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Marketing Matters

Podcast Advertising: E-Media's New Wave

October 2007

by **Tina Caputo**

Hosts Leigh Older, Brian Clark and Jay Selman (left to right) taste and talk on GrapeRadio

Now that everyone's up to speed on the Internet and blogs (you are, aren't you?), it's time to explore new techie territory. While websites and electronic newsletters are great vehicles for promoting your wines at very little cost, it's sometimes necessary to take that extra step: advertising. Yes, I know: The big wine magazines are too expensive for most small wineries, television is even more cost-prohibitive and radio, while affordable, tends to reach a general, rather than a targeted, audience. That's why forward-thinking marketers are turning to alternative media options, like podcast advertising.

A podcast is essentially a free audio or video program that people can download from the Internet to their iPods/MP3 players, and watch or listen to whenever they like. There are thousands of podcast programs out there, covering everything from gardening to cooking to--you guessed it--wine.

Podcasts by the numbers

According to the Pew Internet Project nonprofit research center, in Washington D.C., more than 22 million American adults own iPods or MP3 players, and more than 6 million have downloaded podcasts from the Internet.

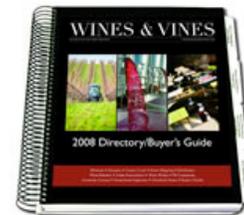
New York-based market research and trend analysis firm eMarketer lists the number of podcasts at 90,000 and growing. The company predicts that podcast audiences will total 18 million by 2011.

HIGHLIGHTS

- A podcast is a free audio or video program that people can download from the Internet to their iPods/MP3 players.
- eMarketer lists the number of podcasts at 90,000 and growing. The company predicts that podcast audiences will number 18 million by 2011.
- Auto makers and technology companies believe that targeted podcasts can be an effective way to reach a niche audience.
- Wine podcasts represent an innovative marketing opportunity for wineries.

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Successful companies outside the wine industry--particularly auto makers and technology providers--have already figured out that advertising on targeted podcasts can be an effective--and cost-effective--way to reach a niche audience.

According to Dr. Leo Kivijarv, Ph.D., vice president of research for Stamford, Conn.-based media research firm PQ Media, ad spending for podcast, blog and RSS advertising is on the rise. "Brand marketers have discovered alternative media," he says.

PQ Media's latest research shows that podcast, blog and RSS ad spending reached a combined total of \$78 million in 2005. The firm expects that number to reach \$325 million by 2010.

Compared to radio ad spending--which totals about \$20 billion per year--that's "a drop in the bucket," Kivijarv says, but podcast advertising is experiencing triple-digit growth.

"When we talk about podcasts, the wine industry is lucky in that there are some websites that have some very loyal listeners," he says. "So the possibility of engagement with these particular websites is higher than, in some instances, what a wine company might actually get out of a traditional media company. There are a lot of influential wine drinkers or critics who go to these podcast sites."



Eric Anderson tweaks the sound mix on GrapeRadio.

While electronic media often appeal to a younger audience than traditional media, the subject matter of the podcast tends to determine the demographic of its audience, Kivijarv says.

Wine-related podcasts

There are dozens of wine podcasts available on the Internet, from shows aimed at wine geeks to travel-focused programs that highlight particular wine regions. Among the best known is GrapeRadio (graperadio.com), which podcasts a weekly, 30-minute program about wine-related topics. The show is now in its third year.

Each episode reaches 12,500 listeners across the country, mostly between the ages of 30 and 59, who drink wine on a daily basis. Nearly half of the show's listeners have an annual household income of more than \$100,000.

Rather than running pre-recorded ads, GrapeRadio airs loosely scripted sponsorship announcements read by the show's hosts. Prices range from \$500 to \$4,000 for a four-show/one-month sponsorship.

According to GrapeRadio co-host Brian Clark, the show's advertisers have included the Miami Travel Bureau, various cruise lines, wine retailers and even *Wine Spectator*--but so far, no wineries. "We don't do any wine reviews, so there's no conflict of interest," he says.

Clark describes the show as "a bit more technical than entry-level education, with a high-end focus," factors which also appeal to industry-related advertisers, such as vineyard management companies.

One of the benefits of podcast advertising over traditional media, Clark says, is that the programs are available for downloading long after their original broadcast dates. "We still get some shows downloaded from three years ago, so the sponsorships have quite a bit of legs," he says. "I think it's a great value because it's dedicated attention."

Podcasters have the ability to track the number of listeners that download each show, so advertisers know exactly how many people are hearing their message.

Eighty percent of GrapeRadio's current advertisers have sponsored the program multiple times, Clark says, "so they obviously are seeing a return on their investment."

For a directory of wine-related podcasts, visit podcastdirectory.com or search the iTunes

store for free downloads: apple.com.

Effective podcast campaigns

Wine-specific podcasts aren't the only promising ad vehicles: There are also podcasts about food, travel and lifestyle that would make suitable targets for wineries.

Brooklyn, N.Y.-based RadioTail (radiotail.com) specializes in helping companies place their ads on targeted podcasts. The agency works with dozens of different podcasts that enable advertisers to reach highly engaged audiences.

While a traditional 30-second radio ad may cost under \$500 and reach tens of thousands of listeners, there's no guarantee that those people will be interested in wine, says RadioTail CEO Greg Galant.

"On paper, it will look as though the radio ad is a lot cheaper," he says. "A lot of stations will say their show reaches 5 million people, but that doesn't really mean 5 million people are going to hear your ad....In general, they're not engaged, and they're not in a position where they can make the purchase. The difference with podcasting is that the person has opted into it--they've gone to the trouble to download the show, play it and focus on it."

Podcasts also offer more creative flexibility than traditional media, Galant says.

"Because it's a new medium, you can work closely with the podcast producer to do something creative, like offer a discount for listeners based on some inside joke on the show." Special promotions and discounts can also help advertisers measure the success of their campaigns.

Podcast ads can either be produced spots, or may be read on-air by the host. Galant has two main rules for creating podcast ads: "The first is to make sure they're no longer than 15 seconds," he says. "I find if they're longer, you start to lose people's attention and do more harm than good."

His second rule is to vary the ads. "I've never heard anyone complaining that there's a 15-second ad in a podcast," he says, "but where they do get a little testy is when you sponsor something for two months and run that same ad every time. People get sick of it. Rather than doing that, you can produce five ads and have each one be different." In the case of wineries, he says, the ads could focus on different wines, or different aspects of the product--such as winemaking, vineyards, etc. "That way, it's less likely that (the audience) will tune out."

Another key factor in creating an effective campaign is to know the podcast audience. "Spend a lot of time with the shows that you're going to be placed on," Galant says. "You want to make sure your ad is in the same tone that will appeal to that crowd." If the podcast is irreverent and funny, for example, a straight ad wouldn't work.



"Make it fun and entertaining--there's no reason an ad should be an interruption, or something that people resent," he says. "It should be something that adds to the show."

Producing a podcast ad can be a low-budget, do-it-yourself affair, recorded on a home computer, or a professional endeavor. In addition to podcasting its weekly wine show, GrapeRadio offers audio and video production services for wineries. With GrapeRadio's help, clients can produce audio and video files to place on their websites, run as podcast ads or e-mail to their salespeople and distributors. Though the company is based in Southern California, it can easily record high-quality audio clips by phone. For more elaborate video projects, GrapeRadio will send out a film crew, or the client can arrange to stop by the studio during a Southern California market visit.

Though the podcast medium is still in its infancy, Galant predicts that it will become increasingly important to marketers in the coming

years.

"What people have already shown with Tivo is that people want more niche media that's directly relevant to them," he says. "The other big trend is that people want media to be available when they're available. They don't want to have to be home on a certain night to watch something. I think those two trends will keep exerting their power and will drive that podcast model. Being able to get media on demand over the Internet is going to shift things over the next few years and create a lot of new opportunities for advertisers to reach their audiences in a much more focused and direct way."

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