Chapter 6: Demonstrating and Comparing the Effectiveness of Media Relations

"He uses statistics as a drunken man uses lamp-posts ... for support rather than illumination." —Andrew Lang (1844-1912)

Outputs:

- relative number of opportunities to see generated by PR vs. other marketing/communications tactics
- relative cost per opportunity to see key messages
- PRV

Outtakes:

- % awareness or preference generated by PR vs. other marketing/communications tactics

Outcomes:

- % increase in sales
- % increase in market share generated by PR vs. other tactics.

Sooner or later you will probably be asked to compare the effectiveness or value of different marketing disciplines. Given the competition for corporate resources and the ever increasing-demand for results accountability, this is not an unreasonable request. But it is not often easy to comply with, and the temptation to use convenient but invalid methods is great. There are proven, valid approaches to comparing the value of marketing efforts, and below we will offer several. But first we must deal with AVEs, a common but mostly useless technique.

The Problems with Advertising Value Equivalency

PR people are often asked for one comparison technique in particular: Advertising Value Equivalency, commonly referred to as AVE. AVEs appear in several slightly different forms, all of which involve applying the dollar cost of an ad space purchase to the amount of earned media coverage achieved by PR efforts. There are a number of problems with AVEs, starting with the fact that public relations and advertising are two different disciplines, designed to do different things in different ways. Comparing the two with AVEs is the equivalent of hiring a plumber to redo your bathroom, and then calling in a electrician to get a price quote to do the same thing. You just can't compare the two jobs.

Secondly, the AVE methodology has no research to support its validity; there is no scientific evidence to demonstrate that a six column inch ad has the same impact as a six-inch story in the same publication. Ads typically include photographs, are supposed to include key messages, and are designed to leave the reader more likely to purchase the product or do business with the company. On the other hand, only one in five earned media stories includes a key message, or leaves the reader more likely to do business with the company. And fewer than 5% include a photograph of the product. So to call the earned media and the ad equivalent is unfounded and simply incorrect.

In addition, if you apply a standard metric across all articles, you neglect to account for the credibility of the placement or the reputation of the publication, both of which can vary considerably. Some articles appear where advertising can't be bought; take the front page of *The Wall Street Journal*, for example. How would you compare the impact of an ad in the *National Enquirer* to a front-page story in the same publication? The ad appears in the back, and no one reads it. But millions see the front page. Consider how readers experience articles and ads in trade publications. One technical article on a product might take a reader five minutes to peruse and he may send the article on to colleagues for future collaboration. That almost never happens with an ad.

And if the problems with AVE's unproven concept weren't enough, many organizations use obviously flawed methodology in their calculations. Commercial services such as Bacons and Burrelle's, who provide AVE figures as part of their "measurement" reports, calculate their AVEs based on advertising rate cards. However, most advertisers purchase ads on an annual contract, or at least contract for multiple insertions, and pay actual ad prices significantly lower than open rates. So while your clipping service may tell you that your PR "ad equivalency" cost is $100,000, that ad space might typically have been bought for less than $50,000.

If AVEs are so obviously flawed, why are they so popular? The main reason is that they are quick and easy to calculate, and typically provide a very flattering assessment of PR's "value." So when managers insist that they want a fast and cheap dollar figure placed on PR results, AVE's are a tempting and convenient—but essentially meaningless—solution. Worse than meaningless, actually, because those who settle for AVEs often don't make the effort to pursue more valid and useful measurement techniques.

Finally, we must point out that there have been occasional situations in which AVEs have been found useful. At least one measurement program has found reasonably close correlation between AVEs and sales figures. The fact is that, given a particular set of circumstances and calculation techniques, AVEs could turn out to have some benchmarking or predictive value. But who really knows? Until there is solid research, validation and standardization behind their methodology, AVEs will remain unproven and discredited.

How to Measure Your PR Success Against Other Marketing Disciplines

The techniques outlined in the following pages are based on statistics derived from media content analysis. Like AVEs they do not measure customer response or outcomes, outtakes or behavioral success. But unlike AVEs, they are statistically valid. Each of these techniques identifies a common measurable effect for PR and another marketing discipline, then compares that measurable effect to contrast the two disciplines. This is a relatively new approach to measurement, and I suspect there are similar but as-yet-undiscovered techniques that would be effective in certain circumstances. Whatever technique you use, make sure your boss buys into it before you invest too much time and energy.

CPM – Cost per Impression or Cost per thousand eyeballs reached

As I mentioned earlier, CPM is a standard metric used in advertising (on-line, print and broadcast), sponsorship, trade shows and many other forms of marketing. It works just as well for media relations. However, one caveat you need to remember, CPM is only an expression of reach, not penetration of key messages.

To determine CPM, add up the total circulation figures for all the outlets in which a story appeared that mentioned your brand, product or organization. We call this the total number of opportunities to see your brand. Now one might argue, and I frequently do, that an ad contains certain things that most placements don't. Specifically they almost always include brand photos or images, brand benefits, and detailed descriptions of the brand features. So for accuracy's sake, only analyze those articles that contain either a photo, a message or a statement of brand benefits or a description of brand features. Do not include negative stories, or stories that don't contain key messages, or stories that do not leave a member of your target audience more likely to purchase your product. Calculate the total impressions (opportunities to see) for a specific period of time – say a month or a quarter. Divide that number into your PR budget for the same period. Include all the costs: staff and agency as well as direct expenses. That is the cost per impression or cost per opportunity for one person to see your brand in earned media. Now, for some reason, advertising folks have decided that they would calculate it not by the individual, but by the cost to reach 1000 people, so you need to multiply the total by 1000.

Cost per Message Communicated

If your department's mission is to communicate the company's messages, this is a very good measure of your effectiveness and efficiency. For the sake of argument, we can assume that ads always communicate key messages, so the advertising CPM and the advertising CPMC is the same. However, only about 20% of placements contain a key message. Therefore, examine your placements for the time period in question and determine which ones contain your key messages. Then add up the circulation figures of the publications in which they appeared and you get the total number of opportunities to see your key messages. Take your budget for the period and divide it by that number to get the "cost per opportunity to see a key message." This is particularly effective when you are trying to compare the effectiveness of different communications tactics such as events, press conferences, press tours, etc. See Figures 6.1 and 6.2.

The PRV or PR Value Ratio

If you would like to show the relative value of PR compared to advertising, look at how well both techniques promote the overall goals of your program. If your goal is to use earned media to promote the key messages or the agenda of the organization, then it makes sense to compare the reach and frequency of your message communication with that of advertising.

Figure 6.1

Example #1:
Computing CPM For Press Releases vs. Advertising

You issue a press release that gets picked up in ten outlets with a total circulation of 500,000. The agency sends you a bill for $5000 for producing and distributing the press release. The CPM for the press release is $10. Lets say that to buy advertising to get the brand in front of the same 500,000 eyeballs, it would cost $50,000. The CPM for advertising would be $100.

Figure 6.2:

Example #2:
Using Cost Per Opportunity to See a Key Message to Compare the Effectiveness of Two Press Events

Suppose a press conference cost $25,000 to produce and resulted in ten articles in a variety of trade publications. Suppose also that a press tour cost $50,000 to produce and resulted in 10 articles in local daily newspapers plus two mentions on local TV. Here's how to compare their effectiveness.

Determine if a key message appeared in each article and then find the circulation of each media outlet in which a message appeared. Circulation figures are generally available from your clipping service or Standard Rate and Data Services (SRDS.) For the purpose of this example, we'll assume that five of the ten articles in the trade press contained key messages. We multiply the circulation times the number of placements that contain a key message to get the total Opportunities to See a Key Message.

So, if we assume that the total circulation of the articles that appeared from the press conference was 500,000, there were 500,000 opportunities to see your key messages. The cost per opportunity to see the key messages from the press conference was $.05.

Now lets assume that six of the placements that resulted from the press tour contained a key message and that the total circulation of the outlets in which those messages appeared was 1.5 million. Divide 1.5 million into $50,000 and you get $.03. The press tour was more efficient

For example, if research reveals that your earned media has reached a million pairs of eyeballs with your messages, that would be a significant milestone. More importantly if it reached those million eyeballs at a fraction of the cost of buying the same eyeballs with advertising, that would show that PR was contributing in a big way to the organization's bottom line.

So, for example, if the annual PR budget is $100K and the ad budget is $1 million, and both deliver the organization's key messages to 5 million eyeballs a year, PR delivers the same output for a tenth of the cost. The PR to advertising value ratio would be 10:1.

Here's the same example with more specific numbers. Consider a typical KDPaine & Partners client, which places or earns 1000 articles a year. Of those articles some 30% or 300 contain the company's key messages. Of those 300, typically 80% or 240 appear in key publications that reach the target audience. For the sake of this example, let's assume that you if add up the audited circulation figures of the publications in which those 240 articles appeared, you've reached 5 million eyeballs with your key messages.

Now take the annual PR budget ($100,000) and divide it by 5 million. You get a cost per key message communicated of $.02. To compare that with advertising, you want to express it in the way advertising typically does, as CPM, or cost per thousand people reached. So you would multiply the $.02 by 1000 to get a CPM of $20 per thousand people reached with a key message.

Let's now assume that the advertising budget is $1 million a year and according to the media plan, the combined reach and frequency resulted in 5 million people seeing the organization's key messages via paid advertising. And let's assume that every ad contains a key message, so they've reached 5 million people with their key messages via advertising. That's a CPM of $200. In other words PR has delivered the same value for a tenth of the cost – or a PRV of 10:1.

Cost per minute spent with customer

Sometimes you have to be a bit more creative about what you benchmark against. Instead of comparing cost per impression, it can be useful to compare cost per minute spent with customer. The pharmaceutical industry figures that it costs about $300 to get a sales representative in front of a doctor for 5 minutes. Getting a minute of that same doctor's time at a trade show costs about $25. A black-and-white ad in the *Journal of the American Medical Association*, which appears only once and gets a doctor's attention for maybe 20 seconds, has a cost per minute price tag of about $66. But what if that pharmaceutical company was spending $200,000 a year on its website, and that doctor (one of say 50,000 who visited the website in a year) was enticed to spend five minutes on the site? Cost per minute spent with a doctor drops to $.80.

Comparing GRPs

Another frequently used measurement term in the advertising world is GRP or Gross Rating Points. One rating point represents one percent of the population base you are trying to reach. So if the television show "The West Wing" has a GRP of 10, it is reaching 10% of the US population or roughly 100 million viewers. Because GRP is such a frequently used advertising term, there have been a variety of efforts to come up with a GRP equivalent for media relations.

This works particularly well if you are in the consumer packaged goods field. As with any measurement program, you need to start with a solid understanding of what motivates your customers to purchase your products. For Procter & Gamble's hair care and cosmetics business unit, they've done enough advertising and market research over the years to know how many eyeballs they need to reach in order to sell a case of shampoo. They also know that the most compelling components of an ad contain a visual of the product and an endorsement and/or the benefits that the product offers.

So if a story in the beauty care section of *Harpers Bazaar* mentions Max Factor lipstick, contains a photograph of the product or a model wearing the lipstick, mentions a brand benefit and encourages the reader to try it, they assume that a reader would be as compelled to try the product as she would if she were reading an ad. They then look at what other publications also ran stories that contained recommendations, brand benefits and photographs. Then they use audited circulation figures to calculate the total number of women who had the opportunity to see those articles in each of the publications during the month.

Let's assume there were 10 stories that contained those elements in publications with circulations that add up to 16 million. Now instead of comparing PR to advertising by way of a print ad measure, CPM, lets use a TV ad measure, GRP (Gross Rating Points). 16 million represents 16% of the women in the US, or the TV ratings equivalent of "Desperate Housewives." So they assume they'll sell as many tubes of lipsticks as they would by advertising on "Desperate Housewives."

However, P&G also knows that marketing doesn't happen in a vacuum, so they also compare their share of recommendations, photos and brand benefit mentions to their main competitors. Their "dashboard" therefore would probably include a trend line that shows Max Factor's share of recommends, photos and brand benefit mentions relative to L'Oreal and others.

Like any busy marketing executives they wanted to be able to quickly see whether they were doing better or worse over time, so they asked my company to create an dashboard that would indicate whether they were doing better or worse over time. Historically, we knew that it was harder to earn recommendations from editors than it was to simply get brand benefits into the story, so we weighted the different elements according to the difficulty of generating each one and created a composite score that reflected the success achieved relative to the competition.

While this example might appear to be specific to a consumer package goods company, there are elements that translate to any business. If you understand what drives customer behavior, and you understand how PR affects those drivers, then you can measure PR's impact on customer behavior. What you're doing is comparing marketing techniques though sales.

1. Start with the elements that drive the desired customer behavior. In cosmetics it was seeing brand benefits, brand photographs and brand recommendations. In the different case of a major medical clinic in Massachusetts, they know that what motivates patients to come to the clinic is the recommendations of their doctors, their families *and* the perception that the clinic's physicians are experts and that the clinic is the *only* place they can get that level of care. So they measure their media success by their share of stories that contain doctor's quotes and/or position the clinic as the *only* or best place a patient can get a specific procedure or specific types of surgery.
2. Measure success against the competition so you aren't measuring in a vacuum. You need to know how well you are doing relative to the competition, not just yourself.
3. Don't look at clip counts, but look instead at the percentage of the total target audience you are trying to reach.
4. Factor the desired customer behavior into your measures of success.

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