

GS Insight

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Performance is a Journey *Don't set sail without a compass*

Virtually every company that funds a marketing communications program has tried to tackle this issue. It's an especially hot topic in today's "global economy" where all companies feel the squeeze of cost containment and shrinking margins. Most marketing and communications managers have opinions, but no one has a completely satisfactory answer.

The issue? Communications performance measurement. Management wants reliable evidence of a positive impact on the bottom line. What, exactly, is the return on investment from communications?

The measurement issue was put into perspective for us not long ago when a very smart client said, "Tell me why our PR dollars shouldn't be invested in T-Bills. We can predict the return on that investment. I'm the PR manager, and I know that PR is also an investment. But I want to be confident and convincing when I explain it to my CFO."

Challenges like that leave many communications professionals speechless. You might as well try measuring the impact of grandma's apple pie on family togetherness!

Other communications professionals are more confident. One marketing manager we encountered had a simple formula all worked out, equating advertising and PR budgets with sales levels. When management asked how much money he wanted for advertising and PR, he liked to reply, "That depends on how much of X you want to sell." Then he would show them his math, which indicated that a million dollars of communications would yield \$XX millions in sales.

Sounded great! But like all systems that tie communications directly to the bottom line, it simply did not work. We haven't seen this fellow around recently.

But the demand for accurate measurement of communications results lives on. And this demand didn't just

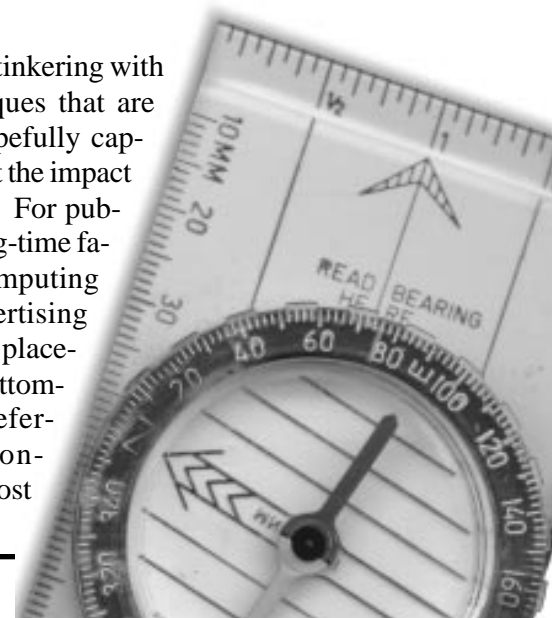
appear recently. Advertisers of consumer brands have been testing their campaigns for decades. More than 50 years ago, the U.S. government used sophisticated forms of content analysis to evaluate the messages and motives of their wartime enemies.

In the right-sizing, customer-driven corporate environment that has emerged during the past 10 years, greater accountability has been demanded by all, including those far from the front line of sales. For marketing communications people, that means drawing a line between their efforts and the positive actions of customers, preferably in a way that can be quantified by sales and profits. Enter measurement.

Making the Right Choice

Three camps seem to have formed around this issue. One claims communications measurement is impossible, and shouldn't become a distraction -- especially when depleted resources make it difficult enough to get communications "things" out the door. Plus, communications is more an art than a science, so why try to assign numbers to it? Just have faith. A recent survey confirmed that many corporate communications professionals continue to attach little importance to measurement.

The second camp is tinkering with all kinds of techniques that are cheap, easy and hopefully capture something about the impact of communications. For public relations, one long-time favorite has been computing the equivalent advertising value for an article placement. This gives bottomliners a point of reference, and it demonstrates the relative cost





effectiveness of PR. On the other hand, it does not truly measure the impact or the content of the article, and it compares apples with oranges.

The third camp is the one that will ultimately win the measurement battle, but it is not a popular place to be. This camp relies on a technique that's been around for years: market research.

So what's wrong with it?

One, professionally designed and executed market research is often quite expensive. That typically requires tradeoffs. The desire for research can start out strong, but easily fade once hard decisions must be made about funding a survey, for example, at the expense of a brochure, ad or press conference.

Two, market research takes time. In the rush-rush world of communications, it's not easy to find time to study audiences and create benchmarks.

And three, because research can be expensive, turf wars occasionally surface about who should fund it. Is it the job of communications, marketing, sales or some other function? Once this discussion begins, it becomes less likely that any department will fund research. Unfortunately, the entire company can end up paying in the long run from off-target campaigns.

Yes, market research is hard work, it's expensive, and it's far from perfect. But it's the best system we've got, and it provides benefits that far outweigh its cost.

First, it gives you access to reliable information that plots a course of action that will almost always result in a greater return on your investment. Besides, who would set sail across an ocean without a compass?

Second, your programs will be customer focused, not insulated. It's easy to talk about a customer focus. But unless you really know what's going on inside your customers' heads, talking about customer focus is just lip service.

Third, you'll be able to state your program's degree of impact with confidence. Armed with information, you can better understand and articulate the scope and direction of your efforts. In the end, this can determine if communications is considered an expense or an investment.


When building your next communications program, consider the tools you can use to build your foundation. Hold focus groups to identify and refine the questions you should be asking customers and prospects, or to test reaction to the tone and content of your communications messages.

Conduct quantitative surveys to build benchmarks of customer awareness and attitudes, and later to measure the progress of your marketing communications efforts. Participate in tracking studies to periodically, cost-effectively test the waters of public opinion.

Put your company's market research department on your marketing communications team. And if you don't have a research department, recruit a market research firm as a long-term partner.

Market research shouldn't be something you have to do from time to time, like going to the dentist. It should be a way of life -- an everyday ingredient -- in marketing communications.

There are many other, less expensive ways of measuring the results of

communications, and public relations in particular. But there is no substitute for solid market research. It tells you where you are, and helps you decide where you want to go. 

How Do You Measure Up?

For more on this important topic, visit our website at:

www.gibbs-soell.com

to look at a useful grid comparing some commonly used measurement techniques.

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