Is Your Online Streaming Profitable?

4 Questions Radio Publishers Should Ask to Make it Happen.
Saga Communications, a broadcaster with over 100 radio stations in 29 US markets is considering ending its online streaming. Why? “Advertising sales are not covering the costs,” says CEO Ed Christian. He is considering putting an end to webcasting for at least a few, if not all Saga radio stations.\(^1\)

Despite the stubborn refusal of many broadcasters to believe otherwise, listeners and ad dollars are leaving the tower behind. The audience expects the availability of streaming audio delivered to a multitude of devices with internet connectivity, anytime, anywhere. In order to retain, grow and engage your audience, it is imperative to monetize every possible interaction they have with your brand. It can be done.

A combination of smarter ad sales and smarter opportunities for advertisers add up to a smart business model; one which will cover the costs of webcasting and yield a profit.

**Question 1: Where have the listeners and ad spending gone?**

Migration from on air broadcasts to streaming audio is happening rapidly in mature markets, and explosively in emerging markets. Your audience wants and expects to be able to listen to your content at any time, on any device, in any location. With that kind of loyalty, do you really want to let them get away?

Radio is now an interactive medium, engaging millions of consumers online and via mobile devices every week. Nearly 80 million internet users will tune in to internet radio stations weekly in 2011. By 2015, that number will nearly double to 158 million, thanks to streaming through smartphones and wi-fi connected in-dashboard players.\(^2\)

Between 2010 and 2015, traditional radio advertising spending is predicted to remain relatively stagnant with only 16% growth.\(^3\) The total of world wide ad spending is set to increase nearly 27%. The global ad spending is increasing, but spending on radio is not keeping pace. Exactly what is happening to the money once allocated to radio? It is being spent online. During the same five year period world wide online ad spending is predicted to grow over 94%.\(^4\)

A 94% increase of online ad spending.\(^5\) That is a staggering amount of revenue left unclaimed by on air broadcasters who are not embracing that the inevitable, undeniable future of radio is in streaming.

Your online listeners are the audience you want to keep happy:

> “These listeners are highly engaged, increasingly social, connected at home, at the gym, in car, and they respond to advertising.” - Michael Theodore, Vice President, Interactive Advertising Bureau \(^6\)

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2. The Internet Radio Audience: Personalized, Mobile and Targetable, Lisa E. Phillips, May 26, 2011 eMarketer
3. Comparative Estimates: Radio Ad Spending, April 18, 2012 eMarketer
5. Note: includes banner ads, classifieds, email (embedded ads only), lead generation, rich media, search, sponsorships and video; includes mobile ads within existing formats.
Question 2: That’s where my profit is. Now what?

It is common to think simulcasting on-air content is the easiest route to take. Treat streaming as something that must be done because “other stations are.” Treat the ads as a “bonus impressions” for your advertisers. This business model has already proven to be unprofitable. If it is not making money, those who watch the bottom line will challenge the rationale for streaming. Your audience is changing the way it listens to your content, but they are still listening and that is worth something. Why leave the money on the table?

Consider this: each time a listener clicks on your web player or launches your app, does it start with a compulsory audio or video pre-roll? You have a captive listener, waiting for your stream to start. This is a perfect opportunity for unique ad packages.

Whether your station is streaming a simulcast of your on-air content or not, each streaming session start is a chance for a premium impression. For example, assume one of your stations has 500,000 session starts each month. Each one of the 500,000 times a streaming session is started, it is an opportunity to insert premium advertising. Streaming-only stations can take advantage of both short- and long-form advertising, as well as pre-and mid-roll positioning.

In-stream advertising is of course what really drives revenue. Without addressing the rules and regulations in each country, it is possible and profitable to insert ads specifically created for your streaming audience, while still simulcasting content. So now is the time to get your ad sales team up to speed and let them get creative with selling ad packages specifically for the highly engaged streaming listeners.

Question 3: How can I value ads being served to my streaming listeners?

Profit starts with value. In order to assign a monetary value to the ads heard by your listeners, it is necessary to first understand who they are. These are the standard demographic, socioeconomic and geographic criteria used in defining traditional broadcast radio audiences. When, how and where they listen are generally determined by panels, diaries, estimates, and statistics.

From this data collected by the radio measurement companies around the world, each broadcaster is able to place a monetary value on their audience and tell advertisers, “You will pay x amount of money for me to put your ad out to my listeners.”

This is how the terrestrial radio broadcasting industry works, but when streaming audio and on-air are measured as one, the reach of a publisher’s streaming is undervalued. Monetizing advertising inventory is achieved with comprehensive listener demographics. Because on-air is measured by survey or panel, statistical probability is extrapolated so a single listener represents a larger group. Fortunately census based measurement, used to measure streams avoids these pitfalls.
The delivery of IP-based audio streamed to any device can easily be measured with precision in real-time. Instead of waiting several months for best guess data about your on-air audience, imagine being able to provide your ad sales team with very specific data quickly. Data about when the male 18-34 demo is listening, or that you have a large percentage of listeners concentrated in another country. Armed with this level of detail it is possible to place a high value on ad spots, because you can provide proof of performance to your advertisers, that their ad reached their target demo. Streaming is a different way of delivering your content, so logically it requires a different way of planning your business strategy.

**Question 4: Measurement specific to streaming audio is the answer?**

Yes. Webcast Metrics® from Triton Digital measures over 1 Billion TLH (total listening hours) for streaming audio from radios and pureplays around the world. The methodology is audited yearly by the global accounting firm Ernst & Young. In the US, we work with 43 of the top 50 broadcasters and have earned accreditation from the MRC (Media Rating Council).

With the level of detail that can be culled from streaming audio measurement it is now possible create an entirely new advertising ecosystem. Establishing a global standard will define the trading currency so advertisers can reach audiences around the world, and publishers can monetize their content locally, nationally and globally.

Census methodology supplies audience metrics with definitive data – number, when, where, level of engagement – indispensable for campaign planning. The trading eco-system flourishes; publishers know inventory availability and worth, buyers can ascertain delivery targets, a common syntax exists, and buying and selling occur in standard, accountable and transparent framework.

“I am really nervous about any [broadcast] business model that is reliant on sample based estimates. I just would not invest in it. We need to migrate our knowledge away from samples - that was the old economy. The new economy is not based on samples.”

Clive Dickens, Absolute Radio, UK

*Triton Digital Session: Measure. Manage. Monetize*  
Radiodays Europe, 2012

“[T]he emergence of Triton Digital’s Webcast Metrics as internet radio’s primary audience measurement service will help the industry.”

Price Waterhouse Coopers

*Global Entertainment and Media Outlook 2010-2014*

With Webcast Metrics®, online streaming audio is measured with a fine degree of certainty inherently impossible with terrestrial radio. Measurement defines the value of an ad on a publisher’s stream. Agencies and advertisers apply value of cost, reach, frequency, impressions and demographic to craft uniquely targeted buys only possible with streaming audio; and broadcasters now have incremental revenue to make streaming profitable.
Streaming audio as an advertising medium is a game changer. The audience can be defined, counted, and confirmed. Why would a sales house spend a client’s money to reach a target that can neither be guaranteed or confirmed? It is smarter to spend the same money to reach the exact target – a highly engaged listener – on a publisher’s stream with unprecedented accuracy and accountability.

Triton Digital is a technology company that knows radio inside and out. We are your partner in developing the right solutions for your online streaming and creative revenue generation strategies.

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