

Global Media Analysts

Asia Pacific
North America
South America
UK/Europe

Advertising Value Equivalents (AVEs), also referred to as 'ad values' and 'ad equivalency', are calculated by multiplying column centimetres or inches of editorial print media coverage and seconds of broadcast air time (publicity) by the respective media's advertising rates. In most applications, the total amount of editorial coverage is 'valued' as if it was advertising, irrespective of the tone or quality.

AVEs continue to be used as a method of evaluating public relations, but are widely criticized and condemned by professional bodies, academics and researchers because of the following serious practical and ethical flaws:

1. **Editorial publicity can be negative.** Clearly, it is spurious to compare negative publicity with the best creative advertising. Yet most AVE calculations do just this. Few proponents of this method go to the time-consuming trouble of deducting negative articles and negative paragraphs or sections within articles;
2. **Editorial publicity can be neutral.** Even this type of publicity cannot be validly compared with advertising because advertising is never neutral;
3. **Editorial articles often contain coverage of competitors** including favourable references to or comparisons with competitors. Advertising never favourably compares competitors and usually does not mention competitors;
4. **Editorial coverage can be poorly positioned** which affects its impact. Advertising is almost always positioned prominently, often with guaranteed prominent positioning through payment of loadings or volume bookings;
5. **Editorial coverage can be poorly presented** – eg. with ambiguous headlines, the client name buried in the story, and even errors. Advertising is prepared by creative professionals for maximum impact;
6. **Editorial coverage can be in non-target or low priority media** – ie. media that do not reach key target audiences and markets, or media that are low circulation and strategically less important. These are media in which advertising may never be placed, rendering comparisons meaningless;
7. AVE calculations are usually based on **casual advertising rates** which are higher than the rates negotiated for advertising campaigns. This further inflates the so-called value of publicity in many cases;
8. Perhaps most significant of all, even IF editorial meets all the key characteristics of advertising – ie. it is positive, only promotes the client organization, is well positioned in strategically important media and well presented – **Advertising Value Equivalents only calculate the COST of buying equivalent media space and time for advertising; they involve no effort to measure the impact or effect** of the content. Advertising is not measured in terms of what it cost – suggesting that advertising is valuable simply because it cost \$X million is spurious – even silly. Advertising today is measured in terms of audience reach, share of voice, recall of messages, and often in *outcome* terms such as inquiries, leads or sales. 'Value' is gained from achievement of such objectives.

Advertising Value Equivalents are **invalid** and **irrelevant** as a measure of editorial publicity because:

- Advertising and editorial publicity are **rarely if ever equivalent**; and
- AVEs **measure cost, not value** – and an unrelated cost at that (advertising which is different to editorial media content in terms of content, placement, presentation and reader response).

Some users of Advertising Value Equivalents go beyond comparison with advertising rates and apply ‘multipliers’ of the ‘ad value’ from three times up to nine times or even more. There is no research basis whatsoever for such weightings and the leading PR research institute in the world describes use of AVE multipliers as “unethical” and “dishonest”. (See independent expert views cited later)

This is not to argue that editorial is less valuable or less effective than advertising. To the contrary, editorial content can, in some circumstances, have far greater impact and effect than any amount of advertising. For instance, one or two paragraphs of editorial (1 column x 2 centimetres) in an influential column or news section, such as a favourable profit forecast or a positive mention of a restaurant, can boost a share price and/or increase revenue by thousands or even millions of dollars. Yet a 2 scm advertisement, if such an advertisement was able to be purchased, would be very unlikely to have any such effects. Furthermore, the AVE of such editorial would be only a few hundred dollars – thus grossly under-estimating the value of PR.

In a wider context, AVEs are also deficient as a measure of PR because public relations involves much more than media publicity. Most PR campaigns involve other ‘media’ such as events, publications, the Web and specialist areas of communication such as community relations and employee communication which cannot be measured in terms of advertising equivalent.

But our client / boss wants them ...

A common argument presented to support AVEs is that some management asks for them and even pressures PR practitioners to provide them.

It is true, unfortunately, that some managers, particularly marketing and sales executives familiar with advertising, ask for advertising cost equivalents to gain some indication of PR ROI at least in a raw quantitative way.

In the first instance, demand for AVEs is the fault of the PR industry stemming from its failure to come up with and adopt reliable valid ways of measuring its impact and effects. Research studies show that around 80% of PR practitioners still rely on counting press clippings – irrespective of quality, target reach, etc – as their primary method of measuring results and reporting.

But furthermore, this argument raises serious professional and ethical issues about public relations. All professionals face client and employer pressures – some reasonable, some not. Accountants are pressured by their clients and employers to minimize their tax. Lawyers are asked by those they represent to do everything they can to win cases. Sometimes, these and other professionals are asked to do things that are not regarded as professional or ethical. Professionals are expected to resist such pressures and act with the highest integrity. They are expected to provide professional advice, persuasive counsel and sometimes client education. Professionals are expected to maintain standards of conduct and ethics irrespective of commercial pressures.

Public relations practitioners who provide AVEs as a form of measuring PR value are **providing misleading information** to their clients and employers. In the very least, this is unprofessional.

Public relations practitioners who are aware of the invalidity and irrelevance of AVEs – and few could be unaware of at least serious questions about AVEs after years of debate – but still provide these to clients and employers, could be held to be **knowingly and intentionally providing misleading information**. Such behaviour, under most codes and guidelines, could be held to be unethical.

Consider the following views and evidence from leading professional institutes, researchers and academics in the media and communication field (which we as professional researchers are bound by):

- The **UK Institute of Public Relations (IPR) Research & Evaluation Toolkit**, one of the most comprehensive guides on evaluation and measurement of public relations, states:

“Despite their widespread use, advertising value equivalents (AVEs) are flawed by the fact that advertising and PR use quite different methodologies. Valid comparison is therefore difficult, if not impossible. Opportunities to see (OTS) provide a more useful ‘quick hit’ quantitative measure (but only of output, not outcome). The public relations industry must get better at proving the worth of PR in its own right, and the value of more in-depth use of research, in order to wean both practitioners and clients away from AVEs.”¹

- *Guidelines and Standards for Measuring and Evaluating PR Effectiveness* published by the **Institute for Public Relations in the US**, says:

“Most reputable researchers contend that ‘advertising equivalency’ computations are of questionable validity. In many cases, it may not even be possible to assign an advertising equivalency score to a given amount of editorial ...

“Some organizations artificially multiply the estimated value of a possible editorial placement in comparison to advertising by a factor of 2, 3, 5, 8 or whatever other inflated number they might wish to come up with, to take into account their own perception that editorial space is always of more value than is advertising space. Most reputable researchers view such arbitrary ‘weighting’ schemes aimed at enhancing the alleged value of editorial coverage as unethical, dishonest, and not at all supported by the research literature.”²

- The **Public Relations Institute of Australia (PRIA)** issued a Position Paper in 1999 on research and evaluation which stated:

“The PRIA does not recognize Advertising Value Equivalents (AVEs) of editorial media coverage as a reliable or valid evaluation methodology. Editorial and advertising cannot be directly compared.”³

- The **Advertising Federation of Australia (AFA)** issued a policy on AVEs in 2001 stating:

¹ “The IPR Toolkit: Planning, research and evaluation for public relations success”, Institute of Public Relations, UK, 2001.

² “Guidelines and Standards for Measuring and Evaluating PR Effectiveness”, Institute for Public Relations, Florida, USA, 2000.

³ “Research and Evaluation”, Position Paper, Public Relations Institute of Australia, 1999.

*“The AFA does not support the practice of using Advertising Value Equivalents as a measurement of editorial publicity. Well targeted, creative and strategically focussed advertising is inherently different to the editorial gained from public relations activities. Both forms of communication have their distinct benefits and cannot be benchmarked against each other ...”*⁴

- The **Australian Association of National Advertisers (AANA)** has circulated a policy statement to its members stating in part:

*“AANA notes that other professional PR organizations including the Institute of Public Relations in the UK and leading PR academics in the US and UK have condemned the practice as “of questionable validity” and “flawed”. AANA concurs with these views and believes this matter should be brought to the attention of members in the interests of Best Practice and to inform our members of more reliable and credible methods for evaluating PR.”*⁵

- **Katie Paine**, publisher of *The Measurement Standard* in the US, and former founder and CEO of media research firm, Delahaye, strongly campaigns against AVEs condemning them as invalid and misleading.

A comprehensive expert review of AVEs is published by the US Institute for Public Relations, an independent research organization, and is available free at http://www.instituteforpr.com/measurement_and_evaluation.phtml?article_id=2003_ave free of charge. This paper present further research and academic argument pointing out the flaws and invalidity of AVEs.

So how should media publicity be measured?

It is important for PR and corporate communication practitioners to measure their work to show their effectiveness, results and Return on Investment. Editorial media coverage (publicity) is more effectively measured using **content analysis**. Content analysis is a well-established research methodology that has been used since the 1920s to examine propaganda (eg. Harold Lasswell, 1927) and, more recently, in extensive studies of media violence and in feminist studies of the effects of mass media portrayals of women.

Content analysis can be quantitative and qualitative, providing a way of examining both the volume and audience reach of media coverage and the messages conveyed to audiences. When conducted rigorously, content analysis can lead to **inferential** and **predictive** conclusions in relation to public opinion, as well as **descriptive** conclusions about past and current discourse.

Ultimately, the impact and effects of media publicity, and other PR and corporate communication should be measured using **audience research** such as surveys, interviews and/or focus groups.

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⁴ Letter, Advertising Federation of Australia, 13 February, 2001.

⁵ Policy statement issued by Australian Association of National Advertisers, March, 2001.