



ASSEMBLY MARKET INTENSITY INDEX:
A Predictive Tool For Advertisers

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2024

ASSEMBLY

ELECTION OUTLOOK REPORT

THE TRUE BATTLEGROUND

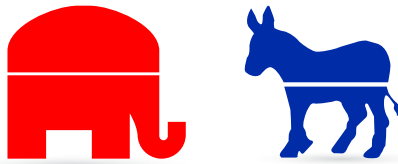
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intro



The 2023-2024 election cycle will be the most expensive in history. **Assembly's Political Strategy Team is projecting a cycle total of almost \$12 billion** – smashing records that were set in 2020 and 2022. The most surprising thing about political spending in 2024 is how it will be funneled into a relatively small number of competitive races. Of course, the Presidential campaign will see the most spending – likely \$3B depending on how competitive and expensive the GOP primary turns out to be. The remaining \$9B will be spent on the down ballot races for Senate, U.S. House, Governor, and other state/local offices.

If that \$9B number sounds familiar, it's because that was around the total cycle spend in the 2022 midterms. However, 2024 will have significantly fewer competitive statewide races than 2022 – meaning the importance of the races that are competitive will be amplified. This will lead to an incredible amount of political spending which will manifest itself in several record-breaking campaigns. We've never seen a \$300M race for U.S. Senate; 2024 could have 2-3. We've only seen a few House races top the \$50M mark; 2024 could see quite a few. What makes 2024 unique is that these competitive statewide and House elections almost exclusively coincide with presidential swing states – meaning the effects of political advertising will be impossible to ignore in certain parts of the country.

Consumers from Las Vegas to Charleston, West Virginia and everywhere in between will be inundated with political spending. In an unprecedented cycle, commercial advertisers will be unable to completely hide from politics – and must be well-equipped to respond to the extraordinary amount of political spending and creative that will be swamping the airwaves. Consumers are voters and vice versa, so advertisers have to beware and be prepared for the ramifications of another record-breaking election cycle.

+ASSEMBLY

MARKET INTENSITY INDEX: A PREDICTIVE TOOL FOR ADVERTISERS

Knowing dollars in market is crucial, but what about other important factors? How can we really tell just how fiery a market is, and how much competition advertisers are up against? That's where AMII comes in.

The Assembly Market Intensity Index is a relative scale of how crowded a given market will be during the 2024 election cycle. AMII is based on a number of factors including: number of races in a DMA, competitiveness of said races, expected outside/issue group involvement, market size, spillover into competitive districts/states, and geographic location of market within a competitive state. Though grounded in specific and tangible data, AMII is further informed by ASM Political Strategy's unique expertise in the field of tracking political media spend nationwide. Scores are provided by quarter, with added weight being given to Q3/Q4 - accounting for the exponential growth of political spending towards the end of each cycle.

THE TRUE BATTLEGROUND

Nevada, Arizona & Pennsylvania

NEVADA



Nevada has been a swing state for nearly 20 years, but 2024 will likely be the state's most politically active year in its history. It holds potential to be the most influential state in determining the partisan makeup of both the White House and the Senate, and will also play an important role in determining the GOP presidential primaries. From an advertising perspective, there are several key factors that have Nevada primed to be the most active in the entire country.

Nevada is the only state that will feature highly competitive elections in Q1, Q2, and Q3. In Presidential election years, each state has two different primary dates: one for President, and a different date for all other races. Nevada holds status as one of the four first primary states in the Republican Presidential Primary and will be besieged by advertising until their first primary date of February 6th. Though Trump currently holds a commanding lead in the polls, there will be

a fair number of candidates still in the race by the Nevada primary, and thus plenty of spending. After that, advertising will immediately pivot to the Senate primaries, which will be held on June 11th. Once both primaries have been decided, the state will once again immediately pivot into General election spending for both President and Senate – creating a ‘perfect storm’ of political advertising spending through the entire 2024 cycle.

In the Senate race, Republicans will be competing to flip a Democratic Senate seat, held by incumbent Jacky Rosen (D). National Republican groups appear to be mostly aligned in their candidate of choice to take her on in

retired Army captain Sam Brown (R). However, that national support does not preclude the Republicans from fielding a competitive primary. Multiple candidates have emerged that will challenge Brown for the spot, including former state Rep. Jim Marchant (R). Marchant is an ardent 2020 election denialist, a stance that could separate himself from Brown in securing a potential Donald Trump endorsement, which would in turn make the Republican primary far more contentious and high spending.

Assembly’s Political Strategy team has rated Las Vegas as the top market (9.88/10) and Reno as a top-5 market (9.25/10) in the country on the AMII scale.

ARIZONA

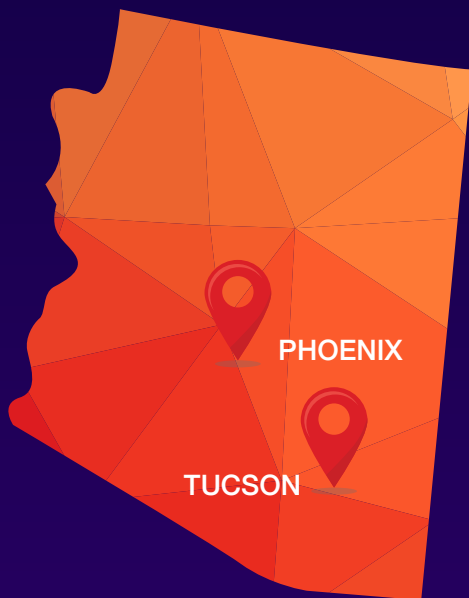
Arizona will once again be an epicenter of political spending in 2024. The state is among the most competitive in the Presidential Election and will be heavily inundated with Presidential ads once the race advances to the General Election.

Arizona will also be home to what may be the most competitive and complex U.S. Senate race in the country. Current incumbent Kyrsten Sinema (I) has yet to declare whether or not she is going to run for re-election as an independent. Should she choose to do so, the race would splinter into three factions that would heighten the stakes for all parties involved, particularly the Democrats. Ruben Gallego (D) is considered the heavy favorite on the Democratic ticket to secure the nomination and has proven

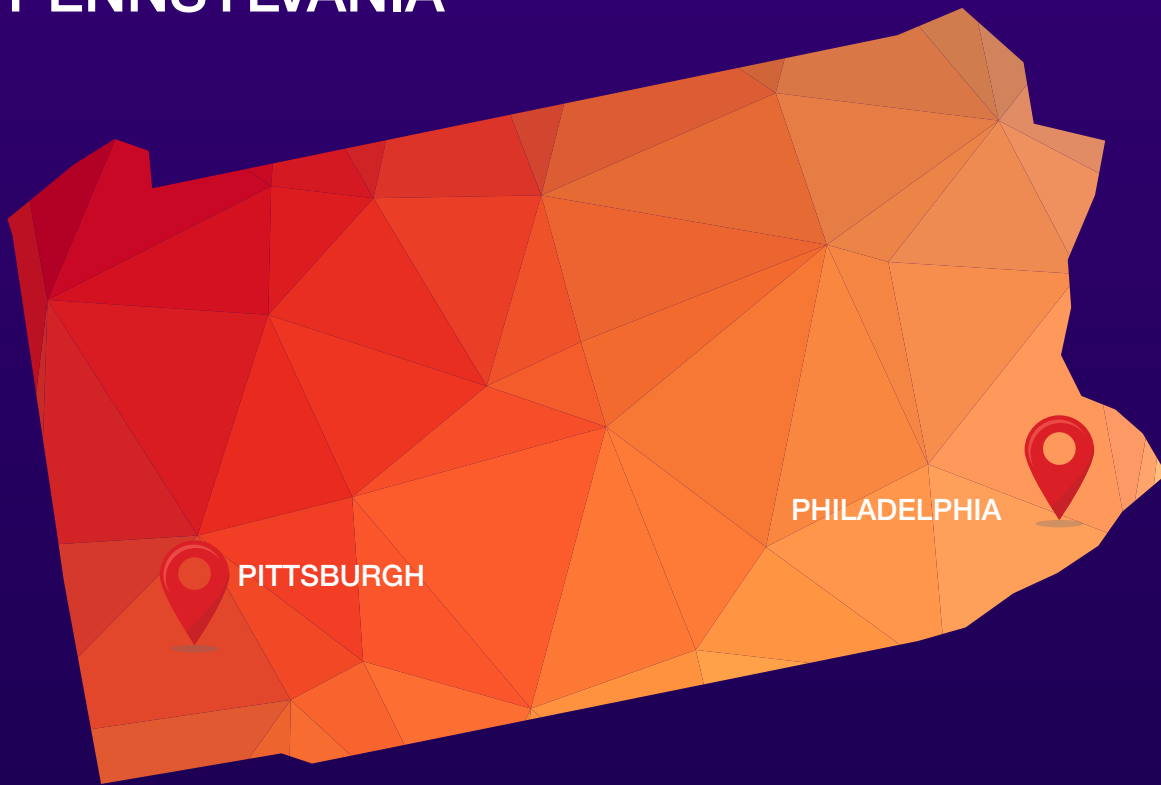
himself to be a prolific fundraiser who would need to spend heavily to differentiate himself from Sinema. Meanwhile, the Republicans have yet to coalesce around a preferred candidate in their primary as they have in other Senate races across the country. The GOP has a couple of high-profile candidates that are still weighing runs in Blake Masters (R) and Kari Lake (R). Both Masters and Lake would have serious national backing if they entered the race, and both would be in the running for a Donald Trump endorsement after he endorsed both in 2022 for their failed Senate and Gubernatorial bids respectively.

In addition to Presidential and Senate spending, Arizona also features two U.S. House races that are considered tossups, making the state a critical battleground for all three federal offices.

Assembly’s Political Strategy team has rated Phoenix as a top-3 market (9.25/10), and Tucson (8.88/10) as a top-10 market in the country on the AMII scale.



PENNSYLVANIA



Like Nevada and Arizona, Pennsylvania will also be a critical battleground state for both parties. It will be incredibly competitive in the Presidential election and also features a competitive Senate race.

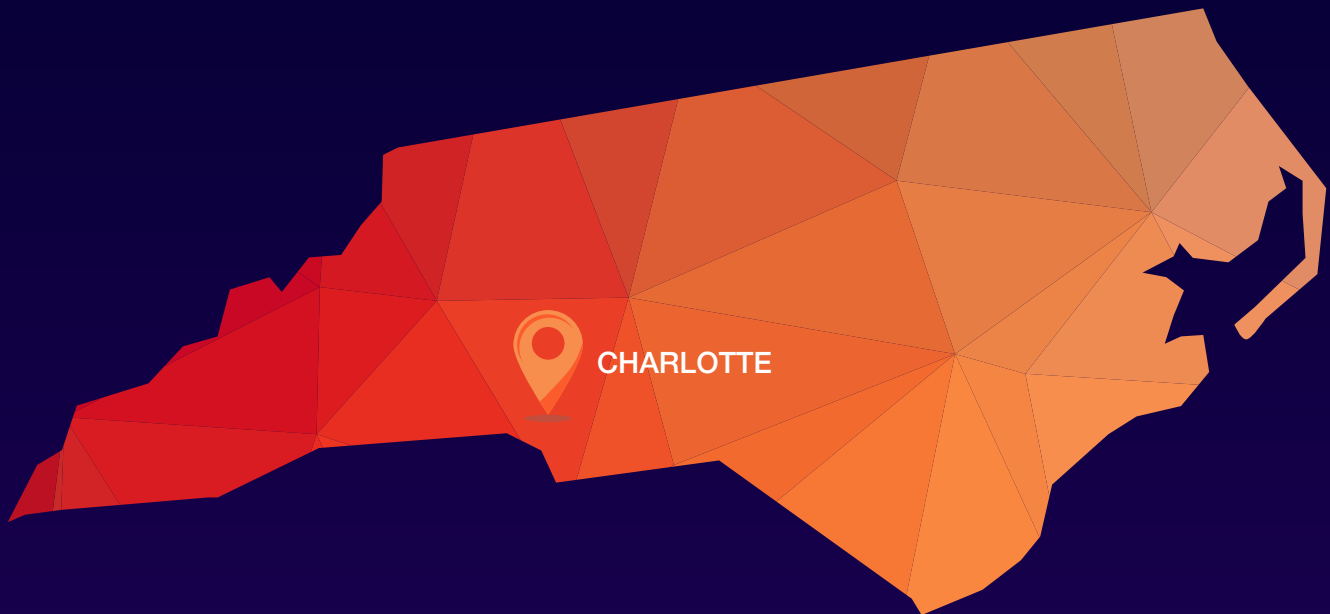
Pennsylvania's primaries are fairly early in the cycle (April 23rd), so their top markets will be fairly busy throughout all of Q1. Republicans have yet to find a true contender to take on incumbent Bob Casey (D), setting the stage for what will be a wide-open race that will likely see plenty of advertising. Self-funding former hedge fund CEO, David McCormick (R), is seen as a favorite choice among National Republicans, but has yet to declare his candidacy.

In addition to the Senate and Presidential races, Pennsylvania will also host a few competitive U.S House races in districts that cover Philadelphia, Pittsburgh, and Scranton/Wilkes Barre. All three markets will likely be swamped throughout the year.

Assembly's Political Strategy team has rated Philadelphia as a top-3 market (9.25/10), and Pittsburgh (8.88/10) as a top-10 market in the country on their market intensity scale. Scranton/Wilkes Barre (8.75/10) just missed the cut of top-10 market status, but will similarly be among the highest-volume markets in the country.

FEDERAL AND STATE BELLWETHERS

North Carolina & California



NORTH CAROLINA

While the vast majority of political advertising spending in 2024 will focus on Federal races (President, Senate & House), there is one statewide race that is set to garner a ton of attention: North Carolina Governor. There are only 12 Gubernatorial elections in 2024, and of those, there are only two that are competitive, open seats in NC and NH.

The stakes for this seat in North Carolina are particularly high considering that Republicans control both chambers. Should the GOP take the Governorship as well, they'd have complete legislative control of the state, which could have staggering implications on issues like abortion, education and gun control. Democrats have centered on current Attorney General Josh Stein (D) as their preferred candidate, and as of now he does not have a competitive primary challenger. Republicans, meanwhile, have a growing field of candidates for their nomination in current Lt. Governor Mark Robinson (R),

current Treasurer Dale Folwell (R) and former congressman Mark Walker (R), making for what will be a very competitive primary ahead of the March 5th primary date.

In addition to the Gubernatorial race, North Carolina also features several competitive U.S House races that will be pivotal to determining control of the lower chamber. The Tar Heel state, though not the Presidential battleground state it once was, will also be a recipient of a decent amount of General Election spend in the Presidential race as well.

Charlotte is set to be at the epicenter of all of this spending. The state's top DMA will see large investments from the Gubernatorial and Presidential race, and also will see spending from a couple of competitive House races. For these reasons, Assembly's Political Strategy team has rated Charlotte (9.13/10) as one of the 5 highest intensity markets in the country for 2024.



CALIFORNIA

California is one of the few states to have markets that will not play a significant factor in the 2024 Presidential election, rather, they could perhaps be the most important state in the entire country in determining control of the U.S House.

Most national outlets have identified at least 10 U.S House races in California that will be highly competitive in 2024, seven of which are Republican-held seats that Democrats see as viable pickup opportunities. With a 10 seat Republican majority in the House, one could easily argue that California holds the keys to flipping that majority the other way.

In addition to these competitive house races, California has a rare open Senate seat that has already drawn a large crop of hopefuls to occupy it. Retiring incumbent Dianne Feinstein (D) has held the safe-Democratic seat for over 30 years, and whoever succeeds her would similarly have the opportunity to maintain that seat for as long as they wish. High-profile candidates such as Adam Schiff (D), Barbara Lee (D) and

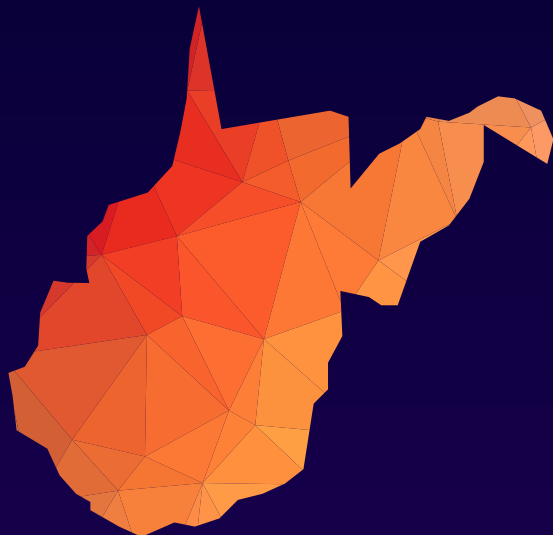
Katie Porter (D) have already declared alongside a dozen additional candidates from both parties, creating what will likely be a torrent of political advertising ahead of California's state primary on March 5th. Additionally, because California features a non-partisan primary, two Democrats can (and likely will) advance to the General Election against each other, setting the stage for this race to feature spending throughout the year, not just in the primary.

Los Angeles will be the epicenter of political advertising in California. As the top DMA in the state, it will see the majority of spend from the Senate race and has coverage in nearly half of the 10 competitive U.S House races. For these factors, Assembly's Political Strategy team has rated Los Angeles (9/10) as one of the 10 highest intensity markets in the country for 2024.

DEMOCRATS PLAYING DEFENSE

West Virginia & Montana

WEST VIRGINIA

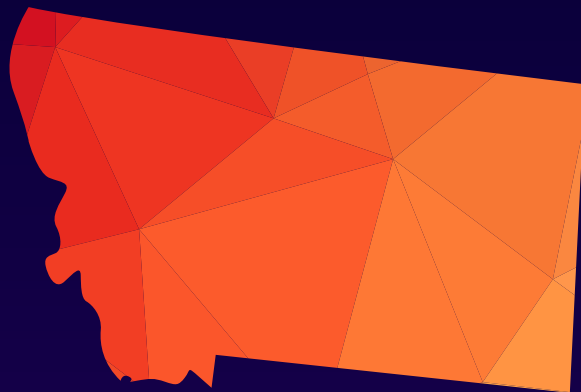


While not a perennial battleground state, West Virginia does have a Democratic Senate seat up for grabs in deep-red territory. Accordingly, the state could prove to be pivotal in determining which party gains control of the chamber.

Incumbent Joe Manchin (D) has yet to decide whether he will run for re-election, and Democrats' chances of holding onto the seat are only viable if Manchin opts to run again. Should he forgo another campaign, either current Governor Jim Justice (R) or Rep. Alex Mooney (R) would be heavy favorites to win the seat in November. The Republican primary between those two candidates will feature high-volume political advertising through Q1 and Q2. If Manchin is the Democratic nominee, that spending trend will continue into the rest of the year.

For these reasons, Assembly's Political Strategy team has tentatively rated Charleston-Huntington & Clarksburg-Weston (9/10) as two of the top-10 highest intensity markets in 2024. These markets would be adjusted down if Manchin does not run for re-election.

MONTANA



Like West Virginia, Montana is a red state that will be critical to Democrats chances of maintaining their slim majority in the Senate. However, unlike Joe Manchin, incumbent John Tester (D) is definitively running for re-election and has therefore given Democrats a chance to compete.

The Republican side is likely heading towards a hotly contested primary between political newcomer and former Navy SEAL Tim Sheehy (R), and current U.S Rep Matt Rosendale (R), both of whom represent different ideological factions of the party and likely would have well-funded backers. Though Montana's state primary isn't until June 6th, primary spending for this race has already begun as of Q3 2023, signaling that this primary will be dominating the airwaves throughout the entirety of the first half of 2024, and then well into the back half for the general election as well.

For these reasons, Assembly's Political Strategy team has rated Missoula and Billings (8.88/10) as two of the top-10 highest intensity markets in 2024.

Why commercial advertisers should care

With increasing polarization, a person's political affiliation has become one of their defining characteristics. Each person will respond differently to the political ads that they will see. The amount of political spending obviously has a tangible effect on every advertisers' media strategies – with higher costs and less inventory in certain markets. But there is also the potential for political creative to alter a consumer's state of mind.

There is evidence that proves that an individual's political affiliation is now one of their most defining characteristics. Politics affects how someone thinks about important issues, and even how they treat factual data. Fellow Stagwell agency NRG has found that political persuasion is now a stronger predictor of attitudes towards the economy than personal income.

Consumers' political persuasions are now so intertwined with other parts of their lives that they may believe that the economy is in worse shape regardless of their personal financial situation - all because of politics. This has severe ramifications for spending habits, consumption, and other important factors that commercial advertisers rely on.

A Republican in Arizona may be doing well personally, but thanks to their political beliefs (and a strong dose of targeted political advertising), they may believe that the economy is worse off than it actually is. Those misplaced beliefs can affect their own personal spending habits - maybe they don't redo their kitchen or spend heavily on a cruise vacation. Conversely, Democrats may be more receptive to messaging related to subsidies for green energy technology thanks to their preexisting beliefs and subsequent targeting by Democratic-leaning political spending. This could inspire them to invest in solar panels or a new EV.

Advertisers across all fields need to prepare for a new type of consumer: one who has preexisting political beliefs and has been inundated with political media - all of which will affect their spending habits and outlook. Whether advertisers like it or not, nearly \$12 billion in political spending is going to flood the market. The question is, will commercial advertisers be ready?



Beyond these practical considerations around advertising strategy, there will also be increased pressure on brands to speak out on political issues. Younger consumers have shown a preference for brands who take stands on certain political or cultural issues.

Every company will have to balance this pressure from consumers and employees with their desire to maintain the health of their brand. Since politics have infected nearly all parts of consumers' lives, the days of brands simply ignoring politics are over.

Most importantly, brands need to be aware of how their peers and competitors are positioning around politics and advocacy. This research is vital to understanding the best way to garner positive results without risking the safety of your brand.

Performative advocacy is dangerous for brands.
It can undo well intentioned work and cost millions

in brand value for companies that fail to guard against being considered performative. The brands that are successful in this field are the ones that make advocacy a part of their core values at all times, and not just for a given event or month.

While brands may not need to specifically endorse a candidate or issue, they should be prepared for the pressures of another volatile election season. They should have plans in place to address significant political news (potential Trump convictions, political violence, intentional election disinformation, etc.).

Brands can also play an important role in the political process by encouraging consumers to vote regardless of their affiliation. But much like all corporate advocacy, this encouragement must be supported by tangible actions - like potentially closing stores on Election Day to allow customers and employees to vote as well as publishing voter information resources on social media.

Positioning around politics can be a struggle for any company, but brands can no longer ignore the effect that politics has on society - and must prepare for any eventuality.

THE +ASSEMBLY DIFFERENCE

As the only global omnichannel media agency with a fully-fledged Political Practice, Assembly has a unique expertise in helping advertisers avoid the pitfalls of election cycles that are seeing more spending each year. In 2020, Assembly planned and activated the largest political media buy in history for the Mike Bloomberg for President Campaign. Since then, Assembly's Political Practice has spent nearly \$1 billion on behalf of candidates and issue groups around the country.



+ADVOCACY CONSULTING TECHNOLOGY

Recognizing the bifurcation in the media space – with peer global agencies handling commercial and boutique political-only agencies handling political – the Practice launched Advocacy Consulting Technology (ACT) to apply political insights and strategies to commercial accounts.

ACT is an industry-leading tool that is the first of its kind to sit at the nexus of political strategy and commercial media. The founding of ACT has also led to the fielding of several proprietary tools including the Political Insights Dashboard and Assembly Market Intensity Index.