Projections Revisited:
What we Learned from 2022

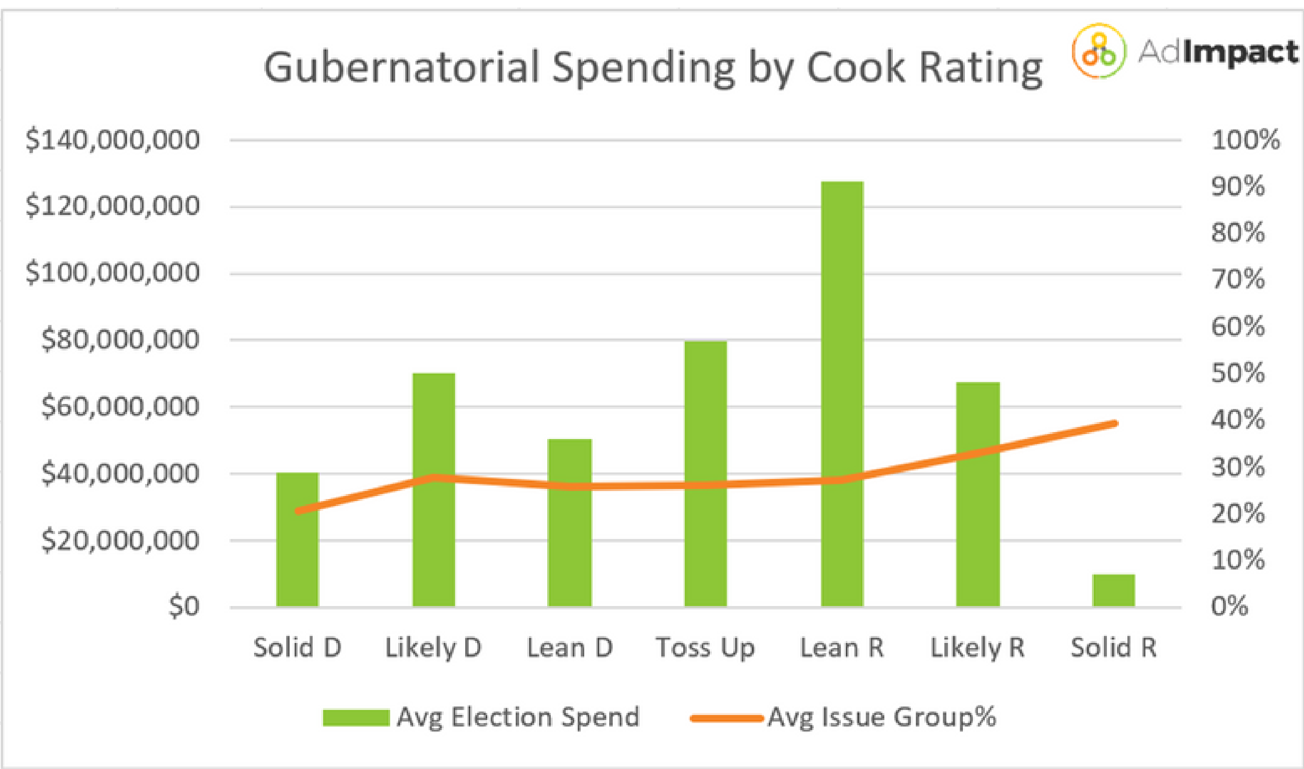
Introduction

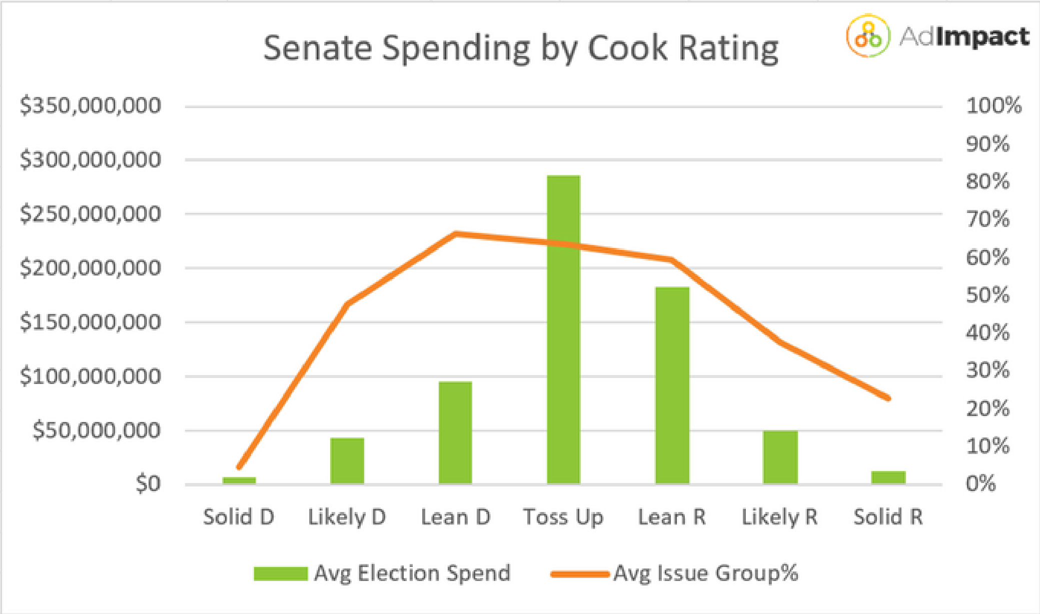
In August of 2022, AdImpact released our final projections for the cycle, projecting that $9.67B would be spent on political advertising in 2021-2022. In total, $8.94B was spent, 92% of our projected total. We have spent the last several months analyzing what occurred to draw conclusions that can inform future projections and increase our understanding. While perfect projections are unattainable, we believe that through careful analysis of the data we can guide future iterations to be more accurate.

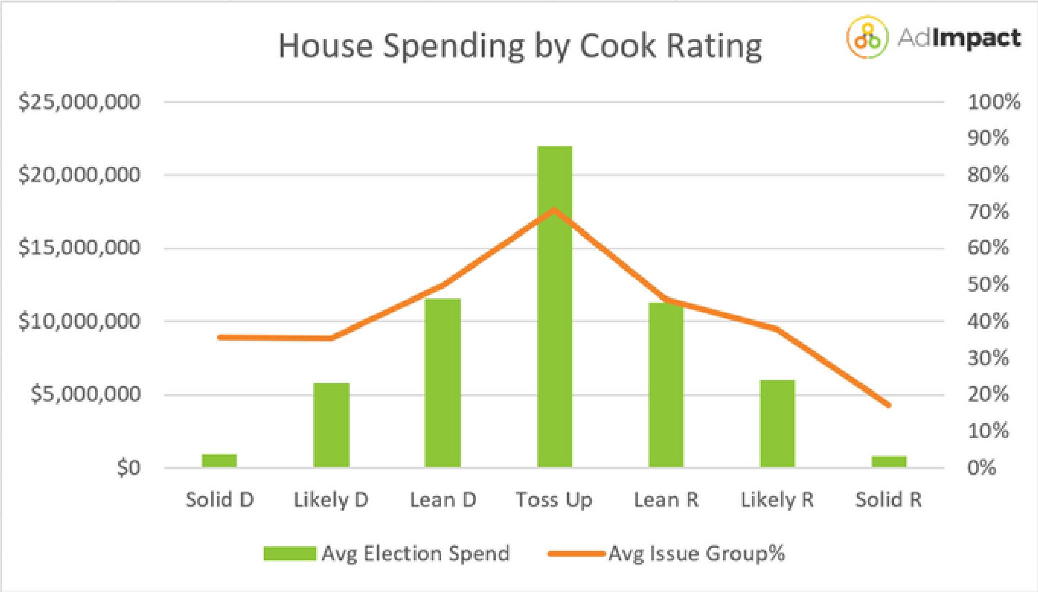
Race Type Analysis

A key tenet of our projection's methodology is the competitiveness of each race. We rely heavily on Cook Political Report's race ratings to inform our projections, with the belief that more competitive races will be more expensive. Generally, this has proven to be correct, with some key caveats that should be understood moving forward. Looking across the major race categories of 2022 (Senate, House, Governor), we demonstrated varying degrees of accuracy. Our Senate projections were within 2% of the actual totals. The House proved to be less accurate, with our projections 19% off from the final spending totals. Governor was our biggest missed projection, with a 34% discrepancy.

Examining spending totals and their relation to race rating provided us with telling insights that will serve to enhance future editions of our projections. Senate and House spending tracked very closely to race rating, while Gubernatorial spending had only a moderate relationship. Upon further investigation, this correlation makes sense. Only 40% of Gubernatorial spending came from outside groups, compared to 60% in the House and Senate categories. This indicates that while PAC spending is predictable in targeting the most competitive races, candidate spending is more evenly distributed across all races. Therefore, while future iterations of these projections will continue to expect House and Senate spending to correlate closely with race ratings, Governor projections should integrate other inputs, such as candidate cash on hand with higher weight.



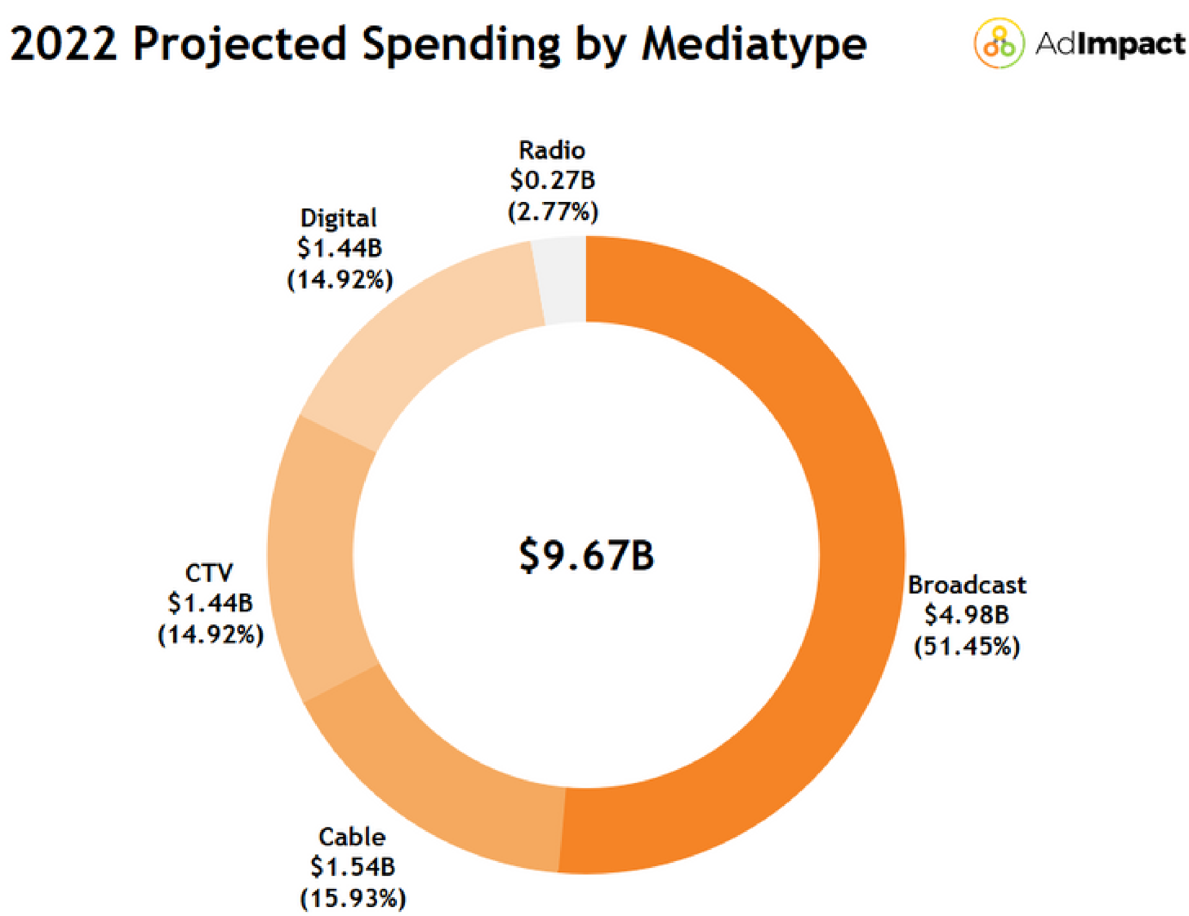


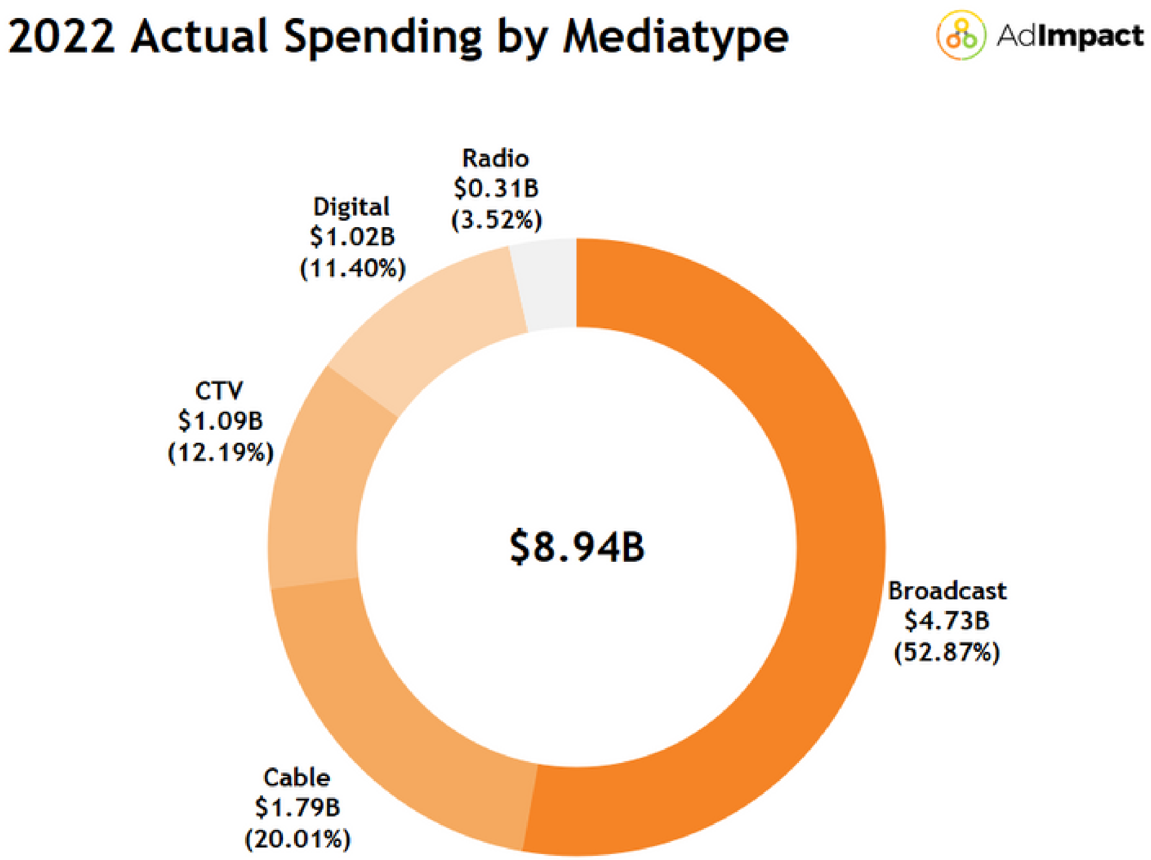


Despite the difficulties in predicting downballot spending, we were within 6% of the total in this category, which is defined as anything that is not Senate, House, Governor, or President. This was the largest category by some margin in 2022 and is a continuation of a key trend we have been observing over several years – that state and local candidates are increasingly well-funded and are proving to be a key part of the political advertising landscape.

Media Type Analysis

As audience consumption habits continue to change, it is crucial to understand how these trends impact which media types are bought in politics. Our most accurate media type projection came on the broadcast side, where we were within 4% of the actual totals. As cord-cutting has become increasingly prevalent, broadcast is still the leading media type for political advertisement spending. Cable spending exceeded our projections by 17%. Much of our under-projection can be attributed to the downballot category, where cable's share was, on average, about 10% higher than in federal races. This is important to consider moving forward as the downballot category has been seeing rapid year-over-year growth.

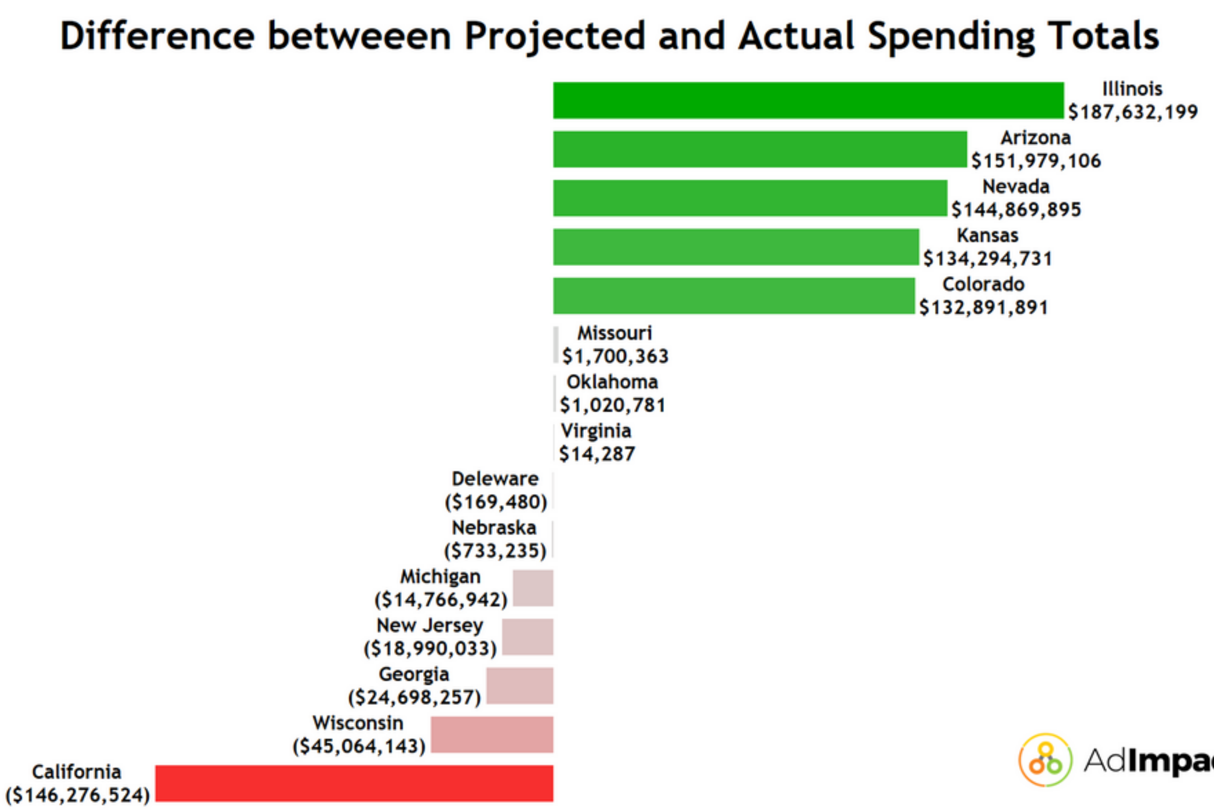




In our first year with Connected Television (CTV) figures, we expected that our projections would require calibration, and indeed, we overestimated CTV spending by 24%. We do anticipate CTV spending to grow in future cycles, given the increasing rates of cord-cutting. The digital (Facebook and Google) category was our biggest miss, as we overestimated total digital spending by about 30%. We largely attribute this over-projection to two factors. In 2020, presidential candidates over-indexed on digital relative to other advertisers, and this absence hurt the category more than expected. Additionally, advertisers seem to be reducing their reliance on these platforms for fundraising purposes, leaning more heavily toward email and direct mail. Understanding these factors will be key in predicting how digital will perform in 2024.

Geographic Analysis

Understanding the geographic distribution of political spending is key to assessing budgetary and planning needs. While we expected California to see the most political spending of any state this cycle, we did not anticipate it would reach the levels it did. California was the state with the most political spending by about 50% and outpaced our projection by a whopping $150 million. On the other end of the spectrum, Illinois proved to be our largest over-projection, with the state seeing $187 million less than we expected. This over-projection looks to be a factor of a historic amount of spending in the gubernatorial primary. In fact, over-projection of gubernatorial spending is a common factor in the states we missed by the largest margin, something that does not come as a surprise based on the data we have already seen. To brag a little bit – our most accurate projection came in our home state of Virginia, where our projection was only $14,287 off out of a total of $192 million spent in the state! The chart below highlights our 5 most accurate projections, our top 5 over-projections, and our top 5 under-projections.



Conclusion

While we do not expect to ever get our projections 100% accurate, we believe with careful analysis of the data and trends we can improve year-to-year to provide the most accurate projections possible. 2024 will provide some unique challenges as the media landscape changes, with a difficult-to-project presidential primary coming in 2023 and early 2024. However, with the factors discussed in this piece considered, we expect to put out our most accurate projections ever in 2023. Stay tuned this year for our first 2023-2024 cycle projections!

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