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8-10 June 2011, Lisbon
3rd European Summit on Measurement

What does ROI mean to practitioners?

A snapshot study of PR practitioners' use and understanding of 'Return on Investment'

Professor Tom Watson, The Media School, Bournemouth University



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Describing PR ROI

- “The ... definition of ROI is a ratio of how much profit or cost saving is realised from an activity against its actual cost ... often expressed as a percentage. In reality few PR programs can be measured in such a way ...” (IPR 2004)
- ROI is “a term commonly and non-specifically used by public relations practitioners when discussing the value to be created from communication activities” (Watson & Zerfass 2011)

The context

- PR has gradually adopted 'ROI' – but not without misgivings:
 - Black (1971): “Fashionable to measure ROI in business ...but in the field of public relations it has little significance.”
 - Marker (1980): “A “return on investment” statement (is) calculated by taking the dollar value of the print and broadcast time and dividing it by our actual project expenditures for the period.” [Ratios of 20 or 25 to 1]
 - CIPR (2004) stated: “term PR ROI is often used very loosely. This is not only confusing but also misleading”
- Watson (2005) found almost no use of ROI in academic papers. Very loose usage; no definition in recent papers

UK Survey

- Snapshot survey distributed online via researcher's email network and via PRMoment.com in late 2010.
- Headlines:
 - 2/3rds of PR people use "ROI" term when planning and evaluating communication activity. ROIs related to communication objectives (66.7%) much more widely used than financial ROIs (12.8%)
 - Clear difference in ROI practices between consultants/freelances and in-house colleagues. Consultants and freelances (73.1%) offer an ROI formula to clients but only 26.3% of in-house practitioners have one;
 - Industry-wide ROI formula: only 35.6% supported the proposition with 64.4% opposed. "No one size fits all".

What does ROI mean to you?

– 58 comments

- Demonstrate outcomes; show value of PR – 11
- Return on expenditure/effort - 9
- Value of media coverage, divided by PR budget (AVE) - 6
- Contribution to organisation's success - 5
- Impossible to measure/ problematic – 5
- Sales generated; measurable financial gain – 4

What it means

- Very vague notions of ROI; Mostly publicity-oriented tactical thinking
- Although many say they use “ROI”, few had a process or methodology
- Main emphasis is PR = media coverage and that ROI will be a calculation of coverage/hits; AVE is single most popular ROI metric