

Election pushes back holiday ads

By Emily Jane Fox @CNNMoney October 12, 2012: 6:04 AM ET



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The political ads flooding the market leading up to the Nov. 6 elections have ramped up ad rates, making it hard for retailers to roll out their holiday marketing campaigns.

NEW YORK (CNNMoney) -- For those who dread being bombarded by early holiday marketing, there's hope this year.

Retail stores are likely to hold back their usual TV ad blitz. That's because the flood of political ads leading up to the Nov. 6 presidential election has increased the price of ad rates, pushing aside pitches for early "door buster" deals. Which means, stores will have a short two-week window after the election, to lure shoppers with holiday ads for Thanksgiving sales.

"Politicians consume a lot of air space and time, leaving less for retailers," said Bill Martin, founder and executive vice president of ShopperTrak, which has tracked shopping traffic for 15 years.

The median cost of a prime time 30-second TV ad in August was 9% higher this year than in 2011 in 12 cities in swing states where political ads were most prevalent, according to media cost forecasting firm SQAD Inc.

The cost of placing ads has ramped up even more since then: an additional 10% in September from the previous month, and another 10% in October. With various campaigns already reserving spots for the two weeks leading up to Nov. 6, ad rates will likely skyrocket.

"The data show that as politics heat up, traditional advertisers are paying more if they want to get into the market," said Neil Klar, SQAD's chief executive officer.

Having weathered a tough recession that cut deep into sales, followed by a slow economic recovery, it's unlikely that retailers will be willing to shell out the additional dollars.

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This is a change for retailers, who have been rolling out their holiday shopping ads earlier into fall each year. Many of them even put out decorations and holiday deals as soon as back-to-school ads stop airing in September.

Some analysts say it might not be a bad thing that retailers are being forced to hit pause on holiday ads until November this year.

Promoting holiday shopping early last year didn't give retailers much of a boost, points out Robert Passikoff, founder and president of brand research consultancy Brand Keys. In a survey of 10,000 households this back-to-school season, Passikoff found that consumers are putting off purchases until they believed there were no better deals out there.

Three-quarters of shoppers waited until the last minute for their back-to-school shopping, according to the survey. He expects to see the same during the holidays.

"Advertising earlier and earlier was a desperation move trying to get people to buy things early before they went to another retailer to buy it," he said. "But [shoppers are] waiting longer and longer for better sales and more coupons."

There's also evidence that shoppers tend to be distracted before a presidential race, which slows down sales.

In 2008, traffic fell 3.7% in the week leading up to the presidential election and 6.3% during the week, according to ShopperTrak data. Sales also declined in the weeks leading up to the 2004 elections. ShopperTrak's Martin said people tend to be more focused on political issues than on purchases. They're also likely to have a tighter grip on their wallets when the election outcome is up in the air, because of uncertainty over how the policies in the new White House will affect household finances.

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The slowdown likely won't hang around once the elections are over. Retail ads are expected to make a fast and furious return, because of the mere two weeks available for stores to advertise their Black Friday door buster sales.

Black Friday, the day after Thanksgiving, marks the start of the holiday shopping season each year. Stores consider it the most important time of the year, because they can make up to 40 percent of their annual sales in the November-December period.

This year, retailers are jittery, since expectations are that sales may not be that robust. The National Retail Federation has predicted that holiday sales this year will rise by 4.1% this year, a slower pace compared to the 5.6% increase last year. ■