

MEDIA RELATIONS REPORT

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PR News

Economic Climate Warms up Business for Niche PR Firms

Terry Catchpole, founder and president of The Catchpole Corporation, a boutique PR firm specializing in securing speaking engagements for high-tech business executives, thinks the dot-com debacle was a blessing in disguise for niche PR.

Huh? Aren't those the same dot-com companies that, while throwing money at PR firms during the late-1990s, reinforced the reputation of PR execs as glorified publicists? And didn't PR enable the dot-com companies - many of which have since flamed out - to put out elaborate press releases that didn't really serve any message (or plug any real product) so much as the CEO's ego?

Catchpole, whose clients include Adobe, Microsoft and Palm, looks at it from a different perspective, pointing out that the Internet rush of a few years ago conditioned marketers to hone their media targets more carefully, and what better way to do that than with PR specialists. "The seed was planted that it was possible to deal with a series of experts in different areas as opposed to always going to full service PR firms," he says.

The dot-com boom-and-bust is one of several factors that have played into the hands of niche PR players in the last few years. For starters, niche firms are a lot more affordable than the big players in the field. Although underlying economic trends are heading in the right direction marketing budgets are still tight, and the value niche players can offer can't be underestimated. Niche PR firms are also flatter and more flexible than the heavyweights - no small thing when you're watching every dollar. Another reason for the growth in niche PR: clients know they're going to get service directly from the boss(es) of the firm rather than an account executive from a large firm who is a few years out of school and doesn't know the space very well.

In the current climate it is also reassuring to client when you speak their languages. "Our clients understand 'dollar cost average' basically means talking to reporters continually over time and you'll eventually hit a single, double, triple or maybe a home run," says Dan Soundhelm, a partner with SunStar Financial, an Alexandria, VA-based PR firm specializing in PR for financial services and money management firms, whose clients include the Jensen Portfolio, Johnson Asset Management, National City Bank and Wells Real Estate Funds. "Most of our clients are undiscovered and they want to be recognized for their products and investment philosophy."

Victoria Morrison, VP/director of marketing at Johnson Asset Management, which manages all of the JohnsonFamily Funds, says because SunStar execs know her business so well -- and don't suffer from a lot of management layers - they have been able to get solid media exposure for the firm, which has generated sales. "They don't get caught up in the paper work and the phone calls like some of the larger [PR] firms," she says. "They

turn things around very quickly." SunStar has been able to get Johnson Asset Management executives to appear on CNBC, CNN, and "Forbes on Fox" in addition to being quoted in BusinessWeek, Forbes and Fortune. Since SunStar has been able to cultivate such close relationships with financial reporters Morrison says it's not uncommon for reporters to call Johnson Asset Management President-CEO Colette Wallner directly. Says Soundhelm: "We've been able to establish a two-way street with reporters because they trust us and know that we're going to give them good ideas."

Niche PR firms are also able to respond more nimbly to an increasingly media chic culture, where every conceivable line of business wants to celebrate itself. "So many different kinds of businesses have branched out of traditional advertising and added PR to the overall marketing plan," says Katherine Rothman, president of KMR Communications, New York, which specializes in PR for the beauty, medical and fitness industries. Clients include the American Laser Centers, Bosley, a hair restoration chain and CAN DO Fitness, a chain of health clubs in New Jersey.

On a recent media tour in New York with an executive from client Rene Furterer, which markets hair care products, Rothman was able to secure coverage in several of the top women's fashion magazines, including Harper's Bazaar, Vogue and W as well as Ladies' Home Journal. "We were really holding their hands for three days. But we know what the media wants and don't waste the client's time," Rothman says.

Of course, there are some accounts that niche players simply can't handle, and they sometimes have to turn away business they're not equipped to handle (and refer the query to a larger firm). At the same time, with the late- '90s froth having fizzled, it's not uncommon these days for the bigger firms to compete head-to-head with niche firms in the \$5,000 monthly retainer range. It's at this stage, depending on the account, that niche PR firms may be able to trump their larger competitors by offering more hands-on service.

"I've been in this business for 20 years and what it has turned into now is just-in-time consulting," says Todd Appleman, head of virtual PR agency The Appleman Group (Los Angeles), which specializes in strategic communications in healthcare and whose clients include Comview Corp. Medivance Inc. and Medtronic Inc. Appleman, who had stints at the former BSMG Worldwide (which in 2002 was merged into Weber Shandwick), Burson-Marsteller and Fleishman-Hillard before his starting his own PR consultancy in 2000, says his clients know they're going to get experienced hands to work on the campaign rather than getting the "bait-and- switch" from the big boys.

"When put a team together they I might have a health care technical writer with 15 years experience or a media relations exec with 25 years experience," Appleman says, adding that he provides a laser-like approach for his clients. "I have about 300 media contacts who are the heart and soul of healthcare coverage. And they know when they get a pitch from me that this is something they could use as opposed to getting an e-mail blast from a monolithic level."