AVEs (Advertising Value Equivalents) – 8 Reasons NOT to Use Them

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Advertising Value Equivalents (AVEs), also referred to as ‘ad values’, ‘ad equivalency’, and equivalent advertising value (EAV), are used by some organisations as a method for measuring the alleged value of public relations – or, more specifically, editorial publicity.

However, AVEs are erroneous by definition; contrary to industry standards and guidelines; based on invalid and false claims as shown by independent academic research; and methodologically flawed on a number of grounds. The following summarises eight reasons not to use AVEs.

ERRONEOUS BY DEFINITION

The very term ‘advertising value equivalents’ is inaccurate and misleading in two respects.

1. So-called ‘advertising value equivalents’ are not a measure of value; they are actually a calculation of cost – and a hypothetical cost at that (i.e., what media space or time would have cost if it was purchased as paid advertising).

2. Advertising and editorial publicity are NOT EQUIVALENT. Advertising is fully controlled in terms of content, design and layout, and positioning, while editorial media coverage is variable. Editorial content may be prominently positioned or not prominent; key organisation messages may or may not be highlighted; it may be presented as text only without attention-grabbing visuals which are common to advertising; it may include promotion of competitors; and editorial may appear in non-priority media. Furthermore, editorial coverage can be negative. And often it is neutral reporting. Advertising is never negative and never neutral; it is creatively designed to gain attention and ‘cut through’, and it is only placed in priority media.

CONTRARY TO INDUSTRY STANDARDS AND ETHICAL GUIDELINES

The Barcelona Principles, developed by the International Association for Measurement and Evaluation of Communication (AMEC, 2015) and endorsed by professional communication bodies worldwide, state explicitly that AVEs are not a valid measure of public relations for these and the following reasons.

INVALID AS A METHODOLOGY

The Myth of Multipliers

Beyond multiplying the amount of media space or time gained as editorial publicity by the advertising rate of the relevant publications or programs, some calculations of AVEs use multipliers based on generalised claims that editorial media content is more credible than advertising. The use of multipliers ranging from 2 to 8 times the advertising cost have been reported in industry studies by Walter Lindenmann (2003) and Mark Weiner and Don Bartholomew (2006).

3. Despite claims of supporting evidence, there is no research basis for the use of multipliers. In fact, a number of research studies have specifically disproven claims for credibility multipliers.
Therefore, the use of ‘multipliers’ of advertising rates is invalid and misleading. (See the following examples of research findings.)

Studies over many decades such as those by leading PR scholars Glen Cameron (1994) and Kirk Hallahan (1999) have found no generalised credibility advantage of editorial versus advertising. While high profile editorial media coverage is sometimes more believable and impactful than advertising, highly creative advertising often has much greater impact than editorial media coverage, which is highly variable.

In his guidelines for measuring and evaluating PR, the renowned PR industry researcher Walter Lindenmann reported that reputable researchers regard “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” (Lindenmann, 2003, p. 10).

Research by Samsup Jo (2004) found that when strong factual and logical arguments are available, editorial publicity outperforms advertising, but when weak arguments are available and persuasion based on emotion or other factors is required, advertising outperforms editorial.

More recent research by Don Stacks and David Michaelson has further confirmed that multipliers are invalid. Michaelson and Stacks have conducted several experiments to test the impact of similar advertising and editorial publicity. Following a pilot study (Michaelson & Stacks, 2006), Michaelson and Stacks conducted an experiment in 2007 that involved production of quality print advertisements and mock-ups of editorial coverage in a range of newspapers including The New York Times for a fictitious food product. Professional designers and writers were used to simulate actual advertisements, and editorial coverage and layouts mirrored the style and format of food sections of the relevant media. Groups of potential consumers were then exposed to the advertising and editorial content. This experiment found no significant differences in awareness, purchase intent, or believability resulting from equivalent amounts of advertising and editorial publicity exposure (Michaelson & Stacks, 2007).

Stacks and Michaelson repeated and extended the experiment in 2009 from which they concluded:

There are differences between advertising and editorial commentary but, as in the earlier study, these differences are not the difference expected. What we found was that both the editorial and the advertisement were equally effective in promoting the product ... no statistically significant differences existed between the editorial and the advertisement across measures of awareness, information, intent to purchase, and product credibility. (Stacks & Michaelson, 2009, p. 12)

In addition to finding no basis for multipliers, these experiments showed that editorial publicity is as effective as advertising only when it is prominently positioned and highly positive, thus indicating that qualitative content analysis is necessary to assess the likely impact of editorial publicity. Volume alone does not support inferences or predictions.

Even more recent experimental research by Julie O’Neil and Marianne Eisenmann (2016) has tested similar content in the full range of paid, earned, shared, and owned media (the PESO media strategy model), including native advertising, and again found that earned editorial publicity, while important, does not
have greater impact on awareness, knowledge, interest, intent to purchase, or advocacy. O’Neil and Eisenmann’s experiment using various types of promotional content for a smartphone exposed to 1,500 participants found that the lines between various media content formats are blurring and that consumers access a range of sources of information. Overall, they found that media consumers today put less emphasis on content format and more on message quality wherever it appears, with reviews written by other consumers being the number one preferred source of information (O’Neil & Eisenmann, 2016).

**Inflated Rates**

4. **AVE calculations are often inflated by basing them on casual advertising rates** when commercial advertising campaigns access ‘trade’ rates that are substantially less than casual rates and even discounted compared with costs based on published rate cards, particularly in the competitive media environment of today. This further falsifies AVE calculations.

**Incomparability**

5. Also, the cost of purchasing the amount of editorial space and time gained at advertising rates is not valid methodologically because *most organizations would not purchase advertising in many of the media that publish or broadcast editorial content*. Advertising is usually focussed on priority media, while editorial content can be published widely, including in less relevant media (Jeffries-Fox, 2003; Macnamara, 2000, 2017).

**Inputs Claimed as an Outcome**

6. Furthermore, comparisons with advertising costs to estimate ‘value’ are invalid and spurious because advertising is not measured in terms of what it costs. To do so would be ludicrous. Advertising is evaluated in terms of its effectiveness in achieving outcomes and impact such as leads, inquires, and sales. Therefore, it is illogical to evaluate PR by comparing it to estimated advertising costs. AVEs involve claiming a hypothetical ‘input’ as an actual ‘outcome’.

**NARROW APPLICABILITY**

7. **AVEs relate only to media publicity**, which is only one element of public relations and strategic communication. In fact, they relate specifically only to commercial media publicity. Public media and most social media content (e.g., tweets, comments, etc.) do not have applicable advertising rates. With the growth of owned, shared, and earned media relative to paid media advertising, AVEs are becoming even more irrelevant as a measure of PR. The Asia Pacific Communication Monitor has reported a shift from the traditional ‘PESO’ media strategy (paid, earned, shared, owned in that order of priority) to SOEP (Macnamara & Zerfass, 2016) and the 2017 Global Communications Report reported a change in media strategy to EOSP (USC Annenberg and The Holmes Report, 2017). In short, shared and owned media, for which advertising rates do not apply, are overtaking paid media and even surpassing earned media in many cases.
BUT MY CLIENT/BOSS WANTS AVEs

A justification often advanced for using AVEs is that clients or bosses ask for them. However, other professionals such as lawyers, auditors, and accountants are sometimes asked, and even pressured, to do things that are improper and/or unethical, such as manipulating records to avoid tax or falsifying evidence. Ethical professionals decline to provide such services and advise their clients of alternative approaches based on their expert knowledge. To be recognised and respected as professionals, PR and communication practitioners need to similarly set and maintain high standards and base their advice and services on rigorous research and ethical methods.
REFERENCES


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i Native advertising is “the blending of advertisements with news, entertainment, and other editorial content in digital media” (FTC, 2013) or simply “advertisements disguised as editorial content” (Hoofnagle & Meleshinsky, 2015).

ii The Asia Pacific Communication Monitor in 2016 involved a survey of 1,200 senior communication practitioners in 22 Asia Pacific countries.

iii The Global Communications Report 2017 was conducted by the University of Southern California (USC) Annenberg in conjunction with The Holmes Report involving a survey of 875 senior PR practitioners in the USA and internationally.