



**BORRELL**

Tomorrow's Media, Understood Today

# 2018 Local Political Advertising Outlook





Corey Elliott  
VP, Research & Analysis



Kip Cassino  
Executive VP

PLUS – a mystery guest!



- 9<sup>th</sup> Annual Borrell Conference
- 400+ Digital Media Executives
- 40+ Best-In-Class Speakers
- Premiere Networking Experience
- 98% Say They'll Return



Save \$400  
by Nov. 30

# FEATURED SPEAKERS



Tim Murphy  
Entercom



Rishad Tobaccowalla  
Publicis Groupe



Kym Frank  
Geopath



Jim Moroney  
DMN Media



Angela Caruolo  
IBM Watson



Randall Rothenberg  
IAB



Gian Fulgoni  
comScore



Phillip Rather  
Facebook



March 12-13, 2018, Grand Hyatt, NYC

[loac2018.borrellassociates.com](http://loac2018.borrellassociates.com)

Save \$200  
Register by Dec. 31



## AGENDA ADDITION:

*Tapping 2018's \$8.5 Billion  
Political Advertising Waterfall*



**Chris Nolan**  
Founder of Spot-On



# Information from First 2018 Outlook

## 2018 LOCAL POLITICAL ADVERTISING OUTLOOK

AN \$8.5 BILLION YEAR LIES AHEAD



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DECEMBER 2017

PRICE: \$495

The decline in broadcast TV is forecast to continue vigorously in 2018. Though total TV coffers will not suffer drastically (the Super bowl and Winter Olympics should take care of that), the loss of crucial national spot buys from Senators and U.S. Representatives will certainly be felt. Increased spending by local campaigns will give cable a political advertising renaissance as well. Candidates who even four years ago were limited to placing lawn signs are likely to now check avails with their local cable reps.

### POLITICAL SPENDING BY STATE RACE LEVEL

Compiled by Borrell Associates in November 2017. It represents Borrell's projection for political ads as organized by state. For more detailed info on a state level including TMA level break-outs, visit borrellassociates.com

### SPENDING COMPARED TO 2014

Year	'18 (F) Share	'14-'18 % Change
2010	6.5%	(16.1)
2011	7.2%	(19.1)
2012	39.5%	(29.9)
2013	11.7%	70.0
2014	6.6%	(8.9)
2015	3.7%	(50.7)
2016	2.9%	(12.5)
2017	22.1%	2,539.2
2018	5.7%	(7.5)
2019	100%	2.5

Source: Larry Sabato's Crystal Ball, Center for

Category	OTHER Special Interest, PAC	TOTAL
...	\$18.77	\$27.97
...	\$50.15	\$95.49
...	\$27.08	\$49.37
...	\$92.72	\$177.14
...	\$773.94	\$1,478.55
...	\$104.50	\$154.09
...	\$114.21	\$161.64
...	\$17.60	\$17.60
...	\$20.74	\$28.63
...	\$262.36	\$501.22
...	\$125.37	\$238.72
...	\$36.19	\$67.79
...	\$48.36	\$67.38
...	\$20.76	\$30.93
...	\$221.37	\$326.41
...	\$98.51	\$186.91
...	\$41.12	\$52.01
...	\$46.91	\$68.85
...	\$54.59	\$58.51
...	\$193.25	\$361.96
...	\$194.64	\$291.24
...	\$20.33	\$28.45
...	\$136.99	\$204.98
...	\$103.94	\$135.07
...	\$77.78	\$115.39
...	\$25.42	\$27.40
...	\$13.13	\$23.53
...	\$122.83	\$180.26
...	\$11.64	\$16.33

- We plan on 2 more updates to this report
- End of Q1
- End of Q2
- 50 state reports including \$ spent on races per DMA



# AGENDA

- Overview/Methodology
- Races
  - Federal
  - State
  - Local
  - Special Interests
- What is to be done?
- Future



# 3 major things to consider

1. National vs Local contests

2. Political cycles

3. Ad spend per eligible voter

## Example Sources

Borrell Advertising DB

Ballotpedia.org

National Conference of  
State Legislatures

Revenue DB

Opensecrets.org

United States Election  
Project

Followthemoney.org

FCC filings

Woods & Poole

Larry Sabato's Crystal Ball



# Cutting to the Chase....The \$8 Billion

Federal	\$212.63	2.5%
State	\$1,566.96	18.4%
Local	\$1,323.15	15.6%
Advocacy*	\$5,400.00	63.5%

In millions

Federal	Office
	U.S. Senate
State	U.S. House
	Governor
	Other State Offices
	State Senate
	State House
Local	State Judiciary
	Local Judiciary
	School Boards
	Local Government
Other	Ballot Issues
	Advocacy*

\* Includes spending by PACs



# 4 year cycles

Local	"off-year" congressional	Local & Gov.	Pres.
Year 1	Year 2	Year 3	Year 4
2001	2002	2003	2004
2005	2006	2007	2008
2009	2010	2011	2012
2013	2014	2015	2016
2017	2018	2019	2020



# Methodology



= \$ x 13 Races

Eligible Voter

# of contests  
By  
Category

Demographic/Statistical Information by County Filter



Sub-Totals by County

Weighted by:

Cook Political Report  
Sabato's Crystal Ball  
Ballotopedia  
Rothenberg Political Report



Center for  
Responsive  
Politics



Borrell's  
Media Spend  
Database





# What is different this year....and going forward



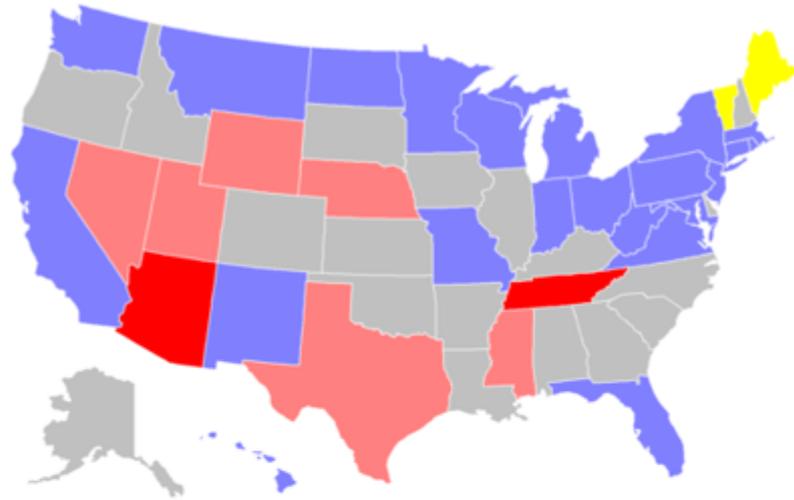
- With this process, we were able to track more money back to PACs
- 2 out of 3 dollars
- Decision to make.....do we place with PACs or with Races?
- We went with “Advocacy/Public Affairs”



# Federal Races = 2.5% of money spent

SENATE = **33** seats open

HOUSE OF REPRESENTATIVES =



Races up in the 2018 general and 2017 special elections

- Light red square: Republican incumbent running
- Dark red square: Republican incumbent retiring
- Blue square: Democratic incumbent running
- Yellow square: Independent incumbent running
- Grey square: No election

\*Democrats need a three seat net increase if the Independents keep their seats and continue to caucus with them, whereas Republicans can maintain their majority even if they lose two seats.

ALL

(or 435 seats)



# Federal spending is similar.... but different

## US SENATE

Media Choice	U.S. Senate
Newspapers	\$0.68
Other Print	\$0.04
Broadcast TV	\$15.49
Cable	\$2.28
Radio	\$0.84
Out of Home*	\$0.23
Direct Mail**	\$0.15
Online/Digital	\$6.72
Telemarketing	\$0.90
<b>U. S. Totals</b>	<b>\$27.34</b>
<i>Share</i>	<i>0.3%</i>

## US HOUSE

Media Choice	U.S. House
Newspapers	\$5.23
Other Print	\$0.38
Broadcast TV	\$103.71
Cable	\$17.08
Radio	\$6.49
Out of Home*	\$1.96
Direct Mail**	\$1.41
Online/Digital	\$43.14
Telemarketing	\$5.90
<b>U. S. Totals</b>	<b>\$185.29</b>
<i>Share</i>	<i>2.2%</i>

Approx. 56%

Approx. 24%

$$\$27.34 / 33 = \$828k$$

$$\$185.29 / 435 = \$426k$$



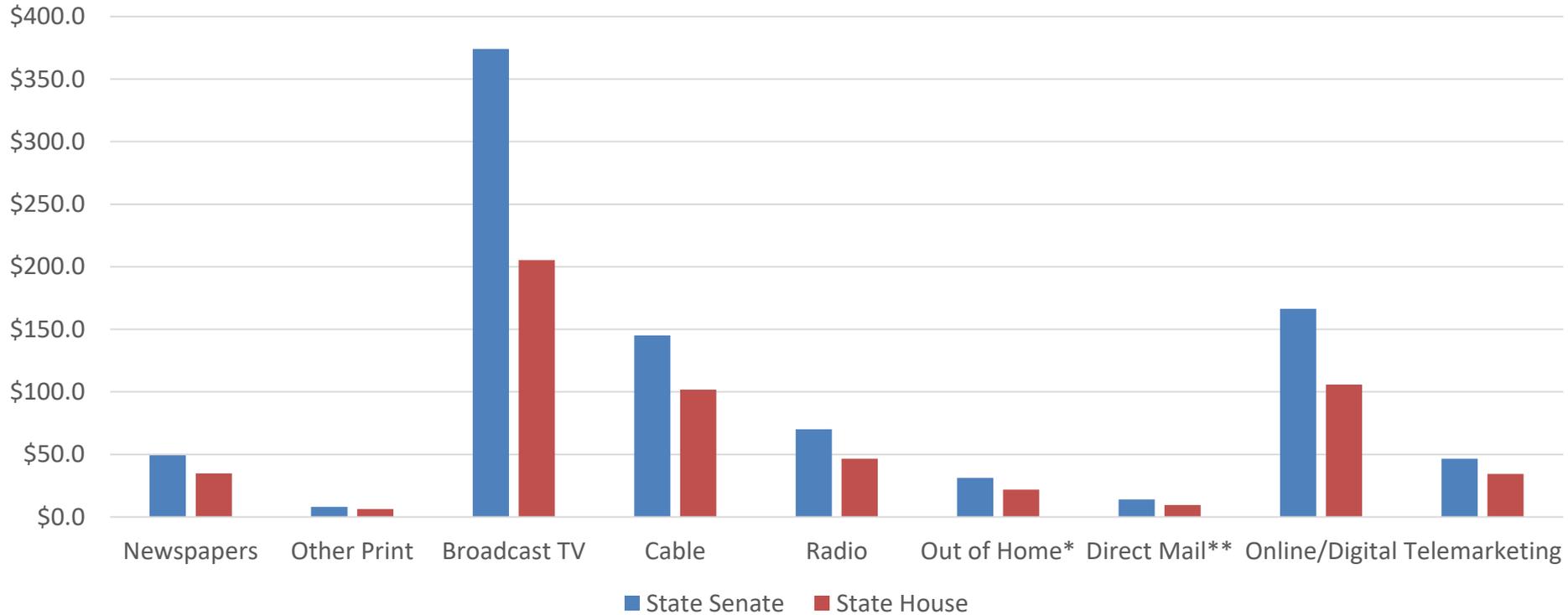
# State Races = 18.4% of money spent

Governor	\$54.01 million	3.4%
State House	\$565.98 million	36.1%
State Senate	\$904.77 million	57.7%
Other State Offices	\$42.20 million	2.7%
Other State Judiciary	\$0	



# State Senate to spend more – especially on TV

Total Ad Spending



(in \$ millions)



# Where this ISN'T happening...

## No State Senate Races

Louisiana  
Missouri  
New Jersey  
Virginia

## No State House Races

Louisiana  
Missouri  
Nebraska  
New Jersey  
Virginia



# Local Races = 15.6% of money spent

Municipal Gov.	\$362.81 million	27.4%
School Boards	\$62.62 million	4.7%
Local Judiciary	\$95.55 million	7.2%
Ballot Issues	\$802.17 million	60.6%



# Not all states are the same....

## Top 10 States Municipal Gov. Ad Spending

1. California
2. New York
3. Texas
4. New Jersey
5. Florida
6. Illinois
7. Maryland
8. Virginia
9. Massachusetts
10. Ohio

## Top 10 States Ballot Issues Ad Spending

1. California
2. Florida
3. Massachusetts
4. Georgia
5. Indiana
6. Wisconsin
7. Arizona
8. Utah
9. Alabama
10. Nevada

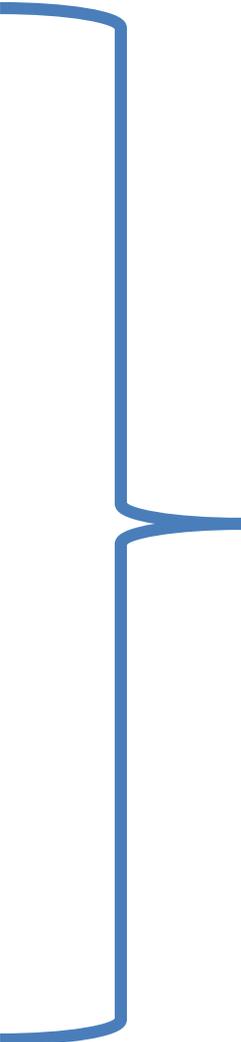


# Where the REAL money is coming from

**P**olitical

**A**ction

**C**ommittee



An organization that pools campaign contributions from members and donates those funds to **campaign** for or against candidates, **ballot initiatives**, or **legislation**



# Basic Facts about PACs

- 3 types: Connected, Non-Connected and Super PACs
- At a state level, PACs form according to state's election laws
- Citizens United gave birth to Super PACs
  - Super PACs may engage in unlimited political spending independently of the campaigns.

**As of November 09, 2017,  
1,285 groups organized as  
super PACs have reported total  
receipts of \$696,011,919 and  
total independent  
expenditures of \$344,560,359  
in the 2014 cycle.**

**As of November 27, 2017,  
1,691 groups organized as  
super PACs have reported total  
receipts of \$108,273,169 and  
total independent expenditures  
of \$30,224,351 in the 2018  
cycle.**

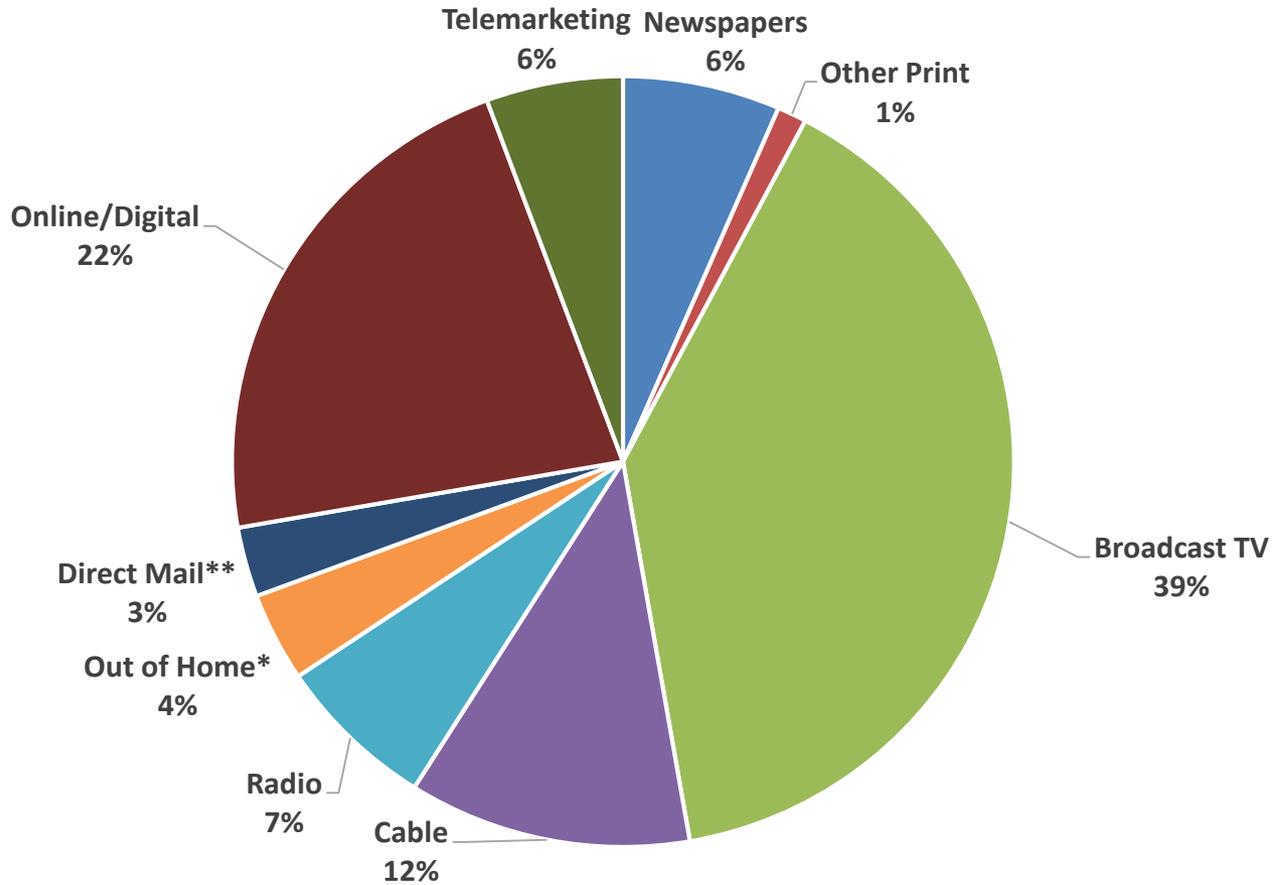
SOURCE: [opensecrets.org](http://opensecrets.org)





# The influence of PACs

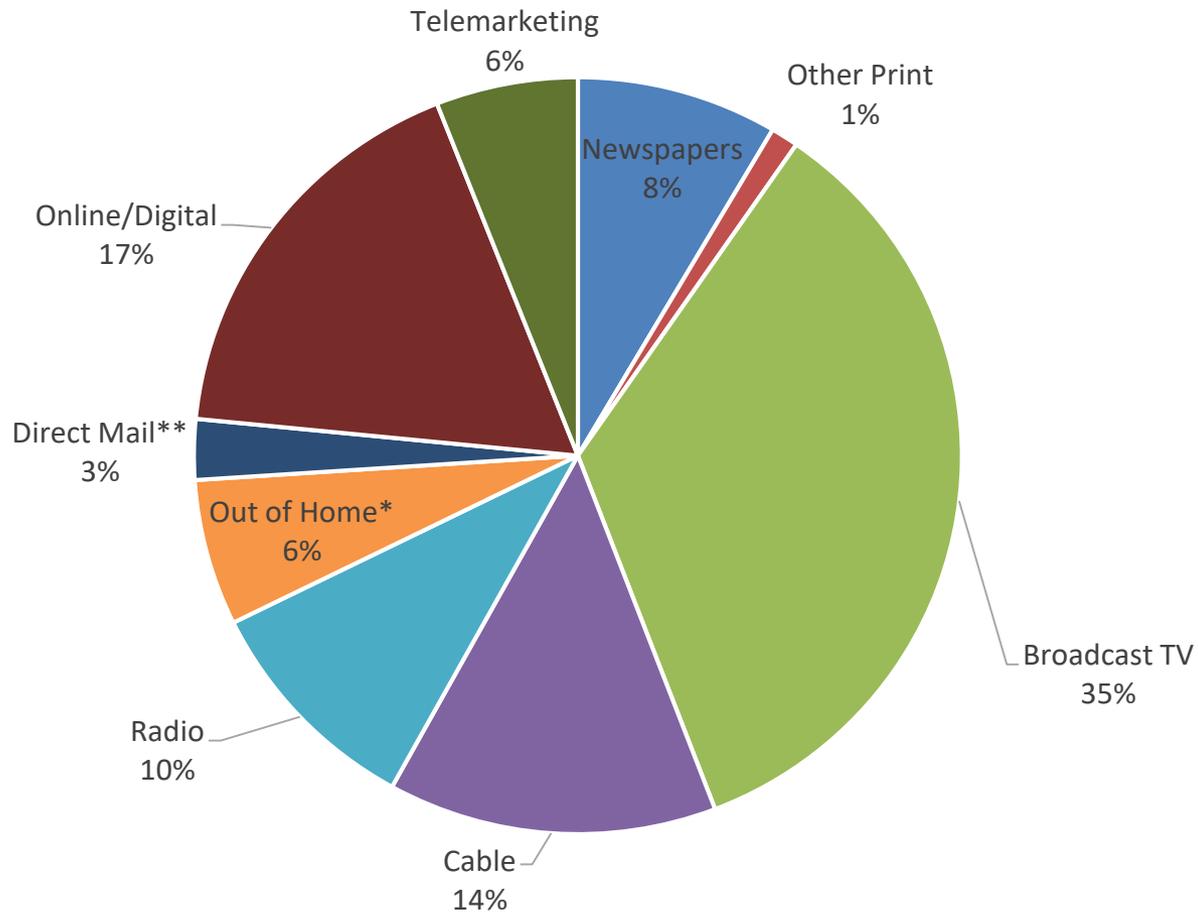
TOTAL 2018 Political Advertising





# The influence of PACs

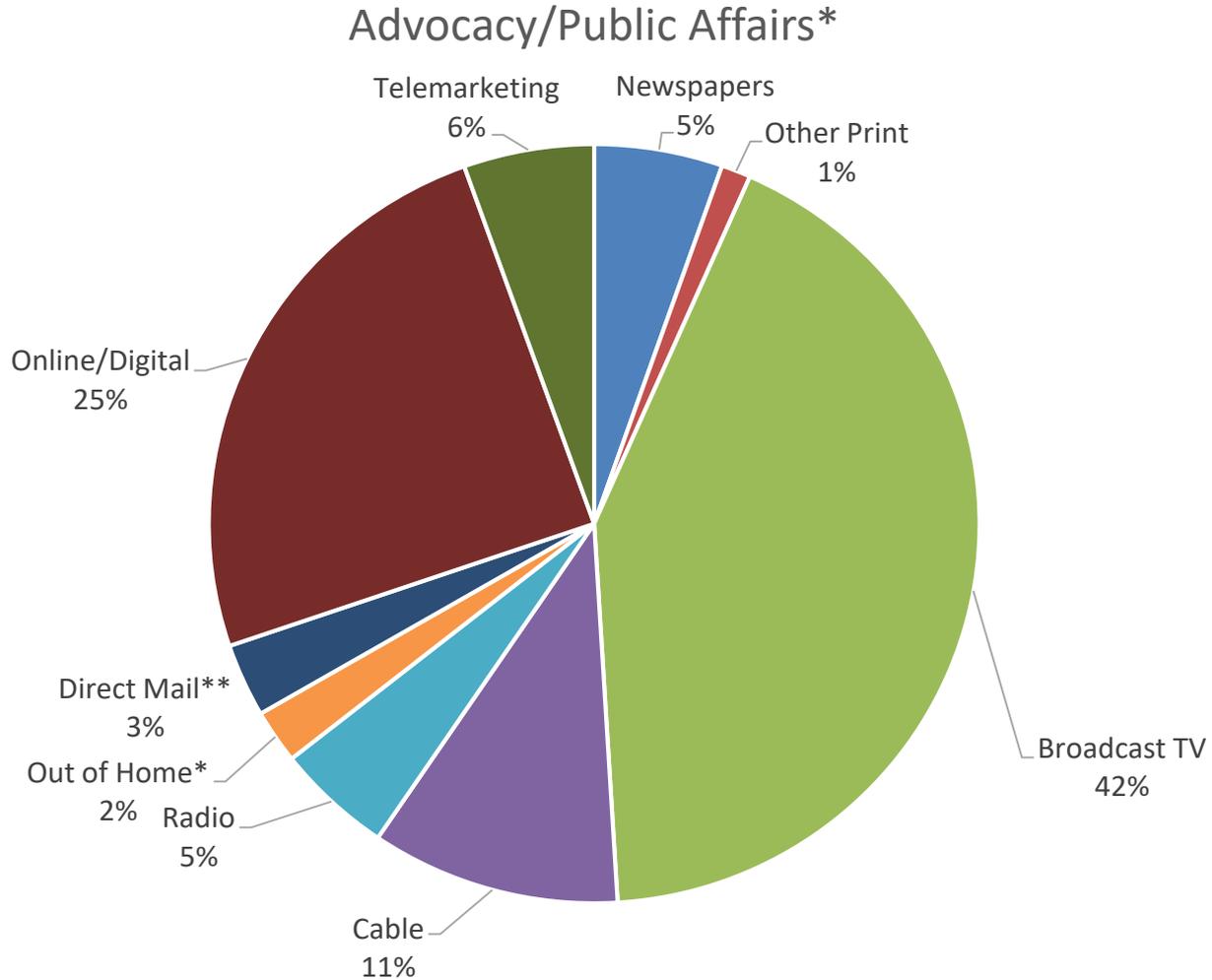
Total WITHOUT Advocacy/Public Affairs\*



\* Includes spending by PACs



# The influence of PACs



\* Includes spending by PACs



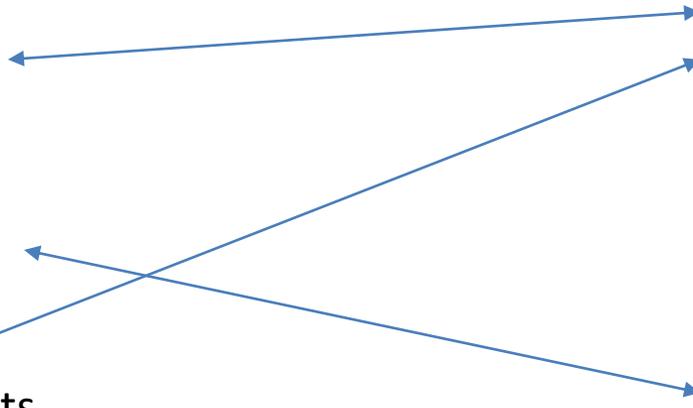
# Where is PAC money flowing?

## Top 10 States Advocacy\* Ad Spending

1. California
2. New York
3. Texas
4. New Jersey
5. Florida
6. Illinois
7. Pennsylvania
8. Maryland
9. Virginia
10. Massachusetts

## Top 10 States Highest % of Advocacy Ad Spending

1. Louisiana
2. Missouri
3. New Jersey
4. Virginia
5. South Carolina
6. Kansas
7. Minnesota
8. New Hampshire
9. Washington
10. Pennsylvania



\* Includes spending by PACs



# Different from market to market

Erie PA

Office	Est. Ad Spending (\$ Millions)
U.S. Senate	\$0.035
U.S. House	\$0.189
Governor	\$0.071
Other State Offices	\$0.052
State Senate	\$1.082
State House	\$0.649
State Judiciary	\$0.000
Local Judiciary	\$0.000
School Boards	\$0.000
Local Government	\$0.000
Ballot Issues	\$0.000
Advocacy*	\$5.496
<b>Market Total:</b>	<b>\$7.574</b>

73%

\* Includes spending by PACs

Charlottesville VA

Office	Est. Ad Spending (\$ Millions)
U.S. Senate	\$0.030
U.S. House	\$0.163
Governor	\$0.000
Other State Offices	\$0.000
State Senate	\$0.000
State House	\$0.000
State Judiciary	\$0.000
Local Judiciary	\$0.000
School Boards	\$0.073
Local Government	\$0.383
Ballot Issues	\$0.000
Advocacy*	\$4.728
<b>Market Total:</b>	<b>\$5.377</b>

88%

\* Includes spending by PACs

**Great.....**

**So a lot of money is going to be spent in my state/city.....**

**How does a local media company cash in?**



Chris Nolan

# SPOT-ON<sup>®</sup>

POLITICAL ADS and ANALYTICS

- Cloud-based online ad placement service for political campaigns, advocacy groups, non-profits

<http://spot-on.com/>

# Meet The Competition



- The political ad market is dominated by a handful of firms placing video and banner ads.



- They buy programmatically – paying pennies. But charging far more.



- They “own” the political customer.



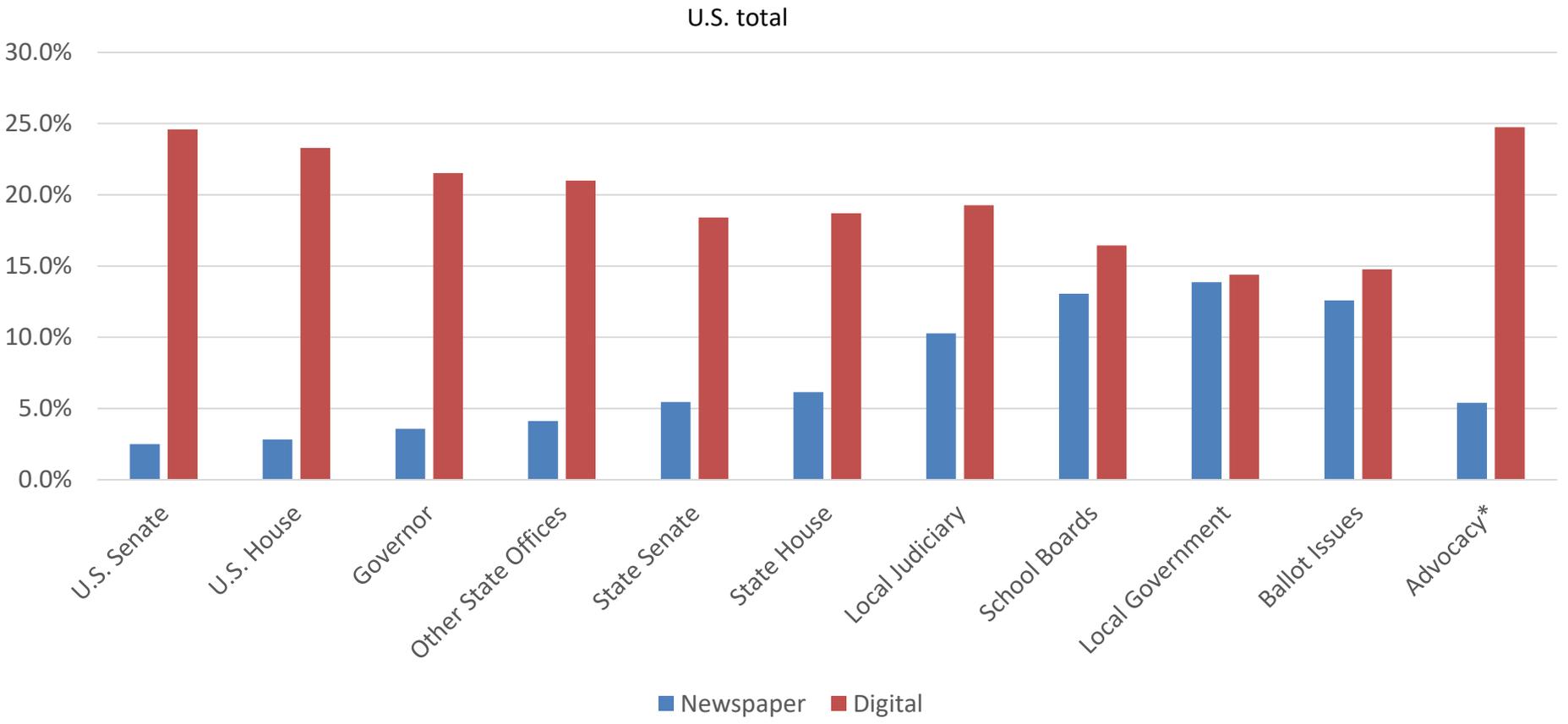
# Hold Out Your Bowl

## Simple ways to making online political ad buying easier

- Create a political pricing structure for ROS and popular fixed placements.
- Have one point-of-contact for all political ads: Programmatic and direct buying
- Give uniform terms for EVERYONE.
- Deliver customer service that justifies the political “rate.”



# Share of Newspaper & Digital by Contest

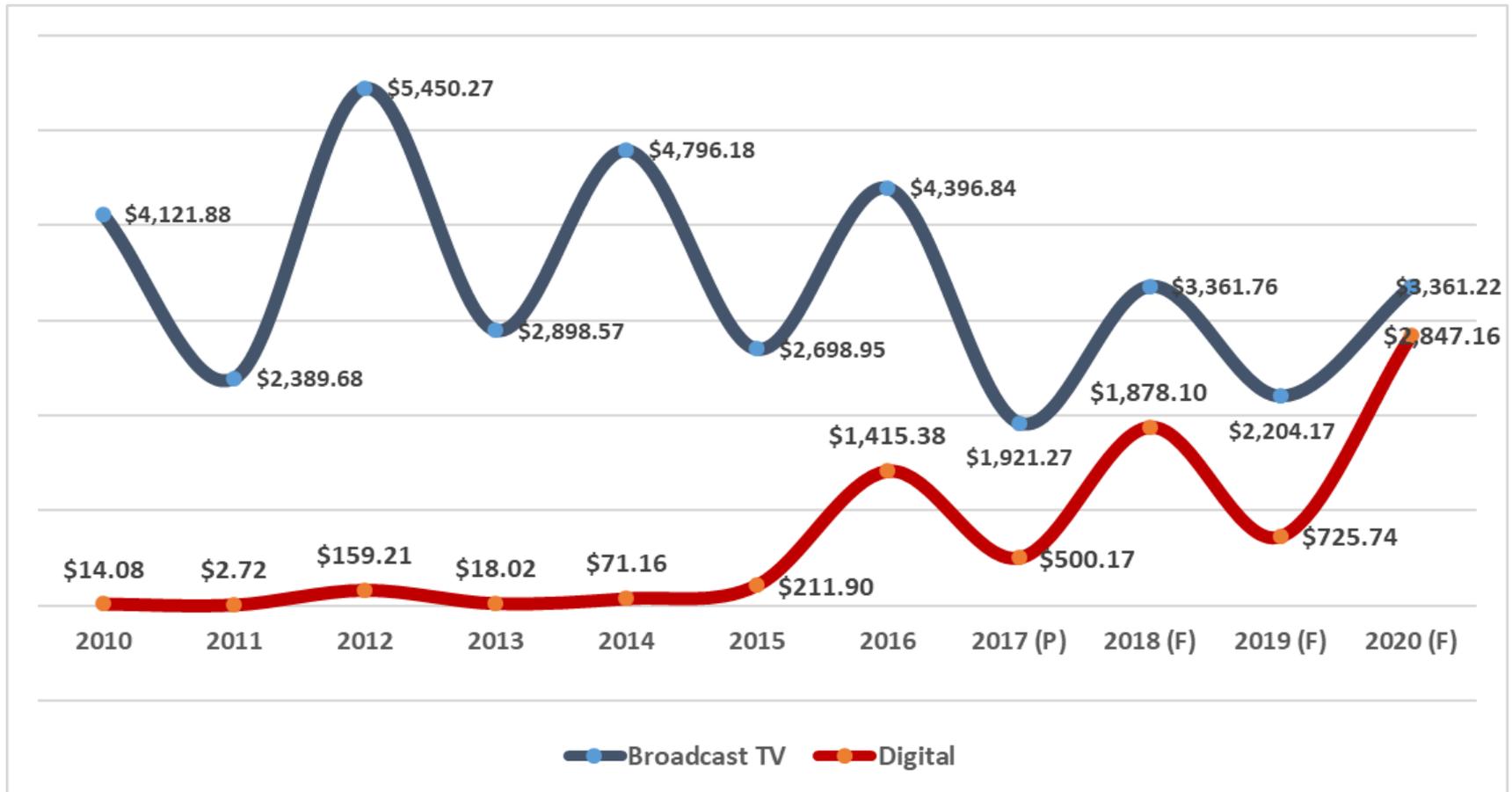


# So....what does the future hold?





# Digital begins to track (& catch up with) TV





# Expect more digital, more video, and a whole lot more mobile

Media Choice	2017 Projection	'17 (P) Share	'13-'17 % Change	2018 Forecast	'18 (F) Share	'14-'18 % Change
<b>Total Digital</b>	\$500.17	<b>10.1%</b>	<b>2,674.9</b>	\$1,878.10	<b>22.1%</b>	<b>2,539.2</b>
<b>By Category</b>						
Paid Search	\$124.80	<b>25.0%</b>	<b>1,632.3</b>	\$414.49	<b>22.1%</b>	<b>1,439.6</b>
Display	\$265.69	<b>53.1%</b>	<b>3,190.1</b>	\$991.11	<b>52.8%</b>	<b>3,079.3</b>
Email Marketing	\$57.82	<b>11.6%</b>	<b>3,428.0</b>	\$241.33	<b>12.8%</b>	<b>2,901.7</b>
Streaming Video	\$51.86	<b>10.4%</b>	<b>4,589.4</b>	\$231.18	<b>12.3%</b>	<b>4,498.6</b>
<b>By Target</b>						
Social Media Sites	\$266.87	<b>53.4%</b>	<b>3,493.7</b>	\$1,036.45	<b>55.2%</b>	<b>3,025.4</b>
Mobile Devices	\$42.55	<b>8.5%</b>	<b>5,008.5</b>	\$510.64	<b>27.2%</b>	<b>3,802.1</b>



# Now Available: Forecasts for any U.S. Market



## 2018 Political LA\$R™

Market Analyzed: AZ

Computed: 11/27/2017

Eligible Voter Population: 4,734,340

Per Voter: \$37.42

2018 El

For more detail, visit:  
[www.borrellassociates.com/promo](http://www.borrellassociates.com/promo)

Office	Est. Ad Spending (\$ Millions)
U.S. Senate	\$0.030
U.S. House	\$0.161
Governor	\$0.060
Other State Offices	\$0.044
State Senate	\$0.918
State House	\$0.551
State Judiciary	\$0.000
Local Judiciary	\$0.102
School Boards	\$0.072
Local Government	\$0.378
Ballot Issues	\$1.932
Special Interest*	\$4.667
<b>Market Total:</b>	<b>\$8.915</b>

\* Includes spending by PACs

Office	Counties	Est. Ad Spending (\$ Millions)	Per Eligible Voter
State Senate	15 counties	\$18.246	\$1,216,392
State House	15 counties	\$10.941	\$729,376
State Judiciary	NONE REPORTED	\$0.000	
Local Judiciary	15 counties	\$2.029	\$135,282
School Boards	15 counties	\$1.432	\$95,473
Local Government	15 counties	\$7.514	\$500,946
Ballot Issues	15 counties	\$38.393	\$2,559,552 Per County
Special Interest*	MARKETWIDE	\$92.722	\$19.59 Per Eligible Voter

Media Type	Estimated Market Ad Spending (\$ Millions)	Estimated Spending Share
Newspapers	\$0.193	13.5%
Print	\$0.030	2.1%
Last TV	\$0.282	19.7%
Cable	\$0.138	9.6%
Radio	\$0.225	15.7%
Out of Home*	\$0.127	8.9%
Direct Mail**	\$0.064	4.5%
Online/Digital	\$0.239	16.7%
Telemarketing	\$0.135	9.4%
<b>Market Total</b>	<b>\$1.432</b>	<b>100%</b>

**Market Total: \$177.138 \$37.42 Per Eligible Voter**

\* Includes spending by PACs

\*\* Number of contests are listed for federal races and Governor; Number of counties in state listed for all other races



# RECOMMENDATIONS

*Besides what Chris has mentioned....*

- Know your market
- Qualify/quantify your audience
- Sell political, don't wait for buy



**BORRELL**

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**THANK YOU!**

