Research, Measurement, and Evaluation in Corporate Communications: Alternatives to ROI

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GEDDES analytics

Presentation objectives

1. For public relations practitioners
2. Better public relations through research and measurement
3. New and traditional
4. No mechanics
5. Alignment
6. Role in building organizational value

1 What exactly is ROI?

Why ROI?

- Fundamental to decision-making

- Common language

- Communications/PR need for clearer metrics

What is ROI?

Return

Investment

$$ROI = \frac{(Total\ €\ Earned - Total\ €\ Invested)}{(Total\ €\ Invested)} \times 100\%$$

What is ROI?

- Results ≠ ROI

- 576 news stories   ≠ ROI
- 57,423 unique visits   ≠ ROI
- 176,000 fans   ≠ ROI
- 12% increase in brand awareness   ≠ ROI

When to use ROI?

- **<u>Only</u>** when you can measure:
  - ▫ € invested
  - ▫ € earned, saved, or avoided

Total value of PR > ROI

Total Value of PR > ROI

Total Value of PR = Tangible + Intangible

Total Value of PR = Near-Term + Lasting

PR builds intangibles

- Public opinion
- Customer experience
- Brand equity
- Corporate reputation
- Customer loyalty
- Employee engagement
- Partner relationships
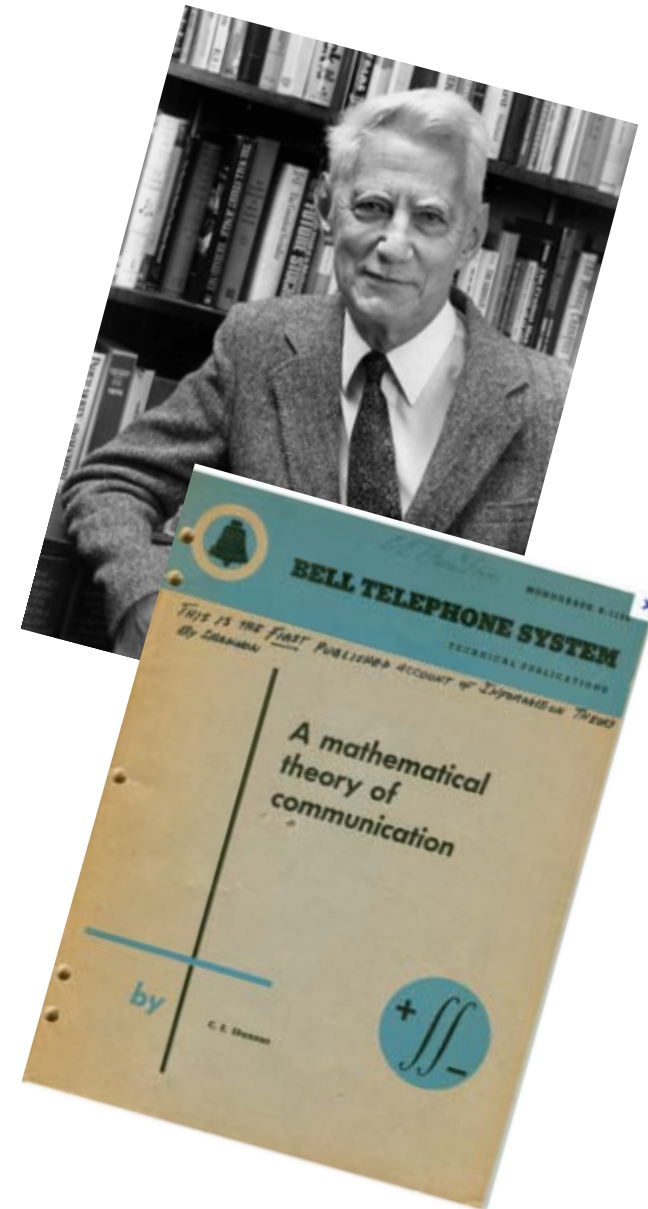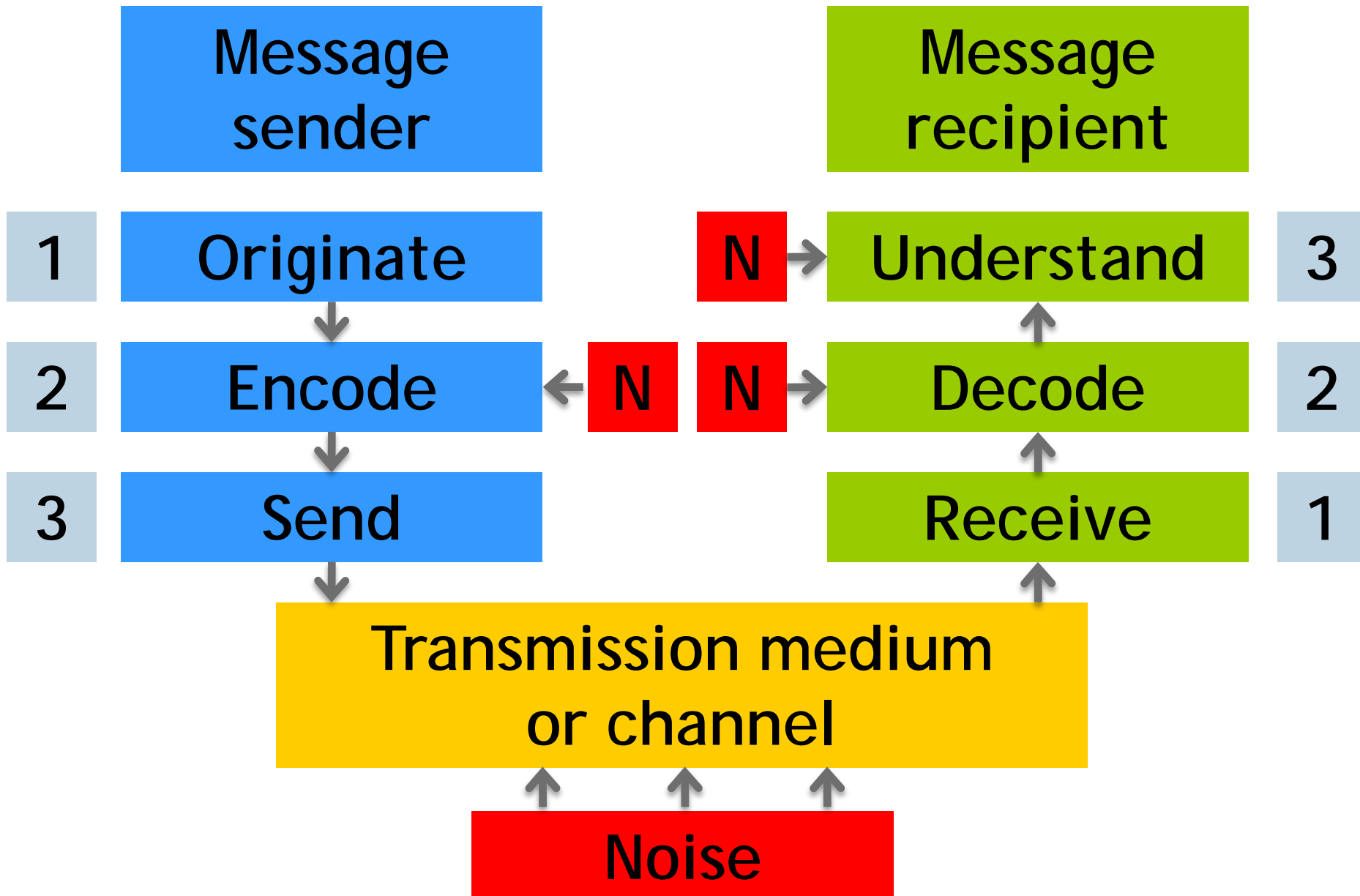- License to operate / regulations

2 Begin with theory

Information theory

- Prof. Claude Shannon

Bell Telephone Laboratories
Research and Development Unit of the Bell System

- Communications theory
- Public relations theory

2 Translate to practice

Sender		Activities
	Originate	
	Encode	
	Send	
	Transmission channel	Outputs
Recipient	Receive	Reception
	Decode	Outtakes or PR outcomes
	Understand	
	Act	Business results

3 A standard framework for PR program measurement

Activities

- What did you do?
- Control by PR
- Visible
- Operational efficiency
  - Staff time
  - Budget
- Use: PR group, CFO

Activities

Outputs

Reception

Outtakes

Comms results

Business results

Outputs

- Message availability to target audiences
  - Media analytics
  - Social media analytics
  - Other (events, etc.)
- Correlate with activities
- Use: Within PR group

Activities

Outputs

Reception

Outtakes

Comms results

Business results

Reception

- Handle PR outputs
- Manipulate outputs
- Involvement with outputs
- Correlate with activities
- Is this engagement?
- Use: Within PR group

Activities

Outputs

Reception

Outtakes

Comms results

Business results

Outtakes

- Cognitive change

| Activities |
| Outputs |
| Reception |
| Outtakes |
| Comms results |
| Business results |

From David Michaelson & Don Stacks,
"Standardization in Public Relations Measurement
and Evaluation," *Public Relations Journal*, 2011.

Outtakes

Outtakes

- Cognitive change
  - Awareness
  - Understanding
  - Perceptions
  - Advocacy
- Use: CMO, marketing and communications executives

Activities
Outputs
Reception
Outtakes
Comms results
Business results

Communications results

- Specific, desired **behaviors**
- Precursor to business value
- Link to outcomes, etc.
- Use: CMO, marketing and communications executives

| Activities |
| Outputs |
| Reception |
| Outtakes |
| Comms results |
| Business results |

Business results

- Tactical, consumer results

- Strategic business results

- ROI

- Statistical methods

- Use: CEO, CMO, business unit leaders

Activities

Outputs

Reception

Outtakes

Comms results

Business results

4 Putting measurement into practice

Step 1

- Define business goals
- Link PR objectives to business goals

Step 2

- Select measurable objectives
  - Specify the audience(s)
  - Specify desired audience-specific outcomes
  - Ends or outcomes, not means
  - Time frame

Step 3

- Select metrics

Outputs	Outtakes	Outcomes	Business results
▪ Press releases	▪ Awareness	▪ Behaviors	▪ Sales
▪ Journalist briefings	▪ Comprehension	▪ Purchases	▪ New customers
▪ Reporter contacts	▪ Message retention	▪ Votes	▪ Customer loyalty
▪ News stories	▪ Attitude	▪ Employee job applications	▪ Lower customer acquisition costs
▪ Messages	▪ Perceptions	▪ Support or advocacy	▪ Employee retention
▪ Impressions	▪ Intentions	▪ Inflate tires	▪ Permission to open a factory
▪ Media value		▪ Change smoke alarm battery	▪ Lower accident rates
▪ Events		▪ Visit museum	
▪ Analyst receptions			
▪ Customer case studies			
▪ Executive speaking ops			

Step 4

- Set quantitative targets

Unacceptable	Acceptable	Superior
Not worthwhile	Worthwhile	Extremely worthwhile
< Satisfactory	Satisfactory	> Satisfactory
Fail	Pass	Superior
F	C	A
Less than expected	Expected	More than expected

Step 5

- Measure

Step 6

- Analyze
- Index the results
- Evaluate
- Recommendations for improvement
- Report
  - Dashboard
  - Evaluation matrix
  - Balanced Scorecard

Dashboard

Evaluation matrix

The Evaluation Matrix						
Activities	**What Measured**	**Input or Output**	**Time Frame**	**Target Number**	**Index Threshold**	**Weight for Balanced Scorecard**
Digital Communications						
Microsite content	Number of Pages	Input	Before launch	20	80/125	3%
	Average messages delivered per screen	Input	Before launch	2	75/150	3%
	% of pages with interactive features	Input	Before launch	50%	75/125	3%
	% of pages with clear emotional appeal	Input	Before launch	90%	75/110	3%
	% of pages with connection to climate change	Input	Before launch	50%	75/125	3%
Microsite traffic	Unique visitors to URL	Output	Per quarter	50,000	50/150	10%
	Unique visitors to consumer landing page	Output	Per quarter	50,000	50/150	5%
	Unique visitors to business landing page	Output	Per quarter	50,000	50/150	3%
Microsite Video	% of visitors who watch complete video	Output	Per quarter	10%	65/125	3%
Flash Tutorial	Number of users	Output	Per quarter	10,000	65/150	3%
Share Widget	Number of users	Output	Per quarter	10,000	65/150	3%
Monthly E-mail	Number of subscribers	Output	Per quarter	5,000	65/200	3%

Balanced scorecard

CUSTOMER·PERSPECTIVE

Metric name	IBIS customer satisfaction survey (project-based): Overall satisfaction score on completed projects
Description	Total percentage answering one of the top two rating scale responses
Formula	Question: Rate the Internet, Broadcast, and Image section in the following areas (Scale: excellent / good / fair / poor / very poor): 1. → Overall satisfaction with the project.
Rating	Exceeds target: > 60% — > Benchmark % + 10% Meets target: 50% - 60% — Benchmark % to benchmark + 10% Below target: < 50% — < Benchmark %
Frequency of update	Annual
Data source	IBIS customer satisfaction survey (project-based)
Owner	IBIS
Additional information	

Metric name	IBIS customer satisfaction survey: "Recommend" score on completed projects
Description	Total percentage answering one of the top two rating scale responses
Formula	Total percentage answering one of the top two rating scale responses You recently worked with the Internet, Broadcast, and Image section of the Division of Communications on a project. We would like your honest feedback on our work so that can deliver the best service to our partners and colleagues. 1. → If someone at UNICEF asks for your advice about a similar project, how likely would you be to recommend that they work with the Internet, Broadcast, and Image section on the project? (Scale: extremely likely / likely / somewhat likely / not very likely / not at all likely)
Rating	Exceeds target: > 60% — > Benchmark % + 10% Meets target: 50% - 60% — Benchmark % to benchmark + 10% Below target: < 50% — < Benchmark %
Frequency of update	Annual
Data source	Print and language customer satisfaction survey (project-based)
Owner	Print and language section
Additional information	

Balanced Scorecard

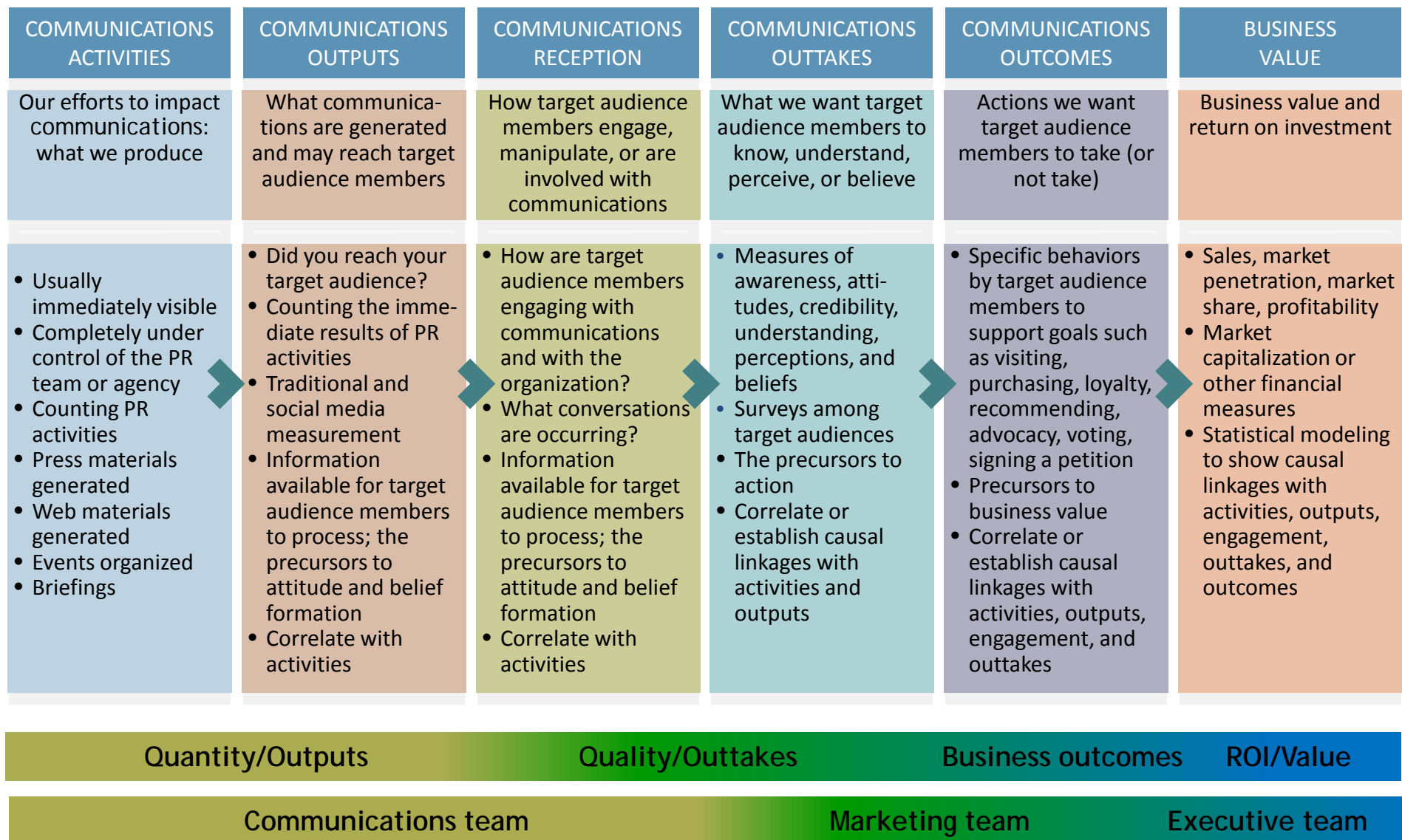| Objectives	Measures	Update frequency	Type	Data provider	2008 result	2009 result	2009 target
Customer perspective							
Produce and distribute video, audio, Web, photo, or multimedia materials to meet UNICEF requests and external customer needs.	SURVEY - IBIS customer satisfaction survey (project-based): Overall satisfaction score on completed projects.	Quarterly	Total top two score %	Survey			60% (tentative)
	SURVEY - "Recommend" score on completed projects.	Quarterly	Total top two score %	Survey			60% (tentative)
	SURVEY - Broadcaster survey: Overall customer satisfaction score.	Annual	Total top two score %	Survey			60% (tentative)
	# clips ordered through NewsMarket of stories released in last six months.	Quarterly	Count	IBIS	6,450		6,450
	# videos delivered to UNIFEED.	Quarterly	Count	IBIS	230		230
	# video/audio plays on unicef.org	Quarterly	Count	IBIS	430,000		430,000
	# video/audio plays on social media sites	Quarterly	Count	IBIS	1,400,000		1,400,000
	# photos downloaded from image site (UNICEF users)	Quarterly	Count	IBIS			TBD
	# photos downloaded from image site (external users)	Quarterly	Count	IBIS			TBD
	# sessions on unicef.org	Quarterly	Count	IBIS	18,450,000		18,450,000
	Total # session pageviews	Quarterly	Count	IBIS	87,700,000		87,700,000
	# average session depth (pageviews per session)	Quarterly	Count	IBIS	4.75		4.75
"Go to" source for turning substantive content issues into compelling multimedia stories.	SURVEY - IBIS customer satisfactory survey: "Multimedia expertise" score.	Annual	Total top two score %	Survey			60% (tentative)
Internal process perspective							
Expertise in producing and distributing video, audio, web, photo and multimedia materials to high professional standards.	# videos produced (including PSAs, video web clips and others)	Quarterly	Count	IBIS	500		500
	# audio produced including reports, programs, and others)	Quarterly	Count	IBIS	100		100
	# text news stories	Quarterly	Count	IBIS	700		
	# field office sites launched	Quarterly	Count	IBIS	15		15
	# completed Web projects	Quarterly	Count	IBIS	60		60
	# translated words managed	Quarterly	Count	IBIS	2,000,000		2,000,000
	# photo research requests fulfilled (online and offline)	Quarterly	Count	IBIS	5,880		5,880
	# photo essays produced	Quarterly	Count	IBIS	13		13
	# photos acquired into the photo library	Quarterly	Count	IBIS	2,050		2,050
Build UNICEF web and multimedia capacity through training provided to headquaters, RO/FO.	# reddot users trained	Quarterly	Count	IBIS	220 (100 HQ, 120 FO)		220 (100 HQ, 120 FO)
Complete section admin tasks in accordance with UNICEF policies and procedures.	% of advance request documentations returned due to incomplete paperwork	Quarterly	%	Director's Office			0%
	% of contract request documentations returned due to incomplete paperwork	Quarterly	%	Director's Office			0%
Facilitate and guide the creative process with client teams.	SURVEY - IBIS customer satisfactory survey: "Develops creative solutions" score.	Annual	Total top two score %	Survey			60% (tentative)

Summary

- Set goals
- Set measurable objectives
- Measure at multiple levels
- Set targets
- Build consensus
- Evaluate
- Report
- Recommendations

Communications measurement process

COMMUNICATIONS ACTIVITIES	COMMUNICATIONS OUTPUTS	COMMUNICATIONS RECEPTION	COMMUNICATIONS OUTTAKES	COMMUNICATIONS OUTCOMES	BUSINESS VALUE
Our efforts to impact communications: what we produce	What communications are generated and may reach target audience members	How target audience members engage, manipulate, or are involved with communications	What we want target audience members to know, understand, perceive, or believe	Actions we want target audience members to take (or not take)	Business value and return on investment
• Usually immediately visible • Completely under control of the PR team or agency • Counting PR activities • Press materials generated • Web materials generated • Events organized • Briefings	• Did you reach your target audience? • Counting the immediate results of PR activities • Traditional and social media measurement • Information available for target audience members to process; the precursors to attitude and belief formation • Correlate with activities	• How are target audience members engaging with communications and with the organization? • What conversations are occurring? • Information available for target audience members to process; the precursors to attitude and belief formation • Correlate with activities	• Measures of awareness, attitudes, credibility, understanding, perceptions, and beliefs • Surveys among target audiences • The precursors to action • Correlate or establish causal linkages with activities and outputs	• Specific behaviors by target audience members to support goals such as visiting, purchasing, loyalty, recommending, advocacy, voting, signing a petition • Precursors to business value • Correlate or establish causal linkages with activities, outputs, engagement, and outtakes	• Sales, market penetration, market share, profitability • Market capitalization or other financial measures • Statistical modeling to show causal linkages with activities, outputs, engagement, outtakes, and outcomes

Quantity/Outputs   **Quality/Outtakes**   **Business outcomes**   **ROI/Value**

Communications team   **Marketing team**   **Executive team**

Predictive analytics

The situation today

- Companies monitor traditional and social media…

  - But don't know what media messages actually change opinions and drives behaviors

The situation today

- Companies probe the marketplace via surveys and media listening platforms, but …
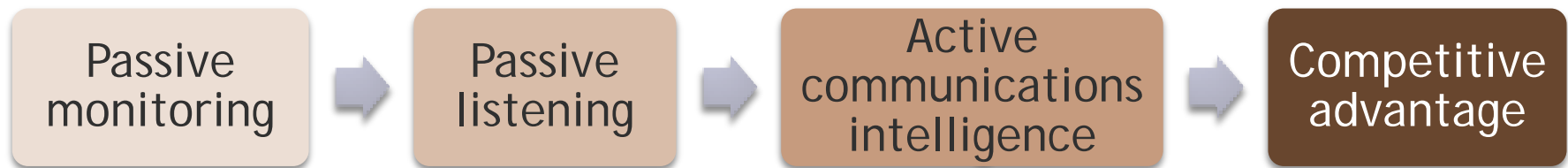   - Cannot look ahead
    - Risk getting blindsided

The situation today

- Monthly measurement reports give a look backwards, but …
  - Cannot evaluate possible scenarios

Today's challenge

Passive monitoring	→	Passive listening	→	Active communications intelligence	→	Competitive advantage

- Analyze past data
- Understand what really drives change
- Link social / traditional media to business outcomes
- Build systems to give a look ahead
- Facilitates responsive management

Case studies

Toyota recall crisis

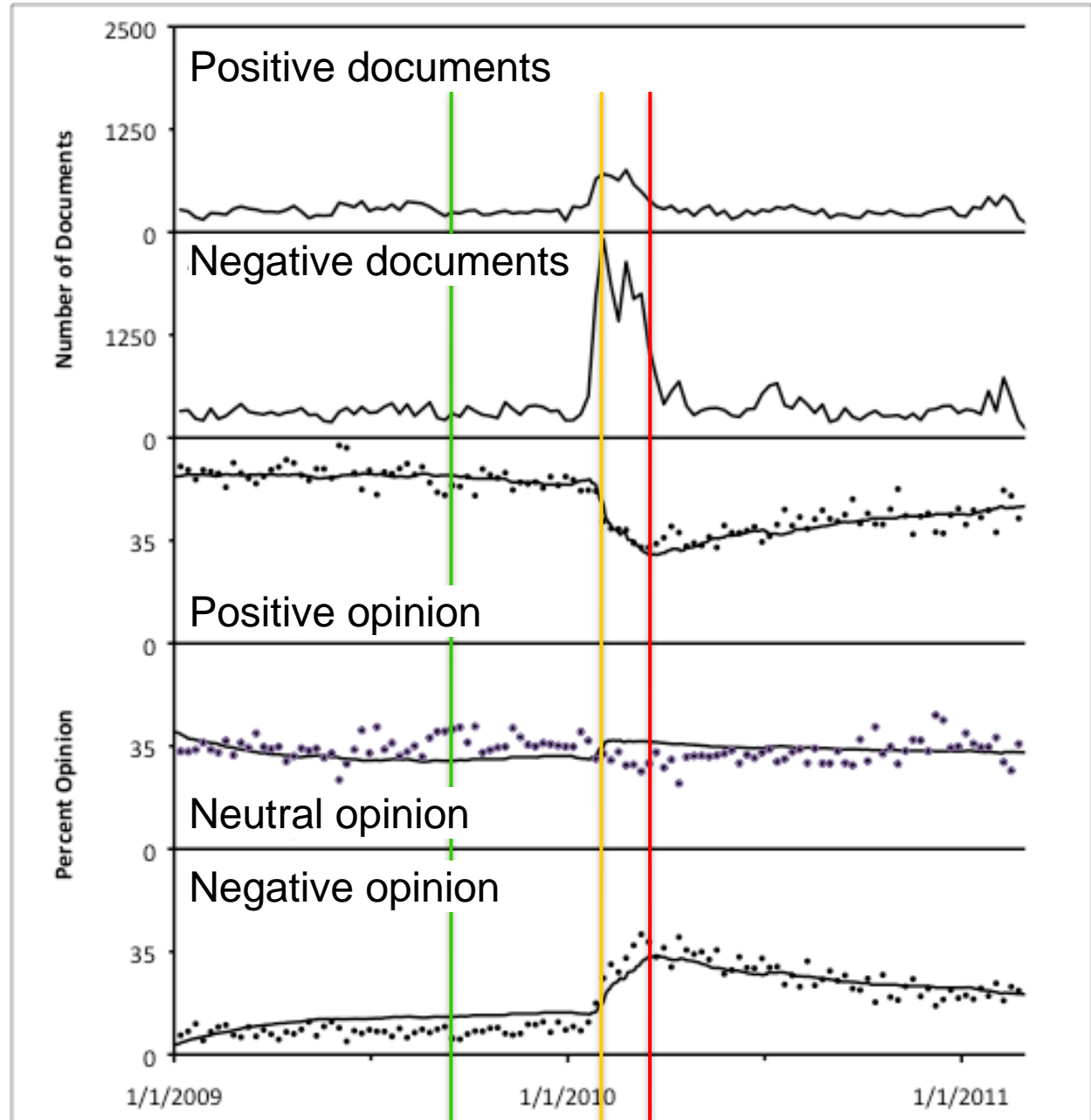Consumer sentiment about the economy

Teenage smoking behavior

1. Toyota recall crisis

- Key questions
  1. What shapes opinion about the Toyota brand?
  2. Can we predict brand reputation from media?
- Data
  - Predictor variables
    - News, online, blogs, forums … no broadcast
  - Dependent variable
    - Brand reputation

All media
$R^2 = 0.84$

- Survey
  - Model

surveys*of* consumers
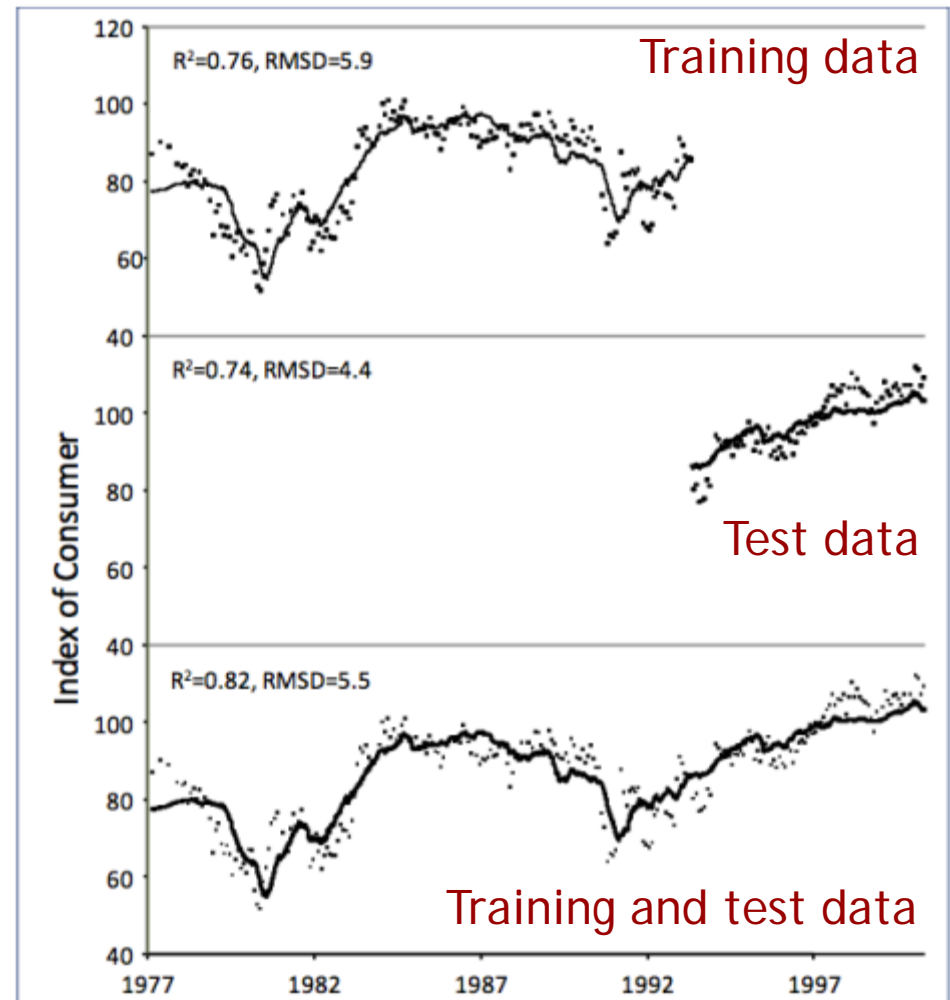THOMSON REUTERS / UNIVERSITY OF MICHIGAN

2. Consumer economic sentiment

- Key questions
  1. What shapes consumer opinions about the economy: media or marketplace experience?
  2. Can we predict consumer sentiment from media alone?
- Data
  - Predictor variables:
    - AP wire and *Washington Post*
  - Dependent variable:
    - University of Michigan Consumer Sentiment Index
  - 1977 to 2007

surveys*of* consumers
THOMSON REUTERS UNIVERSITY OF MICHIGAN

Key results

- We can predict based on media alone

- Models based work over long time period

- Media play primary role in shaping opinion about their economic well-being

- Shelf life of information near zero

3. Teenage smoking

Key questions

- Can we predict teenage smoking behavior from media alone?

- Does public policy affect smoking behaviors?

- Do anti-smoking campaigns work?

Data

- Predictor variables:
  - Newspapers, Google newsgroups
  - 10 messages
  - Cost per pack
- Dependent variable:
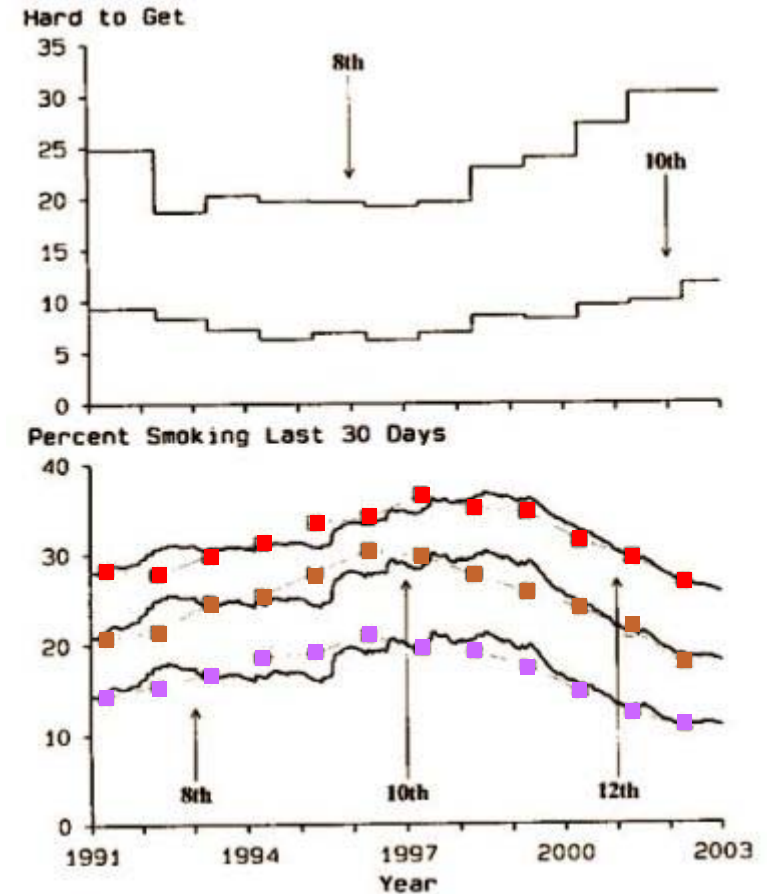 - Monitoring the Future nationwide surveys (http://monitoringthefutur e.org/)
- 1991 to 2002

Key results

▫ We can predict behaviors based on media alone

▫ Cost improves prediction

▫ Attitude that cigarettes are hard to get improves prediction

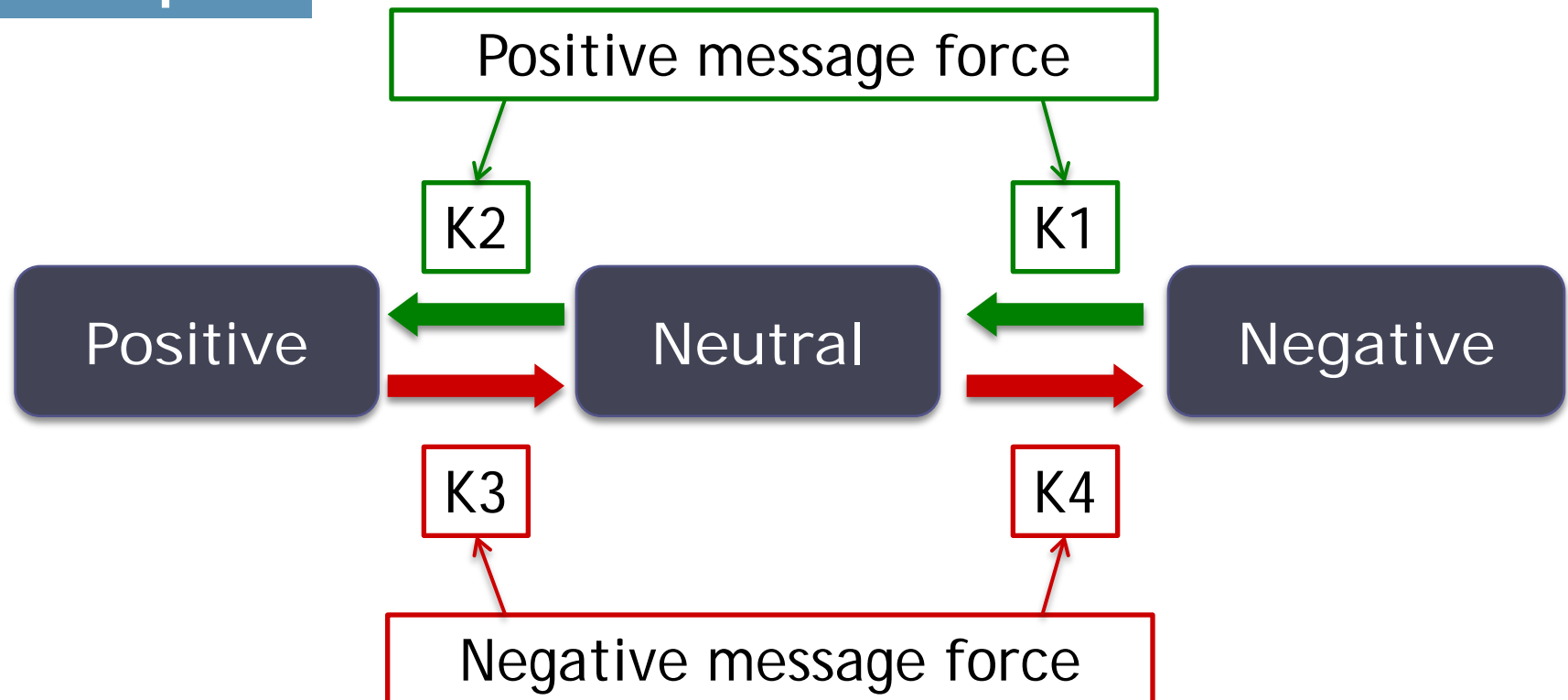▫ Anti-smoking campaigns and policy changes work

Hard to Get

Percent Smoking Last 30 Days

🟥 Reported smoking   ▬ Predicted smoking

The InfoTrend™ Model

Powerful yet simple: basic structure

Step I

Positive message force

K2   K1

| Positive | Neutral | Negative |

K3   K4

Negative message force

Minimal ideodynamic model

$$F_G(t) = k \sum_i C_{i,G} exp(-p(t - t_i)) + \epsilon_G(t)$$

$$\frac{dI_G}{dt} = F_G(t)(1 - I_G) - F_B(t)I_G.$$

$$I_G(t) = \frac{\int F_G(t)e^{\int \ldots} \ldots dt}{e^{\int (F_G(t)+F_B(t))dt}} + \frac{c}{e^{\int (F_G(t)+F_B(t))dt}}$$

Do not try this at home

	Recruitment term		Defection term	
$B_{G,t} = B_{G,t-1} +$	$k'_2 * G_{G,t} * B_{C,t-1}$	$-$	$k'_2 * G_{C,t} * B_{G,t-1}$	

Data requirements

Predictor variables

- Multi-channel

- Sentiment scores

- Messages tagged

Outcome variables

- Survey data

- Behavioral data

- Business data

- Must show change
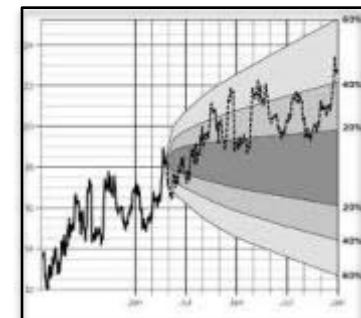
Concluding remarks

What have we learned?

- Media → Outcomes
  - Sentiment
  - Messages
- But ... random variability
  - What does this mean for communications>
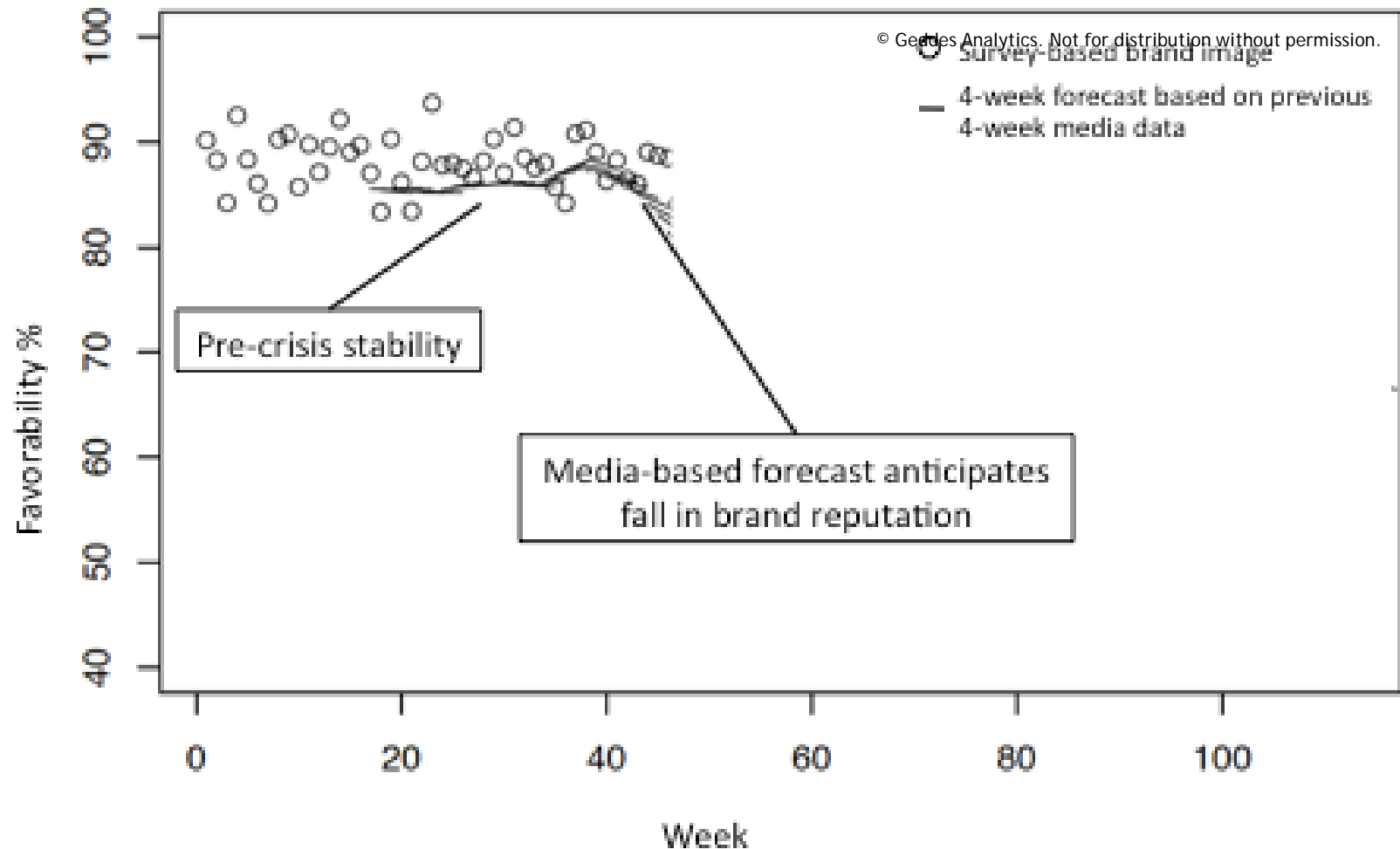
Prediction and forecasting

- Early enough to take action

- Probable vs. improbable

- Scenario planning and simulation

- Strategic responsiveness

- Michael Raynor. 2007. *The Strategy Paradox: Why Committing to Success Leads to Failure.* New York: Doubleday.

© New York Times

Prediction and forecasting

5 Questions?