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Stream Battle: how radio can compete with streaming services



KRONEHIT, the leading private radio station in Austria, commissioned a unique piece of research into listeners' perceptions of four different audio streaming apps – Pandora Internet Radio, Spotify (free version), KRONEHIT and its main competitor Ö3 (the youth station from the Austrian public service broadcaster, ORF). A panel of 20 randomly selected female listeners, representing KRONEHIT's core audience, were given smartphones pre-loaded with the apps and asked to use them for at least one hour per day, after which they participated in focus groups and one-to-one interviews.



The research and analysis was carried out by Edison Research and NEXT LEVEL AUDIO, with the findings first made public in March 2015.



NEXT LEVEL AUDIO

The results of the study shed a number of insights into the ways listeners interact with streaming services, leading the research team to make the following series of statements and recommendations based on their analysis:

- Pandora and Spotify did well because of their advanced music functions;
- Technical quality is vital for all apps – progressive downloading beats streaming;
- Skipping is a “killer feature”, so is rewinding;
- The radio apps were surprisingly competitive, especially KRONEHIT's curated channels;
- Simulcasting won't save you. Invest in technology and platform

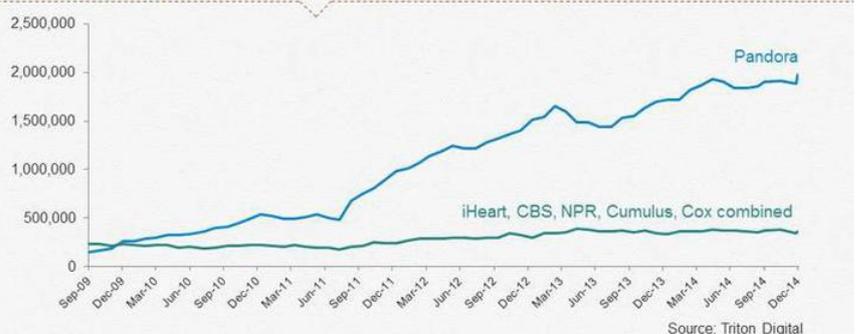
The background: we live in an age of increasing streamed audio usage

European radio markets can gain insights on the trends sweeping digital audio by glancing across the Atlantic to the USA. Americans spend more than 50% of their audio time with radio, but the real growth is being driven by two of the world's leading online audio players: Pandora and Spotify, both of which are posting big increases in listener session numbers.

A glance at the volume of listener sessions across all the major players in the US highlights just how successful Pandora has been at offering its audience an experience that keeps them coming back for more. By the end of 2014, Pandora accounted for about three times the average active sessions as iHeart Media, CBS, NPR, Cumulus and Cox combined according to data from Triton Digital. That's not to say that these broadcasters are not doing a great job with their radio stations, it just indicates that Pandora is performing exceptionally well in digital.

Pandora shows breakaway growth while streams of AM/FM stations are flat

Historical Trend, Average Active Sessions (Mon-Sun 6a-12m)



The results of the study and comments from the participants

The participants were asked to use one of the pre-loaded apps at a time, and as the two-week test went on, the researchers found that the use of Pandora and KRONEHIT gradually increased.

One of the participants noted the effectiveness of Spotify's playlists, which can be selected to reflect mood or the time of day. However, she did not like the fact that she could not select individual songs, which is a restriction of the free mobile version used.

The Pandora app was praised for the easy way of making personal playlists, for instance in the style of a favourite artist. However, the high load of commercials along with the music was something of a negative for this app.

The KRONEHIT app's strength lay in its additional curated channels, which again could be matched to the listener's mood at a given time and presented a wider and more recent selection of songs than could be heard on the main radio station.

Ö3's platform scored well for offering news content on-demand within the stream. It presented a simple user experience, and the function for making a playlist of favourite songs to listen to again later on Spotify was also appreciated.

Why this matters for egta members

Digital still represents a small percentage of audio listening and in many cases an even smaller percentage of ad revenues, but nonetheless it is undoubtedly growing and starting to benefit from better measurement and the introduction of automated trading platforms.

This study and the trends that can be observed from the US clearly show that if the online space is used as just another way to deliver the same radio content then it cannot be properly leveraged. When used to its best effect, digital audio allows greater choice and a richer experience for listeners as well as the advantages of data-driven marketing for advertisers.

Now is the time to innovate and keep the audience engaged and tuned in. Now is the time to offer new and even more effective solutions to advertisers.



Background info

Please click on the links below to access the relevant documents:

» **Presentation of NEXT LEVEL AUDIO from AGM** (please click here for the [presentation and the interviews](#))

(for egta members only - you need to be logged in to access the file)