**ROI – The Miami Debate**

Measurement and evaluation of communications is an enduring discussion in public relations research and practice. Recently, there has been a move to adopt business and management concepts and language in order to demonstrate the outcomes of PR activity and to demonstrate the creation of value to organizations, brands and reputation.

At the recent International Public Relations Research Conference in Miami, a special hour-long session was devoted to discussion of the concept and relevance of Return on Investment (ROI) in public relations. This short report summarizes the main points made and debated with an audience of 50 academics and research-minded practitioners from around the world. Accompanying the report is the audio recording of the discussion and a PowerPoint of one of the presentations.

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“Return on Investment” (ROI) is often used colloquially to express results and the creation of value. It has begun to be used in public relations literature and media, and in the practice discourse. This mirrors similar usage in marketing and marketing communications practice.

In June 2011, the European Summit in Measurement in Lisbon decided that the creation of an operational definition of ROI for the measurement of media coverage of PR activity was a top priority. This was to be linked to financial outcomes, in the nature of ratio used by financial managers. The Summit is the annual gathering of the media measurement industry, a service provider to the PR sector.

Also in 2011, Prof. Tom Watson (Bournemouth University) and Prof. Ansgar Zerfass (Leipzig University) undertook a Europe-wide study of the understanding of the ROI concept and its usage by practitioners. The results of a sample of more than 2000 responses showed there were wide national variations but generally, practitioners took a very loose view of ROI’s application which was very different to business definition of the term as a ratio of monetary value created, divided by the costs incurred and multiplied by 100. Their conclusion was that ROI was an inappropriate term for public relations measurement and evaluation. This conclusion was supported by the eminent PR theorist Prof. James E. Grunig who wrote that he would “cease and desist” from using ROI in the public relations context.

The case made by Profs Watson and Zerfass in Miami was that ROI was being misused and was a misunderstanding of a specific financial management term. In most cases, intangible results such as development of reputation and attitudinal change did not lead to financial outcomes. This was especially relevant in governmental and non-profit organizational communication. Also, the calculation of ROI in public relations usually included campaign but not staff, agency and infrastructure costs, as would be normal in accountancy usage of ROI.

The other main speaker was Mark Weiner, CEO of PRIME Research - Americas, who represented the emerging application of market mix models to track the contribution of PR activity in support of marketing-oriented media relations campaigns. These, he argued, deliver to marketing investment decision-makers a strong if not perfect indication of PR’s impact on the creation of sales revenue and, thus, financial results.

However, he did agree that there was no general consensus among public relations practitioners in defining ROI, which handicaps the profession’s desire to develop a meaningful, reasonable and quantifiable public relations measurement and evaluation methodology. Mark stated that PR practitioners create confusion when communicating PR performance by blurring the distinction between quantifiable ROI and the subjective demonstration of value creation by public relations activity: “While communicating performance is one of PR’s most vexing problems” Mark offered, “the value of public relations is not interchangeable with generating PR ROI”. He further commented that quantifiable PR-ROI planning and evaluation rarely appear, even in PR award entries, which are supposed to be “the best of the best”.

Market mix modelling, he said, helps show links between sales generation and PR activity relative to other marketing channels. Even though the modelling may not be 100 percent accurate – which applies to most forms of communications research - marketing mix modelling adherents believe that directional accuracy provides sufficiently significant marketplace advantages over competitors who lack similar guidance. Weiner shared his findings derived from thousands of executive audit interviews in which senior executives indicate a clear preference for PR programs which drive sales revenue but also recognize the impracticality of doing so.

The discussion, not surprisingly for such a knowledgeable group, covered a variety of views about ROI.Some rejected its use while others voiced support but generally, no general consensus was reached on (a) the definition of PR ROI; (b) whether ROI is appropriate or even necessary for public relations measurement and (c) that efforts to create a “PR ROI” might be confusing to senior management as it varies so much from the ROI calculation used in generally accepted accounting principles.

In supporting the case for more concise and more accessible business measures for public relations, two routes for development were offered: the first was that the PR sector could, as has happened in Germany, develop a set of measures in conjunction with accountancy and audit professional bodies; the second was that measures such as Benefit-Cost Ratio (BCR) and Cost-Effectiveness Analysis (CEA), which have been put forward by the Canadian public relations commentator Fraser Likely, could be investigated for use as valid planning and monitoring methods.