

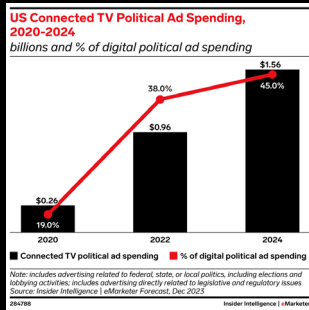
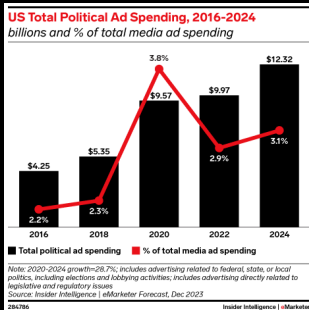


## Unraveling the Political Impact on the 2024 Video Landscape

With political ad spending expected to hit an all time high this election year at \$12.3 billion, it will have a downstream impact on brands regardless of industry.

In just the first five months of 2024, the video landscape is already experiencing volatility and inflation in the auction marketplace, primarily due to the political election spending we've seen in the primaries. We expect to see even more in the general election.

Video inventory, including Connected TV, will be an intense battleground of advertising dollars and strategic maneuvers. With a contentious Trump/Biden rematch on the horizon as well as contested Senate and House seats, the scene is set for a chaotic political cycle.



### RATE PRESSURE IGNITING

As the election approaches, the competition for ad space will heat up, driving up advertising costs across the board.

Battleground states are particularly feeling the crunch, with a projected 15-50% rise in CPM rates for tactics like CTV, online video, and paid social media ads. With linear TV, CPMs/CPPs are likely to increase 10-30% in highly contested states; however, the greater concern lies in preemption rates. Since stations are required to accept political dollars at lowest unit rates, existing schedules are often "bumped" to make room for them.



### KEY POLITICAL DATES

- July 15-18: Republican National Convention
- August 19-22: Democratic National Convention
- September 16: 1st Presidential Debate
- September 25: Vice Presidential Debate
- October 1: 2nd Presidential Debate
- October 9: 3rd Presidential Debate
- November 5: Election Day



NOVUS has already seen some rate inflation nationally during the primaries, and rates haven't fallen back to pre-primary levels. We predict costs to remain high across most of 2024, with a marked ramp up in battleground states from mid/late summer through the election. This surge in costs demands adopting more strategic approaches to maximize their impact.

After the election, advertisers who may have been avoiding the fray will fill the space left by political ads in a big push for holiday sales. It is unlikely we will see video CPM rate relief before 2025.

## WHAT CAN YOU DO?

### #1 LEVERAGING ALTERNATIVE ADVERTISING CHANNELS

Paid search, where you are only competing with other brands relevant to your keyword, and streaming audio where less than 7% of the political advertising budget is projected to be spent, are great options. Both channels can provide cost-effective opportunities to diversify strategies.

Additionally, some social media platforms like TikTok and Twitch still don't allow political advertising, providing an opportunity to advertise in a political ad-free environment and therefore with the possibility of mitigating media rates.

For linear, avoid local news and be sure to include cable as there is traditionally less political demand there. Complement with digital OOH (with video).

### #2 LOOSEN RESTRICTIONS ON OE DEALS AND CONSIDER GUARANTEED DEALS

Loosening targeting parameters on open exchange (OE) inventory and leveraging Programmatic Guaranteed deals that lock in media rates, even if those rates are higher than what you pay today (but lower than what you can expect to pay in September), can be a way to control costs and ensure consistent impression levels - even in the face of fluctuating supply.

### #3 BE NIMBLE, CONSIDER ALTERNATIVE FLIGHT DATES AND BUDGET SHIFTS

Being nimble will be the name of the game this fall. Given this, we recommend strategically planning campaigns to avoid key political dates / events which will circumvent peak ad competition and cost spikes. If running in political windows, plan longer flights to allow room for makegoods. At the same time, manage expectations within the organization that some shifts may need to happen in-flight as the marketplace shifts.



In essence, the video landscape will remain a dynamic and challenging environment during 2024. However, with the right proactive strategies and tactics, brands can still make a significant impact while reaching their target audiences effectively, even amidst the chaos of a highly contested election.



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