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## Small PR agencies still stand tall:

### Boutiques rely on relationships, price to attract business from big marketers

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It can be a small world after all for Sara Lee Corp., Tomy Corp. and other major marketers that continue to rely on independent, specialized boutique agencies in an era when most of the biggest operators in public relations have become units of ad-agency conglomerates.

These marketers don't necessarily rely solely on smaller PR agencies, but they still see smaller independents as being able to deliver on some projects.

Despite an acquisition binge in which ad-agency companies added PR shops to their stables, midsize and small independents are hardly endangered species. Of the top 100 PR agencies identified by the Council of Public Relations Firms, a whopping 47 had 2001 U.S. revenue of less than \$7 million. Only about a quarter of the top 100 are part of ad-agency conglomerates, and those are clustered for the most part among the 25 largest PR shops.

In a difficult economy where big agencies are on the prowl for accounts large and small, the intangibles of "people and relationships" and the very tangible benefit of competitive pricing are keeping smaller independents in the game.

"Hiring a small agency was cost-effective for us," Steve Mura, manager-event marketing and consumer promotions for Sara Lee Bakery Group, says of Alan Taylor Communications, New York. "Compared to larger agencies, they were more interested in learning our business and becoming a partner than just billing us."

#### BIG RESULTS

Mr. Mura says the media exposure Taylor garnered this year for Sara Lee's IronKids Crustless bread triathlon rivaled that of any large agency. "They offered an exclusive to USA Today and got it. From there it took off," he notes. "We were on CNN, NBC news, and it hasn't stopped yet."

Toy marketer Tomy says that of the half-dozen or so PR agencies it reviewed earlier this year to handle the launch of its MicroPets line, winner JenBen Communications "was the hungriest."

"I had proposals from large agencies that demonstrated success," says Lon Ross, director of marketing for Tomy. "What JenBen showed was 'If this doesn't work, we are going to try this. If that doesn't work, we'll try this.' They showed the most tenacity ... They are the only company I know I can call at 1 in the morning where the president answers the phone and says she is just finishing up."

That midnight-oil-burning president-CEO is Jennifer Newman, and she says the fact that her year-old shop focuses exclusively on toys has made things easy for the New York agency. "We have our fingers on the pulse of the industry," she says.

Smaller PR agencies also tout to potential clients accessibility to the shops' top executives-after all, if your agency has only a dozen employees, you're likely to be dealing with the CEO.

\$10,000 goes a long way

"A \$10,000-a-month account is going to mean a lot more to a 12-person agency than a 300-person agency," says Lloyd Trufelman, president of Trylon Communications, a \$2.5 million New York shop that counts Time Inc.'s Business 2.0 and MSNBC among its clients. "A lot of times the large agency can say we've done this for Nike and Coca-Cola, and we can do this for you. Sometimes the small agencies have smaller clients, but it is harder to do publicity for an unknown cell phone company than it is for a famous movie star. "

The smaller independents are often niche operators specializing in certain areas. In Los Angeles , The PR Spin, for example, focuses on entertainment; cho/HighWater Group, New York, serves the videogame industry.

"The primary advantage of a niche firm is that the principals of that firm typically have a very strong background in the discipline they focus on," says Peggy Stuntz, editor of PR News. "They know the media, the competition and the general landscape, and they usually have strong relationships with media analysts and other key stakeholders because they're the people they talk to every day."

Such niche specialization, however, has hurt many PR agencies in the tech and dot-com fields. As high-tech companies collapsed, some took their small PR agencies down with them.

The real problem with PR and the dot-com industry, says Anthony Mora, head of an eponymous PR agency and author of "Spin to Win," is when the industry was booming, so were niche business publications. When the venture capital dried up, so did many of the tech trade publications.

"You had all these publications that gave you outlets,"he says, "but a lot of agencies got hit hard because they didn't know how to translate their stories to the mainstream."

Some boutiques have managed to survive the dot-com downturn by refocusing on more promising tech niches. Their lower fees also allow clients to continue using these shops.

Tomy's Mr. Ross, who used the Chicago office of No. 5 U.S. PR agency Edelman Public Relations Worldwide for a one-time project while keeping the three-employee JenBen on retainer, says: "It comes down to people and relationships in the end. I wouldn't have hesitation against a smaller company at all. I had good experiences and bad experiences for both, and my first inclination is to go for the underdog ... Our success is tied to each other."