

# How Much Should You Spend On Media Evaluation?

By

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I recently received this question from a colleague: How much should a Fortune 200 company spend on media analysis?

This is a really good question. Having been asked it many times in my career, my experience is that those asking generally expect me to say 5% or 10% of the PR budget.

I never do.

It is an easy answer, but not the right one. The way to determine how much to spend to evaluate media relations, or even the entire PR department is to determine what you intend to do with it and, as a byproduct, how much the information is worth. This is a business-based approach. Your organization makes an investment in communications based on the assumption that it gains some value from that investment.

So, to answer how much to spend on content analysis, it depends on what your company spends on media relations and how it values the media results your efforts generate. (I say media relations, not PR, because content analysis looks only at media coverage, and not at all the other things you might be doing in PR.)

## **Media Relations as an Investment**

Looking only at how much your company spends, you could consider that amount as an investment. If the organization “invests” \$1 million in media relations, the question is how much is it worth to ensure that investment is being well spent?

First, I'll explore what well spent might mean. If we make the following assumptions:

- The purpose of media relations is to communicate messages about the company or its products and services
- You already have tested your messages with your target audiences, so you know they have the desired effect, when the target audience receives the message

Then your media relations evaluation should look at:

- How close the messages that actually appear in the media are to those you intend to deliver
- How many members of the desired target audience the media reaches and how frequently
- What is the overall tone of the coverage pertaining to your company and its products and services
- What is the amount and tone of the coverage members of your competitive set received during the same time period

These last two points are important, because even if your messages appear word for word in the media, and you are reaching a high proportion of your target, your competitors may be completely overwhelming your message with theirs. How effective your efforts are is relative to how effective your competition's efforts are.

If you think of your media relations as an investment in this way, and you invest \$1 million, perhaps it is worth 5%, or \$50,000 to insure this investment. Perhaps more, perhaps less. But that's the way to think about it.

## **Media Relations as a Strategic Tool**

Some organizations use media relations as a strategic tool. They use it to understand different strategic topics or discussions, how much coverage they and competitors get in these discussions, what percentage of their coverage and their competitors' coverage is positive or negative and so on. Then they **use this information to position their company positively and deposition their competition. The value to the organization of media relations done this way might be much higher than the \$1 million invested.**

In this second case, what you pay for when you do media analysis is an instrument that not only enables you to evaluate, but also to make decisions and design communications programs that will improve your organization's relative position going forward.

If you look at it this way, the question becomes: how much is it worth to your company to be able to run its media relations as a tool to position the organization strategically in the media? How much might this stronger media position contribute to increase sales or share price. How much might it reduce the costs of recruiting talent? When you look at it this way, the contribution of media relations may be worth tens or even hundreds of millions of dollars. In this case, spending \$1 million for very sensitive media evaluation that provides insights into developing discussions and competitive positions might be a no-brainer.

How much should you spend? I can't answer that for you, in this article. However, if you don't know how to make these assumptions about the value of media relations to your organization and calculate them yourself, you probably can find someone who can

help in your strategic planning department. If your company doesn't have a planning department, the person in charge of finance can probably help. You also can get in touch with me.

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I work with organizations that are going through a change in strategic direction (merger, acquisition, building program, new product launch, change program) and that are concerned about what will happen with their relationships with key stakeholders (customers, employees, investors) if they send out the wrong, or confusing, messages. After working with me they have a clear understanding of what their messages should be. I also provide them recommendations on other actions they can take to enhance their relationships with their stakeholders.

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