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# Value and Impact in Communication

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# Agenda

- The evolution of PR measurement and evaluation
  - Valuation of media coverage: AVE
  - The debate over ROI
  - Notions of value, effectiveness and impact
  - Communication performance management
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# Beginnings

- Informal media monitoring in the US by presidents from George Washington onwards (Lamme & Miller 2010); also by railroads, temperance societies and evangelists
- News cuttings agencies start
- Ivy L. Lee, early consultant “felt strongly that his work was nondefinable and nonmeasurable” (Hiebert 1988)
- Edward L Bernays believed PR “should be practiced as an applied social science ... like all sciences, it could be defined, then the results evaluated with precision” (Hiebert 1988)



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# “Public Opinion”

- Influence of Walter Lippmann and *Public Opinion* in 1920s
  - Emphasis on public opinion research for benchmarking and planning, (e.g. Arthur W. Page at AT&T) but not effectiveness measurement
  - Establishment of *Public Opinion Quarterly* (1937)
  - Roosevelt Administration gave “close attention to technique of publicity dissemination (and) to the manner of its reception” which when accumulated led to a “barometer of national opinion that possesses great value” (Batchelor 1938)
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# 1940s: Change in role of PR

- Change from holistic view of PR to product publicity starts.

From:

- PR was a management function to create relationships and “earn public understanding and acceptance” (Griswold & Griswold 1948).

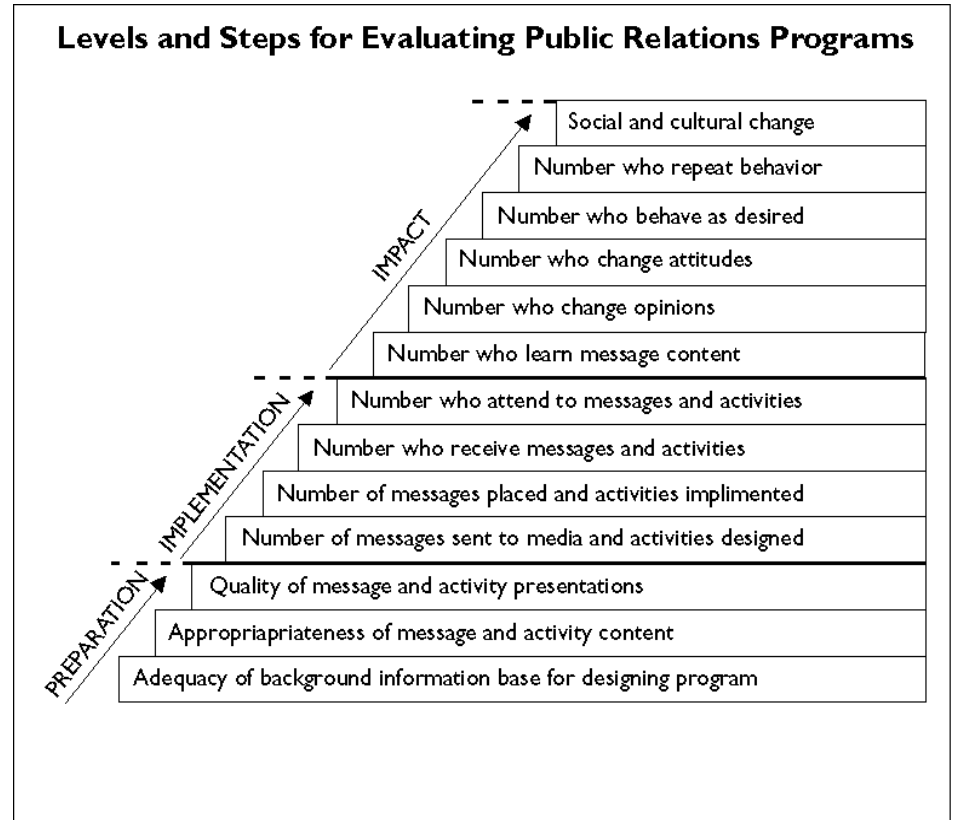
To:

- The new view, as consumer PR developed, was: “Business managers saw public relations as a cheap way of getting media coverage in comparison with advertising.” (L’ Etang 2004, writing about the 1960s)
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# The scholarship of evaluation

- Early major scholarly references to evaluation were in first edition of *Effective Public Relations* by Cutlip & Center (1952)
- Their PII (Preparation, Implementation, Impact) model, appeared in later editions



**PII MODEL**

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# But it's very difficult

- “The counselor works to better a firm’s reputation, but the improvement can rarely be satisfactorily measured” (Tedlow 1979, writing about 1930s and 1940s)
  - “Few practitioners will claim they can *prove* their efforts have paid off for their clients or companies” (Finn 1960)
  - “Most public relations men, faced with the difficulty and cost of evaluation, forget it and get on with the next job” (Marston 1963)
  - “Measuring public relations effectiveness is only slightly easier than measuring a gaseous body with a rubber band” (Burns W. Roper, cited in Marston 1963)
  - “*Results* is something of a dirty word in PR” (Jefkins 1969)
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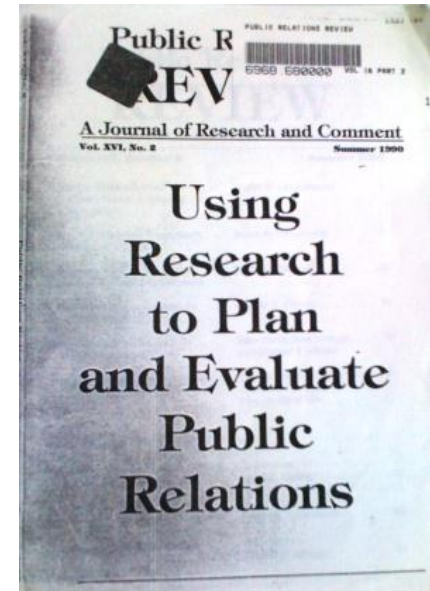
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# Rise of PR service industries

- International networks start; university education spreads
  - Industry growth in US fosters services
  - PR Data, emerging from General Electric 1964, was first to use computer analysis
  - Promotes AVE – Advertising Value Equivalence – as a method of demonstrating PR's value (more later)
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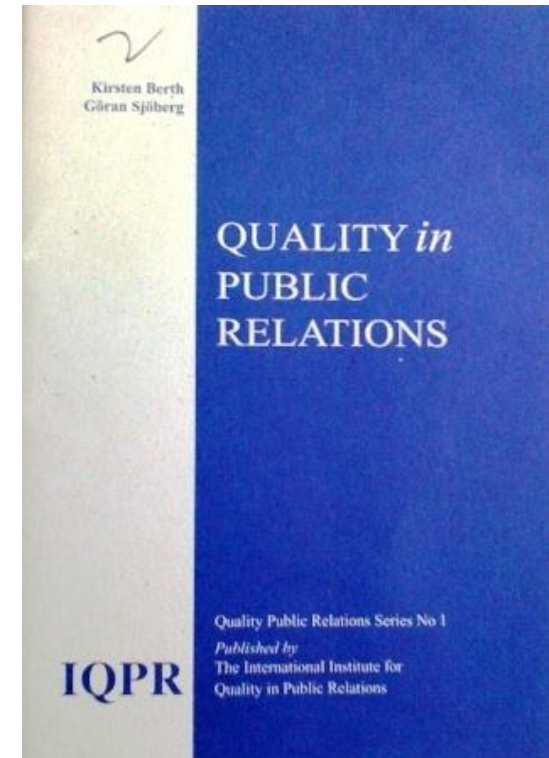
# 1970s & 1980s: Discussion gets going

- *Measuring and Evaluating Public Relations Activities*, published by the American Management Association in 1968: seven articles on methods of measuring PR results
- E.J. Robinson (1969) *Public Relations and Survey Research*
- First conference in measuring public relations effectiveness held at Uni. Of Maryland in 1977, hosted by James Grunig and AT&T
- First scholarly journal special – ‘Measuring the Effectiveness of Public Relations’ in *Public Relations Review* (Winter 1977)
- 1980s: More articles in academic journals – Broom, Dozier, Grunig, Newsom, Wright, Kirban, Lindenmann
- *Public Relations Review* has another special edition – ‘Using Research to Plan and Evaluate Public Relations’ – a seminal set of papers (1990)
- Broom & Dozier’s *Research Methods in Public Relations* (1990) published



# 1990s: Pace increases

- IPRRE (now IPR) publishes first research on establishing objectives and assessing results (1993)
- IPRA Gold Paper: *Public Relations Evaluation: Professional Accountability* (1994)
- Swedish PR Association: *Return on Communication* report brings new focus to the creation of value through communications (1996)
- Clients and employers adopt ISO9000 processes and seek to apply them to PR. Industry response is *Quality in Public Relations: Berth & Sjöberg* (1997); PRCA follows with CMS



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# Late 1990s

- **Output – Out-take – Outcome** established as three stages of evaluation
  - ICO and PRCA published *How to get Real Value from Public Relations*. Targeted at clients. 8,000 copies sold (1997)
  - More industry bodies (AMEC, IPR, PRCA, IPR-UK) publish guides
  - Major efforts on industry education, with focus on objective-setting with measurable results – *PRE-fix*
  - IPR (US) forms Commission on Public Relations Measurement & Evaluation (1999)
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# Noughties

- Influence of *Balanced Scorecard* (Kaplan & Norton 1996) upon PR planning and evaluation; Zerfass leads research on communication scorecards
  - Business language adopted e.g. Return on Investment (ROI)
  - But research keeps finding that publicity measurement is the norm and that AVE is the most popular measure
  - Barcelona Principles agreed in 2010 – benchmark of evaluation methods
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# In conclusion

- PR changed from an holistic organisational strategy to a communication function
  - Separation of PR/publicity from organisational communications?
  - Crude metrics for PR/publicity
  - More robust and management-oriented measures for organisations
  - PR/publicity remains craft-oriented
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The “persistent weed”

**AVE – Advertising value  
equivalence**

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# What is it?

- “AVEs are calculated by multiplying the column centimetres of editorial print coverage and seconds of broadcast publicity by the respective media advertising rates. In most applications, the total amount of coverage is ‘valued’ as if it was advertising, irrespective of its tone and content” (Macnamara 2008: 1)
  - Widely used by practitioners; never considered a valid research method in academic literature (Watson & Noble 2007)
  - McKeown (1995): “an early attempt to assign spurious monetary values to media relations activities” (p. 149); Philips (2001): “voodoo”, “make-believe” and “inventive nonsense” (p. 227)
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# Widely used

- 35% of an international sample (1000 +) used it as a primary calculation (Daniels & Gaunt, 2009)
  - 60% of entries to CIPR Excellence Awards used AVE in 2010; 32% in 2011, despite being barred
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# Conflict: Press agency v. advertising

- Press clipping bureaux used rate card information data to offer a valuation service to clients - a value-added service at little or no cost to themselves.
  - From the beginning of C20th there was comparison between advertising, in which space was bought to put the message before audiences, and the work of press agents and publicity men, which was less certain in its results.
  - Tedlow (1979) writes that in the 1920s, “one estimate has it that ... the press agent could deliver equal lineage to an advertisement at one-third the cost of paid space”.
  - Indicates understanding or expectation that publicity activity could be expressed in advertising value terms
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# *Pufflicity* and value equivalence

“Almost any publicity prospectus [has] pretensions to deliver or to have achieved fabulous values in advertising for fees representing a small percentage of what the same space would have cost the client at usual rates”

(Trenholm, 1938: 673-674)

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# First appearance?

- Reference to AVE-type measurement in *Blueprint for Public Relations*, by Plackard and Blackmon (1947)
  - Method of valuing column inches offered by a press clippings agency: each column inch was multiplied by \$1.06, the agency's calculation of average column inch value for US daily newspapers
  - “From the results of his publicity thus obtained in the form of newspaper cuttings, he [the publicist] can much more effectively measure its value”
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# Early UK evidence

- In 1949 F. Murray Milne, a founder of the Institute of Public Relations in England, wrote in the *IPR Journal*:  
“it was a grave mistake for the PRO to try and evaluate his work at so many column inches calculated at advertising rates,” and that “press cuttings are never measured in column inches and assessed at advertising rates. This practice has done more to undermine public relations than any other.”
  - Shows AVE-type valuation was extant although ignored in texts
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# Academy's view

- Ignored or 'bad press' since first appeared.
  - Not mentioned in Cutlip's bibliography of PR research from 1939 to the mid-1960s
  - AVE seldom appeared in PR texts and not in measurement and evaluation research that burgeoned from the late 1970s, led by J. Grunig, Broom, Dozier, Wright, et al.
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# AVE in practice

- AVE thrived: “way back in 1966, when I was in the product publicity unit of US Steel in Pittsburgh, PA, our boss Tex Wurzbach, counted product clips we generated and equated the space we “earned free” to the amount that the same space would have cost if we had purchased it as ads”, (Felton in Watson, 2013)
  - Further operationalized by the emergence of computer based analysis, as offered by PR Data, in the mid-1960s (Tirone, 1977).
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# Ignored by PR bodies

- In the 1990s, several countries and IPRA actively promoted 'best practice' in measurement and evaluation: objectives-led and linked to Excellence Theory
  - Widespread introduction of university-led education; emphasis on social science methods
  - But acceptance/usage of AVE rose further
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# Damned by Barcelona Principles

- Directly challenged by the Barcelona Declaration's Principle 5 which stated that "AVEs are Not the *Value* of Public Relations" (AMEC, 2010).
  - It added that AVEs "do not measure the value of public relations and do not inform future activity; they measure the cost of media space and are rejected as a concept to value public relations"
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# AVE – what it tells us about PR practice

- ‘Risen without trace’
  - ‘Custom and practice’ is dominant over ‘best practice’ and ‘learning’
  - Two PRs: PR/publicity which is tactical *and* Organisational Communications which is strategic
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# VALUE AND IMPACT

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# Defining evaluation

- “...any and all research designed to determine the relative **effectiveness** of a public relations program, strategy, or activity, by measuring the **outputs** and/or **outcomes** of that PR program against a predetermined set of **objectives**” (Lindenmann)
  - Management-by-Objectives (MBO) framework
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# Measurement concepts

- Output: Presentation and dissemination
  - Out-take: Awareness; processing of messages
  - Outcome: The desired result
  - All arise from Lindenmann's typology
  - Widely applied
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# Outflow -1

- Outflow is the economic impact that results from influence on stakeholders exerted by corporate/organizational communications
  - “It becomes visible what communications have actually contributed to achieving the financial and strategic goals of the organization” (DPRG 2011:14)
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# Outflow -2

- Corporate communication can add value by supporting service provision processes of other corporate functions *or* by creating intangible assets
  - Both contributions depend on specific organisational goals and strategy
  - Performance indicators include business-related metrics such as sales, innovations, productivity, etc. *or* intangible capital such as monetary brand value or reputational capital
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# ROI – misapplied language

- PR sought to use business language
  - Return on Investment widely expressed, inappropriately
  - Related to value created *over time* by investment in capital equipment
  - Not to immediate results of a PR activity
  - Many PR actions can't express a financial result (Gov't; NfP)
  - “loose and fuzzy” (Watson & Zerfass, 2011, 2012)
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# The great Grunig speaks

“I talk more about the value of public relations than about ROI. As I said, you can explain the value of relationships; but you really can’t measure a financial return to compare with the money invested in it. I tend to use the term ROI because PR people want to hear it used. I will now cease and desist from using it” (Likely & Watson, 2013: 153)

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# ‘Value’ as a research priority: Delphi study (Watson (2008))

1. PR’s role in contributing to strategic decision-making, strategy development and realization and organizational functioning
  2. The value that PR creates for organizations through building social capital; managing key relationships and realizing organizational advantage
  3. The measurement and evaluation of public relations both offline and online
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# ‘Communication Controlling’

- Controlling = auditing, performance management
  - Central European approach to link corporate objectives with communication objectives
  - Each level can be monitored: Input > Output (2 stages) > Outcome (2 stages) > Outflow
  - Matrix of measurements, appropriate to each level
  - Used by BASF, Siemens, Henkel, Commerzbank, etc
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# Silence and value (Dimitrov 2014)

- MBO stresses “visually verifiable goals”
  - “Relationships ... defy such visualisation” but dimensions can be measured – control mutuality, trust, commitment, satisfaction (Hon & Grunig, 1999)
  - “But how do you measure silence?” e.g. the evaluation of activity that means a story is not published.
  - Rich relationships, licence to operate, a better functioning organization, etc have value but are intangible and immeasurable
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# Making sense of value and impact

## **Publicity Practitioners**

- Financial results and ratios (AVE, ROI)
- Audience, reach, impressions, OTS (Output measures)
- Share of voice
- Hits, Visits, Likes, RTs
- Editorial multiples (X3)

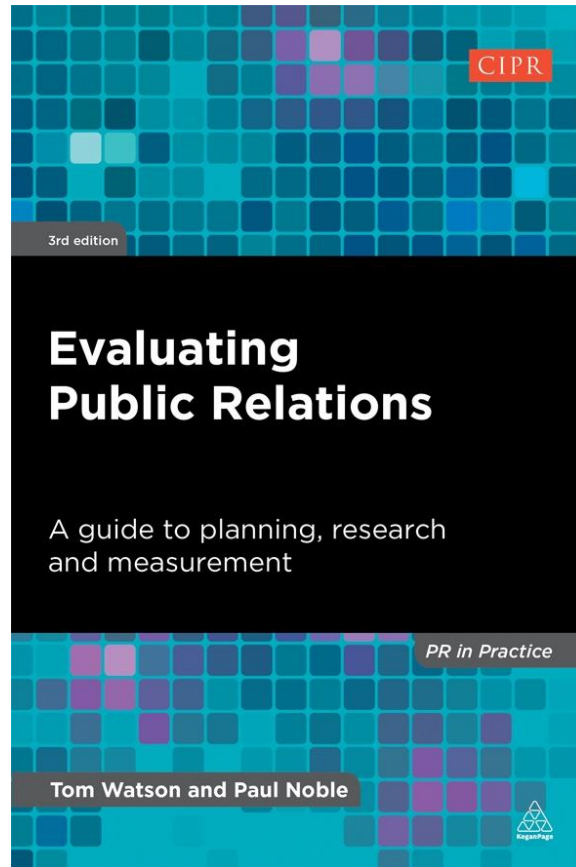
## **CorpComm; Academics**

- Achievement of objectives; Outcomes
  - Development of relationships/engagement
  - Organizational advantage
  - Creation of social capital
  - Reputation
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# Impact (REF 2014)

- “an effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia.”
  - Did research have an impact?
  - Can it be evidenced?
  - Not just acceptance as policy or practice; has been implemented
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## Evaluating Public Relations, 3<sup>rd</sup> edition

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