

To main contacts, media agency executives and media directors,

Super-PACs, Battleground States Will Up-End the 2012 Media Season

Media buyers will encounter a challenging media buying season throughout the 2012 election year.

Political spending trends are expected to far exceed past levels- as the election race itself – and corresponding media support – will concentrate heavily around key “battleground states.”

A highly differentiating characteristic of the 2012 season is the strong influence of large, institutional and individual campaign contributions in the wake of the U.S. Supreme Court “Citizens United” decision. The so-called, “Super-PACs” will bring political media spending to unheard-of levels.

It is expected that a mere 16% (\$1.4 billion) of total projected 2012 ad campaign spending will come from the Presidential campaigns themselves. The rest will come largely from Super-PACs.

Lastly, it is generally assumed that both Presidential candidates in 2012 will decline Federal matching funds (and the spending “caps” associated with them) – unlike 2008 when one candidate, Republican John McCain, accepted these matching funds. Many analysts (particularly Republican strategists) in retrospect view this as a faulty decision by the McCain campaign that seriously handicapped Senator McCain despite his intention of higher transparency and accountability to voters.

Avoiding the spending caps in the Federal funding system will only further escalate political spending across both 2012 Presidential candidates.

2012 Media Spending — What to Expect

The significantly higher level expected in overall political spending and the concentrated efforts across the “battleground states” for the Presidential race and the various state-level battles, all equate to a tight media season for regional and local media markets.

The 2012 Presidential election cycle is projected to exceed \$9 billion total. By contrast, candidate and interest group spending in the 2008 season (an open-seat presidential election year) totaled “just” \$3 billion.

This explosion of spending will include an ever more enthusiastic embrace of digital channels with media buys in online advertising, social media and interactive video.

Internet ad spending overall (across both Presidential campaigns) is projected to increase to \$160 million in the 2012 season – an exponential spike from the (by comparison, meager) \$23 million spent online in the 2008 Presidential election year and the \$55 million spent online for the 2010 mid-terms. That said, the Internet channel remains overall a fraction (1.5%) of the total political ad spend for all media in 2012. The dominant buys will be placed in televised media.

The Presidential Campaign

Most analysts agree that the 2012 Presidential election will pivot entirely on the critical “battleground states.” Voters in these states have been especially affected by the lingering recessionary environment and resulting impacts on housing (foreclosure rate) and job security (unemployment rate). Another key factor – within these same states – is the concentration of independent voters who could show affinity to Democrats or Republicans without having trended strongly to one/either party in the past.

The following 12 states fall into the “battleground state” category in 2012. These states, which are ranked in order according to their total number of electoral votes, will be saturated with candidate advertising following the national conventions at the end of the summer:

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| 1. Florida (29) | 7. Minnesota (10) |
| 2. Pennsylvania (20) | 8. Wisconsin (10) |
| 3. Ohio (18) | 9. Colorado (9) |
| 4. Michigan (16) | 10. Iowa (6) |
| 5. North Carolina (15) | 11. New Mexico (5) |
| 6. Virginia (13) | 12. New Hampshire (4) |

Senate Races

Of the 33 Senate seats up for re-election in 2012, 10 are considered so close that they have been deemed “toss-up” seats.

The intensity of the competition for these seats will naturally create an intense demand for media inventory in these states which include:

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| 1. Hawaii | 6. Nevada |
| 2. Maine | 7. New Mexico |
| 3. Massachusetts | 8. North Dakota |
| 4. Missouri | 9. Virginia |
| 5. Montana | 10. Wisconsin |

It is worth noting that four of these states (Missouri, Montana, North Dakota, and Wisconsin) will also have extremely competitive gubernatorial races which will place an even greater strain on available media inventory.

House of Representatives

Of the 435 seats in the House of Representatives, approximately 100 are expected to be in play.

Of those, the most competitive races are expected to add further demand for media inventory in these Congressional districts (by state and district number):

- California (11th) – San Francisco, Oakland, Berkeley, San Jose, Santa Clara
- California (7th) – Vallejo, Concord, Vacaville
- Georgia (2nd) – Macon, Albany, Bainbridge
- Illinois (8th) – Arlington, Schaumburg, Barrington, Hoffman Estates
- Illinois (11th) – Joliet, Bloomington, Normal
- Illinois (14th) – Aurora, DeKalb, Dixon
- Indiana (2nd) – South Bend, Elkhart
- Iowa (3rd) – Des Moines, Cedar Falls-Waterloo
- Minnesota (1st) – Rochester, Mankato, Winona, Austin
- Nevada (3rd) – Las Vegas-Henderson
- New York (1st) – Long Island: Smithtown, Jamesport and the Hamptons
- North Carolina (8th) – Charlotte, Fayetteville
- North Carolina (11th) – Asheville
- North Carolina (2nd) – Wayne, Vance, New Berg
- Oregon (5th) – Portland, Salem
- Pennsylvania (12th) – Gettysburg, Wilkes-Barre, Scranton
- Texas (27th) – Corpus Christi, Victoria

One Final Consideration

The stratospheric increase in political spending in 2012, driven importantly by the Super-PAC's, will bring one other sobering reality with it.

Based on what we've seen during the primary season to date, these ads will be almost uniformly negative – aimed not at illuminating issues, but at incessantly destroying an opponent's character and record.

When media buyers are able to find inventory in Super-PAC saturated markets, they must recognize that the ads placed for their clients' products and services will run in a toxic environment that may well generate viewer fatigue and resentment over time.

For more information about election 2012 and its media implications, please contact Peter Kosmala (pkosmala@aaaa.org; 202 331 7345) in the 4A's Washington office.

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