Measuring the True Value of Public Relations
How an AMEC initiative changed the way PR Measurement was seen

November 2012
Seven Principles of PR Measurement

1. Importance of **Goal Setting** and Measurement
2. Measuring the **Effect on Outcomes** is Preferred to Measuring Outputs
3. The **Effect on Business Results** Can and Should Be Measured Where Possible
4. Media Measurement Requires **Quantity and Quality**
5. AVEs are not the **Value of Public Relations**
6. **Social Media** Can and Should be Measured
7. **Transparency** and **Replicability** are Paramount to Sound Measurement
Measuring communications on three impact levels

Outputs
Contact/response level
Reach, content

Outcomes
Perception/behavioral level
Knowledge, opinions, attitudes

Business Results
Business level
Added value

Impact on media/channels

Impact on target groups

Impact on organizations

Frequency
Visits
Prominence
Reader contacts
Tonality
Message impact
Share of voice
Journalist inquiries
...

Awareness
Comprehension
Recollection
Recognition
Credibility
Image changes
Recommendations
Purchasing intentions
...

Revenue/turnover
Contracts closed
Reputation value
Brand value
Price-Effort Ratio
Market share
Stock price
Employee Retention
...
Output Focused Clients

Media Results -- Approach

- Overall clip counts and general impressions are usually meaningless
- Media analyses, whether of traditional or online channels, should **focus on the quality** of the media coverage
- **Goal-definition and benchmarking** are vital for robust results and to track changes over time
- **Experimenting and testing** are potentially successful approaches, for example in the development of (new) key figures/ indicators
Outcome Focused Client

Use of online/offline surveys in communications processes

Market and Opinion research – Aims

→ Basis for communications
  Providing important information about relevant target groups

→ Input for communications
  Generation of topics and content for press releases

→ Control of communications
  Evaluation of long-term effects of PR activities
Organizational Results Focused Client

Money Matters.

Non-Profit: Optimal Marketing Mix for Leads

- Comparing the effectiveness of direct mail, radio advertising, online activity, and two forms of Point of Purchase materials

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<td>PoP P</td>
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<td>28</td>
<td>11,136</td>
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$R^2 = .668$

Model 1: Leads^3 = 96.51 + 0.007(Direct Mail) + 0.005(Radio) + 0.033(Online) + 0.010(PoP H) + 0.023(PoP P) + 136(if summer) + 168(if fall)
Set Goals First Before Measuring Communications
Communications Goals

Reach → Awareness → Comprehension → Attitude → Behavioral
<table>
<thead>
<tr>
<th>Brand/ Product Marketing</th>
</tr>
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<tbody>
<tr>
<td><strong>Public Relations Activity</strong></td>
</tr>
<tr>
<td>• Content creation</td>
</tr>
<tr>
<td>• Traditional media engagement</td>
</tr>
<tr>
<td>• Social media engagement</td>
</tr>
<tr>
<td>• Influencer engagement</td>
</tr>
<tr>
<td>• Stakeholder engagement</td>
</tr>
<tr>
<td>• Events/speeches</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Awareness</strong></th>
<th><strong>Knowledge</strong></th>
<th><strong>Consideration</strong></th>
<th><strong>Preference</strong></th>
<th><strong>Action</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Audience reach [traditional &amp; social media]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Impressions/Target audience impressions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Number of articles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Video views</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Frequency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prominence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Share of voice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Key message alignment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accuracy of facts</td>
<td></td>
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<tr>
<td>• Key message alignment</td>
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</tr>
<tr>
<td>• Frequency of (positive) mentions</td>
<td></td>
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<tr>
<td>• Expressed opinions of consideration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Social network Followers</td>
<td></td>
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<tr>
<td>• Retweets/Shares/Linkbacks</td>
<td></td>
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<tr>
<td>• Endorsement by journalists or influencers</td>
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<tr>
<td>• Rankings on industry lists</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>• Expressed opinions of preference</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Social network Fans</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Likes</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Target Audience Effect</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unaided awareness</td>
</tr>
<tr>
<td>• Aided awareness</td>
</tr>
<tr>
<td>• Knowledge of company/product attributes and features</td>
</tr>
<tr>
<td>• Brand association and differentiation</td>
</tr>
<tr>
<td>• Relevance of brand (to consumer/customer)</td>
</tr>
<tr>
<td>• Visitors to website</td>
</tr>
<tr>
<td>• Click-thru to site</td>
</tr>
<tr>
<td>• Time spent on site</td>
</tr>
<tr>
<td>• Downloads from site</td>
</tr>
<tr>
<td>• Calls</td>
</tr>
<tr>
<td>• Event/meeting attendance</td>
</tr>
<tr>
<td>• Attitude uplift</td>
</tr>
<tr>
<td>• Stated intention to buy</td>
</tr>
<tr>
<td>• Brand preference/Loyalty/Trust</td>
</tr>
<tr>
<td>• Endorsement</td>
</tr>
<tr>
<td>• Requests for quote</td>
</tr>
<tr>
<td>• Links to site</td>
</tr>
<tr>
<td>• Trial</td>
</tr>
<tr>
<td><strong>• Sales</strong></td>
</tr>
<tr>
<td><strong>• Market share</strong></td>
</tr>
<tr>
<td><strong>• Cost savings</strong></td>
</tr>
<tr>
<td><strong>• Leads generated</strong></td>
</tr>
<tr>
<td><strong>• Customer loyalty</strong></td>
</tr>
</tbody>
</table>
What is the **overarching business goal** that is to be supported by communications?

What are the **desired (measurable) changes** in the target group as the result of communications?

- **Coverage**: Number of articles in target group (media), penetration of messages
- **Perception**: Brand awareness, recollection of topics
- **Comprehension**: Credibility of content, connection to company
- **Attitude**: Brand loyalty, increased employee motivation
- **Behavior**: Purchase decisions, project involvement

➔ **Who? What? How much? By when?**

Goals should be defined as quantitative as possible
Sample Goals in Need of Some Work

- Drive media coverage (food and lifestyle), product awareness and trial by building consumer buzz
- Shape the bleach dialogue online
- Change the perception from a company that makes computers to a company that is a leader in global business solutions
- Bank Card:
  - Create “card envy” among affluent consumers in the San Francisco market
  - Raise awareness that this card offers cardmembers unique experiences, not just more ‘stuff’
- Eyeglasses:
  - Raise awareness around lens choice and that eyeglass lens choice exists with mid-to-late GenXers, 40 – 45 years old
- Vodka Nightlife Exchange Project:
  - Set emotional connection with consumers (consideration)
  - Reinforces “Nightlife experts” credentials
  - Key to Lead digital agenda in Brazil
Sample Goals That Are Easy to Measure

- 2011 internal comms plan:
  - Achieve 65% strategy comprehension in top 3 boxes on pulse survey(s)
  - Create and execute managers strategy toolkit; achieve 55% manager participation
  - Increase Inside site traffic by 15% (from 70% base to 85%)

- Randomize 180 patients for a juvenile fibromyalgia study by October 24, 2012.

- Contribute 40% of the global patients enrolled in a diabetic peripheral neuropathic pain study by September 30, 2011.

- Refer 60 pre-qualified participants for an epilepsy study by the end of 2011.

- Increase the image of PRSA among lapses members from 6.0 to 7.0 by the end of 2012.
Measure Media Quantity and Quality, Not AVEs
AVE: History & Use

- For many years, PR professionals struggled to assign a value to clips. This led to Advertising Value Equivalency (AVE) or valuing clips as paid advertisements.
- Essentially, an AVE places a monetary value on a public relations placement by using the dollar amount paid for an equivalent advertising space.
  - Less commonly known as Advertising Cost Equivalent (ACE) or Advertising Space Equivalent (ASE).

Why all the fuss about AVEs? – A Discussion
Why Ban AVEs?

• **Cannot** capture the outcome of a PR campaign, limiting PR to its placements in the media.
• **Cannot** measure the variety of messages delivered in the media in relation to the tamed messages in advertisements.
• **Cannot** measure the value of keeping a client out of the media spotlight.
• **Cannot** properly distinguish between placements in noteworthy columns or sections of a publication and generic or less desirable areas of a publication.
• **Cannot** measure social media forms, such as blogs and message boards.

**Because an AVE is the Cost of Advertising,**

**Not the Value of Earned Media**
Media results – Approach

- Overall clip counts and general impressions are usually meaningless
- Media analyses, whether of traditional or online channels, should **focus on the quality** of the media coverage
- **Goal-definition and benchmarking** are vital for robust results and to track changes over time
- **Experimenting and testing** are potentially successful approaches, for example in the development of (new) key figures/indicators
What Good Media Analysis Looks Like: Philips

<table>
<thead>
<tr>
<th></th>
<th>March</th>
<th>February</th>
<th>Monthly Net Change (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of articles</td>
<td>285</td>
<td>234</td>
<td>51</td>
</tr>
<tr>
<td>Total # of impressions</td>
<td>216,899,003</td>
<td>198,840,298</td>
<td>18,058,705</td>
</tr>
<tr>
<td>AMS (from -100 to 100)</td>
<td>51.43</td>
<td>60.96</td>
<td>-9.53</td>
</tr>
<tr>
<td>Net Promoter Score (NPS)*</td>
<td>7.57</td>
<td>8.05</td>
<td>-0.48</td>
</tr>
<tr>
<td>Message Penetration (% with 2+ messages)</td>
<td>68.4%</td>
<td>51.5%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Tone (positive coverage)</td>
<td>54.0%</td>
<td>65.0%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

**Volume by Sector**

- Corporate: 34%
- Lighting: 9%
- CL: 8%
- Healthcare: 49%

**Net Promoter Score (NPS)**

- LatAm: 9.00
- India: 8.67
- Brazil: 8.62
- APAC: 8.45
- Middle East: 8.42
- Greater China: 8.39
- Nordic: 8.25
- UK: 8.24
- Iberia: 7.81
- Global/Regional: 7.73
- North America: 7.65
- Japan: 7.50
- Italy: 7.38
- DACH: 7.19
- Benelux: 6.96
- France: 6.74

**Message Penetration (% with 2+ messages)**

- Nordic: 100%
- Brazil: 90%
- APAC: 85%
- Benelux: 90%
- Greater China: 83%
- India: 83%
- Middle East: 85%
- LatAm: 67%
- France: 58%
- North America: 53%
- DACH: 46%
- Global/Regional: 45%
- UK: 41%
- Iberia: 25%
- Japan: 0%
- Italy: 0%
Social Media Can and Should be Measured
Social Media: Monitoring vs. Measuring

• Monitor
  – Look for issues to which your organization or brand might want to react
  – Identify trends in consumer opinion, desired content/features, etc.
  – Provide a qualitative analysis of content

• Measure
  – Quantify reach, tone, recommendations, etc.
  – Identify top users
  – Benchmark in advance of interactive activity to track changes over time
Outcomes Are Better Than Outputs
Market and Opinion Research – Aims

- **Basis for communications**
  Providing important information about relevant target groups

- **Input for communications**
  Generation of topics and content for press releases

- **Control of communications**
  Evaluation of long-term effects of PR activities

Use of online/offline surveys in communications processes
Guns N’ Roses and Dr Pepper Results

Aware of Guns N’ Roses – Axl Rose Album Release Dr Pepper Promotion

- 94% Aware of Promotion
- 6% Unaware of Promotion

Source of Awareness of Guns N’ Roses & Dr Pepper Promotion

- Radio: 18%
- Internet: 18%
- Magazine: 9%
- Newspaper: 6%
- TV: 6%
- Other: 21%

Aided Brand Awareness of Promotion

- Dr Pepper: 61%
- Coca-Cola: 3%
- Mountain Dew: 6%
- Fanta: 3%
- None: 15%

Unaided Awareness for Dr Pepper was 48% [Other 6% and Don’t Know 45%]

Attitude Effect of on Dr Pepper due to promotion

- Quite Negative: 0%
- Somewhat Negative: 3%
- Neither Positive nor Negative: 39%
- Somewhat Positive: 21%
- Quite Positive: 37%

In General those aware felt somewhat/very positive about the promotion. Those who did not remained neutral. There was very little to no negative impact caused by this promotion. Overall, it shed a positive light on the brand.

Base Sizes: Those Asked (n=539), Those Aware of Promotion (n=33d)  d = directional findings only (30-40)
Corporate Brandbuilder – Dow “Human Element”

### Media Matters

<table>
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<tr>
<th>Communications Exposure</th>
<th>Reputation Score</th>
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<tr>
<td>None</td>
<td>Average</td>
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<tr>
<td>Advertising</td>
<td></td>
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<tr>
<td>Media</td>
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Brand Equity +25%  Stock Price +29%
In addition to shared key drivers, individual countries can have drivers specific to their market. For example, in the UK, it is critical to demonstrate employee engagement and a management commitment.
Business Results Are Better Than Outcomes: The Trend Toward Analytics
Modeling – Aims

Objective: To analyze influences on the trend in business results, taking into account all tools for communication

What is the **impact on company results** generated by specific communications measures?

What is the **optimal communications budget** (ROI) in order to achieve the company’s target?

What **media mix** has the greatest effect on brand awareness?

Which **products** in the portfolio drive sales best?

Shall communication activities be planned parallel to **competition** or alternate?

Which **communications strategy** is most successful?
Analytics: What Makes A Good Model?

- The way you judge a good statistical model is by what percentage of the variance can be described by it.
- In regression, $R^2$ is the statistic that represents “goodness-of-fit” or how well the regression line approximates the real data points. An $R^2$ of 1.0 indicates that the regression line perfectly fits the data.
Source: Center Parcs Germany, own calculations
Center Parcs – High Adjustment of the Bookings

R² = 0.86

Source: Center Parcs Germany, own calculations
Center Parcs – Effects on Sales (Bookings)

basic sales: 56%
(baseline + seasonality)

mass media: 10%
(Benchmark: 5 – 20%)

Source: Center Parcs Germany, own calculations
Volume Decomposition: (May 2008 – Apr 2010)

Chart data reflects estimated volume from the sum of 65 DMAs
CPG Company: Sales Modeling

Calculating the impact of marketing elements on sales in 2 ways:

Marketing Elements

- A Direct Marketing Mix Model (ROMI)

Website model

- A Two-Stage Model

Website Visits

Residual model

Sales Impact (residual)
Non-Profit: Optimal Marketing Mix for Leads

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$Significant at p > 0.05 (2-sided)
Non-Profit: What Happens If There is a Shift in Point of Purchase Programs?

- If professional PoP outreach is used for all annual PoP marketing spend instead of ever using a hodgepodge approach, potential revenue increase is $8.2 million

<table>
<thead>
<tr>
<th>$ Shifted from PoP H to PoP P</th>
<th>Net Leads Gained</th>
<th>Potential Increase in Revenue</th>
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<tr>
<td>$226,983</td>
<td>2,951</td>
<td>$8.2 million</td>
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The 10 Golden Rules of Measurement

1. Establish written goals
2. Measure the quantity and quality of media
3. Understand the same principles apply to traditional and social media
4. Do not use AVE as the value of PR
5. Add PR questions to tracking surveys to easily capture outcomes
6. Collect media data in a manner usable for market mix modeling
7. Recognize that analytics is the future of PR measurement—ROI is the answer
8. Make sure all measurement is transparent
9. Use measurement to track progress and to design programs better
10. Realize that communications experts are not necessarily measurement experts
Thank you!