



White Paper

Defining ROI for Public Relations

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It's more than measurements—it's a state of mind

You have so many costs to think about in your business. Payroll, rent and development of product. Of course, you can have the greatest product in the world and it doesn't mean much if no one has heard about it. But public relations is an investment not to be taken lightly and you may be limited in the amount of places you can try if the first one doesn't do the trick. That's why you want to have a firm understanding of return on investment when it comes to PR to lay out your expectations to a company you want to engage, list benchmarks you'd like them to hit and be able to stay on top of whether they're getting the job done.

What Are We Aiming For?

First, define what audience you truly want your product to target. Public relations people aren't mind readers (though the best may seem like that at times). You have to choose some parameters. Maybe there are some publications or programs you wouldn't want your product advertised in, regardless of the revenue it would generate, so be up front about that. Also, adjust the thinking on the numbers to allow for the limitations you're putting on where and when they can get your name out there. You don't have to necessarily justify why you've made those choices, but that PR firm can't be expected to hit the top mark if you don't allow for all outlets.

Once you've established where you're willing and not willing to be placed, it's time to define what you'll consider to be a placement. For some, it's a singular quote in a local circular, for someone else, it's a feature story in a national magazine, possibly a segment on a national television program. And, of course, the amount you're willing to spend will need to correlate to what you're asking. But everyone must be on the same page in order to know if the firm can reasonably handle your expectations and if you're, again, being reasonable in your expectations from their side. You don't want to be circling back around after a few months of your money and their time, only to find out your wires were crossed from the get-go.

A simple ROI is just to measure how many placements they landed for your company vs. the previous team or just from media outlets that approached you on their own. But, for ROI, you often have to look much further.

For instance, how to measure branding campaigns, as opposed to ones about direct selling. When you sit on your favorite airline carrier and leaf through their in-flight magazine, you're being entertained (hopefully) but you are also the audience of a brand campaign. That publication costs money and is there to boost the product, albeit indirectly. You may notice the cities it features just happen to be ones the carrier flies to. Maybe you'll notice products mentioned might be owned by the same parent company. But what you'll most definitely notice is, other than maybe a page from the company CEO and possibly the editor, the carrier, most of the time, isn't directly mentioned for the

rest of the issue. Measuring the value of that is very different than a 30-second radio spot with your product explained and phone number then waiting for the sales to roll in. So how do you determine ROI in this circumstance?

One effective way is polling, which, of course, can be done by the public relations firm or by a separate entity if afraid of bias. But questions to be asked wouldn't necessarily involve whether they'd buy the product after but more like "on a scale of 1-10 do you feel better about the product after reading this publication." Then you can open it up to things less statistical, such as comments. Reading through them may be a pain yet can provide valuable insight.

Now all this so far assumes you're product, if not having a great reputation, doesn't have a bad one. If you've contracted a PR company to undo damage then the ROI must be looked at differently, and, without expecting miracles. For the customer who expects one campaign to automatically turn a negative viewpoint into a customer with complete amnesia to your faux pas, that is something few can do. Be prepared to measure based on how much less they hate you (though you might use, uh, just slightly different terminology in the poll questions).

The People Behind The Product

But ROI can't always stop at the product when you're one of the potential selling points as well. Take the viewpoint of David Cornwell, a lawyer for many NFL players, who's had to teach PR to clients to put together a strategy to improve a player's standing. "Begin by not thinking of yourself as an athlete, but rather as CEO of your own company," Cornwell says. "Every time you approach the media, you have to ask if the message you'll be putting out there will hurt or help you make money. If the answer is 'hurt,' keep your mouth shut. Talk only as long as it will help you. No longer."

Easier said than done, but a key ROI is whether a public relations rep has trained you so well that at times there's a mini publicist in your head helping you to avoid landmines, even if no one else is around to assist you. You know the saying about teaching someone to fish instead of just handing them a trout—well, after working with your PR team, do you know how to use that fishing pole or don't you?

But it's not just how they've helped you to keep your mouth shut but helped in improving when you open it. Although they're not necessarily public speaking trainers, have they improved your presentation for public events or put you in touch with those who have? Do they view you as an extension of themselves, truly taking pride in your fate as if it were their own? A great public relations rep sees your success as theirs, even when their fee isn't always tied directly to your revenues.

A good measurement here can be an honest assessment of all interviews done by employees vs. previous years. How would you rate how you came off in relation to the past? How much did your PR team play a role in that?

Time is a Precious Commodity

Length of strategy is also critical to measuring a public relation team's success. Are you asking them for a few placements or to truly create a whole new image going forward? Though no one says you need to have a team in place forever—be realistic in what a certain time horizon can do. Like building a restaurant, you do have to buy some dishes and tables to start. Be understanding that there's a minimum amount of startup time that may be necessary to accomplish some lofty goals.

Sometimes the easiest thing to do is to measure your success against your competitors in the same timeframe but make sure it's a level playing field. If they've obviously pumped in 10 times your own public relations budget then they're not the ones to measure against. But if it's a similar launch then you absolutely have a right to hold your team accountable for lesser numbers. Still, even then, don't automatically assume it's apples to apples. Hear what your team has to say and be open to the possibility that the numbers don't tell the whole story. Such as in the case of...

Effects And Lack Of Effort

When measuring the effect of a placement, just looking at the initial surge of business can undervalue. Let's say you receive a positive endorsement from the *Wall Street Journal*. Is the effect just the eyes who looked at the story that day? No, it's the lifetime of potential customers you've now strengthened your case with. You initially approach a corporation for business and one of the samples you leave—in fact, you're most impressive credential-wise—is a story from *WSJ*. Are you always going to know whether the tipping point that got them to say yes was reading that article? No. Do you have to assume a certain percentage of the time it made the difference? Yes. Now if you already had five endorsements from newspapers of equal standing then that extra value is nil, but, the question would be, do you? Or if they get the company its first mention in the leading (or sometimes only) trade paper in your business—a placement like that can't simply be measured by circulation, can it?

Beyond measuring the effect of placements, you also must assess whether you've given that PR team the best chance to succeed. Consider a strong interview on national television which had your company CEO come off looking brilliantly as well as the product. You could send a link of this to everyone on your newsletter—the only problem is you've never taken the time to have one. Well, should the public relations team not get credit for the full value that would have been there because you didn't have other strategic pieces in place? When measuring ROI you must always ask if you've done your part or you may be measuring, at times, your own failings as much as the PR team's.

This also extends to how well you handled your interview. Did you end up answering your questions as a figurehead in the strongest possible way? Did your public relations team try to train you and you ignored them believing that it didn't deserve priority? Again, would it be fair to trust an ROI measurement if you dropped the ball on your end?

The Feel Factor

While numbers are helpful, there's one that can sometimes outweigh them all: zero. That's the amount of times you want your company to be embarrassed in the press and, if you are, the amount of years you want the negative publicity to linger. Many companies avoid ever having a large public scandal but it's always a potential factor. And it's not automatic that a public relations team that's superior in getting you placed is also at that level when it comes to damage control. The latter is something that is tough to measure when it comes to ROI because first you'd need to have, well, a scandal. While you may be able to see how your team handled other companies' problems, you're still taking someone else's word for it. That brings us to something not to be lost in the numbers: feel. You need to feel this person will anticipate you making a mistake in an interview before you do, that they will know how to jump in and that they understand how to smooth things over. Sometimes the biggest measure of public relations ROI is the number of mistakes they help you avoid.

Realities of ROI

Yes, the numbers can say a public relations firm is inferior but it can also say the product is. A public relations campaign isn't just a chance to measure marketing but to measure what's being marketed. Question your PR team but also see if you can get them to give you straightforward answers about the product. If a strategy doesn't work, it's easy to just dismiss the PR team and go with someone else. But instead ask them why they felt they weren't able to be successful. Was there an aspect of the product that seemed to be lacking or was there a lack of vision for the customer to understand in its explanation? Remember—all data can be valuable and public relations results are no exception.

To close, be clear about your PR goals in your own head and in expressing it to your representatives. Also, be just as mindful of measuring whether your team is helping you avoid negative press as you are on the positive placements they get you. They say there's no such thing as bad publicity, but there are only 1,000 examples which say otherwise.