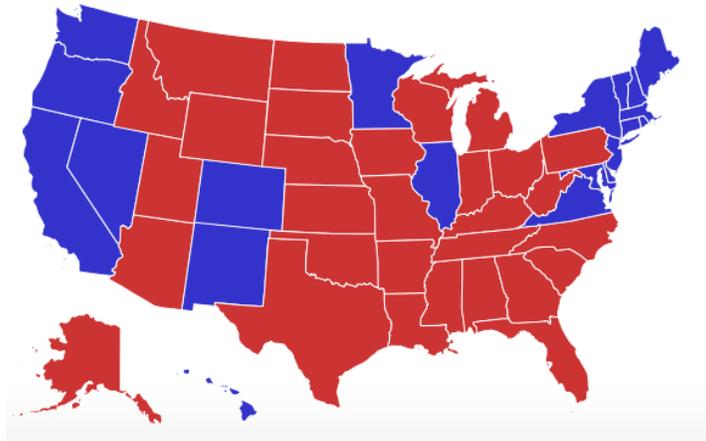


## 2016 ELECTION: PREDICTION MARKETS BEAT THE POLLS – AGAIN!



The first question every client has asked us since the November 8<sup>th</sup> election is "so how did the prediction market perform compared to traditional preference and voting polls?" The answer - not perfect, but very impressive. At Consensus Point, 78% of our election predictions were on the money throughout the primaries and into the final stretch run. Moreover, several of the outcomes that our markets correctly predicted even the weekend before the election, weren't captured by a single poll.

The Friday and Saturday before the election, Consensus Point conducted a prediction market among a national online gen pop sample of n=500 individuals age 18+. Participants were asked to bet their 100 tokens on the races where they felt the most confident in their decision. Unlike preference or voting polls, the questions posed to the participants were not "who do you *prefer*," or "who will you *vote for*," but rather "who will *win*?" This distinction is key to the prediction market methodology because it removes rational response bias by asking participants to make a judgement on an

expected outcome versus sharing an opinion. Additionally, in prediction market research, participants are empowered to use their knowledge of what others around them are saying to make predictions about a specific outcome.

Out of the 18 questions that Consensus Point asked, "the wisdom of crowds" predicted 14 races correctly, delivering once again, a 78% success rate - astonishing when compared to the polls! To be fair, the crowd did predict a 61% probability that Hillary Clinton would win the White House, which was just under FiveThirtyEight's Monday odds; however, our market correctly predicted Trump would win Ohio, Florida and North Carolina, while Hillary would win New Hampshire, Nevada and Colorado. Additionally, Consensus Point predicted the winners of the Florida, Wisconsin, North Carolina, Pennsylvania, and Ohio Senate races. ***Nobody else was that close.***

With the election results in hand, what do these discussions mean to a market researcher? Simply put, the prediction market methodology is incredibly indicative of outcomes. By asking participants to bet on a future trend, or the best ideas, concepts or ads, prediction markets beat traditional surveys and polls on a consistent basis. Better yet, with a prediction market, once we go into field, we are presenting topline results within days - as to the "why" behind the outcomes- and, at a cost significantly lower than traditional survey methods.

If you have not considered using a prediction market for concept testing, early stage idea screening, or predicting future consumer trends then you're missing an opportunity to put a truly innovative and powerful methodology to work for your business. The good news is we're here to help. Let's talk about how we can play a role in your future success.