# Government Ads Buying in Taiwan

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# Introduction

# Media Capture

## Demand

Gov's incentive to control media:

- Scandals
- Low reputaions
- Incoming elections

## Supply

Media's willingness to change their content

- Ads revenue from non-government sectors
  - Baldasty (1992), Petrova (2006): Prosperous ads market in late-19th boost independent news
- Media owner's prefereces

# Data

## Data

- Government tenders from 政府電子採購網
  - 1999 – 2021
  - Keywords: 宣傳、宣導、推廣、廣告、報導、行銷、形象
  - Involved by major media conglomerates in Taiwan
- Variables: Issuer / Time / Winner / Value

**Figure 1:** Model of a Tender

**Table 1:** Summary Statistics

| Variable | N | Mean | Std. Dev. | Min | Pctl. 25 | Pctl. 75 | Max |
|---|---|---|---|---|---|---|---|
| ruling | 2412 | | | | | | |
| ... DPP | 783 | 32.5% | | | | | |
| ... INDEP | 272 | 11.3% | | | | | |
| ... KMT | 1354 | 56.1% | | | | | |
| ... 親民黨 | 3 | 0.1% | | | | | |
| competitors | 2412 | 3.322 | 2.764 | 1 | 1 | 4 | 28 |
| totalWinner | 2412 | 1.799 | 1.699 | 0 | 1 | 2 | 24 |
| valueAward | 2361 | 2944932.046 | 3791071.596 | 230 | 800080 | 3890000 | 60463000 |

# Empirical Findings
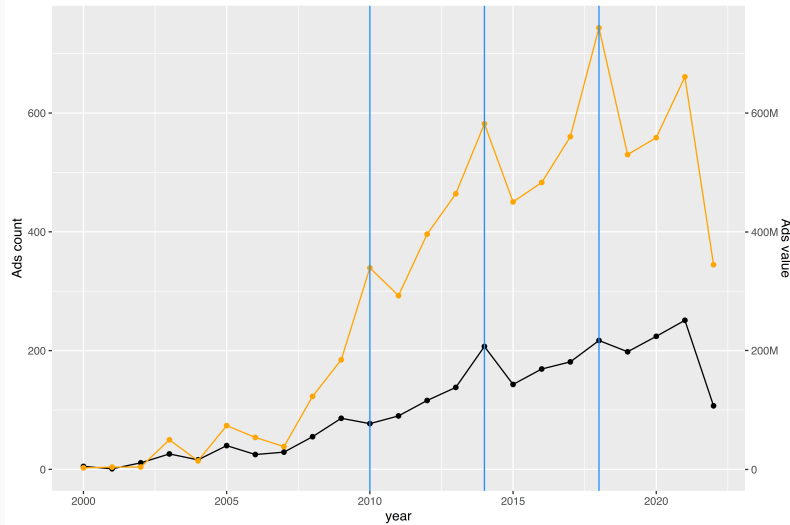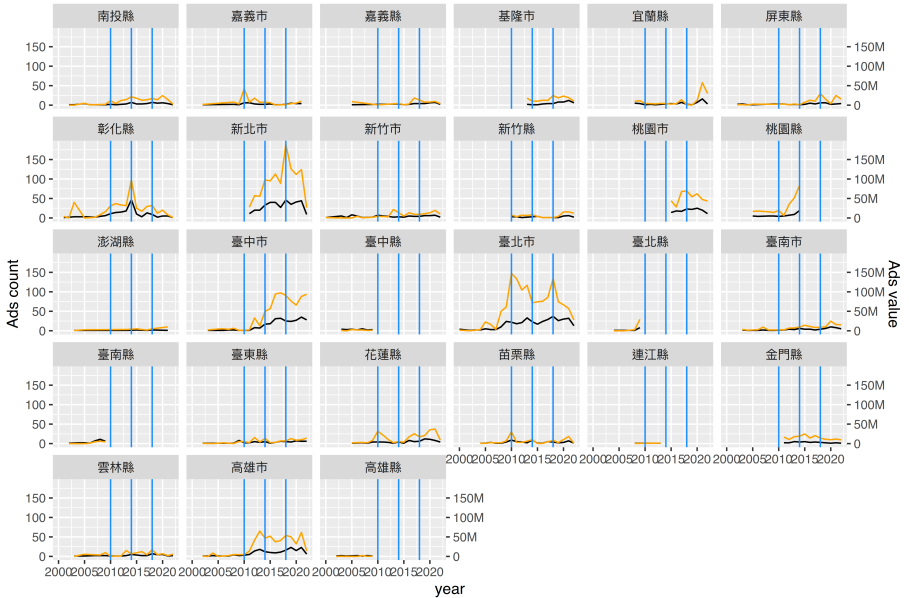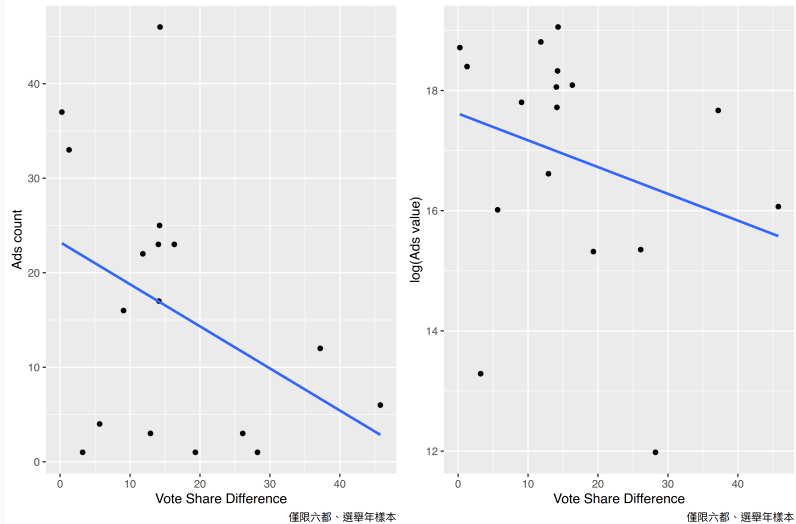
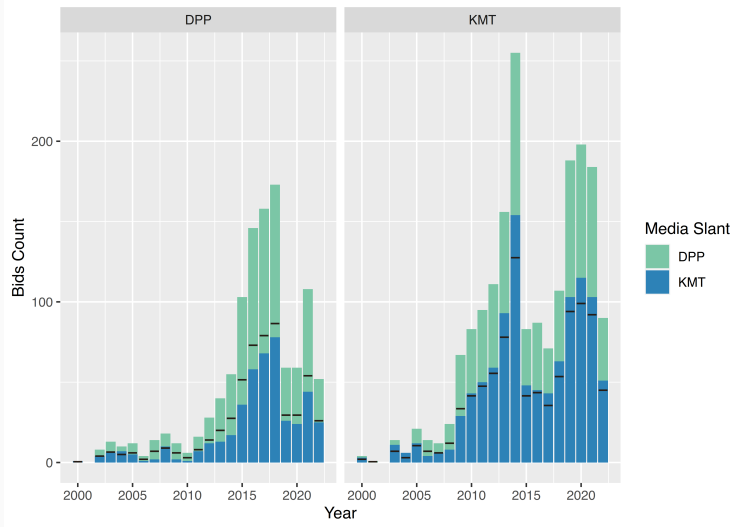**Figure 2:** Gov' Ads Quantity and Value by Year

**Figure 3:** Gov' Ads Quantity and Value by County, Year
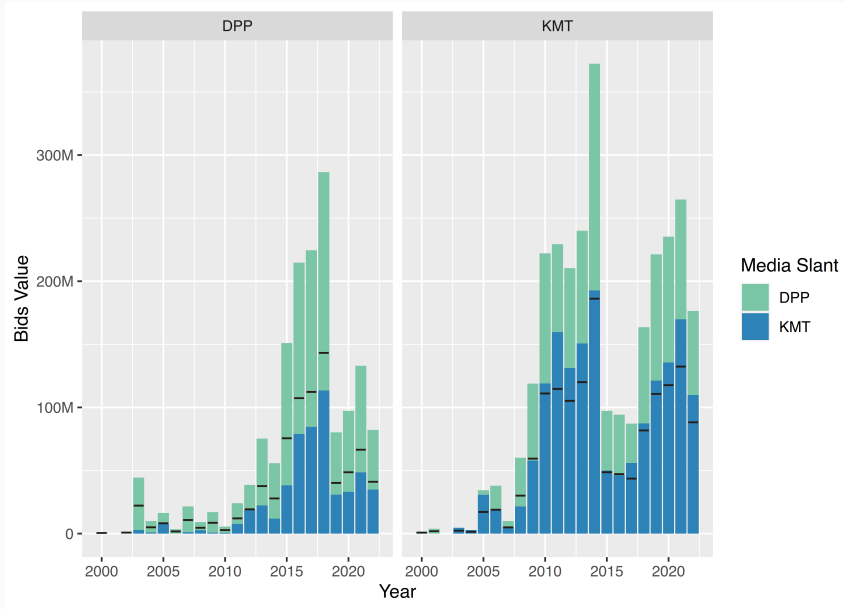
# Ads Buying in Election Years



**Figure 4:** Correlation Between Fierce Competition and Ads

# Partisan Preference on Ads Budget



**Figure 5:** Number of Bids Won by Different Slant

**Figure 6:** Value of Bids Won by Different Slant

## Governors' Preference on Aligned Media

### Sample:
**Bids** to tenders that were…

- opened by KMT/DPP local governments.
- involved by both pan-blue/green media
  - 旺中、聯合、TVBS、自由、三立、民視
- governed by "Most Advantageous 最有利標" rule

### Outcome

- Winning or not
- ln(Value of the bid)

### OLS Specification

$$Y_{itcm} = \beta_0 + \beta_1 \text{Alignment}_{tcm} \times \text{Ruling}_{tc} + X_i + \delta_t + \delta_c$$

for bid $i$, year $t$, opened by county $c$, and issued by media conglomerate $m$

**Table 2:** Summary Statistics on Regression Sample

| Variable | N | Mean | Std. Dev. | Min | Pctl. 25 | Pctl. 75 | Max |
|---|---|---|---|---|---|---|---|
| ruling | 1256 | | | | | | |
| ... DPP | 489 | 38.9% | | | | | |
| ... KMT | 767 | 61.1% | | | | | |
| slant | 1256 | | | | | | |
| ... DPP | 479 | 38.1% | | | | | |
| ... KMT | 777 | 61.9% | | | | | |
| winner | 1256 | | | | | | |
| ... No | 320 | 25.5% | | | | | |
| ... Yes | 936 | 74.5% | | | | | |
| competitors | 1256 | 6.649 | 2.376 | 2 | 5 | 8 | 26 |
| totalWinner | 1256 | 4.438 | 2.354 | 1 | 3 | 6 | 10 |
| valueAward | 1256 | 5573532.826 | 3357681.298 | 295000 | 3e+06 | 7700000 | 23999300 |

**Table 3:** Regression: Winning

|  | Full | Full (FEs) | Full (by Ruling Pty) | Post-2011 | Post-2016 |
|---|---|---|---|---|---|
| alignment | 0.093*** | 0.092*** | 0.150*** | 0.149*** | 0.182*** |
|  | (0.022) | (0.023) | (0.037) | (0.038) | (0.044) |
| alignment × ruling=KMT |  |  | −0.096* | −0.075 | −0.140* |
|  |  |  | (0.047) | (0.048) | (0.059) |
| competitors | −0.059*** | −0.055*** | −0.055*** | −0.054*** | −0.047*** |
|  | (0.006) | (0.007) | (0.007) | (0.007) | (0.008) |
| totalWinner | 0.115*** | 0.111*** | 0.110*** | 0.108*** | 0.096*** |
|  | (0.005) | (0.005) | (0.005) | (0.005) | (0.007) |
| Num.Obs. | 1256 | 1256 | 1256 | 1179 | 758 |
| R2 Adj. | 0.310 | 0.307 | 0.309 | 0.312 | 0.278 |
| Std.Errors | by: filename | by: filename | by: filename | by: filename | by: filename |
| FE: county |  | X | X | X | X |
| FE: year |  | X | X | X | X |
| p-value: Alignment × KMT = 0 | NA | NA | 0.0657 | 0.0262 | 0.3553 |

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

**Table 4:** Regression: Bid Value

|  | Full | Full (FEs) | Full (by Ruling Pty) | Post-2011 | Post-2016 |
|---|---|---|---|---|---|
| alignment | 0.021 | 0.029 | 0.199*** | 0.181*** | 0.174** |
|  | (0.032) | (0.031) | (0.051) | (0.049) | (0.057) |
| alignment × ruling=KMT |  |  | −0.278*** | −0.259*** | −0.165* |
|  |  |  | (0.063) | (0.061) | (0.072) |
| competitors | 0.061*** | 0.050*** | 0.051*** | 0.045** | 0.008 |
|  | (0.013) | (0.014) | (0.014) | (0.014) | (0.015) |
| totalWinner | −0.161*** | −0.155*** | −0.156*** | −0.151*** | −0.118*** |
|  | (0.014) | (0.015) | (0.015) | (0.015) | (0.016) |
| Num.Obs. | 1572 | 1572 | 1572 | 1433 | 915 |
| R2 Adj. | 0.154 | 0.238 | 0.244 | 0.261 | 0.261 |
| Std.Errors | by: filename | by: filename | by: filename | by: filename | by: filename |
| FE: county |  | X | X | X | X |
| FE: year |  | X | X | X | X |
| p-value: Alignment × KMT = 0 | NA | NA | 0.206 | 0.1934 | 0.7816 |

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

# Conclusions

## Conclusions

- Increased ads spending in election year, suggesting incumbency advantage.
- Both KMT and DPP have preference toward aligned media
    - while KMT prefers equalizing the value of tenders, DPP prefers giving pro-green media valuable cases
- Potential impact of decreased commercial ads on media capture
- Limits of the findings:
    - Lack of exogenous instrument to identify causal effect
    - Media's *capability* unobserved
    - Differed public opinion might change government's preference on buying ads