

BRIEF: Radio reach growing as both broadcast and online expand

31 October 2024



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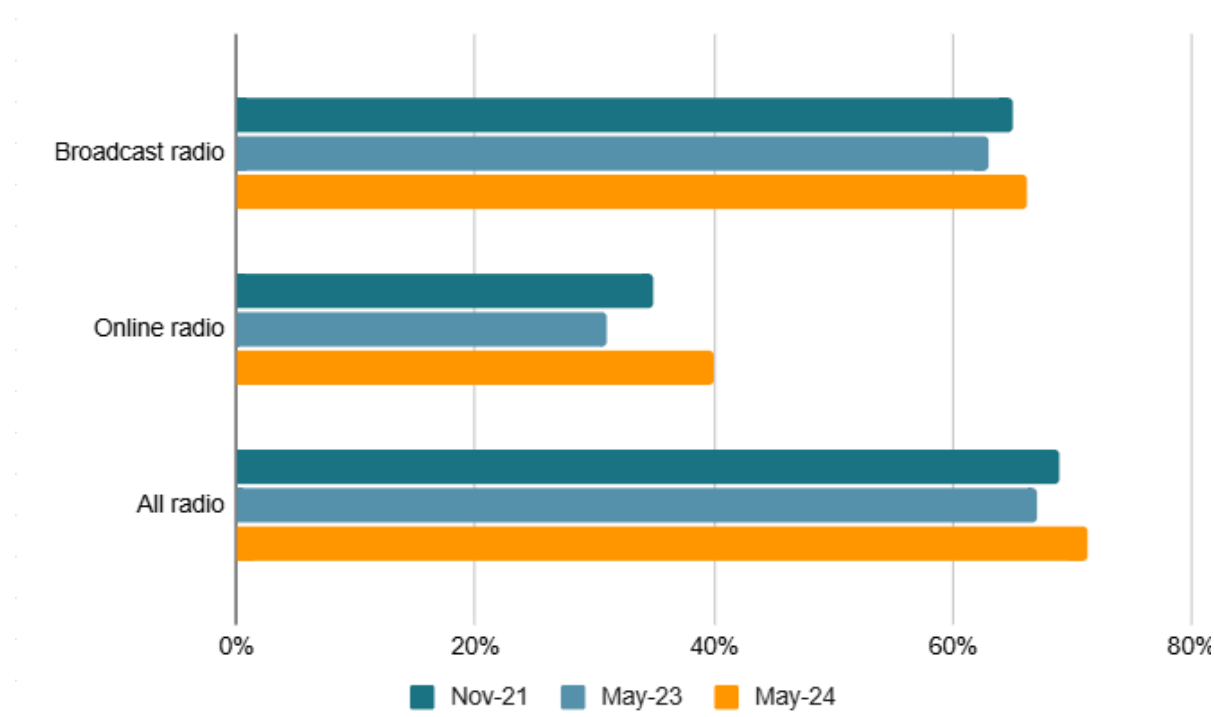
Abstract: Venture Insights' 2024 Consumer Media survey data shows that radio reach rose significantly in FY24, driven mainly by a surge in the uptake of online radio app listening. There is an analogy with FTA, which last week's commentary showed has had a similar resurgence. This is good news for the radio industry, which is looking to online radio to accelerate revenue growth.

Radio reach has exceeded pandemic levels

We forecast healthy radio advertising revenue growth of 2.8% CAGR over the next five years. This is significantly stronger than FTA TV, and we expect online radio apps will contribute a significant share to this growth as listeners look for alternatives to subscription-based music streaming and podcasting services.

Part of the reason for this optimistic view is that radio industry reach is growing. Our annual Venture Insights' Consumer Media Survey shows that radio reach, boosted during the pandemic period, dropped in 2023. However, it has risen again in 2024, both for broadcast and online listening.

Figure 1. Australian radio industry reach by platform



Source: Venture Insights Consumer Media Surveys

This parallels a similar growth pattern in FTA TV watching. Historically, radio broadcast has been more stable than TV broadcast, while radio has lagged TV in online uptake. The latter gap seems to be closing. Online radio reach rose significantly from 31% to 40% in 12 months. Within the 3% margin of error of the sample, this is a significant boost.

Why does this matter?

Radio gets much less policy and media attention than television. However it is a significant media sector, generating over \$1.15 billion in ad revenue in FY24. It remains a lifeline for many listeners, and is a major information channel in times of disaster.

Our survey data shows that radio's online penetration is over 50% for the 18-24, 25-34, and 35-44 age cohorts, showing that there is significant online radio listening amongst younger demographics. The radio industry is well-placed to deliver programmable advertising to these demographics, improving yields overall and underpinning our forecast of revenue growth in a highly competitive market.

We estimate that online radio (streaming and podcasting) has rapidly risen to over 11% of radio industry ad revenue. This compares respectably to FTA TV's 13% of revenue from BVOD services. Radio is catching up to TV in the generation of online revenue.

In summary, radio remains a viable media sector, combining a robust broadcast platform with significant growth prospects in the online world.

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