

A Status Report on Podcast Advertising

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Podcasting has begun to capture the public's imagination. Content creators are now providing a growing stream of intriguing and diverse content for downloading on MP3 players or personal computers, allowing consumers to control the time and place of their viewing or listening. And even advertising is emerging as a presence in podcasts. This article examines the landscape of podcast advertising, providing an overview of podcasting's development and current usage. New research explores current podcast advertising practices, such as quantity, type, placement, and just which companies are putting commercial messages on podcasts. Finally, the future direction of podcast advertising is anticipated.

PODCASTING IS A RELATIVELY NEW phenomenon, but one that is already driving change in how audiences consume and interact with media content. City streets, offices, and college campuses are full of people plugged into their MP3 players listening to or watching portable, self-contained news, sports, or entertainment content. A quick visit to the Podcast Alley, iTunes, or PodcastPickle directory sites reveals an expanding selection of video and audio podcasts, ranging from standards such as ESPN's *Pardon the Interruption* and NBC's *Meet the Press* to the more intriguing *MuggleCast* or *French Maid TV*. However, while the content selection expands and broadens each year, advertising practices on podcasts are not yet established and best practices not yet identified. In addition, the available research and academic literature on podcast advertising remains limited, thus the learning on how to advertise effectively on podcasts has really just begun. This article briefly outlines podcasting's development, existing learning on consumer usage, and content availability, but it primarily seeks to understand what is happening with the actual advertising placed on podcasts and what best practices might emerge in the future.

THE STORY OF PODCASTING

Podcasts, defined as digital files containing audio or video content, allow consumers to both time-shift and place-shift their listening and viewing habits through the downloading of content onto a personal computer or a portable media player for immediate or future viewing. At its core, podcasts are essentially content that has a strong element of *consumer control*, a key differentiator between podcasts and traditional media and even other new media (Van Orden, 2005a, 2005b).

How did this phenomenon begin? Former MTV VJ, Adam Curry, and the RSS Feed standard creator, Dave Winer, began developing podcasting in 2000. Frustrated with the amount of time and awkwardness of handling large video files, they realized that a regular network connection has the speed necessary for large downloads and could manage these large files during computer downtime. Winer then modified RSS 2.0 so his computer could automatically pick up any new files that had been uploaded to a website and download them when instructed by the software. Thus, as long as an individual creator made content available for downloading, podcasts would be available to any user. The idea resonated with

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people who then began purchasing MP3 players and learning about RSS feed. Podcasting started to take hold. In September 2004, "podcasting" was coined as a term, combining the words "broadcast" and "iPod," an immensely popular MP3 player manufactured by Apple (Affleck, 2005; Van Orden, 2005a, 2005b). Podcasting was ready to emerge as a player on the new media scene.

By mid-decade, podcasting began to show promise of substantial growth. In 2005, approximately 4.8 million people downloaded a podcast versus the prior year's number of only 820,000 (Odell, 2006). The popularity increased, and eventually a few adventuresome advertisers got involved. Early adopters, such as General Motors, distributed new-product news to consumers via podcasts (Krol, 2006). Some intrigued academics applied the concept early and accelerated podcasting's momentum. University of Alabama professor, Dr. George Daniels, allowed his "Introduction to journalism" students to miss one class a week to listen to his podcast entitled, "JN 100 on the Go" (Stainaker, 2006). References in popular culture increased the awareness of podcasting among the general public. Eventually, the sports world recognized the potential of podcasting with Boston University's hockey team providing free video podcasts of the Terriers, the first podcast of an NCAA sport (Boston University, 2006).

Ultimately, the mainstream media got involved as ABC, NBC, and other networks began to aggressively market podcasts of its portfolio of news and entertainment shows.

Recently, while awareness of podcasting was increased, growth in actual use has been more modest. According to a 2007 study by Edison Media Research, 37 percent of Americans are aware of podcasting versus 22 percent in 2006, a substantial increase. Yet only 16 percent of people have ever either listened to or watched a podcast. This represents a small percentage increase over the previous year (Webster, 2007).

Advertising and podcasts

Many content creators anticipate that because podcasting will change habits in media consumption, it will change how marketers communicate their advertising messages to consumers. They believe that advertisers, most of whom are currently waiting out the innovation period, will miss out on the early learning that could help form the experience base and learning from which to anchor future efforts (Bulik, 2005). Yet, despite early predictions about advertising not really having the traction to turn podcasting into a profitable industry, significant movement of advertising dollars has occurred (Loizos, 2005). Following a healthy increase in advertising spending in 2006, eMarketer an-

tipicates the \$80 million invested in podcast advertising in 2006 to grow to approximately \$400 million by 2011 (Belcher, 2007). Given the attractive profile of the podcast viewer or listener, the predicted increase in advertising investment is not surprising. Research shows that those who downloaded podcasts are the kind of target audience advertisers crave; well educated, high incomes, technologically astute, and at ease interacting with others and with information on the internet (Webster, 2007).

Some marketers seized the initiative early and have gained valuable experience and learning about podcast advertising. Dixie, a Georgia-Pacific brand, launched an advertising campaign on Mornmycast.com, a podcast specifically targeted toward women with children (Odell, 2006). Other innovative brands, such as Volvo and Lexus, targeted their potential customers through podcasts. In fact, Volvo paid \$60,000 for a six-month sponsorship for a podcast that was eventually downloaded 150,000 times. Lexus paid a flat advertising rate for a sponsorship on the podcast of KCRW, a public radio station in Santa Monica. When the Lexus contract was completed, KCRW planned to charge advertisers \$25 per thousand listeners, which is emerging as an average rate for podcast advertising (Green, 2005).

As podcasting evolves, the processes associated with advertising are becoming more sophisticated. Already, a company has emerged that provides advertisers with services for targeting podcasts with the appropriate and interested target audiences. This firm, Podtrac, also provides a measurement service to advertisers that tracks key metrics associated with podcast advertising, such as number of total podcast downloads, unique downloads, downloads by country, etc. And recently, Podtrac announced an online advertising auction.

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Similar to the Google advertising system for advertising on websites, advertising costs will be established by advertisers competing for advertising placements.

Thus, advertisers and podcasters have been steadily shaping the practices and procedures for advertising on podcasts. However, many podcast users are wary about the potential of advertisements to colonize the new medium, forcing the same level of clutter on consumers that exists on more traditional media. Few studies currently exist on podcast users' tolerance toward advertising, but one study found that consumers would be willing to pay \$1.99 to download a television show if they could forego all advertising. On the other hand, some consumers have said they would be willing to view an advertisement if they did not have to pay the cost for downloading (Oser, 2006). The recent research from Edison Media confirms this as podcasters expressed a willingness to click on relevant advertising, but are intolerant of the type of advertising so common on the internet, such as pop-up advertising, email advertising, and spyware or adware (Webster, 2007). In sum, consumers have such a range of media choices that advertisers should be careful not to allow advertising to domi-

nate the content thereby stifling podcasting's potential and turning off consumers during the vital early stages of growth (Vranica, 2006).

While the experience and knowledge bases are growing, some key questions remain. What are the current advertising practices on podcasting? In what form is advertising appearing on podcasts? And just who are the advertisers that are getting involved with this new opportunity to reach consumers in a different way?

PODCAST ADVERTISING

The following takes an early look at podcast advertising and answers some of these questions. The data were generated from a content analysis of all advertising on a selected number of podcasts; the top 100 podcasts as identified by Apple's iTunes website were downloaded and stored on a hard drive. The coding process initially involved dividing the podcasts into subject areas, such as media, computers/internet, humor/comedy, sports, news/politics/current affairs, music and books, etc. Then, the podcasts were coded for a range of items, including advertising presence, number of advertisements, advertisers represented, advertisement length, location of advertisements in podcast, etc.

Finally, advertisements were coded for the degree of relevance to the actual podcast content or subject area.

Advertising penetration and format

According to the study, advertising on podcasts is not an extensive practice at this point. Specifically, advertising penetration is just under a third of the selected video and audio podcasts, indicating marketers have yet to embrace fully the new medium. So, the chances are that an individual selecting a podcast will be able to watch or listen to podcast content with little to no interference from advertising messages. In fact, the research showed that among the podcasts containing advertising, the average number of advertisements per podcast was only 2.4. So, if a podcast has any advertising at all, then the commercial messages are probably going to be limited in number and in actual length. In addition, the study showed that podcast commercial messages tended to be brief with an average length of only 16.3 seconds. Overall, podcast content remains fairly pure and uninterrupted. On the other hand, these data indicate a major opportunity exists for advertisers looking for an advantage versus their competition.

So, if a marketer wanted to place advertising in a podcast, what are the opportunities and in what form would the advertising take? The research showed that almost 75 percent of the advertisements on podcasts were placed either at the very beginning or ending of the podcasts; in effect almost three-fourths of the advertisements served as "bookends" for the podcasts. The reason for this is that many of the podcasters position their advertisers as "sponsors." Typically, these sponsors receive a commercial mention or their advertising message at the beginning and the end of the podcast. This structure tends to mirror the sponsorship or underwriting model of advertising found on

many public radio or television programs where the emphasis is on maintaining the integrity of the program content and flow by limiting commercial interruptions. This advertising sponsorship structure was slightly more common in audio podcasts than the video podcasts, again echoing the structure of many public radio formats where the emphasis is prolonged, uninterrupted content. Specifically, over 83 percent of advertisements in audio podcasts served as "bookends" while video podcasts had 57.7 percent of its advertisements placed at the beginning and end of the content.

Perhaps because of the limited number of advertisements on podcasts or perhaps because the content creators were grateful for the advertising support, podcast advertising received some treatment that would be uncommon with traditional advertising on television or radio broadcasts. Rarely was the advertisement just inserted in the content without some sort of recognition by the podcast talent. Seventy-two percent of the advertisements were referenced or identified by the podcast talent as a sponsor, supporter, or some other recognition, using language that preceded the message, clearly alerting the viewer or listener that a commercial message was forthcoming. Of those advertisements with a specific identification, 19.1 percent were identified with the phrase, "brought to you by," and 17.6 percent were identified with the general term, "support," as in the advertiser is supporting the podcast. About 16 percent of the advertisements came after the talent announced that a "break" from the content was scheduled, strongly implying that listeners should listen to the advertiser's commercial messages and stay with the program. Further, 13.2 percent were introduced by the podcast talent in presenting the advertisers as "sponsors" of the podcasts. Finally, 5.9 percent of the

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advertisements were preceded by an acknowledgement of "thanks" to the advertisers. The bottom line is that this recognition of the advertisers or advertisements served to incorporate the advertisements into the podcast programming as more of a partnership and less of a mere, bothersome interruption of the content.

What about the production and presentation of the advertisements on podcasts? Advertisements were either the traditional, stand-alone advertisements, either video or audio, or were presented by the "on-air" talent through a reading of a script or referencing talking points. These options give potential advertisers some amount of creative flexibility in sponsoring or advertising on podcasts. In fact, the research found several instances where the commercial message was seamlessly woven into the podcast talent, thereby providing additional credibility for the advertising message.

Types of podcasts and advertising

Even though podcast advertising is not yet an extensive practice, advertising does appear on a wide range of podcasts, covering broad subject areas. So, an interested advertiser will likely be able to locate a podcast relating to its product or service. What products or services are being advertised on podcasts now and who are these advertisers? Communication/internet/entertainment products and services, such as satellite radio, DVDs, web hosting, and DSL services, comprise the majority, specifically 35.1

percent, of the total advertisements on all the podcasts coded. Automobile and electronic goods advertisements accounted for 17.6 percent and 11.8 percent, respectively, of the total advertisements coded for this research. Commercial messages for other podcasts and political candidates were also well represented. The remaining advertisements represented: "Political Issues/Candidates," "Real Estate," "Online Ticket Sales," "Charities," "Books and Publishers," "Health Products and Advice," among others.

So who were the advertisers that have taken the early steps into podcast advertising? Some of the advertisements were from premier companies such as Sony, Verizon, Sirius Satellite Radio, Honda's Acura, Tylenol from McNeil Consumer Healthcare, and the *Wall Street Journal*. Fortune 500 companies such as Verizon, Intel Corporation, and AOL Time Warner also advertised on podcasts. At the other extreme, less prominent advertisers, such as GoDaddy.com, *Layers* magazine, Full Circle Clothing, and ZM Theater, also placed advertisements on podcasts.

One of the benefits of advertising on podcasts is that a commercial message can be placed in program content that is highly relevant or strongly connected to the product or service being advertised. For example, car and equipment advertising can appear in racing or car-care podcasts, thus not only reaching the appropriate target audience, but also taking advantage of the synergy that is created between product and

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podcast subject. The research showed that approximately 60 percent of the advertisements placed on podcasts were either directly or indirectly relevant to the podcast content, proving that advertisers understand one of the key values of advertising on podcasts.

FUTURE DEVELOPMENT

While advertising on podcasting is still new territory for most advertisers, current activity and practices point to a number of potential directions that podcast advertising might evolve. It is inevitable that advertising penetration will increase briskly over the short term, following a pattern experienced by weblog advertising. As more mainstream advertisers embrace the new medium, others will likely follow. And once advertising practices and norms are established, even more marketers will feel comfortable using the medium. Aside from penetration, the number of advertisements will increase as well because it will be difficult for advertisers to resist a medium with such an attractive and appealing audience profile.

The sponsorship or underwriting advertising model may eventually emerge as one of the best practices in podcast advertising. This advertising structure respects the audience and helps maintain the integrity of the podcast content by limiting commercial messages and placing them in unob-

trusive locations. This serves all interests, but advertisers should stay attentive. The podcasting audience is in control of when, where, and how long they listen or watch the content. Alienating these empowered audiences with advertising clutter gives them permission to select another of the many media choices available today.

Further diversification of the types of advertisers and the product/services advertised on podcasts is anticipated. This broadening will mirror the growth and evolution of advertising on both basic internet sites and weblogs where many advertisers remained on the sidelines while the innovators and risk takers explored the new advertising venues and helped establish the norms.

In addition, the advertisers will continue to seek out podcasts that provide a seamless and strong connection of advertising message with podcast content. The lure of speaking directly to an interested and favorably predisposed audience will only become more enticing to advertisers over time. Also, judging by the development and evolution of general website advertising, an increase in the interactivity of podcast advertising is inevitable. Website addresses embedded in visual content, text messaging opportunities, promotions, and even simple website address callouts will eventually be incorporated in podcast advertising.

The challenge

Podcasting is still a new medium. Both the infrastructure and advertising practices are still being developed. The primary challenge for podcast content creators will be to negotiate the thin line that separates the integrity of the content and respect for the user with the advertisers' interests in reaching valuable consumers and the right for podcasters to enjoy income from their productions. The reality is that when advertising on consumer-controlled content, the audience must be considered strongly or they will gravitate to other media. 

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