

PQ MEDIA OUTLOOK: 2020 POLITICAL RACE TO TOP \$8B

TRUMP STRATEGY, DEM PRIMARY KEY FACTORS

PQ Media has issued its first forecast for how much money it expects to be spent during the 2020 election cycle, and the number should bring smiles to TV managers' faces.

PQ predicts \$8.33 billion will be spent during the federal election cycle, which is a 15 percent increase over the \$7.24 billion it calculates was spent in 2016.

Leo Kivijarv, director of research at PQ Media, says in many respects it's still too early to predict the upcoming race with so many unknowns remaining. Add to that the state of U.S. political discourse at the moment, and it's enough to make any forecaster nervous. Yet Kivijarv says there are also several factors already at play that give him confidence momentum leans toward more spending.

That includes the fact that more money has already been spent in 2019 than in 2015, the last year leading into a presidential race. So far, however, most of that money hasn't gone to advertising. In a [blog post](#), Kivijarv says it's been spent on marketing services like public relations, direct marketing, telemarketing, promotional products, experiential marketing and market research. Another hopeful ingredient is that fundraising is expected to increase 10 percent to 20 percent, breaking the records set in 2016.

Kivijarv says "multiple factors" will determine just how much is spent in 2020, with **President Trump's** re-election bid the biggest wild card. During his first run for the White House, then-candidate Trump relied on earned media rather than TV buys except for the final two months of the race. If that repeats in 2020, Kivijarv thinks the overall total will be close to \$8 billion. But if the Trump team concludes it needs to go on TV earlier, the total spending number will be hundreds of millions higher.

The other big factor is how the Democratic primary plays out. Despite numerous candidates, PQ Media data shows primaries typically account for less than 20 percent of media spend during presidential years. If it takes a while for the Democrats to settle on a nominee, Kivijarv says it could push the overall cycle total to as much as \$8.5 billion. That long process may also impact next year's broadcast network television upfronts.

"The scatter market is considered strong for the 2019-2020 season, but that might not be the case next year, fueling an increase in CPM rates and forcing candidates to look elsewhere to place ads, including radio and cable TV," he says.

CAR DEALERS UPBEAT ABOUT THIRD QUARTER

Foot traffic into car showrooms made its seasonal increase during the second quarter as dealers report the pre-owned market remains hot, helping to boost dealership profitability.

A quarterly survey of dealers by **Cox Automotive** shows

ADVERTISER NEWS

Amazon is building a bigger collection of subscription options under its **Prime** subscription program, including **The Subscription Box** store. According to **Modern Retail**, presence on Amazon gives brands with existing subscription services a way to reach more potential customers. Within Amazon's 100-million-person strong Prime subscription program is a burgeoning collection of sub-subscriptions: a collection of product replenishment models that build repeat purchases and recurring revenue into Amazon's bustling ecosystem... And speaking of **Amazon**:

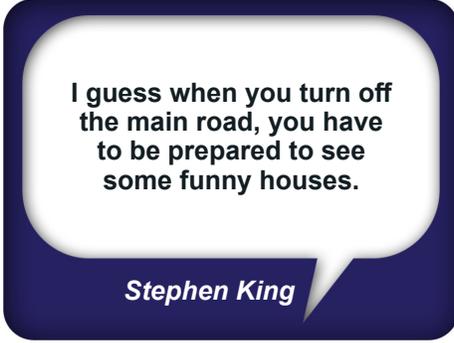
The company has opened a second **Amazon Go** store in New York City, a month after opening its first Manhattan location. **CNBC** says the cashierless concept has grown to 13 stores, and the

e-commerce giant is reportedly planning to open as many as 3,000 by 2021... Book distributor **Readerlink** will submit a bid to acquire **Barnes & Noble** for a higher amount than hedge fund **Elliott Management's** \$475 million cash offer for the bookseller, **The Wall Street Journal** reports. If the bid comes through, Readerlink would likely submit it before midnight tomorrow... **Green Growth Brands** has teamed with **Brookfield Properties** to open stores selling CBD-infused products at more than 70 Brookfield malls in 2019. Earlier this year the Ohio-based cannabis company announced plans to open 108 stores in malls owned by **Simon Property Group**... **Kohl's** is shutting down its discount pilot. The department store retailer will close its **Off/Aisle by Kohl's** locations on Aug. 3, the **Milwaukee Journal Sentinel** reports. Kohl's debuted the off-price format, which was designed to sell deeply discounted merchandise that customers had returned to Kohl's full-price stores, in May 2015, in Cherry Hill, N.J. The company went on to open three additional locations, all in the Milwaukee area... **Kroger** has confirmed that it plans to roll out cannabidiol (CBD) topical products to stores in 17 states. Kroger will sell hemp-derived CBD items such as lotions, balms, oils and creams in 945 stores, the grocer said. No word yet on the brands that will be sold... **Poshmark** wants to be more than just an online marketplace for used clothes and purses, **CNBC** reports. The retail resale platform said yesterday it's getting into home decor, taking on the likes of **Wayfair** and **Rent the Runway**, which also recently started renting home goods like throw pillows and blankets. The expansion comes as more and more shoppers are turning to secondhand marketplaces like Poshmark, **Rebag** and **TheRealReal** to buy used **Louis Vuitton** handbags or **Nike** sneakers at lower prices... **Chico's FAS** yesterday reported Q1 net sales fell 7.8 percent to \$517.7 million from \$561.8 million last year, in part due to 41 net store closures since the year-ago quarter, **Retail Dive** reports. The 7 percent overall comparable sales decline, due to lower average dollar sale and a decrease in transaction count, also contributed to the net sales drop, according to a company press release.



CABLENET CHATTER

MTV has greenlighted a third season of its popular reality series **Floribama Shore** for a fall premiere, **Deadline** reports. After two seasons in Panama City Beach, Fla., original castmates **Jeremiah Buoni, Codi Butts, Kortni Gilson, Aimee Hall, Kirk Medas, Nilsa Prowant, Candace Rice** and **Gus Smyrnios** will reunite and head about 350 miles southeast to St. Petersburg for the third season of the **Jersey Shore** offshoot. Though moving away from the Florida-Alabama border to Tampa Bay, the show is keeping its title. A breakout in its 2017 launch, **Floribama Shore** remained a solid ratings performer in Season 2, whose premiere last July hit a series high with nearly 1 million Live+Same Day viewers... **Josh Hartnett** has been cast as the lead in an upcoming **Paramount Network** series titled **Paradise Lost**. It's described as a Southern Gothic mystery about a psychiatrist who moves with her family from California to her husband's hometown in Mississippi, only to uncover shameful secrets that irrevocably change the lives of everyone involved. **Jane the Virgin** star **Bridget Regan** will play the female lead. Also joining the cast of the 10-episode series are **Barbara Hershey, Nick Nolte, Gail Bean, Danielle Deadwyler** and **Shane McRae**. The series joins **Yellowstone**, which will return for a second season later this month, on **Paramount Network's** scripted roster... **BET** is the latest brand to jump into streaming. The **Viacom**-owned channel is prepping a standalone streaming service, **BET+**, that would launch later this year, **Variety** reports. The service would be the home for **Tracy Oliver's** planned **First Wives Club** series along with original content from **Tyler Perry**. No details yet on pricing, but content is expected to come from a number of Viacom's cable brands, not just **BET**... **NBC News** will deploy some of its best known anchors to moderate coverage of the first debate among candidates for the Democratic nomination for president, and air the event for two hours across not only **MSNBC**, but on its **Telemundo** and **NBC** broadcast networks. **Lester Holt, Savannah Guthrie, Chuck Todd, Rachel Maddow** and **José Díaz-Balart** will moderate the two-hour, back-to-back primetime live events from Miami on Wednesday, June 26, and Thursday, June 27... **Nickelodeon** has ordered a reboot of the horror fantasy anthology series **Are You Afraid of the Dark?** to air in three installments this October. Through three hour-long episodes, the series introduces an entirely new **Midnight Society** group of kids who tell a terrifying tale about the **Carnival of Doom**, only to have the events of the story come to life... **Bravo's Million Dollar Listing New York** will open Season 8 with a 90-minute episode on Thursday, Aug. 1 at 9 PM (ET). Returning real estate moguls include **Fredrik Eklund, Ryan Serhant** and **Steve Gold**. **Luis D. Ortiz** is back to working in real estate joined by newcomer **Tyler Whitma**... **AMC Networks** will import more of its successful digital content to its linear cable networks, President **Sarah Barnett** says, pointing to **A Discovery of Witches**, which shifted to AMC following a digital debut. Barnett also says **SundanceTV** will feature more non-scripted programming, likely in line with documentaries the network has run.



I guess when you turn off the main road, you have to be prepared to see some funny houses.

Stephen King

AVERAGE TIME ON SOCIAL MEDIA DECLINES

Facebook users are spending less time on the social platform, and that is leading to a reduction in overall time spent with social media in the U.S. Time spent on social networks declined by 1 minute last year, a stark difference from the cumulative 13-minute gain in 2016 and 2017, **eMarketer** reports.

After increasing 10.7 percent to 1 hour, 15 minutes (1:15) in 2017, average time spent declined by 1.9 percent to 1:14 in 2018, and the research firm estimates that through 2021 user time will remain essentially flat.

Because of Facebook's large user base — 169.2 million in 2018 — a decline in Facebook use was a primary factor contributing to the overall dip in social time spent. U.S. adult Facebook users spent 0:38 a day last year, down three minutes from 2017, and **eMarketer** expects usage will decline again next year to 0:37.

Facebook still dominates social media usage. In a March **2019 Pew Research** survey, 74 percent of adult users said they visited Facebook daily, with more than half (51%) saying they visited the platform multiple times a day.

STUDY: MARKETERS ADMIT CONNECTED BLUES

Eight out of 10 marketers believe they're not prepared to meet the needs of connected customers who crave accountability, security, always-on service, and culturally relevant experiences, according to new research from the **CMO Council**.

According to the **Reshaping Global Engagement Operations: Optimizing the Resonance and Relevance of Localized Marketing Initiatives** report, 77 percent of marketers say they're not achieving the full revenue potential of the new connected consumer. The study, conducted in partnership with **Worldwide Partners**, includes insights from more than 350 marketing executives around the globe.

More than half of marketers (57%) attribute their unrealized customer opportunity to the lack of localized intelligence, with 63 percent admitting significant dissatisfaction with their current localization efforts.

CAR DEALERS UPBEAT ABOUT THIRD QUARTER

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the used market is stronger and improved between the first and second quarters, while new vehicle sales were stable in Q2 compared with Q1 and last year, but new-vehicle inventory is growing. Cox's index of dealers' feelings about the marketplace was essentially unchanged as a result.

"The overall view of the market is remarkably stable this spring relative to the beginning of the year," said Cox Automotive chief economist **Jonathan Smoke**. "It is encouraging to see that dealers remain optimistic. But their outlook has moderated substantially from the peak in optimism we saw last year as numerous negative factors continue to dampen future expectations."

Market conditions and competition are the biggest worries, but more dealers are also questioning whether used-vehicle inventories will be able to meet demand in the coming months. If inventories tighten, it could hurt pre-owned sales.

The Q2 results were based on 1,031 responses from dealers across the U.S. The survey was conducted from April 29 to May 14. Download the full survey results [HERE](#).