Return on Investment in PR

For any organisation, large or small, PR can represent a significant expenditure. Therefore, it is fair for organisations to expect their agencies' activities to yield a return on investment (ROI).

Demonstrating ROI is the ultimate goal for PR professionals. However, many organisations remain unclear about what this means for them – a simple definition would be the amount of money earned through PR activity after subtracting what has been spent.

Therefore, the most attractive form of ROI is direct financial return for an organisation, for example, increased sales or share price. However, according to latest research conducted on behalf of the Institute of Public Relations and the Communication Director's Forum, financial ROI is not necessarily the most effective way to express PR value. More recently other forms have come to light and it is now seen as just as important to achieve good community and environmental performance, as it is financial. These vital forms of ROI have led PR activities to extend much further and wider than simply aiming for financial benefit for an organisation, and many campaigns are now attempting to achieve good community relations and environmentally friendly images, suggesting that reputation is the ultimate corporate asset.

Whichever form of ROI an organisation is striving for, it is always going to be a tough challenge to calculate it. However, there are methods of monitoring it. For example, when hiring a PR consultancy it is advisable to begin on a six month trial basis. This enables the organisation to assess the quality of practices and evaluate whether they feel it is worthwhile; have there been more business enquiries, increased sales or website hits for example? Although these do give some indication of ROI the fact remains that there is seldom any direct correlation between PR expenditure and additional business achieved. This suggests that it is preferable to set a strict PR budget; note that smaller companies will charge smaller fees than larger ones due to lesser overheads - despite often producing the same or better results – resulting in a higher ROI!

ROI, for any organisation, should ultimately be linked to their goals and objectives. Therefore, before even looking to hire a consultant, organisations need to define these clearly in order to make calculating ROI a slightly easier task. One objective for a company is often to increase brand awareness. A well-organised PR effort will repeat a message consistently and create a positive image around a company through issuing press releases and securing articles in relevant media. However, if an organisation is not clear on this objective from the start, how can they be sure they are getting a ROI?

Similarly, most organisations are looking to achieve new contracts/business. Exposure in industry publications, positioning senior company representatives as experts in relevant subjects can initialise this. However, it is important to ensure enquiries are tracked to know which marketing activity was responsible for their generation.

It is clear there are a number of challenges when it comes to measuring the ROI of PR. However, despite these, to calculate it accurately, the key is to define objectives upfront and ensure they are monitored on an ongoing basis.