

**CORQ.**

# The audio report

In-depth analysis of voice as a channel S/S 21

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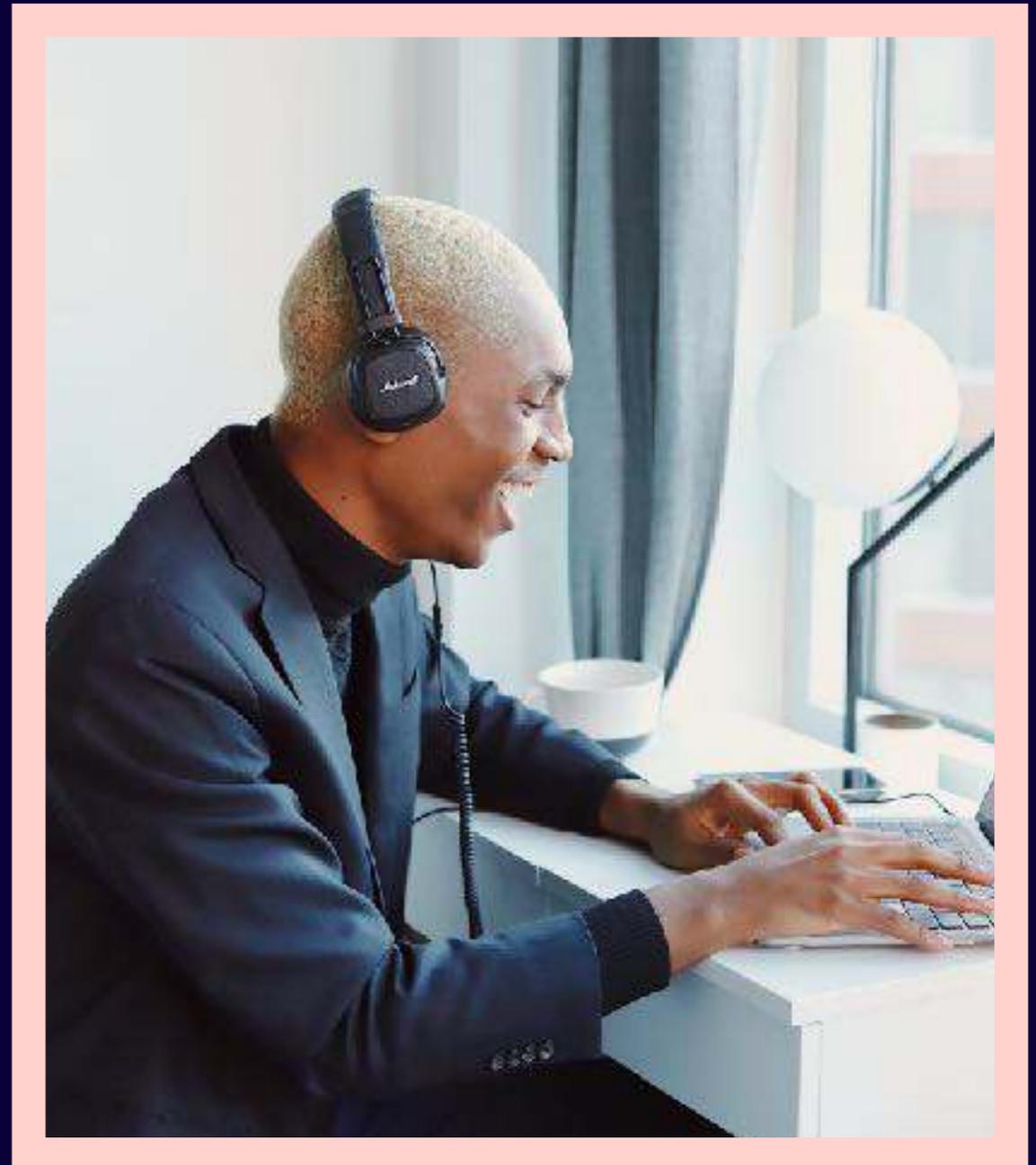
# The rise of audio has changed everything

The most significant digital phenomenon to emerge from the pandemic has been the rapid growth of audio as a channel. While the success of live voice-chat innovations like Clubhouse and Twitter's Spaces has sparked global chatter, the ongoing battle between seasoned players Spotify and Apple has reached new heights as they redirect their focus to the thriving podcast industry.

Sound has always played a powerful part in how we consume content yet audio outside of music and radio has often been undervalued. However, consumer adoption of Clubhouse has left tech giants across the board feeling a mounting pressure to evolve in this direction. Alongside Twitter, we've seen some of today's biggest companies including Facebook, Reddit and LinkedIn scramble to make their play in the race to win our ears.

Created in March 2020 by Silicon Valley's Paul Davison and Rohan Seth, Clubhouse rose to prominence via an invite-only strategy that saw users desperate to follow their favourite celebrities and personalities onto the platform. Home to high-profile figures that included some of Hollywood's biggest names meant it quickly amassed an audience. In February 2021, monthly installs of the app sky rocketed to almost ten million.

There are ongoing doubts over Clubhouse's future following a dramatic dip in iOS downloads - April saw a 66% decrease - and increasing competition. A lot has happened in Q2 to suggest that a second era of live audio is set to emerge in the aftermath of the pandemic. The app - currently valued at \$4 billion - started rolling out to Android users globally and recorded one million new downloads in two weeks, with audiences in regions like Asia and the Middle East finding it particularly compelling.



# Clubhouse vs Twitter Spaces: how do they work?

Clubhouse is made up of different spaces in a virtual hallway called "rooms". These are often labelled with the topic of discussion occurring in them. Anyone can join or start a room and conversations often range from unfiltered chats about dating and industry experiences to more formal conversations about bitcoin, trading and tech. Inside is a "moderator" who in most cases starts the room, speakers who join the moderator on "stage" and a number of users in the "audience" tuned into the discussion. If a member from the audience wants to speak, they can use the "raise your hand" feature to be brought up onto the stage as a speaker. Users can jump in and out of different rooms whenever they please and can also use other platforms while listening to audio on the app, a feature reflective of Spotify and Apple Music. Promoting longer usage, this is part of the reason conversations on Clubhouse can last for hours as well as days.

Much like its rival, Twitter's Spaces allows users to create a chatroom - public or private - that they can invite others to take part in or listen to. Built within the Twitter app, live Spaces appear at the top of your screen right beside Fleets - mirroring an ephemeral presence very similar to Instagram Live. Individuals are made aware of whether a Space is in session while using the app or through push notifications. Hosts are also able to invite people to join a Space by sending DMs, tweeting links or sharing a link elsewhere - a popular promotional method already adopted by many Clubhouse users on both Twitter and Instagram. Speakers can also pin Tweets to the Space and users can also turn on closed captions.

Where the two platforms largely differ is in discoverability. Even though many have criticised Clubhouse's overall discovery feature to find new content, its virtual hallway allows for a somewhat limited exploration of different rooms and discussions. This feature however doesn't exist on Twitter as you can only find Spaces when someone you follow is participating in one or when you see a tweet with a link to one.



# Three content formats adored by Clubhouse users



**PERFORMANCES:** Following a live production of The Lion King in December, Clubhouse has been the stage for numerous audio performances. The UK hosted a series of Hamilton auditions judged by the West End cast. Another innovation here is the speakeasy-inspired room. **The Cotton Club** offers a jazz club experience while the **Lullaby Club** utilises soft songs and ASMR to help users sleep. The latter was recreated by American brand IHOP which hosted a room dedicated to the sound of bacon cooking to promote its new menu addition, Steakhouse Premium Bacon.

**POP CULTURE COMMENTARY:** Some of the most enticing rooms on Clubhouse mirror reaction content on YouTube. Similar to topical rooms, this format allows users from all sides of the spectrum to engage in a collective interest. One area that is particularly thriving here - aside from music - is large-scale reviews and analyses of film and TV shows. From the BBC's Line of Duty to Netflix's Bling Empire, these rooms spend hours unpacking each episode weekly and have even captured the attention of cast members.

**TOPICAL DISCUSSIONS:** Drawing on personal experiences, stories and scandals, these rooms have continuously broken Clubhouse's 5,000 room limit due to their topical nature. Although this format is controversial, the content produced has spurred some of the most engaging conversations on the app. Just ask Elon Musk. His highly-anticipated Clubhouse debut in which he interviewed the CEO of Robinhood, Vlad Tenev, following the Game Stop scandal saw the entrepreneur not only break the Clubhouse limit, but fans also livestreamed the conversation on YouTube.

# Three reasons Clubhouse exploded



**EXCLUSIVITY AS A LAUNCH STRATEGY:** Clubhouse's invite-only strategy paired with its roster of celebrities including the likes of Oprah, Ashton Kutcher, Drake and Kevin Hart was the perfect way to market the app during its launch. The notion that the average user could be in the presence of a celebrity proved to be an exciting proposition as prominent names were actually interacting with people in an authentic and natural way. It quickly became clear that audio offered a levelled playing field in a way that visual platforms such as Instagram and YouTube did not.

**CREATORS OFFERING COMPANIONSHIP:** Make no mistake: Clubhouse's success is a product of the pandemic. It succeeded at a time when consumers were lonely and its daily live discussions offered an element of spontaneity lost during lockdowns. "Rooms" on the platform could be active for up to 12 hours as discussions would continue for as long as they needed to. Then there is the talent of its creators - Clubhouse has generated a new era of audio influencers that essentially laid the foundation of the app's success. Its Black creators are particularly successful and prolific.

**CROSS-PLATFORM INTERACTION:** Part of what makes Clubhouse so engaging is the commentary about its events occurring on other social platforms. Hashtags appear in the title of popular rooms so that the conversations can be carried over to Twitter where users will initiate splinter discussions. It's also why Clubhouse chat rooms - notably CH Chat - have been created. This plays a huge part in driving the appeal of Clubhouse and is the primary tool of discovery for the most popular rooms. It also gives Twitter users not on Clubhouse major FOMO.

# Three problems that plague the platform



**MODERATION:** Following significant backlash for incidents of abuse towards marginalised communities on the app, Clubhouse introduced a blocking feature to help with its moderation system. However, many are still finding this to be slightly controversial, especially for users who have been blocked unjustifiably. In contrast to more mainstream platforms like Twitter, Facebook and Instagram, the option to block users on Clubhouse also limits the way that person can communicate with others too. Once blocked, they can't join or see any rooms that the user creates or are speaking in, which effectively blocks them from everyone else in that room.

**PRIVACY:** One main cause of concern is Clubhouse gathering information to build profiles of people who aren't yet members. Another involves the app recording audio, which is great in terms of investigating abuse. However, the terms suggest that recording is deleted if the company itself is satisfied no abuse took place. Other issues include the privacy policy being published in English only, accounts can't be immediately deleted and it can share your personal information without notifying you. Also in April 2021, the personal data of over one million users leaked online, including real names and social media usernames.

**ACCESSIBILITY:** Twitter Spaces has made an effort to enable live captions in a manner similar to YouTube, writing out exactly what speakers are saying in real-time. Meanwhile, Clubhouse has yet to make improvements to prioritise accessibility for hearing-impaired or low vision users. This lack of inclusivity feels out of touch with digital culture now and means that many vital conversations that could be happening on the platform are not. Also, audiences excluded by Clubhouse will soon have so many options when it comes to audio platforms, there will be no need for them to give it a chance.

# Global adoption of Clubhouse

The app has been the location of taboo conversations and as a result its user base is growing quickly but the platform is getting banned too.

**INDIA:** Clubhouse's initial delays to develop the app for Android saw the Indian market quickly create alternatives including Fireside and Leher to accommodate for its appetite to support an audio-only platform. However with Clubhouse's arrival on Android, the company has now seen considerable success in India - unsurprising given Android accounts for over 95% of smartphone users there.

**CHINA:** Prior to being banned in February 2021, Clubhouse attracted Chinese users to discuss politically sensitive topics, such as the protests in Hong Kong and the political status of Taiwan.

**SOUTH KOREA:** Clubhouse soared from 921st place to being the country's most downloaded iOS app in mid-February after politicians announced their bids for the country's mayoral elections. Some politicians as well as entrepreneurs and celebrities also joined the platform, which played a part in accelerating its growth. These days people are selling invitation codes on second-hand marketplace app Dangeun Market for as much as \$27.

**NIGERIA:** With over 50,000 downloads, Nigeria's youth are widely using Clubhouse to connect with individuals across the diaspora, spread awareness on political issues including the prolific #EndSARS movement against police brutality and as a safe space for the nation's marginalised LGBTQ+ community.

**MIDDLE EAST:** In February 2021, Clubhouse had been downloaded one million times in the Middle East since becoming available in January. Activists have since been using the app to openly discuss taboo topics such as legalising alcohol and abortion as well as to share stories of sexual harassment. However, government officials from Egypt have denounced the app and other countries - including Oman and Jordan - have banned it completely.

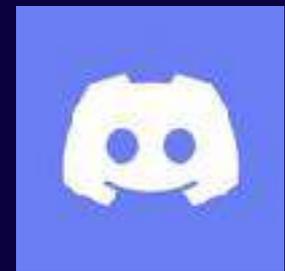


# Eight Clubhouse competitors

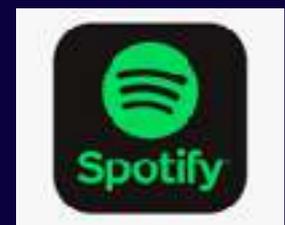
The race for our ears is on and the biggest names in tech are determined to snatch Clubhouse's crown.



**1. FACEBOOK:** alongside releasing **Hotline** - an audio Q&A product - to beta users in April, the platform also revealed its direct opponent to Clubhouse, **Live Audio Rooms**. The voice-based version of Messenger will also allow users to convert their live conversations into on-demand recordings.



**2. DISCORD:** though the digital platform already offers voice channels, its new release - **Stage Channel** - has been designed to host more structured chats with designated speakers and listeners. Also, Discord is the first app to offer live social audio rooms outside of iOS and across most platforms.



**3. SPOTIFY:** as part of its ongoing acquisition spree, Spotify bought live sports audio app **Locker Room**. This has been rebranded as Green Room and is fixing a lot of Clubhouse's problems. A serious contender for the audio crown.



**4. LINKEDIN:** the networking platform for professionals is currently testing live audio-only rooms that look very similar to Clubhouse. LinkedIn doesn't have an exact time frame yet for its launch but the platform plans to begin beta testing soon.



**5. SLACK:** the messaging platform is currently working on a way for users to engage in discussions by voice. As its CEO Stewart Butterfield simply put it "we're just building Clubhouse into Slack". Slack will also add ephemeral video messages similar to Snapchat and Instagram Stories.



**6. FIRESIDE CHAT:** this app is still in beta on iOS with a limited number of testers. Despite being marketed as a podcast service, its focus on audience participation is reflective of its competitors' and much like Facebook, users can record content after a discussion has taken place.



**7. REDDIT:** the forum unveiled its plans in April to join the race with **Reddit Talk**. The feature will reside within subreddits - individual forums focused on a given topic or theme - and those community moderators will be the only ones able to start a talk in the initial testing stages.



**8. STEREO:** an audio-based app that allows anyone to live stream or discover conversations in real-time. From comedy and sports to popular culture and true crime, there's an explore page where users can find either a live or recorded show by category, username or hashtag. Animated avatars are used instead of photos to eliminate "appearance-based stereotypes".

# Let's not forget about podcasting...

With over **15 million podcast listeners** in the UK and the US podcast industry expected to hit **\$1 billion** in annual ad revenue this year, we can't overlook the burgeoning growth of podcasting.

In Q2 2021, both **Apple** and **Spotify** marked new chapters with the announcement of their respective subscription plans. Just as an industry report suggested Spotify's podcast listeners would top Apple's for the first time, Apple rolled out a **subscription plan** in which podcasters have the option to sell monthly subscriptions within its app allowing listeners to access ad-free and bonus content. Creators have to pay Apple \$19.99 per year in order to offer these plans and the service will initially take 30% of revenue for the first year and 15% the year following.

A week later, Spotify revealed its own subscription service which offers podcasters the option to charge listeners for their podcasts. For the first two years, Spotify won't take a cut of podcasters' earnings. However, in 2023, Spotify will begin taking a 5% cut of total subscription revenue. The cost to subscribe is determined by the creator, but will be one of three tiers: \$2.99, \$4.99 or \$7.99 per month.

The move to enter the subscription podcast space follows years of significant investment by Spotify. The streaming service - which credits its investment in podcasts as one of the main reasons for increased usage - had tripled the number of podcasts on its platform, YOY, to 2.2 million. Following an acquisition spree in which it poached the likes of Gimlet, Parcast, Megaphone and more recently live audio app Locker Rooms, the streaming service signed exclusive podcast deals with high-profile figures including Prince Harry and Meghan Markle. Most recently, Spotify even made a bid to make its service more accessible by revealing plans to make transcripts available and let's not to forget its upcoming minelayer integration with Facebook.

**Amazon** is also setting itself up as a competitor with originals and exclusives on Amazon Music following the acquisition of **Wondery**. Meanwhile **Facebook** is currently building its own podcast player where creators will be able to distribute their shows through their Facebook page.



# The audio talent hotlist



**Ashleigh Louise:** referred to as “the famous moderator”, Ashleigh rose to prominence on the app following a series of popular discussions. Now with an impeccable reputation for skilful moderation, she has amassed over 50,000 followers on Clubhouse and her "club" #TalksWithAsh has over 25,000 members.



**Sher Scott:** the founder of arts and entertainment platform Get Set BingeTV launched her brand on Clubhouse and this was quickly established as one of the biggest discussion clubs dedicated to film and TV on the app, with over 30,000 followers.



**Yomi Onashile:** following the success of co-creating one of the biggest hair communities on Clubhouse (Black Hair Club) which has approximately 35,000 members, Yomi is one of the few Brits enlisted in the app’s Creator First programme.



**Kelechi Okafor:** the public speaker and Black rights activist can usually be found offering commentary on Twitter and via her award-winning podcast Say Your Mind. However, her auditory talent and brief presence on Clubhouse sparked some of the most insightful conversations on the app.



**Liana Fricker:** the New Yorker based in Surrey is also a beneficiary of the programme thanks to her show The History of Hair with Nibi Lawson. She is also known for Women Founders Club, which has amassed almost 100,000 followers.



**Oloni:** the sex and relationships influencer has used Clubhouse as an extension of her brand by covering similar topics explored through her podcast Laid Bare and famous Twitter thread #LadiesShallWe. Her club “Ladies Shall We Have Some Fun?” has almost 3,000 members and is the subject of viral commentary on Twitter.

# The audio talent hotlist



**David 'Sideman' Whitely:** the online personality has spent much of the past year transitioning into the world of audio following his rise in visual content. Sideman has earned him over 24,000 followers. Also, he recently launched Amazon's new +44 Podcast series with Zeze Millz.



**Victoria Sanusi:** the journalist is a skilled commentator - particularly prolific on Twitter during Love Island - so it's no surprise her award-winning podcast Black Gals Livin' covering pop culture and mental health has been a huge success.



**Chris and Rosie Ramsey:** each week the couple answer questions from the public and a secret celebrity as they playfully touch on relationships and parenting via their podcast Shagged, Married, Annoyed. They have published a book of the same name - a Sunday Times Bestseller - and were listed one of the Radio Times' best podcasts.



**Audrey Indome, Tolani Shoneye and Milena Sanchez:** best known for their podcast phenomenon, The Receipts. Covering relationships and dating in a humorous and relatable manner saw The Receipts rated by Spotify in 2020 as the third most popular comedy podcast in the UK.



**Ed Gamble and James Acaster:** mixing food with comedy, they invite interviewees into their fictional restaurant to choose their dream menu in their podcast Off Menu. Featuring guests including comedians Aisling Bea and Nish Kumar saw the series reach 30 million downloads in 2020.



**Chuckie Online:** the DJ and presenter is widely known for his weekly podcast series Halfcast with football pundit and musician Poet. His channel has over 22 million views and positioned him as the chief host of JD Sports' official podcast series, In The Duffle Bag.

**Thankyou for reading!**

Any questions or need help?

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