



## Precise Thoughts May06: PR vs Ads | CSR Fuzzies | Brand & PR

Dear Friends of Precise,

An important part of the purpose of this newsletter is to encourage discussion, debate in **Australian PR Measurement and Evaluation**. This edition covers three emerging communications themes in the Australian market – PR vs Advertising, CSR and Branding. These areas are gaining momentum as critical parts of the communications picture.

We have been working hard on some exciting measurement breakthroughs and this thinking is soon to emerge in our new Paper series. The series is called Precise: Value Creating Analytics so please let us know your interest in these and we can send you a copy.

Thanks for reading some of the results of our thoughts and research. I welcome all feedback and opinion.

Yours,  
**Michael Ziviani**  
CEO

### In this edition

1. **PR vs Advertising**  
Finding the best balance.
2. **CSR – A triumph of Warm Fuzzies**  
How important is CSR to company operations, what can it contribute and how can it be measured?
3. **Your Brand Built on PR**  
First insights into measuring the unanswered link between PR and Brand Value

### PR vs Advertising: Finding the best balance

PR and advertising in Australia still tend to be managed separately from within organisations and by different external agencies. Despite increasingly sophisticated integrated marketing activity, there is a lack of thought leadership on how to find the optimum balance of PR and advertising. **An improved understanding of this balance promises greater overall effectiveness and Return on Investment – meaning a better outcome for the organization.**

A thorough measurement solution is the key to understanding this balance and this is often a hybrid of more than one model. Because your product, operating and environmental landscape is likely to be unique your marketing questions are similarly unique.

Deciding what to measure is defined by the measurement problem: *to capture the stimulus directed to the market and the resulting market response*. In reality, a sequence of activities generally occurs in some kind of planned or integrated way and these can be grouped as follows:

- **Inputs** go into creating the activity and can usually be measured in hours, dollars or another unit.
- **Outputs** are the results of the activity itself, that is, what the market 'sees'.
- **Outcomes** are how the market responds, that is, how the activity affects the market (more accurately the individuals making up the market).





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By grouping into stages as above, we create a logical flow which enables us to diagnose problems at various points in the process. This helps the [measurement approach](#) capture the complexity of achieving a successful sales result. In other words, there are lots of points where things go wrong before we reach a sale. For example, an awareness campaign may achieve its goals as measured by Brand Health tracking. But an expectation that sales would follow may be disappointed because PR never followed up to generate preference for the brand.

With tracking in place for PR, Brand Health and Advertising activity the raw materials are ready for analysis. The analysis statistically separates the influence of PR from Advertising on the brand objective or sales outcome. This results in a quantified contribution weight which indicated how much sales came from PR vs. from advertising. Having that knowledge helps in two important ways:

- Understand what customers respond best to;
- Numerical support to resolve internal debate on the best budget/resource allocation.

This is the subject of our new Precise paper, the first in the series 'Value Creating Analytics'. This paper doesn't try to explain the mathematical technicalities of techniques like regression analysis. Instead it aims to create a simple appreciation of how to translate your questions into answers using appropriate tools. If you would like to read this paper, please refer [here](#).

### CSR – Triumph of the Warm Fuzzies

In our [previous newsletter](#), we presented research which suggests larger Australian corporations are fairing poorly in public perception. Key issues surround perceived lack of ethics and heartlessness. This in turn is creating a desire for more trust, more inventiveness and more personality. Corporate Social Responsibility (CSR) is an important way to bridge that gap. At the same time, our PR Evaluation experience further demonstrates the way CSR can 'featherbed' negative issues, reducing their extent and duration.

As indicated recently by Tim Mendham in the Australian Financial Review, Environmental Reporting is practiced by 41% of companies globally. However Australia lags behind with only 23% of companies reporting on Sustainability.

CSR reports of this type inspire confidence in the market/company but **without Return on Investment (ROI) measurement how sure can we be of an ongoing CSR budget?**

In Australia's third annual Corporate Responsibility Index recently published in the Sydney Morning Herald and The Age results were mixed. From the 29 companies that took part in the voluntary self-rated survey the average score in the area of corporate values and commitment to CSR principles was 94.8%. But when it came to assessing the performance and impact of their CSR practices it was a different picture. The average score in this area was much lower at 72.2%, down on the average score of 75.4% from the previous year, suggesting companies had some way to go in putting their CSR principles into practice.





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It seems there are still some companies that need to move from the 'checkbox' approach to embracing CSR activities into their strategic planning. A well conceived and implemented CSR program should deliver the power to:

- Highlight the softer personality of the company that deserves understanding and support;
- Define and unify a corporate culture towards a common goal;
- Help your company enhance its Employer Brand easing recruitment effort;
- Differentiate your brand from competitors, keeping your brand top of mind.

And so to measurement. **There are numerous ways to quantify the effect of your CSR in the competitive environment.** Some options are:

- **Stakeholder Studies** – evaluate journalist output trends and for further richness, add journalist perceptual survey to understand changes over time;
- **Internal Attitudinal Surveys** – amongst employees and management;
- **External Attitudinal Surveys** – studies of the greater customer base reveals trends and changes in perceptions - satisfaction, reputation, CSR awareness;
- **Advanced 'Capstone' Analytics** - novel analytical approaches allow multiple studies to come together and explain communications outcomes. For example, the numerical effects of:
  - PR on brand value;
  - Brand health on sales;
  - CSR on Customer Satisfaction and retention;
  - Long term CSR on share price gains.

In short, CSR can be designed, deployed and evaluated in a strategic way which adds value to the organisation. That [value can be quantified and profiled to prove return on investment \(ROI\)](#). The language of that ROI can be a popular and meaningful corporate metrics – a language boardrooms understand.

### Your Brand Built on PR

So much effort goes into formalising the advertising campaign around the current or aspirational brand. There is a whole body of knowledge dedicated to Brand Equity, Advertising and the power to influence brand positioning. The underlying assumption seems to be that advertising is and always will be the mainstay marketing element. Yet **a simple search on Brand and PR presents a black hole – a landscape uncharted but so crucial to the bountiful future of PR in the business mix.**

**PR can deliver more brand-promoting copy than an ad, articles are much more likely to be read than ads and attitude shifts more effectively achieved.** In his book, *Brand Aid: An Easy Reference Guide to Solving Your Toughest Branding Problems and Strengthening Your Market Position*, Brad VanAuken suggests the following brands built their businesses with little or no advertising: Body Shop, Gateway, Haagen-Daas, Harley-Davidson, Hotmail, ICQ, Starbucks and Trivial Pursuit. Many of these brands were built with PR - the most powerful marketing tool for smaller and newer businesses.

It is rare to hear discussions extend to the influence of PR activity on brand value. Perhaps a key reason is limited understanding of how to





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[measure that relationship](#). Well it is doable, not simple, but doable. Among the approaches are the following two:

- Upgrade existing Brand Health studies to include a specific PR module - Here we seek to isolate through questioning the source of the brand exposure and allocate it accordingly;
- Correlate PR Impact to Brand Health metrics using regression analytics - Here we take a more holistic approach and analytically distil the effect PR Impact had on all Brand exposures, no matter how they were generated.

The strength of this relationship between PR and brand health is founded on three basic dynamics: perceived product strength, emotional affinity/attraction, and perceived status/familiarity in the market (Andy Farr in *Measuring the Health of your Brand*, Admap 1999). PR has the ability to achieve all these things in a low cost, high value way that penetrates brand belief.

The outcome of the analysis tells us how much brand equity the PR activity generated. This creates a solid, numerical basis to support improved resource allocation.

If you would like to receive future newsletters please email: [contact@precise-value.com.au](mailto:contact@precise-value.com.au)

### About Precise

Established in 2001, Precise specializes in premium quality communications analysis services for Blue Chip clients. We apply best-practice techniques to profile opportunities and quantify results in concrete business outcomes.

