

# SPOT-ON<sup>®</sup>

POLITICAL ADS and ANALYTICS



**2022**

**Digital advertising is no  
longer the future in politics.  
It's now!**

## A New Digital Landscape

Voters work remotely via Zoom and Google HangOuts; kids go to school the same way. Our routines are no longer set by 'destination' TV viewing, drive-time rush hour radio or movie premiers. We stream video where and when we want to see it, listen to radio from far away cities and towns via in-home audio devices, enjoy audio podcasts, create our own commercial-free music playlists and watch feature-length films at home, at our desks or in the car - popcorn optional.

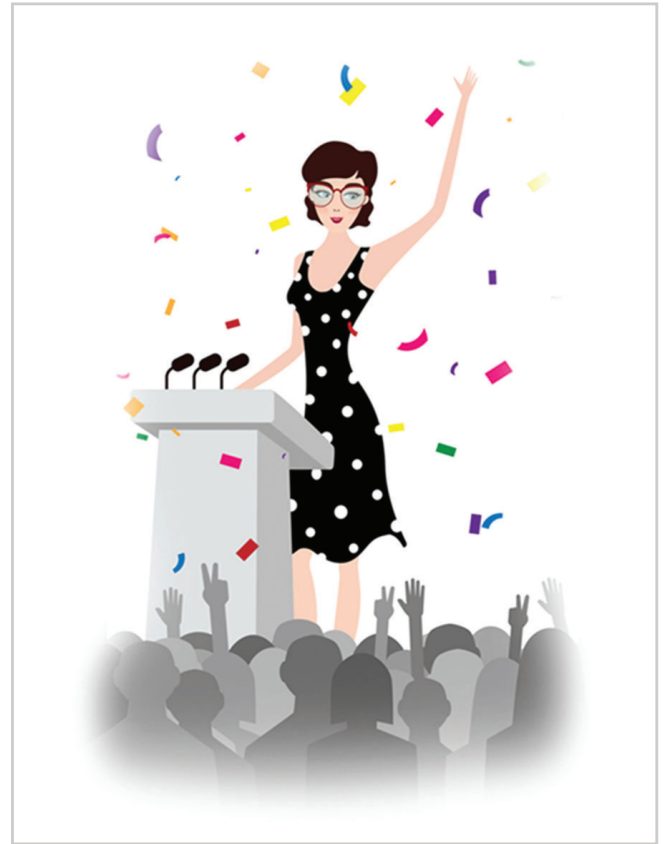
New inventions, apps, sites, and platforms are entering the marketplace every day. Looking at two easy-to-spot changes: Mobile use is more prevalent than ever, even among older Americans. And the number that have "pulled the plug" and made the switch to streaming or connected TV is proliferating; more than 40% of U.S. households watch some sort of streaming video every day.

Because the digital marketplace is relatively new and popular there's an awkward dance going on between regulators and innovators. These events and changes in laws and perceptions about the role of technology in our daily lives will also affect how digital campaigns are managed.

Campaigns aren't going to be able to track voters as they have in the past. New limits on how technology is used for tracking are running smack up against phone and browser manufacturers' concerns about their users' privacy. Lawmaker and consumer advocates' concerns about consumer privacy and flat-out awareness of just how creepy - there is no other word - some digital tracking has become is adding to calls for more oversight.

Digital technologies aren't all the same; they should not be used in lockstep, especially in an environment where the district lines drawn in March may not be the ones used in October. Voter files will have to change on the fly; targets reconsidered and tactics re-evaluated.

It's easy to feel overwhelmed and confused. Because now more than ever, campaigns can't stick to tactics used even two years ago. That's why Spot-On is here to help with clear advice and some best practices. With more than 10 years of political ad buying experience we can help you steer a course to victory.



With this 2022 Best Practices Whitepaper – our third - we've highlighted the biggest trends for 2022, made a few predictions and included some recommendations that we think will help campaigns of all sizes

Read on!

Spot-On thinks you should be flexible with your digital ad dollars, but that's hard to think about in the abstract. So let's walk through two semi-fictional campaigns. Neither of our made-up candidates are running for president; they've got local issues to contend with, so they're modifying the digital tools to reflect their goals and needs.

Charlotte is running for mayor in a small midwestern city; Raul is running for a contested state house seat in the southwest. Both are planning to heavily rely on digital tactics. But they're using them in different ways. Let's have a look.

## Two digital campaigns; two separate strategies. Both winners!

### Charlotte for Mayor

Charlotte is an incumbent with a modest budget but no viable competition, so she concentrates on her local news outlets, running a banner ad campaign touting her success in office when early voting starts in her community.

She also does an in-home audio buy with targeting timed to match her house-to-house canvassing. About two weeks before the election, she begins running mobile ads on her local news sites – banners and video – to reinforce voter interest and support using the same issues and bullet points in her mail.

Charlotte has a great volunteer base so she's given them a small budget to help enhance the "organic" free work they're doing on Facebook and NextDoor. That helps the "earned social" efforts her volunteers are making by boosting posts to reach further into her community.

**Charlotte spends less than \$20,000 on her roughly six week campaign.**

### Charlotte's Budget

- \$7,500 local news site in late September
- \$5,000 - in home audio in late September
- \$4,500 - mobile support mid-October
- \$3,000 - volunteer budget
- \$20,000 TOTAL

### Raul for State House

Raul needs to capture support from both Spanish- and English-speaking voters in his district to win.

Raul spends heavily on his local news sites because that's where voters go for news and information. He runs in-banner video and splashy home-page takeovers starting on Labor Day. He also makes sure to have Spanish language ads running in zip codes with a predominance of Spanish-speaking voters. In addition, he buys video and ads on some private "walled garden" platforms because he can use their subscriber information to target his ads.

Raul is spending \$75,000 for his efforts. But he has some help, too. The independent entity supporting Raul has a large six-figure 'umbrella' buy it's doing in his part of the country. It buys video and banner ads on CNN, Fox, Hulu and some local TV stations to help Raul by targeting its ad placements to the zip codes in his district.

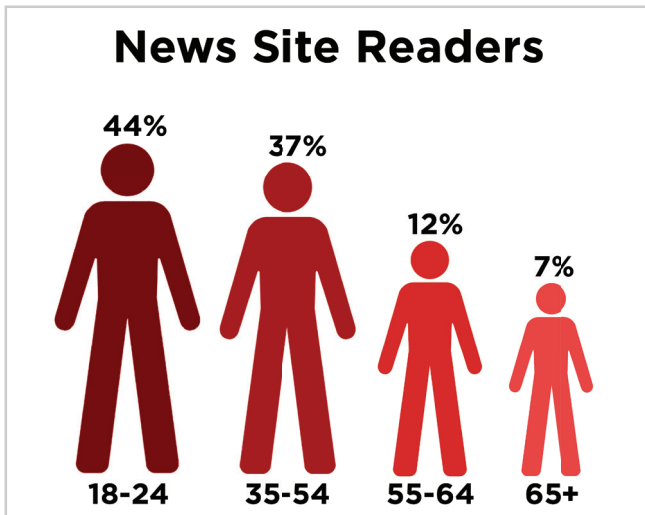
### Raul's Budget

- \$15,000 Local news placements started in August
- \$20,000 Video on local sites starting Labor Day
- \$15,000 Homepage take-overs (some with video) October
- \$20,000 Mobile for Spanish language outreach in late September
- \$75,000 Total

## 1. Context is Cost Effective

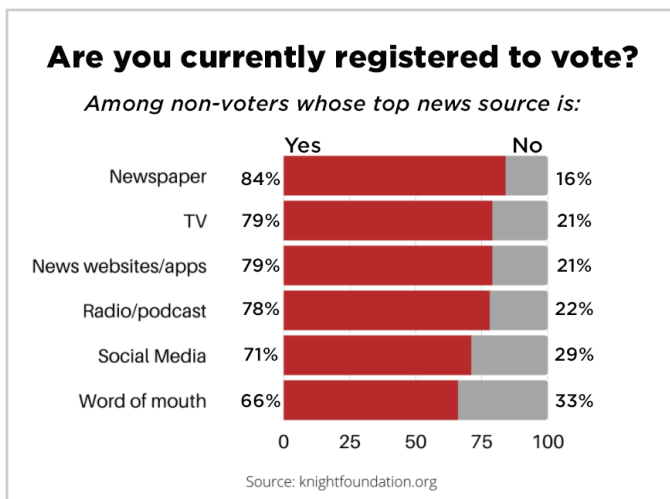
There are good reasons why our two candidates, Charlotte and Raul, are using local news sites to spread the word about their campaigns. Local news sites attract voters.

Here are some demographics from Media News Group, the second largest news chain in the country.



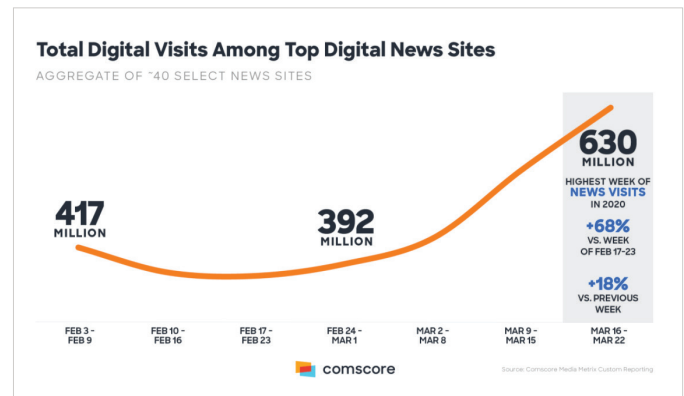
Media News Group says they reach readers with college degrees and 40-year-olds and incomes of about \$100,000 a year.

That's good news. But the increase in traffic to these sites is making them an even better online political ad buy.



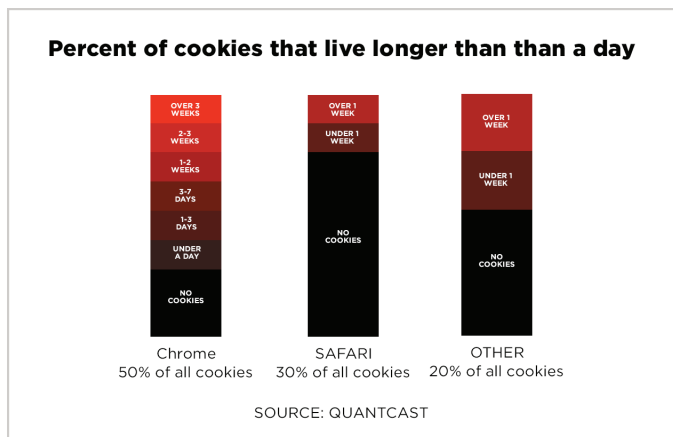
A funny thing happened while we were all staying home anxiously searching online for information about our health, our kids' schools and the community around us: More and more people turned to known local news sites for that information.

ComScore, the service that tracks online audiences, noticed immediately.



What's more, publishers have noticed. Through 2020 and 2021, they've started investing in election sections and newsletters for specific audiences. And they're getting better at collecting data about their readers all the time.

Using a local website to talk to voters makes sense. Sites can traffic video and banners. Even better: Compared to local TV, local news is a bargain.



## 2. Cookies Aren't Dying; They're Dead

This chart shows how short-lived most “cookies” are – that’s if the small bits of user tracking code are even implemented.

On average, says ad tech vendor Quantcast, only a small portion of the cookies inserted on Google’s Chrome browser (the most popular) track for more than two weeks. The two other browsers show a cookie tracking lifespan of just about a week.

More importantly, only half of the targeting and tracking efforts had any impact at all.

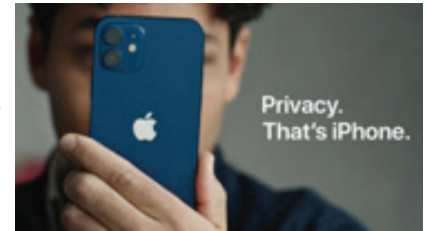
This is a great demonstration of why so-called voter match targeting isn’t as effective as it’s touted. Voter file matching rests on the effectiveness of cookies which follow user behavior.

That’s not the only reason voter matching with cookies is ineffective. Cookies rely on financial information – mortgage history, credit reports, and the like – to function. People without attractive credit histories – low income communities, communities that have faced discrimination in home buying, new immigrant communities without credit histories and younger voters – don’t have that financial history. Those voters – sometimes the folks you need to reach – can’t be targeted with voter file matching.

## 3. Selling Privacy

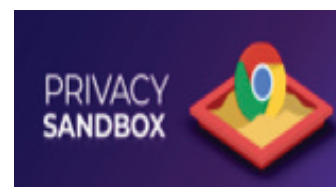
Apple has taken the leadership role in the crusade to protect its users from invasive targeting tactics.

For some time, its browser, Safari, has blocked the cookie targeting technique that’s used to track voters. Apple then enhanced that initial gambit with



blocks on tracking across devices, blocks on data downloads by Apps, blocks on email pixel targeting and blocks on ‘eavesdropping’ on search and audio assistance. And then they made a glossy ad campaign to remind us about all this.

Apple’s audience is coastal, wealthy and well-educated, so only a portion of voters are immediately affected by these changes. But it’s setting a tone and that tone – that it respects the privacy of its customers and their ability to control what can be learned about them – is rippling through the marketplace.



Google has belatedly gotten into the act, attempting to address one of the biggest problems with automated online ad

buying and, along the way, creating a fair amount of confusion.

Earlier this year, also wrapping itself in the cloth of user privacy and creating something it’s called “Privacy Sandbox” to test various technologies, the ad tech giant said it would disable the use of cookie-based targeting. Instead, Google said it would monitor and collect the user behavior it observed on its Chrome browser. But then – suddenly – it changed its mind.

This is a major retreat by a big player in the digital ad world. It’s creating confusion and openings for rivals with different technologies to offer their solutions to a clear, persistent and big problem.

If programmatic ad buying and selling that relies on cookie tracking is dead, then what’s next? Well, a lot of arguing, that’s for sure.

#### 4. The Programmatic Ad Buying Circus

Tracking cookies are a key part of online ad buying because most online ad buys are handled by large ad tech trading desks that sell ads based on buying behavior or people their clients want to reach.

Here's an example: An online user who has looked at ads for bed linen, searched for sofa bed models and received a tracking cookie from an online mattress seller might be shown ads for sleep aids, pajamas and stuffed animals to comfort a sleep-adverse child.

Ad tech exchanges could care less about the sites. In other words, the advertisers look at possible behavior, not at the sites the user is visiting. Additionally, all ads are purchased on a bidding system. So if the pajama seller is willing to pay more than the sleep aid firm, the pajama seller will get their ad placed first.

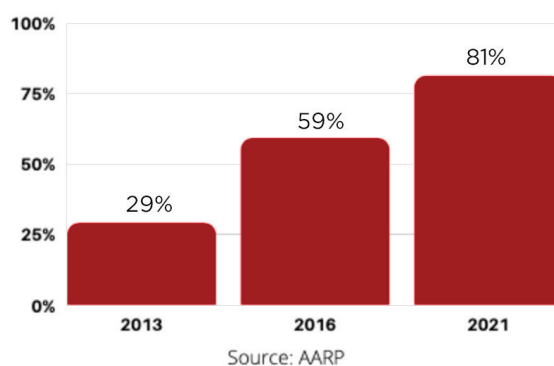
What's worse? These ads aren't always visible to users; fraud in the programmatic ad buying sector has been as high as 30% of all ads bought. And placement isn't guaranteed. So, a political campaign may think it's buying ads targeting "sleepy" candidates but instead, its ads end up on a website dedicated to curing sleep walking.

#### 5. Mobile: Your World in Your Hand

Your mobile is more than a phone; it's a little tiny computer that goes everywhere you go.

The use of mobile devices is more widespread than ever, and 46% of Americans spend 5-6 hours a day on their phones – that's not counting other mobile devices like iPads and tablets.

##### Smartphone Ownership among ages 60-69



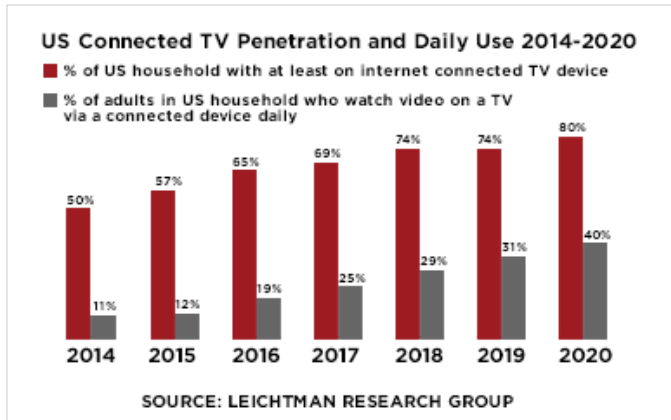
And consider this: Within just 3 years, the percentage of adults ages 65 and older - the age group most likely to vote - owning a smartphone doubled.

It gets better: AARP's 2002 study of older Americans' tech adoption found that smartphone adoption has jumped from 70 percent to 77 percent among older adults. Today, 86 percent of Americans ages 50 to 59 use a smartphone and 81 percent of those 60 to 69 do, too. For those over 70: Usage hit 62 percent.

Clearly, mobile advertising should not be an afterthought, nor should it be a landing place for a TV or radio ad running on those platforms. Phone screens are smaller, audio often broadcasts through earbuds for one-on-one interactions, not broadcast. This is a more intimate platform. Your ads should reflect that difference.

## 6. Streaming Video (aka CTV, OTT)

Streaming video gets all the hype because it's new and it's changing how the backbone of political advertising – television – has long operated. On top of that, it's great at delivering a high-income, well-educated audience.



BUT...

It's not the greatest way to reach older voters. In its survey, AARP found that while half of older (49%) Americans own a smart television, just 42 percent of those folks use its streaming or online features to watch shows.

It's also not great at reaching places where broadband connectivity isn't strong. That's rural America and inner cities. That's changing, of course, as federal spending to support more cable and high speed access reaches past well off towns and cities. But anywhere users worry about bandwidth – or data charges for mobile – is someplace streaming video isn't reliable.

## 7. The Long Arm of The Law

Two years ago when we last sat down to think about the digital ad space, Facebook, Google, Amazon and Apple were facing a long list of lawsuits, investigations and bad PR.

Not much has changed. If anything, it's getting worse.

Today, Google is looking at more than 40 lawsuits filed in different states making different allegations about its dominance of the market: its use of customer data, its tying services to each other and, well, just being big. Apple's come under fire for pricing policies on its App Store. Amazon's got legal challenges in relation to the small business that use its platform to sell products.



Meanwhile, there's plenty of action in Congress. Right now, it's not important what they'll do, it's important that they're thinking about doing something. That's given agencies like the Federal Trade Commission, the Federal Election Commission and the Department of Justice big green 'go' lights when it comes to taking hard looks at Big Tech.

Our take? Almost all of these companies are going to make substantive changes in how they do business – just as Google tried to do with the introduction of its new 'privacy sandbox' scheme. And most tech companies will divest some parts of their existing business to placate regulators.

Privacy was a starting point; we'll see more changes over the next two to three years.

So be prepared – not for the end of advertising as we know it, but for a new future that's going to be more fractured, a bit more chaotic and a lot less certain.



## 8. The Census and Its Controversies

Preliminary census data tells us a few things: The U.S. Population is moving, and it's changing.

Election districts are going to move and change, too. How much or how little will depend on who draws the lines. That will be key. So will the court cases that are bound to ensue.

Also up for legal challenges: decisions about election laws that state legislatures are or will make in concert with redistricting. While 2020 was a banner year for voter turn-out, it's not clear that can or will be repeated in 2022.

As a result, up-to-date information about districts and their make-up will be at a premium. Integrating that data – which can't rely on the same targeting methods used in the past – will have to be done quickly and effectively, and off-the-shelf data based on past performances may not be of much use in these circumstances.

## 9. I can't even....Facebook

Facebook has a problem: It's not trusted anywhere but on Wall Street.

Facebook is under fire across the political spectrum. It's accused of enabling genocide in Myanmar, recklessly banning public figures and politicians without cause, spreading false information about the U.S. election, encouraging violent language or behavior – by groups and individuals – and encouraging the spread of misinformation about Covid.

And that was before a whistleblower came forward to tell Congress that Facebook executives had consistently misled the public about their platforms' effects on young users, triggering comparison to the tobacco industry's fight against regulation.

For this and other reasons, Spot-On thinks it's likely that Facebook will once again play 'footsie' with political campaigns this cycle. Its constituents are not voters, parents, political operatives or candidates; it's Wall Street and only Wall Street.

## 10. A Few Words About Fraud

It doesn't matter what they're stealing; thieves will always follow the money. That's why fraud in political ad placement is getting more prevalent. Spending on digital ads was predicted to be nearly \$3 billion in 2020; it will be higher in 2022.

In early November 2020, CHEQ, a cybersecurity firm, released a report estimating that one in five 'clicks' on a political banner or video ad were from outside the U.S. – clearly not voters – with a loss of about \$377 million because of ad fraud.

Where does most fraud take place? Again, follow the money. Video and streaming connected TV video see higher fraud rates. It pays better to spoof those ads since they're sold on automated platforms. Theft is commonplace.



## The following five recommendations should be top-of-mind:

### 1. Beware of Silver Bullets

- In this new regulatory and changing marketplace environment, it's a good idea to be wary of anyone promising a one-stop solution for targeting, privacy, or measurement.
- The death of cookie-based targeting - the stuff that voter matching relies on as well as the new emphasis on privacy is a big change. All ad tech vendors are scrambling for ways to assure their customers they can cope.
- There's no one stop digital service that covers all your needs. Shop, be selective, beware.

### 2. Data Do's and Don't

- This next cycle, more than any other, will test the ability of anyone using past metrics to predict future behavior.
- We've seen in 2016 and 2020 how polling lagged real results. With changes in local election laws, changes in district boundaries at all levels, combined with changes in how digital ads can be placed it's likely that much of the off-the-shelf data out there will age quickly.

### 3. Buy Direct

- We say this every two years because we know it works.
- Click-through engagement rates for ads bought directly on known local news outlets - the ones that reach voters - out-perform ad networks or automated programmatic ad buys.
- An overwhelming number of the people looking at a local news site - as high as 80 percent in one community - are registered voters. You can't really beat that.
- Over the past year or so, the popularity of those outlets has gone up.

### 4. Mobile, Mobile, Mobile

- You have a phone. Your Mom has a phone. So do all your kids. - Voters are no different.
- Reach them where they are when they want to see you.

### 5. You're Going to Spend More - Spend Carefully

- Digital ad placements for political have long been an afterthought - not just by campaigns, but also by sellers. Buyers have fallen in love with the mass quantity advertising offered by automated programmatic ad buying.
- But not all impressions are the same.
- Bottom dollar prices bring bottom dollar results - in all media, on all platforms.



## Want to learn more?

Send an email to [advertise@spot-on.com](mailto:advertise@spot-on.com) to discuss your campaign or advocacy group's digital needs. You can also give us a call at **415-771-7133**.