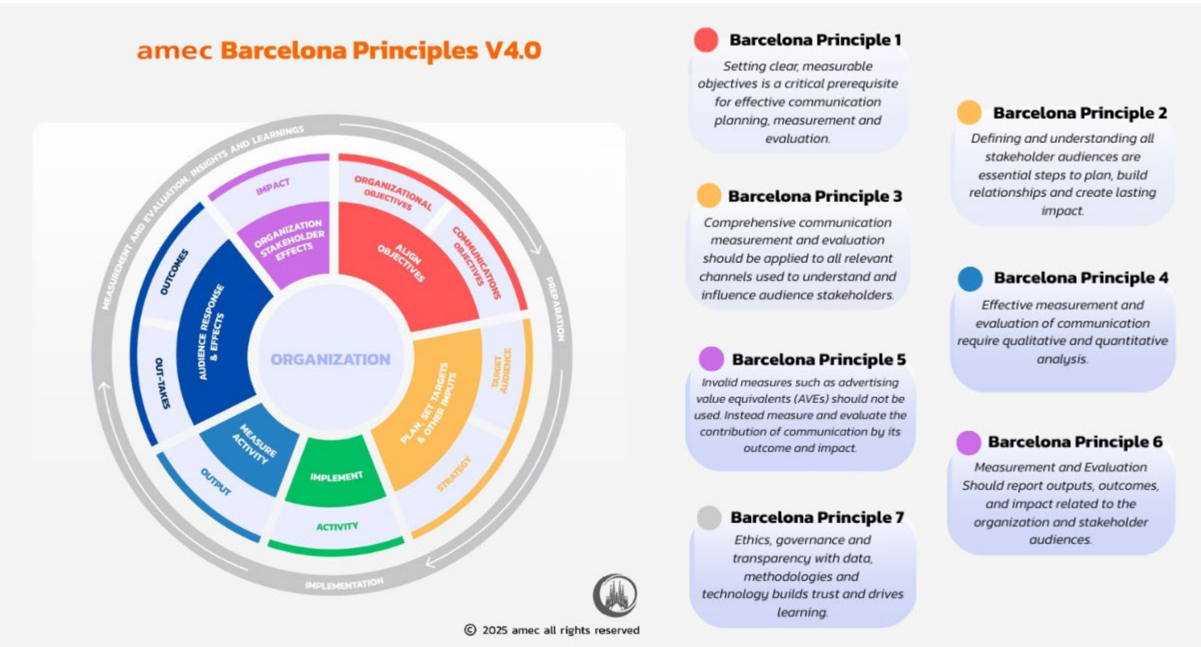
Has the industry got it wrong on AVE's?

As 'Measurement Month' highlights the necessity of robust evaluation, the sector is once again mobilised to reject the Advertising Value Equivalence (AVE). But is there an overemphasis on worrying about this metric and is it distracting us from deeper issues?

I am weary of the debate, and have a sense of frustration that in the 15 years since the launch of the Barcelona Principles by AMEC, almost every measurement event still features someone denouncing the AVE. If people are still using them after 15 years, perhaps we just move on.

There is of course an irony to this; it is an open secret that many of the companies campaigning against them, profit by selling this, or a variant of it, rationalised with the lament 'because we're asked for it.' The conflict is illustrated by AMEC members who publicly denounce AVEs while simultaneously publishing methodologies to produce them.

So, I ask, is the AVE debate now just a distraction from genuine methodological progress? The sometimes-singular focus risks obscuring a more fundamental crisis of integrity and highlights a misunderstanding of our discipline.



The real flaw of the AVE: Conflating cost with value

There is an argument that the problem with the AVE is not the number itself; but the financial meaning incorrectly assigned to it (the value). AVE attempts to create an equivalence between two entirely different concepts: the cost of a paid advertisement and the value of third-party endorsement. The moment the pound sign is attached to this number, the measure becomes a lie.

That said, the logic behind the base figure was not without reasoning. Advertising rates in print and broadcast are driven by market authority; greater influence translates to a premium advertising rate. As a proxy metric for potential influence, there is a logic to it. So should we just lose the $/£/€/¥ sign?

There are of course fundamental flaws even to this idea. What proportion of the piece do you use, no article ever contains the 'perfect message', how do you account for negative coverage, and there is no application to digital and social media. Not least, if one considers the role of communications is about moving hearts and minds, this doesn't get close to addressing that. So if one insists on including any ad-based metrics, it must be framed as a proxy for influence and never as the financial return. But let's stop worrying about it quite so much.

In defence of output metrics

In the fight against AVEs, many have mistakenly condemned all output metrics under the blanket term 'vanity metrics.' This is an oversimplification; a healthy baby being thrown out with murky bathwater.

Output metrics are not inherently 'vanity metrics.' If you have delivered an initiative that gets picked up in 10 times the volume of publications you would expect, reporting a significant increase in volume is not vanity. Why did it resonate? What can you learn from this and has it provided you with engagement with a new audience?

Output metrics are an essential part of the mix. They might not make it to the Board, but they are vital diagnostics. They track the tangible results of activity and without them, you break the essential logical link between your effort and the subsequent effect. The key is to correctly use these metrics, not as endpoints, but as indicators. If you map your organisational goals to your communications metrics correctly, tracking the outputs that act as signposts, are essential steps in the analysis process. Embrace these metrics and use them in the right way.

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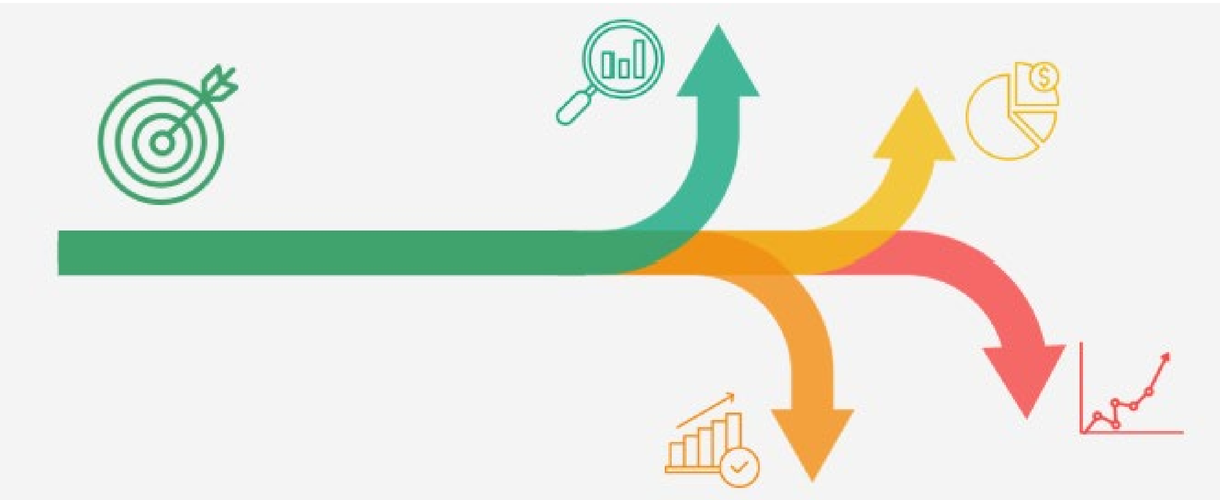
The real enemy: Inaccurate reach figures

The metric most damaging to the credibility of PR measurement is the ubiquitous yet consistently misinterpreted reach figure. Reporting 'Reach' as the sum of all circulation or UVPM - figures that frequently exceed global population - is a fundamental failure of methodological integrity. It collapses the distinction aggregate traffic and actual audience exposure.

There used to be a logical (if tenuous) concept that if someone read a newspaper, they had the opportunity to see your article. The OTS was born, and no sooner was it misunderstood and misused. But no-one 'turns the pages' of digital media and as content is served up by algorithms, the aggregate sum of circulation in no way represents the size of your audience. As AMEC defines, credible Reach requires disaggregation.

The moment you tell your management team that coverage has been seen by 8 billion people, is the moment you have damaged your credibility. AVE is merely a flawed translation of value, whereas inflated Reach is a fabrication of an audience; and misrepresenting the latter has the greater risk.



So, what are the right metrics to track?

The PR measurement industry has for years sought the one true metric; the holy grail; the magic bullet. It will, of course, will never be found.

There are a variety of impact scores are on the market, most of them well thought out. If you are looking for one number that you can track over time, an aggregate score is a simple tool to give you an indication of success, but ensure they are tailored to your goals and you can disaggregate them to determine the drivers of success.

The explosion of digital metrics has made identifying the right measures to track more challenging. The secret is not, as I heard at one conference recently, to measure everything. Be selective and target the metrics that you want your team to deliver, because measurement shapes behaviour: the behaviour of the team delivering the work and consequently the behaviour of the audiences you seek to influence.

The key is to start at the end. What are the organisational objectives, how does Communications underpin those goals and which metrics act as evidence that they are being supported? Strong analysis frameworks will help. The Einstein attributed maxim, "not everything that can be counted counts…" has never been more resonant.

By starting with what you are aiming to achieve (rather than starting with what you can measure) you will reveal that the focus should not just be on outputs but on understanding the effect you have had on stakeholder perception and audience behaviour.

Influencing opinion

Accepting that PR is not always about driving sales, the stages of the marketing funnel still have more resonance with a C-Suite audience, so proxies of 'awareness' can be valuable. Output metrics present the opportunity of awareness, not awareness itself; consider social amplification of earned content, leverage website analytics to attribute spikes of traffic to campaign outputs and use search listening.

Understanding stakeholder perception through market research remains the gold standard, and provides the insight needed to adjust the levers to enhance your reputation. Research with informed audiences, either through tailored primary research or established surveys such as Britain's Most Admired Companies are incredibly valuable as they offer genuine insight into what your reputation is with an influential audience.

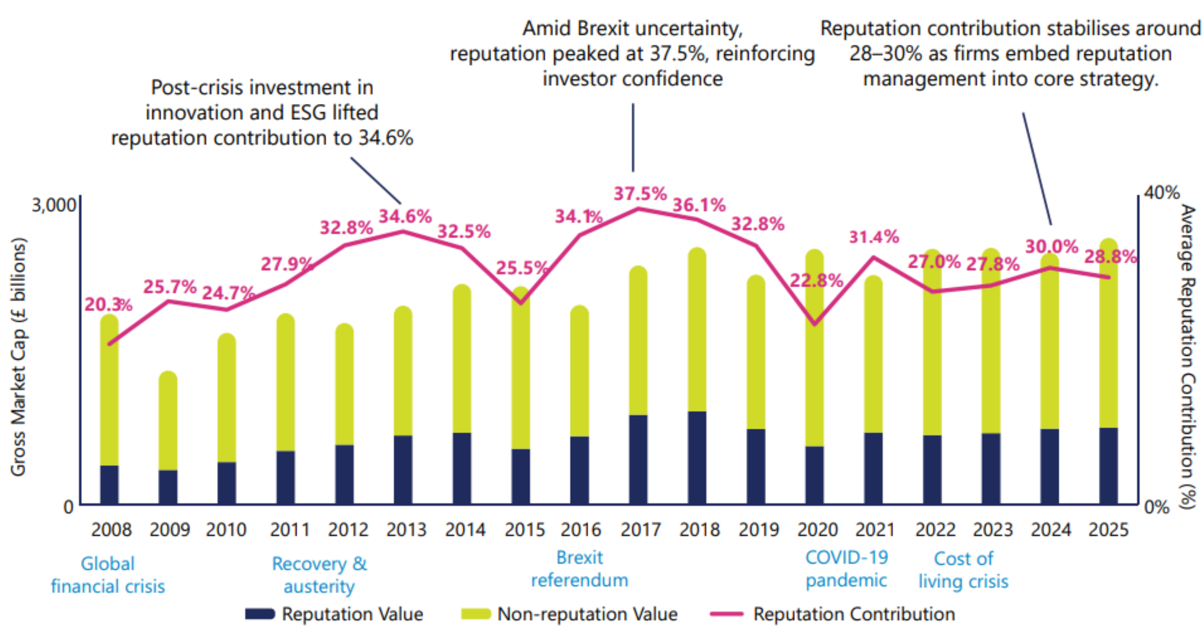
This is particularly relevant for Corporate Comms teams who focus on key stakeholder groups that hold significant power to impact the success of your organisation. Research shows that companies with strong corporate reputations have significant advantages; they attract loyalty, have higher market value, and they bounce back from crises much more effectively than those without.

Ultimately it is the impact you have on perception and behaviour that is the true measure of success. Demonstrate this and you evolve from a cost centre to a value creator. Excellent analysis that links to audience action empowers comms and makes it much easier for your CFO to allocate budget to your function. And the opposite is also true.

Getting to outcomes and impacts

Robust communications analysis should use a mix of primary and secondary research and blend quantitative and qualitative methods. This logical progression from messages placed, to messages received and understood, provides the linear progression that enables communications team to demonstrate that they are shifting the needle.

UK Reputation Value and Contribution: 2008-2025



Crucially, you must define and understand your audience groups. Effective reputation management, for listed businesses in particular, requires an understanding that the views of influential audiences such as financial analysts directly impact market capitalisation.

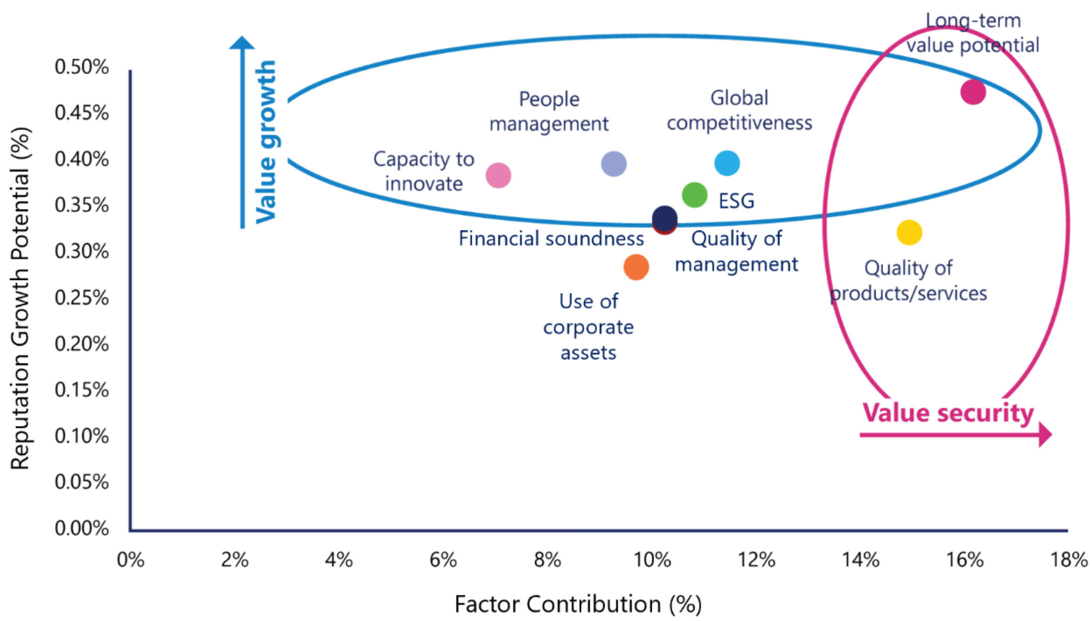
Research into the impact that reputation has on the value of a company shows that it contributes between 25% and 30% of market capitalisation. Far from being a cost to the business, or an intangible measure, reputation is a strategic asset that must be built, safeguarded and understood.

The ultimate metric: Changes in behaviour

It is an often-stated misconception that demonstrating a financial return on the impact of comms is unachievable. Mapping outcomes to outputs need not be as complicated as it sounds. Understanding links to donations, leads, signatures, downloads or registrations can all be achieved.

For listed businesses, understanding how the pillars of reputation contribute to the growth (or erosion) of market cap provides a clear demonstration of the tangible value of reputation. Sophisticated econometric studies such as Reputation Dividend quantify this impact by revealing the underlying architecture of your reputation. They help identify which drivers matter most, where investment will have the greatest effect, and how reputation enhancement can increase business value. These insights provide a powerful foundation on which to build a focused and effective corporate communications strategy.

Map for Reputation Investment



Final thoughts: Invest in insight

The era of easy, misleading metrics should be over. Evaluation must evolve from being a box-ticking exercise that generates more data than meaning, to becoming a forward-looking management tool that informs decisions, protects reputation, and proves impact. Do that and you raise your profile and secure more meaningful budgets.

So, let's not get hung up on terms like 'vanity metrics' or argue about the relevance or otherwise of an AVE. By using the established measurement frameworks as a non-negotiable blueprint, we shift the emphasis of analysis from merely counting Outputs to proving value via the critical Outcomes and Organisational Impact. Crucially, reputation has a value – and it can be quantified in financial terms.

Jason Weekes is the Commercial Director at Echo Research and has more than twenty years' experience helping organisations understand, improve and protect their reputation through data-driven insight. Echo Research specialises in communication, brand and reputation research, enabling clients to assess the effectiveness of their strategies, identify emerging risks and make more informed decisions.

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