Return on Investment in Public Relations

A critical assessment of concepts used by practitioners from the perspectives of communication and management sciences

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ABSTRACT

Return on Investment (ROI) is a term commonly and non-specifically used by public relations practitioners when discussing the value to be created from communication activities. It mimics business language, particularly from business administration and financial management, but does not figure widely in academic discourse (Watson, 2005).

Although the Institute for Public Relations [now CIPR] undertook a review of ROI practice in the United Kingdom (IPR/CDF 2004) and Likely, Rockland & Weiner (2006) proposed variations of ROI as alternatives to the discredited Advertising Value Equivalence (AVEs) measure of value creation, there has been little discussion other than Macnamara (2007) and Gregory and Watson (2008).

This paper gives an overview on the views of ROI in public relations literature and concepts used by agencies and providers of measurement services. It reports on survey research amongst practitioners in several European countries on identifying the economic value of public relations. The findings are compared with the concepts of ROI used in business and accounting literature (Weber and Schäffer, 2006; Drury, 2007).

Applied theory and parameters for the development of measurement and evaluation techniques are proposed. The paper concludes that the use of the term ROI in public relations needs a proper foundation in overriding management theory; otherwise PR theory and practice will discredit themselves.

Introduction

'Return on Investment' (ROI) is frequently defined in management literature as a measure of financial effectiveness concerned with returns on capital employed in (profit-making) business activities (Drury, 2007). It is expressed as a ratio of income or earnings divided by the costs that had been applied to generate the income or earnings. In formal public relations nomenclature, the Dictionary of Public Relations Measurement and Research defines ROI as "an outcome variable that equates profit from investment" but does not attempt to classify a 'public relations ROI', other than as a "dependent variable" (Stacks 2006, p. 24). In public relations practitioner parlance, however, ROI appears to be used in a much looser form to indicate the results of activity. In 2004, a report by the Institute of Public Relations in the UK [1] defined ROI as "a ratio of how much profit or cost saving is realised from an activity, as against its actual cost, which is often expressed as a percentage" (IPR/CDF 2004, p. 15). The report, however, added that "in reality few PR programmes can be measured in such a way because of the problems involved in putting a realistic and credible financial value to the results achieved. As a result the term PR ROI is often used very loosely" (ibid.).

The term has been in public relations discourse for more than 40 years. The pioneer British public relations writer and educator Sam Black commented that it was "fashionable" to measure ROI in business, "but in the field of public relations it has little significance" (1971, p. 100). In the late 1970s, ROI was sometimes expressed as equivalent to advertising value. Marker (1977) in a case study of the Armstrong carpet tile company claimed ROI returns for PR activity of up to 25:1 ratio based on advertising value equivalence of media

[1] The Chartered Institute of Public Relations (CIPR), until 2005 named the Institute of Public Relations, based in London, is the professional association and body of PR practitioners in the United Kingdom. The Institute for Public Relations (IPR) based in Gainesville, Florida, USA, is an organization advancing research in the field and linking theory and practice. Both organizations are independent of each other, but have contributed to the field of PR measurement and evaluation in various ways.

coverage. There do not appear to be other examples of ROI measurement using this model in two succeeding decades. Watson (2005) in a study of more than 200 articles on measurement and evaluation found that the term was not widely used or recognised in academic discourse. However, Gaunt and Wright (2004) found that 88% of a sample of international PR practitioners was interested in an ROI tool and 65% considered that ROI could be applied to judgements on public relations effectiveness. Gregory and Watson (2008) also noted that use of the term ROI was extant in practice and called for greater academic engagement with practice issues such as the use of business language, such as ROI, and communication scorecards.

Research on ROI in public relations

Professional literature and practitioner discourse, e. g. discussions and presentations at the European Measurement Summits and the IPR Measurement Summits in the United States, however, clearly show that ROI is a term widely used, if not tightly defined. The 2004 study by the (then) Institute of Public Relations in the UK found that 34% of respondents considered public relations budgets in term of ROI and 60% used a notion of ROI to measure public relation activity in some way. It summarised the responses as, "some inclination towards seeking a form of ROI that could be applied universally" (IPR/CDF 2004, p. 6) As well, Likely, Rockland and Weiner (2007) proposed alternatives to ROI with four models which each have a 'Return on' prefix. Before going on to discuss two recent examples of research on ROI amongst practitioners, the recent academic and practitioner discourse will be considered in order to explore the interpretation and presentation of ROI.

An example of loose application of ROI is the paper by Vorvoreanu (2008) entitled "ROI of online press releases" which discusses methods of evaluating success through “number of times the release has been republished on websites”, “number of times the release has been viewed online” and “media interview requests as a result of the release” (p. 94) but at no stage is ROI mentioned or discussed. The contribution of public relations to the “bottom line” of income and profits is fostered by Pohl (2008) who proposes two calculation models. One, pre-implementation, is based on projected value of outcome, e.g. sponsorship income, divided by all costs (staff, promotion materials, etc) of the campaign to give a ratio which indicates a projected contribution to organisational profit margin. A more complex model, the Public Relations Return Value (PRRV) is proposed for measurement of outcomes and is similar to “(methods) used in marketing organizations to calculate the return on customer investment” (p. 203). It has four elements that provide the foundation for the PRRV calculation but, from the explanation and calculations shown, appears to be heavily dependent on estimations of cost and value creation, notably the “No Public Relations Activities Investment” factor which “estimates what the impact might be [if no PR activity took place] and then re-projects the income flow, costs, and net contribution of [other] factors” (p. 204). Although PRRV includes data on costs, it is too reliant on assumptions and estimates to be considered as a robust methodology.

Writing about ROI in the sponsorship sector, Maestas (2009) points to what he considers a common confusion about the use of the term: “The term is commonly mistaken for measures such as ROO (Return on Objectives), media exposure or market value analysis,” (p. 99) whereas in that field ROI is “the bottom-line profit that can be attributed to sponsorship and dividing it by the total sponsorship investment” (ibid). However, he weakens his argument by referring to the calculation of ROI also as “an educated approximation of how much additional profit the company has earned based solely on sponsorship” (ibid). Maestas thus offers a useful summary of the treatment of ROI as a loosely-applied catch-all which covers many output and, occasionally, outcome measurements.

More recently, Lee and Yoon (2010) have investigated the ROI between a nation's investment in public relations activity (volume of contracts and their value) in the United States and the economic value the nation gained from its relationship with the US. They do not, however, establish the theoretical basis of the ROI model used and admit that the relationship between PR investment and economic outcomes “is not strictly causal but bi-directional” in that those countries with existing strong investment or economic relationships with the US “may invest more in international public relations than those with weak economic ties to the US” (p. 19). They argue, however, that the linkage between the number of public relations accounts may be a predictor for economic outcomes after controlling for the size of the country. This paper appears to show the dangers of single factor analysis to establish relationships, in that numerous factors could be involved in the economic value of relationships between nations and including cultural, political, longevity, economic, resource interests, etc and not just public relations contracts.

Meng and Berger (2008) surveyed internal communications practitioners, mainly in the US, about measurement of internal communications’ impact upon business performance. They found that research in the past decade had shown that communication effectiveness has been considered to be a leading indicator of organizational financial performance, but a causal relationship has “not been well established” (p. 1) between internal communication efforts and business performance. Although internal communications effectiveness had not been widely assessed, some aspects of internal communication initiatives such as improved job performance, changed employee behaviours, and concentrated employee engagement have been given special attention in measurement efforts. Despite the paper carrying “Return on Investment” in its title, the authors did not propose a definition or formulation of the term and applied it in generalised ‘contribution to business’ manner.

Zerfass in reviewing the Global Survey of Communications Measurement 2009

(Wright, Gaunt, Leggetter and Zerfass, 2009) found that a majority of the 520 respondents supported the view that “it is possible to calculate the financial return on investment (ROI) of communication activities” which demonstrated an “obvious interest in having a tool for measuring ROI goes hand in hand with an increasing awareness of the importance of evaluation and value creation” (Zerfass 2010, p. 960). However, he comments that simple computation models and ROI formulas “cannot cope with the complexity of corporate communication and communication management” (ibid). Zerfass goes on to comment that without “continuous value chains” (Zerfass 2010, p. 961) of linkage between business and communication objectives and their implementation, “many well-intentioned approaches for evaluation and optimization degenerate into “rituals of verification” (Powers, 1997)” (ibid).

Stacks (2008) argues that instead of a public relations ROI, measurement should identify which part of ROI is influenced by PR. He proposes “a very programmatic approach that takes strategically-important predicators and tests them in real-world application. Then we can establish not only impact, as in terms of how much the variable(s) contribute to ROI, but also in what way they contribute to that ROI” (p. 4).

Practitioner perspectives on measuring the ROI of public relations

The practitioner discussion of ROI has revived since Black dismissed it as a passing fad in 1970. US evaluation veteran Mark Weiner (2003) argued that the demand for ROI “is fueled by management’s desire for meaningful results” (p.1) and that “PR has changed because the executives who fund it demand positive ROI” (p.3). His solution, offered by the then-operating Delahaye media evaluation company, was for a media exposure calculation: the 'weighted impact score' which included a rating of the quality and tone of a company's message(s) along with dimensions of reach and frequency. The data was derived from output measurements and, as such, has limitations for an ROI judgement. Weighted scores of media coverage have, however, how continued to be supported by the media analysis sector as a variation of Advertising Value Equivalence (Jeffrey, Jeffries-Fox and Rawlins 2008). More recently, Weiner has given a greater financial emphasis to public relations ROI and separated it from creation of value: “ROI is the financial measure that reflects the degree to which revenues are earned or saved. PR pros … often mistake ROI with the ‘value’ of PR" (PR News 2011, p. 1). Other leading US consultancy practitioners have also chimed in on the ROI discussion. In the same article, Tim Marklein of Weber Shandwick Worldwide observed that the top levels of management saw ROI as “all about dollars. The return can be money earned or money saved. Unless you have a dollar value, you're not going to get to a true ROI calculation” (ibid.). Ruth Pestana of Hill & Knowlton commented that some PR activities can't have a financial outcome. “It could be about a client's better relationship with stakeholders that may block a piece of legislation” (ibid.).

As can be seen, there is clear separation between practitioners’ desires to create a simple, reductive ROI measure to prove effectiveness and the academic approaches to PR and corporation which identify the complexity of these communication processes as well as the inherent clash between the specificity of the business use of ROI and its much looser usage in PR. The latter point is emphasized by the CIPR’s statement of 2005 about the PR evaluation and the adequacy of existing methods:

> (a) that measurement in all organizations is problematic and it is difficult to separate one area of management such as public relations activity from other activities; (b) that by good planning practices and objective setting, outcomes can be measured with greater facility; (c) that public relations activity takes place in a complex arena and this should be recognized by considering relationships in greater detail rather than identifying single factor, usually monetary-based outputs (Gregory and Watson 2008,

p. 342).

It is the complex nature of public relations activity that challenges ROI in any other than single programme situations, as it can be difficult to disaggregate public relations from other communications and business effects.

Empirical insights into ROI perceptions in the United Kingdom

To investigate the current state of attitudes amongst practitioners about their notions of ROI, a survey was undertaken amongst mainly UK practitioners. Quantitative research allows researchers to generate data on a problem or concept, from which insights and theory can be deduced (Bryman 2008). Surveys provide data about the opinions and characteristics of a defined population (Oppenheim, 1992, Chisnall 2001). A survey comprising 15 questions, framed from earlier research, was distributed in an online format via email to the UK-based researcher’s email network and through the UK industry e-newsletter, PRmoment.com, in late 2010. This convenience sample was chosen as one aim of the study was to help frame questions to be included in the annual European Communication Monitor (ECM) study. It comprised five closed questions and five open (write-in) questions, as well as questions on the demographics and work roles of the respondents. The research sought practitioner understanding of ROI with the aim of identifying current practices in public relations measurement of effectiveness and thus gain insight into the language of public relations and corporate communications practice. The survey received 66 responses, predominantly from mid- and senior-level practitioners who mainly work in consultancies or in-house workplaces in a four-week period before it was closed. As a snowball technique was applied through using the industry website, it is not possible to provide a level of response. The gender balance was 55% female to 45% male. Most were resident in England.

Results

Asked whether they regularly use the term ‘ROI’ or ‘Return on Investment’ when planning and evaluating public relations activity, there was a strongly positive response. Two-thirds (66.7%) answered in the affirmative and 33.3% in the negative. Those who answered ‘Yes’, again gave a decisive response when asked which form of ROI outcome was used for evaluation, with 66.7% identifying ‘communication objectives’, followed by 19.0% for ‘other’ and 14.3% for ‘financial outcome’. There were 12 write-in responses to describe ‘other’ which were thematically grouped as “it depends on the campaign/client” (5), a combination of financial and communication objectives (4) and a ‘mix of inputs and outcomes’ (efforts and results).

ROI formulae were offered predominantly by consultancy and freelance respondents to clients (67.7%). Few clients, however, applied ROI judgements to work with this category of practitioners (12.9%). Some 19.4% of these respondents did not apply any form of ROI. The methods offered, however, showed that advertising value equivalence (AVE) lives on an ROI form with six respondents using it including one who provided this formula: “PR spend to AVE = ROI”. Other methods were ‘negotiate measurements with client’ (6), ‘meet media volume targets / media ranking’ (3) and ‘relate press activity to outcomes, sales, and enquiries’ (2). Most in-house practitioners reported that their organisation did not have an ROI formula (78.3%), with only 21.7% using one. The methods used included an AVE-based formula (2), sales link to public relations activity, tonality of media coverage and a media ranking system.

The first open question asked of all respondents was “what does ROI mean to you in the public relations context?” Using thematic coding of the 58 responses, the leading themes were ‘demonstrate outcomes; show value of PR’ (11) and ‘return on expenditure or effort’

(9), which could possibly be combined into a new theme of ‘demonstrable creation of value’. These were followed by forms of AVE (6), contribution to organisation’s success (5), sales generated (5) and measurable financial gain (4). The second open-ended question, “should there be a standard ROI adopted by the PR industry?” had been prompted by both Benchmark (2004) and CIPR (2004) research which raised this prospect. The feedback from 61 respondents was a strong 64.5% rejection, compared with 33.9% in favour and one no-answer. The written comments also gave strong shape to that rejection with 32 arguing ‘one size does not fit all’ and a closely aligned further three saying that ‘PR is not like business and finance’. The latter comment was also mentioned as secondary factor in several ‘one size does not fit all’ responses. The case in favour of a standard ROI was composed of themes such as ‘yes, we need it but I don’t know what it will be’ (7), there should be ‘broad or flexible parameters, coupled to best practice information’ and a version of AVE (3).

Discussion

According to this survey the use of the term, Return on Investment (ROI), is widespread in UK public relations practice. Some two-thirds of those who took part in the study claim to regularly use ROI, especially in relation to communication objectives. This usage of ROI should be strategic and in relation to objectives and outcomes, yet the study gives evidence of mainly publicity-oriented tactical thinking and few respondents offered a process or methodology. It can be inferred from the responses that many practitioners still conceive public relations as equated with media relations. The single most-mentioned ROI metric, although not dominant, was AVE and indicates the limitations in practice methods and lack of practitioner exposure to more robust research methodologies.

ROI perceptions by PR professionals across Europe

From the first study two questions were developed for inclusion in the annual European Communication Monitor study for its 2011 iteration (Zerfass, Verhoeven, Tench, Moreno and Verčič, 2011). This study is distributed by email to over 30,000 PR and corporate communication practitioners across Europe. Though the survey cannot claim representativeness due to lack of knowledge on the population of communication professionals in Europe, it relies on the largest database of professionals in this region, strict methods of sampling and statistical evaluation using SPSS. The response in 2011 was 2,209 fully completed questionnaires from 43 countries. The questions investigating the ROI issue were:

1) Do you regularly use the term 'ROI' or 'Return on Investment' when planning and evaluating communication activities?

2) Would you agree or disagree with the following statements:

   ROI can be expressed in achievement of communication objectives

   ROI requires financial assessments of the resources used for communication

   ROI can demonstrate the non-financial value of communication

   ROI expresses communication's contribution to the formation of organisational strategy

   ROI needs a standardised financial valuation of results achieved by communication

   ROI is the ratio of financial profit resulting from a communication activity against its actual cost

   ROI has to be defined in monetary forms

Results

The headline results for the usage of the term 'ROI' or 'Return on Investment' when planning and evaluating communication activities was a 1.1% separation between those who responded Yes (47.6%) and No (46.5%) with 5.9% giving a 'Don't know the term' response.[2] The same question analysed by the types of organisation at which respondents are employed (Table 1), however, gave a wider indication of ROI usage according to workplace, with those in consultancies and agencies most supportive (59.3%) and practitioners in governmental organisations least supportive (28.2%) and only marginally less than non-profit organisations (32.5%).

Table 1: Use of the ROI term for communication activities in Europe

	Yes	*No*	*Do not know the term ROI*
Consultancies and agencies	59.3%	37.5%	3.1%
Joint stock companies	51.1%	46.1%	2.8%
Private companies	47.5%	48.0%	4.5%
Non-profit organisations	32.5%	56.3%	11.3%
Governmental organisations	25.2%	56.4%	15.4%

n=2.209 PR professionals from 43 European Countries (Zerfass et al. 2011).
Significant differences (chi-square test, p ≤ 0.5) between all types of organisations for use and non-use of the term ROI. Results displayed ranked by percentages for usage of the term.

For the No responses, the rank fully inverts with Governmental organisations highest at 56.4% and consultancies and agencies lowest at 37.5%. Government organisations and

[2] For the results see also Zerfass et al. (2011), pp. 64-71. The authors want to thank Ronny Fechner M.A. and Katharina Simon B.Sc. for their valuable support with the statistical analysis of the data.

non-profit organisations were also highest and second highest in Don't know at 15.4% and 11.3%, respectively, and well adrift of the other three categories.

ROI in Europe by region

The usage of ROI in European regions, as shown in Table 2 was closely clustered for both Yes and No with the Yes headed by Southern Europe at 50.4% and separated by only 4.4% from the lowest response in Western Europe (45.7%).

Table 2: Regional differences for the use of the ROI term

	Yes	*No*	*Do not know the term ROI*
Southern Europe	*50.4%*	*43.2%*	*6.4%*
Eastern Europe	*46.8%*	*45.9%*	*7.8%*
Northern Europe	*46.5%*	*46.7%*	*6.8%*
Western Europe	*45.7%*	*50.5%*	*3.7%*
Difference # 1st to 4th	*Δ 4.7%*	*Δ 7.3%*	*Δ 4.1%*

n=2.209 PR professionals from 43 European Countries (Zerfass et al. 2011). Significant differences (chi-square test, $p \leq 0.5$) between all types of organisations for use and non-use of the term ROI. Results displayed ranked by percentages for usage of the term.

The ranking inverted for No with Western Europe leading the opposition at 50.5% with Southern Europe 7.3% lower (and lowest of the four regions) at 43.2%. The Don't know category ranged from Eastern Europe highest at 7.8% and Western Europe lowest at 3.7%, a spread of 4.1%. It appears that Southern Europe is the most enthusiastic for ROI in terms of using the term; it is Western Europe in which the debate is most closely divided with only 3.8% difference between Yes and No, of which 3.7% declared as Don't know.

Usage of ROI in European countries

Unlike the range of usage by regions, the national uptake of the term (Table 3) is much more widely spread, with a 1st to 14th (ranking by percentage) of 35.1%. It is probably at it most inscrutable that Sweden ranks third at 58.0% acceptance whilst its neighbour Norway is fourteenth at 30.1%. Bearing in mind their proximity and shared heritage in Scandinavia, a closer link might have been expected, but the limited nature of the questions doesn't give an insight to the 29.9% gap between them. The mean for the 14 countries is 47.0% which is only 0.6% lower than the overall Yes response percentage.

Table 3: Usage of the ROI term in various European countries

Spain	*65.2%*
United Kingdom	*60.3%*
Sweden	*58.0%*
Italy	*53.8%*
Belgium	*53.2%*
Serbia	*48.8%*
Switzerland	*48.5%*
Netherlands	*48.3%*
Denmark	*41.9%*
Croatia	*41.4%*
Poland	*40.9%*
Germany	*34.1%*
Slovenia	*34.0%*
Norway	*30.1%*

n=2.209 PR professionals from 43 European Countries (Zerfass et al. 2011)

Practitioner perceptions of ROI

Following on from results of the small-scale UK study, the second question on ROI in the Europe-wide study explored practitioner perceptions of ROI, especially the linkage between the profit to costs ratio which is expressed in business literature (and in some PR literature, notably IPR/CDF 2004), and communication outcomes or the achievement of communication objectives. Seven propositions were presented and distributed. Broadly, there was a continued expression by this large group of communicators that ROI and communication could be linked, but in two separated modes.

Table 4: Definition and descriptions of ROI, in ranked order of agreement

Statement	*Agreement*
ROI can be expressed in achievement of communication objectives	83.1%
ROI requires financial assessments of the resources used for communication	72.5%
ROI can demonstrate the non-financial value of communication	70.5%
ROI expresses communication's contribution to the formation of organisational strategy	62.8%
ROI needs a standardised financial valuation of results achieved by communication	58.0%
ROI is the ratio of financial profit resulting from a communication activity against its actual cost	52.8%
ROI has to be defined in monetary terms	38.3%

n=2.209 PR professionals from 43 European Countries (Zerfass et al. 2011)

The most positive response (Table 4) was that 'ROI can be expressed in achievement of communication objectives' (83.1%), followed by the financially-linked indicator, 'ROI requires financial assessments of the resources needed for communication' (72.5%) and then 'ROI can demonstrate the non-financial value of communication' (70.5%). The next three propositions dealing with communication's contribution to organisational strategy, a standardised financial valuation of communications results, and the ratio of financial profit arising from communication set against its costs all gained more than 50% support from this large, multi-national sample of communicators. Only one, 'ROI has to be defined in monetary terms' gained less than 50% support and can be eliminated from consideration.

The propositions can be placed into two separate and apparently conflicting categories – the financial and non-financial. The 'financial' seeks that ROI is shaped by financial assessment of resources, a standardised financial evaluation of results and is a ratio of profit and costs arising from communication activity. Added together, these have a mean of 61.1%. The 'non-financial' are composed of ROI as an expression of achievement of objectives, the creation of non-financial value and contribution to formation of organisational strategy. These average 72.1%. This may seem an artificial division but it may have some validity as the two groups indicate different conceptions of ROI.

The 'financial' version is closer to the classic ratio which has challenged PR practitioners for the past 40 years as it has not been possible to obtain the data to demonstrate financial results, other than in highly specialised disaggregated cases where the sole method of publicity was PR (probably media relations) and the objective was for a specific sales or financial result. For example, CIPR in the UK has used an example of a short, tactical PR campaign to promote a sale at an internationally-branded clothing retailer in which PR was the sole promotional method. In that case, the increase in sales could be set against the costs of the consultancy employed to undertake the publicity (Gregory and White 2008, p. 311)

However, this model would not be sustainable when the retailer returned to its usual mix of above- and below-the-line promotions. Even the CIPR model's validity is questionable as the retailer's brand was very well known, easily identified and had received decades of promotional support. Whilst practitioners appear to know that ROI is a widely accepted financial indicator based on so-called 'hard data' and does not account for intangibles, they press on with a belief that a solution will come but agreed measures have not emerged.

The 'non-financial' group of propositions is similar to the 'outflow' concepts first proposed by the Swedish Public Relations Association (SPRA, 1996) and theoretically underpinned by Zerfass (2008). It also links with models of communication management used by many central European corporations which have integrated business and communication strategies using tools such as communication scorecards (Zerfass 2008). It is relevant that German communicators are the third lowest users of ROI (34.1%; 12th ranked) as a term because more differentiated forms of planning and measurement have been discussed in this professional community for many years (Zerfass 2010). Amongst that nation's examples are Deutsche Telekom, Audi and Henkel, which have integrated models of monitoring and management. For them brand value, reputation and value creation linked to corporate objectives and non-financial key performance indicators are more important than achievement of a profit to cost ratio.

Overall, responses to the transnational survey indicate that European PR practitioners are conceiving ROI in a more non-financial frame, thus opposing the established understanding of the concept in business administration and management science.

Variations between communication departments and agencies

When comparing the answers given by professionals working in communication functions of organisations or communication consultancies, there are two statistically significant differences between the two groups, as expressed in Table 5. There is near agreement or very slight variation in attitudes in the other six propositions. The first significant difference is that consultancies/agencies (59.3%) are much more likely by 16.5% to use ‘ROI’ or ‘Return on Investment’ than (in-house) communication departments (42.8%). Another significant variation arises from a difference in support for the statement that ‘ROI is the ratio of financial profit resulting from a communication activity against its actual cost’. This gains 56.3% support from agencies/consultancies, which is 5.0% higher than the 51.3% given by communication departments. The responses of communicators in consultancies/agencies were marginally more positive about the seven propositions than were practitioners in in-house operations by four to three although the communication departments favoured three of the four most highly supported propositions.

Table 5: ROI use and perceptions in communication departments and agencies

Statement	*Communication departments (%)*	*Consultancies/ agencies (%)*	*Difference (%)*
Usage of the term 'ROI' or 'Return on Investment' *	42.8	59.3	16.5
ROI can be expressed in achievement of communication objectives	83.3	82.6	0.7
ROI can demonstrate the non-financial value of communication	71.1	69.2	1.9
ROI has to be defined in monetary forms	37.3	40.7	3.4
ROI is the ratio of financial profit resulting from a communication activity against its actual cost *	51.3	56.3	5.0
ROI expresses communication's contribution to the formation of organisational strategy	62.9	62.5	0.4
ROI requires financial assessments of the resources used for communication	71.8	73.9	2.1
ROI needs a standardised financial valuation of results achieved by communication	57.7	58.6	0.9

n=2.209 PR professionals from 43 European Countries (Zerfass et al. 2011). Significant differences (chi-square test, $p \leq 0.5$) between professionals working in communication organisations and consultancies for the items marked with an asterix * only.

Comparison between the UK and the trans-European studies

Although the study conducted in the United Kingdom was used to evaluate questions for the research across Europe, there are some similarities in results, notably a clear majority of UK respondents who use ROI when planning and evaluating communications activity of 66.6% in the UK study and 60.3% amongst UK respondents in the transnational study. Both studies found that consultancies and agencies were more enthusiastic about their use of ROI than were in-house practitioners (UK 67.7%; Europe 59.3%). Another similarity was the positive practitioner view that ROI could be applied to 'achievement of communication of objectives', although the UK response was lower than the transnational data (UK 66.6%; Europe 83.1%). The UK rejection of a standard ROI formula (64.5% No), however, stands in contrast to the overall support by professionals across Europe (58% Yes) for the proposition that 'ROI needs a standardised financial valuation of results achieved by communication'. This was not strictly the same question, as the UK version was simpler than the one in the European survey, but there is dissonance. The other propositions were developed as a result of reviewing qualitative responses to the UK study and consideration of recent literature and cannot be compared.

Conclusions and future perspectives

There is no doubt that ROI has risen up the practitioner agenda, as evidenced by the two surveys which give robust European perceptions of it. After considering definitions on the one hand and the empirical understanding within public relations practice on the other, the notion of ROI in public relations can progress along two routes.

The first is that practitioners can pursue the rituals of measurement which. according to Powers (1997), use numerical indicators make complex social issues and processes look manageable but are not as simple or achievable as they suggest. It is now over 40 years since ROI first appeared (and was dismissed) in literature, but no methodology has arisen to give valid and reliable data that will produce what Marklein says is "all about dollars" (PR News 2011, p. 6). This route will struggle to produce data that has validity within the business world when it is compared with normal management accounting standards. It is likely to be programme- or company-specific, be based on media analysis metrics and be limited to short-term publicity/promotional activity in which public relations effects can be separated from other promotional actions. It will not, however, focus on relationships or value creation.

The second route identified from research is that a ‘quasi-ROI’ progresses which is focused on non-financial objectives and outcomes. This appears to be well-supported already by European practitioners and can be fostered by methods that help practitioners to manage and advance future activities (Müller 2010), such as models of communication management, including communication scorecards and value link models. These integrate public relations and corporate communications within the whole business planning and monitoring process (the German “communication controlling” model; cf. Zerfass 2010) rather than being treated as a promotional add-on or a functional activity. However, the complexity of communication processes and its role in business interactions means it is not possible to calculate Return on Investment in financial terms. Consequently, PR practitioners should refrain from using the term in order to keep their vocabulary compatible with the overall management world.

ROI remains a fuzzy concept but Europe’s PR practitioners have alternatives that can bring them “inside the tent” with organisational management by adopting a more planned approach.

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