

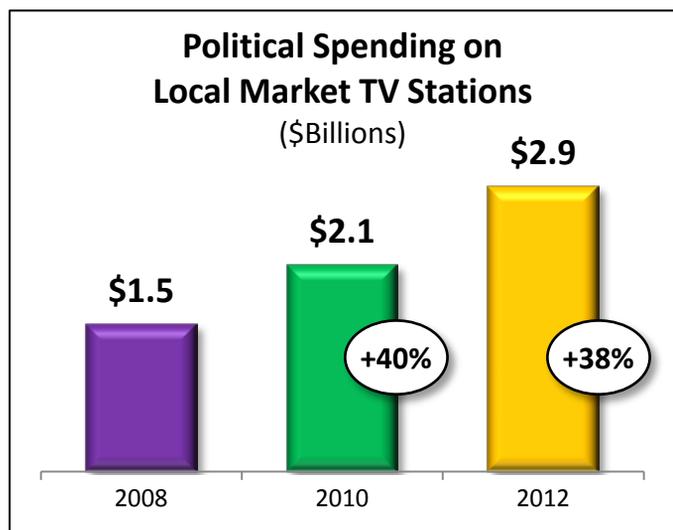
Drum roll: The biggest media impact maker on the 2012 Presidential election was... Local market broadcast television. (again!)

This is the post-election, pre-inauguration season.

This is the season for quadrennial crowing, when people who provide marketing services and media placements to the winning presidential campaign claim to have tipped the scale, or at least had their offering validated at the highest level.

This year we have seen Big Data, social media, mobile, TV set-top-box targeters, cable television and all sorts of quants take large amounts of credit for President Obama's reelection. In the spirit of the season, local market TV broadcast stations would like to offer some **facts** to put this all in perspective.

Local TV stations captured over 80% of total television spending in the political category, including local and national cable and network broadcast. Of the local television total we believe that stations maintained their 85% share. And television is by far the largest segment of political media spending. On top of this continued dominance, TV stations' total political revenue has been growing at an extremely high rate: \$1.5 billion in 2008, \$2.1 billion in 2010 (+40%) and \$2.9 billion in 2012 (+38%).



Local broadcast TV station Presidential spending alone, just from the conventions to election day, grew dramatically 2008-2012 as well. It was up 65%, from just under \$300 million in '08 to nearly \$500 million in 2012. Clearly local TV's role as the campaign media workhorse has not changed.

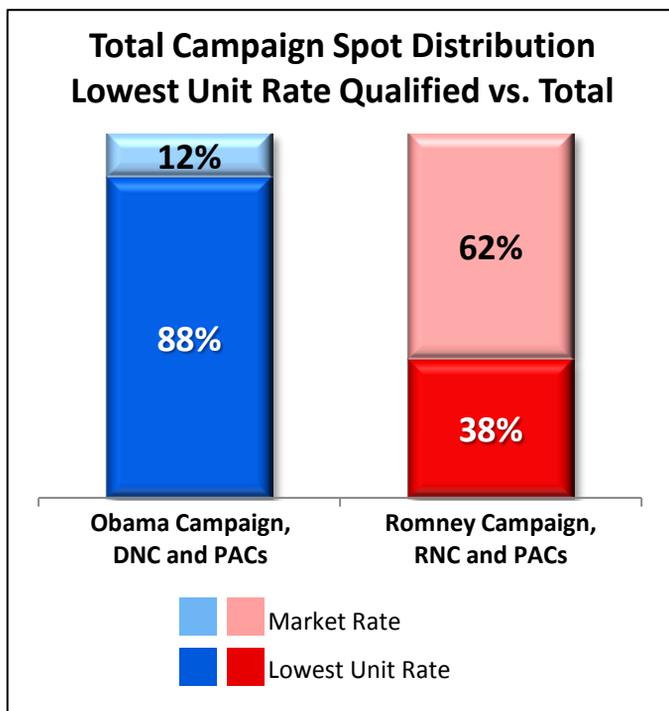
But were there changes? Yes. Take targeting. This year in addition to MRI and Scarborough, Rentrak provided voter-targeted TV viewing research by market and sub-market geographies. This targeting information, as with pre-existing services, works for both broadcast and cable channels. The difference: cable tends to be targeted and bought by network, while broadcast is bought by program, daypart and genre. But the **big** difference is that for any geographic region, broadcast television had the vast majority of target viewer rating points and ad inventory. Incidentally, while the Obama campaign tilted more toward Prime and Romney more to News, when you factor in the PACs and party committees the daypart allocations were not dramatically different between the two campaigns. In a lot of dayparts they were identical.

What were our big take-aways from the 2012 presidential election? There were two:

1. PACs change everything.
2. New campaign management tools and techniques are fundamentally additive not media replacements in terms of utility and expense.

Take-away #1: Let's look at PACs first. This was the first presidential cycle where they played a role and they played a vastly different role for each campaign. Obama's campaign was in the classic mode. His campaign itself placed 88% of the broadcast spots. Priorities USA, his PAC, and the DNC placed 12%.

In the Romney camp the campaign accounted for less than 40% of the spots. His PAC accounted for another 12% — and 50%, half his broadcast media — came from other PACs (mostly Crossroads) and the RNC.



This vital difference in the two rivals’ planning and buying media structures gave the Obama campaign distinct advantages. The most eye-popping was that although the Romney forces outspent Obama’s by roughly 55% to 45%, Obama’s team actually purchased about 10% more spots. This buying power advantage was particularly impactful in the 60 day lowest unit rate period prior to election day where most of his spending qualified for protection but much of Romney’s did not.

Other important advantages to the Obama campaign’s controlling the lion’s share of the budget were “command and control.” With the nine battleground states taking about 90% of the presidential spend, “where” was never an issue. But “when” was. Obama got out early and dominated with both TV dollars and units early — May through July. And then when the Romney forces all paused their spending around the conventions at the end of August, the Obama camp turned up the heat and never lost the ad unit lead again. Having all your eggs in one basket was a good thing.

Take-away #2: Nate Silver is a rock star and Big Data is here to stay. Superb data management applications are clearly critical at this level of campaigning for polling, fundraising, community building, ground operations, Get Out The Vote and media planning. But the funny thing is that this is incremental improvement on existing technology that attempted to provide the same information and applications. It is more effective, more complex and more expensive. It will be interesting to see how far down-ballot this goes and how fast. But in the meantime, in our admittedly biased view, these tools will only serve to amplify the power of the indispensable political communications platform...that’s right...local market broadcast TV.

None of the **facts** from 2012 suggest anything different.

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About TVB

TVB is the not-for-profit trade association of America’s commercial broadcast television industry. Its members include television broadcast groups, advertising sales reps, syndicators, international broadcasters, associate members and over 500 individual television stations. TVB actively promotes local media marketing solutions to the advertising community, and in so doing works to develop advertising dollars for the medium’s multiple platforms, including on-air, website and mobile. TVB provides a diverse variety of tools and resources, including this website, to support its members and to help advertisers make the best use of local ad dollars.