

Measuring the Impact of Public Relations on Sales



COUNCIL *of* PUBLIC RELATIONS FIRMS

Contents

Introduction	1
1. How Public Relations Boosts Sales	2
2. Fostering Collaboration Between Public Relations and Research Professionals	5
3. Planning to Measure the Contribution of Public Relations to Sales	7
4. Essential Public Relations Measurement Methods for Marketers	9
5. Calculating Return on Investment	18
Conclusion	20
References	22

Introduction

There is no question that demand for accountability is growing in all marketing disciplines, including public relations. Corporate management, conscious of the size of the marketing spend, is focusing more attention on the return on investment in marketing services. More companies are considering measurement capabilities and approaches in searching for new agencies. And procurement executives, who are increasingly involved in public relations firm relationships, are asking for more concrete metrics to assess firm performance.

Clients want to measure public relations programs in order to gain insights that will enable them to refine and improve programs, to assess cost effectiveness of different approaches, and to assure a good return on these investments.

In concert with growing demand, public relations measurement and evaluation is growing in sophistication. Today, there is recognition that public relations programs can be measured and that there is value in doing so. Industry research suggests that the most common public relations measurement technique currently being used is media analysis, assessing the quantity and quality of media coverage. Thanks to innovation in public relations measurement methods and to learning from other marketing disciplines, marketing and public relations executives now see potential to move beyond emphasis on measuring public relations outputs to increasingly measuring its effects.

Research professionals serving the public relations industry, including those within public relations firms, are developing and refining innovative methods for measuring public relations programs. And, with many new methods using technology to gather and analyze data, the cost concerns that have historically been barriers to evaluation are being minimized.

Recognizing that measuring the impact of public relations on sales is a complex task that requires special knowledge and expertise, we do not provide instructions in this brief guide. Rather, we offer an overview of the current state-of-the-art with illustrative examples and references to other resources that we hope will enable those who are interested in this subject to engage others and make a commitment to measurement.

This booklet is designed to inspire public relations, marketing and research professionals to support public relations measurement and to consistently invest in the kind of rigorous evaluation that will not only improve the quality of public relations programs but also add to the substantial body of evidence that public relations works.

Kathy Cripps
President
Council of Public Relations Firms

1

How Public Relations Boosts Sales

In addition to the growing body of research on the effectiveness of public relations, marketers are witnessing the power of public relations first hand. Senior level marketers surveyed in 2005 by the Council of Public Relations Firms and Advertising Age said they perceive public relations to be most valuable in supporting product marketing and product launches (72%).

Many companies recognize the value of public relations as a strategic marketing tool they can use to increase sales of products and services. Whether used alone or as part of an integrated marketing campaign, public relations can contribute to sales in many ways. Public relations programs may be designed to influence consumers at any stage of the purchase process:

- ▶ Increasing awareness of, or familiarity with, products and services;
- ▶ Influencing perceptions of key benefits or differentiators;
- ▶ Increasing willingness to consider products and services;
- ▶ Increasing intent to try a product and make a first time purchase;
- ▶ Assuring a positive experience with a purchase; and
- ▶ Building ongoing preference for a product or service.

There are proven public relations strategies and tactics that may be used to achieve all of the objectives above. For example, a public relations strategy for increasing intent to try a product may be to stimulate recommendations from reviewers and endorsers. A tactic to assure a positive purchase experience may be to offer free product trial through a newsworthy event.

In addition, public relations professionals are continuously developing innovative new techniques to keep pace with the changing media and information landscape. For example, they are developing means for reaching consumers through consumer generated media, such as blogs and wikis, and to use online and other vehicles to stimulate positive word-of-mouth about products and services.

Published analyses of public relations programs have demonstrated that public relations can be an effective marketing tool. Because many public relations programs seek to stimulate media coverage, much of the research has focused on the role of coverage in influencing consumers. For example, four studies for AT&T¹ examined the conditions under which news coverage interacts with advertising to impact marketplace perceptions, attitudes and behaviors. The researchers concluded:

- ▶ Overall, advertising and news coverage each has its own impact on consumers and these interact to influence perceptions, attitudes and behaviors;
- ▶ The news environment modulates the impact of advertising. In times of "normal" news coverage (i.e. mostly positive with some negative), news and advertising work together, and incremental advertising has a positive impact on attitudes. In times of widespread and extremely positive news coverage, the incremental positive impact of advertising is much less than in normal times. And in times of widespread and extremely negative news coverage, incremental advertising does not have a positive incremental impact and may even have a negative effect; and
- ▶ News coverage can have a substantial impact on consumers, on a par with advertising.

Marketing executives surveyed that same year by *PR Week* and Millward Brown² were asked to compare the effectiveness of public relations to that of advertising and direct marketing for specific tasks. From the perspective of these executives, public relations is the most effective marketing discipline for launching a new product or service (55%), building awareness (52%), generating word of mouth (51%) and building brand reputation (50%).

In their book *The Fall of Advertising and the Rise of PR*³, branding experts Al Ries and Laura Ries argue that public relations is the best way to launch new brands. In fact, they recommend that any new marketing program start by generating publicity and then shift to advertising after the public relations objectives have been achieved. Among the evidence they cite to support their recommendation is a study of 91 new product launches that shows highly successful launches are more likely to use public relations than less successful ones. As they see it, "marketing has entered the era of public relations."

Fostering Collaboration Between Public Relations and Research Professionals

2

The best plans for measuring results of public relations programs tend to result from collaboration between public relations and research professionals as part of the team responsible for marketing a product or service. These research professionals may be on the staff of a public relations firm, part of an internal client function, an external research provider or a research department of an advertising agency or other marketing services provider.

Research experts in public relations firms find that working with their counterparts in client companies enables them not only to gain knowledge but to identify additional resources that may be applied to public relations program measurement. Unless public relations is the only discipline being used to boost sales, there may be research and evaluation methods in place for other marketing services that can be adapted to measure public relations programs.

According to the marketing executives surveyed by *PR Week* and Millward Brown², responsibility for measuring the effectiveness of marketing disciplines is more likely to reside with direct marketing (46.4%) and advertising (31.3%) than with public relations (15%) departments. Because there may be sensitivities among professionals related to sharing data internally – or sharing research costs and methods – public relations professionals should be advocates for measurement without necessarily seeking to control or lead the process.

In companies where the public relations and research professionals do not normally work together, public relations professionals should seek out executives responsible for research related to the brands, products or services on which they work. Market research or customer analytics may be a centralized or decentralized function, so the best place for public relations executives to turn to identify potential research collaborators would be the chief marketing officer or top marketing executive.

Different Perspectives Lead to Powerful Collaboration

RESEARCH PROFESSIONALS

- ▶ May have access to sales data or other evidence of results
- ▶ Are knowledgeable about a range of marketing research and evaluation methods
- ▶ Are often aware of and/or involved in research to measure other marketing disciplines
- ▶ Can assure research is conducted according to industry standards
- ▶ Understand the limitations of various measurement methods

PUBLIC RELATIONS PROFESSIONALS

- ▶ Are advocates for public relations measurement and evaluation
- ▶ Can set realistic expectations for performance based on knowledge of the public relations discipline
- ▶ Design public relations programs to achieve specific outcomes
- ▶ Are familiar with methods for public relations research and evaluation
- ▶ Can help interpret research findings and their implications for public relations

Planning to Measure the Contribution of Public Relations to Sales

3

Measurement should always be considered at the outset of a public relations program, not at its conclusion. By focusing on measurement in the planning phase, public relations executives can set measurable objectives to influence sales and design the public relations program to achieve those objectives.

During the planning phase, public relations and research executives should collaborate to:

Determine the primary purpose for measuring the public relations program.

Since there are many research methods that may be employed to assess the contribution of public relations to sales, clarify what question the research is intended to answer. For example, measurement plans may be developed that will help decision-makers determine:

- ▶ How do we define and measure our return on investment in public relations?
- ▶ How does our return on investment in public relations compare with that of other marketing disciplines?
- ▶ How effective is our public relations program?
- ▶ How can we improve the effectiveness of public relations?

If executives are interested in measuring effectiveness, determine whether it is important to assess effectiveness of public relations tactics (e.g. is the special event serving its intended purpose within the program?) or effectiveness of the public relations program as a whole (e.g. is the public relations program working as intended to boost sales?). There are measurement techniques that may be used to answer either type of question.

Clearly define the role of public relations versus that of other marketing disciplines.

In integrated marketing initiatives or those in which multiple disciplines are working simultaneously to influence sales of the same product or service, establish clear expectations for the contribution of public relations. Determine if and how other disciplines will be measured and whether there will be data available that will help isolate the contribution of each discipline.

Assure methods and resources for measurement are committed. The budget for measurement and the staffing requirements should be determined once the optimal measurement plan is developed and research executives have determined whether any efficiencies may be achieved by combining efforts with other marketing disciplines. In the event that the full measurement budget is not approved, the measurement plan should be adjusted accordingly.

Put measures in place to track public relations performance throughout program implementation.

Research professionals should assure proper data collection mechanisms are in place and functioning throughout the duration of the program and that data is being collected in a form that will be useful for the analysis. If measurement involves comparing public relations to other disciplines, research professionals should assure that data will be comparable.

To establish a common understanding of basic market research terms and methods during the planning phase, public relations and research professionals may want to consult the Advertising Research Foundation's Guidelines for Market Research, available at www.arfsite.org.⁴

Essential Public Relations Measurement Methods for Marketers



In assessing the contribution of public relations to sales, it is important to answer these questions:

- ▶ Did target audiences receive messages directed at them?
- ▶ Did they pay attention to them?
- ▶ Did they ultimately act upon them?

These questions may be answered using any number of methods. The summaries in this section are intended to provide an overview of the options available and the circumstances under which these options should be considered. For more detailed information on specific methods, consult market research professionals with knowledge of the public relations discipline.

Attitudinal Research

WHAT IT IS

Surveys of target consumers to assess changes in knowledge, attitudes or practices over time. Generally this research measures what consumers say, not what they do. It measures what they say about what they know and perceive, and how they say they are inclined to act. Researchers are often able to use such surveys to deduce what consumers will do, but attitudinal surveys do not capture this directly.

WHEN TO CONSIDER IT

- ▶ Public relations programs are designed to influence what consumers know, perceive, believe and do. What consumers report is considered a reasonable measure of the effectiveness of these programs
- ▶ Representative samples of the target audiences can be reached cost-effectively through attitudinal studies
- ▶ Advertising or brand tracking studies or other ongoing survey research is already in place and may be adapted to also assess the contribution of public relations
- ▶ A survey can be directly tied to one or more public relations program tactics

WHAT'S REQUIRED TO USE IT TO ASSESS PUBLIC RELATIONS PROGRAMS

- ▶ Conducting survey research exclusively to assess the impact of public relations usually requires measuring whether consumers were exposed to messages delivered by public relations tactics (e.g. articles, speeches, educational material). The best circumstances for measuring the impact of public relations with attitudinal research are when public relations is delivering information not delivered through other disciplines, when public relations is targeted to different or more narrowly defined audiences than other disciplines, or when public relations is used before other disciplines and is the only tool being employed for a period of time.
- ▶ If there are target audience surveys already in place to assess the effectiveness of other marketing disciplines, these can often be easily adapted to add questions to a survey instrument that will assess consumer exposure to public relations tactics. In such cases, public relations professionals may have to overcome resistance from the main sponsors of existing research who may be concerned about survey instruments becoming too long or losing focus. Keep in mind that even adding a few questions specific to public relations tactics can yield information to help assess the contribution of public relations to sales.
- ▶ Sometimes it is possible to reanalyze existing studies to answer questions about the effectiveness of public relations without including questions. For example, if existing tracking studies contain unaided questions about what consumers have read or heard recently about a brand, public relations and research professionals can seek to obtain raw data sets or verbatims and analyze this information to gain insights about the impact of public relations.
- ▶ Finally, it is often worthwhile to tap into multi-client omnibus surveys which are conducted by many research firms if other survey research is not available. Adding questions to an omnibus survey that is regularly fielded among relevant audiences can yield insight about target audience attitudes.

Sears Links *Oprah* Segment to Sales

By tapping into existing company research to understand the effect of a segment referencing their brand on *Oprah*, Sears, Roebuck and Co. was able to show shifts in attitudes that led to planned spending increases in the critical holiday period⁶. The *Oprah* placement involved providing Christmas gifts to foster children in a small Texas community. Sears provided gifts for 100 children and Oprah proclaimed “We love Sears” during the segment. Using pre- and post show surveys tied to its ongoing brand research, Sears found the show provided incentive to move viewers from neutral to positive intent to shop at Sears during the holidays, with about an 11% increase in positive intent. The amount consumers said they would spend at Sears during the holidays, also increased at an estimated 39% per shopper. And finally, correlating the other research to sales data, Sears concluded the shift in attitudes led to spending increases estimated at \$13 million.

Behavioral Research

WHAT IT IS

Research methods that assess changes in target audience behavior as a result of public relations programs. Assessing whether people have behaved differently than they have in the past usually involves using a range of data collection techniques.

WHEN TO CONSIDER IT

- ▶ Public relations program is designed specifically to influence behavior of a discrete audience (e.g. members of a club)
- ▶ Public relations tactics may be designed with built-in mechanisms for tracking purchase behavior (e.g. promotional coupons/codes)
- ▶ It is possible to conduct a test market in which public relations is the sole or primary vehicle being employed to change behavior, and other variables potentially affecting consumers may be isolated and analyzed
- ▶ In introducing a new product or service, when public relations is being used first in a sequence of marketing efforts and is the sole or primary vehicle influencing sales

WHAT'S REQUIRED TO USE IT TO ASSESS PUBLIC RELATIONS PROGRAMS

Because behavioral research is complex and only worthwhile if specific conditions described above are present, it is probably the least common measurement method employed to assess public relations programs. On the other hand, such research can yield the most compelling evidence of the value of public relations, so it should be considered if resources and circumstances allow.

Optimizing Press Releases Boosts Sales for Southwest Airlines

Recognizing that many consumers gain information to inform their airline travel purchase decisions online and that press releases distributed by wire services are directly searchable, Southwest Airlines is using search optimization and source coding to help reach target consumers directly. First, the company identifies popular search terms relevant to the news it is announcing (using the free keyword suggestion tool on www.digitalpoint.com) and inserts these terms into its releases to increase the likelihood that Southwest Airlines will come up first in a search. Then, it embeds a unique URL in the release that offers further information and may link consumers to the point-of-sale. This link provides a means for tracking sales directly attributable to the press release. Finally, the company distributes the release using a wire service so that it is posted to the Internet. Over a 14-month period, Southwest was able to generate an estimated \$2.5 million in sales using this method. Additional information on search engine optimization for press releases is available through SEO-PR at www.seo-pr.com.

Media Coverage Impact Analysis

WHAT IT IS

Quantitative and qualitative analysis of media coverage using statistical models to correlate coverage to business outcomes. These technologically advanced approaches differ from traditional media coverage analysis in that they are based on a set of factors that developers believe determine how media coverage affects consumers. They are differentiated from each other by their underlying philosophies, the design of the models, and the research they have done to validate their approaches.

WHEN TO CONSIDER IT

- ▶ Media relations is the primary or sole public relations tactic being employed
- ▶ Must seek to correlate media coverage and product sales without access to other attitudinal, behavioral or statistical research
- ▶ If contributing data to a marketing mix model (see below) and need robust analysis of media coverage in a form comparable to that available from other marketing disciplines

WHAT'S REQUIRED TO USE IT TO ASSESS PUBLIC RELATIONS PROGRAMS

- ▶ This analysis requires collecting coverage in print, broadcast, online and other vehicles over a period of time. Public relations and research professionals without their own media coverage analysis capabilities should review services to identify one that meets their requirements.
- ▶ Market intelligence and media analysis firms serving the public relations industry now have the ability to provide more timely media measurement using data mining technology. This has allowed firms to automate many of the functions that were previously done manually, both improving consistency and potentially bringing down costs of media analysis.

Sample Media Coverage Performance Metrics

Impact Score and Net Effect. Based on research to determine media coverage attributes that are key drivers of awareness and recall, this method measures media performance in terms of those attributes. Factors considered include news item placement, headline, initial mention, extent of mention, dominance and visuals. The Impact Score, which reflects the “quality” of coverage, is a composite of tone and prominence (an estimation of the likelihood that someone will be exposed to and remember news). Net Effect, which may be positive or negative, is calculated based on the reach of a news item multiplied by the Impact Score. Net Effect may be calculated for a specific period of time or surrounding a particular issue or event. www.delahaye.com

Share of Discussion. Based on studies analyzing 10 million clips, this metric assesses the quantity and quality of media coverage about a company compared to that of its competitors and correlates it to business outcomes. The prime algorithm used is an index comprised of story slant, client prominence within a story, and market costs for media space or time. For example, a study done by PR Trak⁷ examined media coverage of the category of hormone replacement therapy over a period of time and compared it to volume of new prescriptions over the same period. The study revealed that prescriptions declined as Share of Discussion declined, due to widespread coverage of alternative therapies during the study period. It also found that discussion preceded changes in sales by approximately 11 weeks, enabling the client to adjust timing of its sales forecasts. Now, forecasts are made 8 weeks in advance based only on Share of Discussion and have been 80% accurate for the past two years. www.prtrak.com

Statistical Analysis

WHAT IT IS

Statistical models, such as marketing mix models, that analyze data about marketing activity during a specific time period (or in a specific geography) and compare it to sales during the same time period (or geography) to assess the effectiveness of marketing techniques. These models identify factors influencing sales, both controlled and uncontrolled. Typically, they look at the marketing disciplines responsible for the largest spend, including advertising, direct marketing and sales promotion.

WHEN TO CONSIDER IT

- ▶ Public relations is a critical part of the marketing mix and is used to support sales on an ongoing basis
- ▶ If it is useful to compare and contrast the contribution of public relations to that of other disciplines
- ▶ If there is a marketing mix model in place to assess effectiveness of other disciplines that may be adapted to include public relations

WHAT'S REQUIRED TO USE IT TO ASSESS PUBLIC RELATIONS PROGRAMS

For this kind of analysis, there must be data related to public relations outputs over a specific period of time and/or within a specific geography. Although they can be used to assess a specific campaign or initiative, marketing mix models are typically used to track and analyze the effectiveness of marketing services on an ongoing basis.

For additional information to help assessing the appropriateness of various methods for a particular situation, consult *Guidelines for Measuring the Effectiveness of PR Programs and Activities*, developed by the Institute for Public Relations and available at www.instituteforpr.com.⁸

Marketing Mix Modeling Cases Reveal PR Effectiveness

MILLER BREWING COMPANY⁷

The December 2003 issue of *Television Week* described how introducing public relations into its marketing mix model allowed Miller to explain previously unexplained sales as being attributable to public relations. Miller had been utilizing Delahaye's Impact Score and Net Effect to analyze media coverage of several brands of Miller beer as well as comparable brands of competitors over time. This analysis assessed penetration of specific topics and public relations program effectiveness. Utilizing this data in the company's marketing mix model, Miller found that public relations contributed 1.2 percent of the total volume, or barrels of beer sold, and 4 percent of the incremental volume. This compares to TV advertising which generated only 5.3 percent of base sales and 17.3 percent of incremental sales. Miller also found that public relations was much more efficient than other promotions for the brand.

AT&T¹

AT&T had built a marketing mix model to assess how various marketing elements influenced new customer acquisition. The model, which originally included outbound telemarketing, advertising and direct mail, was adapted to include news coverage. News coverage was broken down by topic and these data streams were input into the model. The strongest correlation noted in the news coverage analysis was between acquisitions and positive news coverage related to price/value. AT&T then examined the relative power of each of the marketing elements on acquisitions. The analysis showed for the first time that news coverage plays a role in acquisitions. In this case, positive news coverage related to price/value appears to have the same level of impact as advertising, with about 8 percent of acquisitions attributable to these marketing elements.

5

Calculating Return on Investment

As companies realize public relations can be a key driver of product sales, they are increasing public relations budgets. Research professionals who assess marketing disciplines through marketing mix models or other methods, indicate that their analyses reveal that public relations usually delivers a high return on investment (ROI).

These trends suggest that it is in the interest of public relations professionals to calculate public relations ROI whenever possible. The right formula for calculating public relations ROI in any company depends upon the metrics management values.

In addition to assessing ROI in terms of how public relations drove incremental sales, companies may calculate return based on how public relations helped to reduce or avoid costs or how public relations helped improve results while lowering costs.

Public relations and research professionals can develop their own metrics and calculate ROI utilizing the research methods described in the previous section.

Conclusion

Techniques for measuring the contribution of public relations to business outcomes, specifically sales, continue to evolve and the pace of innovations has hastened significantly in recent years. Proven methods are increasingly being applied by public relations and research professionals to demonstrate the value of public relations.

To explore this subject further and access resources that may be useful in applying the principles in this booklet to specific circumstances, review the source material for references cited in this report and consult these additional resources:

1. For information on measurement methods used by public relations firms. Public relations firms apply methods described in this booklet as well as continuously innovate in order to meet client needs. Ask your public relations firm about their approach to measurement and proprietary methods they offer clients. The Council of Public Relations Firms' Web site (www.prfirms.org) also showcases measurement methods submitted by member firms.
2. For public relations measurement and evaluation expertise. The Institute for Public Relations (Institute) is an independent foundation dedicated to the science beneath the art of public relations. Its Commission on PR Measurement and Evaluation brings together professionals from academia, business, public relations and research firms to exchange information and develop knowledge on this topic. Among other resources, the Institute Web site offers access to white papers and other educational material, conference listings, and access to speakers. Visit www.instituteforpr.com.

3. For public relations measurement and evaluation providers. Ask your public relations firm about measurement and evaluation services they recommend. Many firms offer such services through in-house departments or through partnerships with research providers. For a listing of other firms specializing in public relations measurement, visit the Web site of measurement services provider KD Paine & Partners at www.measuresofsuccess.com. Web sites of other public relations measurement services providers may also offer educational material on this topic.

The Council of Public Relations Firms booklet, *Demonstrating the Value of Public Relations: A Workbook for Public Relations Executives* offers a framework for establishing the contribution of public relations to meaningful business and organizational goals. It is also available on the Council Web site: www.prfirms.org.

For detailed guidance on using research to design and measure effective public relations programs, consult *Communication Research, Measurement and Evaluation: A Practical Guide for Communicators*. Developed by Louis C. Williams, this manual is available through the International Association of Business Communicators at www.iabc.com.

References

1. *Toward an Understanding of How News Coverage and Advertising Impact Consumer Perceptions, Attitudes and Behavior*, Bruce Jeffries-Fox. Available at www.instituteforpr.com.
2. *PR Week/MS&L Marketing Management Survey 2005*, PRWeek and Millward Brown, May 2005. Available at www.prweek.com.
3. *The Fall of Advertising and the Rise of PR*, Al Ries and Laura Ries, Harper Business, 2002. Information on the authors available at www.ries.com.
4. *Guidelines for Market Research*, Advertising Research Foundation, August 2003. Available at www.arfsite.org.
5. *What Every CEO Wants to Hear from Communications: Objective Measures Essential to More Effective Communications Planning*, article in *Journal of Integrated Communications*, 2001, Tom Nicholson. Available at www.jiconline.com.
6. *It Works! Correlating Outputs to Outcomes*, PRTrak White Paper, 2005. Available at www.prtrak.com.
7. *Marketing PR Revolution*, article in *Communication World* January/February 2005, Mark Weiner, Delahaye. Reprint available at www.delahaye.com.
8. *Guidelines for Measuring the Effectiveness of PR Programs and Activities*, The Institute for Public Relations Commission on PR Measurement and Evaluation, 2003. Available at www.instituteforpr.com

Acknowledgements

The Council of Public Relations Firms is grateful for the guidance of its Client Advisory Committee as well as the assistance of the following individuals who contributed to the development of this booklet:

Angie Jeffrey, PRTrak

Bruce Jeffries-Fox, Jeffries-Fox Associates

Frank Ovaitt, Institute for Public Relations

Katie Paine, KD Paine & Partners

David Rockland, Ketchum

Jennifer Scott, StrategyOne, part of Edelman

Jennifer Sosin, KRC Research, part of Weber Shandwick

William Stewart, Fleishman-Hillard

Angela Vargo, Southwest Airlines

Rick Wattral, ImmediateFX, LLC

Mark Weiner, Delahaye

Louis C. Williams, LC Williams & Associates

COUNCIL OF PUBLIC RELATIONS FIRMS

1-877-PRFIRMS

www.prfirms.org