

POLITIKKONGRESS 2008 – KEYNOTE SPEECH

Campaigns We Can Believe In

What Obama's Candidacy Says About Modern Campaign Warfare

by Christie Findlay

First, I'd like to commend European Agenda for having the brilliant idea of bringing together political industry leaders from America and the EU. Candidates are increasingly turning to American consultants to advise their campaigns, but there truly is so much that we can learn from one another. I'm looking forward to hearing about the innovations you all have seen this year, and taking your best ideas back to the U.S. in the pages of Politics magazine. Every year, we run several hands-on training seminars for campaign professionals. Last year, our campaign trainings attracted political professionals from more than fifteen countries. One of my favorite parts of every training is meeting consultants from around the world and hearing how they practice the art of campaign warfare – the good, the bad and the ugly.

There's been a lot of talk about firsts in this U.S. presidential election. We had the opportunity to elect the nation's first woman, first African American, first clergyman, first Mormon or the oldest person as the next president, and our first woman as vice president. But there were other firsts, and those may have more lasting impact not just on elections in the United States, but on how campaigns will be run across the world.

This was the first year that branding trumped almost all other elements of campaign strategy.

This was the first new president elected where microtargeting was seen as an essential tool, rather than an expensive toy.

We learned that some traditional things that campaigns spent money on were actually quite unnecessary; and some new types of campaign strategy emerged.

For example, this was the first year that the Internet started to become less of novelty and more of an integrated component within the campaigns' internal structure and external strategy. But you may be surprised to know that it still represents less than 2% of all campaign spending.

And for the first time since 9/11, this cycle marked the American people turning outward to embrace a global perspective, rather than huddling in a defensive, isolationist crouch.

This last point, in many ways, encompasses all the others, because the demographics of my country are changing at lightning speed. Today's fourteen year olds are going to be voting in 2012. Today's eighteen-year-olds will be starting their careers in the next election cycle. We all know that these are the people who grew up with Internet in their homes—for them, cell phones are a way of life. But just think about how quickly this has changed. In 1993, a few visionary campaign consultants started urging candidates to buy their domain name. What did the candidates say? Domain names are for academics. That was just 15 years ago. Today, the Internet is the first place people go for campaign news. And they look for campaign news the same way they use the Internet in their daily lives.

Ants discovered the Internet way before we did. They send out chemical trails that show where they found food, where they found danger, where they found shelter. And other ants follow those trails, they see where others have gone before and they follow the trails to find what they are interested in. Today, we can track our friends' movements on Facebook. We Digg the articles we are interested in. We Twitter our way through the debates. Right now, I have Facebook Scrabble games going with friends in London, Croatia, Bratislava and New York. Sometimes they'll invite a friend to join us in a three-way game, and suddenly I'm friends with someone I've never met — and yet I see the articles they are reading, the photos they post, the mood they are in. In these small, personal ways, our world is growing smaller. We are creating tribes

that transcend language, race, nationality. Instead they are based on our underlying values, who we are as individuals.

The people in my tribe play Scrabble, we have a great vocabulary and are very competitive. Many of us are sailors, involved in the media, and intensely interested in politics and history. We may have met through Scrabble, but we have developed conversations about many other things, and those conversations help inform our opinions. It used to be that the people in our tribes lived next door; now they live on the other side of the world. And we form our worldview, in part, by how our friends see the world. This is the true impact of the Internet revolution.

People in our country watched very closely when a boisterous crowd of 200,000 people joined Barack Obama at Berlin's Victory Column. And what did he say? "I speak to you as a fellow citizen of the world." He declared himself to be a member of the global tribe, and Americans responded – so you may have been the ones most responsible for electing Obama president. Conventional wisdom among most American political professionals was that attracting a bigger crowd in Berlin than in Boston sends a terrible signal. But that did not stop him.

The Obama brand reflects how the Internet is changing our worldview. In four years, those fledgling relationships we formed in the early years of the Internet will be more solid. Videos – online, and on our cell phones – will be seamlessly integrated into our everyday lives and bring us even closer together. And candidates who aren't part of that global tribe will find themselves left behind. How in the world could a candidate like John McCain – who admitted that he had never once sent an e-mail – understand the rapidly changing worldview of his country? Eight years ago, when he first ran, there was virtually no discussion of how candidates used the Internet in their everyday life. Now, a candidate who doesn't integrate the online world into his or her everyday life is an antique. Think of how much more pronounced this trend will be in four years, when Americans elect their next president.

There's been a lot of news coverage of how much money Obama raised. But it's not about fundraising or collecting email addresses. It's about creating communities around you, creating tribes who share your views and enthusiasm.

The new generation doesn't buy into nonsense. Say something they like, they'll give you 10 or 15 dollars; make them passionate, they'll give you 100. The global generation wants what they want; it's the age of customization, of experiential consumption. We pay \$4 for a cup of coffee; we pay for the experience. Once voters are part of your tribe, they will be willing to write you \$100 checks over and over, and ready to take a week off work to knock on doors.

The first major key to Obama's win was that he created the most enthusiastic online tribe.

The Republican National Committee tried to build a sense of online community by using humor. They put a lot of manpower into their e-campaign this year. Less than 12 hours after candidate Barack Obama announced that Joe Biden would be his running mate, the Republican Party launched the Biden Gaffe Clock to spotlight his tendency to stick his foot in his mouth. They also created a site that mimicked Facebook called BarackBook. McCain's campaign also was one of the first to buy into Google, buying up "ad words" so that when someone googled, say, "Super Bowl," up popped an ad for John McCain.

But Barack Obama spent the most by far. His campaign accounts for at least half of all 2008 online political ad spending. He shelled out nearly \$8 million through October to Google, Yahoo, Facebook, news Web sites, ad networks, and firms that place ads inside video games. Let me repeat that, because it is extraordinary. Barack Obama advertised his campaign inside video games.

He spent half a million dollars on social networking sites. Facebook scored the lion's share, taking in over \$467,000 -- \$370,000 of which was spent in September alone. Community Connect, publisher of the social network BlackPlanet.com, got around \$61,000 to run display ads and feature an Obama profile on its homepage. A small amount - \$11,500 – went to MySpace, early in the campaign. Most of the rest of the money went to online ad networks, but some publishers — CNN, The Washington Post and Politico sold directly to the campaign. (PPT: CNN = 337,000, Politico = \$146,000 and Post = \$100,000.)

However, online spending was still just a fraction of the campaign's overall ad budget. Obama spent more than \$207 million to broadcast 107 television ads. McCain spent about half that amount for 71 television ads.

And maybe even more importantly, many of the candidates bought a lot of earned media by creating ads that didn't air on television. Obama's ad about McCain never having used a computer? It never aired, but earned a ton of media coverage. And then there is Hillary's 3 am ad. The ad aired heavily in media markets across the country. But Obama's counter ad received nearly as many Gross Rating Points in coverage as the paid schedule for Hillary Clinton.

What this tells us is that the Internet is going to continue driving how the media covers campaigns. As news organizations downsize and fewer outlets send reporters on the trail with candidates, the news will become more and more driven by these storylines that play themselves out online, rather than in the real world. Although that may mean the online world has become the real world — at least in campaigns.

If the Internet was an infant in 2004 and is now an adolescent, we also saw another innovation come into its own this year – microtargeting. As many of you know, microtargeting is polling on steroids. Targeters collect every piece of voter data they can find – party registration, age, income, how often they vote – and add in consumer data, like debt level and magazine subscriptions. So just like Amazon.com can predict the types of books and music you may like, microtargeters can predict with a remarkable level of accuracy how someone will vote, and what issues will get them to the polls. Microtargeting is expensive, of course, but it can also show a campaign how to go into a conservative region and find people open to a liberal candidate's message, and vice versa. The second key to Obama's win was microtargeting.

Strategic Telemetry did microtargeting for John Kerry in 2004 and for Barack Obama in 2008. Ken Strasma heads the company, and he tells me that he created models in 2004 that the Kerry campaign didn't even use. Democrats back then just didn't trust the new field of microtargeting, and Bush used it to pull out a very narrow win. So Strasma started testing aggressively. In the past four years, he ID'd voters every week and then compared the ID results to what his models predicted. All that testing showed the worriers that the models accurately predicted the actual IDs, making it easier for them to trust the models.

And that's just the human side. There were advances on the geeky side, too. Strasma's models were stronger because he is on the cutting edge of using genetic algorithms, solid state drives and machine learning. His competitors are about 18 months behind, but they're catching up quickly – in four years this field will be light years ahead of where it is now.

Let's look at some of the places where microtargeting gave Obama a solid advantage.

- In Indiana and North Carolina, microtargeting cut into McCain's margin among white voters, keeping it close enough that African-American turnout could make up the difference.
- In Florida, microtargeting helped Obama find supporters among senior white Democrats. It also helped differentiate between Cuban and non-Cuban Hispanics, so that the campaign could tailor its message to each group.
- In Ohio and Pennsylvania, microtargeting found supporters among blue collar, older white Democrats who had voted for Hillary Clinton in the primary. (These are the people who Obama alienated when he said they "cling to their guns and their religion.") Solidifying these folks closed off McCain's only path to victory, especially in Pennsylvania.

I don't know of any other technological advance that gave Obama as much of an advantage as microtargeting.

The third key Obama's win was another corporate tool: branding. In the end, branding comes down to message and performance. Obama won on both counts.

His team used one word — “Change” — and drilled it into voters’ minds for 21 months. He so totally owned this word that other candidates were mocked when they tried to use it. His communications team recognized that Americans were wary of electing a black man president, so they created a brand identity: Obama is calm, cool, collected and very presidential. His branding is smart, sophisticated and coherent, and stacks up against the best commercial design out there.

Sometimes they went too far, like when they created a presidential seal. But other times they staged images that helped voters grow comfortable with the image of an African-American as president. Another key element of the Obama brand was exactly the message we were talking about before — that Obama is a president with a modern worldview, who can help lead the entire world into the 21st Century.

In contrast, Republicans struggled to say what their brand stood for. Their candidate was all over the map. One Republican strategist told me that it looked like McCain had a different campaign team every week, because his message changed so dramatically. So did his tactics. McCain’s absolute worst moment was when he “suspended his campaign” to go back to Washington when the economy tanked. Voters saw straight through the ploy. In contrast, Obama looked very confident and presidential as his advisors worked with Congress to come up with an economic plan while he kept on campaigning.

So the three main keys to Obama’s win were (1) creating online tribes (2) advanced microtargeting and (3) corporate branding. There were, of course, other elements that were critical and helped reinforce each of those three keys:

- Obama followed a 50-state strategy. This approach was controversial even a year ago – why spend money on states that never vote for your party? Obama proved that the new way to win is to build a new coalition of people open to your message. Of course that was only possible through microtargeting.
- Obama emphasized live calls over robocalls. People respond better to a message when it’s delivered by a human, and even more so if that person is a neighbor.
- Obama had a huge build-up in paid, on-the-ground staff. Some estimates found he had as many as 5,000 ground staff – an unheard of number.

I promised earlier that I’d mention some of the biggest wastes of money this cycle. News media spent millions of dollars running national daily tracking polls. They may have given a sense of how the nation reacted to events, like the debates or the economic crisis. But America elects presidents using the electoral college, where each state gets a certain number of votes. So the national polls were good for generating news, but terrible for showing us how voters in swing states were reacting to events.

Direct mail was another huge bust. Hillary Clinton spent \$30 million building her direct mail list. Meanwhile, Obama was using campaign and book appearances to build up his e-mail list. Then he started engaging them in a conversation about his ideas, and getting them enthusiastic about his candidacy. He was able to fundraise more, faster, using his Internet donors than Hillary could using snail mail. And when they both went broke after Super Tuesday, those online donors gave Obama the money he needed to fuel his campaign into the early summer.

There were other wastes of money in smaller races. Candidates spent money on Get Out the Vote efforts that were complete wastes – if a voter isn’t going to turn out for Obama vs. McCain, they definitely aren’t going to turn out for Debbie the Dogcatcher. Also, about 1/3 of voters this year voted early, starting in mid-October. But many campaigns followed the traditional plan of pumping GOTV money into their districts in the last two weeks before Election Day, more than a month after many voters had already made up their minds.

Where are campaigns heading? Like the U.K.’s David Cameron, more politicians are going to have blogs – and they won’t be the self-conscious, formal blogs written by overly cautious staffers. They’ll be more off-the-cuff, fun blogs that evolve right along with a candidate from before they run, to when they’re on the campaign trail, to when they take elected office. The best ones will be read by people around the world, giving politicians a global following among people who share their worldview.

Technology will obviously become a much bigger player, and campaign technology will be more integrated into people's everyday lives. One way Obama built a larger tribe was by using text messaging – he even announced his vice presidential pick by text message. In a year or so we will regularly get video on our cell phones, so candidates can send video solicitations for money and to encourage people to volunteer. In a few more years, billboards will know who we are and tailor campaign messages to us as we walk past. All of these will become tools for legislating – we're already seeing Obama start to transition his massive list of cell phone numbers and email addresses from campaign outreach to the White House communications efforts.

Candidate branding will evolve as well. Taking a cue from David Cameron, both candidates and parties will likely look for images that reinvigorate their brand message. (For now, most party symbols may be memorable but don't do much to reinforce message the way the Tory's tree logo does.) Or imagine a candidate playing a few catchy musical notes before every campaign speech, or during every ad. Just like a commercial, those little jingles will stay in your head. And those same notes could become ringtones – so you're sitting in a café and you think “Obama” every time your neighbor's cell phone rings.

As all of these become more commonplace, old technologies like “text messaging” will seem antiquated, they'll seem as rudimentary as ants following those trails of scent to find food. And the winners will be the ones who reach out for the new technologies first — and then lead the world into using them as well.