



Analyzing the 2016 US Presidential Nomination Races using Social Media Index

Summary

This research report provides analysis of the 2016 US Presidential races using our Social Media Index (“SMI”) based exclusively on social media inputs. SMI based analysis compares favorably to polling data and to pundit analysis. The fact that this election cycle is generally seen as a very difficult one for analysis provides further support for using social media analysis for elections as its results have been to-date very insightful. The SMI called very early in the election cycle that Trump would dominate the Republican race. Also, it showed Sanders as a real threat to Clinton well before polls or pundits. Using current SMI data, Trump should easily win the Republican nomination and Sanders / Clinton should have an extremely tight national race (not just in Iowa and New Hampshire).





Forecasting the 2016 US Presidential Nomination Races using Social Media Index

- Trump to win the Republican nomination fairly easily
- Traditional politicians as a group never obtained serious traction in the Republican race
- Democratic race is extremely close, with a slight advantage for Clinton
- Social Media Index shows that Sanders is much stronger than most assume
- Trump and Sanders appear much stronger than polls, betting markets and pundits suggest
- Social Media's influence on election analysis to only grow after the 2016 election

Normally, we analyze social media to improve investment analysis. Here, we have applied very similar techniques to the analysis of 2016 US Presidential candidates in order to see if elections can in fact be forecast using purely social media as an input.

Using our Social Media Index ("SMI") to analyze the 2016 US Presidential races provides unique insights of the state of the races and individual candidates. The SMI is based purely on social media interactions and is therefore complimentary to polls, betting markets and pundit analysis. It is constructed to estimate a forecast voting percentage and therefore can be directly compared to political polls. In some ways, SMI analysis is superior to traditional political analysis methods due to its ability to update in real-time, to the larger sample size of data, and to its apparent increased sensitivity to trend shifts.

The 2016 US presidential election will be known as a turning point for politics as social media analysis becomes one of the main tools used to analyze and forecast candidate performance and eventual election results. Political pundits and polls have historically dominated, with social media more recently providing an interesting side story. However, with the general poor analysis of this election cycle by pundits alternative analytical techniques will become significant pillars of analysis.

Almost universally, Trump and Sanders were ridiculed by pundits early in the election cycle – these two unlikely candidates are currently well positioned just days before Iowa and New Hampshire vote. Pundits, and the betting markets which for the most part appear to have copied pundit-led analysis, predicted Clinton and Rubio would be their respective parties' candidates by large margins. Although Clinton is still assumed to be the person to beat this election, her expected dominance has turned into a battle. Rubio's campaign in contrast never really took off. In short, pundit analysis (to-date anyway) has failed horribly during this election cycle.

Republican Race

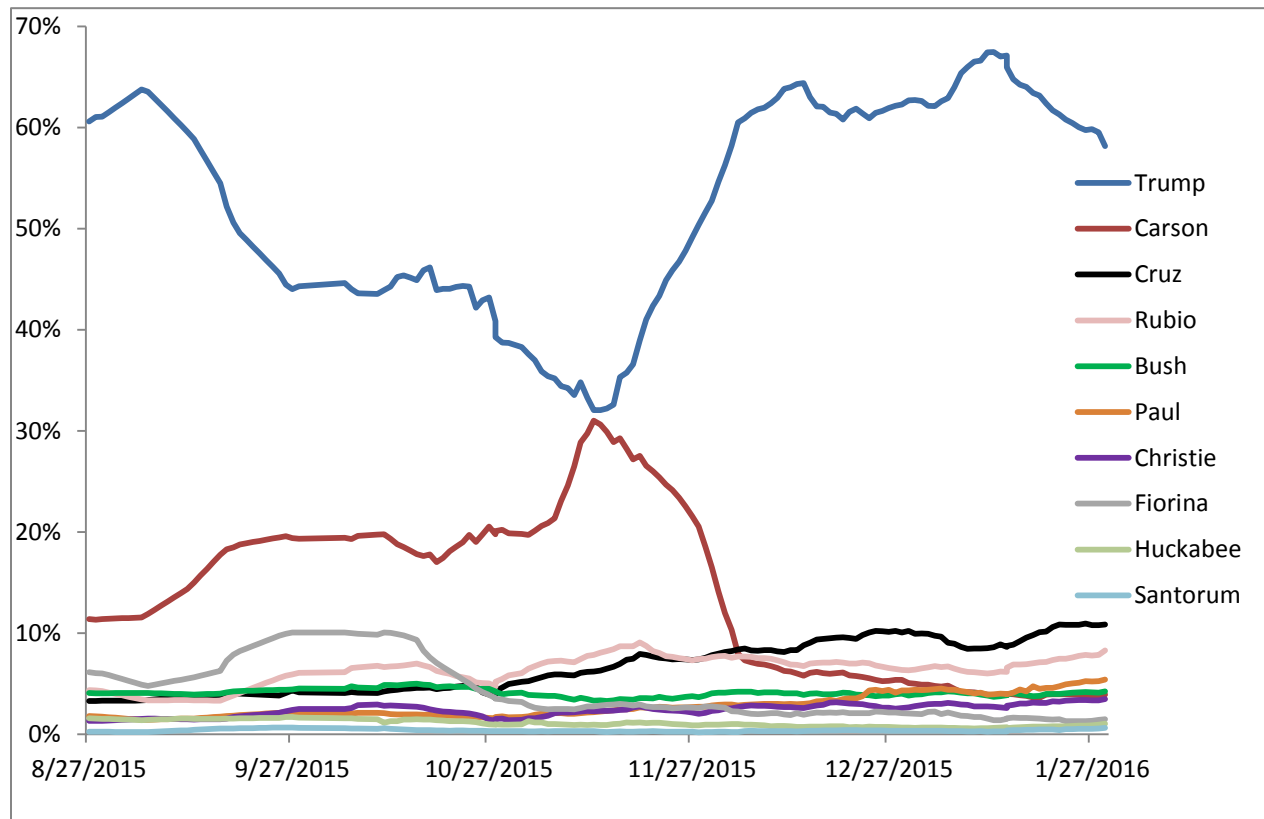
The SMI for the Republican candidates shows that Trump has been the dominating force since at least August 2015. Furthermore, it shows there has only been one significant test to his lead which came from Ben Carson. This challenge lost steam in November 2015. The media and pundits have tried to stir interest in a list of other candidates but social media never really picked up on such trends. More recently, polls have shown Ted Cruz significantly challenging Trump, but such a challenge is not reflected in the SMI.



In short, the SMI clearly shows that Trump has been the dominant player this election cycle for the Republicans and has only received one real challenge to his leadership. The SMI not only reinforces many of the conclusions taken from polls but also appears to exaggerate them as it shows that Trump's lead has been even larger than that implied from polls. The SMI shows that Trump's average lead over the last five months has been around 40% whereas his lead according the Real Clear Politics ("RCP") polls has been around 10%.

Furthermore, the SMI shows that traditional politicians, such as Cruz, Rubio, Bush, Kasich, Christie, and Paul have not been able to mount any serious challenges to Trump's lead. This is somewhat in contrast to the RCP polls which show a more substantial threat coming from Cruz.

Exhibit 1: Social Media Index ("SMI") for Republican candidates during 2016 US Presidential Election



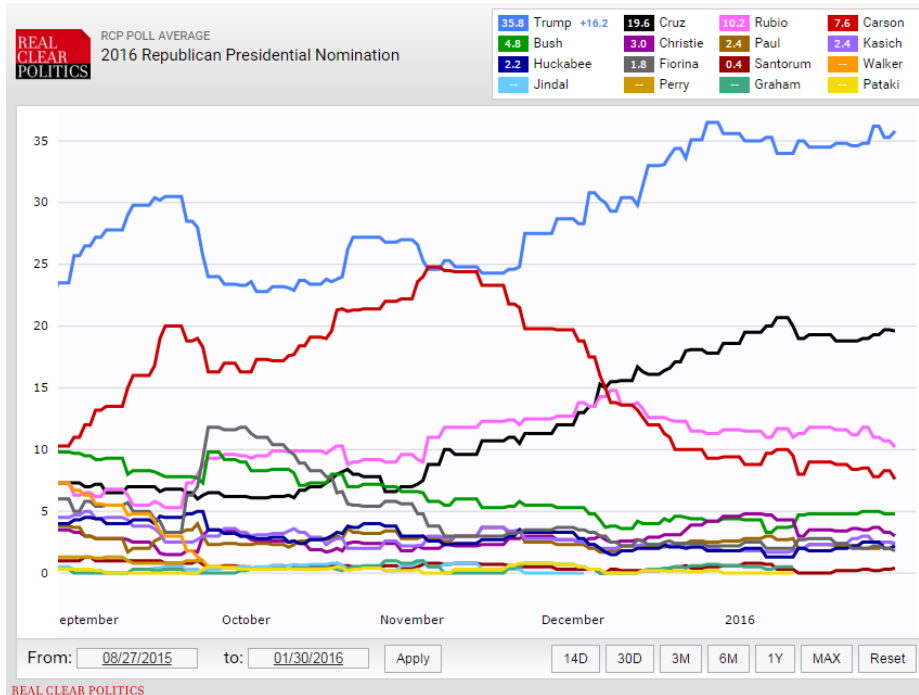
The trends calculated through our social media analysis more or less coincide with poll trends from RCP in terms of general candidate ranking and direction, but less so in terms of magnitude. In both our social media trends and poll trends, we can see:

- Trump has dominated since August 2015
- Carson executed the only serious challenge to Trump, peaking in mid-November
- Carson fell below Cruz and Rubio in early-December



- Fiorina spiked to a little over 10% for both methods in September and into October but soon lost steam
- Cruz moved to second and Rubio to third after the declines of Carson and Fiorina

Exhibit 2: Real Clear Politics (“RCP”) polls for Republican Presidential Nomination from August 27, 2015 to January 30, 2016



The differences between the SMI and the RCP polls include:

- Trump's lead is much wider using the SMI versus the RCP
- In August and September, the SMI shows Trump being much stronger than others had assumed
- Paul's performance using the SMI is much stronger, showing him in fourth place at present versus being tied for seventh using the RCP
- Cruz is in second place using both SMI and RCP but his position is only about half as strong using the SMI

The following table compares the latest SMIs to RCP poll averages. Right before voting starts, we see that although both methods have Trump leading significantly, the SMI has Trump almost 22 percent points further in the lead. Assuming the SMI is accurately forecasting election results, the Republican nomination will be a blow-out in Trump's favor.



Exhibit 3: Table Comparing Social Media Index (“SMI”) for 2016 Republican Candidates

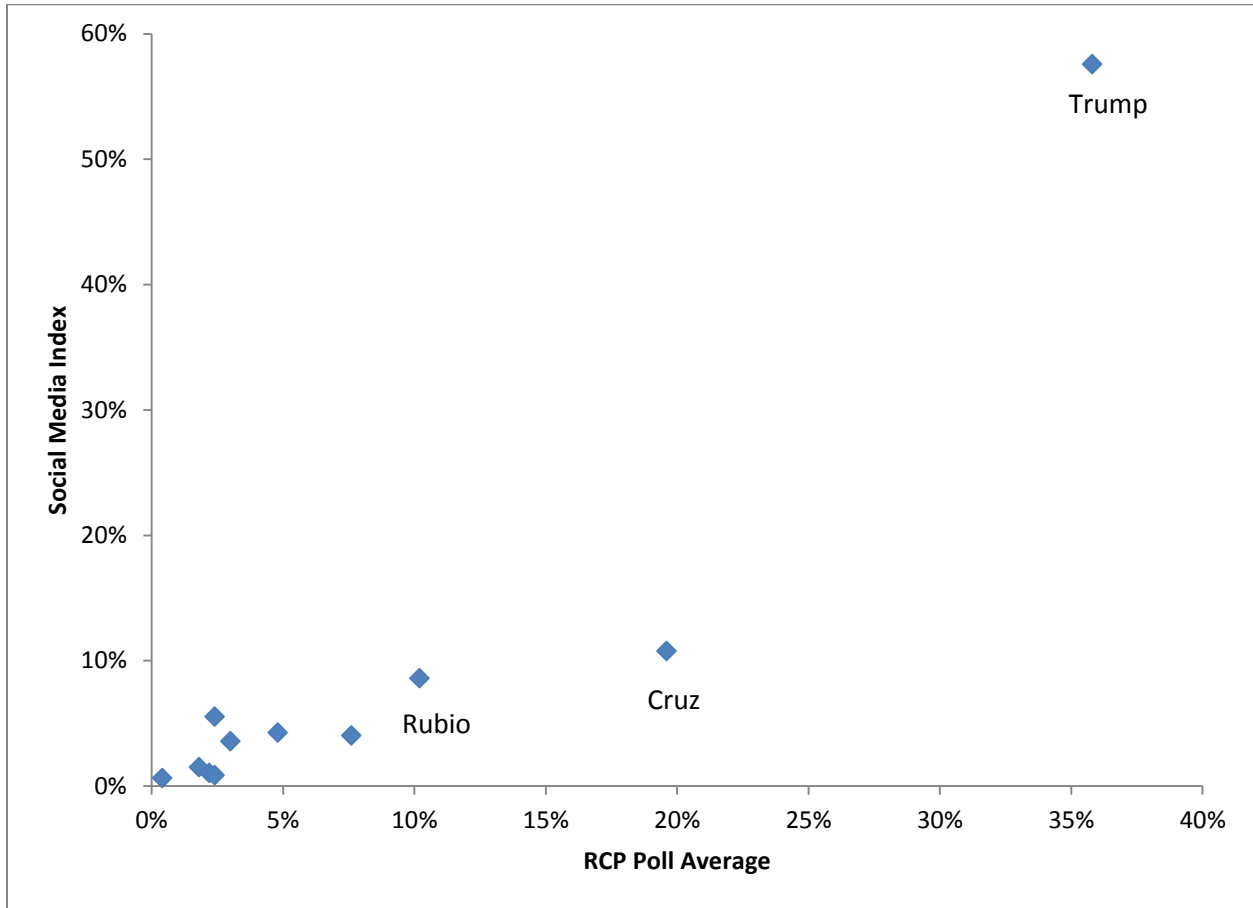
	SMI	RCP Poll Average	Difference
Trump	57.59%	35.80%	21.79%
Cruz	10.75%	19.60%	-8.85%
Rubio	8.59%	10.20%	-1.61%
Paul	5.54%	2.40%	3.14%
Bush	4.26%	4.80%	-0.54%
Carson	4.03%	7.60%	-3.57%
Christie	3.56%	3.00%	0.56%
Fiorina	1.49%	1.80%	-0.31%
Huckabee	1.05%	2.20%	-1.15%
Kasich	0.86%	2.40%	-1.54%
Santorum	0.64%	0.40%	0.24%
Graham	0.56%	N.A.	
Pataki	0.49%	N.A.	
Jindal	0.37%	N.A.	
Walker	0.22%	N.A.	

Source: Real Clear Politics

Placing this same data into a scatter plot, identifying the outlier is easy.



Exhibit 4: Scatter Plot of 2016 Republican Presidential Candidates of SMI versus RCP Poll averages

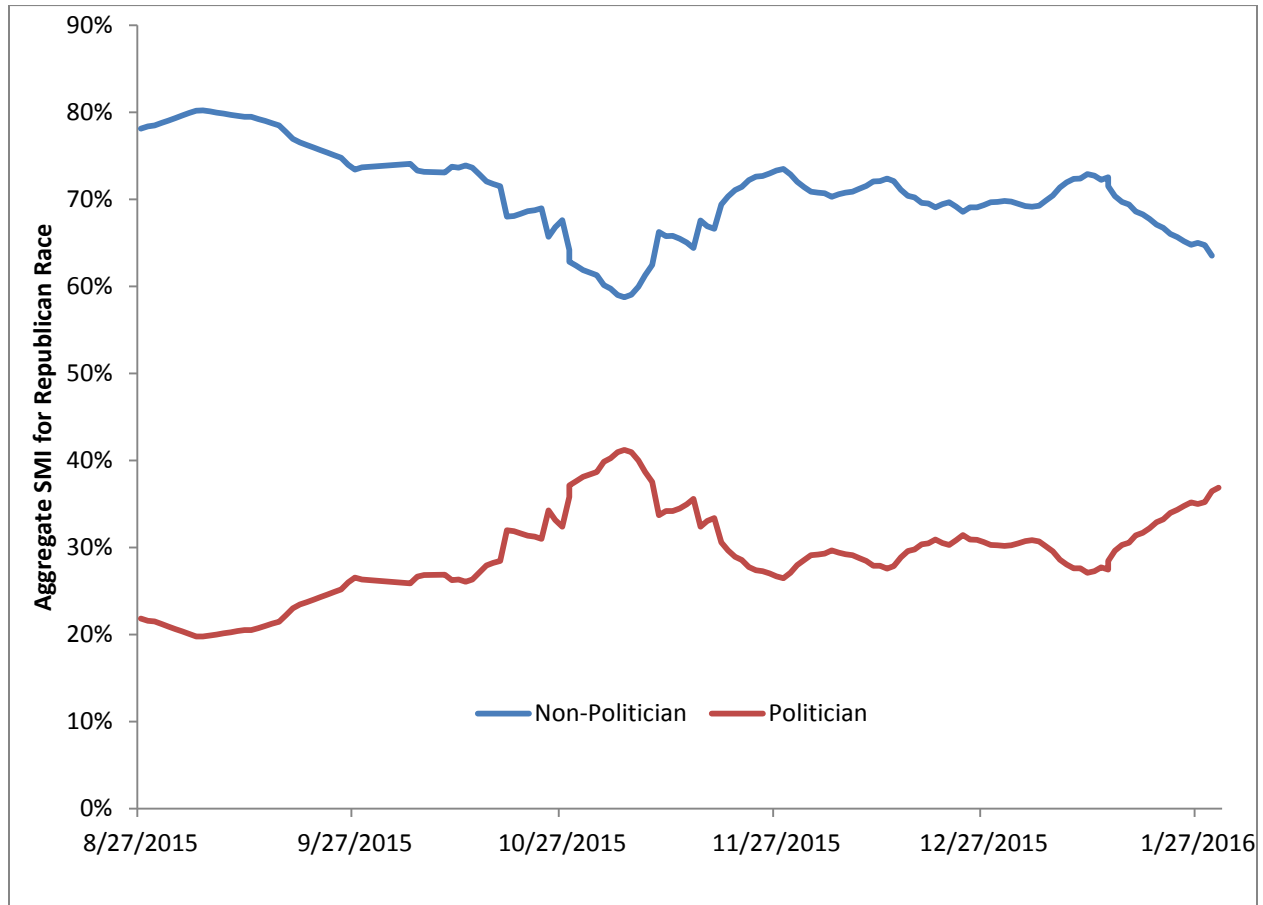


Source: Real Clear Politics

Another way of looking at the Republican race is to break the candidates down by politician and non-politician cohorts. Non-Politicians include Trump, Fiorina and Carson and politicians include everyone else. By taking aggregate SMIs for these two cohorts we see that the non-politicians have maintained a fairly steady and dominant position during the entire race.



Exhibit 5: Comparing the Aggregate SMIs of Republican Race for Politician Cohort to Non-Politician Cohort



It simply looks like traditional politicians did not have a chance this election cycle within the Republican Party. There are many pundits who could have saved their breath and possibly reputations this election cycle if they could have seen such a chart sooner. If it was not Trump with such a dominant lead it would have been another non-politician or at least a politician able to paint himself as an outsider. In this way, this election really is different, but regardless having this information in August or September would have made a significant difference. This chart also tends to discredit the idea that many pundits put forth that the race will change significantly once the party can rally around just one traditional politician. The SMI says that traditional politicians simply don't have a chance this election within the Republican Party.

Another interesting observation is that according to traditional analysis of Trump supporters, we would not expect Trump to score so highly using social media as a source of information. His followers are generally reported to be predominantly middle-aged to older, lower education, and lower income – in other words not the demographic of the average social media user. In this sense, you would not expect

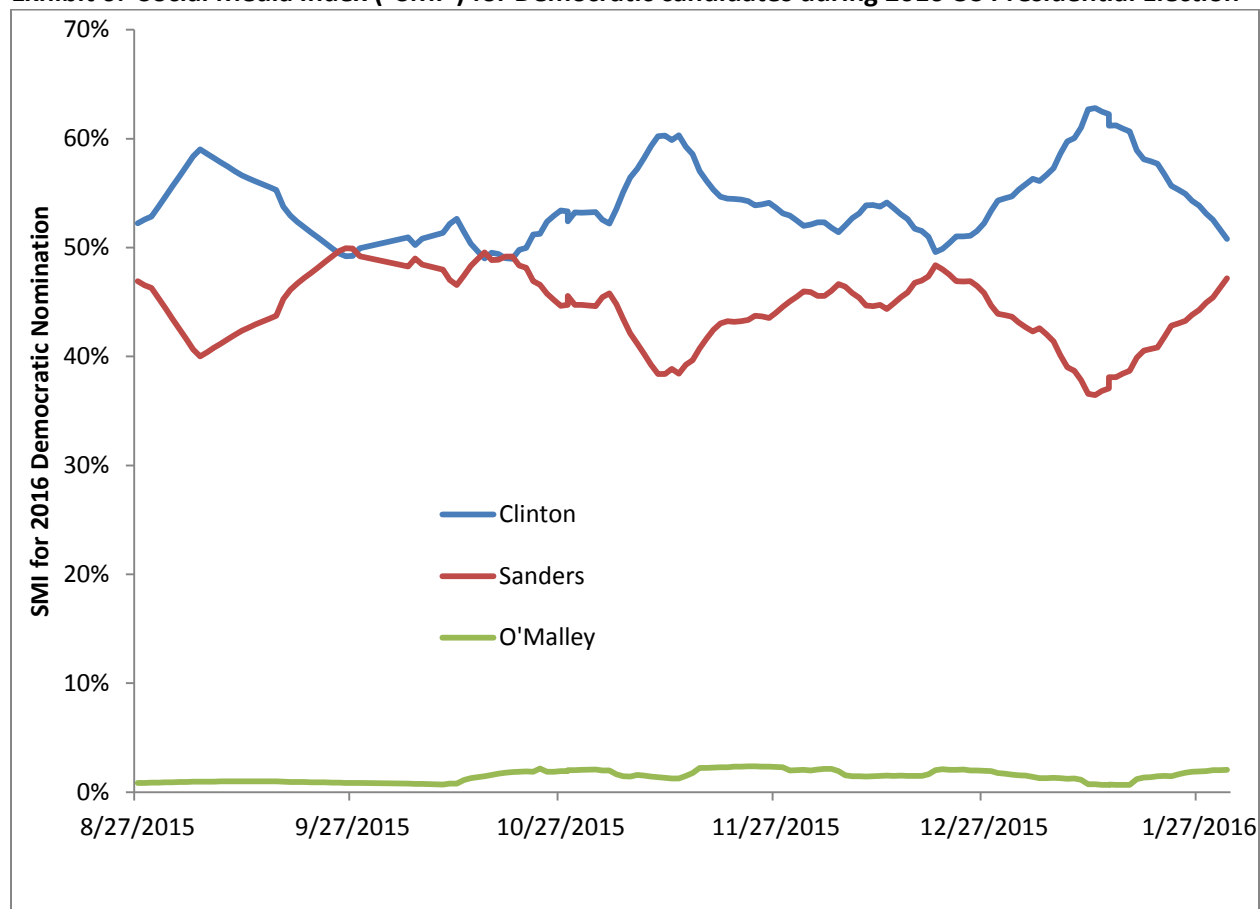


Trump's numbers to be so positive using the SMI. Another explanation is that perhaps his support is broader than many assume.

Democratic Race

The SMI for the Democratic race shows Clinton leading for almost its entirety. For very brief moments, Sanders took a lead but soon declined below Clinton again. The two main takeaways for the Democratic race are that Sanders is likely much stronger than polls and pundits suggest and that Sanders has been very strong since August (and not just posting a late surge).

Exhibit 6: Social Media Index ("SMI") for Democratic candidates during 2016 US Presidential Election

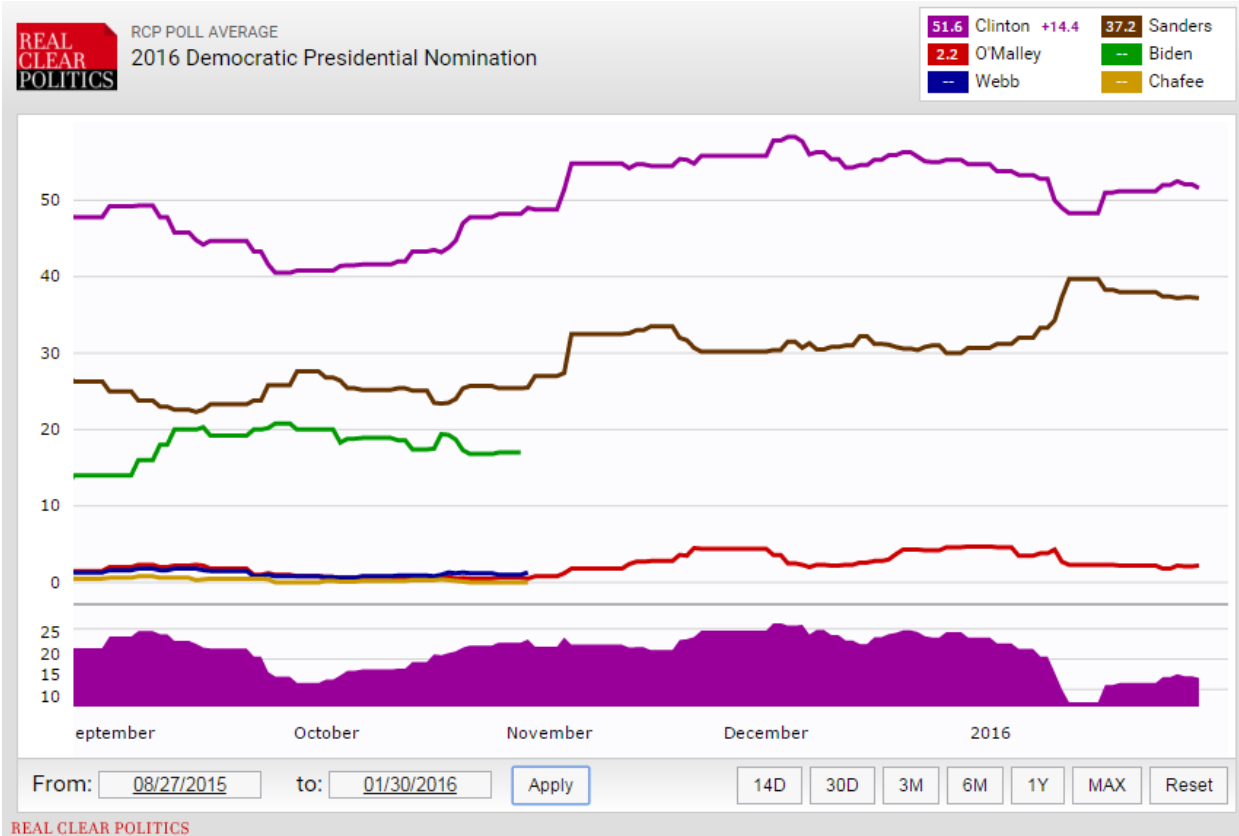


The chart shows a different story than what polls show and what pundits have stated. Looking just at the SMIs of the candidates, it appears that this race has been extremely competitive since late summer 2015 with Clinton leading for almost the entire race but Sanders being extremely close. For most political observers, the Democratic race was more of a coronation for Clinton and seen only as competitive recently. And, even then, most have focused on Iowa and New Hampshire as potential wins for Sanders while disregarding the national strength of Sanders. The SMI in contrast shows that Sanders



is very strong nationally and has been since August 2015. It is so close according to the SMI that is difficult to make a strong call on the nomination winner at this stage.

Exhibit 7: Real Clear Politics (“RCP”) polls for Democratic Presidential Nomination from August 27, 2015 to January 30, 2016



The general trends for the RCP remain the same as they are in the SMI. Clinton has lead in both methods, with Sanders a strong second and O’Malley a very distant third. However, the RCP polls show that Sanders only briefly diminished Clintons lead to under ten percentage points whereas the SMI shows that Sanders actually took the lead on multiple occasions.

Looking at the latest figures for both is also instrumental.



Exhibit 8: Table Comparing Social Media Index (“SMI”) for 2016 Democratic Candidates

	SMI	RCP	Difference
Clinton	50.8%	51.6%	-0.8%
Sanders	47.2%	37.2%	10.0%
O'Malley	2.0%	2.2%	-0.2%

Source: Real Clear Politics

The SMIs for the Democrats are very close to the RCP polling averages for Clinton and O’Malley. In fact, the difference is less than one percent in each case, truly astounding considering the fact that sources of information are so different. For Sanders, however, the difference is fairly large at ten percentage points. In other words, Sanders social media scores are much higher than what you would expect from poll results. In this way, Sanders and Trump appear similar in that they both significantly beat their poll averages by way of social media performance. The real key here is that the difference between Clinton and Sanders is only 3.6%, in other words this race is exceptionally tight. And, with voting starting this week, such a tight race could go in either direction.

In contrast to Trump, it is generally accepted that supporters of Sanders fit fairly well into the demographic of social media users. Much of his initial campaign kick-off in fact was through college campuses and by focusing on younger voters – both tend to have higher social media use. In the case of Sanders, some of his higher than expected SMI could be explained by his focusing on a younger demographic.