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PQ Media's Estimates for Political Media Buying 2016 - UPDATE
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Prepared for the Radio Advertising Bureau

Back in August, PQ Media forecast that political media buying (see below for media included) would reach \$7.55 billion for the 2016 campaign, with the radio industry receiving approximately \$410 million. We were the first research firm to predict that the early estimates of political media buying would be revised downward due to Donald Trump being nominated as the Republican presidential candidate. For example, PQ Media predicated in late 2015 that \$8 billion would be spent. Since we posted our estimates on the Radio Advertising Bureau (RAB) blog in August, other researchers revised their estimates the following month, such as Kantar's Campaign Media Analysis Group (CMAG). Additionally, Wall Street analysts were releasing reports that showed public TV station owners groups were reporting weaker than expected results from political advertising in 3Q16.

PQ Media posted our initial forecast on the RAB blog soon after the Democratic convention, when Hillary Clinton received a significant bump in many state polls due to the extremely positive messaging during the convention versus the Republican convention's primarily negative tone. As a result of the bump, various prediction sites, such as *FiveThirtyEight*, moved previous toss-up states, like Ohio and Florida, clearly into the Democratic side, while previous Republican strongholds like South Carolina and Georgia became toss ups at the time. As a result, most predictive sites highly favored a Democratic landslide, such as *FiveThirtyEight* giving Clinton an 89% chance to win the election with almost 350 electoral votes. With Clinton being forecast to win easily, the conventional wisdom in August was that the Republican National Committee (RNC), as well as SuperPacs, would concentrate on Senate races and provide very little financial support to Donald Trump. This was supported earlier this week by analysis by *Politico* that showed the RNC had not purchased any TV advertising for Trump in 2016, as well as another report that stated that the RNC pulled all direct mail campaigns in Virginia last week. Meanwhile, Trump would continue to spend very little on traditional advertising and rely heavily on free "earned" media from his social media messaging, which would subsequently be discussed by media outlets.

However, when we posted our forecast on the RAB blog, we added the caveat that PQ Media would reevaluate our estimate in September after the first presidential debate. We knew that the Clinton bump received from the conventions would diminish leading up to the debates, which proved to be more significant than expected. Trump cut deeply into the Clinton lead as questions arose about her e-mail scandal and foundation, while Trump made changes to his advisory team, particularly listening to Karl Rove and Roger Ailes who basically told him to stop making controversial statements. Thus, days before the debate the aforementioned *FiveThirtyEight* had revised its prediction downward giving Clinton only a 55% chance to win the election, with the roster of toss-up states expanding to include the regulars, like Ohio, Florida, Pennsylvania and Iowa, and others like North Carolina, Nevada, and New Hampshire. Republican states that has become toss-ups after the conventions were now relatively safe, like South Carolina and Georgia. As a result, Clinton's total electoral count fell below the necessary 270 votes required to win the election.

Then came the first presidential debate. Historians will look back at this debate and rate it as among the most influential ever in helping one candidate secure the nomination, possibly behind the Kennedy-Nixon debate, but ahead of the Reagan-Carter debate. Trump did not help the



situation by attacking Alicia Machado the following week and he was hurt by the release of his old tax returns. Thus, a week after the debate, numerous toss-up states became strongly Democratic, such as Pennsylvania, Wisconsin and Michigan. States that were leaning Republican switched and leaned Democratic, such as Florida and North Carolina, or became toss-ups, like Ohio and Iowa. The general consensus of the ten political campaign predictor sites that PQ Media tracks (see below) was that Clinton had reached the prerequisite 270 electoral votes to win the election.

Although the vice presidential debate briefly stopped the bleeding, the “lewd” Trump recording was released two days before the second debate that led numerous Republicans to pull their endorsements (some have returned since). Hours after the second debate, pundits predicted that Trump’s performance somewhat steadied the sinking ship. However, by mid-week, the lewd tape superseded the Trump debate performance as the lead story on many cable news telecast, with new allegations surfing from the staff and cast of previous *Apprentice* seasons, as well as a number of women coming forward with alleged inappropriate Trump behavior in the past. As a result of the recording and subsequent fall-out, new polls released this week showed Clinton expanding her lead in most swing states, particularly former toss-ups Ohio and Iowa, as well as a few sites changing Arizona from leaning Republican to toss up. Additionally, some in the Democratic party requested that the Clinton campaign increase ad spend in Georgia to help win that state. Initial analysis of the early voting, particularly in Florida and North Carolina, show an early Clinton lead based on votes cast before the Trump tape controversy, along with more Democrats requesting absentee ballots than Republicans.

Although Trump has increased his TV ad budget in some swing states, like Ohio and Pennsylvania, the sex tape has hurt fundraising that finally caused Trump to donate approximately \$100 million to his own campaign (if his debate posturing is to be believed). Meanwhile, the RNC and most SuperPacs are solely concentrating on tight Senate races, as we predicted in August, especially given that many predictive sites are forecasting that the Democrats will regain control in 2017 by either a 51-49 or 50-50 seat margin, with the Democratic VP breaking ties in the latter scenario. Nine of the 11 most contested seats are in swing states, with toss ups races in New Hampshire, Nevada, Pennsylvania, and North Carolina (also in Indiana and Missouri). Although there has been posturing that the Trump fallout could also impact House control, most predictive sites don’t believe that will happen, with as many as 217 safe seats (218 needed for majority), and Republicans favored in almost 75% of 30+ remaining seats still up for grabs.

Given the events of the last two weeks and clearer understanding where both parties are allocating funds, PQ Media believes that its August prediction that overall political media buying should be revised downward once more to \$7.25 billion. However, since presidential candidates rarely use radio, as pointed out in the original blog, we will not revise our forecast of \$410 million being spent on radio, as both parties are more actively supporting “down-ballot” candidates due to Trump’s weakness, and radio remains a very viable medium to reach key demos, particularly in rural areas.

NOTES:

Media included in PQ Media’s *Political Media Buying 2016* include (listed alpha):

Broadcast TV networks, broadcast TV stations, consumer events, direct mail, internet media, local & regional cable TV networks, marketing research, mobile media, national cable TV networks, newspapers, out-of-home media, pay TV operator avails, promotional products, public relations, radio networks, radio stations, telemarketing

Predictive sites analyzed (listed alpha):



Cook Political Report, Daily Kos, FiveThirtyEight, Huffington Post Pollster, PredictWise, Princeton Election Consortium, Real Clear Politics, Rothenberg & Gonzales Political Report, Sabato's Crystal Ball, Upshot