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4th
EUROPEAN SUMMIT
ON MEASUREMENT
13-15 June 2012, **Dublin**

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Analytics and ROI:
Why They are Business Critical

4th
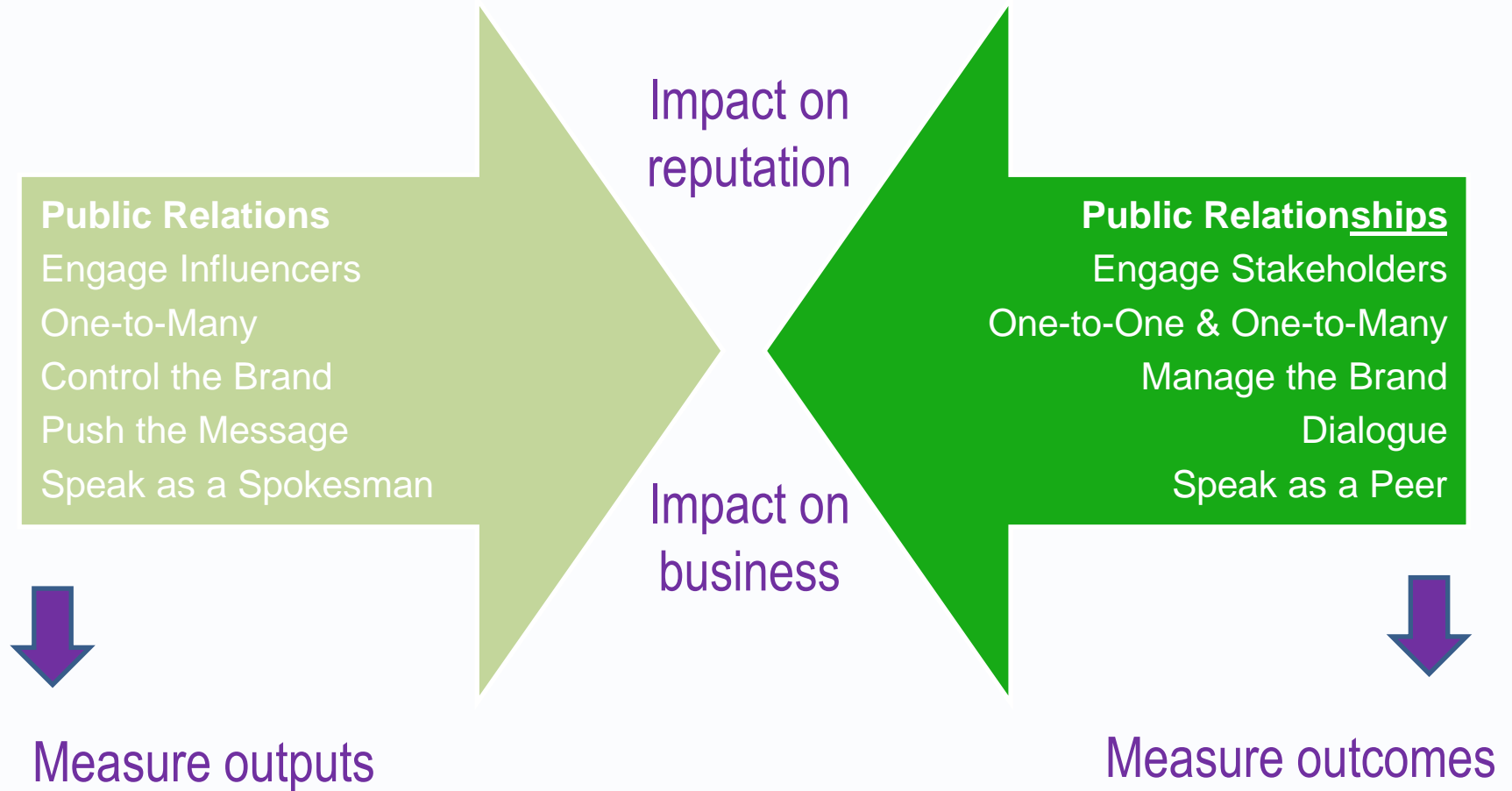**EUROPEAN SUMMIT ON MEASUREMENT**
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We've All Gone through a Mindset Shift

Impact on reputation

Impact on business

Public Relations
Engage Influencers
One-to-Many
Control the Brand
Push the Message
Speak as a Spokesman

Public Relationships
Engage Stakeholders
One-to-One & One-to-Many
Manage the Brand
Dialogue
Speak as a Peer

Measure outputs

Measure outcomes

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Brand and Reputation Together

▪ Can result in supportive stakeholder *outcomes*

Brand
What a Company
Sells

Reputation
What a Company
Stands For

+

=
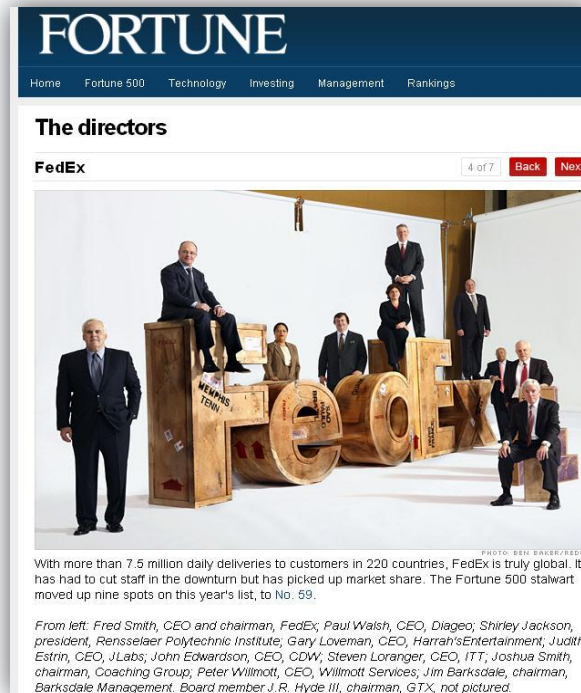
• **Purchase**

• **Invest**

•**Loyal**

•**Recommend**

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Analytics and ROI:
The Shared Language Between Reputation & Brand

Chief Communication Officer

Manage the communications risks and opportunities of a business, both internally and externally

Corporate Reputation

Brand Performance

Chief Marketing Officer

Responsible for marketing communications activities, including sales management, product development, distribution channel management, advertising, promotions, pricing, market research, and customer service

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PR Analytics Defined

PR an•a•lyt•ics

\ˈpē-ˈär\ \ˌa-nə-ˈli-tiks\

1. The application of advanced analytic models to public relations

2. PR Professional's use of the same statistical methods used by CMOs, advertisers and brand strategists

3. Provides the following:
   A. Proof of the impact of earned media through statistical analysis
   B. Ability to quantify the return on investment (ROI) of PR Activities

4. Methods that can be used to answer clients' toughest business questions

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ROI of Corporate Communication Challenges We Face

- Brand equity is comprised of intangible parts

- Indirect association between PR and sales

- Understanding base vs. incremental results

- Industry is overall overwhelmed by ROI metrics while clients are demanding them

- Need to show ROI across a range of financial and non-financial indicators

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Possible Non-Financial ROI Metrics

- Employee retention
- Calls to customer service line
- Loyalty behavior / Scope of purchases
  - Recommending brand
  - Repeat purchases
  - Customer retention
- Number of influencers advocating your message
- Online engagement with consumer base
- Community support for company initiatives
- Customer satisfaction
- Message recall

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Measurement: Past, Present, and Future

2000   **2012**   **2015**

Clip Books...
- Messy
- Cumbersome
- Time Consuming

Online Portals...
- Sleek
- User Friendly
- Data at the Click of a Button

Analytics and ROI
- Linked to Sales
- Market Intelligence
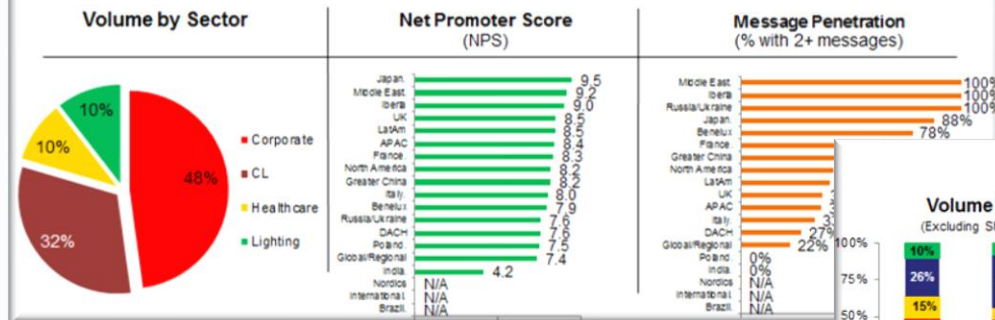- PR Measurement Consistent

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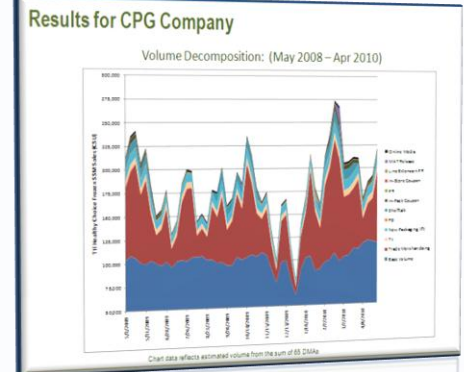
Measurement: Best Practices

Outputs	Outcomes	Business Results
Contact/response level **Reach, content**	*Perception/ behavioral level* **Knowledge, opinions, attitudes**	*Business level* **Added value**
Frequency Visits Prominence Reader contacts Tonality Message impact Share of voice Journalist inquiries …	Awareness Comprehension Recollection Recognition Credibility Image changes Recommendations Purchasing intentions ...	Revenue/turnover Contracts closed Reputation value Brand value Price-Effort Ratio Market share Stock price Employee Retention ...
Impact on media/channels	**Impact on target groups**	**Impact on organizations**

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Making Media Results Intelligible to Marketers: the Role of NPS

Using Surveys to Measure Outcomes

- Adding Questions to existing tracking surveys

- Discrete Choice Analysis to measure how corporate reputation affects brand purchase decisions

- At Philips, this is a growing area of focus, but we have not fully cracked the code as of yet
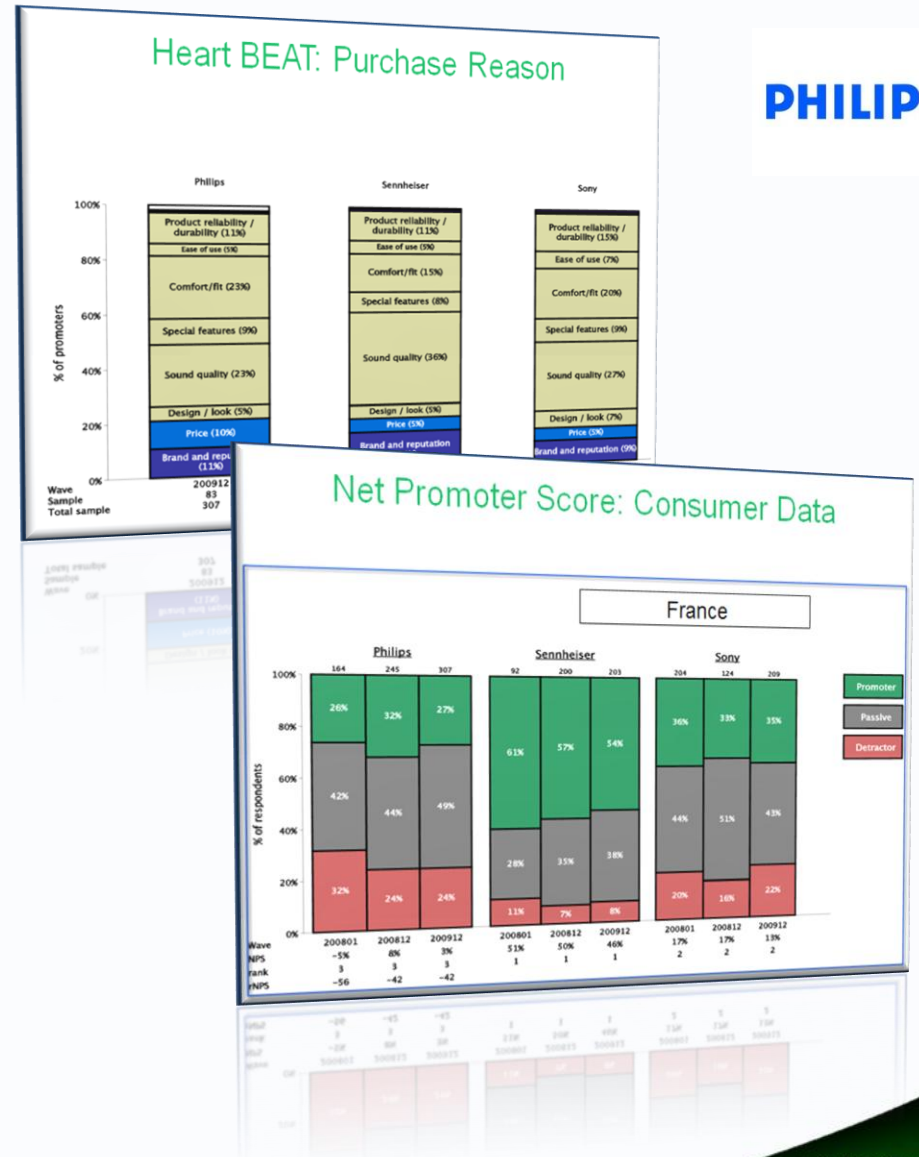
Making Connections

- The key next step is to connect media measurement and standardize metrics utilizing existing research within corporations.

- Philips already has large quantity of data and information that can incorporate PR measurement.

| Influencers:
Philips Globescan | NPS & Employee Engagement:
Philips Employee Engagement Study | Brand Equity:
Philips Heartbeat |

Globescan: Advocates by Country

- Prompted, by Market, All ReActive advocates prominent in Netherlands, India, Brazil; few in Germany, US, UK respondents, 2011

Legend:
- ■ Would speak highly of without being asked
- ■ Would speak highly of if asked
- ■ Would be neutral about if asked
- ■ Would speak critically of if asked
- ■ Would speak critically of without being asked

Country	Would speak highly of without being asked	Would speak highly of if asked	Would be neutral about if asked	Would speak critically of if asked	Would speak critically of without being asked
All respondents	21	36	35	2	1
Netherlands	48	30	11	1	3
India	32	38	23	6	1
Brazil	29	41	29		
Russia	19	55	22	2	1
China	19	19	58	1	
UK	8	38	43		
USA	7	22	44		1
Germany	4	48	46	2	

Q9. I'd like you to imagine you were talking about each of these companies and the way they operate in the area of health and wellbeing (health and wellbeing can mean whatever you consider it to mean). Bearing this in mind, which of the following statements best reflects the way you would talk about each of the companies I am going to read out.

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Globescan: Insights about Competitors

Performance vs Importance, All Respondents, 2011
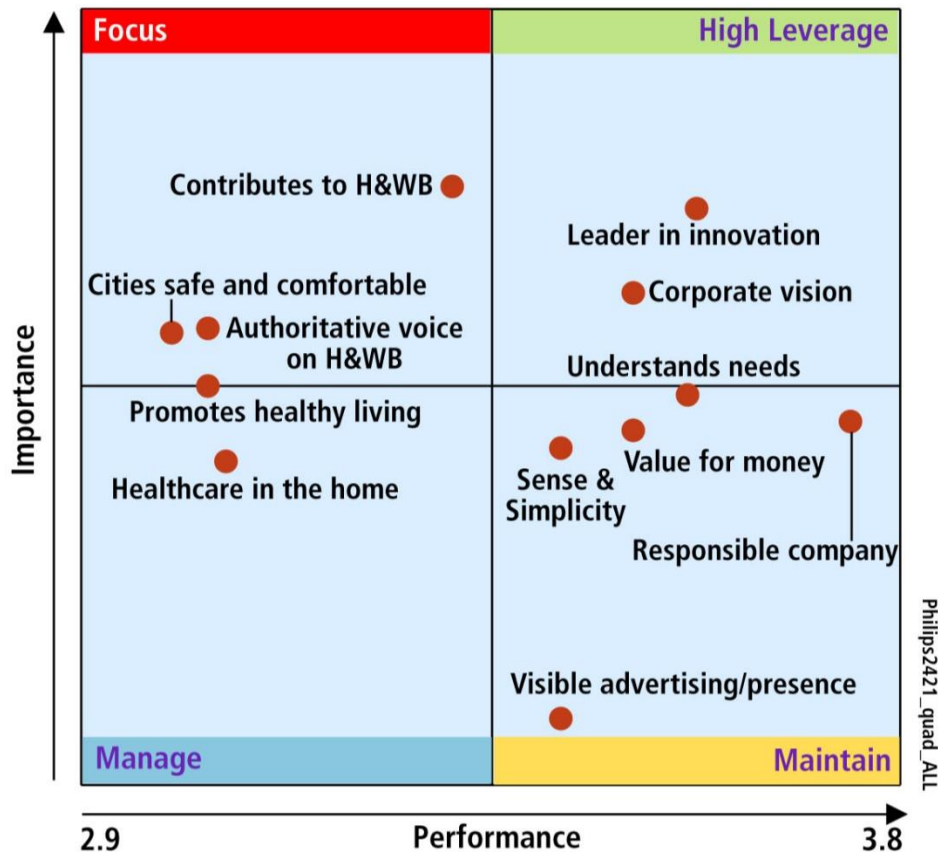
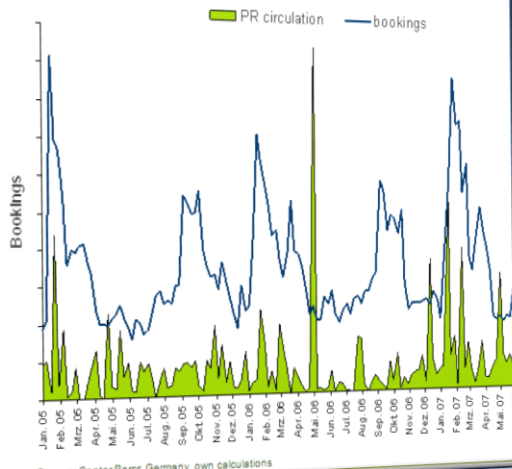Q11. I would now like to ask you about different aspects of some of the companies we have been talking about. I will read out a series of descriptions: please tell me to what extent you think each description applies to each of the companies, using the following scale: *Entirely / very much / to a fair extent / not very much / not at all*
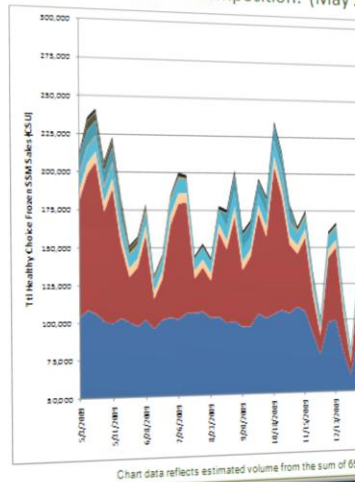
Business Results Focus Often Uses Market Mix Modeling

What is Market Mix Modeling?

Modeling Objective: To determine the impact marketing spend has on business results, taking into account all tools for communication

- What is the impact on company results generated by specific communications measures?
- What is the optimal communications budget (ROI) in order to achieve the company's target?
- What media mix has the greatest effect on brand awareness?
- Which products in the portfolio drive sales best?
- Shall communication activities be planned parallel to competition or alternate?
- Which communications strategy is most successful?

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Optimal Marketing Mix for Lead Generation

- Comparing the effectiveness of direct mail, radio advertising, online activity, and two forms of Point of Purchase materials

| Channel	Dollars Spent Total (Annual)	Leads* Generated Per $1,000	Total Leads Generated (Annual)
Direct Mail	$8.5 mi	7	59,747
Radio	$930K	5	4,645
Online	$189K	33	6,249
PoP H	$ 227K	10	2,270
PoP P	$472K	23	11,126

$$R^2 = .668$$

Model 1:Leads § = 96.51 + 0.007(Direct Mail)+ 0.005(Radio) + 0.033(Online) + .010(PoP H) + .023(PoP P) + 136(If summer) +168(If fall)

§Significant at $p > 0.05$ (2-sided)

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Standardizing PR Data to fit into Market Mix Models

MMM Basic Data Requirements:

- 2-3 years of PR coverage
- Budgetary data
- The right output metrics
- The right format

Start

PR Wins
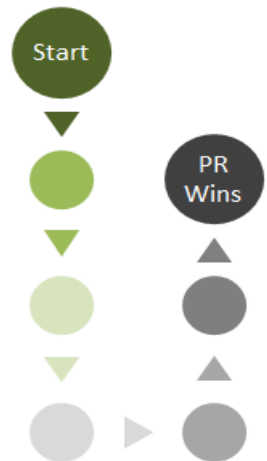
Date (weekly)	Region	Impressions	Tone	Media channel	Initiative	Messages	Algorithm score*	Sales (weekly)
3.5.12	Oklahoma	23,233	Neutral	Print	Launch A	X, Y	32	$50,233
3.12.12	Detroit	150,920	Negative	Broadcast	Launch A	X, Z	2	$90,698
3.19.12	Detroit	39,321	Neutral	Print	Goodwill	X	51	$239,112
3.26.12	Miami	N/A	Positive	Print	Launch A	-	88	$82,658
4.2.12	Oklahoma	15,663	Positive	Online	Goodwill	Z	92	$23,665
4.9.12	Miami	252,332	Positive	Online	Goodwill	-	79	$1,325,125

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So, in Conclusion…

- Analytics offers a viable language for the CCO and CMO to converse and jointly build a company's business
- To date, PR has not consistently brought this skill set or lexicon to the conversation
- It begins with putting media results in a language understood by both marketers and communicators
- It continues with adding questions to the many surveys that most companies do that identify earned media effects, and the subsequent statistical analysis of that data
- And, for consumer-facing companies it also includes bringing PR output data into market mix and other analytical models through data normalization
- But all of this means that the communicator, the marketer and the research/analytics expert have to learn to sit in a room together

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