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Road to presidency equals big business

Benefitting from politics: Georgia firms see a profit of \$11 million spent by presidential candidates pushing campaigns.

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Atlanta-based Cypress Communications, purveyors of high-tech telephone equipment and service, has about a 50-50 chance of being able to boast one day soon: "The president of the United States used our equipment."

Cypress is one of many Georgia firms that benefited from the \$11 million spent here from Oct. 1 through Jan. 31 by the top Democratic and Republican candidates for the Feb. 5 presidential primaries, according to campaign finance reports released last week.

From local parking lots and caterers to airlines and hotels, the campaigns made Super Tuesday a super deal for Georgia businesses, not just for the winners of the state's party primaries: Democrat Barack Obama and Republican Mike Huckabee.

But the top-line number, the \$11 million, is a little deceiving. About two-thirds of that amount, \$7.8 million, was spent by Democrat John Edwards with Marietta-based LUC Media, the political advertising firm owned by former Georgia Democratic Party chairman Bobby Kahn. Kahn's firm purchased television airtime for Edwards' campaign commercials in states across the nation, but not in Georgia where the former senator from North Carolina dropped out a week before the primary.

Still, the overall spending of more than \$11 million in four months was a welcome investment for local businesses.

"For us, that's fabulous," said Gregory Pierce, executive vice president of the Atlanta Convention and Visitors Bureau.

The bureau has no statistics on the overall economic impact of the primaries, nor does the Georgia Department of Economic Development. A study of the 2000 New Hampshire primary estimated that the

state's primaries were worth more than \$300 million to the local economy. A 2004 study found that that year's Iowa caucuses had a \$50 million economic impact there.

A major difference, of course, is that candidates campaign in New Hampshire and Iowa for a year or more and blanket the states with staffers and the airwaves with ads. That didn't happen here, which makes economic comparisons difficult.

Pierce remembers when the city of Atlanta decided to pull itself out of the running to host the 2004 Democratic or Republican national conventions. Those events, he said, actually can end up costing cities money because of the infrastructure requirements and because other paying clients often have reservations revoked for convention centers and hotels.

Primaries are different. Primaries, Pierce said, are better.

"It's only a positive," he said. "It's not just all slammed into one place at one time. That is a positive thing, without a doubt."

Plus, some companies benefit from the cachet that comes with saying the next president of the United States ate in your diner, rode in your bus or talked on your phones.

"Definite wow factor," said Frank Grillo, executive vice president of marketing at Cypress Communications.

Democrat Barack Obama and Republican John McCain, who are the front-runners for their parties' nominations, spent \$84,000 with Cypress, which provides telephones and telephone service using VoIP, or voice over Internet protocol, to provide digital phone service.

Cypress is attractive to political campaigns, Grillo said, because it is a "turn-key" operation: The company provides the phones and the services and can get operations up and running in a matter of hours, without up-front capital costs.

"Campaigns typically want to spend money on ads, not phone equipment," Grillo said.

The \$84,000 Obama and McCain spent with Cypress is a fraction of what other companies brought in from campaigns. Other than LUC Media, one big winner was Delta Airlines, which did nearly \$450,000 in business from the candidates in the run-up to the primary. Bonnie Blue Public Relations, an Atlanta-based consulting firm, took in more than \$550,000 from Huckabee, much of it for direct mail and print advertising.

Consultants in general cleaned up. From strategy, direct mail, fund raising, get-out-the-vote efforts and more, campaigns spent about \$900,000 on consultants. That plus, the \$7.8 million Edwards spent with Bobby Kahn and LUC Media, shows that politics is big business.

Kahn's firm acts as a media buyer for the campaign. And while that \$7.8 million is an eye-opener, most of it does not go into Kahn's pockets.

George Lieberman is publisher of Campaigns & Elections magazine, which covers the business of politics. He said the typical media buyer is paid on commission of anywhere from 5 to 15 percent of the total buy. Meaning if the candidate spends \$1 million to purchase air time, the buyer is paid anywhere from \$50,000 to \$150,000. In Kahn's case, that would be \$390,000 to \$1.17 million.

Kahn would not say how much the campaign paid him, or comment at all about the work he did for Edwards.

But the records, from the Federal Election Commission, show that, from Oct. 1 through Jan. 31, the campaigns in Georgia spent more than \$133,000 on salaries and another \$73,000 in hotels.

While Edwards spent \$8.27 million during the period, all but \$470,000 went to LUC Media. As a result, Republican Fred Thompson spent more here than any other candidate.

Thompson, a former U.S. senator from Tennessee, who dropped out before the primary, spent more than \$700,000.

Here's how the rest of the candidates spent in Georgia:

- Huckabee: \$670,410.70
- Obama: \$594,298.46
- Clinton: \$422,359.88
- Mitt Romney: \$322,800.50
- Rudy Giuliani: \$256,588.37
- Ron Paul: \$237,826.62
- McCain: \$228,368.94

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