

How Spotify Amplifies Business Messaging for SMBs



Gene Marks

CPA, Columnist, and Host



Rochelle Sanchirico

Global Director of SMB Marketing at Spotify

Announcer:

Welcome to THRIVE, a Paychex Business Podcast where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

Gene Marks:

All right, everybody we're back. Thank you so much for joining us. I'm here with, with Rochelle Sanchirico. Did I get that right, Rochelle?

Rochelle Sanchirico:

You got it. I love it.

Gene Marks:

I'm so bad with names. So I really appreciate you helping me out. I just appreciate so much that you're here as well. Rochelle, you are the — I'm looking at my notes — you're the global director of SMB Marketing at Spotify, correct? That's your official title.

Rochelle Sanchirico:

Correct. Yes.

Gene Marks:

So I'm going to get into what that even means, but before we even go there, tell us a little bit about how long you've been on the job and how you got to where you are right now.

Rochelle Sanchirico:

Great. Absolutely. So I just had my one-year anniversary at Spotify. So I've been on the job just over a year. and I was brought on to really start and run this team focused on bringing more SMBs into Spotify. But just as far as my background, so I've had the good fortune over my career to work across multiple industries and functions. I've done everything from being in the trenches and marketing. One of the first people out there in a media company, heavily focused on SEO and training reporters how to write for robots, all the way to running sales and customer success teams.

Rochelle Sanchirico:

Most recently, prior to coming to Spotify, I was the CEO of mHelpDesk, which is a field service software company. We were in SMB. We were selling to SMBs. It was very meta. Prior to that, I was working at Vista focused on their digital products. So also very SMB focused. So I've really been in this SMB world for about 12 years now. I'm really excited and committed to supporting small and medium-sized businesses and agencies.

Gene Marks:

Yeah, I mean, so, okay. So that's great. It just leads me to the most obvious question. I mean, Spotify is a music streaming platform and podcast streaming as well. So why would there be a director of SMB marketing? Why do you guys care about small and midsize businesses?

Rochelle Sanchirico:

Well, it's just streaming audio is such an amazing place for small and medium-sized businesses and agencies to connect with their audiences.

Gene Marks:

Right.

Rochelle Sanchirico:

The thing that I love about our flavor of advertising is just our audience is immersed in what they're doing and that gives the ability for a brand or company to really stand out and have their message be heard by the listener versus just being on a page, a webpage, and having 15 ads coming at you, search ads or display ads. When you're listening to an ad on Spotify, it's the only thing that the listener is engaging with at the time. So we just, we see really great results for small and medium-sized businesses to really get their message across.

Gene Marks:

Got it. So this is, it's really all about ad revenue, right? I mean, you're, you want to entice ... I run a business based outside of Philadelphia. We sell customer relationship management software. And I do writing in a bunch of different places, but really my small business has 10 employees and that's what we do. So your aim is to, I guess, attract small businesses to, to advertise on Spotify, correct?

Rochelle Sanchirico:

Absolutely. Yes.

Gene Marks:

Okay. So sell me on that. So, okay, I am interested. I'm trying to get people to buy the software that I sell, and I am looking really for people in the Mid-Atlantic region of the U.S. So how would Spotify help me do that?

Rochelle Sanchirico:

Yeah, absolutely. So I'm really excited to help you market your business further using the Spotify platform.

Gene Marks:

[Chuckles] Where's the advice here, Rochelle, right? Come on.

Rochelle Sanchirico:

Yeah, this is, now, we're doing a little consulting.

Gene Marks:

Yes.

Rochelle Sanchirico:

We're working together here. So we have a self-serve ad platform called Ad Studio, which is built just to work perfectly for small businesses. So what you would do is actually come into that platform, and we have multiple different targeting options. So that's really it sounds like it's very critical for you and your business. So deciding the type of person that you're targeting, but also one thing that's very unusual with Spotify is we have the ability to look more at the context of what the person is doing while they're in our platform, right? The type of music they're listening to, the type of audio content they're engaging with, and then find the right spot for you to place that advertisement.

Rochelle Sanchirico:

Another thing that I really love about our platform, especially being a person who has done marketing within an SMB before is ... Let's be honest. Most SMBs are not going to have a 50-person marketing team. And so you're probably not going to have somebody on staff who is like — well, you might have somebody, Gene — but most people would not have somebody who is great at writing audio scripts. So that's something that we help with for our customers. So with podcasts, we actually help them write the script. Then for both audio and podcasts, so music and podcasts, we do the recording for our customers for free.

Gene Marks:

That's awesome.

Rochelle Sanchirico:

So you can select the type of voice, and also do the editing within the platform itself.

Gene Marks:

I'm trying to think, I don't know, because I'm a Spotify subscriber. So maybe I'm naive about this. I do hear ads sometimes on the podcast that I listen to on Spotify, but I never hear ads when I'm just listening to music. Is that ...? I guess that's because of the plan that I have, is that right? If I had a free plan, are listeners getting ads? In other words, if I'm trying to reach people who are just listening to music, I'd be able to do that?

Rochelle Sanchirico:

Right. So on the music side, yeah, that's where you have a premium plan it sounds like, so you would not receive ads through music.

Gene Marks:

Right.

Rochelle Sanchirico:

But we have 345 million monthly active users globally and 190 million of those are ad-supported.

Gene Marks:

Right.

Rochelle Sanchirico:

So about half of our listeners are ad-supported and half are premium.

Gene Marks:

Got it. I know the podcasts — and again, I don't know the answer to this, so ... please stop if I get too far — but are the podcasts themselves, do they all have ads on them? I'm going to get into the demographics in a minute, but is it ... The podcast themselves do have ads. So if I were to place ads, I could reach an audience based on what podcasts they're listening to?

Rochelle Sanchirico:

Yes. Depending on the buying channel you go through, there are different options for targeting around podcasts, but yes.

Gene Marks:

Got it. Okay. That's fine. So I guess, and then it's funny, because this has been like this big issue with advertising for small businesses. I mean, back in the day, if I were to advertise on radio, I don't know who's listening, I don't know what market I'm reaching. If I had some broad-based consumer appeal product and I was advertising on Philadelphia area radio, then, okay, I'm taking a shot that some potential consumers are going to hear my ad and respond to that.

Gene Marks:

But you know, most businesses aren't really like that. We have a niche. I sell B2B. Many small businesses sell ... So we're looking for a specific niche of people that be interested in buying. So how would advertising on Spotify, how can, how can you guys help me reach that niche just based on the information you're getting from your listeners and your subscribers?

Rochelle Sanchirico:

Right. So we have all the standards options that you think about when you're going in to buy a social media ad or other type of targeting.

Gene Marks:

Right.

Rochelle Sanchirico:

So we have that demographic, geographic ability to target. Then, like I mentioned, we do also have those other layers. So you could just be targeting people who are listening to B2B content on Spotify. So in your case, that's something that would really help with the targeting criteria. It just depends on the audience that each of our customers is going after.

Gene Marks:

Yeah. You're making me think as well. Obviously, before Spotify got into podcasting, it would've been a lot harder to hit my niche just by music. Although more than half of U.S. small business owners are over the age of 50. So I'm assuming if I could drive ads to people that seem to like Thin Lizzy and Lynyrd Skynyrd and... (laughter) Right? We'll hit those people that could potentially be my market, you know?

Rochelle Sanchirico:

Right.

Gene Marks:

But putting aside the music, you're right about the podcast side. I mean, I think what you're saying to me is that you guys could target, like listen — again, we sell CRM software — so I'm out looking for people that

are VP of sales and VP of marketing, not just business owners. So those kinds of people might listen to marketing podcasts during that –

Rochelle Sanchirico:

Exactly. Yes.

Gene Marks:

Right? You would be able to target to those, is that correct?

Rochelle Sanchirico:

Exactly. Yes.

Gene Marks:

It would be a localized thing as well. Because so again, if I wanted to know all podcast listeners that are listening to sales and marketing podcasts in the Philadelphia region, you could help me target those listeners. Then let's get into the production of the ad. So yeah, you're right. I mean, it's not like we need an ad and it's got to be an audible ad. So I don't know the first thing to do when it comes to putting that together. I know you mentioned this earlier, but can you explain again what type of assistance Spotify then would provide to me? I'm clueless about how to do a radio ad. What would you do for me?

Rochelle Sanchirico:

Yeah. So if you're buying through our Ad Studio, there are two different experiences. So the first is on the music side. So if you're putting together an ad for music, we would allow you to upload a script, and we do have some prompts and other things to assist you in doing that. Then you would actually submit it and we have voiceover actors who are available who'd then do the recording for you. So you would, for free, get to select the type of voice that you think best fits with your brand and your message. They would do that recording, and within 48 hours, you would have a draft of that, but that you could then evaluate, provide any edits or changes. We would get those changes back to you and then your ad is just ready to be uploaded and used.

Rochelle Sanchirico:

On the podcast side, we actually take it a step further where we will help you write your script. So podcasts are a little bit different in that you're generally within a spoken-word environment already. You want to make sure that a podcast ad contextually feels right for that experience. So that's why for podcasts, we like to provide that additional support in writing a script that works well for podcasts.

Gene Marks:

Got it. I see some of the podcast providers, do, they do video. So I'm curious, is there any video component to these advertisements yet?

Rochelle Sanchirico:

There's video on the, within music. So you can select to have a video ad within music. Not currently in podcast yet.

Gene Marks:

Got it. Got it. Seems to me like, I mean, you guys at Spotify could really drill down to a lot of ... I mean, there are a lot of small business owners that are already on your platform that aren't even aware that this kind of things exists. So we had mentioned, one of the things that you had out there is that you have this campaign called "I Love Small Biz NYC." Tell us a little bit about that campaign and why you're doing it. It sounds like you're trying to spread awareness about what Spotify does, right?

Rochelle Sanchirico:

Yes. That's certainly part of it. But we are partnering with Silver Lining, which is a wonderful service that provides training and software for small businesses that helps them run their businesses more effectively. So Silver Lining is really the headline. They put everything together.

Gene Marks:

Sure, sure.

Rochelle Sanchirico:

They're running the program, we're the lead sponsor. What we're really trying to do is celebrate SMBs within the New York City area. So Silver Lining has identified 100 small businesses that are doing really amazing innovative of things. So we are trying to provide them with additional tools so that they can promote their businesses more effectively, get to be heard on our platform, but also in other places in their community that will help them be successful. So we've done some educational sessions with their audience. We've also provided some ad credit to be able to use on our platform so that they can try it out.

Gene Marks:

Sure.

Rochelle Sanchirico:

But really just looking to find ways to very effectively support small businesses. So that's just one of the initiatives that we have going on.

Gene Marks:

Got it. Okay. That's great. So listen, I mean, you and I are having this conversation on video so you can see me and I'm sure you have figured out by looking at this picture that, no big surprise, I'm an accountant as well. It shouldn't come as surprise at this point, right?

Rochelle Sanchirico:

[Laughter.] Right.

Gene Marks:

So let's talk, let's talk dollars if that's okay. How does this work from a... Is this again, I'm paying by listen? Is there a flat fee? How much would a small business owner be expecting to spend and how does the dollars work?

Rochelle Sanchirico:

Yeah. So this is one of the things that I love the most is so we currently-

Gene Marks:

Do you love this the most? Because we hate this the most, this is the worst part.

Rochelle Sanchirico:

Oh no. I love numbers. Yeah. Let's do it. So we operate on currently on CPM plat, right? Just like you would buy display advertising or something. So cost per thousand impressions is how the ads are purchased right now through the Spotify Ad Studio. And the thing I love is just the fact that our minimum ad spend for music is \$250 and for podcast is \$500. So I have to tell you, when I was looking for podcast advertising seven, eight years ago, I think the minimums were like \$10,000 or \$20,000 to actually try and run a campaign.

Rochelle Sanchirico:

For me, looking to market a small business, it just seemed too risky to be able to go into that new platform and just to have to invest such a large amount when honestly we just didn't know what we were doing. Podcasts was much newer. So I just love the accessibility of the platform now. You can come in, you can try it out. You can test different campaigns. It's very accessible from a financial standpoint.

Gene Marks:

Okay. So you talked about testing campaigns. So how do we do that? How do I know that I'm getting any type of success out of this?

Rochelle Sanchirico:

Yeah. So we have measurement and metrics within the platform. So we can tell you the audience that you're reaching. The majority of our customers do have a tendency to have more top of funnel interests. So more around awareness and consideration, that's the area where we're most heavily focused right now, but we are looking to get more into the lower funnel sort of metrics, closer to direct response. But as far as just getting your message out there, ensuring that it's heard, aligning your brand with a platform that works and content that works, that's really where we shine.

Gene Marks:

Yep. That makes sense. You know what I hate about this stuff, but this is not you, Rochelle, so don't ... Because I've been dealing with this for so many years. How can I put this diplomatically? So whenever I advertise on Google or Facebook, for example, they're ... it's cost per a thousand impression or a million impressions, whatever it is. I'm relying on them providing me that data. Do you know what I mean?

Gene Marks:

So if I'm going to advertise on Spotify. Spotify's going to say to me, "Hey Gene, you had 500 people listen to your ad or 5,000 people listen to your ad, and that's why we charge you what we did." But it's like you telling me that and then charging me based on what you're telling me. This is the way it's done throughout the industry. There's nothing inconsistent or wrong about that. I only say this because these are the questions I get from my clients, Rochelle, you know?

Gene Marks:

What do you say to a business owner that's like, "Okay, Rochelle. Well, Spotify told me that this is how many people are listening to this or listened to my ad. How can I, how do I verify that? How do I get comfortable with that? Because it's coming from you, not someone from an outside source." I don't know.

Rochelle Sanchirico:

Exactly.

Gene Marks:

I don't have a reasonable question to ask, but I'm curious what your response is.

Rochelle Sanchirico:

Yeah. There are other third-party measurement verification services out there. Just this past week we announced that we've acquired two companies, Podsights and Chartable. And Podsights is one of the leaders in the space, just around podcast measurement, to ensure that our customers feel confident that they're actually getting that exposure that they've paid us for. I think the challenge for SMBs is just the fact that for most of those services, those third-party verification services, — which we use for our own advertising.

Gene Marks:

Sure.

Rochelle Sanchirico:

— they're pretty technical. They can be expensive and so it can be something that's hard to scale and that's something that we're actively working on is trying to figure out a way to get that in everyone's hands, all of our advertisers. I only care about SMB. So I am worried about our advertisers getting, feel like they got as much bang for their buck as they can.

Gene Marks:

Yeah. Yeah. I agree. It's just this is a, an industry-wide issue. It's not just Spotify. I think that more outside services now, sorry, outside validation, I think will go long way to making small businesses more comfortable advertising on Spotify or any, you know, any service, which brings me to my ... We're getting near the end. Don't worry. So this is great and it's extremely informative. What is your value-add? So you're pitching a small business to advertise on Spotify, Rochelle, and you know, okay, I've got limited dollars. I can advertise on different online places. I could send out emails on Constant Contact instead, or buy postcards. I mean, I've got a lot of different options out there. So why Spotify? Why would I spend my money there versus anywhere else?

Rochelle Sanchirico:

Absolutely. So some of those other platforms that you mentioned, just as somebody who's been in charge of developing marketing mixes, I would never recommend walking away from those things. It's just how these various—

Gene Marks:

Oh, those guys are good. I'm just kidding.

Rochelle Sanchirico:

— how those various elements work together, right?

Gene Marks:

Right.

Rochelle Sanchirico:

You really need to, when we are developing our marketing plan and when I've done marketing for SMBs, you have to hit every part of the funnel. So the place where Spotify really shines is connecting you with an immersed audience where your message can be heard and finding that right target for you so that you can develop the awareness and consideration for your products, your services that will then drive more demand further down in the funnel.

Gene Marks:

Yeah. You got to know where your audience is. I think you're right. I guess when I give advice to my clients and for listeners or watchers of this podcast, I mean, you got to test things out. I mean, Spotify might be where your customers are and it just might be that much of better bang for your buck than Google or Facebook or Twitter or any of the other types of sort of advertising that you can be doing. It's certainly better than television, don't you think?

Rochelle Sanchirico:

Absolutely. We're one of the most trusted brands out there, which means that your message just means that much more to your listeners. We have a huge Gen Z and millennial user base. That's something that we really invest in. So if those are two sweet spots for you as far as your audience targeting, Spotify is a really great place to be. Clearly, we have everyone else as well, but those are two different segments that have really found their place on Spotify.

Gene Marks:

Rochelle Sanch ... Rochelle Sanchirico, [chuckles] thank you very much for joining me. Rochelle is the global director of SMB Marketing at Spotify. Rochelle, if I want to advertise on Spotify — and that is certainly something that after this conversation I'm going to give some thought to — where would I go best? I have your email, but I won't share that with everybody. Where would I go?

Rochelle Sanchirico:

[Laughter.] Yeah, I would recommend going to ads.spotify.com. You can get all the information you need there and also register for our Ad Studio platform.

Gene Marks:

Perfect. All right. That's great. Great information in a short amount of time, and that's what we're all about. So thank you very much. Guys, hope you got good information from watching this podcast or listening to this podcast as well. You've been listening to another episode of THRIVE. My name is Gene Marks. Thank you so much for joining us. We will see you again next time. Take care.

Gene Marks:

Do you have a topic or a guest that you would like to hear on Thrive? Please let us know. Visit payx.me/thrivetopics and send us your ideas or matters of interest. Also, if your business is looking to simplify your HR, payroll, benefits or insurance services, see how Paychex can help. Visit the resource hub at paychex.com/worx. That's W-O-R-X. Paychex can help manage those complexities while you focus on all the ways you want your business to thrive. I'm your host Gene Marks and thanks for joining us. 'Til next time. Take care.

Announcer:

This podcast is property of Paychex Incorporated, 2022, all rights reserved.