



# MEASURING PR RETURN ON INVESTMENT HOW TO MASTER REPORTING ON YOUR RESULTS

[TIP SHEET]



# INTRODUCTION



As the lines between PR, marketing, customer services and sales continue to blur, it's never been more important for PR professionals to accurately monitor and measure the success of their campaigns and activities.

In this increasingly digital, increasingly disrupted world, where all business operations are expected to demonstrate their true value, any PR spend has to be fully justified. The various stakeholders across your business will increasingly demand that PR professionals are able to show a clear Return On Investment (ROI) while delivering alongside other Key Performance Indicators (KPIs) such as reach, share of voice and public sentiment towards a brand.



Demonstrating a positive ROI will:

- Protect and enhance PR budgets
- Influence future investments in PR in terms of technology and other resources
- Help position PR more strategically with an organisation
- Encourage greater cross-departmental cooperation within your organisation

In this paper we will examine how the PR industry currently measures success, the challenges it faces in order to remain relevant and earn cross-departmental respect and the various steps it now needs to adopt to provide greater transparency and accountability.

# WHAT IS ROI?

Return on investment (ROI) measures the gain or loss generated on an investment relative to the amount of money invested in a project. ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments.

The return on investment formula is pretty simple to understand:

$$\text{ROI} = (\text{Net Profit} / \text{Cost of Investment}) \times 100$$

It's this straightforward relationship with the bottom line that makes ROI the most important Key Performance Indicator (KPI) in most organisations.

Historically PR seldom aligns neatly with a single, neat revenue target. Nonetheless, the industry must always demonstrate value – and therefore must convert success into a language understood by senior management: **money.**



# ADVERTISING VALUE EQUIVALENT (AVE) AND WHY IT ISN'T AN ROI METRIC



AVE is a system which measures the success of PR campaigns based on the advertising value a publisher charges for the equivalent amount of advertising, for example per single column centimetre or cost per thousand views (CPM).

Because earned media (PR) is often deemed more valuable than paid media (advertising) – the argument being that it is seen as a third-party, neutral endorsement – some in the PR industry have been known to multiply the advertising value by a factor of three, five or even more.

PRs have traditionally used AVE because it provides an incredibly simple way of putting a value on their activities – but unfortunately, it's way too simple. Even those senior managers to have bought into the metric have done so because they already have a good idea of how marketing/advertising budgets convert into leads, sales and revenue; AVE helps them easily translate the value of PR into a language they can understand.



# ADVERTISING VALUE EQUIVALENT (AVE) AND WHY IT ISN'T AN ROI METRIC



Even on its own terms, AVE is far from perfect. Certain workarounds are needed to adjust for the following issues:

- **Advertising rate cards are often over-inflated.** No serious advertiser will even pay rate card particularly in an age when publishers' advertising revenues are falling amid online competition and ad-blocking technologies.
- **AVE doesn't take into account the sentiment of an article.** A lukewarm or negative review in a publication is definitely not of the same value as something more positive.

While AVE provides PR professionals with a simple and easily understood metric, its lack of sophistication, if not backed up by more granular research, may fail to deliver any real insight beyond the loose perception that an organisation might use PR to bolster their brand advertising efforts.

Smart PR professionals will have a detailed knowledge based on historic evidence tracking PR activities (based on set KPIs) against sales and marketing metrics such as customer wins, revenue and client retention. The most readily available KPIs are media metrics, of which AVE is very much a part – and in a world of rapidly evolving media, the value that advertisers are willing to assign is perhaps unique in being just as pertinent a measure of media output in emerging channels as it is for traditional media.



# THE BARCELONA PRINCIPLES



Over the years, PR professionals have long sought to improve media measurement beyond AVE. The Barcelona Principles were just one attempt to find additional clarity around PR's effectiveness.

The Barcelona Principles were agreed upon by PR professionals from 33 countries who met in Barcelona, Spain in 2012 for a summit organised by the International Association for Measurement and Evaluation of Communication (AMEC).

Essentially, the Barcelona Principles identified the need for outcome, instead of output, based measurement of PR campaigns, call for the exclusion of AVE-based metrics, and recognise the importance of social media alongside traditional media.

# THE BARCELONA PRINCIPLES



According to AMEC there are seven components which make up the Barcelona Principles:

- 1. Goal Setting and Measurement are Fundamental to Communication and Public Relations:** Measurement, evaluation and goal-setting should be holistic across media and paid, earned, owned and shared channels.
- 2. Measuring Communication Outcomes is Recommended Versus Only Measuring Outputs:** Recognising that the use of qualitative methods (along with quantitative) should be used as appropriate. The Principle also specifically calls out advocacy as an outcome that can (and should) be measured.
- 3. The Effect on Organizational Performance Can and Should Be Measured Where Possible:** To do this, organisations must have integrated marketing and communication models. The PR channel does not exist in a silo, nor should PR measures.
- 4. Measurement and Evaluation Require Both Qualitative and Quantitative Methods:** Reminding practitioners that to be truly objective, they need to focus on measuring performance (be it positive, negative or neutral), and avoid making assumptions that results will always be positive or “successful.”
- 5. AVEs are not the Value of Communications:** Advertising Value Equivalents (AVEs) measure the cost of media space or time and do not measure the value of PR or communication, media content, earned media, etc.
- 6. Social Media Can and Should be Measured Consistently with Other Media Channels:** Social media measurement tools have evolved to a point where there is greater potential for consistent measurement on engagement, along with quantity and quality.
- 7. Measurement and Evaluation Should be Transparent, Consistent and Valid:** In the spirit of integrity, honesty and openness, this final principle ensures quantitative methods are reliable and replicable and qualitative methods are trustworthy.

# THE PROBLEM WITH BARCELONA



The Barcelona Principles provide a great foundation to measure the success of any PR campaigns. However, they also require the PR professional to have access to vast swathes of data and analytics. The emphasis on outcomes, while theoretically sound, is in practice dependent on elastic budgets to support measurement beyond media metrics, and the need for market research, qualitative techniques, etc., to validate outcomes brings a whole new layer of assumptions, approximations and margins of error.

In most cases, seeking media KPIs that align with organisational outcomes is more than a promising first step – it's as far as many will ever take it, whether for budgetary or other reasons. For many, too, this approach is perfectly justified, as the right media KPIs are powerful explanatory and predictive tools. But with so much data available, the challenge for PR is in identifying which metrics are important and which simply cloud their vision of success.



# SETTING YOUR OBJECTIVES

Every successful PR campaign needs a set of objectives (or KPIs) to work towards. Having objectives is important because if you don't know what success looks like, how will you know if your campaigns have been successful or not?

And this is where knowing your industry, the media landscape and high profile influencers comes into its own.

A good PR will set targets around:

- Target media
- Geography
- Share of voice
- Sentiment (positive/neutral/negative)
- Social media reach (follows, likes, shares, etc.)
- Engaged influencers and their reach



Having a clear understanding of these objectives and setting KPIs around these areas will help you (and your wider organisation) see beyond the "nice to have" or "anecdotal" view of success and provide a real platform where you can position and build PR as a viable, strategic and accountable business function.

# HOW TO EFFECTIVELY MEASURE ROI



However, in an industry where time is money, very few PR professional can afford to invest the time and effort in crunching numbers (we're communicators, not statisticians).

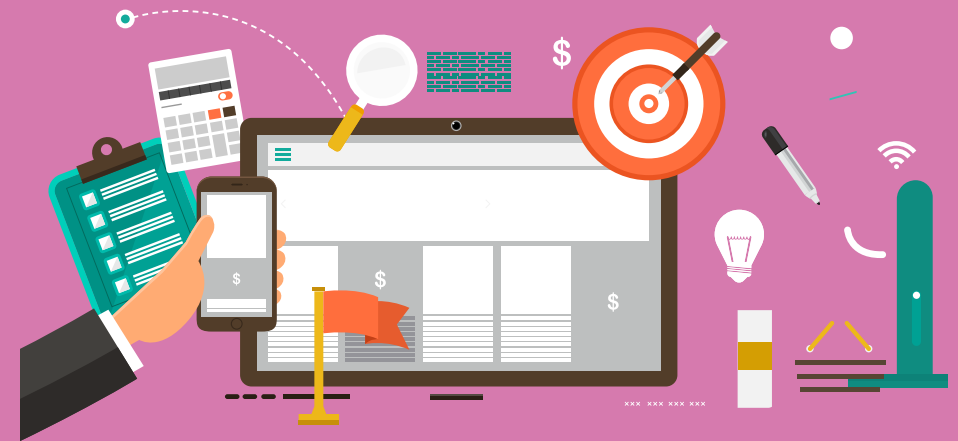
## This is where technology like Vuelio comes into play.

Our media measurement systems provide detailed analytics on your PR campaigns and strategies, enabling you to provide the data your organisation needs to make informed decisions about how PR best-works in your business.

This information will help you:

- Better plan future campaigns and ensure that PR continues to focus on the opportunities that contribute to the wider organisations success
- Justify additional headcount or enhanced PR budgets
- Position PR as a valuable (fully accountable) resource within your organisation

To learn more about how Vuelio can help you deliver more impactful PR based on exceeding your KPIs visit <http://www.vuelio.com> or call **0203 426 4125** to request a demonstration of our PR software.



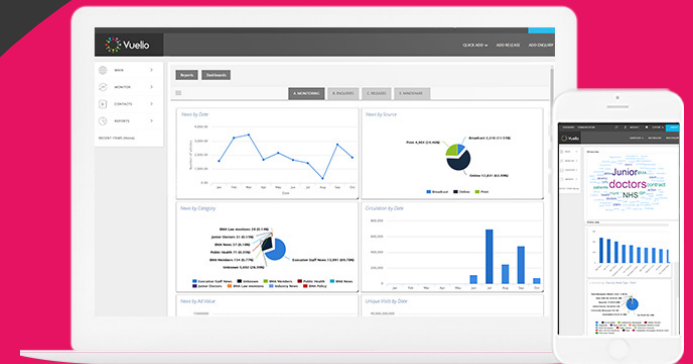
# Reviewing PR software?

## INTEGRATED PR & COMMUNICATIONS SOFTWARE FROM VUELIO

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- Unrivalled media analysis and reporting



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