



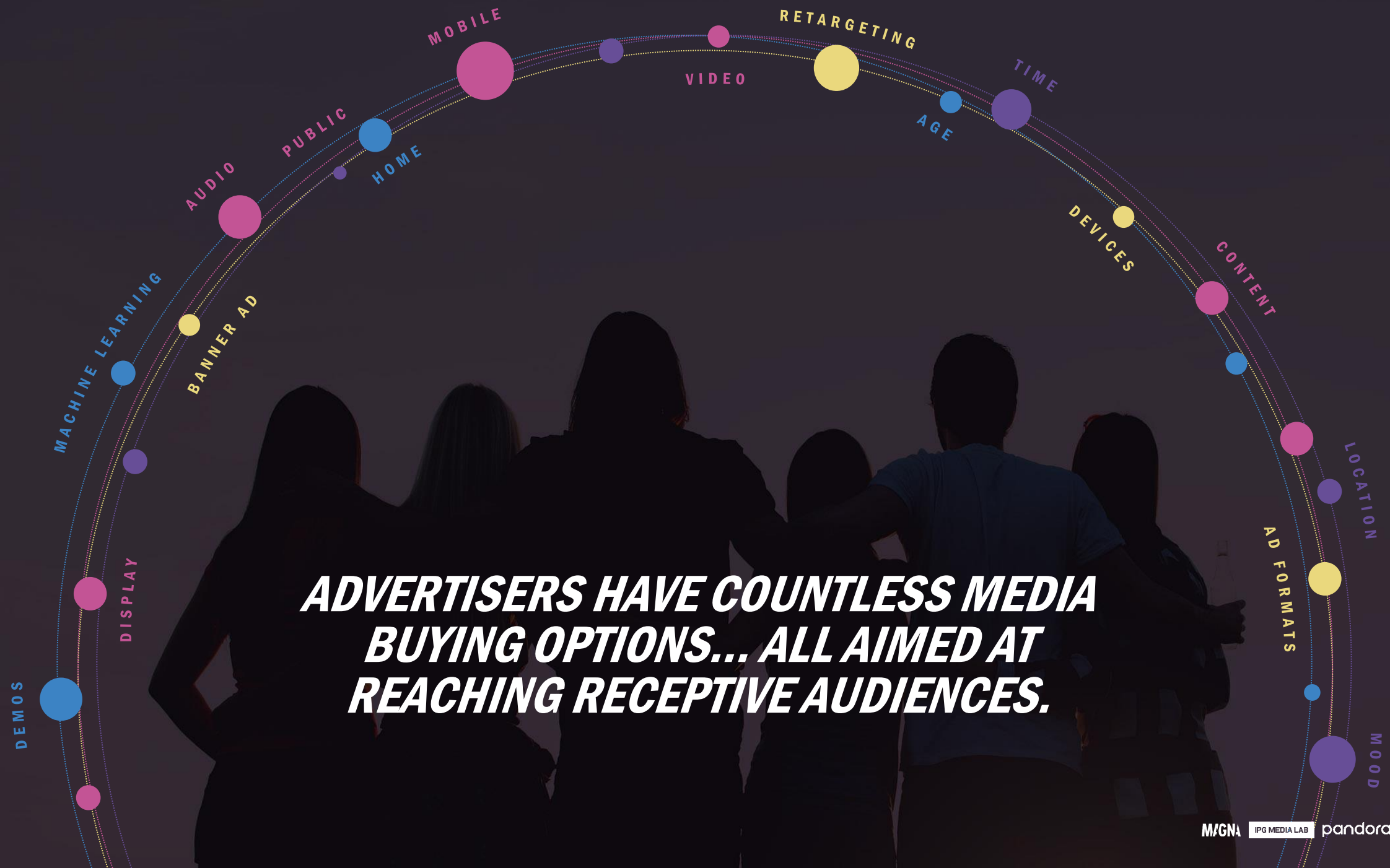
AD RECEPTIVITY, DECONSTRUCTED

THE WHEN, WHERE, WHAT OF DIGITAL AUDIO & VIDEO

M/GNA

IPG MEDIA LAB

pandora®



***ADVERTISERS HAVE COUNTLESS MEDIA
BUYING OPTIONS... ALL AIMED AT
REACHING RECEPTIVE AUDIENCES.***

A dark silhouette of a person's head and shoulders, wearing large over-ear headphones. The person's hair is visible, and the headphones have a prominent headband and large ear cups. The background is a dark gradient with a lighter rectangular area in the center where the text is located.

***WE GOT BACK TO WHAT MATTERS
MOST - **THE CONSUMER** - TO
DETERMINE WHEN THEY ARE MOST
RECEPTIVE TO ADVERTISING ON
DIGITAL AUDIO & VIDEO.***

THE *METHODOLOGY*



RECRUITMENT

Evenly recruited weekend and weekday to ensure representativeness

TOTAL n=2,529
Gen Pop n=1,697
Pandora Booster n=832



SCREENERS

Must have listened to digital audio or watched digital video in past 24 hours

Forced split:
🎧 Audio Diary: 2/3 of sample
👁️ Video Diary: 1/3 of sample

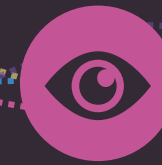


MEDIA CONSUMPTION LOG

Online diary of digital audio and video consumption over past 24 hours

Up to 3 daypart-based diary entries per person

🎧 Audio Diary Entries n=4,188
👁️ Video Diary Entries n=2,107



RECEPTIVITY AND ATTENTION INDEX

Deep dive into receptivity and attention paid to advertising and content

19 reported behaviors and attitudes during digital media experience (e.g. location, device, mood, type of content, ad receptivity, etc.)

THE ***METRICS***

BEFORE SEEING AD

AD RECEPTIVITY

DEFINITION

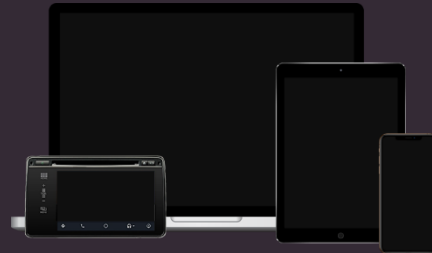
Willingness to receive an ad before exposure to an ad

A STATE OF MIND

Exists prior to and during exposure

DIARY ENTRIES FOR INDIVIDUAL AUDIO/VIDEO SESSIONS

Q: How receptive were you to advertising yesterday while you [listened to audio/watched video]?



AFTER SEEING AD

AD ATTENTION

DEFINITION

An active behavior of noticing an ad

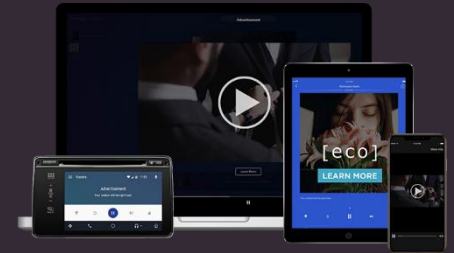
AN ACTION

Exists during exposure only

DIARY ENTRIES FOR INDIVIDUAL AUDIO/VIDEO SESSIONS

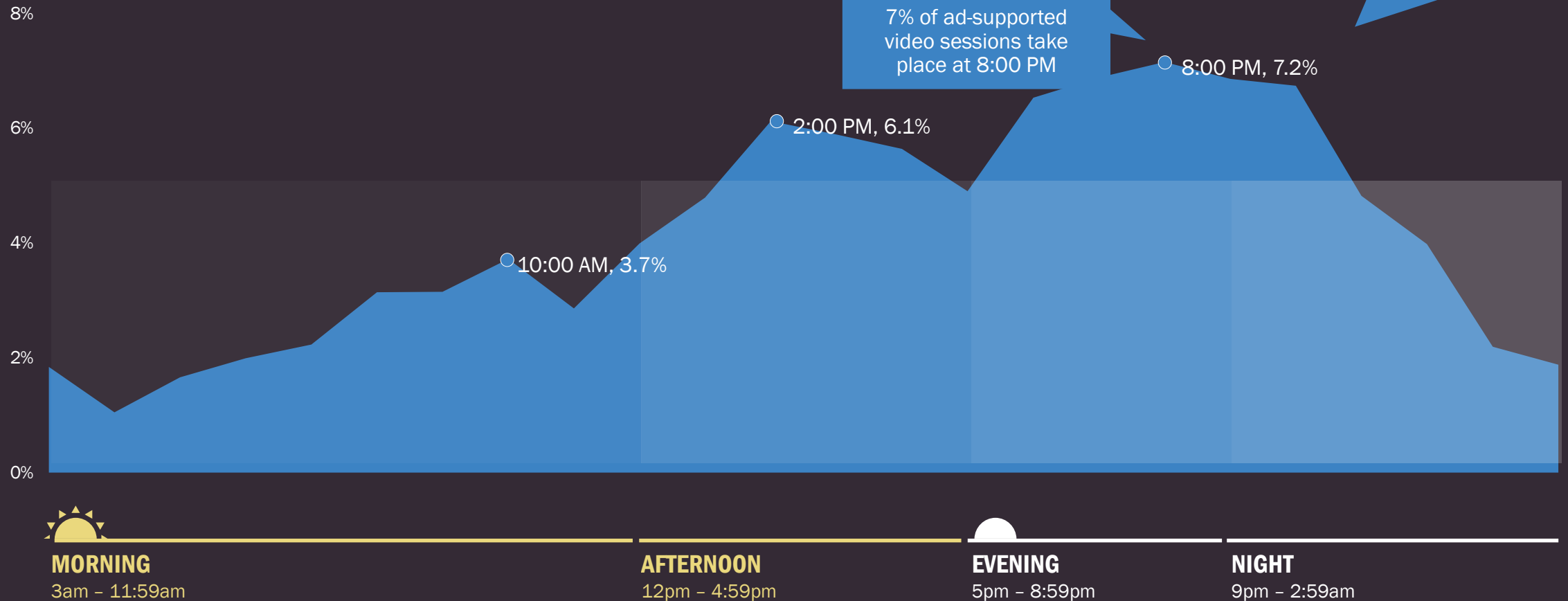
Q: Did you notice any ads yesterday on your [device] as you [listened to audio/watched video]?

Q: You mentioned you were performing other tasks as you [watched audio/listened to video] yesterday. How much attention did you pay to the digital compared to the other task(s)?



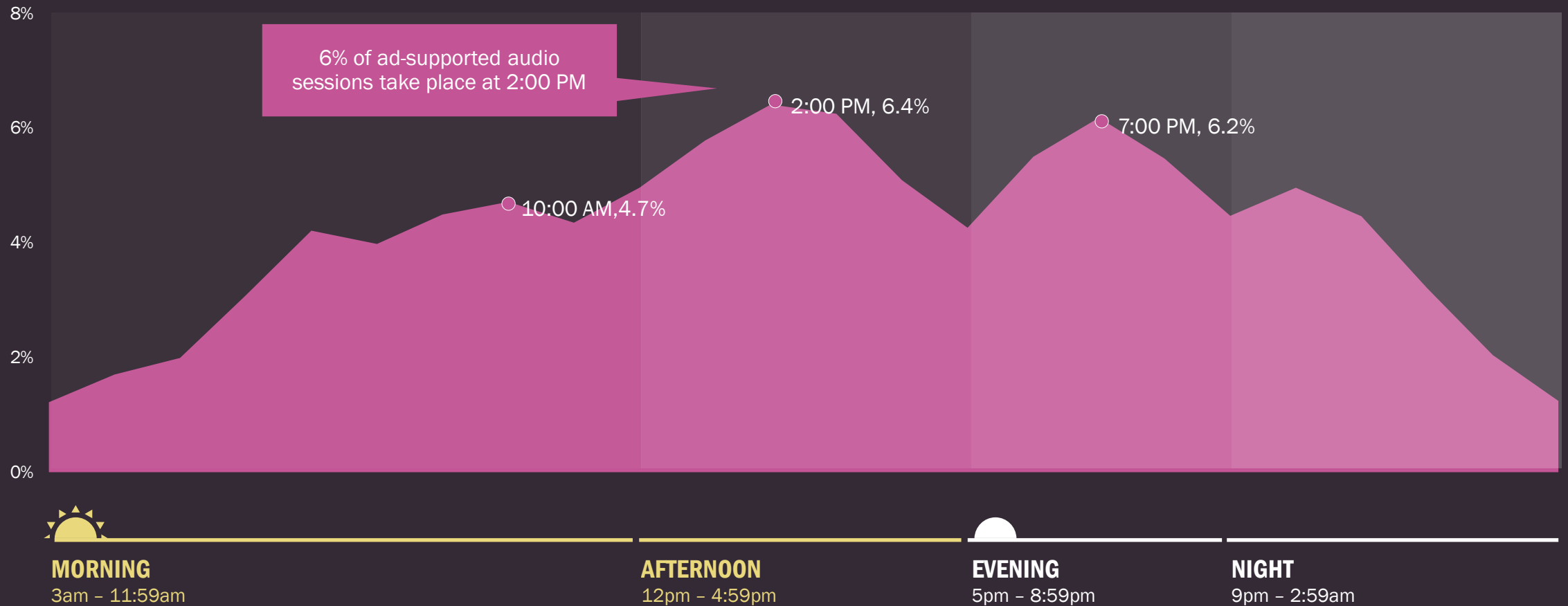
CONSUMERS ARE REACHABLE THROUGH **DIGITAL VIDEO** 24 HRS A DAY

% OF TOTAL AD-SUPPORTED MEDIA EXPERIENCES FOR **DIGITAL VIDEO VIEWERS** BY HOUR



DIGITAL AUDIO IS ALSO CONSUMED EVERY HOUR, BUT SESSIONS ARE MORE SUSTAINED

% OF TOTAL AD-SUPPORTED MEDIA EXPERIENCES FOR **DIGITAL AUDIO LISTENERS** BY HOUR





THE AUDIENCE IS THERE,
***BUT ARE
THEY
ACTUALLY
OPEN TO
ADVERTISING?***

THE TRUTH IS... AD RECEPTIVITY IS NOT A CONSTANT MINDSET FOR DIGITAL AUDIO OR DIGITAL VIDEO

**% OF CONSUMERS WITH
CHANGES IN AD RECEPTIVITY
THROUGHOUT DAY**

— Fluctuating
— Consistent

42% of audio listeners
experienced fluctuations in ad
receptivity within a single day

AUDIO: 42%

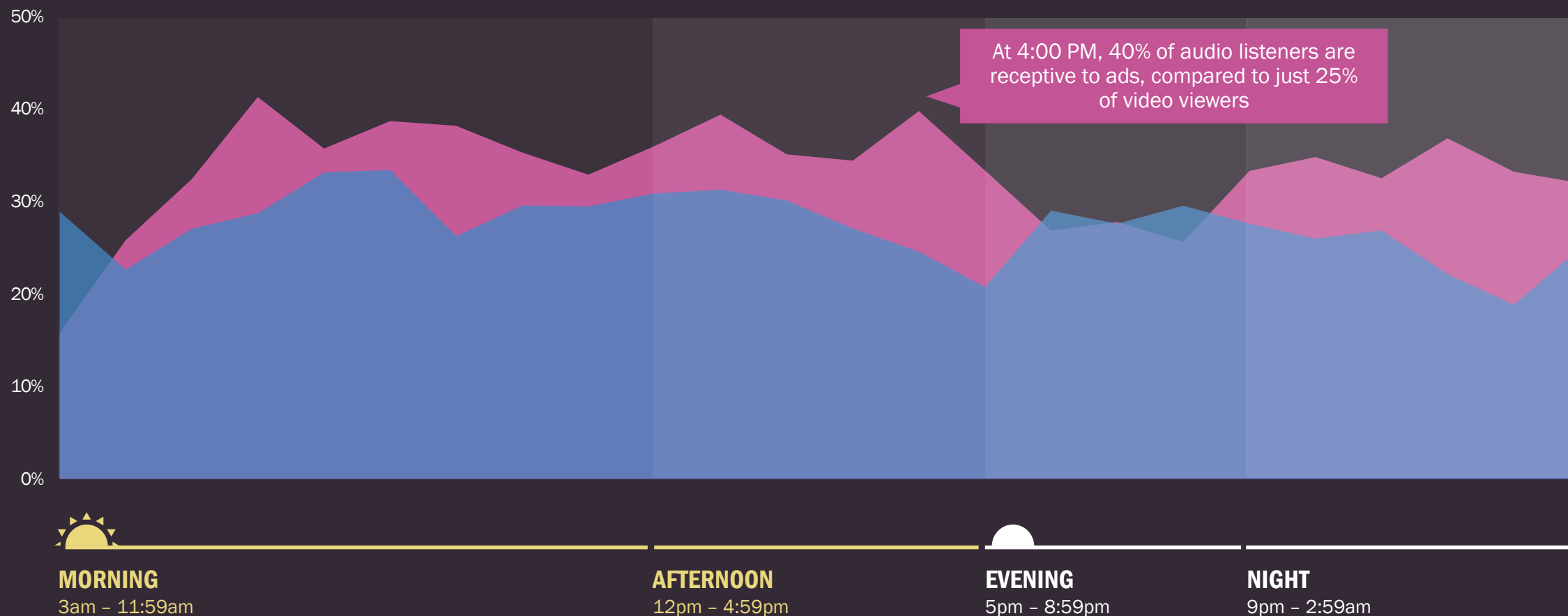
of Individuals Experienced
Changes in Ad Receptivity
Listening to Audio

VIDEO: 45%

of Individuals Experienced
Changes in Ad Receptivity
Watching Video

IN FACT, RECEPTIVITY VARIES WILDLY THROUGHOUT THE DAY

AD RECEPTIVITY (%) BY HOUR Audio Video

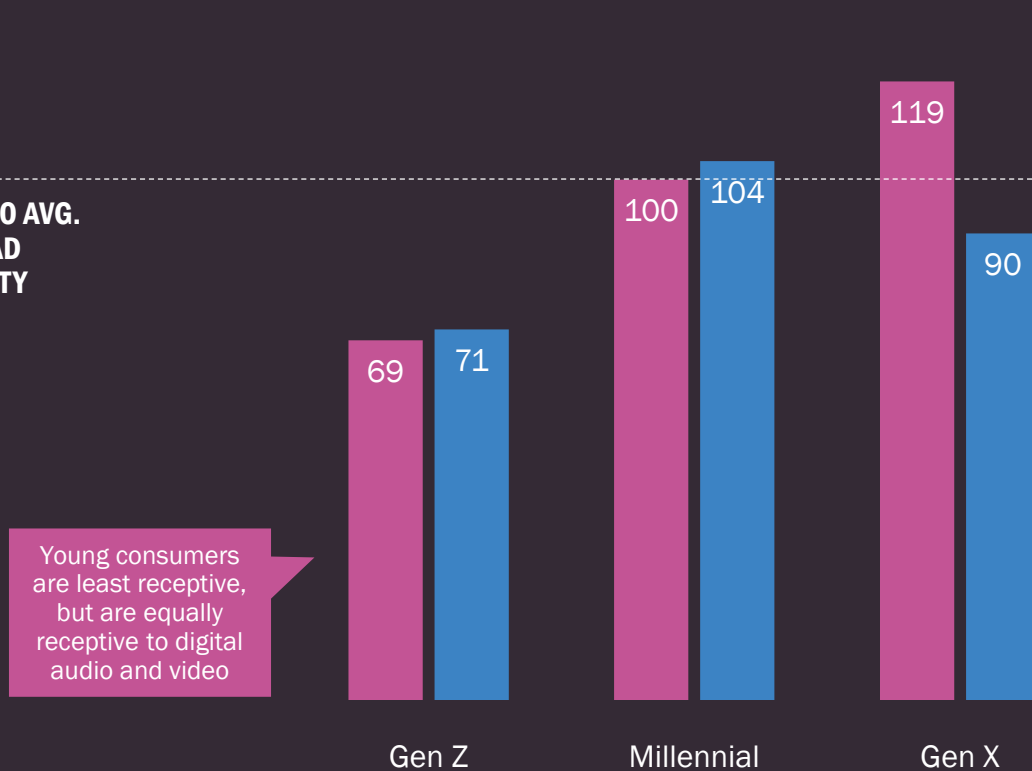


SOME CONSUMERS ARE PRONE TO RECEPTIVITY. BUT BRANDS CAN'T CHANGE THEIR TARGETS

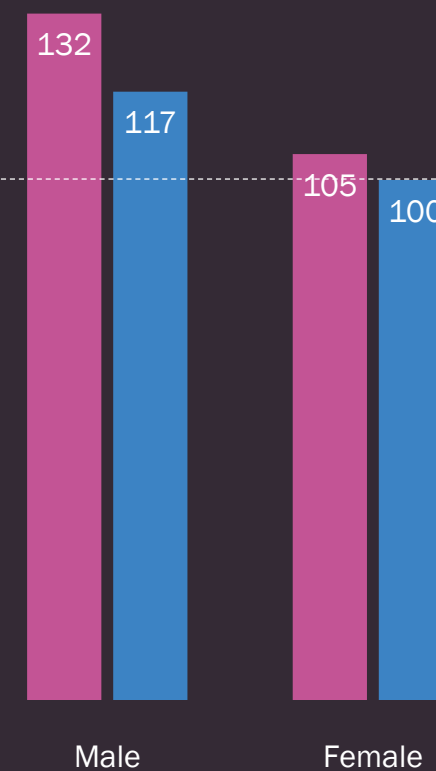
INDEXED AD RECEPTIVITY BY AGE AND GENDER ■ Audio ■ Video

AGE

INDEXED TO AVG.
OVERALL AD
RECEPTIVITY



GENDER



CONSUMERS ARE GENERALLY MORE RECEPTIVE TO AUDIO THAN THEY ARE TO VIDEO

% CONSUMERS WILLING TO RECEIVE AN AD DURING MEDIA EXPERIENCE

23%[▲]
**ARE RECEPTIVE TO
AUDIO ADS**

17%
**ARE RECEPTIVE TO
VIDEO ADS**

Consumers are
35% more receptive
when listening to
audio than when
watching video

WHICH INDICATORS

INFLUENCE RECEPTIVITY THE MOST?

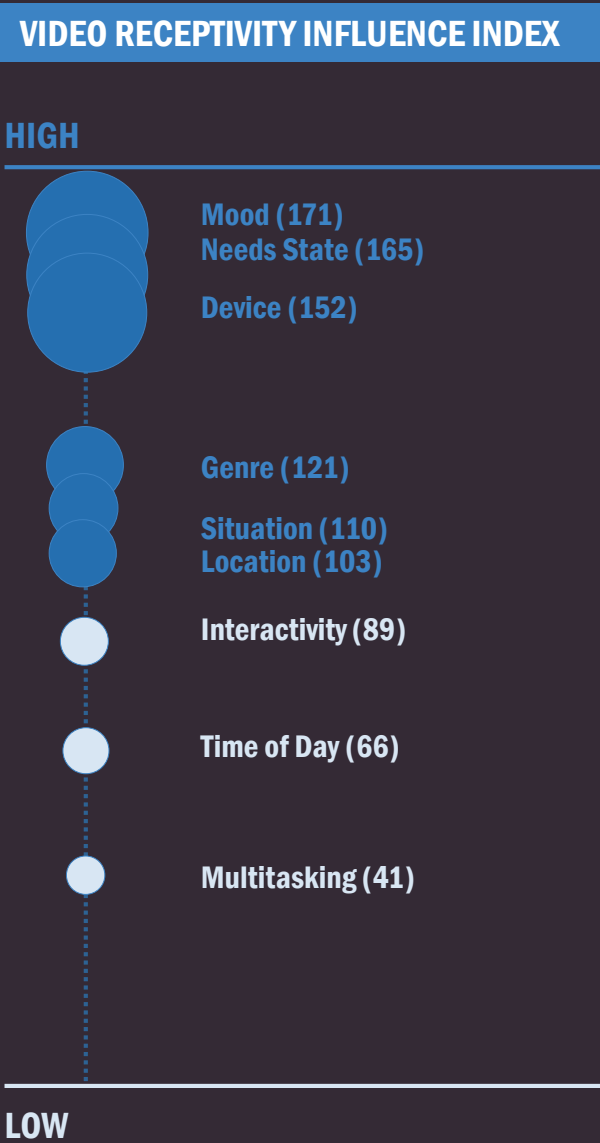
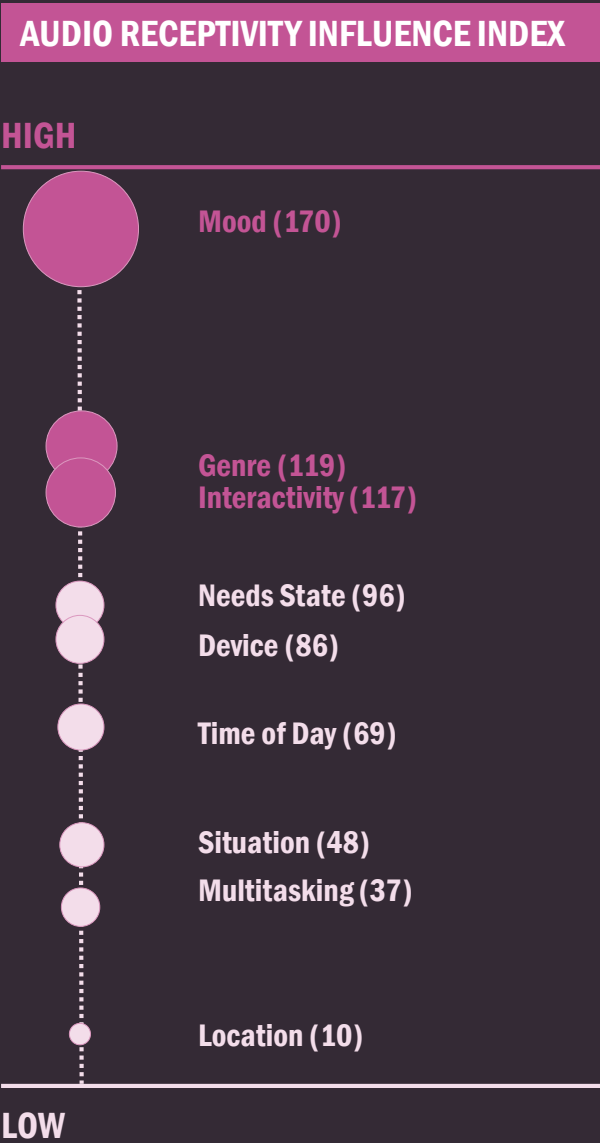
DEVICE
LOCATION
GENRE OF CONTENT
CONTENT TYPE

MOOD
SITUATION
MULTITASKING
NEEDS STATE

EACH INDICATOR IMPACTS AD RECEPTIVITY TO VARYING DEGREES

The Receptivity Influence Index represents the variance of ad receptivity within an indicator—a higher value means receptivity is more sensitive to changes within that indicator. A value of 100 is average variance

Mood has a larger impact on audio ad receptivity than genre



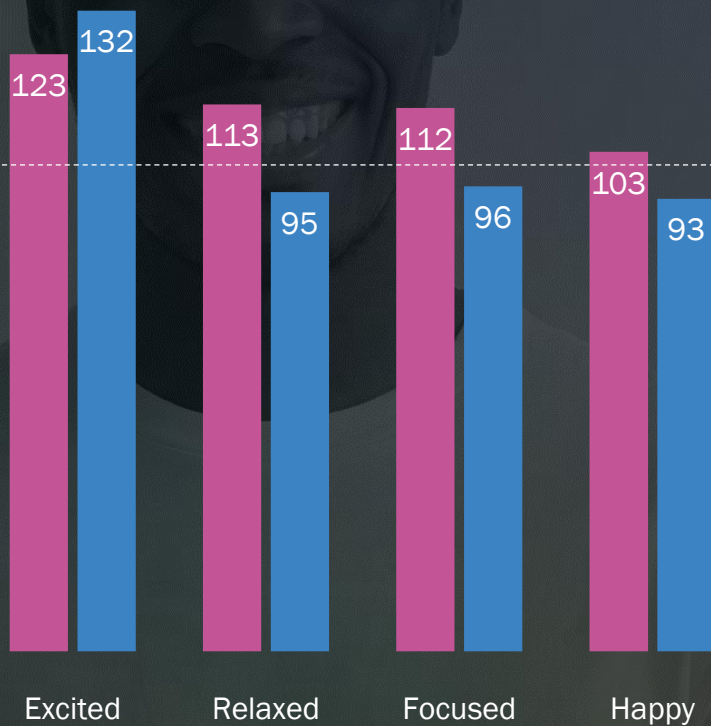
GOOD MOOD TRANSLATES INTO WILLINGNESS TO SEE ADS

INDEXED AD RECEPTIVITY BY MOOD

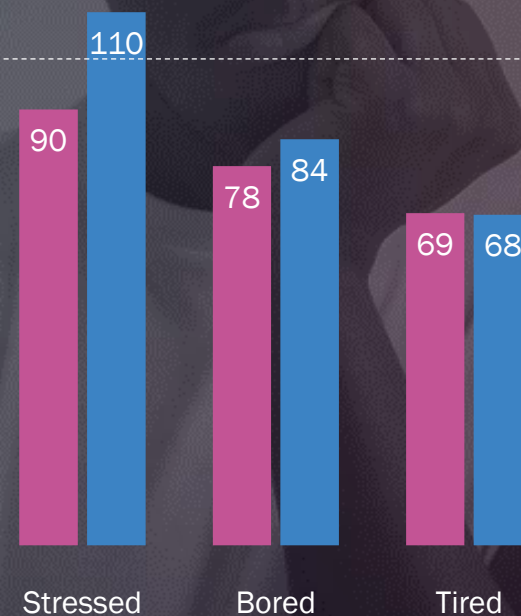
Audio Video

POSITIVE MOOD

INDEXED TO AVG.
OVERALL AD
RECEPTIVITY



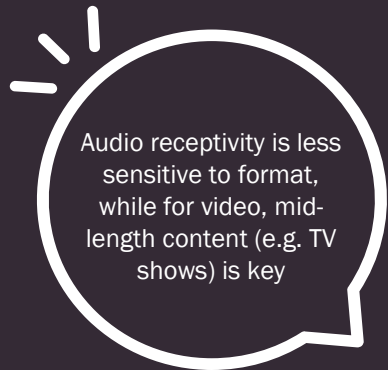
NEGATIVE MOOD



Receptivity is lowest for audio and video when people are tired

Q: Which of the following best describes your mood while you [listened to audio/watched video] yesterday?
Audio diary: excited N=244, stressed N=217, happy N=542, focused N=411, relaxed N=1,142, bored N=201, tired N=280.
Video diary: excited N=82, stressed N=83, happy N=169, focused N=118, relaxed N=475, bored N=142, tired N=158.

AUDIO IS AUDIO WHEN IT COMES TO RECEPTIVITY BUT FORMAT MATTERS FOR VIDEO

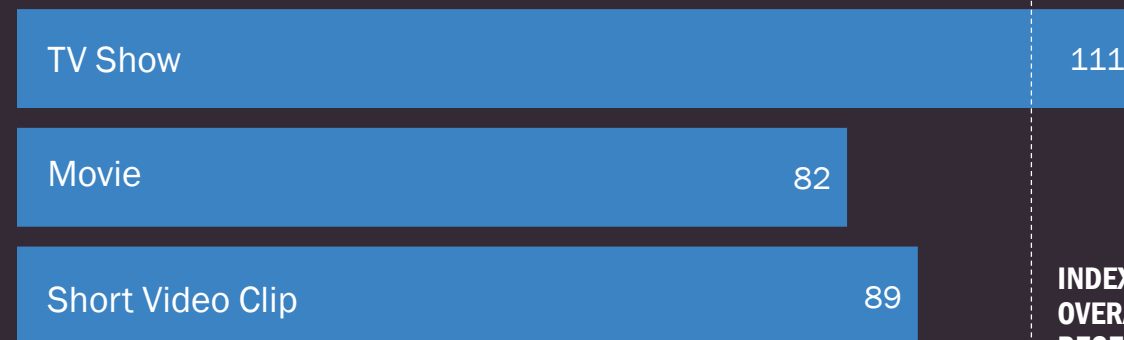


INDEXED AD RECEPTIVITY BY CONTENT TYPE

AUDIO



VIDEO



INDEXED TO AVG.
OVERALL AD
RECEPTIVITY

RECEPTIVITY IS HIGH WITH RELAXING MUSIC GENRES, BUT POP AND ROCK ARE EXCEPTIONS

★★★★★

TOP 5 GENRES
FOR GEN Z/MILLENNIALS

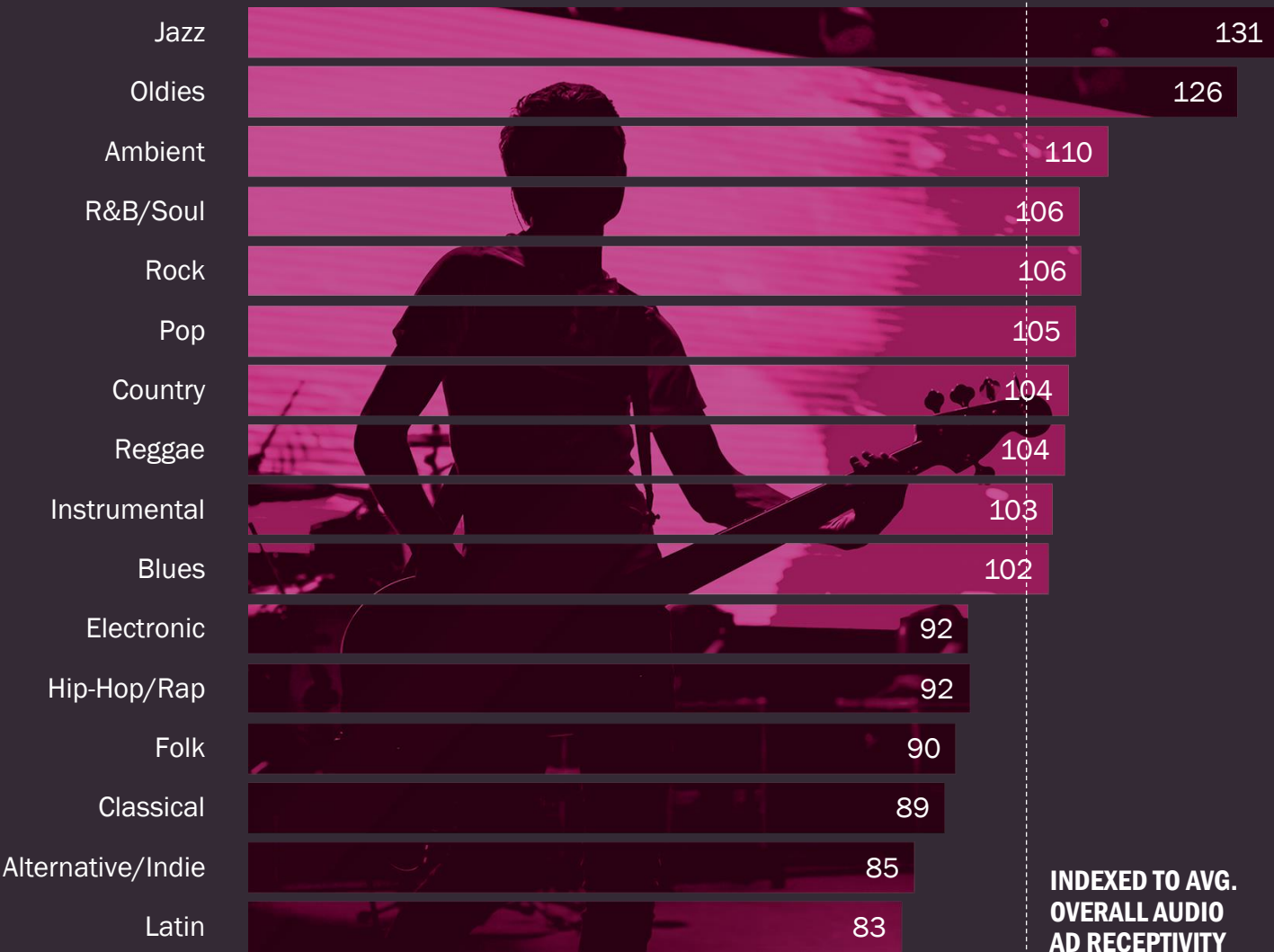
1. Ambient
2. Jazz
3. Reggae
4. R&B Soul
5. Blues

★★★★★

TOP 5 GENRES
FOR GEN X & OLDER

1. Oldies
2. Jazz
3. Pop
4. Country
5. Rock

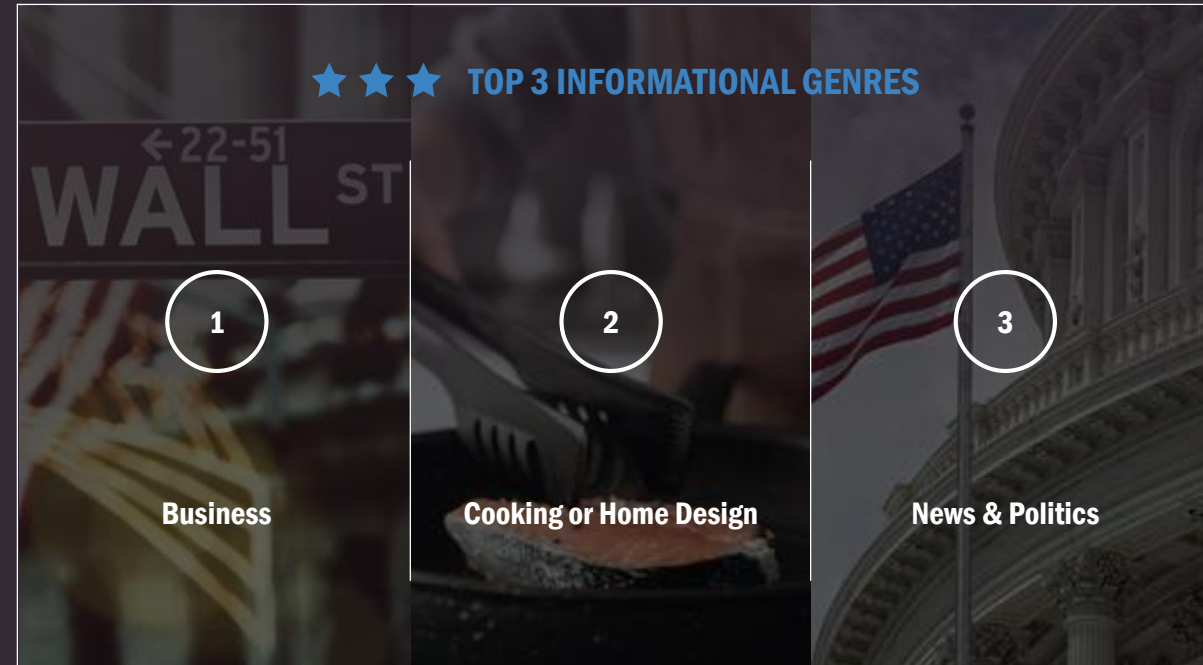
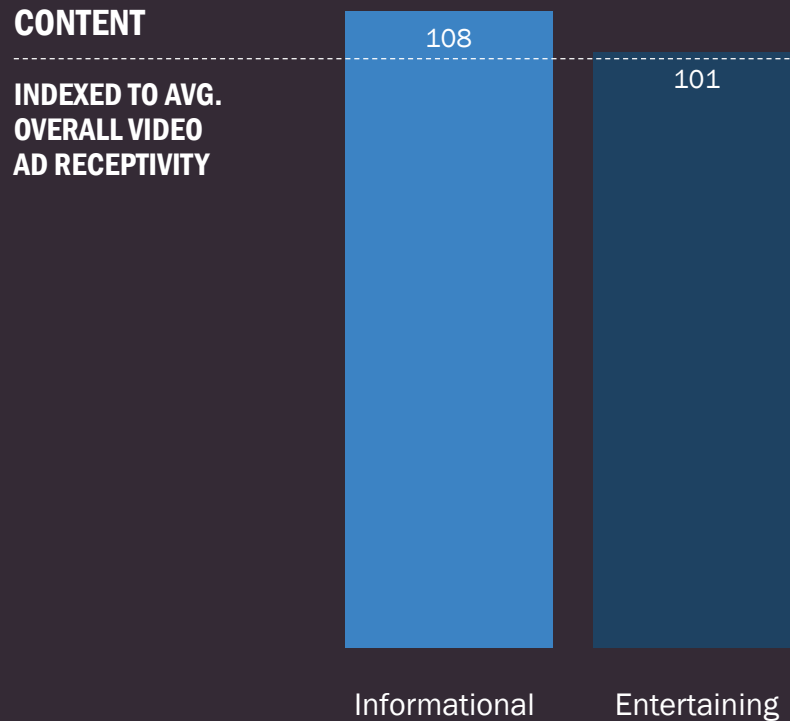
INDEXED DIGITAL AUDIO AD RECEPTIVITY BY GENRE OF MUSIC



INDEXED TO AVG.
OVERALL AUDIO
AD RECEPTIVITY

DIGITAL VIDEO VIEWERS ARE GENERALLY MORE RECEPTIVE WHEN SEEKING PRACTICAL CONTENT

INDEXED DIGITAL VIDEO AD RECEPTIVITY BY GENRE OF CONTENT



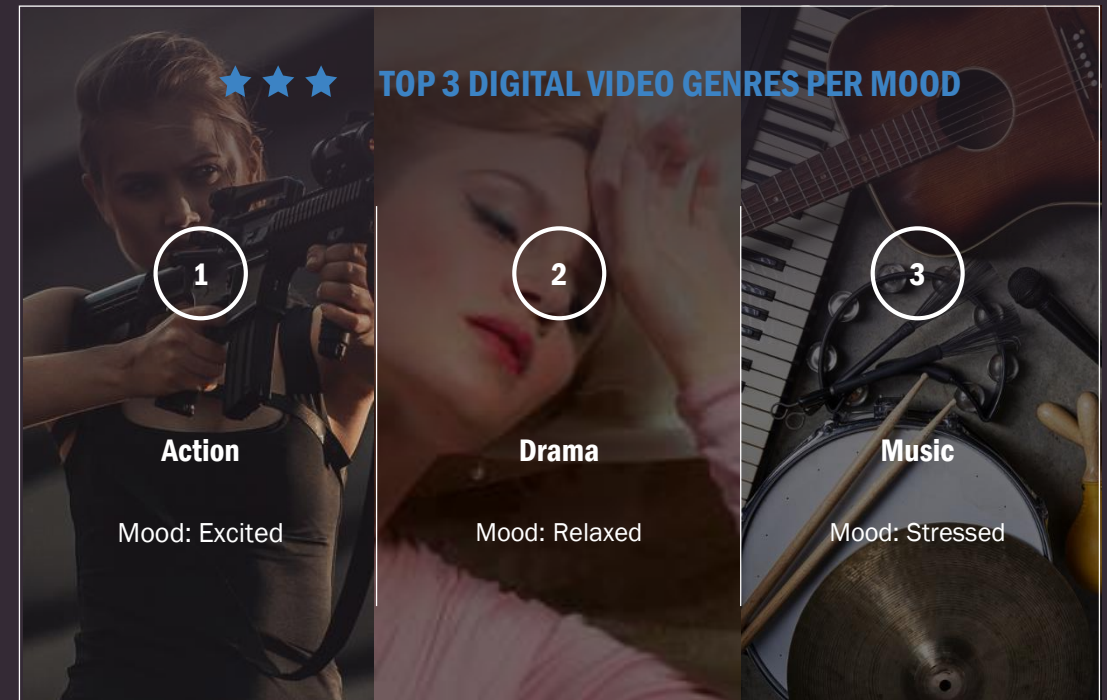
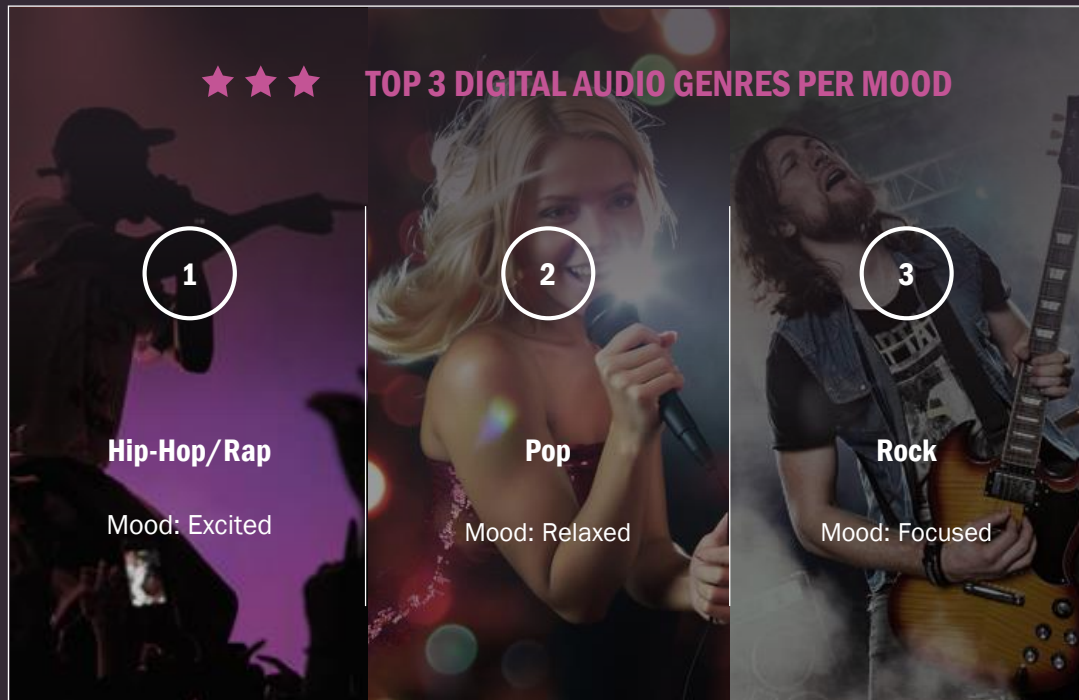
Informational includes business, cooking/home design, news/politics, how-to/DIY, science/technology/education; Entertaining includes sports, drama, mystery, true crime, action, family, music, pet/animal, comedy, reality/game/talk shows

Q: Please describe the subject(s) of what you [listened/watched] yesterday. Select all that apply.

Video diary N=1,240.

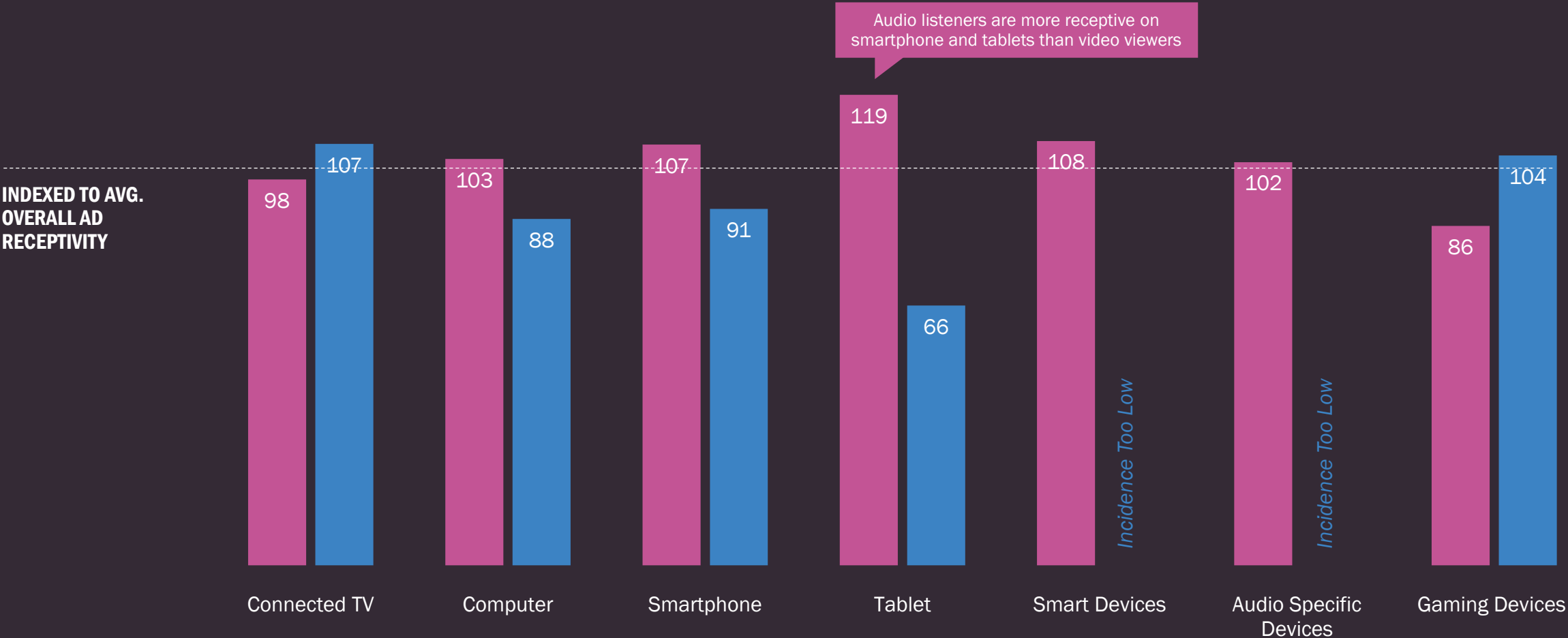
YOU CAN'T TARGET MOOD, BUT YOU CAN TARGET GENRE

MOST LIKELY GENRES FOR TOP 3 RECEPTIVE MOODS



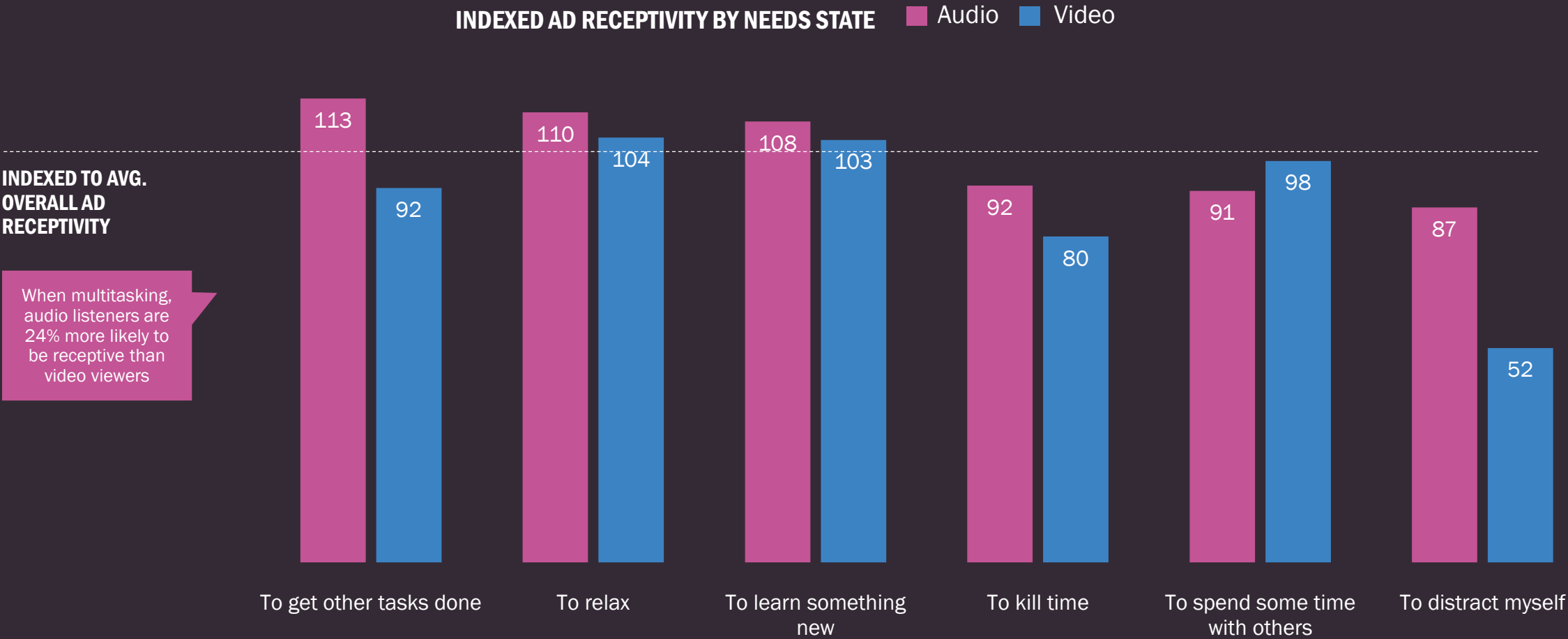
THE BIG SCREEN IS KEY FOR VIDEO; THE SMALL SCREEN FOR AUDIO

INDEXED AD RECEPTIVITY BY DEVICE Audio Video



Connected TV includes smart TV, streaming device like Roku; Computer includes desktop and laptop; Smart devices include wearables like Apple Watch; Audio devices include satellite/terrestrial radio, MP3 player
Q: Which device did you use for digital [audio/video] yesterday? If you were using more than once device, please select the primary one at this time.
Audio diary: connected TV N=589, computer N=468, smartphone N=1,047, tablet N=201, smart devices N=150, audio devices N=451, gaming N=116.
Video diary: connected TV N=294, computer N=250, smartphone N=310, tablet N=80, gaming N=109.

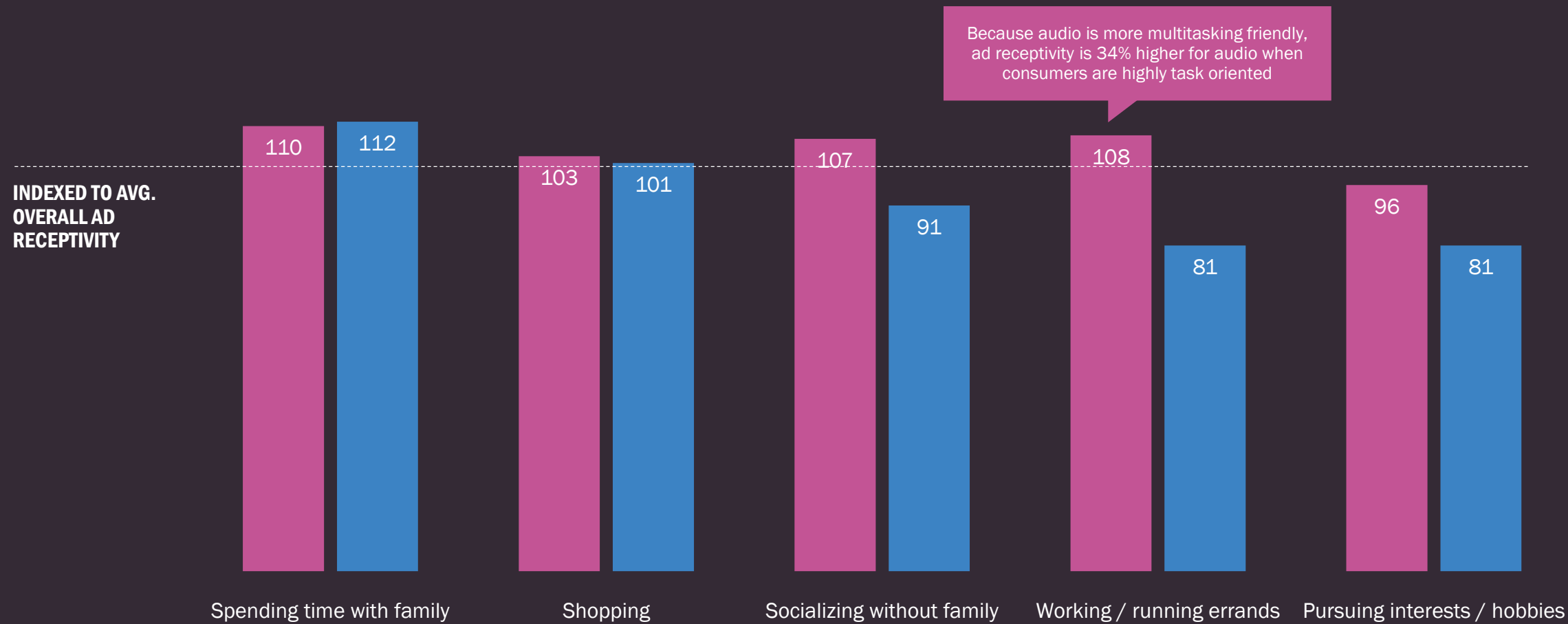
AUDIO THRIVES ON MULTITASKING WHILE VIDEO THRIVES ON SOCIALIZING



Q: Which best describes why you [listened to audio/watched video] yesterday?
Audio diary: To learn something new n=202, To relax n=1,257, To distract myself n=324, To spend time with others n=195, To get other tasks done n=619, To kill time n=353
Video diary: To learn something new n=128, To relax n=503, To distract myself n=128, To spend time with others n=114, To get other tasks done n=101, To kill time n=239

VIDEO RECEPTIVITY IS MORE SENSITIVE TO SITUATION THAN AUDIO

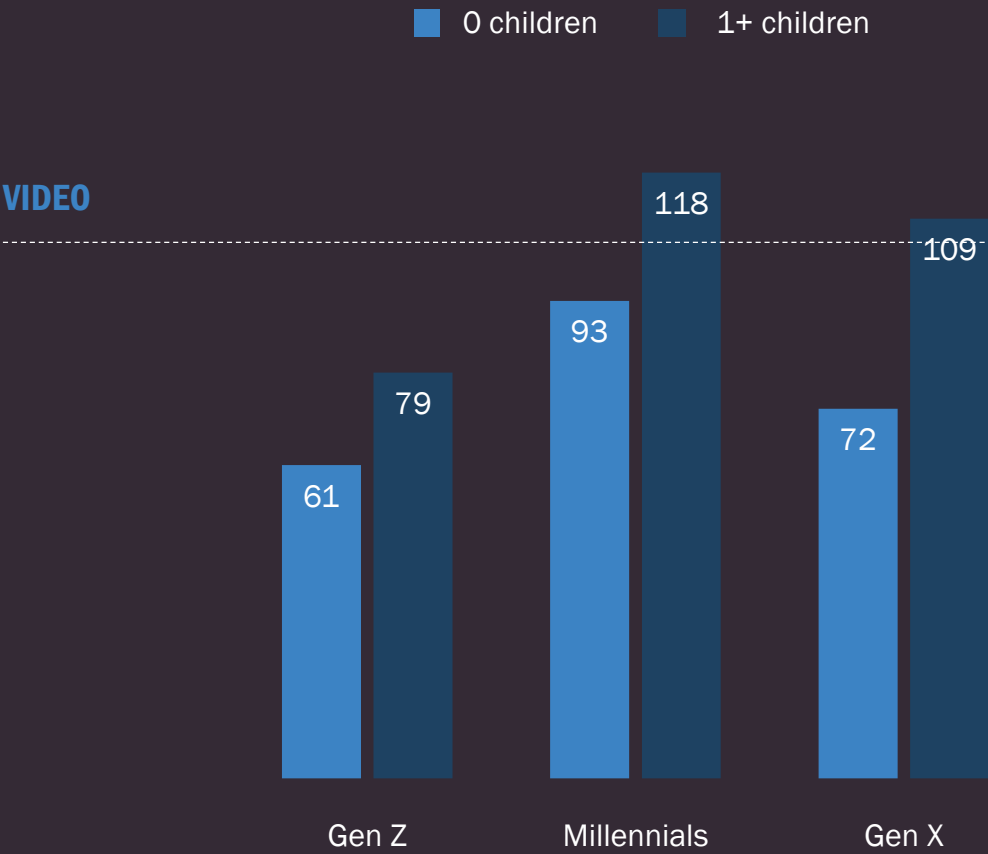
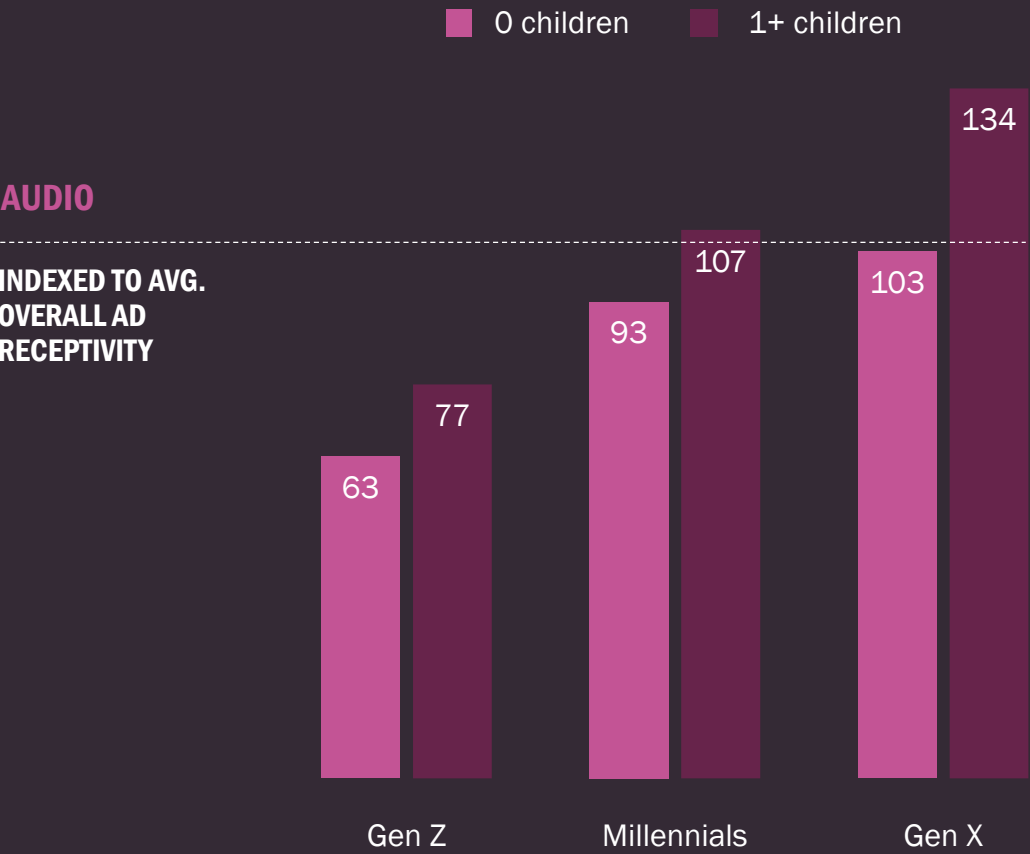
INDEXED AD RECEPTIVITY BY SITUATION Audio Video



Q: While you were [listening to audio/watching video] yesterday, what was happening at that moment? Please select the option which best describes the situation you were in.
Audio diary: family N=606, hobbies N=1,052, socializing N=467, job N=630, shopping N=293.
Video diary: family N=308, hobbies N=421, socializing N=221, job N=133, shopping N=157.

PARENTS TEND TO BE MORE RECEPTIVE ACROSS ALL GENERATIONS

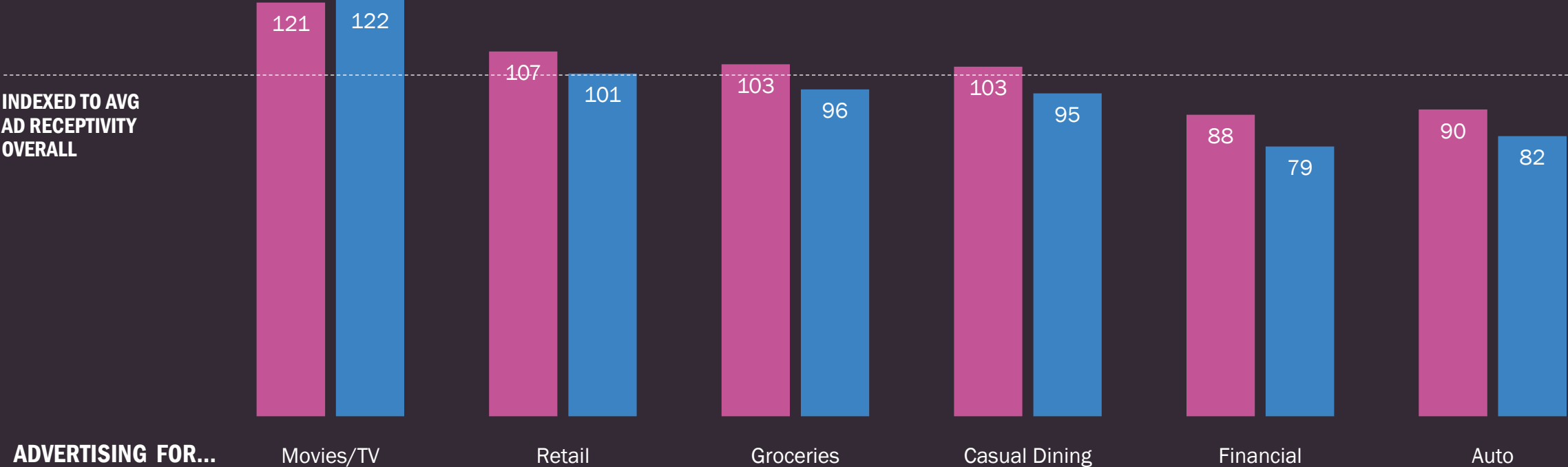
INDEXED AD RECEPTIVITY BY AGE AND HOUSEHOLD STATUS



Q: How many people (including yourself) are currently living or staying in your household?
Audio diary: Gen Z (0 children n=178, 1+ children n=236), Millennials (0 children n=698, 1+ children n=739), Gen X (0 children n=371, 1+ children n=417)
Video diary: Gen Z (0 children n=103, 1+ children n=135), Millennials (0 children n=253, 1+ children n=200), Gen X (0 children n=152, 1+ children n=158)

RECEPTIVITY IS NATURALLY HIGHER FOR CERTAIN INDUSTRIES

INDEXED AD RECEPTIVITY BY VERTICAL OF AD ■ Audio ■ Video



ADVERTISERS NEED TO BE ESPECIALLY THOUGHTFUL WITH THEIR APPROACH TO DIGITAL VIDEO

AVERAGE RECEPTIVITY INFLUENCE INDEX BY MEDIA TYPE
(INDEXED TO AVERAGE [100])



- Variance in receptivity for video is influenced by indicators 34% more strongly than audio.
- With more variance in ad receptivity for video, video marketers have an increased need to get it right.

AUDIO

85



VIDEO

115



Receptivity on video is influenced by indicators 15% more strongly than average



THE INTERSECTION OF AD RECEPTIVITY + AD ATTENTION

ATTENTION IS FINITE FOR BOTH MEDIA TYPES, BUT AUDIO LISTENERS ARE LESS LIKELY TO AVOID ADS THAN VIDEO VIEWERS

% OF RESPONDENTS WHO...

VIDEO: 46%^Δ

AUDIO: 39%

AVOIDED AD ACTIONS

Ignored the ad
Muted or skipped the ad
Left the area

AVOIDED AD

Because it is easier to escape video ads (e.g. not looking at screen, leaving the room), video viewers are more likely to avoid ads than audio listeners

AUDIO: 17%

VIDEO: 13%

INTERERACTED WITH AD ACTIONS

Researched product
Clicked to learn more
Interacted in exchange for a reward
Considered purchasing

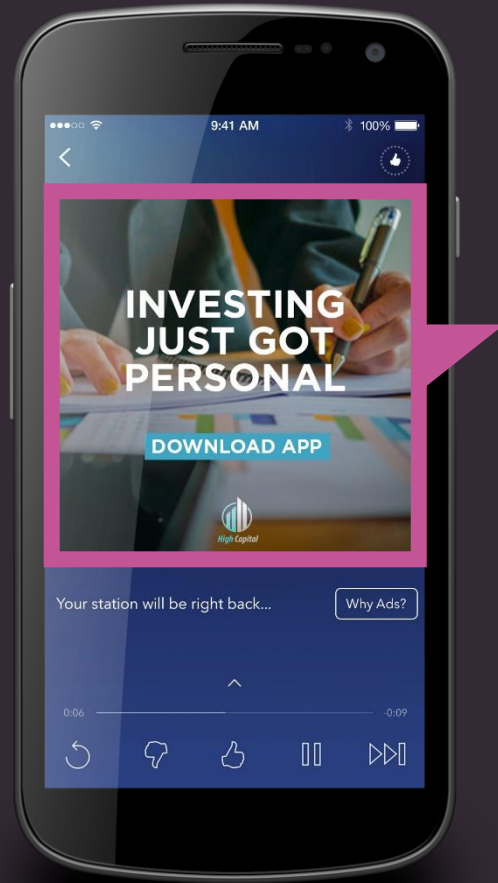
INTERACTED WITH AD

Q: Which of the following did you do when you experienced an ad while you [listened to audio/watched video] yesterday on your [device]? Select all that apply.
Audio diary N=3,048, video diary N=1,240.

Δ =significant difference between audio and video at 90% confidence.

RELEVANT AND INFORMATIVE ADS ARE ATTENTION-GRABBING FOR AUDIO LISTENERS

% OF RESPONDENTS WHO PAID ATTENTION IF... ■ Audio ■ Video



...if product was relevant to me



...if ad had useful information



...if ad was entertaining



...if I wasn't doing anything else

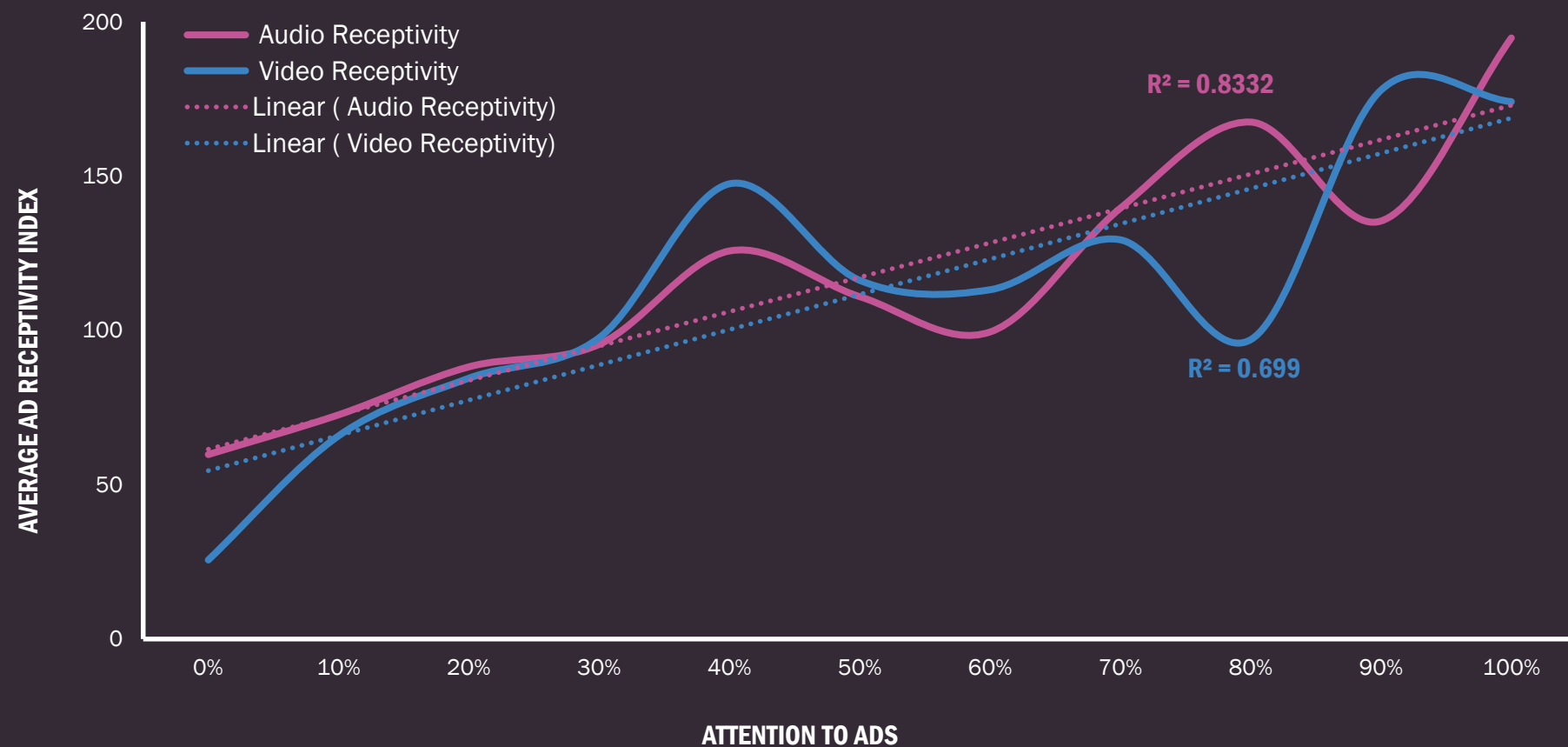


Q: Which of the following did you do when you experienced an ad while you [listened to audio/watched video] yesterday on your [device]? Select all that apply.

Audio diary N=1,046. | Video diary N=408.

▲ =significant difference between audio and video at 90% confidence.

THE MORE RECEPTIVE CONSUMERS ARE, THE MORE LIKELY THEY'RE PAYING ATTENTION



As ad receptivity increases, so does attention to advertising

SPOTLIGHT ON PANDORA

PANDORA IS CONSIDERED A GO-TO PLACE FOR AUDIO

**REASONS FOR USING PANDORA
(BOTH FREE/PAID)**

“I like how it is like the normal radio, you never know what song comes on next”

“I use it for listening to uninterrupted music on a shuffle”

“Not as many ads as youtube”

It's easy to use
26%

I've had it the longest
13%

It will always have something new to entertain me
10%

It is my normal go-to place for listening to music/podcasts
17%

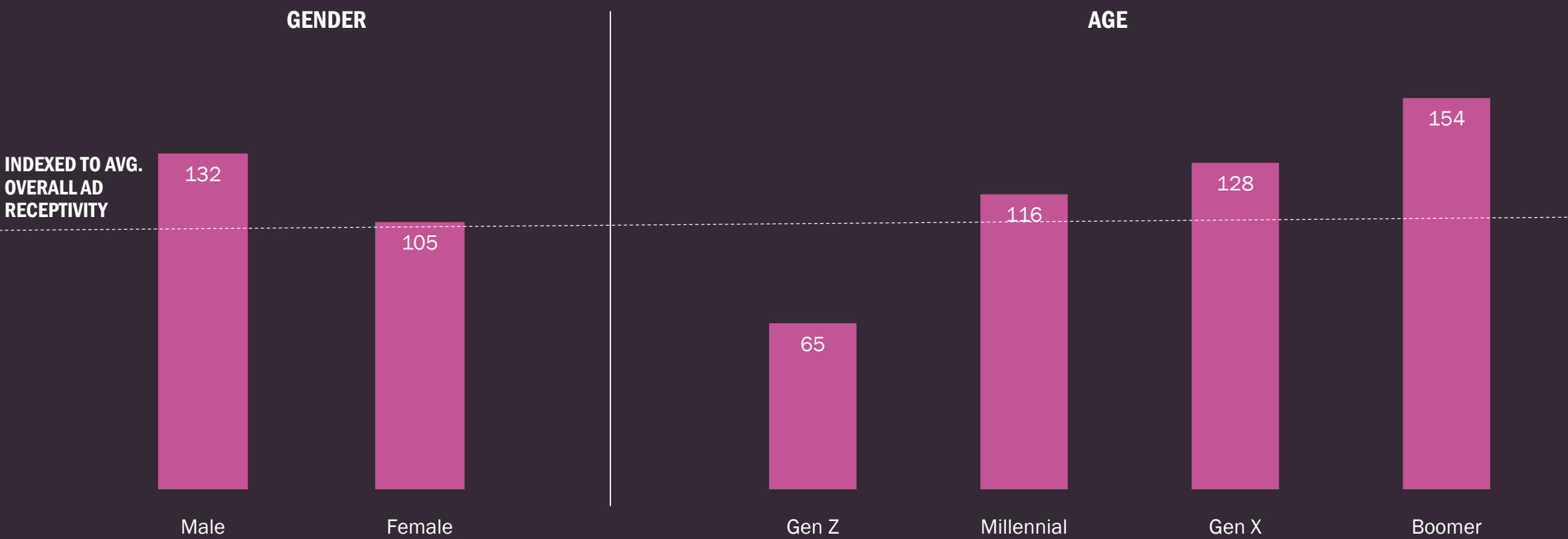
I know I will find the song/podcast I'm looking for
10%

It's the best way to discover new music/podcasts
8%

It has the highest quality content
7%

WHAT DOES A RECEPTIVE PANDORA USER LOOK LIKE?

INDEXED AD RECEPTIVITY BY... ■ Audio



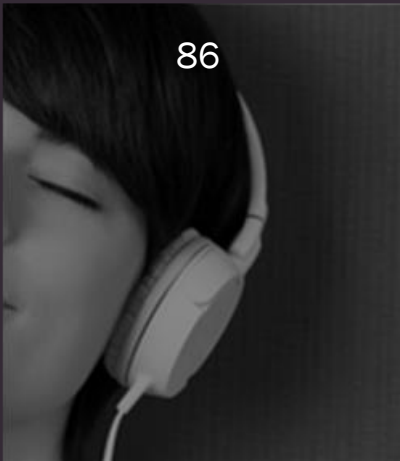
PANDORA USERS IN PARTICULAR ARE RECEPTIVE TO AUDIO ADS

INDEXED AD RECEPTIVITY TO DIGITAL AUDIO BY GENERAL PANDORA USAGE

INDEXED TO AVG.
OVERALL AUDIO
AD RECEPTIVITY

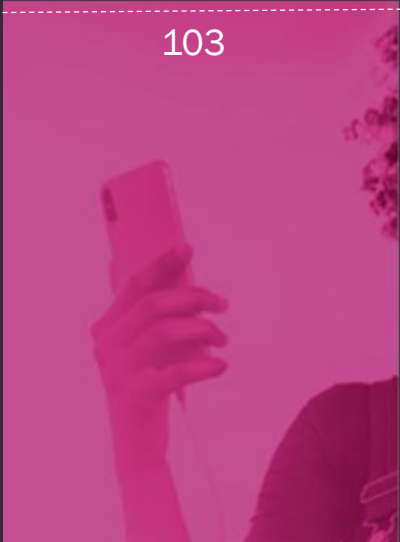


Pandora Users On Any
Audio Platform

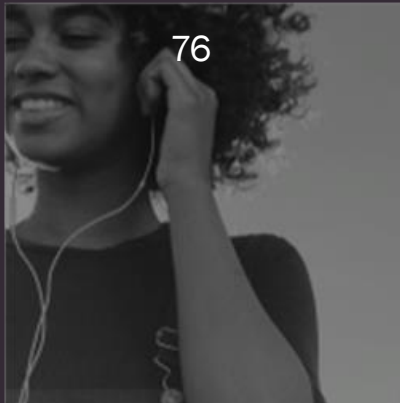


Non-Pandora Users On Any
Audio Platform

INDEXED AD RECEPTIVITY TO DIGITAL AUDIO BY GENERAL PANDORA USAGE AMONG GEN Z/MILLENNIALS



Young Pandora Users On
Any Audio Platform



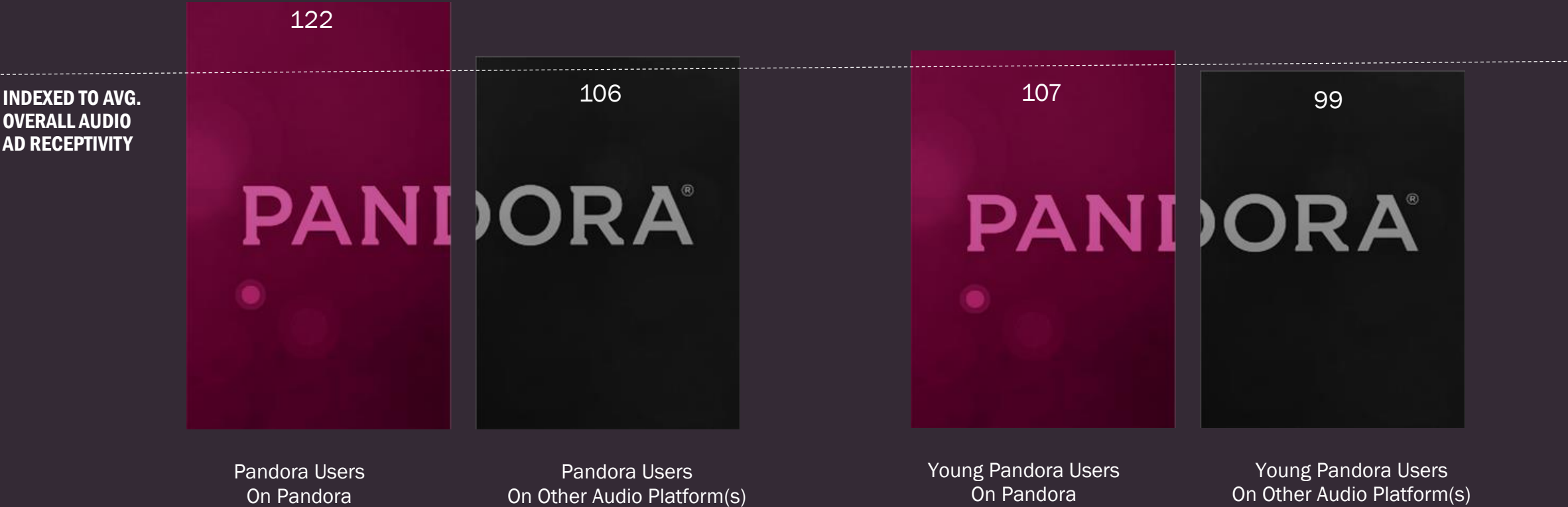
Young Non-Pandora Users
On Any Audio Platform

Even though Gen Z was the least receptive age group overall, Pandora users in this age bracket are particularly receptive

THEY'RE EVEN MORE RECEPTIVE WHILE ON PANDORA

INDEXED AD RECEPTIVITY TO DIGITAL AUDIO BY
PANDORA USERS ON AND NOT ON PANDORA

INDEXED AD RECEPTIVITY TO DIGITAL AUDIO BY
PANDORA USERS ON AND NOT ON PANDORA
AMONG GEN Z/MILLENNIALS



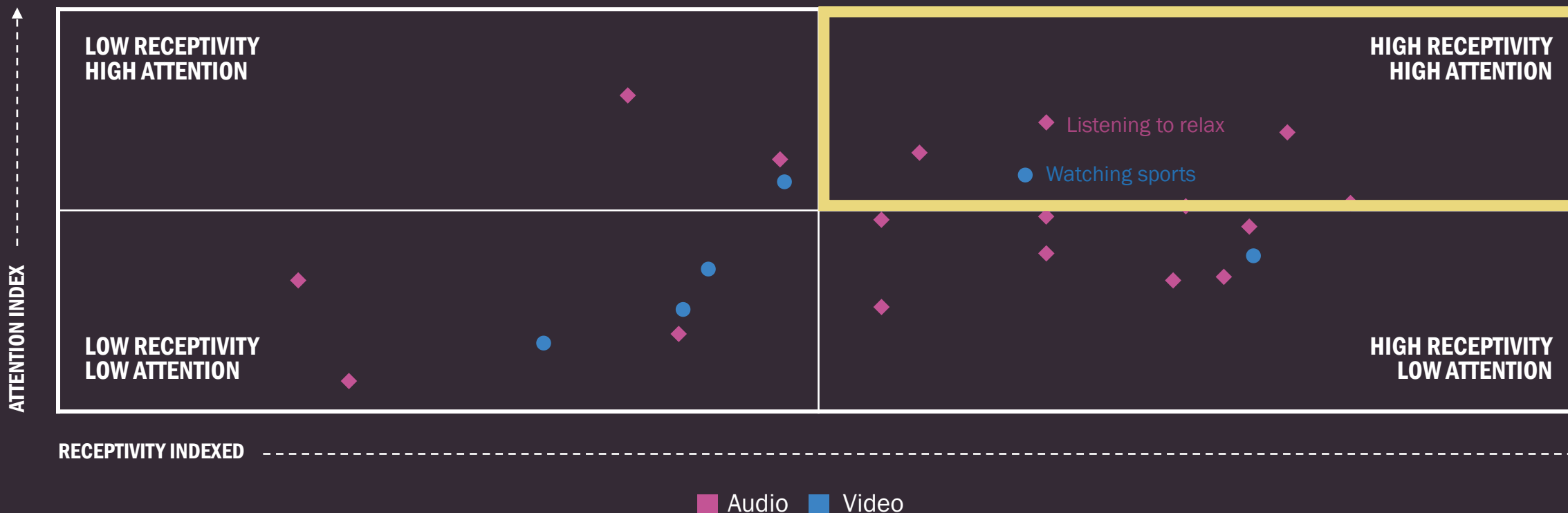
A background image showing a group of people in a meeting. In the foreground, a person's hands are holding a smartphone, showing a screen with a circular graphic. Another person's hand is pointing at the screen. In the background, a laptop is open on a table, and other people are visible, some looking at the phone. The entire image has a dark, blue-tinted overlay.

THE WRAP UP

INFINITE MOMENTS EXIST, BUT HIGH RECEPTIVITY AND ATTENTION ARE KEY

- Advertisers shouldn't simply hope for the best. They should be purposeful with their targeting
- For example, audio listeners are highly receptive and attentive when listening to relax

MOMENTS FOR AUDIO + VIDEO BY INDEXED ATTENTION AND RECEPTIVITY



RECOMMENDATIONS

1

MEDIA TYPE IMPACTS RECEPTIVITY.

Though consumers are reachable via digital audio and video throughout the day, ad receptivity varies widely across a variety of indicators, such as genre of content and device. Marketers should be mindful of when and where they are reaching audio listeners and video viewers.

2

MINDSET IS CRUCIAL.

Mood, needs state, and situation, indicators that are often dependent on one another, have a strong impact on ad receptivity. Marketers should explore efficient ways of targeting these components of mindset with contextual targeting.

3

AD RECEPTIVITY IS COMPLEX, BUT TARGETABLE.

While receptivity is influenced by many factors, marketers can learn and adapt targeting methods to optimize accordingly. Using data and AI to better target key indicators should be explored.

ACTION ITEMS

UNDERSTAND YOUR AUDIENCE

- Define your target audience and utilize enhanced targeting to improve audience delivery.

UNDERSTAND THE ENVIRONMENT

- To resonate with your target market, use contextual targeting to better understand *the* environment they are in when consuming content. Indicators like content type, mood, and need state highly impact receptivity for consumers.

UNDERSTAND YOUR MESSAGE

- Consider tactics such as dynamic ad creative to best tailor your engagements to your unique market.

UNDERSTAND AD DELIVERY & IMPRESSION LOAD

- Determine when your target audience is most receptive and explore the most appropriate frequency during those moments.

CONSIDER VALUE-EXCHANGE BASED ADS

- Though younger consumers are the least receptive age group, marketers can consider opt-in value exchange based ads to provide added value for these segments. Previous research has shown that value exchange based ads are especially effective among younger consumers and drive other key metrics for brands.

A young woman with long brown hair is smiling and looking down at a smartphone in her right hand. She is wearing white earbuds and a dark green t-shirt. Her left arm is extended outwards, showing a tattoo of a rose and a person's face. The background is a soft gradient of light blue and pink. The text 'THANK YOU' is written in large, white, italicized, sans-serif capital letters across the center of the image.

*THANK
YOU*