

Advertising Values to Measure PR: Why They Are Invalid

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Introduction

Advertising Value Equivalents (AVEs), also referred to as ‘ad values’ and ‘ad equivalency’ have become a commonly used method for measuring the alleged value of public relations – or, more specifically, editorial publicity (Jeffress-Fox, 2003). This method of evaluation has attracted considerable criticism from researchers and scholars, but continues to be used and defended. This paper reviews the growing body of literature and research on the practice and the arguments for and against AVEs, and presents a critical analysis.

Background

AVEs are calculated by multiplying column centimetres of editorial print media coverage and seconds of broadcast publicity by the respective media advertising rates. In most applications, the total amount of editorial coverage is ‘valued’ as if it was advertising, irrespective of its content and tone.

In some cases, users of this method go further and apply ‘multipliers’ to advertising rates based on a claim that PR is more credible than advertising (referred to as ‘credibility multipliers’). Multipliers range from two to eight times according to Walter Lindenmann (2003) and Mark Weiner and Don Bartholomew (2006) – although some as high as nine and even 13 times the equivalent media advertising cost have been observed. Advertising Value Equivalents calculated using multipliers are sometimes referred to as ‘PR Value’.

A typical AVE calculation of PR value for an article is as follows:

Dimensions of press article	3 cols x 30 cms
Total size of press article	90 col cms
Advertising rate of media	\$80 per scm ¹
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Advertising Value Equivalent	\$7,200

When hundreds of press articles and broadcast stories are multiplied by advertising space rates in this way, the so-called ‘PR value’ may total many hundreds of thousands or even millions of dollars.

What the literature and research says

One of the earliest papers published on the subject of comparing editorial publicity with advertising was written by Carl Ruff (1968). Ruff reported a study of inbound product

¹ Measurement is in centimetres (cms) and scm refers to single column centimetres. Same methods is used for single column inches.

inquiries in which promotional messages about a new product were distributed by publicity in key media and through print advertisements. When an inquiry about the new product was made, the inquirer was asked where they had obtained their information and the answer was recorded. Ruff found that publicity outperformed advertising for that particular product by a seven to one ratio, but noted that for some publications the ratio was only 2.5 to one, and for others, the reverse was the case and advertising outperformed publicity by a 2.5 to one ratio.

Advertising Value Equivalents have been reviewed as a measure of PR by a wide range of professional bodies and researchers and criticism has come from many quarters including the following:

- *Guidelines and Standards for Measuring and Evaluating PR Effectiveness* published by the Institute for Public Relations in the US, says:

“Most reputable researchers contend that ‘advertising equivalency’ computations are of questionable validity. In many cases, it may not even be possible to assign an advertising equivalency score to a given amount of editorial ... Some organizations artificially multiply the estimated value of a possible editorial placement in comparison to advertising by a factor of two, three, five, eight or whatever other inflated number they might wish to come up with, to take into account their own perception that editorial space is always of more value than is advertising space. Most reputable researchers view such arbitrary ‘weighting’ schemes aimed at enhancing the alleged value of editorial coverage as unethical, dishonest, and not at all supported by the research literature” (Lindenmann, 1997; 2003, p. 10).

- The *Research & Evaluation Toolkit*, one of the most comprehensive guides on evaluation and measurement of public relations produced by the UK Institute of Public Relations, now the Chartered Institute of Public Relations, states:

“Despite their widespread use, advertising value equivalents (AVEs) are flawed by the fact that advertising and PR use quite different methodologies. Valid comparison is therefore difficult, if not impossible. Opportunities to see (OTS) provide a more useful ‘quick hit’ quantitative measure (but only of output, not outcome). The public relations industry must get better at proving the worth of PR in its own right, and the value of more in-depth use of research, in order to wean both practitioners and clients away from AVEs” (Institute of Public Relations, UK, 2001).

- The Public Relations Institute of Australia issued a Position Paper in 1999 on research and evaluation which stated:

“The PRIA does not recognize Advertising Value Equivalents (AVEs) of editorial media coverage as a reliable or valid evaluation methodology. Editorial and advertising cannot be directly compared” (Public Relations Institute of Australia, 1999).

- The advertising industry also has spoken out against editorial being broadly compared with advertising. For instance, the Advertising Federation of Australia (AFA) issued a policy statement on AVEs in 2001 stating:

“The AFA does not support the practice of using Advertising Value Equivalents as a measurement of editorial publicity. Well targeted, creative and strategically focussed advertising is inherently different to the editorial gained from public relations activities. Both forms of communication have their distinct benefits and cannot be benchmarked against each other ...” (Advertising Federation of Australia, 2001).

- The Australian Association of National Advertisers (AANA) circulated a policy statement to its members in 2001 stating in part:

“AANA notes that other professional PR organisations including the Institute of Public Relations in the UK and leading PR academics in the US and UK have condemned the practice as “of questionable validity” and “flawed”. AANA concurs with these views and believes this matter should be brought to the attention of members in the interests of Best Practice and to inform our members of more reliable and credible methods for evaluating PR” (Australian Association of National Advertisers, 2001).

- Katie Paine, publisher of *The Measurement Standard* and founder and former CEO of media research firm, Delahaye, has published extensive warnings that AVEs are invalid and misleading. She says: “There is no scientific evidence that a two-column by three-inch story on page 99 of the *New York Post* has the same impact as a two-column by three-inch ad in the same publication, so ad value is inherently based on bad data” (Paine, 2003).

Multipliers of advertising rates to value publicity, in particular, have been shown to be invalid and unfounded. US researchers, Hallahan and Cameron from the University of Missouri extensively studied the issue of third-party endorsement and source credibility, the basis of claims that editorial publicity can be as or more valuable than advertising. They conducted an extensive literature search on source credibility and found little research comparing the credibility of news and advertising and studies they did find showed no consistent advantage of news over advertising (Cameron, 1994; Hallahan, 1996; Hallahan, 1999).

Noted PR academic, Professor Emeritus Jim Grunig (2000) states “the weightings for ‘third party’ endorsement are totally made up. Research does not support the idea that there is such a thing as third-party endorsement”.

New research comparing advertising and editorial reported to the Summit on Measurement in the US in 2006 has further confirmed the fallacy of claims made in the PR industry in relation to the ‘ad equivalency’ or even greater value of publicity over advertising. Researcher David Michaelson and Professor Don Stacks from the University of Miami presented initial findings of an experimental research study which measured the impact of editorial and advertising promoting the same product within the same audiences. The research, which exposed a sample of 351 adults who read a newspaper at least once a week to a cross-section of similar advertising and editorial media content and then assessed their recall of key messages, brand awareness, beliefs about the promoted product and their purchase intentions, found that creative well-presented advertising was often more effective than editorial publicity. The research found that, at best, publicity can equal the effects of good advertising – i.e. one to one is the maximum multiplier that can be applied (Michaelson and Stacks, 2006).²

Michaelson and Stacks note that the “increased value of public relations activities resulting in editorial coverage remains an assumption”.

Furthermore, not surprisingly, researchers agree that editorial which is negative, poorly positioned, ambiguous, or favouring competitive brands does not equal the effects of advertising and can, instead, have a deleterious impact.

² The research was a well-constructed experiment which exposed 150 newspaper reading adults to advertising content about the product; 150 to similar editorial content about the product; and 51 were not exposed to either as a control group. The sample was drawn from five locations throughout continental USA.

Key specific research findings reported by Michaelson and Stacks (2006) were:

- Brand recognition – no significant differences were found in brand recognition after advertising and editorial exposure;
- Believability – no significant differences were found between advertising and editorial;
- Purchase intent – no significant differences were found between advertising and editorial;
- Extent of information – editorial was able to communicate more information than advertising;
- Recall – no significant differences were found between advertising and editorial in 12 out of 14 statements tested.

In presenting the research, Professor Don Stacks (2006) said that showing so-called ‘credibility multipliers’ are invalid was not a negative finding for public relations. Rather, the research showed that PR can equal effective advertising – but only when it is placed in the appropriate media, well-positioned, favourable and ‘on message’. Generalized assumptions about editorial impact are unfounded.

The arguments for AVEs

Notwithstanding the extensive criticisms of ad equivalency calculations and contradicting research findings, a number of arguments are presented to support and justify the practice. Some proponents point to studies showing correlations between volume of editorial coverage and outcomes such as changed attitudes, share price rises and sales increases (eg. Textall Study, 2001; Jeffrey, 2005³). It is true that some studies show correlation between media exposure and success in various fields. However, such claims confuse *correlation* and *causation* – two entirely different concepts. There are three key criteria that need to be met in order to show causation (Punch, 1998, p. 52; Neuman, 1997, pp. 49-53):

1. The alleged cause must precede the effect. Frequently it is claimed or assumed that publicity caused opinion or a share price to rise or fall when, in reality, much of the media coverage was reporting the share price movements and market trends (i.e. post event) or reporting analysts’ predictions which may have caused the effects;
2. There must be an established relationship or linkage between the alleged cause and effect. In the case of media publicity, can it be established that the audience read, saw or heard the media content concerned?
3. As far as possible, other potential causes must be eliminated. This can be very difficult to do in assessing media and communication effects as attitudes, perceptions and behaviour are often (in fact usually) affected by multiple influences (Mumford, 1998; Newbold et al., 2002, p. 46).

Simple correlations do not prove anything. There could be a correlation between the volume of publicity and tidal movements or phases of the moon, but clearly that does not prove that one caused the other. Well-conducted research is needed to establish the effects and the value of media publicity.

³ Angela Jeffrey, while working with Surveillance Data, Inc. was involved in development of the company’s Media Prominence Index which does take into account factors including editorial quality and ‘share of discussion’, but still relies on correlations without establishing cause and effect. Cross-lagged correlation needs to be examined to explore causation (Grossberg, Wartella, Whitney & Wise, 2006, p. 364).

Another argument or rationalisation presented to support the use of AVEs is that employers and clients ask for them or even demand them. In the first instance, it can be argued that this is largely the fault of the PR industry stemming from its failure to come up with and adopt reliable valid ways of measuring its impact and effects. Exasperated by a lack of measurement of PR effectiveness, some management, particularly marketing and sales executives familiar with advertising, ask for advertising cost equivalents to gain some indication of what PR contributed (Macnamara, 2005, p. 289).

The market demand argument is flawed on the grounds of standards and ethics. Professionals in all fields have to deal with and meet employer and client expectations and demands – some reasonable, some not. Accountants are sometimes asked by their clients to minimise their tax in ‘creative’ ways. Lawyers are asked by some they represent to do ‘whatever they have to do’ to win cases. Meeting client, employer and market demands are important requirements in service industries and sectors, but it is not generally considered necessary or ethical to present false or misleading information to do so and, in fact, professions and respected fields of practice apply strong censure to such behaviour. This argument, therefore, fails in the face of the overwhelming evidence of the invalidity and misleading nature of AVEs.

The argument against AVEs

A critical analysis shows that the method has a number of serious practical and ethical flaws as follows. At least eight factors render advertising-editorial equivalency arguments fundamentally flawed:

1. **Editorial publicity can be negative.** Clearly, it is spurious to compare negative publicity with the best creative advertising. Yet most AVE calculations do just this. Few proponents of this method go to the time-consuming trouble of deducting negative articles and negative paragraphs or sections within articles;
2. **Editorial publicity can be neutral.** Even this type of publicity cannot be validly compared with advertising because advertising is never neutral;
3. **Editorial articles often contain coverage of competitors** including favourable references to or comparisons with competitors. Advertising never favourably compares competitors and usually does not mention competitors;
4. **Editorial coverage can be poorly positioned** which affects its impact. Advertising is almost always positioned prominently, often with guaranteed prominent positioning through payment of loadings or volume bookings;
5. **Editorial coverage can be poorly presented** – eg. with ambiguous headlines, the client’s name buried in the story, and even errors. Advertising is prepared by creative professionals for maximum impact;
6. **Editorial coverage can be in non-target or low priority media** – i.e. media that do not reach key target audiences and markets, or media that are low circulation and strategically less important. These are media in which advertising may never be placed, rendering comparisons meaningless. Points 1-6 show that AVEs are methodologically invalid;

7. AVE calculations are usually based on **casual advertising rates** which are higher than the rates negotiated for advertising campaigns. This further inflates the so-called value of publicity in many cases and makes AVEs statistically invalid;
8. Perhaps most significant of all, even if editorial meets all the key characteristics of advertising – i.e. it is positive, only promotes the client organisation, is well positioned in strategically important media and well presented – **Advertising Value Equivalents only calculate the cost of buying equivalent media space and time for advertising; they are not a measure of value.** Advertising is not evaluated in terms of what it cost (suggesting that advertising is valuable simply because it cost \$X million is spurious – even silly). Advertising today is measured in terms of audience reach, share of voice, recall of messages, and increasingly in *outcome* terms such as inquiries, leads or sales generated. ‘Value’ is gained from achievement of such objectives. Therefore, AVEs are also financially invalid as they mix metrics from two different sides of the balance sheet.

Advertising Value Equivalents, in summary, are invalid and irrelevant as a measure of editorial publicity because:

- Advertising and editorial publicity are rarely if ever equivalent. There is, as Jeffress-Fox (2003) notes, a “fundamentally different nature of communications involved with news and advertising”. Advertising content is controlled, while editorial is highly variable and the two also differ significantly in terms of placement and presentation. Wilcox, Ault and Agee (1992) sum up the argument saying that using ad equivalency to measure PR is “a bit like comparing apples and oranges” (p. 211);
- AVEs measure cost, not value – and a hypothetical cost at that, as there is no evidence that media space or time gained as editorial would have been purchased for advertising.

This is not to argue that editorial is less valuable or less effective than advertising. To the contrary, *some* editorial content can, in *some* circumstances, have far greater impact and effect than equivalent advertising. For instance, even one or two paragraphs of editorial (eg. one column x two centimetres) in an influential column or news section, such as a favourable profit forecast or a positive mention of a restaurant, can boost a share price and/or increase revenue by thousands or even millions of dollars. Yet a small two column centimetres advertisement, if such an advertisement was able to be purchased, would be very unlikely to have any such effects. Furthermore, the AVE of such editorial would be very small – thus grossly under-estimating the value of PR in this instance.

Notwithstanding that advertising and editorial content appear side by side in the media and sometimes provide information on the same subjects, advertising value cannot be generalized for editorial coverage given the variability of editorial publicity. Furthermore, gross advertising values also distort comparisons as, even if editorial is favourable and promotional, major advertising campaigns are rarely if ever based on published rate cards or casual rates.

A better approach for measuring media publicity advocated by researchers and academics is for quantitative and qualitative content analysis to be conducted to determine whether publicity is in relevant or irrelevant media, how prominently it is positioned and whether the messages contained are favourable or unfavourable.

Content analysis is a well-established research methodology that has been used since the 1920s to examine potential effects of media content (eg. studies of propaganda by Harold Lasswell, 1927) and, more recently, in extensive studies of media violence and media portrayals of women (Neuendorf, 2002; Newbold, Boyd-Barrett and Van Den Bulck, 2002).

Best Practice content analysis looks beyond positive and negative categorization which is a simplistic method of media content analysis and assesses multiple variables (i.e. it involves multivariate analysis). Key variables in editorial publicity that should be examined include:

- Media importance including audience reach;
- Placement (eg. front page, prominent page or down the back);
- Positioning (where the subject is mentioned – eg. in the headline, prominent, or passing mention);
- Size of the article or report;
- Share of Voice (compared with competitors or other sources);
- Illustrations such as photos or logos;
- Issues reported;
- Messages communicated;
- Sources quoted and cited;
- Tone (applying semiotic principles).

When conducted rigorously, content analysis can provide insights into issues, trends, competitors and likely impact and effects on audiences (Macnamara, 2000). Ultimately, however, the impact and effects of media publicity can only be fully measured by conducting audience research using interviews, surveys or focus groups.

Continuing use of Advertising Value Equivalents including made-up multipliers based on disproved assumptions as a measure of publicity exposes the public relations industry and media monitoring and research firms that provide AVEs to two major risks:

1. First, it deviates the industry from the pursuit and adoption of valid research methods to measure and show its value which, in turn, is holding back the development of public relations and its acceptance as a professional practice;
2. Even more seriously, exposure of AVEs and multipliers as fallacious (as has occurred, with evidence of their invalidity available since 1968 and widely discussed since the early 1990s) potentially indicates a fundamental lack of ethics in the PR industry and some areas of research, as most Codes of Ethics in public relations and research contain clauses to the effect that intentionally presenting misleading or inaccurate information to clients, employers or the public is a breach of ethics.

Instead of using spurious Advertising Value Equivalents, the PR industry has available to it a range of research methodologies which can measure the effectiveness and outcomes of its work and these should be utilized as part of professional standards.

(3,200 words)

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Original version of paper published in:

Macnamara, J. (2000). The ad value of PR. *Asia Pacific Public Relations Journal*, Vol 2, No 1, 99-103, Canberra University.

Further reading

- **‘Guidelines and Standards for Measuring the Effectiveness of PR Programs and Activities’** (Dr Walter Lindenmann, 1997, 2003)
http://www.instituteforpr.org/research/measurement_and_evaluation/P10/
- **‘Advertising Value Equivalency’** (Bruce Jeffries-Fox, 2005)
http://www.instituteforpr.org/research_single/adv_value_equiv/
- **‘Dispelling the Myth of PR Multipliers and Other Inflationary Audience Measures’** (Mark Weiner and Don Bartholomew, 2006)
http://www.instituteforpr.org/research/measurement_and_evaluation/
- **‘Exploring the Comparative Communication Effectiveness of Advertising and Public Relations’** (Dr David Michaelson & Professor Don Stacks, 2006)
<http://www.instituteforpr.org/research/advertising/>

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