

MEDIA IMPACT REPORT

Midterm Elections

Also in this issue:

How Inflation, Polarizing Politics and Global Instability
are Influencing U.S. Consumers



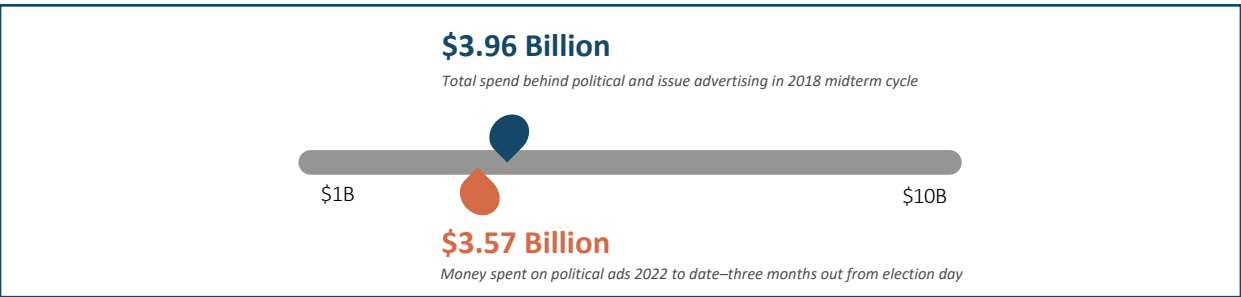


Midterm Election Update

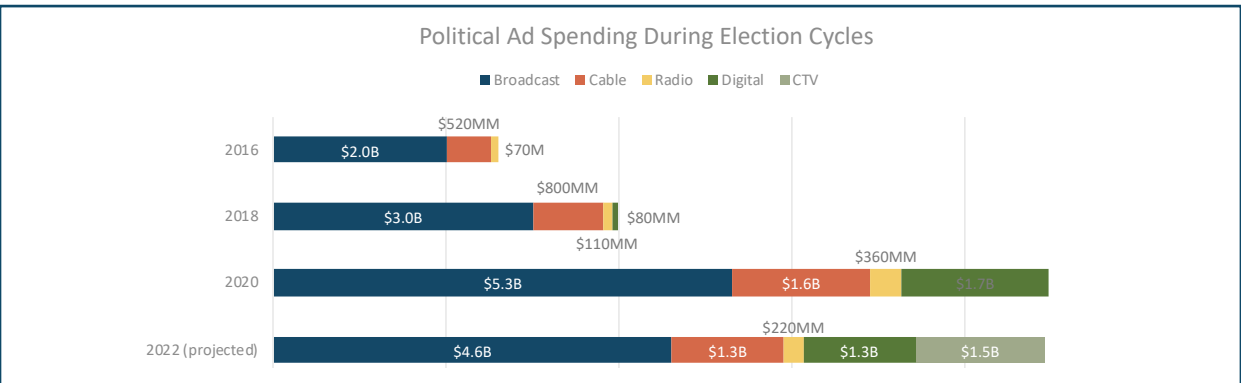
By [Nora Cortez](#), Director of Media Planning

Ad spends and political action heats up ahead of the midterms—what does it mean for advertisers?

In the 2018 midterm election cycle, total spend behind political and issue advertising hit \$3.96 billion, according to Axios. Through August of 2022, still three months out from election day, there has already been \$3.57 billion in detected spend behind political ads putting 2022 on pace to exceed 2018 as the largest midterm election year by ad spend.

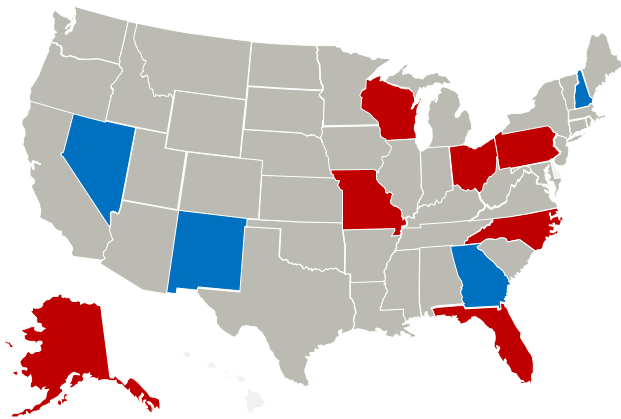


With the increased spend, a record percentage of ad spend has shifted to streaming, where data and targeting capabilities allow campaigns to take a more precise approach within rich awareness media. Almost half (44%) of digital political spend in 2022 to date has been on connected TV (CTV) advertising, or streaming video/OTT - compare this to the 2020 election when CTV was a blip in political ad spending and the growth is apparent. Projections have CTV political ads spend estimated at \$1.5 billion for the 2022 midterm cycle, which would surpass the \$1.3 billion that's expected to be spent on Google and Facebook.



Despite that shift to CTV, a vast majority of political ad spend remains on traditional TV—specifically local broadcast. In the 2018 midterm cycle, 99.8% of detected TV political ad spend was local. Local is expected to continue to dominate TV political ad spends for the 2022 cycle, fueled by a slew of competitive house races. Political ad spend is expected to be particularly high in battle ground states - an influx of political and issue ad spending will likely create tight marketplace conditions locally and any brands with local TV investments may face clearance challenges and should expect tiered rates pre-/post-election.

Local is expected to continue to dominate TV political ad spend in 2022, fueled by a slew of competitive house races



4 Democrat Battlegrounds

Nevada, New Mexico, Georgia, New Hampshire

7 Republican Battlegrounds

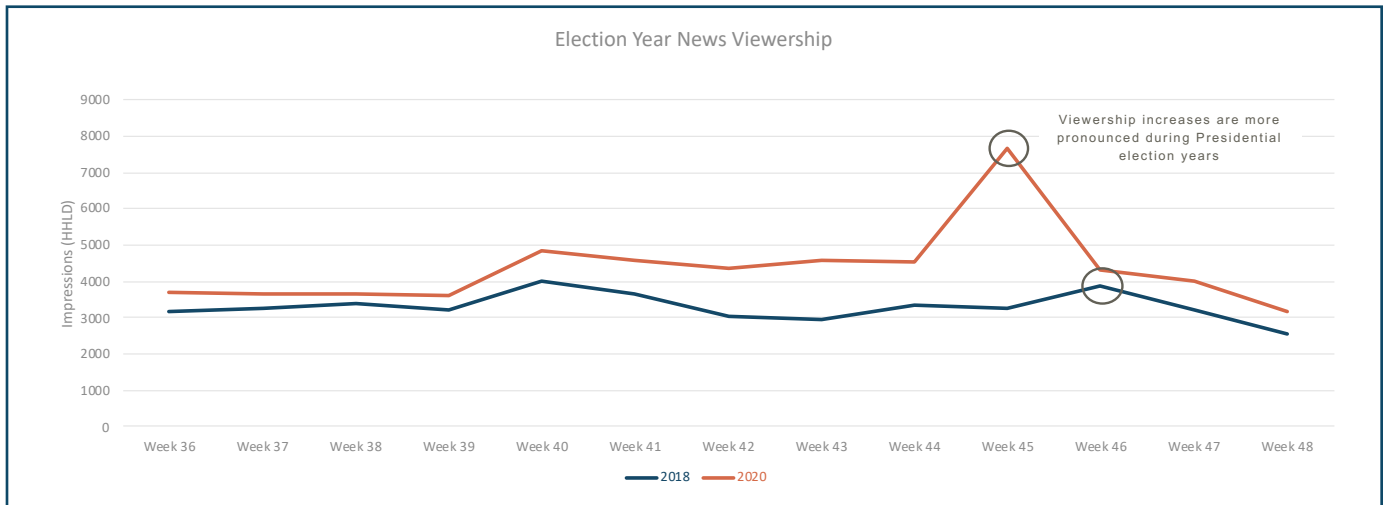
Alaska, Missouri, Wisconsin, Ohio, Florida, North Carolina, Pennsylvania

Although political TV ad spending remains largely focused within local, national news coverage of the races creates some challenges (and potential viewership upside) for advertisers.

National coverage of the midterm election will be primarily condensed to the weeks leading up to, and immediately following, election week. During a typical election year, news viewership surges during election week itself and that increased consumption is incremental to normal viewing; within non-news cable, viewership typically remains stable week to week with no decline during election week. As a result, advertisers may see increased competition as brands try to capitalize on higher viewership levels and higher pre-emptions for election coverage—securing a portion of news investment in advance as fixed will help avoid higher rates and pre-emption.

Regardless of openness to political ads, most major social platforms are proactively implementing tools and strategies for combating misinformation during the midterm cycle.

While broadcasting companies are required to accept political and issue ads, streaming and internet platforms are not—notably, both TikTok and Twitter ban political ads, but the influx of spend has made some digital platforms rethink their stance. After pausing political ads in 2020, Spotify announced they would resume accepting political ads for candidates, political parties, PACs, and elected officials this year. Similarly, in late July, Disney announced they would allow political issue ads alongside candidate ads on Hulu as long as they align with Disney's regular ad standards—the change aligned Hulu's policies with Disney's policy for their cable networks like ESPN and FX.



// Facebook

Parent company Meta does accept political ads, but recently announced they were introducing strict guidelines for the 2022 midterm election cycle in an effort to better mitigate the spread of misinformation. Broadly, any posts rated false or partly false by select fact-checking partners will receive a warning label that forces users to click past a banner denoting “false information” before accessing the content. More specifically, Meta’s new guidelines are largely focused around disallowing and removing ads that contain false information about dates, locations, times, and methods of voting; this adds to their previous restrictions around ads that include misinformation about who can vote, what votes will be counted, and voting qualifications.

// TikTok

Despite TikTok’s ban on political advertising, which includes sponsored content from influencers, the company resurfaced their fact-checking program from 2020, in part because political advertising within paid influencer content and user-created videos can be harder to detect. The program prevents certain videos from being recommended to users until verified by outside fact checkers. In an effort to proactively counteract misinformation on the platform, TikTok has launched their election information center six weeks earlier than they did in 2020.

// Twitter

Like TikTok, Twitter does not allow political advertising, but faces some of the same challenges with moderating content on the platform. Their Civic Integrity Policy has been reactivated and includes warning labels that are added to tweets containing false information about elections, election integrity, or voting. Any tweets that are tagged with warning labels are then not pushed out by the algorithm and Twitter reserves the right to remove false or misleading content.

// YouTube

To date, YouTube is one of the few online platforms that has not announced a midterm election policy or misinformation plan.

While midterm political spend remains heavily rooted in local broadcast TV, as more political spend shifts to digital, advertisers will have to consider and account for potential impacts to marketplace conditions, brand safety, and performance.



/NOTEPAD

How Inflation, Polarizing Politics and Global Instability are Influencing U.S. Consumers

By [Dan Gallagher](#), EVP, Brand Strategy + Research

Learning to function amid global instability and a cacophony of bad news has left the U.S. consumer in a state of bewildered exhaustion. As a result, consumers are reevaluating and reconciling their personal values in a post-pandemic and politically polarized world, and record rates of inflation and rising costs of living are further forcing the issue.

The impacts of broad economic headwinds vary by generation, but most Americans are changing their spending habits as worries continue to mount. At the same time, consumers are recalibrating their role in society and increasingly relying on social consciousness to guide their decisions and choices. Exactly how consumers will be changed in response to these conflicting forces is not yet clear, but early signs suggest they are looking to self-reliance, simplicity, purpose and wellbeing to ease the burden. Enlightened brands may be in a good position to offer lifelines to lessen the weight.

As part of a collaboration with OWL Research Partners, we're sharing trends affecting the consumer condition:

Scaling Back

The world feels unusually uncertain and chaotic. A global pandemic, war in Ukraine, a worldwide grain shortage, mass shootings, assassinations, collapsing human rights, climate change and the decline of democracy are weighing heavily on increasingly fragile consumers. This weight is changing consumers' outlook and expectations—and contributing to a rise in distrust and general cynicism. In turn, U.S. consumers are offloading things that complicate, overwhelm or no longer bring essential meaning to their lives, cutting budgets on big and small purchases.

- 52% of consumers feel they are worse off now than a year ago
- 60% believe companies are taking advantage of current crises to raise prices and increase profits



Breaking (Bad) News

The need for consumers to have access to reliable information, careful context, and trustworthy media that helps them to navigate the world around them has rarely been greater. But this need is complicated by the reality that consumers are reaching a breaking point when it comes to bad news. In order to function in the face of a never-ending downpour of negative news, they are becoming more selective in their consumption.

- 42% of Americans say they actively avoid the news
- 50% decline in engagement with news stories on social media over past year
- Reasons to avoid the news include—too much politics and pandemic coverage (43%), negative effect on mood (36%), worn out by amount of news (29%)



Personal Values vs. Practical Realities

The global shocks of the last few years have shaken consumers to the core. Amid global instability consumers are allowing themselves to be inconsistent and even paradoxical as they attempt to reconcile personal values with the practical realities of day-to-day life.

- 72% of consumers say external factors such as inflation, social movements and climate change are impacting their lives more than in the past
- 2 in 3 report completely reimagining what's important in life based on everything going on in the world
- 42% are now spending more on items or experiences to help with overall mental wellness—including exercise and exploring the outdoors

Inflation and Rising Cost of Living

A large majority of Americans (70%) view inflation as the top problem facing the country today. And for good reason as US consumers are experiencing the fastest inflation of their adult lives. As a result, spending habits are changing and worries are quickly mounting, especially for low- or fixed-income consumers.

- 88% of consumers have cut spending because of inflation
- Households earning less than \$50,000, those with children in the home and women are more likely to say they adjusted spending
- 34 million U.S. consumers spent more than they earned in the past six months



Impacts of Economic Headwinds Vary by Generation

Young and low-income consumers are feeling financial pressures most imminently, while seniors are more concerned about being able to maintain their desired lifestyle on retirement funds. Middle-aged consumers are faced with ensuring their income can keep up with record inflation or having a backup plan for times when it may not. Meanwhile, some higher income households continue to shell out for desired items regardless of elevated prices.

- Gen Z - Credit card balances rose by 30% in the second quarter of 2022
- Millennials - Only 56% have a plan in place to absorb rising inflation costs
- Gen X - 75% worry that their income is not keeping up with rising costs
- Boomers - 73% are concerned they will not be able to afford the lifestyle they want in retirement



Recalibrating for Social Consciousness

As financial pressures continue to shape consumer spending, issues related to diversity, equity and inclusion are also playing a greater role. Many consumers are looking more closely at the social conscience or purpose of the brands they interact with and rewarding those who meet their expectations, and sometimes punishing those that don't.

- 90%+ of millennials and Gen Z are more likely to purchase from organizations that demonstrate how their products have strong social or environmental benefits
- Younger consumers (age 18-25) and minorities are more likely to notice and be aware of inclusive advertising when making purchase decisions
- 19% - new product revenue boost for diverse companies compared to non-diverse peers



/QUICK HITS



Fox's Big Game inventory is 95% sold out

[\[Adweek\]](#)



Facebook will stay atop the U.S. social commerce ladder

[\[Insider Intelligence\]](#)



How e-sports grew up: An oral history

[\[Digiday\]](#)

Need More Guidance?



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