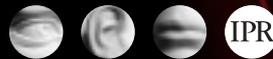


# Best Practice in the Measurement and Reporting of Public Relations and ROI

A research study conducted for the Institute of Public Relations and The Communication Directors' Forum by Metrica Research Ltd

the Institute of Public Relations



THE COMMUNICATION DIRECTORS' FORUM

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## Contents

1. Introduction	page 3
2. Summary of Survey Results	page 5
2.1 How PR is currently perceived	page 5
2.2 How PR is currently measured	page 7
2.3 How PR ROI is differentiated from other communication measures	page 7
2.4 Measuring the performance of PR	page 8
2.5 Reporting the performance of PR	page 10
2.6 Best practice in assessing PR performance	page 10
2.7 Where has PR been shown to make a contribution to the organisation	page 11
3. Conclusions	page 13
4. Recommendations	page 15

# Introduction

**In February 2004 the Institute of Public Relations (IPR) and The Communication Directors' Forum appointed Metrica Research Ltd to conduct research into the measurement and reporting of Public Relations ROI.**

The brief agreed by the IPR and The Communication Directors' Forum was to research evidence of best practice in PR measurement and reporting that could be used to help organisations improve the effectiveness of their PR activity and contribute to overall improved business performance. This was an area for further work identified by the IPR and Department of Trade and Industry's November 2003 *Unlocking the Potential of Public Relations* report on the competitiveness of the UK PR industry.

The research was conducted in two parts during March 2004. The first component was a telephone survey, conducted under the codes of conduct of the Market Research Society, of UK organisations in the public and private sectors. 100 senior respondents (predominantly Group Heads of Communication and PR Directors but also some CEOs) were selected at random from the IPR membership database and interviewed about PR ROI using a semi-structured questionnaire. The second component was desk and web-based research on PR ROI, reviewing existing best practice and case studies. Contributions to this strand were also received from the IPR, the Public Relations Consultants Association (PRCA) and the Association of Media Evaluation Companies (AMEC) members.

A full version of this report, including appendices containing the telephone questionnaire and verbatim comments given by respondents, is also available online at: [www.ipr.org.uk](http://www.ipr.org.uk) and [www.cdforum.com](http://www.cdforum.com)

Specific anonymous verbatim quotations, descriptions of case studies and examples used throughout the report are presented in italics.

The IPR and The Communication Directors' Forum wish to thank all those who co-operated with Metrica Research Ltd in contributing to the study.

# Summary of Survey Results

## 2.1 How Public Relations is currently perceived

1. The primary benefits of PR are seen as being longer-term and concerned with raising awareness, maintaining or enhancing perception and reputation, and improving professional standing. The following examples have been taken as verbatims from the case studies to demonstrate this.

*"We demonstrated an increase in the level of awareness of the organization and have shown that the messages we want to get across are being effectively reproduced by journalists. We have noticed a difference in attitude but can't put a fiscal value to it."*

*"It was after the (D Consultancy's) transaction when they had the hiccups with (Company name). From our point of view we had to make sure we weren't tainted by D's reputation. Basically we did a solid and well planned media relations campaign so our reputation was protected and showed ourselves as being honest."*

*"On some of our acquisitions we have needed to get positive message to our customers and employees. We do this through press activity, media communications etc. It may also involve corporate and social responsibility."*

2. Except for raising awareness, the shorter-term benefits are less often mentioned. When cited benefits concern making contributions towards improved sales, improving morale and supporting other marketing activities. Again, the following examples have been taken from the case studies to demonstrate this.

*"The council bought a WW2 airfield and had plans to build a business park on it based on a very successful one in Philadelphia. It was environmentally friendly and would also support domestic housing. The Council said there could be no expansion so we had two weeks to overturn the planning vote – we took the local press at two day's notice to get them together with the leader of the Council. We did solid PR editorial when we got home and we won the vote by three, which led to a saving of £28million."*

*"We had an instance where use of our swimming pools in the leisure sector was down so we did a PR campaign and receipts are up 15%."*

*"We ran a PR campaign to our farmer members to get them to alter their calving patterns by putting the cows to bull at only certain times.. We did market research amongst our membership afterwards and there was 90% recognition of the campaign and 50% of our members took note of it and acted on it which meant we didn't have too much milk at a time when we didn't want it."*

*"We did a campaign targeted at small businesses. We measured it through (Media Evaluation Company) analysis and a survey. For every £1 spent we got it back 20-fold."*

3. Further case studies (available online) from the exploratory research stage also provide further evidence in the form of case studies that are summarised here.
  - Market research can be conducted on a repeatable basis (at least annually) to track PR message uptake and spontaneous recall of PR campaigns (care needs to be taken to avoid advertising and other communication message effects).
  - Measure customers' and prospective customers' perceptions on a repeatable basis (at least annually) against competitor benchmarks (again, care needs to be taken to account for advertising and other communication effects, where appropriate). Similarly, measure employees' perceptions and knowledge, again on a repeatable basis.
  - Measure reach and frequency achieved against target audiences by PR programmes, using media evaluation (such information can be compared directly with similar advertising data as well as cost per thousand reached).
  - Use market research to determine changes in spontaneous and prompted awareness before and after specific PR activity (care must be taken to ensure that the results can be attributed to PR and not some other communication activity, such as advertising or direct marketing).
  - Measure response to specific PR activity by, for instance, using telephone Helpline numbers or micro-web site addresses that are only available through PR material. Such response can then be measured against benchmarked sales and other data to assess the impact of PR.
  - Use market mix modelling to assess and compare the incremental product sales attributable to PR.
4. The major purposes of PR are perceived as being related to awareness and attitudes of audiences in the long run. The more tangible benefits are regarded as shorter term, and less important.
5. There is a clear division between the very significant minority of respondents who say that PR benefits cannot be comprehensibly measured, and probably should not be, and those in the majority who believe in tangible assessment and reporting and who would strive for a universal form of ROI to do so.

These two verbatim comments reflect these different attitudes:

*"Is the perceived benefit we receive from PR greater than the amount invested in PR? I don't think there is such a thing as a formal measurement of PR and I don't believe anyone who says they can".*

*"It is that as a PR profession, we need to engage with ROI and demonstrate the difference we are making to the business and its objectives".*

6. The issue for the majority of respondents is of choosing what methods and forms of PR measurement or reporting to use. These vary hugely, from very limited specifics like 'positive coverage' to a broad mixture of revenue generated combined with measurement of shifts in awareness, attitudes and perceptions.

## 2.2 How PR is currently measured

1. A significant proportion of respondents, when answering probing and exploratory questions, did not feel confident enough to provide answers about PR performance specifically in terms of revenue or profit, although half of the sample interviewed made reference to some form of financial measure.
2. When prompted, 8 in 10 respondents referred to 'audience reach and frequency' or 'the effect on audiences' as being the main forms of measurement.
3. Only 6% of respondents claimed to measure the contribution of PR in ROI related terms. 34% said that they did consider PR budgets in terms of ROI.
4. 6 in 10 respondents said that they would use ROI to measure PR in some way for one of three reasons:
  - As a performance measure
  - As a means of justifying PR spend
  - As a means of proving the need for additional PR spend

Since this proportion is almost twice as large as the 34% who said they did look at PR budgets in ROI terms, it suggests that ROI is recognised as a necessary means of reporting PR performance. There does seem to be some inclination towards seeking a form of ROI that could be applied universally.

## 2.3 How PR ROI is differentiated from other communication measures

1. From an assessment of the varied answers to the many exploratory questions asked in the survey, it seems likely that well over 50% of respondents thought that the use of PR ROI might have a positive effect on the way PR performance could be reported, leading to bigger budgets and greater opportunities for PR development.
2. A significant minority, we estimate from the various replies up to 35%, in both public and private sectors, felt that PR ROI could represent a threat that it might work to the disadvantage of PR and encourage budget reductions.
3. 3 in 10 respondents (28%) continue to insist that ROI is used for making decisions about PR performance, so this residual component of the sample does understand PR in the context of some form of ROI. Some respondents, possibly 10 - 15%, seem to feel that only Advertising Value Equivalents (AVE's) can provide the necessary measures. Others use coverage, reach and frequency or effect on audiences.
4. This study elicited no clear examples of any PR ROI reporting that was used in direct comparison with other marketing communication activities or budgets. Often examples were given of PR either being regarded as part of a whole marketing communications strategy, or, the respondents apparently did not know.

5. Crisis or reputation management is limited to reliance on some form of reactive media or press monitoring at best. Most respondents claim their organisations have no formal assessment of PR value as the crisis develops and many measure the effect after the crisis. Very few organisations have any kind of communications crisis management plan in place.
6. Measuring and reporting the PR value of keeping organisations out of the news is not practised in any cohesive or recognisable way. Few respondents could give meaningful answers to this question. Many public sector respondents said that they did not measure and report the value of keeping organisations of the news for fear of being accused of hiding political issues. This quotation illustrates this reaction generally:

*"That is a good question – it is difficult to say – it is like an iceberg 7/8 under the water – it has to be a qualitative judgement. We look at it as media coverage and see how many have reported it".*

## 2.4 Measuring the performance of PR

1. Practically all government or public sector organisation respondents have some form of measurement to assess PR performance. This has increased significantly in recent years through government pressure to introduce greater uniformity across government departments/organisations. Both internal teams and external agencies/consultancies are employed extensively for such purposes. Surveys of all types, tracking, benchmarking, qualitative research, panels and regular clippings and media analysis are all employed enthusiastically, using everything from AVEs, to stakeholder analysis and KPIs.
2. The analysis of answers from the 80 respondents in the private sector of the survey have been synthesised into three broad categories of PR performance measurement. On this basis we calculate that 44% of enterprises conduct regular, planned and proactive measurement of PR.
3. 31% of respondents reported considerable measurement activity but it is sporadic, reactive or simply passive, using media reports and surveys.

*"We do analysis with hits, visibility in the media etc. Clippings and stakeholder analysis is done both internally and externally. We have developed a tool with an outside agency on research."*

*"We have a reputation tracker and do yearly qualitative surveys by telephone and an annual quantitative survey on how we have managed to influence analysts and how favourably they are disposed to us. We do a customer satisfaction and dissatisfaction survey."*

*"It is done on a case by case basis. What message is delivered and where. We look at where the message is placed and whether it was positive or negative."*

4. Across 25% of private organisation respondents, there is no real measure for PR, only occasional one-off forays, for example into clippings analysis or a once-off awareness survey.

*"Our measurement is really purely anecdotal. We have no numeric formulaic measures".*

5. 51% of all 100 respondents claim that they monitor PR performance in some way. This compares with 44% of the 80 private sector respondents who appear to regularly assess PR performance. Allowing for different interpretations of effective tracking and monitoring, this highlights that around 50% of organisations interviewed are likely to be undertaking some form of PR monitoring activity. The range of government sector measurement techniques and methodologies have already been described. However, private sector respondent analysis indicates the following means of monitoring PR performance:

- Quarterly or annual reviews and meetings with data from media coverage, analysis, monitoring, surveys, feedback
- Benchmarking and tracking, mainly on media coverage or other specific objectives
- Value of key messages and media coverage
- Media evaluation and monitoring
- Customer surveys
- Use of Key Performance Indicators built in to an evaluation process
- Use of trend analysis and other models, often set up and run by external consultancies

6. When asked about plans to improve assessment and monitoring of PR performance, 59% of respondents expressed the intention to do so. In the public sector this is cited as being centrally driven by government. In the private sector, while the intentions were there, plans for improvement were not cited as convincingly: these responses fell into the following categories, starting with the most frequently mentioned plans -

- Extensions of what they do already, but developed or improved, although some look like they are just tinkering.
- Very vague plans for improvement that were not thought through or committed.
- Use research input from different kinds of surveys, but without any indication of how this information is used to monitor PR effectiveness in future
- Develop models with input from improved media evaluation, other coverage data or survey analysis, mainly using external consultancies.

7. Only 4 organisation respondents appeared to have firm, sound, effective planning in place to improve the assessment and measurement of PR.

## 2.5 Reporting the performance of PR

1. Formal reporting is the norm in the government sector but the detail, extent and frequency varies greatly. Many are written reports, based upon whatever method of measurement is employed, but primarily telling the story of what PR activities have occurred and the overall results. Specific measures are occasionally included.
2. In the private sector, monthly or quarterly written reports are given to the CEO, MD and others on the Executive Board, where appropriate. Such reports usually show what PR activity has occurred and what is planned. There is some overall evaluation and assessment, but it is difficult to decide exactly how much, or how objectively this is reported.
3. The survey established that significant numbers of organisations in all sectors used irregular, informal reporting on PR. This frequently occurred where the respondent was in a very senior position and was able to update the President or CEO at certain meetings, or informally from time to time. This also happened in organisations where assessment of PR was focused on specific campaigns or activities. Respondents in multinationals were often reporting on PR directly to other strata of management in other countries, especially where useful performance comparisons could be drawn. Only two respondents could be found where ROI-type data was being used.

## 2.6 Best practice in assessing PR performance

1. 64% of respondents appear to have looked at best practice elsewhere when reviewing their own PR performance.
2. When assessing overall performance, public sector respondents review best practice comparable organisations as well as observing the private sector.
3. Organisations in the private sector in particular seek information about the way sector competitors and other companies in their area perform in the PR arena.
4. The Institute of Public Relations is regarded as a good source of information leading to best practice advice, and was mentioned by several respondents as such.
5. Many respondents also referred to using their own professional industry groups, forums, networks and contacts in similar businesses and specialist consultants or agencies that have expertise in particular technical or media evaluation solutions.
6. There were no specific methodologies or measurements put forward because each seemed to regard their own area as having its own special aspects.

## 2.7 Where has PR been shown to make a contribution to the organisation

1. This study unearthed no firm, unambiguous examples of contributions from PR in terms of revenue or profit within an ROI framework, although several respondents provided examples of specific costs saved or the probable increase in revenue as a result of successful PR.
2. The fact that cost-benefit, where it could be defined, was given in various ways, illustrates the different perceptions of respondents about how to measure PR effects. In many cases these benefits are translated into cost or revenue, but not into ROI.
3. The huge variation in the examples given and the interesting details contained within many of them have encouraged us to enter many of these mini case studies in the full report online at Section 9. There are two examples of each given in this summary, below. We have divided them into three different kinds of cases, which are:
  - i. Where the benefits from PR have been measured
  - ii. Where PR has produced tangible and intangible benefits, but these could not be translated into measurable revenue or profit
  - iii. Where they are examples of crisis or reputation management.

Corresponding examples:

- i. The benefits from PR have been measured

*"We have a (well known object) to display – there is no advertising about that, we have just done PR. That PR brought in 10,000 extra visitors to our viewing park, which made a massive difference in takings". (Airport)*

*"Last year we just introduced our first news metrics analysis. We were selling (Club Brand) soccer shirts in store so we looked for additional PR coverage and as a result we sold out in 7 days so the financial benefits were clear". (Football club)*

- ii. PR has produced tangible and intangible benefits, but these could not be translated into measurable revenue or profit

*"It was after the (D Consultancy's) transaction when they had the hiccups with (Company name). From our point of view we had to make sure we weren't tainted by D's reputation. Basically we did a solid and well planned media relations campaign so our reputation was protected and showed ourselves as being honest". (Financial institution)*

*"We have a new initiative here to do with modernising health centres and GP surgeries in partnership with the private sector. We have done a PR campaign and got good coverage plus it has encouraged people to give their views on what they want and to see in terms of changes and improvement". (Health)*

iii. Examples of crisis or reputation management.

*"We had an elderly lady who had died after moving from one care home to another. The Doctor and her family had warned us it would happen. An inquiry was set up about it so we had media briefings to show we would be open and accountable following having been criticized for being secretive. The media now praises us". (Local Authority)*

*"Protestors who took direct action against our masts led to media and press lumping us in together with all the mobile networks and reports on the problems associated with them. We prepared key facts and telephoned everybody with the 5 facts that meant we managed to contain the story of the protestors' actions". (Telecoms)*

There are major areas of PR performance where significant numbers of organisations do not expect to make assessments in a quantifiable, tangible way. These are particularly where PR is seen to be performing longer-term functions influencing awareness, opinion, perception and attitude. There is also a small, but significant number of respondents in the survey who do not believe that such PR performance can be measured in this way in terms of ROI and who do not seem to wish to do so.

The study also reveals that crisis and reputation management are rarely built into the PR strategy to any convincing degree among private enterprises, although they do exist to some extent in the public sector.

There is a fear among some respondents that failure to demonstrate hard evidence of PR performance may cause some degeneration in the position of PR within the enterprise. This may be partly due to lack of understanding of what may be achieved and the complexities involved in doing it properly. It may also be partly because people genuinely believe there is no need for it, or that they can demonstrate their PR values in other non-quantifiable, intangible ways that demonstrate better the true value of PR.

There are others who wish to stick to their own methods, possibly using measures such as AVEs, and who do not try to use other forms of measurement because they do not see any value in them, or they simply do not wish to change. This possibly indicates a lack of understanding of the complexities involved in measuring public relations among PR practitioners and senior general management.

This lack of understanding may contribute towards the impression, evidenced during the conduct of this study, that the PR industry is too defensive regarding the value of the work it delivers. It is largely as a result of this that the PR industry allows itself to be drawn too closely to comparisons with advertising.

Despite the conservative attitude of some respondents, it is apparent from this research that a considerable effort is expended trying to measure, report and improve such measurement of PR performance. 6 out of 10 respondents say they believe that the use of ROI to measure and report PR would prove valuable in demonstrating value and justifying budgets.

A major proportion of organisations in both private and public sectors, between 45% and 60% (depending on the different questions analysed), do attempt to measure the tangible benefits and performance of PR. A tiny handful, perhaps 3 or 4, actually seems to have some form of ROI-related measure in place. One problem is a lack of understanding, or even agreement, of the true definition of ROI (return on investment), which is used too loosely as a generic term for measuring the effectiveness of PR programmes.

Despite this, there is considerable interest in performance measures and a willingness to try and move towards some kind of ROI reporting system. This research has provided evidence of the different forms of measurement that are being used, or could be developed further. These include various methods including media evaluation; audience reach and frequency; key messages; benchmark and tracking surveys of awareness, perception and attitude; direct response evaluation and feedback, and KPIs (Key Performance Indicators), as well as trend analysis or other models that have been developed.

There are examples in the survey of specific PR strategies where it has been accepted that there is empirical, solid evidence of improvements in revenue and profit as a result, as some verbatim comments in the report describe.

As expected, this research evidence does not suggest that establishing a clear universal PR ROI base process, linked to revenue and profit, is at all viable. This would not be a valid objective. However, there are plenty of examples of performance measures for PR in the report that are being used and that could become the raw data input to formulae for calculating ROI in some form. There are examples too of respondents using best practice approaches to improve their measurement and reporting. Some of the reluctance to use tools and techniques on a broader basis also undoubtedly stems from a perception that they are relatively expensive when compared to the cost of the PR programmes themselves.

The mini case studies and the examples from the survey, combined with the evidence from the case studies that have emerged from the web and desk research exercise reported separately, provide a sound basis from which to help organisations to achieve best practice.

The actual definition of ROI is a ratio of how much profit or cost saving is realised from an activity against its total cost, which is often expressed as a percentage. In reality, few PR programmes can be measured in such a way because of the problems involved in putting a realistic and credible financial value to the results achieved. As a result, the term 'PR ROI' is often used very loosely. This is not only confusing but also misleading and helps explain why the PR industry has traditionally found it difficult to demonstrate meaningful success that links PR cause to PR effect.

A considerably better alternative would be to speak of 'evidence-based PR', defined simply as the difference made as a result of PR activity. Given this broader definition, there is no question that excellent work is being conducted across the public relations industry to measure and report PR activities using sophisticated techniques. Examples of this include:

- Raising awareness among target audiences (e.g. to support sales...)
- Increasing reach and frequency (e.g. to support branding...)
- Increasing telephone calls to a Helpline (e.g. to assist families...)
- Driving x visitors to a web site (e.g. to educate more people about...)
- Increasing number of direct sales enquiries by x (e.g. to improve the new business pipeline...)
- Increasing message delivery to target audiences (e.g. to inform new target audiences of a particular service...)

Further, the credibility of the PR industry continues to be marred by a general lack of understanding of the complexities involved in measuring the 'value' of its work. As a result, many practitioners continue to resort to over-simplified methods that are inherently defensive and designed more to justify their existence against other marketing communication disciplines than to prove the effectiveness and genuine business benefit that PR can offer.

This report therefore concludes and recommends that while the PR industry should work closely with advertising and other marketing communication disciplines, it should not allow itself to be falsely compared with them through such discredited measures as AVEs (advertising value equivalents). Not only do such false comparisons undermine the value of PR, they are also meaningless and can lead to poor decision-making in the planning and implementation of marketing and educational communication programmes. Where PR is legitimately compared with other disciplines, this should only be done using credible methods, such as reach and frequency.

Drawing on the survey evidence gleaned in this study, the following recommendations are made:

- The term 'PR ROI' is rarely used correctly and should in most instances be replaced with a more meaningful and accurate descriptive phrase, such as 'evidence-based PR', defined as above. In order to avoid confusion, the term 'PR ROI' should only be used when a ratio of how much profit or cost saving can be directly attributed to specific PR activities.

- The cost of PR measurement should be considered against the business case of what PR programmes can achieve rather than against the budget of the programmes themselves. Viewed in this context – helping to make a strong business case – the cost of evaluation can be better justified. The selected case studies show that measurement plays a key role in obtaining higher PR budgets by demonstrating the business case of the results achieved.
- A significant change in the culture of the PR industry is required towards more sophisticated PR measurement as opposed to the 'magic bullet' approach that so many PR practitioners appear to desire.
- Many problems stem directly from an over-simplified view that 'PR is basically free advertising'. This leads inevitably to 'measures' such as AVEs (advertising value equivalents), which continue to be used despite being completely discredited. This issue will only be overcome when the PR industry accepts the need to make a strong business case for the work it does in its own right and uses the appropriate measurement systems to reflect this, rather than simply allowing itself to be compared with other disciplines, particularly advertising.
- When PR is compared with advertising, this should only be done using directly comparable measures, such as 'reach and frequency', 'cost per thousand' or changes in awareness and attitude measured through credible market research.
- The PR industry should place more emphasis on the technical understanding required to conduct proper planning, research and evaluation (PRE). On a long-term basis this should be encouraged through educational programmes that cover the technical aspects of PRE, particularly at degree level where courses are endorsed by the Institute of Public Relations. In the short-term the IPR and other industry bodies, such as the PRCA and AMEC should continue to work closely to address this problem.