

CHASING MEDIA IMPACT DURING A POLITICAL AD STORM

A 2020 ELECTION OUTLOOK MEDIA GUIDE

POLITICAL POLARIZATION: HOW CONCERNED SHOULD WE BE?

Politics in this country feels so hyper-partisan these days that it often seems like both sides live in separate realities. There's so much finger-pointing, there's so much anger, and often this anger is fostered and exploited for campaign dollars, which in turn translates to more and more media activity.

This polarization is not unique to our current times, although arguably it's become more acute in the past 10 years. Still, there are several aspects of the 2020 cycle that analysts predict will make this election quite unique with implications that will reverberate across the entire media landscape.

"The next election, and those to follow over the next several cycles, will pit not merely partisan extremists against one another but the uncompromising divisiveness of partisan polarization against a nascent and strengthening yearning for community-building and conciliation."

– J. Waler Smith, Chief Knowledge Officer, Kantar Consulting

FIRST AND FOREMOST: VOTER TURNOUT IN 2020 PROJECTS TO BE THE HIGHEST IN A CENTURY, WITH NUMBERS NEARING 80%

This incredibly high citizen engagement will lead to record-breaking political ad spending, with President Trump's reelection campaign alone on track to spend at least \$1 billion. And just as talking about politics seems to suck up all the available air in our everyday lives, campaign advertising literally sucks up a large portion of our airwaves, while campaigns themselves enjoy advantages that others in media are not afforded. For example:

- Candidates have protected access to airwaves, which means no political preemptions and access to the lowest-unit rates within 45-60 days of the general election. This drives up the remaining cost-per-points for everyone else.
- Some broadcast time slots are more favorable than others. News (in any form) is most preferred and can comprise as much as 57% of the spending. Early Morning, Early News, and Late Night are the first units to fill up, making it increasingly difficult for general advertisers to clear these dayparts. Prime Time, Daytime, Early Fringe, and Prime Access are next on the list.

So how much money will actually be spent? Where will these advertising dollars go? And how should non-political products and brands adjust accordingly?

This guide tackles these questions head on, providing both insights into what is shaping the current ad climate as well as making suggestions on how best to position media dollars for optimal marketing impact.

NOT JUST PRESIDENTIAL SPENDING

First, it's important to understand that although the presidential race will be contentious, it's not the only place where political ad spending will occur. In fact, since 2012, presidential spending has actually dropped, while congressional spending has increased dramatically. With so much voter attention on both presidential and congressional races in 2020, non-political advertisers will find it even harder to take advantage of quality media opportunities.

PRESIDENTIAL AND CONGRESSIONAL FUNDS RAISED AND SPENT (2008-2018)

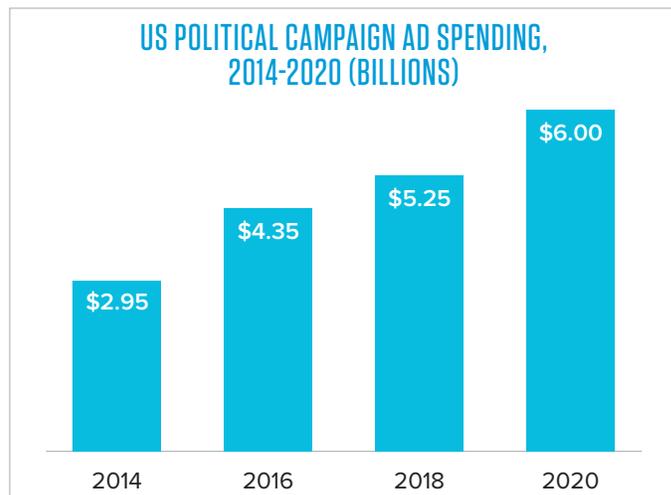
Cycle	Total	Presidential	% Change Prez	Congressional	% Change Congress
2018	\$5,725,183,133	–	–	\$5,725,183,133	38.82%
2016	\$6,511,181,587	\$2,386,876,712	-8.9%	\$4,124,304,874	7.25%
2014	\$3,845,393,700	–	–	\$3,845,393,700	4.95%
2012	\$6,285,557,223	\$2,621,415,792	-6.3%	\$3,664,141,430	.89%
2010	\$3,631,712,836	–	–	\$3,631,712,836	46.09%
2008	\$5,285,680,883	\$2,799,728,146	32.4%	\$2,485,952,737	-12.85%

Source: The Center for Responsive Politics

Overall, Kantar predicts \$6 billion will be spent on campaign advertising alone in 2020.

Additionally:

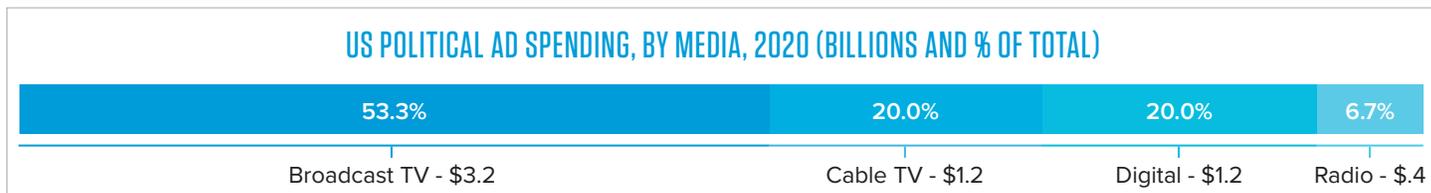
- Strong fundraising forecasts coupled with higher-than-expected voter turnout should leave candidates across the ballot, as well as IE groups, well-funded.
- House races will be particularly contentious, since a vast majority of 2018's competitive races were decided by narrow margins.
- Gubernatorial, statewide, and down-ballot elections will see continued attention due to redistricting resulting from the 2020 census.
- "Dark money" from PACs is not currently considered in these numbers due to its intrinsic difficulty to track. The FEC reported that more than \$148 million of "dark money" was spent in the 2018 election and, given the contentiousness of the upcoming race, we expect this number to rise substantially.



Note: Ads sponsored by federal candidates and campaigns; excludes PACs and local election ad spending
 Source: Kantar Media as cited by MediaPost, June 27, 2019

BROADCAST IS JUST THE BEGINNING

There's no question that political advertisers still see tremendous value in the broadcast television space, but campaigns are trending away from broadcast spending in favor of digital buys. In 2016, Donald Trump allocated 40% of his marketing dollars to digital, while Hillary Clinton only spent 2.5% of her budget online. Both campaigns spent a combined \$81 million on Facebook alone.



Note: Ads sponsored by federal candidates and campaigns; excludes PACs and local election ad spending
Source: Kantar Media as cited by MediaPost, June 27, 2019

THE DIGITAL REVOLUTION

By 2020, the industry anticipates that \$1.2 billion will be spent on digital media (social media, paid search, and programmatic), double what was spent in 2016. Compared to broadcast, digital affords campaigns more available space and greater targetability, but each discipline has its unique share of complications as well.

Social Media

In 2020, social media will continue to be a major focus for candidates, but there will be increased oversight. For example:

- Facebook has implemented an authorization process for all political and social advertisements. Advertisers must have a valid U.S. driver's license, U.S. state ID card, or U.S. passport. Snapchat has a strict review process for all political ads and reserves the right to request modifications. Twitter, LinkedIn, TikTok, and Pinterest have banned political ads completely.
- On Facebook, all political ads must include a disclaimer stating who or what entity paid for the ad. Users will then be able to click "About this Ad" to find the entity's name, phone number, and email address. Similarly, on Snapchat, political ads must include a "Paid for by" message, and the platform reserves the right to publicly display advertiser spend levels and targeting information.
- YouTube has just introduced an automated tool that allows political buyers to reserve ad slots in advance of the typical election buying season. This preemptive step suggests that YouTube political ad spending could reach new heights this election season, thereby impacting opportunities for non-political advertisers on the platform.

Paid Search

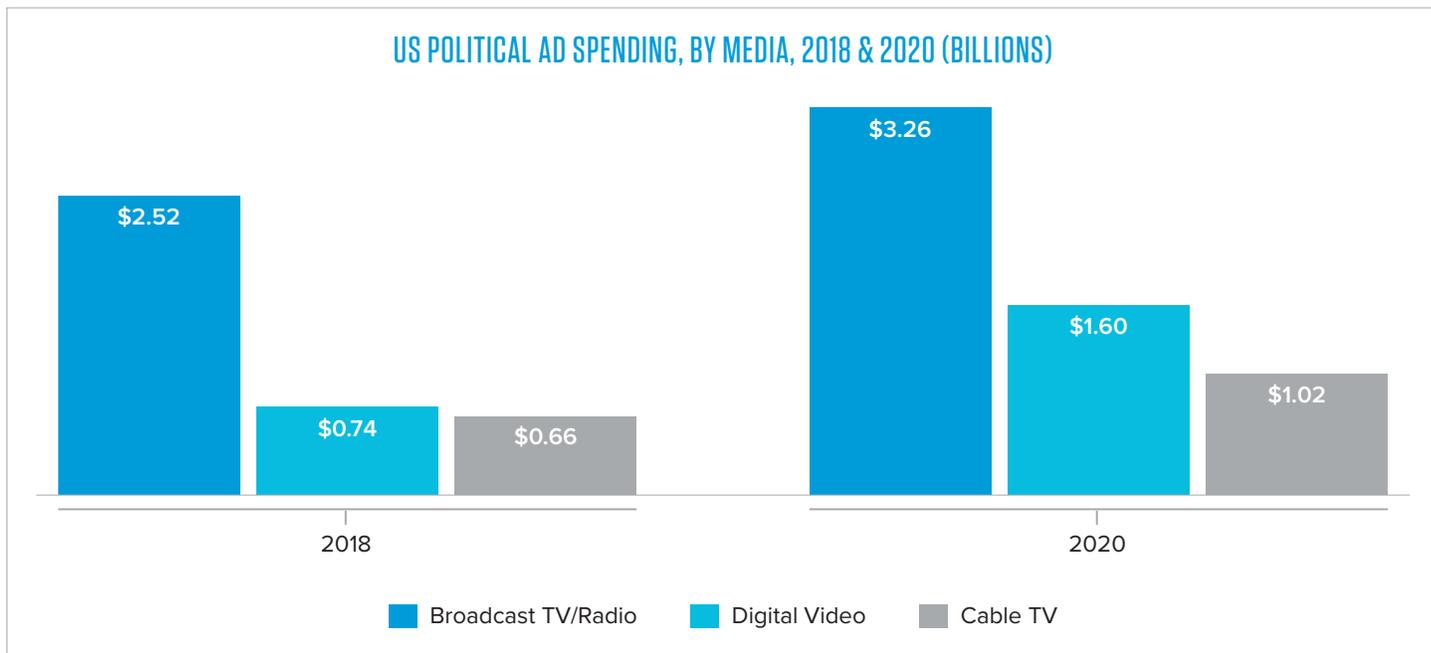
- Google being the most popular, still offers a smart way for non-political advertisers to cut through some of the partisan ads.
- Buyers bid on search terms, not audiences, so the chance of overlap or inadvertently wading into political waters is less likely.
- Avoid search terms that have political links, such as "platform," "trump," and "health care."

Programmatic

- Surprisingly, political campaigns spend a relatively small amount of media dollars in the programmatic space. In 2016, the Trump campaign, for example, spent only \$15 million in programmatic, a small slice compared to all advertisers in this space.
- As a result, the programmatic space should not be significantly impacted by the impending election and could represent an ideal place for non-political advertisers to increase spend as they lose leverage in other media avenues.

WILL OVER-THE-TOP (OTT) SPENDING BE OVER THE TOP?

Over-The-Top (OTT) devices, aka Connected TV, have become much more mainstream than they were during our previous presidential cycle, and are now used by more than 70% of all Internet users. This space provides the motion and emotion that marketers crave for creating awareness and impact. But the question remains, with political digital video spending expected to more than double in 2020, compared to 2018, how much of that spending will occur in this space?



Source: Advertising Analytics and Cross Screen Media, "2020 Political Spending Projections," July 10, 2019

Connected TV becomes especially intriguing when we look at the Gen Z audience. Nearly 20% of 2020 eligible voters will be between 18-29 years old. This younger generation of cord-cutters and cord-nevers primarily consume media through streaming services and online content, not through traditional linear TV. In fact, a study conducted by Telaria and Sling TV found that Gen Zs prefer to research and view their political content through streaming services.

FINDING OPPORTUNITY STREAMS AMID THE POLITICAL DELUGE

There is no question that this impending surge in political spending will impact ad availability, particularly in the broadcast space. This shortage of space is compounded by an increase in ad avoidance behavior in times of heightened political activity. Many try to escape the partisan bombardment by turning off their televisions, defriending verbose social followers, and avoiding certain Internet sites, instead seeking solace by binging their favorite shows on streaming services. Given this reality, alternative media approaches must be considered:

1. Shrinking Inventory: Find available space that is not inundated with ad clutter.
2. Geographic Implications: Advertise in regions where politics does not consume the audience.
3. Time Considerations: Contemplate timing and programming that are not traditionally part of a political buy.
4. Creating Impact: Use unique media units that allow for better placement opportunities.

1. Shrinking Inventory

The decreasing share of Spot TV affords non-political advertisers just 51% of ad space during the final three weeks of the political season. Still, even among the most contentious markets, there are ways to find windows of media opportunity. Strategic placements and shortened time frames for buying help avoid major obstacles.

Additionally, incorporating alternative forms of video such as OTT and YouTube offer the dynamic and personalized landscape that advertisers crave.

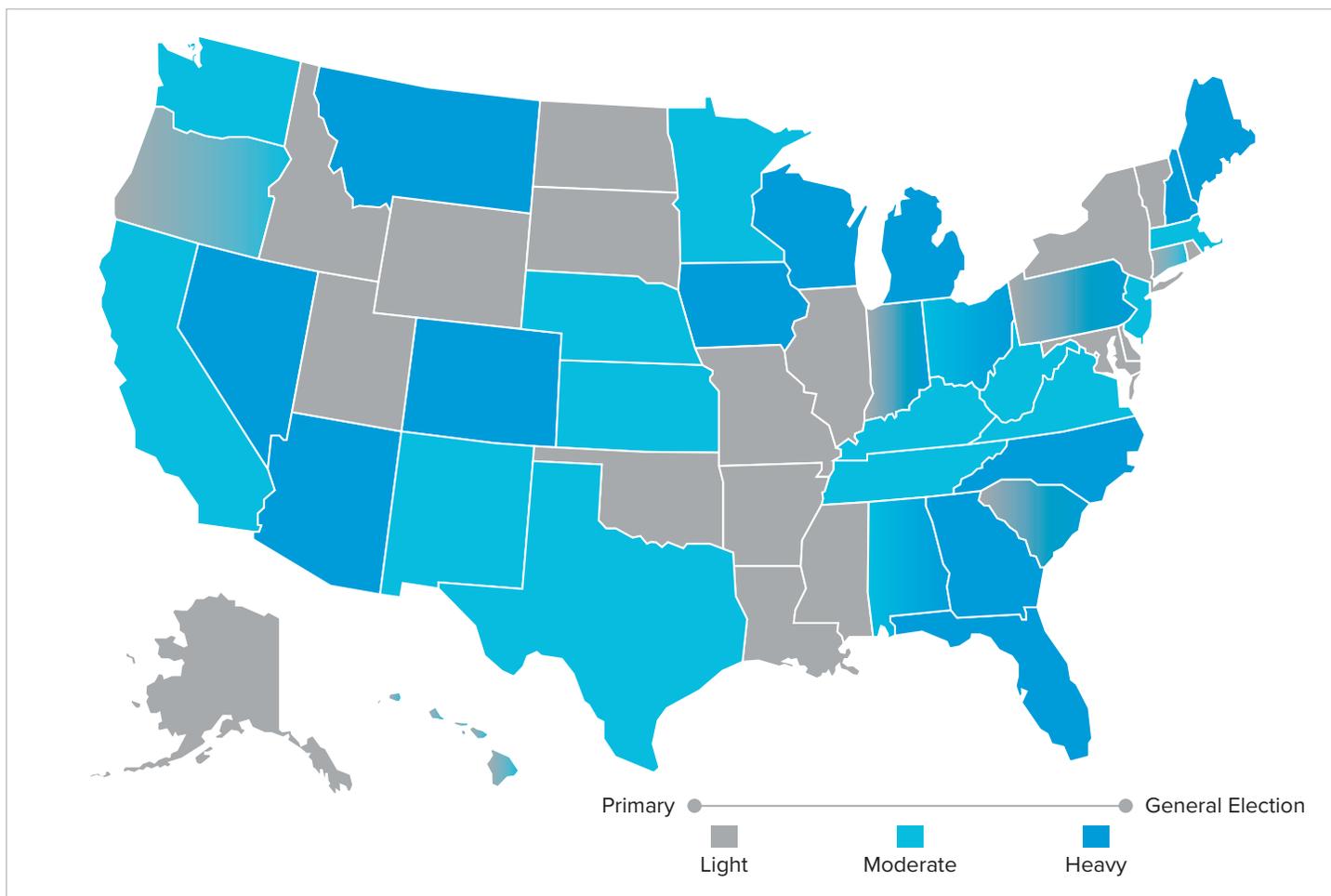
POLITICAL CATEGORY – % SHARE OF SPOT TV AD TIME, SELECT MARKETS

State	DMA Rank	Market	16 Week Average	Highest Week
 Florida	37	West Palm Beach	21%	42%
 Indiana	28	Indianapolis	15%	41%
 Indiana	99	South Bend	16%	40%
 Iowa	75	Des Moines	13%	35%
 Iowa	87	Cedar Rapids	19%	57%
 Missouri	21	St. Louis	22%	61%
 Missouri	32	Kansas City	15%	45%
 Nevada	39	Las Vegas	24%	51%
 Nevada	109	Reno	26%	57%
 North Carolina	23	Charlotte	19%	52%
 North Carolina	25	Raleigh	18%	48%
 North Carolina	46	Greensboro	18%	50%
 North Carolina	107	Greenville	13%	55%
 Pennsylvania	4	Philadelphia	16%	43%
 Pennsylvania	41	Harrisburg	16%	48%

Source: Kantar

2. Geographical Implications

Among contentious markets, available Spot TV space can drop down to less than 40% making it difficult for even the best buyers to offer a client an impactful awareness broadcast buy.



Note: Projected activity levels are not for the entire year, but for the times near the primaries and general election in each state

In 2020, the heaviest political spending pockets are predicted to be:

- Albuquerque-Santa Fe
- Boston
- Charlotte
- Colorado Sprints-Pueblo
- Columbus
- Denver
- Ft. Myers-Naples
- Las Vegas
- Miami-Ft. Lauderdale
- Milwaukee
- Orlando
- Philadelphia
- Phoenix
- Raleigh-Durham
- Tampa
- Tucson
- Yuma

The democratic primaries will see states like New Hampshire, Iowa, California, South Carolina, Florida, and Nevada to have over 75% of primary spending to be concentrated in these regions.

In the presidential election, states like Florida and Pennsylvania could see unprecedented dollars from both political parties as candidates try to hold on to the “swing states.” It is projected that President Trump could spend up to \$250 million in these states alone as he tries to keep them for the 2020 election.

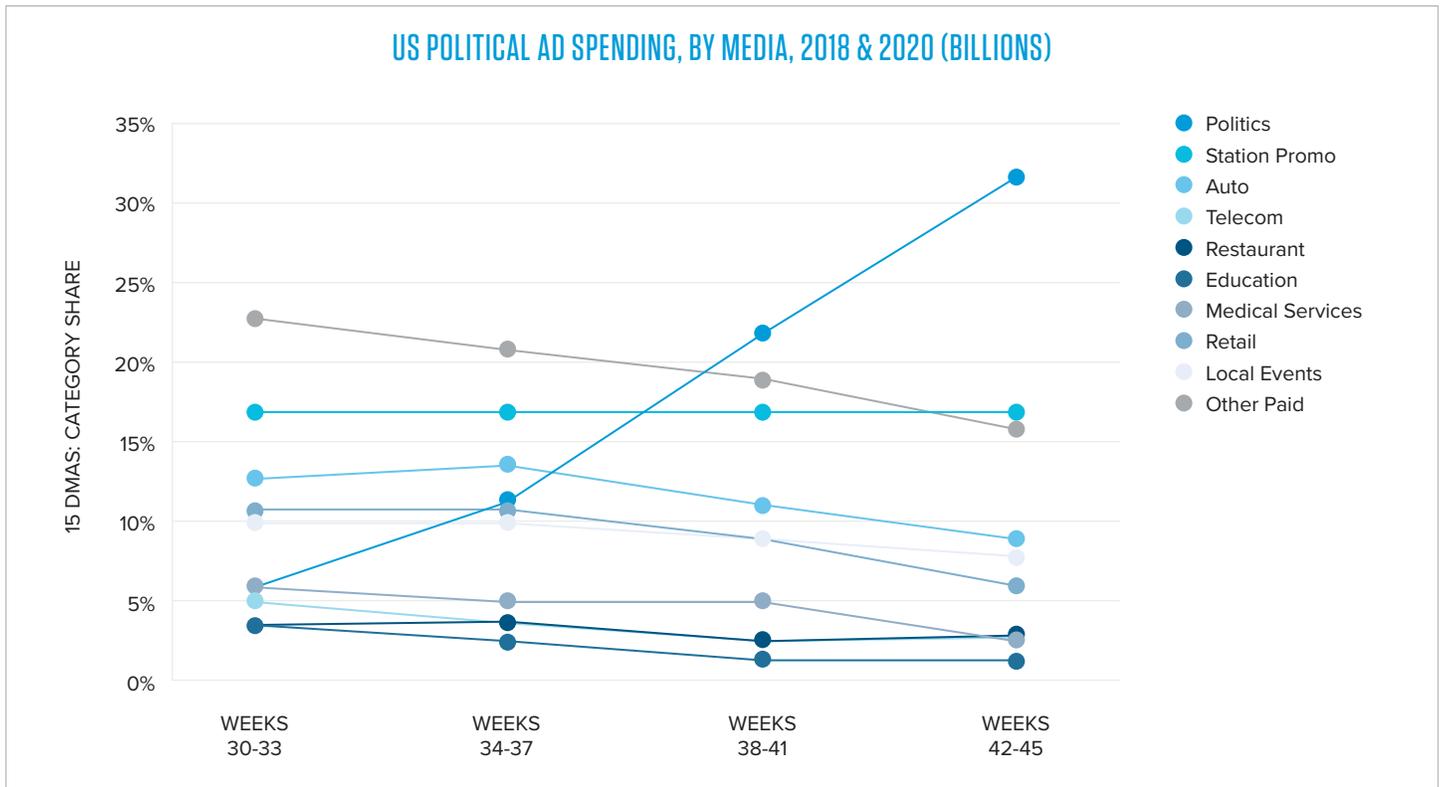
If possible, it may be necessary to steer clear of these regions to avoid poor broadcast ad availability and viewer attitudes. If this is not possible, then relooking at the media mix and placement timing is recommended.

3. Timing Considerations

Seasonality of non-political advertising can be tricky. It will vary by region, primaries and by the contentiousness of the race. Primary season typically kicks-off in February and hence begins the first wave of marketing.

	Presidential and State Primaries									General Election		
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
FEBRUARY												
IA, NH, NV, SC												
MARCH												
Super Tuesday (3/3): AL, AK, AR, CA, GA, MA, MN, NC, OK, TN, TX, UT, VA,												
KA, KY, LA, PR, HI, ID, MI, MS, MO, ND, WA, AZ, FL, IL, OH, WY												
APRIL												
ND, AK, HI, WI, NY, CT, DE, MD, PA, RI												
MAY												
KS, IN, NE, WV, KY, OR												
JUNE												
MT, NJ, NM, SD, DC												

Trouble kicks in typically 4-6 weeks prior to a general election. This is where things get heated and advertising inventory takes the biggest hit. Scheduling advertising in short 1-2 week bursts, where monies will be gone if not placed is a smart strategy. Another approach is to advertise in programs that are not attractive to political pundits, such as non-news -daytime and -weekend time slots.



Source: Kantar

4. Media Suggestions

While no foolproof strategy exists, we recommend diversifying the media mix for optimal market coverage.

Situation	TV	Radio	Social	Programmatic
Ad Clutter: How do we break through?	<p>Broadcast and OTT: Buy non-news dayparts, expand rotators, buy late to take advantage of remnant inventory</p> <p>Incorporate unique ad units like 30-minute native programming slots or :10 and :15 billboards</p> <p>Include placements in corresponding TV websites</p>	<p>Broadcast and Streaming: Buy time slots (non-news) and stations (Hip Hop, Jazz, etc.) where political advertisers are not present</p> <p>Broadcast: Include placements in corresponding station websites</p>	<p>Auction prices will be higher during election season, as more advertisers compete for inventory</p> <p>Ensure bids are high enough, offer relevant targeting, and tailor content to avoid political conflicts</p>	<p>Relatively low political spend in programmatic is expected offering alternative outlets for non-political placements</p> <p>Expect some small CPM increases, particularly on news-related inventory</p>
New Media: Is there a new tactic that can help us disrupt in a good way?	<p>OTT: Look at video holistically</p> <p>Add digital video channels as well as OTT, Connected, and Addressable TV if available</p>	<p>Streaming: Move some dollars into streaming options where political spending is potentially lighter</p> <p>Include event/native sponsorships where appropriate</p> <p>Create stations that include “happy/escapism content”</p>	<p>Some social platforms, such as LinkedIn, Twitter, and Pinterest, do not allow political advertising making them good places to advertise</p> <p>Other platforms, such as Snapchat, are highly regulated, meaning that political advertisers are more likely to spend dollars elsewhere</p> <p>Taking advantage of under-utilized platforms during busy time periods allows us to disrupt the space in a positive way</p>	<p>Shift budget toward programmatic, particularly in video where “traditional” TV viewers may be migrating</p>
Timing: Do we need to start buying earlier or wait until the last minute to execute campaigns?	<p>Broadcast: Buy in short time frames, ensuring that stations must meet goals or risk losing the buy</p> <p>If possible, avoid heaviest time periods 3-4 weeks prior to elections or primaries</p>	<p>Broadcast: Buy on-air in short bursts, ensuring stations meet goals</p>	<p>During election season, pricing will increase due to competition and seasonality, especially on Facebook</p> <p>Anticipate higher costs</p>	<p>No timing concerns</p>
Reaching the disengaged: How do we find windows where there is a respite from political activity?	<p>OTT: Where consumer attitudes are more amenable to advertising</p> <p>Broadcast: Include event/native sponsorships</p> <p>Focus on engaging content</p>	<p>Streaming: Seek out stations where consumer attitudes are more amenable to advertising</p>	<p>Focus on content that is engaging, helpful or informative, and relevant to the target audience</p>	<p>Blacklist certain news sites, depending on brand safety standards avoiding any inflammatory content placements</p>
Geography: Where should we stay away from?	<p>Broadcast: Buy in advance. If possible, avoid hot bed regions 4-8 weeks prior. If not possible seek out other media types</p>	<p>Broadcast and Streaming: buy in advance for best opportunities, avoiding highly desired political time periods such as news</p>	<p>Price of inventory will likely increase more acutely in Washington D.C., and in areas where there are more undecided voters</p>	<p>Due to inventory abundance there are no geography concerns</p>

IMPACT IS POSSIBLE

The political ad storm is coming whether we like it or not, so in order to be successful, marketing must adjust course and be ready for unpredictable winds of change. These shifted tactics might include:

- **Find white space** in markets, content, and media where political advertising is not present
- **Diversify** placements across all forms of media, dayparts, and days of the week for optimized coverage and placement opportunities
- **Plan ahead.** Early buying using short bursts of media spend ensures media placement and keeps you nimble if changes are needed
- **Be flexible.** During election seasons, things like “added value” will not often be available and broadcast schedules are always subject to change
- **Be creative.** Sometimes limitation creates innovation. This is an ideal time to try something new, employing unique ad units and market approaches to provide the best advertising efficiencies
- **Take the high road** and keep your messaging positive as we traverse these highly polarized and often negative political seas together

SOURCES

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