Marketing Colloquia

Thursday, January 26, 2012
3:00 PM – 4:20 PM, JMHH 741

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“Political Advertising and the Electoral College” joint with Wes Hartmann

Abstract: We present a structural model of political advertising in equilibrium. Candidates choose advertising across media markets in order to maximize the probability of winning the national election. The voter model takes the form of an aggregate random coefficients discrete choice model in which advertising affects a voter's incentive to vote for either candidate or not to vote at all. We estimate the model using detailed advertising and voting data from the 2000 and 2004 Presidential elections. We use the model to conduct a counterfactual that substitutes a direct national vote for the Electoral College. Such a change significantly alters candidates' marginal incentives to advertise in a given market, leading to a new equilibrium allocation of advertising and votes.