

Audio Advertising: The Inside Track



TODAY'S SPEAKERS



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sxm
MEDIA



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pandora

HELLO

HELLO

HELLO

SXM
MEDIA

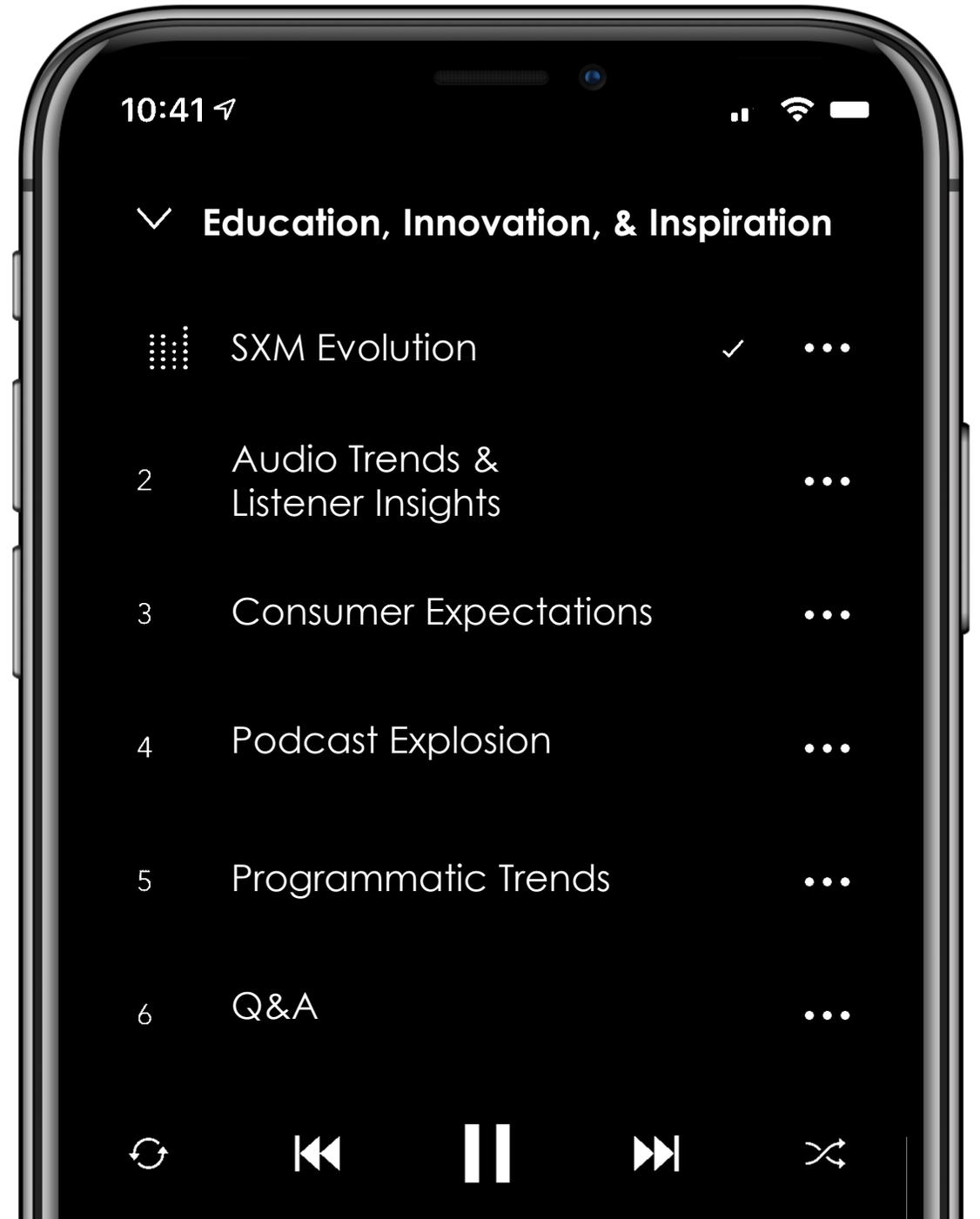
((SiriusXM®)) pandora®

STITCHER

HELLO

HELLO

TODAYS PLAYLIST



THE WORLD'S LARGEST AUDIO PLATFORM

WE'VE BEEN BUSY!



Providing The World's
Best Audio Content



Fueling **Audio Discovery** Anytime,
Anywhere.



Podcast Platform & Network 270+ podcasts
including Freakonomics Radio, Conan O'Brien
and more...



A Community Of **Influential Music**
Creators And Fans, only 11%
duplication with Pandora audience



A World Leader In
Programmatic Digital Audio



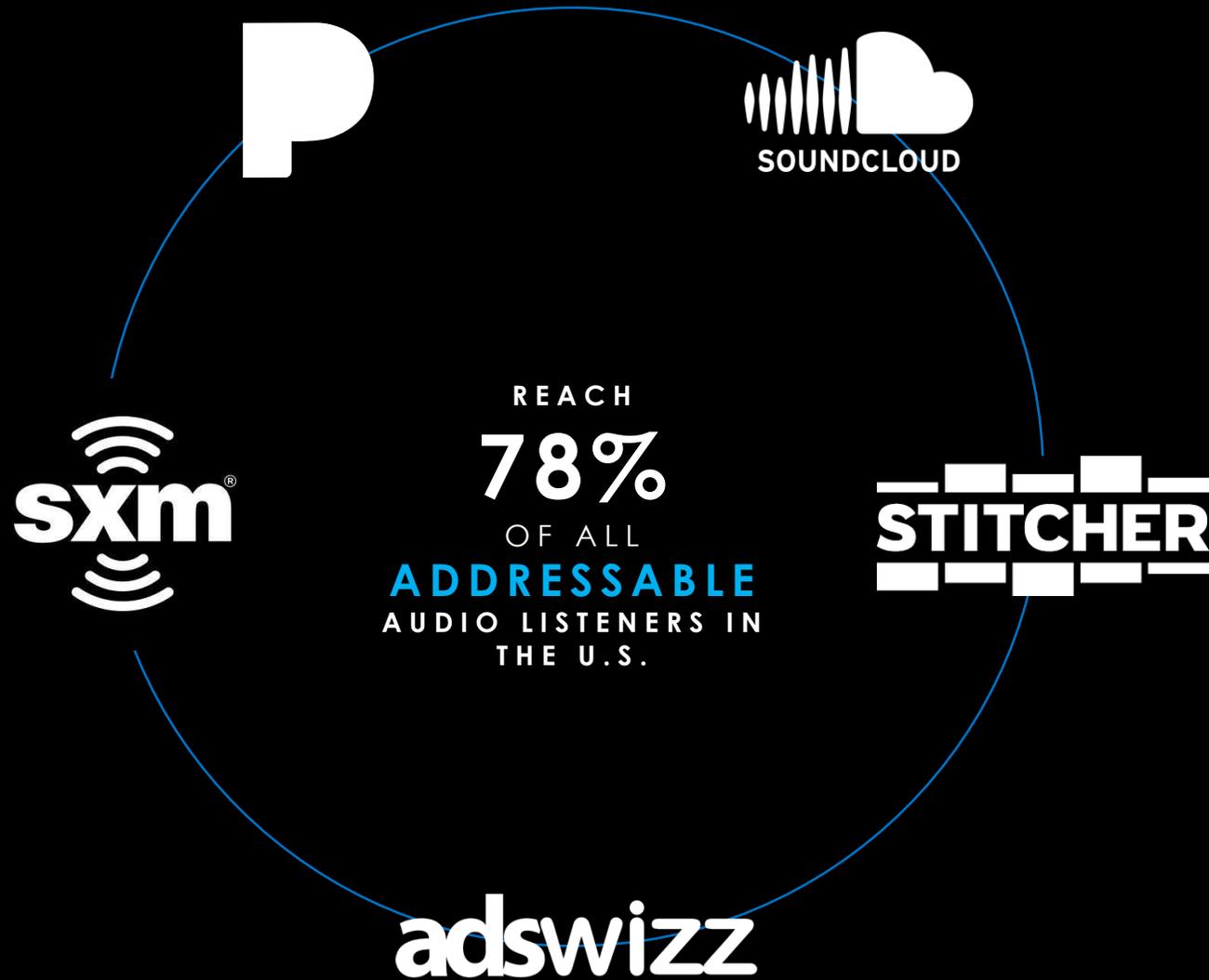
Simplecast

Podcast Analytics and Measurement for
creators and ad partners

ALLOW US TO REINTRODUCE OURSELVES

SXM MEDIA

An audience of **over 150 million listeners** across a multi-publisher platform, every form of audio content, and millions of artists, hosts, and influencers across all devices — *all through one simple buy.*



SXM Media is the Premier Audio Partner

THE LEADER IN MOBILE ADDRESSABLE AUDIO



87M
MUVS¹

48%
LISTENERS
REACHED
THROUGH ADS³

101M
MUVS¹

89%
LISTENERS
REACHED
THROUGH ADS ON
PANDORA/SOUNDCLOUD²



54M
MUVS¹

?%
LISTENERS
REACHED
THROUGH ADS

A close-up photograph of a woman with dark skin wearing a black beanie and light blue headphones. She is looking down and to the left. Two hands are visible, one on each side of her head, adjusting the headphones. The background is blurred, showing a white surface. The text "Audio Trends + Insights" is overlaid in the center in a bold, white, sans-serif font.

Audio Trends + Insights

AMERICANS SPEND NEARLY

4 hours

PER DAY

WITH AUDIO

ALL

EAR

116M

people listen to podcasts every month¹

1 in 3

US households own smart speakers³

40%

of adults turn to audio daily, more than any other media²

53%

use free, ad-supported streaming audio services while 27% subscribe⁴

16.4%

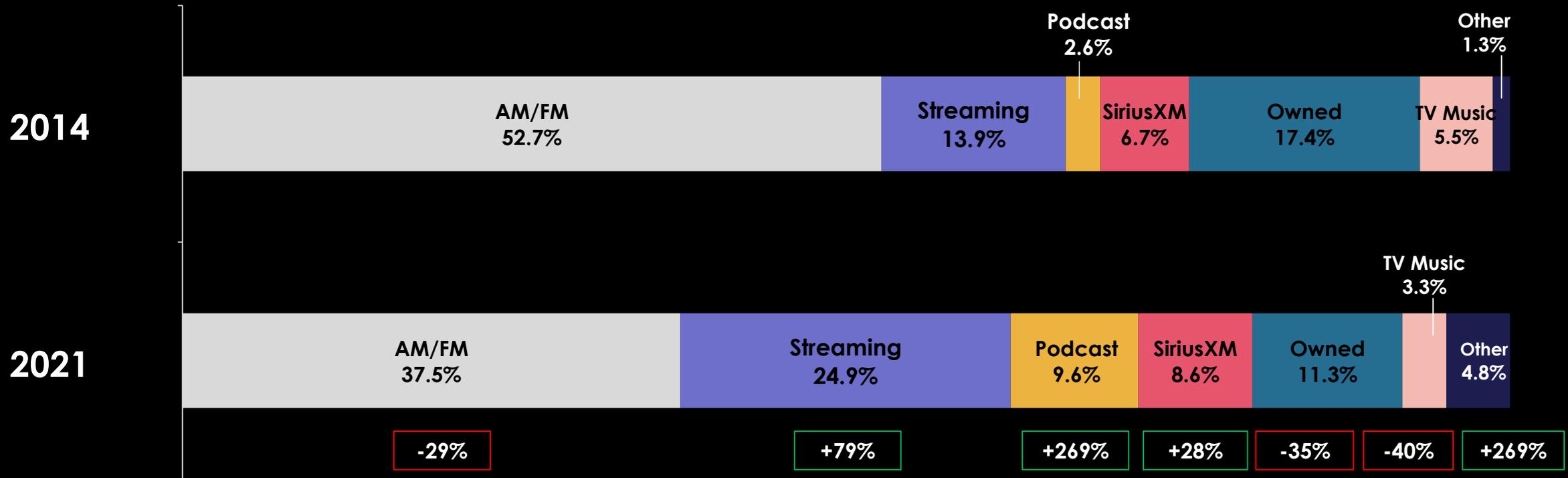
rise in streaming YoY from 2019 to 2020⁵

Source: 1. Edison Research, The Infinite Dial 2021, 2. Nielsen 360 Music Report 2020, 3. The Nielsen Total Audience Report: August 2020, 4. Nielsen, "Ad-Supported Audio Presents a Compelling Opportunity", February 2020, 5. Edison Research, Share of Ear, Q1 21 vs 2015



DIGITAL DOMINATES THE LISTENING SPECTRUM

Share of Daily Time Spent by Audio Type, Ages 18-54



Source: Edison Research Share of Ear Study, Q1 2021 vs 2014.
AM/FM listening online was credited to AM/FM category.

A man with glasses and a white t-shirt is sitting in a studio, wearing large black headphones. He is smiling and looking towards the right. In front of him is a professional microphone on a boom arm. The background shows a studio environment with soundproofing panels and various pieces of equipment.

Podcast Explosion

The Podcast Universe

116 MILLION

Americans
listened to a
podcast
within the
last month

22%

Growth
Year over Year

2 MILLION

Active
Podcasts

Psychology & Neuroscience

OUR BRAINS ARE WIRED NATURALLY FOR VOCAL STORYTELLING

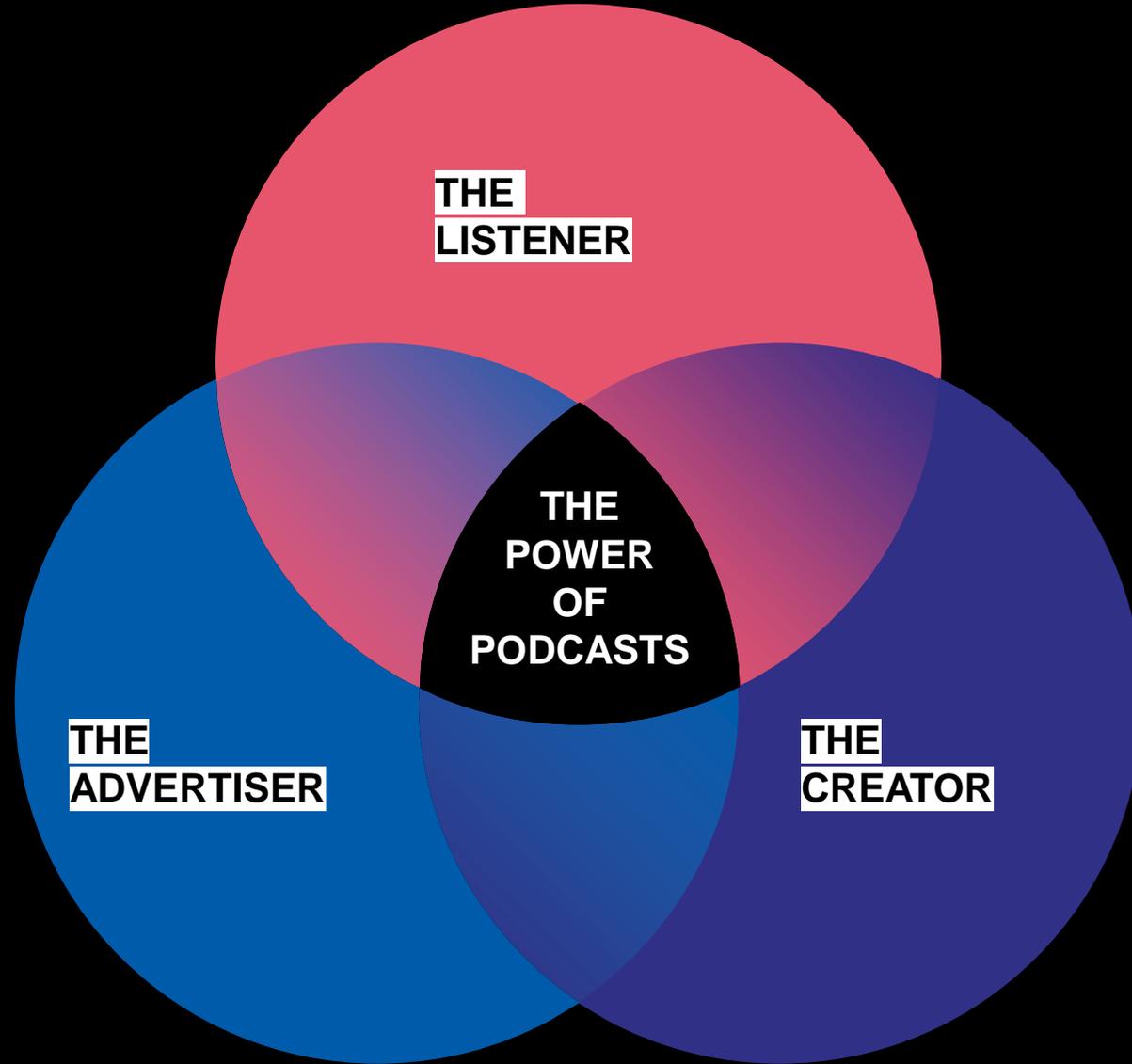
**Hearing
is our
primary
sense**

**Vocal
storytelling
is part of our
shared culture
& history**

**Leaned-in-Mind =
Explorer Mindset**

Podcasts generate up to
4.4x better brand recall
than display ads on other
digital media platforms

Connection Where It Counts



Unreachable No More Podcast Listeners...

Ignore

56%
social media ads

61%
television ads

63%
radio ads

71%
web display ads

But Pay Attention to

77%
listen to podcast ads

9 in 10
*took an action after
hearing a podcast ad*

Combat Skips

Podcast Ads are the least skipped format compared to other mediums, but there are still tactics to best resonate with listeners.

CREATIVE ROTATION

78%

skip because they've heard the same ad before

INTEGRATE CREATIVE BEST PRACTICES

47%

skip because the ad was disruptive

ALIGN WITH AUDIENCE

69%

skip because they weren't interested in product advertised





Consumer Expectations

FUTURE WANTS FROM BRANDS

Looking ahead, over 6 in 10 Pandora A18+ want products/services that make their lives easier

62%

Products and services that make my life easier

41%

Flexibility for different financial circumstances (e.g. flexible payment options, discounts)

36%

More information on how they are taking care of their employees

33%

More information on how they are giving back to communities

32%

More digital offerings (e.g. e-commerce, virtual events, apps, virtual try-ons)

28%

Increased diversity within their ads



Programmatic Trends

What I'm seeing

We've Hit the Tipping Point

- Marketers and Agencies are moving more dollars programmatically for non-guaranteed flexibility, frequency management, data informed buying. We've officially hit the tipping point, so buckle up!
- Addressability and open measurement are table stakes
- **New Platforms:** Still opportunity in audio to establish new programmatic markets in Connected Home, Podcasting and In Car. These platforms add unique reach to programmatic buyers who are starving for incremental users and high engagement
- **Identity:** IOS 14/IDFA changes will have an impact – perhaps a major one. Aligning with market-leading ID solutions and publishers with 1P data is critical to a programmatic strategy
- Important to align with best-in-class platforms and technology (BASIS) to get the most out of Publisher relationships. Make your buying smarter

The Programmatic Audio Opportunity Deconstructed

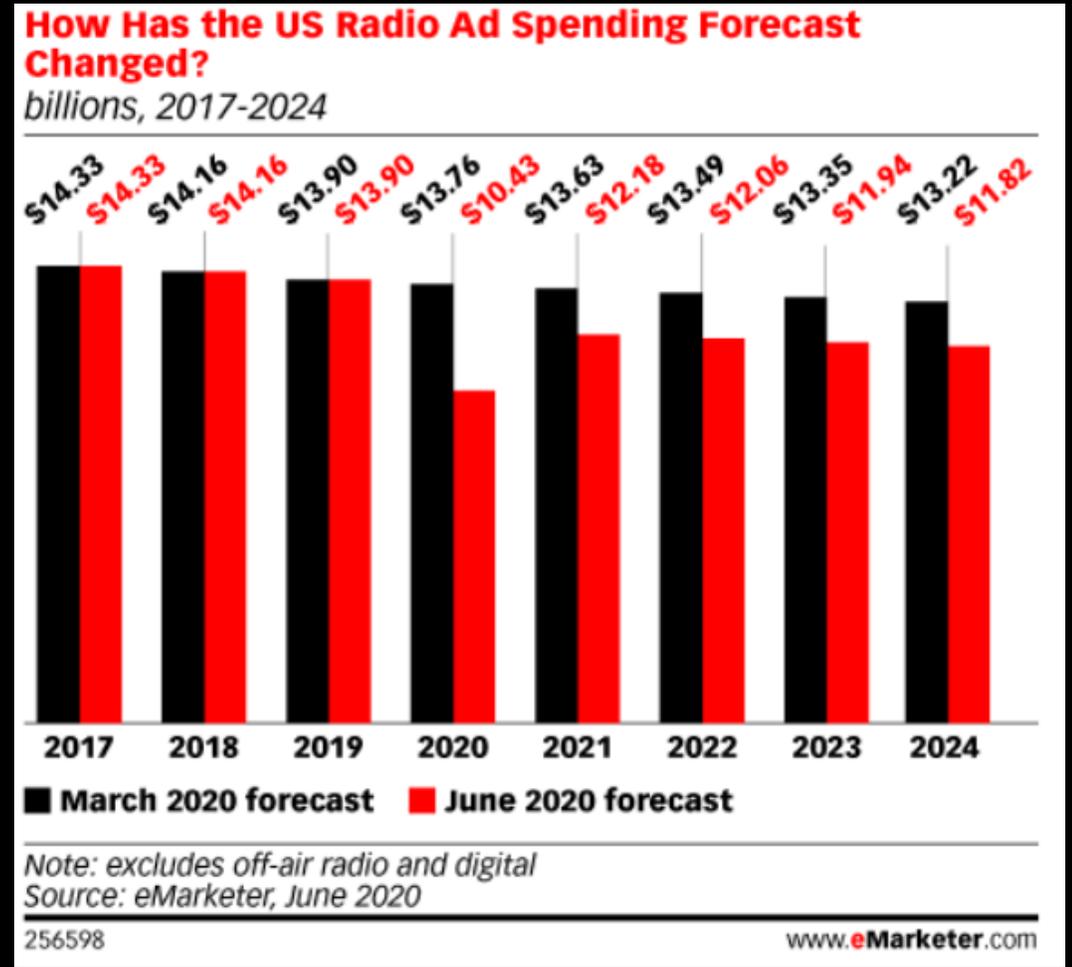
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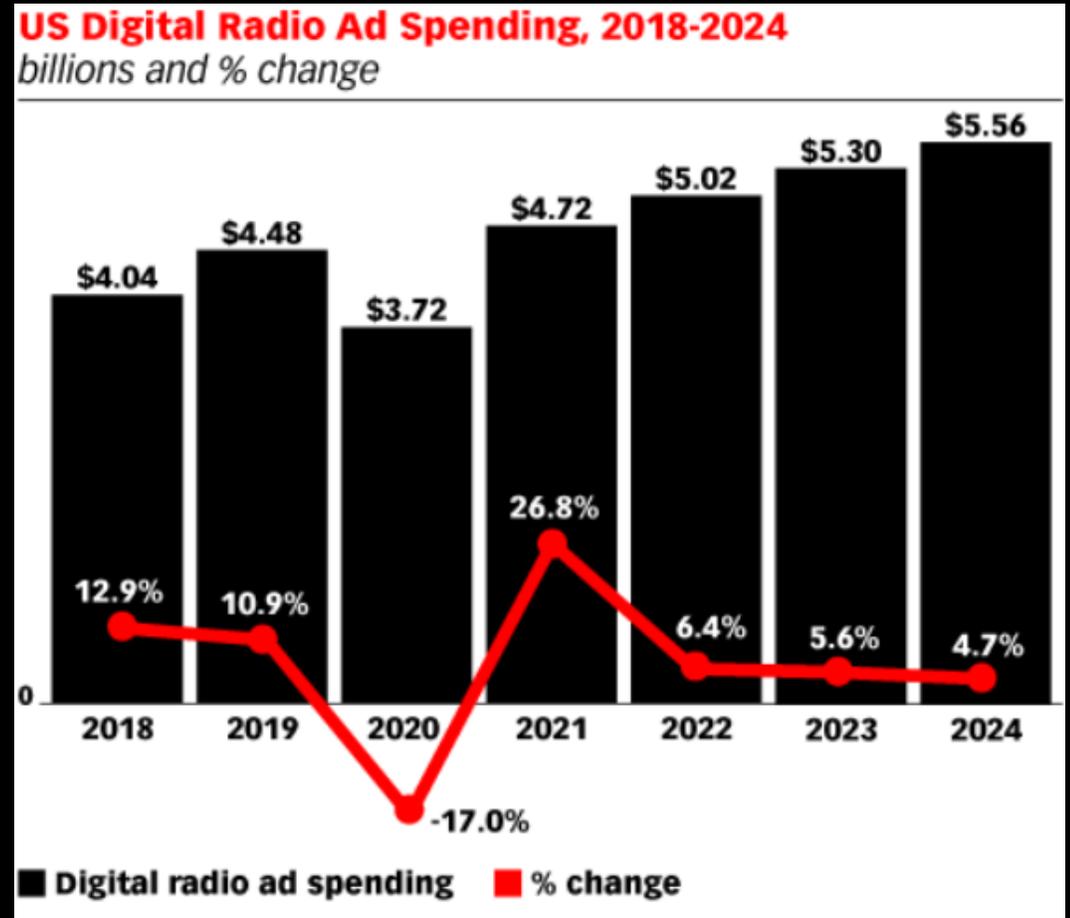
2020 Terrestrial Radio Ad Spend Trends

- Emarketer predicts radio ad spend of \$12.18B in 2021
- 2021 will rebound slightly from 2020 where there was a 25% decline, but 2021 will be the high point for radio ad spending moving forward. It will not reach pre-pandemic highs again
- Radio has historically had an artificially high share of audio ad spend – with no addressability!



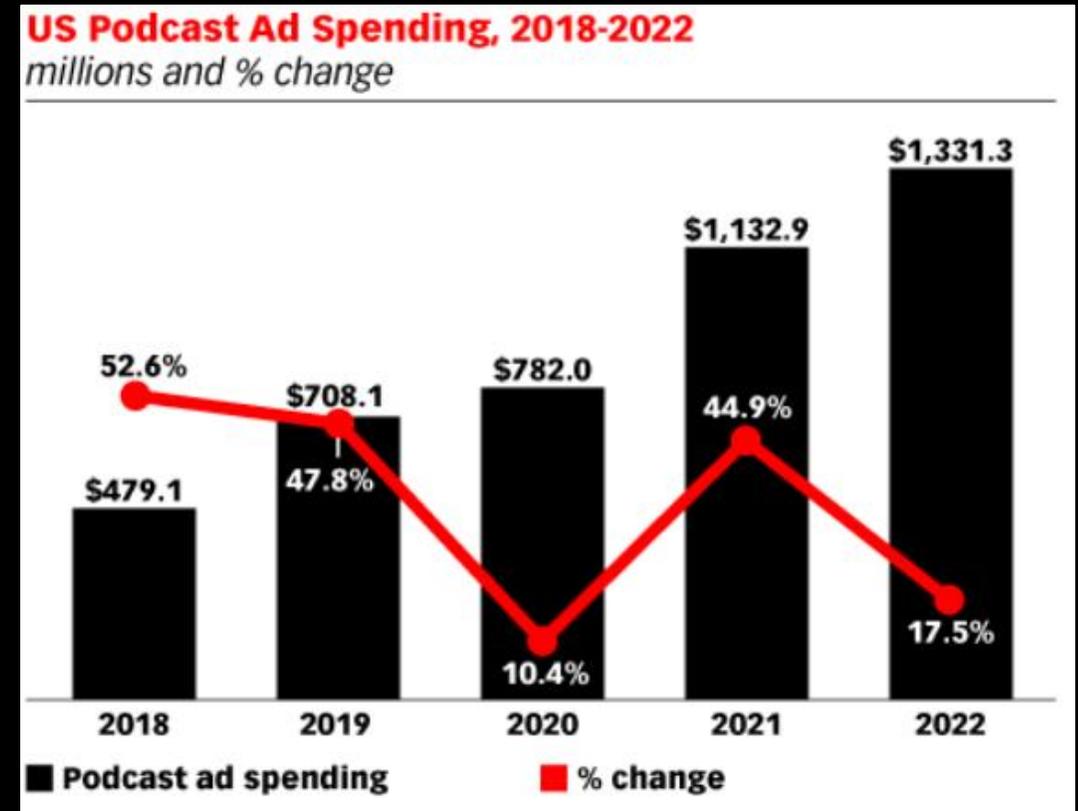
Digital Audio and Programmatic

- Emarketer predicts US Digital Radio Spend will reach \$4.72B in 2021
- 16.5% will be transacted programmatically in 2021, increasing to 21% by 2022
- Prediction that podcast spend will surpass \$1B in 2021



Podcasts and Programmatic

- Emarketer predicts that US podcast ad spending will surpass 20% of digital radio ad spending this year
- Only 4% of podcast advertising was bought programmatically in 2020, increasing to 6% in 2021.
- Emarketer predicts large growth as investments in audience measurement and dynamic ad insertion continue



OUR PILLARS SHOULD BE YOUR PILLARS

DATA-ENABLED

Tap unique publisher data or BYO data for audience targeting

MULTI-PLATFORM

Reach listeners where they are:

Desktop, mobile and tablet today, Connected Home and addressable in car in the future

MEASURABLE

Independent third-party measurement is a must

ADDRESSABLE SCALE

Start big to find specific audiences (CRM, Geo, etc)

ACCESSIBLE

Connections with best-in-class DSP tech (BASIS)

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LOOKING AHEAD



Programmatic Innovation

Our programmatic commitment will deepen,
will yours?

For SXM:

- More acquisitions and partnerships to support and grow our transition from publisher to platform (tech and inventory)
- Continued training and enablement for our sales and sales support – Programmatic first, not an afterthought
- Drive innovation across new formats and platforms (Podcasts, CE, In Car)
- Simplify the buying experience through partnerships like Centro/BASIS
- Many tactical, people-based execution with custom events/experiences/creative services

Advice to our partners

- Embrace the audio space!
- Contemplate how your org is set up to maximize programmatic opportunities
- Align yourself with trusted supply and adtech partners

THANK YOU
THANK YOU
THANK YOU

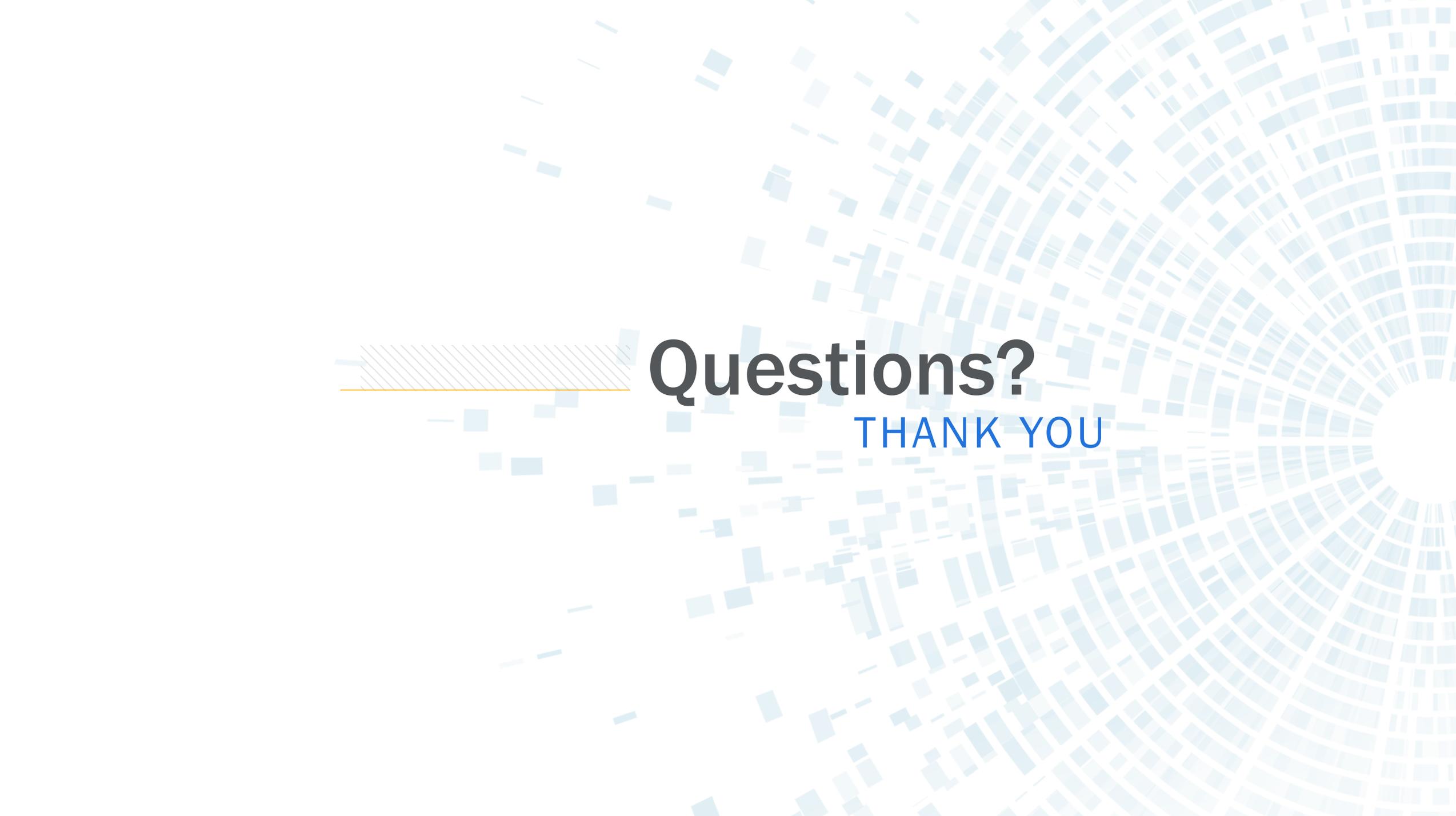
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THANK YOU
THANK YOU



Questions?

THANK YOU

