



IAB Presents

Innovations in Web Marketing and Advertising

Big Data and Microtargeted Political Advertising in Election 2012: The Challenge Ahead

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Executive summary

The IAB in October 2012 published a white paper on the rise of digital political advertising, and microtargeted messaging in particular—*Big Data delivers on campaign promise: microtargeted political advertising in Election 2012*—drawing on research and discussions with numerous specialists and academics in the field. In that paper, we explored the basics of targeting and how it can be harnessed in recruiting and fundraising, persuasion and get-out-the-vote (GOTV) efforts. In this follow-up, we again consult experts to give a post-election summary of their thoughts on political microtargeting, and to discuss the growing impact of the microtargeted online space. Notably, among our twenty principal sources, New York Times statistician and blogger Nate Silver discusses how microtargeted messaging is part of a more data analytics-driven culture that we'll see in successful political campaigns of the future. GOP microtargeting firm Targeted Victory CEO Michael Beach details the trend of targeted, often video ads moving online—going beyond the Web's history of fundraising and get-out-the-vote activities and into persuasion, a realm long dominated by TV. National Media VP Will Feltus discusses other aspects of online microtargeting, noting that analytics and more accurate political microtargeting is to some degree moving into other media, notably cable TV. We touch on the power of microtargeting in competitive House and Senate races, spotlighting close Arizona and Virginia contests as examples—and we discuss techniques used in Ohio, a key presidential swing state contest. Finally, we explore the use of paid and earned social media, the use of online targeted celebrity dinner contests, and targeting online to drive ground game campaign workers to more effective engagement with voters. Throughout, we hear from experts on other new phenomena in microtargeting, and the strengths and challenges these practices bring to the political and business arenas.

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Key findings

- Microtargeting became a key part of online political advertising in Election 2012—with a wide range of improving techniques and technology.
- Microtargeted political ad buys represent a growing share of the online campaign ad spend, as improvements and efficiencies are becoming recognized. Their growing share comes from an overall online presidential-race spend that leaped several-fold since 2008, with 2012 estimated at \$130- to \$200-plus million.
- Sharp growth in online political ads, including microtargeting, should sustain. Political ad spending across all platforms continues to be fueled by deep-pocketed Super PACs operating under recently relaxed campaign finance laws—but also by a rise in individual small donors, who increasingly participate and message online.
- Microtargeting may have been instrumental to success for some campaigns in 2012. Notably, its deft deployment is widely credited by experts and media as a factor in developing President Obama’s edge in close swing states by Election Day.
- Microtargeted advertising should—and almost certainly will—become part of a more data analytics-driven culture in successful political campaigns of the future—especially larger campaigns, such as the contest for the White House. Subjective, “seat of the pants” decision making will hold less sway on the campaign trail, as *New York Times* blogger and statistician Nate Silver tells IAB.
- From the highest levels of a campaign down to the grassroots, as Nate Silver notes, we see everywhere in contemporary political campaigns the necessity for thinking and acting in an analytic way, taking care to make the most of Big Data and analytics, as did the Obama team in 2012 or for example—with lesser tools—the Bush team did in 2004.
- Microtargeted political ads played crucial roles by providing scalable custom messaging throughout the campaign cycle—helping political organizations recruit, raise money and get out the vote. In addition, these techniques were used, increasingly, to persuade undecided voters, a trend Michael Beach, CEO of Targeted Victory, reports. Beach also notes growth among the “off-the-grid” voters with decreasing TV habits, spotlighting campaign opportunities online.
- Microtargeting online and on TV address differing campaign needs. Obama’s targeted online ads, for example, were echoed by more tailored cable and broadcast TV buys, as part of comprehensive campaign strategy—a new trend, as Will Feltus, VP of microtargeter National Media, discusses with IAB.
- Microtargeting in politics shows several additional trends emerging during the 2012 cycle, including more Big Data analytics in targeting, the use of paid and earned social media, targeting to drive interest with contests—such as engagement with celebrities as the prize—and in general using online microtargeting to drive more and deeper engagement between politician and voters.
- Microtargeting begins and ends with good data. Political microtargeters, to succeed, must create, test, and develop good models. But they must also keep their data fresh, updating it frequently, starting early on analysis and messaging, and paying careful attention to customizing and targeting messages.

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I. Introduction: Following up on IAB's previous report, Big Data delivers ...

The IAB in October 2012 published a white paper on the rise of digital political advertising, focusing on *microtargeted* political messaging. The report drew on research and interviews with industry specialists, journalists and academics in the field.¹ In this follow-up, we survey several new and returning experts on their latest thoughts on political microtargeting in the light of outcomes in Election 2012. We document trends in microtargeting in the campaigns, and the implications for politics and the business world. Along the way, we touch on selected campaigns and targeting strategies—citing examples in a few races.

... There has been a clear trend online toward targeted ads focusing on specific audiences ...

Money in politics is where we began the last paper—as we do here—because large cash resources are increasingly needed to buy the expertise, advertising and other publicity demanded by contemporary federal government elections.² There were some less well-financed and underdog candidate victories in Election 2012—for example, a Senate race in North Dakota and a few congressional races.³ Generally, however, the entry costs to presidential, Senate and House contests continues to rise.⁴ A major driver for this is the Supreme Court's 2010 *Citizens United* and subsequent court rulings, which have fed a trend toward bigger money in elections—as they permit unlimited donations to “outside groups” like Super PACs. This, along with continued high spending on TV and a proliferation of new messaging channels, particularly online, is feeding an “arms race” of messaging—and boosting advertising, direct mail and organizing activities.

In our last report, we noted that about \$10 billion was predicted to be spent, the vast majority of it on ads—TV, radio, online and print—for campaigns at federal, state and local levels, with \$3 billion-plus destined for the presidential contest alone.⁵ That figure included an estimated \$130 million to over \$200 million spent online, a several-fold increase over the 2008 race—numbers that experts see post-election as, if anything, conservative.⁶ As there has been a clear trend online toward targeted ads focusing on specific audiences, the rise of online therefore also signals an even faster rise in microtargeting. In this report, we explore trends in this growing field—again, consulting a range of research and experts—to provide a post-election snapshot of the microtargeted online space, its impact in 2012 and challenges ahead.

II. Microtargeting's Many Roles—Recruitment, Fundraising, Persuasion and Ground Game

Online microtargeting, in best known in the last few years as a tool for recruitment, fundraising and—increasingly—persuasion efforts, to touch prospective voters with paid and earned media, directing appropriate online ads and emails to each voter's browser and email inbox—trying to gain volunteers and converts. Targeters guide these messages by analyzing huge databases of anonymized offline voter data and consumer data—further linked with online “data exhaust” on website visits, political campaign website sign-ups and Facebook likes. Microtargeters use the resulting data to find their campaign's desired target audience—for instance, they look for “weak leaners,” likely voters that might be influenced by their messages.

But microtargeters, in their get-out-the-vote (GOTV) efforts, increasingly crunch the same Big Data through different programs—often to direct flesh-and-blood volunteers to voters' doorsteps and home phone numbers, to shake hands and verbally deliver targeted messages. Online targeting data is now especially key to each presidential campaign's “ground game.”

In order to do either activity efficiently—electronically serving targeted ads to well-matched Web users, or personally knocking on front doors to offer a tailored, effective message—microtargeters need to know two things. At the micro level, they need to know they have a set of voters who might be moved by a certain online message or personal contact. Online ads and personal visits cost time and money, and campaigners want to limit their efforts to the best bets. But before the micro level is even explored, at the macro level, they need to know what they're up against—and whether a state or district is close enough to warrant risking resources. For the needed macro data, microtargeters look to their own databases and polls, as well as accurate public polling information.

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Fundamentals: algorithms, databases and execution

Among the most accurate predictions about the 2012 election came from *New York Times* blogger and statistician Nate Silver, who was 50 for 50 in forecasting presidential outcomes by state on his FiveThirtyEight blog.

Silver—who aggregates polls using algorithms to predict a range of possible outcomes and the probability for each—recently discussed with IAB some of the fundamentals of persuasion and turnout, and on how best to use microtargeting to help nudge election outcomes.⁷

“In a sense, I think it is just a matter of finding which voters you can move most on margin,” Silver says. “I think campaigns sometimes forget that what you have is really a two-step process: Voters might prefer one candidate or the other, but also getting your voters out to the polls is pretty important.” In other words, trying to nudge voter choice is crucial—but never, ever lose sight of turnout.

In the lead-up to Election 2012, the Obama campaign especially was mindful of this maxim—with a database that begins by assigning each prospective voter two numbers—the first representing how much a person leaned toward one or the other candidate, and the second the likelihood they would vote at all. A campaign carefully tracking both factors would not lose sight of the power of turnout.

But the campaign could still lose the advantage offered by knowing both variables if it failed to turn that knowledge into execution, actually using the information to effectively create and target messages. Doing this, Silver notes, “requires knowing which TV show, which newspapers, which websites have which particular audience metrics—and correlating those with voting behavior.” Then you can match the right message with the right audiences. Silver adds: “It’s tricky—it’s not impossible by any means, but it does require some skill.”

One of the most important skills is the one the Obama team aced, and the Romney team did not. That’s using and honing the data that you have, and refining the algorithms that you use, so that you can, in effect, extrapolate from limited data about a certain voter and determine accurately whether they can—efficiently—be persuaded, or motivated to volunteer, donate or vote for your candidate. And if so, how? What messages have worked, recently, on similar segments of voters? It’s called modeling, and it’s the key to a successful analytics operation in any campaign—as the so-called “Cave” in Chicago was the home of scores of math, statistics and programming specialists that shared and crunched data for all parts of the Obama operation.

Indeed, this kind of skill—and execution—is everything, as journalist and microtargeting expert Sasha Issenberg describes in a piece published about nine months before Election Day.⁸ By early 2012, the Obama team had a formidable advantage over former Massachusetts governor Mitt Romney’s team. Having learned the hard way in 2010 that multiple databases led to trouble, they started early—and aggregated all legacy databases, including online and offline data with party registration, voting history, charitable gifts, age, home address and other information, into one database, code-named Narwhal. Narwhal also was a mindset—get all the data in one place, and reduce the kinds of data compartmentalization that could blind the campaign from good analytics—and accurate microtargeting.

For its defenders, the biggest problem was that the Romney campaign never devoted adequate resources—not enough math quants and other data-focused staff or organization—rather there being deficits among the strong data teams they did employ. There was one glaring execution problem—when late in the campaign Romney team was slow to test and introduce its own mobile-compatible answer to the Obama data advantage. Team Romney’s infamous Orca, a less robust system designed especially for get-out-the-vote, was fraught with password problems and crashes on Election Day—and was a negative to GOP efforts on Election Day.

“Orca, the Romney campaign’s huge voter turnout system, was supposed to be a soup-to-nuts data system to get needed

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information to and from their volunteer workers,” Bill Allison, editorial director of the Sunlight Foundation says. “But it crashed on Election Day—and it was down for several hours.”

“The Obama campaign made use of a huge amount of Big Data, and they started their 2012 effort in April of 2011. So it was a good 18 months they spent on this—getting ready, identifying voters, building up this database,” Allison continues. “They did it by canvassing and person-to-person contact, by buying and sifting and mining vast amounts of data—and by using Catalyst, which is [another database] run by Harold Ickes and other Democratic stalwarts.”

“The bottom line out of all this is that when you have the emails of so many people, and information on not just name and email but their issues and other interests, what they care about—with all this and their consumer patterns, you can target fundraising and other pitches to people that are perfectly honed for their interests,” Allison concludes.

The key word is “can”—but in the end, one side will do it better than the other, and on Election Day 2012, the long months of Obama’s more refined targeting for recruitment, persuasion, fundraising and GOTV—not to mention Orca’s game-day crash—all tended to favor the Democratic team. Microtargeting helped both sides to raise millions of dollars and secure millions of votes, but one team’s technical efforts were evidently more effective throughout the process.

Microtargeting: Analytics and Outcomes, Campaign 2012

On Election Day 2012—with billions spent, the majority on advertising, and much of the online portion highly targeted—Democrats prevailed in keeping the White House and gained two Senate seats along with eight House seats.

In short, against a divided electorate, low public satisfaction numbers and an Electoral College roadmap that almost all prognosticators early on said permitted either candidate a path to victory, President Obama prevailed—helped by a number of factors, including two main points that hinged on microtargeting.

Number one, the Obama team took advantage of a long, Romney-hobbling Republican primary, spending significant advertising funds to define the Republican candidate with negative ads—both broad brush and targeted. For months of primary season, Romney’s team was embroiled in a largely low-tech internecine primary fight. In addition to getting mired in these destructive fights, the particularly drawn-out primary hurt his timing. “He’s really starting a year later,” Allison says of the Romney campaign. “He didn’t sew up the nomination until April 2012, so he’s hugely behind at that point. Think about it—he’s still got to raise [money], he’s got to build up his organization, got to set up data-mining centers, and voter canvassing, find volunteers, and staff up offices.” Between these massive logistics issues and the fodder offered by the Republican primaries, the onslaught of Obama negative ads and Romney’s “47 percent” gaffe video that late in the contest came to lead those ads, Romney was hard-pressed. The most important aspect to this paper is that the primaries did not tone the Romney organization to face Obama—and instead Team Romney’s analytics and microtargeting capacity was never beefed up to the necessary competitive level.

Number two, it was not just the Romney team’s data weaknesses that mattered. The Obama team took advantage of its superior integrated and deep voter database it began aggregating in 2010, microtargeting waves of online advertising for recruitment and persuasion—and to manage a “ground game” of refining messages and efficiently directing the calls and visits of campaign workers. Whether a microtargeted audience consisted of women stirred over the abortion rights debate, Latinos concerned about immigration reform, or gays and allies for same-sex marriage—the Obama team was more agile in finding

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and messaging its targets than the Romney team was finding and pressing their equally activated opponents.⁹

When it was over, President Obama had beaten Gov. Romney handily in the Electoral College, 332 to 206. But of special interest to microtargeters, the popular vote margin was decisive but not sweeping, just 3,476,775 votes (62.6 million vs. 59.1 million, or 50.6 percent to 47.8 percent), representing only 2.8 percent of those who voted. In fact, in four states, the margin was 3 percent or less, often the margin of error in a typical opinion poll. Moreover, that winning margin was half what it was in 2008. Finally, the Romney team noted that in a hypothetical shift of approximately 370,000 voters—distributed favorably—their candidate could have won. On these relatively slim margins many GOP campaigners see better use of microtargeting as a way to win next time. They see opportunity among the key swing states that swung to Obama—hoping to do as he did, gaining large numbers of electoral votes from small margins in the popular vote.

“When you talk about ‘persuadables’ in US elections, there are always less than 10 percent of these persuadable people in a presidential campaign,” Kenneth Warren, a professor of political science at St. Louis University, says, honing in on the political reality at the root of microtargeting’s utility. “All that money—over \$7 billion this last cycle in federal races—is spent just trying to get the ‘gettables,’ which run normally around 7 to 10 percent of the electorate.”

Still, some Romney supporters also appeared utterly shocked at how overly optimistic their projections had been, some faulting their targeting campaign despite its victories in many areas, and only slim losses in others.¹⁰

In 2012, as in previous elections, it remains difficult to gauge exactly what portion of the election’s vote tally is attributable to the candidate, the messages—or the attention and skill put into directing those messages. But all experts we talked to said the last—including online microtargeting—was a very strong factor within the 3- and 4-point margins in the presidential win by state, and likely in even more slender wins in House and Senate races.

“I’m not sure targeting was key to Obama’s win,” Will Feltus, VP at Republican political microtargeting firm National Media, says. “But it was definitely *part of the reason* he won—especially in these very close states: Virginia, Florida and Ohio. They were close, and both the grunt work and targeted approach—it all paid off for him.”¹¹

“Microtargeting allows you to use your resources more efficiently, and your program to be more effective,” Joel Rivlin, CEO of Democratic microtargeting firm The Pivot says.

“You can’t really say this [technique alone] won you 2,000 votes—or 100,000 votes. But you can say: We could spend more resources more efficiently for one part of the campaign, by freeing up resources from another.”

Ohio: “A fraction of change in turnout could sway the election ...”

Ohio, indeed, was an Electoral College must-win for Romney—and a GOP stronghold, with a governor, legislature and a House delegation dominated by that party. Yet, as Feltus and other observers note, microtargeted and other ads spotlighting the White House-led bailout of Ohio’s auto industry helped Obama eke out a win in the state, by about 2 percent.

“The digital targeting that we are now able to do provides another layer of contact to our targeted voters,” Greg Schultz, Ohio state director of Barack Obama for President 2012, says. “In particular, for those who are harder to reach offline, that ability—combined with our other neighborhood organizing and other paid media efforts—could put another vote in play.”

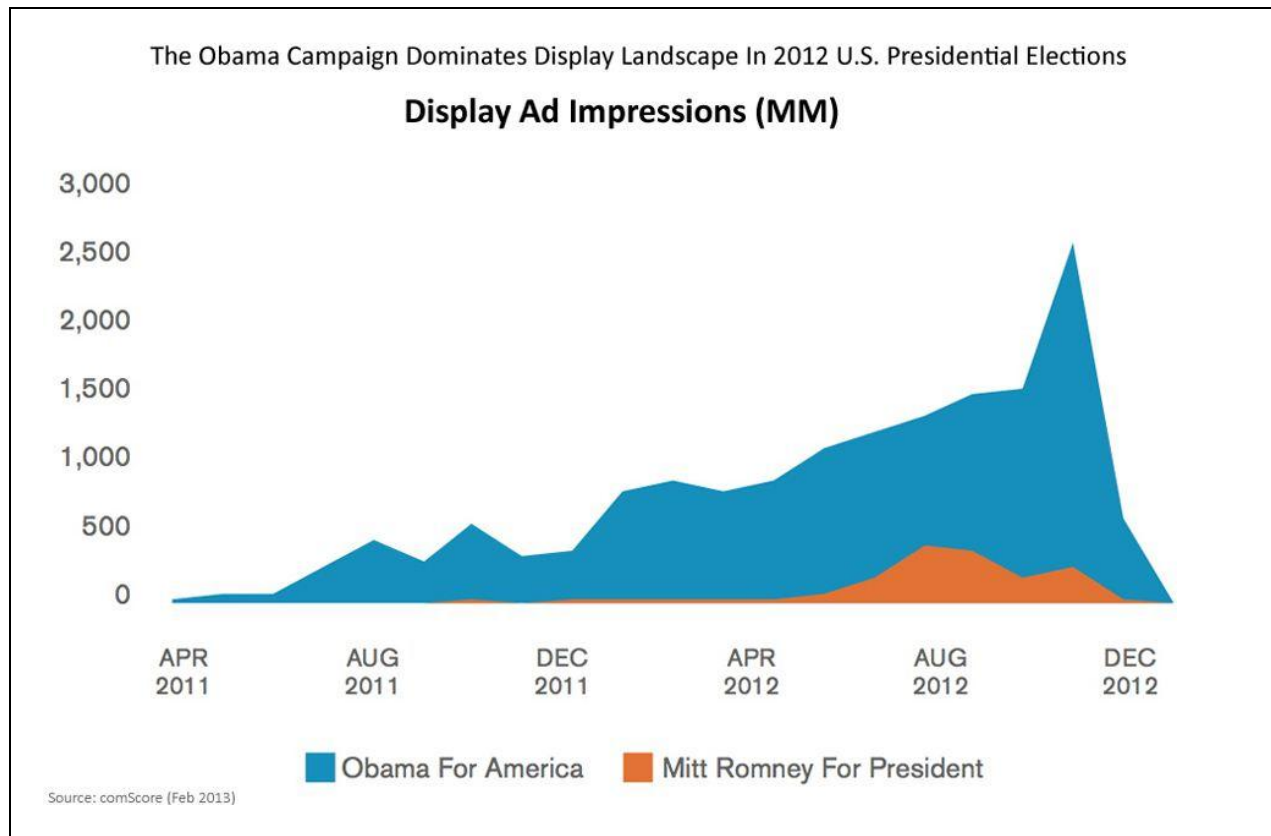
“I think it is also important to remember that in a state like Ohio—you win or lose on the margins,” Schultz continued. “And a fraction change in turnout could sway the election—and using digital ads we are able to meet people where they are, just like we try to do in our neighborhood organizing.”¹²

“In the case of microtargeting, the reason why it worked so well for us is that everything in our campaign strategy is about multi-touch—calling someone, them later receiving something from us in the mail, perhaps their following and getting our

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content on a social network, and hitting them on their news outlets with ads.” Obama campaign Ohio Digital Director Ashley Bryant says. “You are able to get the right message to the right person at the right time.”

“That’s definitely something we did very well in Ohio, and I think that the social media space it definitely proved to amplify all our messaging,” Bryant continued. “It’s usually more impactful to have neighbors talking to neighbors, we find. What our [paid] ads allowed us to do is to get our message to those who didn’t come to us on our blogs or website, and didn’t get those from social media. It adds to our reach and impact.” Bryant says that neither the earned social media nor the paid ads alone made it work—to her it was all “of a piece.”



Perhaps next to targeting Ohioans with persuasive and get-out-the-vote messages on White House involvement in the auto bailout, another well-publicized round of microtargeting came in Democratic ads aimed at women voters in Missouri and Indiana. Democrats saw an opportunity to pick up Senate seats in those states—states conceded in the presidential race to Romney. After making controversial statements about rape and abortion, Missouri Rep. Todd Akin and Indiana’s Richard Mourdock, both Republicans in solidly red states, lost to Democrats, as their polling numbers plummeted.

Targeted ads on the issue, aimed at moderate women audiences, were aired and served online. Negative press reports alone caused Mourdock and Akin damage, but repeated targeted ads reinforced and added votes to their opponents. Equally important, Akin and Mourdock’s words starred in targeted ads emailed, served and aired in other states, persuading and getting out the vote among women for Democrats, far from Missouri and Indiana. Obama won women nationwide by a 12 percent margin—the widest in history.

Jim Walsh, CEO of Democratic firm DSPolitical, says his microtargeting work for Mourdock’s opponent, Joe Donnelly—and in other Senate races—was especially effective. “We did targeting in eleven Senate races—including some of the biggest wins,” Walsh notes. “Joe Donnelly in Indiana, we helped him with serious microtargeting—and Tim Kaine in Virginia, another victory

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and another essential investment in our targeting technology.”

Walsh’s candidate Donnelly won by 5.7 percent against a fading Mourdock pummeled by targeted ads and unfavorable news media publicity. Democrat Kaine, who ran against former Virginia Gov. George Allen, won by a comfortable 5.9 percent margin in a race widely considered too close to call by Election Day. Targeted advertising—both negative and positive—was employed widely in the race, and is seen by many experts as playing a role in these and other Senate races.

Months after the election, Democrats are already hard at work developing data-driven tools to hold and expand their 2012 strategic edge in targeting. But the president’s party faces the usual midterm slump in Congress as well as another pattern that pushes them to perfect their microtargeting. The next Republican candidate is not likely to neglect its “Orca” program.

“When one side has new targeting techniques and uses them successfully, the other side aims to do the same thing, the very next election,” St. Louis University’s Prof. Kenneth Warren says. “And frequently—as textbook writers on this subject note—that other party does it even better.”

In Election 2012, the Obama campaign prevailed, and its data-driven decisions and messages were, according to most experts, far more apt than its opponent’s. But the Romney team, like Obama’s, engaged in large-scale targeted messaging—and just like Obama made great use of Facebook and other social media. And whether because of their message’s strengths, or the president’s or economy’s weakness, the Republican team cut the president’s margin of victory to roughly half the margin it enjoyed over Sen. John McCain 2008. Nonetheless, clearly one of Gov. Romney’s major campaign failings lies in what his campaign—and the GOP more widely—didn’t do: inform their whole election effort—including microtargeted ads—with Big Data analytics.

III. Political Microtargeting: Trends in Election 2012, Challenges Ahead

With the rising power of analytics to offer an edge, data-driven microtargeting was employed to a much larger degree by both sides in the 2012 election compared with the 2008 election, to turn on—and turn out—specific groups of voters. Here, again, we focus on the presidential race, which brought the most resources and the most advanced targeting techniques to bear on several specific population—while noting targeting’s involvement in other contests.

Nate Silver’s observations: the rise of Big Data analytics and microtargeting

As we’ve noted in reviewing messaging and other factors involved in Election 2012, to run a successful campaign means that as much as you need good messaging techniques, a good candidate and a *good message* are at least as more important.

This point bears repeating—and Nate Silver repeats it. In an era of microtargeting, he notes, it can be tempting to try out too many messages on too many audiences. Carefully constructing a few different versions of each message to suit different segments—microtargeting—can work, but you need to communicate the same central tenets behind all of them.

“That is one mistake that some campaigns make,” Silver advises. “They try to make fifty-five different messages for every voter—the more effective campaigns have a good couple of core pitches they’re making, and then cater that [message] to individual voters. It should be more in the translation, and not in actual message-changing.”

Next, according to Silver, whatever your particular message is, you should also try to convey elements of that same message through various representations. “I can say from my own experience running 538, that the clarity of messages is important,” Silver says. “And you want to present things in a variety of ways—be it graphical demonstrations, writing, and numbers—so that people have a lot of different ways to absorb the content. That seems to help a lot.”

The role of PACs and SuperPACs is on the rise, as unlimited money continues to flow into them. Silver notes that PACs and Super PACs are often on the negative side of things, running ads—targeted and broadcast—derogatory of an opposing

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campaign or candidate, or its proposals. These messages can and do have impact.

"I think it's a little different in the super PAC world now," Silver says. "That's where you have campaigns that are supposedly uncoordinated with their super PACs. But who really knows in practice? Those super PACS can really run more negative ads, and really go after someone."

As an example, Silver notes PACs launched attack ads on Newt Gingrich and Rick Santorum in the Republican primary period. Of course, beyond PACs it was the Obama campaign itself that used attack ads to negatively define Mitt Romney. "The strategy—about whether you're in a positive campaign or a negative campaign—is interesting," Silver remarks. "But you have to have a coherent overall message." Presidential campaigns, he clarifies, "last so long ... voters tend to react to flip-flops and inconsistencies about what you're trying to get out, at your core," he notes.

Silver warns microtargeters and campaigns—as he does in his NYT bestseller *The Signal and the Noise*—against compartmentalized or "hedgehog" thinking. In successful campaigns—and successful microtargeting—"it's more about having good techniques, and thinking about things strategically, instead of focusing on some kind of magic bullet approach."

... "I would hope that [the] next campaigns, in 2016, would develop their analytical teams from the get-go," Nate Silver says. "Where it's not just a matter of hiring pollsters, and messaging guys, it's also a matter of finding people who can extract—to use the book, here—extract the signal from the noise ... "

"Ninety percent of voters are going to make a decision based on the parties and based on other factors, like the economy," Silver says, reminding campaigns of their basic quandary, that most ads fall on deaf ears. "So you are targeting a very narrow segment of the electorate, some of whom might be swayed from one candidate to the next, and also some of whom might vote or might not."

As for what happened on Election Day 2012, Silver says that the Obama operation was simply better at thinking in a holistic way, one that integrated analytics into its decision making on messaging. Still, he says, both sides could do better—and he expects that in the wake of the Obama re-election and the relative success of its targeting effort—they will.

"I would hope that the two campaigns—the two next campaigns, in 2016—would develop their analytical teams from the get-go," Silver says. "Where it's not just a matter of hiring pollsters, and messaging guys, it's also a matter of finding people who can extract—to use the book, here—extract the signal from the noise and really understand what all this is."

Silver notes that he is primarily a statistician and a polling expert. "I'm looking more at the macro view," he says of his poll-watching work. "I'm not trying to figure out campaign strategy." But Nate Silver's 100 percent record predicting the 2012 election outcome—and near-perfect call in 2008—should make his advice of interest to targeters who are trying to move those polls just a few points in their direction.¹³

Paid and Earned Targeted Social Media

Both presidential campaigns—and others at all levels—made large-scale use of social media in Election 2012, earned and paid—the biggest visible change in online campaign messaging compared with 2008, when social media was in comparative infancy. Some 60 percent of American adults now use Facebook, Twitter, or other social media—with nearly half of this number engaging numerous "civic or political activities" on social media. Extensive use of Facebook and other social media pioneered by presidential campaigns since 2008 has made social online the current "town hall" of American political life.¹⁴

Both the Romney and Obama campaigns therefore devoted vast resources to this space—with the Obama camp significantly ahead on this front throughout the campaign. Tellingly, by summer 2012, President Obama had 20 million Twitter followers,

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while at that same point Mitt Romney had less than 1 million.

“When you look at the drivers of turnout for voters of under 35—and even more under 25, Facebook was a huge driver of that,” says D.J. Quinlan, Arizona Democratic Party elections director and microtargeting chief for both 2008 and 2012.

“Seeing their friends voting, talking about the election, and there has been exit polling showing it was a huge driver of people turning out.”

Quinlan explained that although no tactics, including targeted ads, were able to persuade—or drive enough supporters—to carry the long GOP state for President Obama, he and his colleagues are confident that their targeted online ad campaign helped them win three competitive House seats—Arizona districts 1, 2 and 9—in the state by close margins.¹⁵

“There was a lot online, and all three candidates were good with social media,” he says. “And because the races were so close, it’s definitely was one of the factors in our wins.”

Most political social media messaging is organic. But alongside free messages traded by users Facebook and Twitter’s paid ads—also served based on interests or search terms. In terms of paid social media, the Romney campaign reportedly was among the first to buy on Facebook mobile.¹⁶

“I think the paid part of social is part of the package—you’ve got to get content in front of them,” Quinlan continues. “I don’t think you can only do the free kind of social media tactics. I think it’s about repetition. And younger voters were a crucial component of our [Arizona House race] win margin for Democrats—and that’s true across the country: social media is the primary mechanism by which you can reach these voters.”

Social media’s most important role in Election 2012 was to turn out the base for both parties. At the presidential level, the Obama campaign was able to use it to mobilize more supporters, as volunteers and as voters. Obama benefitted in 2012, as in 2008, from unusually high turnout among young people—providing a 60-to-36 percent win (a 24 percent margin) over Romney among under-30s. Social media networks and targeted messaging also helped pump up turnout among Latino voters, where Obama claimed an even wider 71-to-27 percent win (a 47 percent margin).

Persuasion moves online

Another obvious top trend is more underappreciated. While much of the news media have focused on the greater use of social media and other Big Data-dependent means to target messages—whether emailed or cookie-targeted—another change that mattered and took off in Election 2012 was format: the advent of far more Web video for many political messages.

In 2004 and 2008, targeted online messages were used to rally the faithful and raise money. But with Web video—essentially TV, only far more targetable—more elaborate and effective creative could be transmitted, and with it the power to persuade uncommitted and “weak leaner” voters to back one candidate or the other. “A banner ad is really no way to persuade a voter—not like a 30- or 60-second [Web] video,” Michael Beach, CEO of GOP targeting firm Targeted Victory, says.

And there’s another major factor leading to persuasive efforts online, according to Beach. It’s the favored—or only—media habitat of more and more voters.

“We told our clients, look, what’s changed between 2008 and 2012 is that persuasion is moving online,” Beach says. “If we look at what’s driving persuasion online, we see that there’s now this huge segment of people that can *only* be reached online.”

The discovery was confirmed for Beach in 2011, when Targeted Victory, working with other firms, conducted a traditional, 800-person national survey to see how the

“If we look at what’s driving persuasion online, we see that there’s now this huge segment of people that can only be reached online.”

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electorate was “consuming media.” The survey found that fully one-third of the people likely to vote in 2012 had not watched live TV other than sports for the previous week. They called this the “off-the-grid” universe.

Under such circumstances, “if you increase your number of ads on TV, you’re just increasing the number of messages that people see again and again.” So anyone who wants to win elections must also go online, Beach says, because it’s clear that an increasing number of people get their news and entertainment online, and only online.

Engagement: New Metrics

Another aspect of persuasion and video moving online is that the audience is engaging more often and for longer periods. And with Web analytics tools, targeters can finally get what they’ve always wanted—feedback about how much and how deeply their messages are being engaged.

“Once you get really data-driven, you are getting ongoing feedback from your ads,” Beach says. “In this campaign, we were getting feedback on how long people watch the ad, what actions they then engage in, whether they share it with friends—or watch a second video!”

“We love this because you can measure everything,” Beach says, “We run a lot of ‘push-me’ expandable ads. You run your cursor over one, then you click on it—and it doesn’t take you to a site, it brings the site experience to where you are, and we can measure the whole experience.”

He notes that the feedback data makes A/B testing of messages simple—and fast. “We test a couple of versions. Maybe Ad A has an average view time of 16 seconds, but Ad B’s is 8 seconds,” he says. “Let’s say we find that the main message—the impact—comes at the 11th second. So we know the average viewer of Ad B didn’t even get our thesis—and we can change it. That’s measuring engagement.”

“Think about how much more valuable that is than just jamming an ad in front of someone,” Beach notes. “You don’t know any of this stuff with direct mail, or TV. And everyone right now is grappling with this question, because we’ve never had this kind of information.”

Targeted TV buys offline

TV viewers indeed are headed “off the grid,” as Beach notes. But TV stills looms large in campaign ad buys, and the Obama team increasingly made its buys based on detailed data about who watches which shows—especially honing in on cheaper ads on cable networks—targeting their TV ads, to some degree, in a kind of synergy with online.

“The Obama team did online what was done in the past, they just tweaked it better,” Will Feltus, VP of Republican targeting firm National Media says. But a new trend that impressed Feltus was the Obama campaign’s TV targeting. Taking advantage of newly available data about niche audiences for cable networks and shows in certain markets, Obama’s TV ad buyers bought ad time on those shows.

“They would look at the data, and say, ‘Our target voter is likely to view these channels at this time,’ and they’d just buy off that data,” Feltus explained. “It didn’t matter what the program or network was—the point was whether your voters were watching, and that’s something you can know now.”

“From what I’ve read and the people I’ve talked to, the Obama people stepped it up a notch, since 2008—local cable, and carefully chosen niche audiences,” Travis Ridout, a political science professor at Washington State University, says. “From what I’ve heard the Romney folks weren’t as sophisticated—and in many ways didn’t do microtargeting. As for TV, they did a traditional job of buying air time on local news in swing states.”

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"Microtargeting occurs in the analytics part of a smart campaign—and they do TV advertising too," Marcus Stern, a political reporter for Reuters says.

"Part of the team books time with networks and stations—and it's very labor intensive," he continues. "The other side of the house, the analytics side, directs the microtargeting—trying to find out which program you should get your message out on—whether it's Honey Boo-Boo's show, or a sports channel."

"The information used to target comes from cable boxes, voter registration records, subscription services, and more," Marcus says—it's Big Data, just like online.

"The Obama campaign definitely did a better job on this—but one thing I would disagree with is that this is actually 'addressable TV,'" Beach of Targeted Victory says, downplaying the value of Obama's targeting of niche TV shows. "The Obama campaign really just did media planning on steroids—the online space has already skipped past this—we're audience driven."

Microtargeting celebrity: Clooney and Sarah Jessica Parker for fundraising

During the initial phase of the campaign, recruitment (that is, gaining and motivating active supporters and volunteers), fundraising and persuasion are all in play on both sides of the presidential contest. In 2012, one of the best-publicized parts of either camp's fundraising efforts came in the form of the Obama camp's offer of a chance at a dinner with the president—on the West Coast featuring celebrity actor George Clooney and in a follow-up East Coast event, held at Sarah Jessica Parker's Greenwich Village apartment.

Announcements for these "sweepstakes" were targeted to appropriate audiences online and by requiring participants to make a donation, millions of dollars were raised. The events were hugely successful—garnering far more interest and money than anticipated. They are pertinent here as the ideas behind these events were hatched as part of a "data-mining discovery" process, which led the Obama camp through data revealing Clooney and Parker were the most popular celebrities among 40-49 year old women especially, who in turn would be generous sources of funds.¹⁷

Face to face: online supports ground game for GOTV

In the closing weeks of the campaign, opposing sides—particularly in the presidential race—spent enormous resources on get-out-the-vote efforts. In 2012 the consensus is that the Obama camp made a more strategic and forceful effort on this than the Romney side—and that their microtargeting made some difference, as the Narwhal project paid off with usable, detailed information that helped "ground forces," telling campaigners via mobile devices which homes to visit and what messages might be of interest at each.

"There's a hugely high-tech component in sifting and crunching Big Data," explains the Sunlight Foundation's Bill Allison. "But what really makes it work is what they did with that data—and that's to use it for door-to-door canvassing and human contact. That's what's turned out to be really important."

"I think what made the real difference was the on the ground, turnout operation," agrees Colin Delany, founder of Epolitics.com and a columnist for *Campaigns&Elections*. "The digital ads fed people into that operation—and they were one of the sources for the names that then became the hub for turnout." Delany adds that though he believes carefully microtargeted ads aided the Obama GOTV operation, like Feltus he says the effort yielded "only 2 or 3 percent" change in the vote tally. Still, he acknowledges, sometimes that wins elections.

"I don't think at this point it is possible to point at any single piece of technology, tool or tactic and say, 'That's what won the race' for someone," Delany says. "What I would say is that across the board, the Obama people spent their resources extremely wisely."

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(Good) Content Needed: The Medium Isn't the Message

A fair number of media stories and some microtargeting insiders present a picture of a customized ad or email for nearly every person—or, if not, that there are thousands of customizations of each message. In fact, while today's online messages can be far more narrowcast than those on network TV, the majority of them are tweaked for fairly large groups. One reason for that is simple: Creating apt messages—words and images that will move voters in a desired direction—is very difficult and labor-intensive.

"One misleading thing to come out of the general press coverage of microtargeting is when reports make it seem like every person online is getting a personalized message in an ad," Kate Kaye, a senior reporter for Advertising Age who covered the digital political space from 2006 to 2012 for Click-Z. "That's not the way it looks, really. We're talking about large audiences—these ads often aim at hundreds of thousands of people who fit in a certain category, using various technologies to send a message that might incorporate whether this audience cares about the environment and, say, lives in a certain state or region."

"Everyone wants to focus on data, but we have more data than we know what to do with now," says Michael Beach, of microtargeter Targeted Victory. "There can be more data, and there can be more data integration, but what we need is to create a message that can hit those data points."

"Sure, the messages—the ads—are being targeted using technology, it's not a person doing that," Kaye continues. "But the actual ad creative—the display ad or video ad—there actually has to be a person designing it. For the most part, somebody has to sit down and create the Obama for dog lovers ad, or whatever."

"Everyone wants to focus on data, but we have more data than we know what to do with now," Beach, of Targeted Victory, says. "There can be more data, and there can be more data integration, but what we need is to create a message that can hit those data points. That's what these campaigns need to be rebuilt around."

Beach adds that it was the same for the Obama team. "They had more than us—but they needed more actually to do the work," Beach says. "They also think that they had more data than they did content, still. This is a group of people who were making 10 videos a day, on YouTube!"

Even if each message needn't be customized to meet each family's or individual's tastes, data-driven customizations will be more plentiful, he predicts, and that will take more creative talent working harder than ever. More messages, more quickly created and deployed, will be the name of the game in Election 2016. "You'll need more. More creative people, more production people—more everything." Beach says that an ad will be put out and tested and replaced overnight if the online feedback calls for it.

"It will be a totally different timeline, because, with the feedback loop, you're no longer running an ad for two weeks, and going out with a poll to see if it works," Beach says. "In 2016, if that ad's no good, campaigns will stop it that very night—and put out ad number two. In 2012, neither side had the infrastructure to do that." He comments that each may have done a "one off" but neither could make it standard practice.

IV. Conclusions

Microtargeting online for political purposes is a rapidly growing business, with the overall spend in the presidential contest jumping quickly between 2008 and 2012. In this paper, we have heard from political scientists, technicians and principals—focusing on trends that have emerged in that growth. We cite examples of targeting’s great utility to political campaigns as well as the “arms race” aspects of it—forces that together are behind the industry’s growth. The online spend in 2012 is now estimated at between \$130 to \$200 million-plus—a more than sixfold leap beyond the \$20 to \$30 million in 2008. We cannot predict a solid estimate for the coming federal races in 2014 and 2016—but they will be very competitive and there is every indication of very strong continued growth in microtargeting.

Here, as in our previous paper, our focus has been microtargeting in the presidential race—with a few examples of other races where practitioners and observers say it may have played a definitive role, at least in a few contests. With the benefit of hindsight—and election results—we can document races where microtargeting was a factor—sometimes a crucial one—in Election 2012, and that appears to be the case in the margins run up by the Obama campaign. In President Obama’s digital effort against Massachusetts Gov. Mitt Romney, the picture emerges of a massive, organic social media campaign richly fed by strong, targeted paid messaging online, with much activity touched by grassroots state and local organizations as well as the analytics headquarters in Chicago (the “Cave”). On the Republican side, effective—if less dominant—effort at social media and other targetable methods to find and motivate voters, sometimes aiding threatened incumbents to hold their ground. In short, compared with 2008 (and 2010), targeted political ads played a more prominent and sometimes crucial role in 2012 federal election campaigns—both Democratic and Republican. Microtargeting is having impact, according to firms that practice it, candidates and consultants who buy it, and pundits and professors who are studying it. It also appears likely that engaging an entire campaign to think more in terms of data and data analytics, as Nate Silver discussed with us, may lead to better predictions—as his own results demonstrate. Every decision about campaigns and campaign resources—including microtargeting—is based on predictions, and an analytics mindset can be expected to become more predominant in campaign organizations—with likelier success, to those who do it right.

Nathan Abse is a writer and journalist, who has written for the Washington Post, the London Independent, Foreign Policy, Business Briefings and other publications. He attended the University of Virginia and the London School of Economics, and currently writes for 1105 Media.

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Appendix A: Methodology

This IAB white paper was based on substantial interviews with seventeen experts, including principals and technical specialists in political microtargeting—as well as political scientists, journalists and other experts in this field.

Appendix B: List of sources consulted

Nate Silver, *New York Times* blogger on FiveThirtyEight.com; statistician and author of *The Signal and the Noise*

Michael Beach, CEO of GOP / Romney '12 targeting firm, Targeted Victory

Will Feltus, VP of National Media, a GOP political advertising firm

Bill Allison, Editorial Director of government transparency nonprofit Sunlight Foundation

Kenneth F. Warren, Professor of Political Science, St. Louis University

Joel Rivlin, Senior VP of microtargeting and direct mail firm The Pivot

Greg Schultz, Ohio Director of Barack Obama for President 2012

Ashley Bryant, Ohio Digital Director for Obama For President 2012

Jim Walsh, CEO of the Democratic political ad targeting firm DSPolitical

D.J. Quinlan, Executive Director, Arizona Democratic Party

Travis Ridout, Associate Professor of Political Science, Washington State University and director of Wesleyan Media Project

Marcus Stern, Reporter for Thomson-Reuters, covered political ads in 2012 race

Colin Delany, Chief Editor, Epolitics.com and columnist for *Campaigns&Elections*

Kate Kaye, Reporter for *Advertising Age*, former managing editor and digital political advertising reporter for Click-Z

Scott Keeter, Director of Survey Research, Pew Research Center

Viveca Novak, Editorial Director, Center for Responsive Politics

Bob Biersack, Senior Fellow, Center for Responsive Politics

Michael Zaneis, Online privacy expert for IAB

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Endnotes

¹ *Big Data Delivers on Campaign Promise: Innovations in Web Marketing and Advertising*, IAB, Nathan Abse, 10/2012. <http://www.iab.net/election2012>

² On Jan. 31, 2013, the Federal Election Commission announced that spending on the federal election campaigns alone added up to over \$7 billion—with \$3.2 billion by the official presidential, House and Senate campaign organizations, \$2 billion by the parties and finally \$2.1 billion by “outside political organizations” including PACs and Super PACs. The \$7 billion-plus figure spent on federal electioneering—most of it for ads, direct mail and organizing—outstripped a pre-election estimate of \$6 billion, offered by the Center for Responsive Politics (CRP) in October 2012. <http://www.usatoday.com/story/news/politics/2013/02/01/election-spending-7-billion/1882803/> and <http://www.politico.com//story/2013/01/7-billion-spent-on-2012-campaign-fec-says-87051.html>

³ Sen. Heidi Heitkamp (D-ND) was elected against expectations and with less funding than her opponent. Jim Walsh of DSPolitical reports his company’s online microtargeting helped Heitkamp to eke out her win (Jim Walsh, CEO of DSPolitical, IAB interview, 1/29/13) For a few other underdog surprise Election Day victors, see also: <http://www.washingtonpost.com/blogs/the-fix/wp/2012/11/07/the-biggest-surprises-of-election-day-2012/> Many contested races drew enormous amounts of outside PAC / Super PAC money: <http://blogs.kqed.org/election2012/2012/10/05/outside-cash-pours-into-california-in-battle-for-house/>

⁴ “2012 Election will be costliest yet,” Center for Responsive Politics, 8/1/12. <http://www.opensecrets.org/news/2012/08/2012-election-will-be-costliest-yet.html>. For information on cost of running for Congress, see “The price of admission,” also on the CRP web page.

⁵ Of the figures cited in Footnote 1, the FEC released final figures compiled by CRP indicating that the Obama campaign spent \$1.1 billion, Romney spent \$1.2 billion. Other monies spent in the race took the total to over \$3 billion. See www.fec.gov and <http://www.opensecrets.org/pres12/index.php>.

⁶ The low figure, \$130 million, is an absolute minimum spent on online advertising in the presidential election, reported in government disclosure forms filed by the campaigns themselves as “internet media” buys—but leaving out online ad money spent by PACs, SuperPACS and many other political organizations. “The figures here are squishy, because there are no strict requirements for how candidates report these expenditures. And you can’t tell how much was radio, direct mail, or online advertising.” (Viveca Novak, editorial director of CRP, IAB interview, 2/10/13) “If it’s some group spending money independently, and using some of that online, [that spending] is not necessarily going to be clear.” (Biersack, CRP, IAB Interview, 2/1/13)

⁷ For a discussion of which polls tend to be most accurate and how they may be weighted: “Which polls fared best and worst in the 2012 Presidential Race,” Nate Silver, FiveThirtyEight.com, 11/10/12. <http://fivethirtyeight.blogs.nytimes.com/2012/11/10/which-polls-fared-best-and-worst-in-the-2012-presidential-race/> “One of Silver’s most valuable contributions was to help educate consumers of polls about the difference between *how confident* one can be regarding an outcome and *how close the outcome* is likely to be,” Scott Keeter, director of survey research for the Pew Research Center, says. “That’s a hard distinction for a lot of people to grasp.” (Keeter, emailed reply to IAB/Abse, emphasis added, 1/18/13).

⁸ “Obama’s white whale: How the campaign’s top-secret project Narwhal could change this race, and many to come,” Sasha Issenberg, Slate, 2/15/12. http://www.slate.com/articles/news_and_politics/victory_lab/2012/02/project_narwhal_how_a_top_secret_obama_campaign_program_could_change_the_2012_race_.html. For more, see Issenberg’s *The Victory Lab*. Crown, 2012.

⁹ “Obama does it better,” Sasha Issenberg, Slate, 10/29/12. http://www.slate.com/articles/news_and_politics/victory_lab/2012/10/obama_s_secret_weapon_democrats_have_a_massive_advantage_in_targeting_and.html For more on this, see “Inside the secret world of data crunchers who helped Obama win,” Michael Scherer, Time, 11/7/12. <http://swampland.time.com/2012/11/07/inside-the-secret-world-of-quants-and-data-crunchers-who-helped-obama-win/> as well as “Obama’s microtargeting nuclear codes,” Lois Beckett, ProPublica, 11/8/12. <http://thecontributor.com/obama%E2%80%99s-microtargeting-%E2%80%99nuclear-codes%E2%80%99/>

¹⁰ “The Story behind Mitt Romney’s loss in the presidential campaign to President Obama,” Boston Globe, Boston.com, 12/22/12. www.boston.com/news/politics/2012/12/23/the-story-behind-mitt-romney-loss-the-presidential-campaign-president-obama/2QWkUB9pJgVli1mAclhQjI/story.html

¹¹ Feltus adds that “I think all that you do with microtargeting might be worth one or two points,”—noting that one or two points sometimes make the difference. (Feltus, IAB interview, 12/21/12)

¹² Schultz emphasized that the Obama campaign’s aims with microtargeting go beyond enlisting a targeted contact for one activity—i.e., beyond “gaining one person’s vote ... In addition, it is our hope that our digital ads are the beginning of a voter’s engagement with our campaign that in some cases not only leads to securing their vote but also turning them into a volunteer.” (Schultz, email, 2/17/13)

¹³ (Nate Silver, interview with Nathan Abse / IAB, 2/8/13)

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¹⁴ "Social Media and Political Engagement," Lee Ranie, et al., Pew Research, 12/19/12. <http://www.pewinternet.org/Reports/2012/Political-Engagement/Additional-Analysis/Social-Media-and-Political-Engagement.aspx>

¹⁵ In Arizona congressional district 1, Democrat Ann Kirkpatrick defeated Republican Jonathan Paton by a 3.6 percent margin, in AZ-2 Democrat Ron Barber defeated Republican Martha McSally by 0.8 percent, and in AZ-9 Democrat Krysten Sinema beat Republican Vernon Parker by 4.1 percent. See links from http://www.realclearpolitics.com/epolls/2012/senate/az/arizona_senate_flake_vs_carmona-3005.html

¹⁶ "How Facebook, Twitter court political campaigns," Shira Ovide & Evelyn M. Rusli, WSJ, 11/2/12. <http://online.wsj.com/article/SB10001424052970204707104578092990628610764.html>; "President Obama becomes third human, first politician to reach 10 million Twitter followers," Shea Bennett, MediaBistro, 9/12/11. http://www.mediabistro.com/alltwitter/barack-obama-twitter-10-million-followers_b13599

¹⁷ Volumes of news media stories and expert analyses offer evidence of synergy between the Obama microtargeting and social media GOTV effort—often citing it as a factor in the Democratic win. Details of the contest: <http://www.barackobama.com/obama-clooney-you/rules/>, and for more links see FN10.