, those who are staying home and cooking are experimenting with new cuisines. Both Japanese, Chinese, and Creole/Cajun have all seen 182% lifts in interest. Mexican food falls closely behind with a 179% increase.

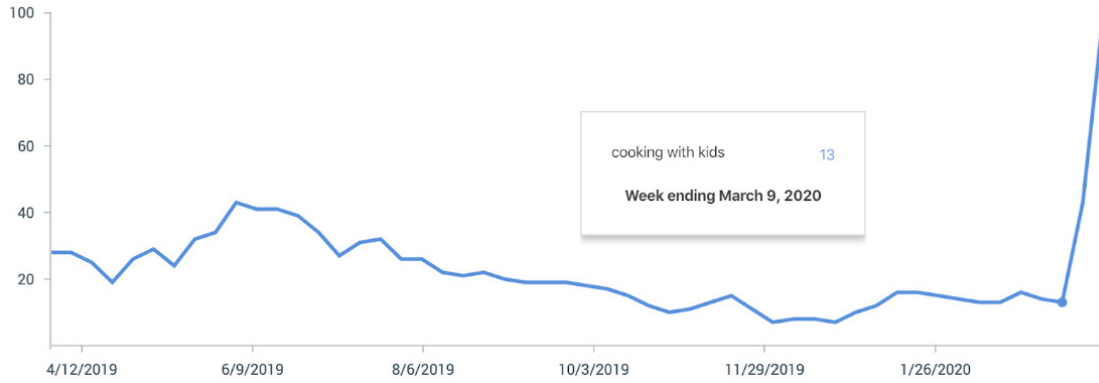
From a generation perspective, Boomers have increased their interest in cooking by 138%, with Gen X increasing 125%. GenZ is the least interested – only seeing increases of 85%.



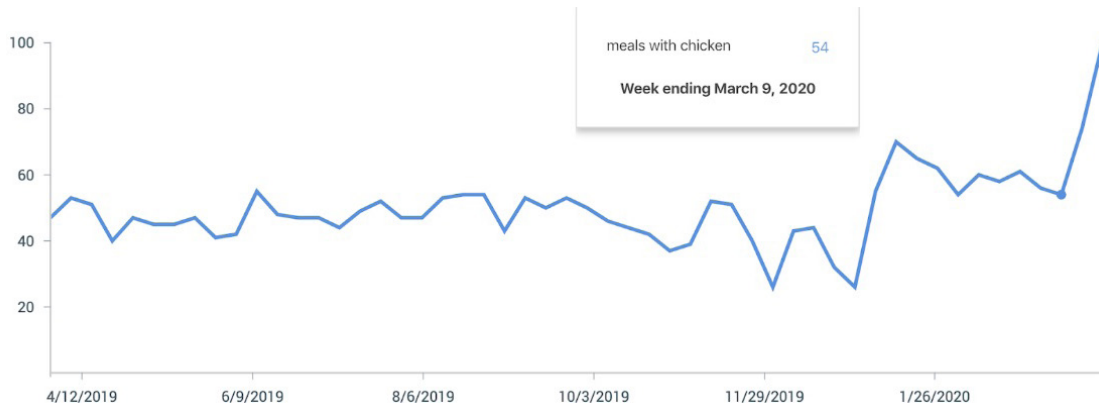
Pinterest activity reached a record high over the 3/20-3/22 weekend, with more searches and pin saves than ever before. As consumers are homebound, the platform has seen a 155% increase in searches for freezer meals, a 32x increase in searches for homeschool schedules, and a 13x increase in searches for indoor activities for kids as compared to the two weeks prior.

Isolating specific queries in Pinterest even further, it's evident that interest around how and what to cook has skyrocketed:

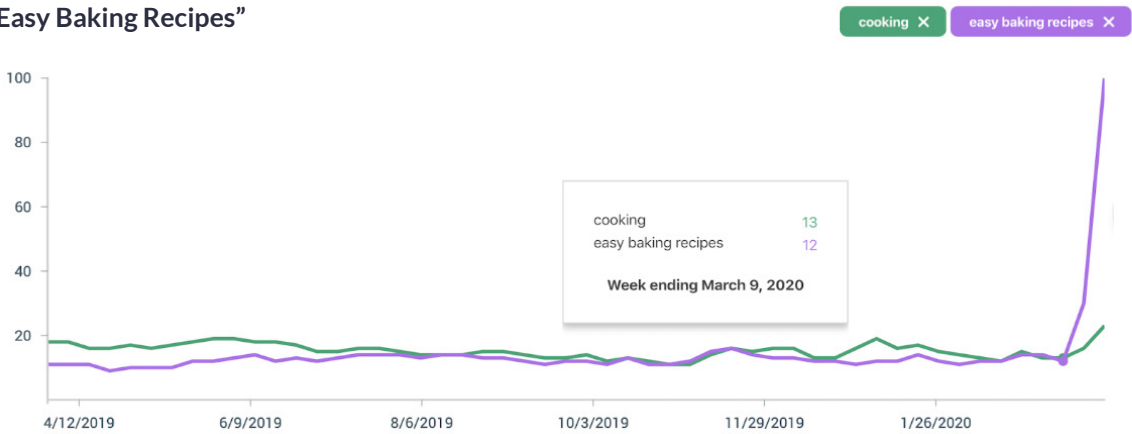
"Cooking with Kids"



"Meals with Chicken"



"Easy Baking Recipes"



Our POV

As your brand considers adjusting media strategies, PMG has a few takeaways and opportunities to consider:

Music streaming and podcast listening are more than commuter activities.

People are still listening to music and podcasts even though they aren't commuting to work or going to the gym. A lot of users will continue to listen while they work from home and around the house for entertainment.

Seek additional forms of human connection.

Consumers are turning to radio shows and podcasts as sources of social connection over the streaming of music itself. Prioritize audio inventory within content that has on-air personalities to reach consumers who are engaged and seeking connection and comfort.

Examine your audio creative and targeting.

Listening contexts are changing from work and large group settings to personal tasks and escape outlets. We recommend brands work with internal teams to develop an audio content strategy that demonstrates awareness and sensitivity of the current climate and consumer mindset. Consider switching up your digital audio context to include more types of channels — i.e., calming channels, meditations, work from home playlists, and children's music. Moreover, offer consumers value by sponsoring their listening sessions as they look to escape and unplug.

Messaging is changing. Leverage those who are here to help.

Every brand is trying to figure out how to adapt to the "new normal," which undoubtedly means changing messaging. Planned content may read as tone-deaf in the current environment. Brands are having to quickly pivot and revise messaging to be more sensitive to the current circumstances. For immediate creative needs, production teams (many who operate in-home studios) are available and ready to help.

We will likely continue to see positive trends in digital audio, especially within specific channels and mediums. Consumers are embracing the medium and respective platforms at an unbelievable rate, and now is the time for brands to do the same.



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