

Knowledge is key to measurement

Claire Spencer, IPR fellow and director charged with policy in the measurement area, unveils what the PR industry needs to do to win the continuous battle with evaluation

Measurement has been the PR industry's longest-running campaign. In recent years, the industry's twin values of truth and knowledge have been challenged; the former by the derogatory term of spin, the latter by measurement.

Knowledge is fundamental to PR planning and evaluation, but this is where we have made the least progress as a profession, despite having a mature media evaluation industry and a trade body committed to best practice in measurement, and countless award schemes to recognise the best of the best.

Encouragingly, the recent Department of Trade and Industry report, commissioned by the IPR, showed the need to plug the gap in our knowledge around how PR impacts business in terms of ROI and attitudinal and behavioural change. And, on the back of this report, the IPR has charged itself with developing an evidence base for public relations.

Before this can be developed, however, we need to define 'evidence'. In the past we have allowed ourselves to find our evidence in the processes and practices that characterise public relations today.

We have developed metrics around process – media relations, for example – that tell us little about how PR affects business. We have developed a currency around 'time' that quantifies the practice of public relations – we spent 'x number of hours on handling a crisis', for example – that tells us little about the effect of time spent.

Understanding targets

Furthermore, we are guilty of breaching one of the guiding principles of our profession – understanding who our target audience is.

Countless studies have been conducted among practitioners – both client and agency side – but they shouldn't be considered the

bull's-eye target for measurement. It is the chief executive that holds the key to the future of PR.

Research suggests that CEOs feel they 'own' the reputation area and, as a result, they want to see greater use made of PR. There is an increasing demand for evidence of the value that PR can contribute to the business and to the organisation. And this is where we need to build our knowledge base.

The impact of public relations on value creation around the tangible and intangible

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Claire Spencer, fellow and director, IPR

assets of an organisation is imperative. Research by i-to-i tracker for clients as diverse as Procter & Gamble, Pfizer, British Gas and the Government has shown that the metrics the industry has used in the past fall short of providing a link between PR and value creation. We can learn plenty from this.

We should not confine our understanding of PR effect to media output. Not only is the media just one channel of communication, the metrics used to measure coverage are inadequate.

The data we currently use to measure media – gross impressions, OTS – belie the true outreach of a campaign. A result such as 100 million gross impressions fails to tell us how those hits fall out in terms of reach and fre-

quency; what percentage of the target was reached and how many times.

Furthermore, media content analysis – now widely used by British business – does not provide a true measure of whether a message has been received by its target. Messages may well be omnipresent in coverage but they may not be taken out of the communication.

Measurement must show a clear correlation between reach and frequency and PR effect, such as an uplift in sales. We must remember that PR is highly influential in achieving a variety of business goals. It can create strong uplift of consideration for products and services, and reinforce brand image and build reputation.

Negative publicity can, of course, damage a brand or corporate reputation, but we see that the ability of a company or brand to withstand these knocks is dependent on reputation, and that reputation can be shored up by what can be referred to as positive 'PR stock'.

The IPR supports the need to focus on the CEO's agenda going forward and, as IPR president Anne Gregory highlighted at a conference last month with Henley Management College: 'The industry needs to demonstrate how communication levers the assets of an organisation, as displayed by the balance sheet as the tangible and intangible assets.'

'ROI is an attempt to "tangibilise" the contribution of PR but the real contribution can be made on the intangible side of balance sheet. These intangibles have been valued at \$1.1 trillion in the US for the *Fortune* 500 companies (Source: Nakamura 2001) and are actualised and realised through relationships with stakeholders.'

Now, our industry must demonstrate how it can lever the intangible assets of an

organisation. To do this, we must be able to quantify the value of organisational relationships with stakeholders.

We need to ask ourselves: do they add to/optimize the value of the organisation – evident in higher share price, for example? Do they enhance return on existing/new relationship cost/investment? And is productivity in relationship management optimal?

However, there are two key issues that the industry must still address. First, that PR practitioners may not be up to the job. Our key stakeholder here – the chief executive – appears to have a lack of confidence in the ability of his PR advisers to steer him through the measurement maze. And this is not an unreasonable position to take.

The application of strong research techniques are not within the competency of PR practitioners. Therefore, the industry is going to need help from experienced research professionals in developing an evidence base for public relations practice.

Secondly, we need to have solid evidence of PR's contribution to organisation value creation, and this is where the IPR can play a key role. It is embarking on a two-year-long programme to amass this evidence and to understand the real contribution PR is making to British business today.

This will be organised not around the processes and practices that characterise PR today but around a construct of super themes that go to the heart of organisational success, reflecting tangible and intangible value creation.

PR's relationship to business

To stimulate debate the IPR would like to propose a new approach to understanding the contribution that PR makes to business. David Phillips, from Internet Reputation Services, has been researching relationship concepts that underpin a successful organisation, and which communications can affect.

Phillips's research comprised trawling through thousands of press articles, company minutes, reports and internal memos to understand how organisations evaluate their own success. The result? Five relationship concepts that reflect the success factors for any organisation. The first concept is corporate fidelity – what qualities make people want to support an organisation? These would include integrity, ethics and values, financial strength and power, leadership, and that it's competitive.

Furthermore, what makes for a good organisational offering? These include products and services that deliver fitness for purpose, quality, durability, price/value and after-sales support. And what stimulates demand for an organisation's goods and services? Market availability, acceptance and desirability, strong brand attributes, distinctive marketing and promotion, good



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delivery and distribution mechanisms and responsiveness to the consumer.

Another concept would be an organisation that delivers for its employees in terms of internal communication channels, competitive pay, a good working environment, a record for health/safety, best practice recruitment policies, good redundancy handling and work-based opportunities.

Finally, what makes a company good at managing stakeholder groups? It's management of other (non-customer) 'influencers' in terms of recognition of their concerns, facing up to the issues, two-way communication and responsiveness.

Not only do these themes address the chief-executive agenda, but they provide a

'Measurement must show a clear correlation between reach and frequency and PR effect'

practical and practicable way to deliver measurement solutions that measure the contribution of PR to value creation in an organisation.

With a commitment by the IPR to invest in this area and a growing demand for, and interest in, proper measurement among PR practitioners, I believe the industry will make even the most sceptical of supporters proud. Knowledge is key. ■