3 O's of Metrics: Outputs, Outtakes & Outcomes

By Matt Kucharski and Heidi Wight

With several major international public relations associations drafting and adopting the Barcelona Principles of Measurement, there's renewed interest in the topic of measurement and metrics in communications programs (see References chapter for a list of the principles). That should come as welcome news to agencies and in-house departments, as it's time for all of us to commit to more effectively counseling our clients on measurement. Like any good counselor, this means challenging assumptions, providing options and making recommendations.

> Measurement is not a performance review—it's a diagnostic.

Fight or Flight

When a client asks for program metrics, the first reaction is usually either fight or flight. The "fight" happens when the communications professional launches into a litany of reasons why the program can't be measured. The "flight" is when we run back to our offices to try to come up with some type of graph or pie chart that shows we've moved the needle.

It's time for a different approach.

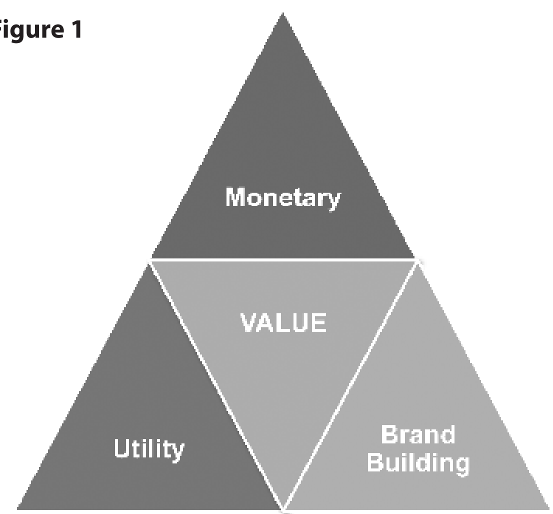
Rather than fight or flight, it's up to us as professionals to engage in a constructive conversation about what can—and should—be measured within a program. And don't forget to ask why. Using measurement strictly to gauge whether someone is doing their job is shortsighted. Instead, measurement should be a continuous effort used to adjust or alter a program to improve its effectiveness. It's not a performance review—it's a diagnostic.

ROI or Value

The big question we all get is, "what's the ROI?" Rather than jump to the answer, we should challenge the question. Next to the phrase "we offer solutions," ROI is one of the most overused and oversimplified concepts in business.

Most people tend to equate the word "return" with "dollars earned." What we really want to know is the value of the investment—not just the return. Let's use your car as an example. We all want value from our car purchases, but rarely do we talk about the ROI on our automobiles.

Figure 1



To measure the true value of your marketing investment, you must assess three important elements: monetary value, utility and brand building.

Multidimensional Value

Value has three dimensions (see Figure 1). Certainly there's monetary value—how many dollars did I invest, and how many dollars did I earn? But how many of you drive down the road and calculate the money you paid for your car, gas and insurance, the depreciation and the dollars per mile and compare that to what you made at the office that day? Yes, we want our money's worth, but rarely is it calculated in what's traditionally been referred to as ROI. If we calculate the value of communications purely on an ROI level, we'd need to look at the exact dollars earned for the dollars spent. And we all know that's a house of cards.

In addition to monetary value, we also have to look at utility. Does this method work better than other methods? Let's compare the utility of your car to that of a bicycle or walking. Yes, the bicycle and walking might be cheaper and give you more exercise, but if you live 20 miles from work those methods aren't as useful as a car.

Let's say your company has a major product recall. You have the option of not communicating (in which case you will lose customers and likely get fined by the FDA or CPSC), or you can communicate openly and honestly, in which case you might make your way through the crisis with your company's reputation intact. There's value in communicating because it's better than the alternative.

And then there's a third dimension—brand building. Your choice of automobile says something about you—it makes a statement. That's why there are Ford people and Chevy people. Toyota people and Honda people. When you get right down to it, many cars aren't much different from one another in cost and functionality, but we buy one or the other because it says something about us. Likewise, we can't calculate the ROI or utility on a corporate sustainability report, yet companies are producing them in droves because doing so says something about their brand.

The Measurement Zoo

When embarking on more effective measurement, you need to avoid the wild animals in the zoo.

There's the HIPPO method. That's measurement based on the Highest Paid Person's Objectives. Unless we're talking about the CEO, rarely are one person's objectives aligned with the objectives of a truly strategic communication program.

There's the Monkey See, Monkey Count method. That's when we run off and measure everything that can be measured because there are really cool tools out there to do it. We end up with variation upon variation of dashboards and reports that look great, but nobody reads them.

There's the Penguin method. That's where every tactic in a program is measured the same way. Our industry used to do this a lot when we calculated the "Advertising Value Equivalency" of a published story and tried to convince senior leadership that the one-line mention in the story was as valuable as taking out a full-page ad. Did ad agencies ever have to do the reverse? That is, did they have to justify the value of an advertisement compared to a news story of the same length? Imagine the ROI on that Super Bowl ad. Those still using AVEs will be hard-pressed to get strategic about programs, because AVEs don't take into account the fundamental value of different communication channels.

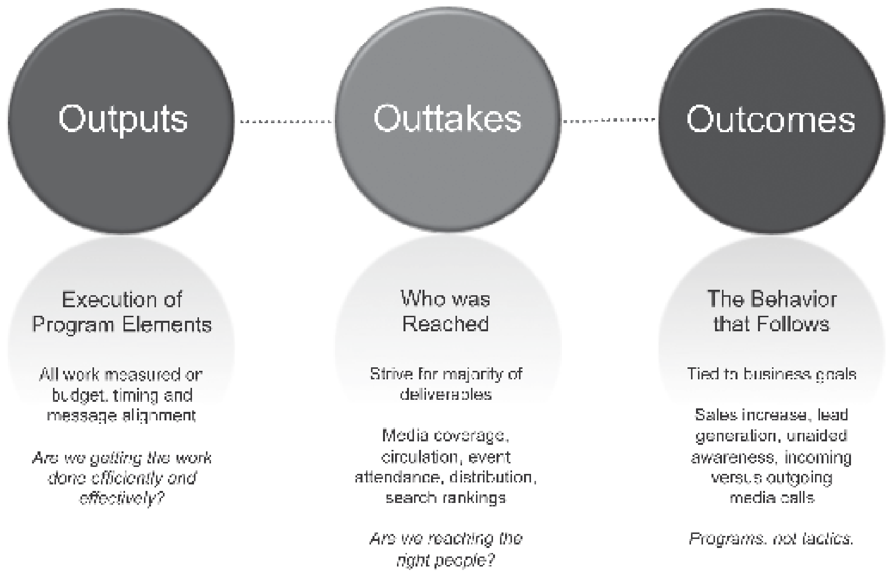
And finally, there's the T. rex method (let's assume it's a prehistoric zoo). That's when the measurement becomes so all-consuming that it devours your entire budget. Measurement itself requires investment—in both time and money—so make sure to keep your perspective.

The Three O's

To take a healthier approach to measurement, start with the premise that measurement in and of itself is a good thing both for the agency and the client. Then make a joint commitment on why we're measuring, what we should be measuring and how much time and effort we're going to spend on it. Then use the "Three O's" to frame up the conversation.

1. **Outputs:** This is the most basic form of measurement, and everything we do can be evaluated at this level. In essence, it's what we produced and how we did in producing it. Was it on time? On budget? On message? Adhering to corporate standards? Yes, this is pretty basic, but for some programs, measuring outputs can point out inefficiencies that need to be addressed.

2. **Outtakes:** One level up in sophistication, outtakes focus on who was reached vs. what was produced. What's the circulation on that article? How many people viewed that Web page? Who downloaded the video? What was the



Measuring Metrics That Matter: The 3 O's

attendance at our event? We're getting more and more sophisticated at measuring at the outtakes level, but we need to realize that reaching someone is rarely the end goal. If that were the case, we could simply stop at awareness. And we all know nobody made a decision solely on being aware.

3. **Outcomes.** Clearly, the most sophisticated form of measurement. Look at what behaviors changed as a result of our efforts. Who voted? Who purchased? Who stopped protesting? Who called their legislator? Did customer loyalty for the brand improve after the program? Did we generate more qualified leads year-over-year? Outcomes-based measurement is the Holy Grail in communications, and it's within reach.

There's never been a better time to commit to program measurement. Our internal and external clients demand it, the industry is adopting reasonable and consistent standards and the tools are there for us to do it effectively. It's time for us to truly be counselors to our clients and help them measure what's important. As a result, not only will our programs be more valuable to them, but we'll be more valuable to them as well. PRN

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Critical Elements for Measuring Outcomes

Step #1: Conduct up-front benchmark research. Nobody can demonstrate how they moved the needle without first showing where the needle was at the beginning.

Step #2: Set clear and measurable objectives. "Raising awareness" isn't a clear and measureable objective. "Increasing the number of people who voluntarily complete their mailed-in census form from 60% to 70%" is a clear and measurable objective.

Step #3: Measure programs, not tactics. Few people vote for a political candidate based on a press release. Nobody has bought a car based on a single advertisement. An average citizen won't write to his legislator based on a flier given to him on a street corner. We work in an era of integrated communications programs, so we shouldn't be measuring outcomes based on single tactics.

—Matt Kucharski and Heidi Wight