

Global PR networks expect big profits, new members in 2008

By Jon Gingerich

Revenues and membership took a sharp increase for global PR networks in 2007, a trend experts say shows strength among independent firms in the international business arena.

The "big four" global networks — IPREX, Pinnacle, PRGN and Worldcom — showed growth either in the form of consolidated net fees or new membership last year. Most experts agree it's not a coincidence: the growth of digital communications, a surge in the global economy and a new-found need for PR in developing nations has ushered in an era of PR without borders.

"There's been huge growth in global networks," said David Landis, PRGN member and President/CEO of San Francisco-based Landis Communications. "With the advent of the Internet, companies are no longer regional. Companies based in California can do busi-



ness in India, and vice versa. These aren't cookie-cutter offices. These are independently-grown agencies that know the market and supply home-grown talent."

As PR becomes increasingly global, information becomes less static. Communicators find not one signal making its way around the world, but an ever-diverging wealth of different sorts of information. As a result, independent network partners find themselves at a sort of default advantage: by maintaining an entrepreneur-owned-and-operated presence in unique, local markets, "home-grown" communicators can establish client connections with a local flavor and depth that can't be matched by the top five advertising/PR conglomerates.

"These are the glory days for independent networks," said Pinnacle Worldwide Chairman Ron Hanser. "Clients need someone who is intimately

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Global networks expect growth

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familiar with their local markets. The resources they can use are local senior owner/operators who are connected with those markets. We can deliver a more intimate, connected service because we're there."

Critics say there's a tendency among multinationals to be too global. The independent ownership of network firms, along with their regional-management style, often give networks and their partners more flexibility and focus in locales that didn't have PR capabilities just several years ago.

According to Matt Shaw, Vice President of the Council of Public Relations Firms, a 2007 global report from the International Communications Consultancy Organization (ICCO) shows what he called the "best year ever" for public relations. Every country surveyed by the organization reported revenue growth among its PR firms.

"As business globalizes on a rapid scale, communications' needs have become correspondingly critical, and public relations firms have been a direct beneficiary," Shaw said.

"The accessibility, and ascent, of digital communications vehicles, be it various social media platforms or corporate messaging that spans the globe, makes public relations a particularly useful and effective tool for businesses to implement, wherever they may be."

Traditionally, international ad/PR conglomerates have had an advantage over local firms because accounts could easily be shifted into multiple markets. Advancements in technology, however, have now arguably given networks the edge. Partners can easily share clients that want to expand into new markets, and this swapping of resources has given many members new business. In a way, fellow partners are seen as extensions of their own offices.

"Clients are beginning to recognize this business model has a lot of validity," said Jim Walsh, Worldwide President of IPREX. "It's not necessary to take an international brand name and assume the company will have the resources in every market. In many markets we're equal in size, if not better than international companies."

Local firms emigrate

It's common for a big agency like Hill and Knowlton to open a hub in Europe or Asia. Now, smaller foreign shops are doing the same. Independent firms are crossing borders at rate unheard of in PR.

In April, London-based M&C Saatchi

Sports & Entertainment announced it had

opened shop in New York. The agency's new Battery Park digs is currently anchored by a coveted U.S. account with Reebok.

CEO Steve Martin said the M&C Saatchi division is now busy at work with media and NFL athlete engagement for the brand, and the agency has hired several New York PR veterans to give the budding office a strong start. When asked about the prospects of opening a U.S. branch during domestic economy woes, Martin, a communications vet with PR experience at Hill and Knowlton's London branch, said the company's move across the pond couldn't have been better timed.

"It was the obvious move. Besides the absolutely huge media base in New York, it never ceases to amaze me that regardless of the economy's troubles, sports enthusiasm remains incredible," he said.

Worldcom fees soar

With a membership boasting 112 PR partners in 39 countries, Worldcom remains the biggest global network. Consolidated revenue for the network was \$227.1 million in 2006, a giant leap from \$189.2 million in 2006. The network kept the same number of partners as it did in 2007, adding a few key markets in Europe while losing several in Asia and Latin America.

Worldcom President Daisy Guthin said more than 100 client companies worked with multiple Worldcom partners last year, up from 75 in 2005. Worldcom partners reported referred business from other members in the amount of \$6 million in 2007, double its \$3 million figure in 2005. Total, Worldcom partners have offered communications services to more than 3,200 companies worldwide.

John Bliss, Chair of Worldcom's Americas region, said PR's globalization success can be highlighted by a recent pitch his firm Bliss PR gave in May involving a "major piece" of healthcare business in

Germany.

"The pitch had to address a medical equipment product launch in the U.S. and follow-on PR in the U.S., Europe, Japan and China," Bliss explained. "One of our Worldcom partners in Germany (komm.passion), joined us for the pitch there and partners in China (Shanghai Global Strategy Consulting) and Japan (TOCS) provided market intelligence and tactics for moving forward in their geographies. Finally, another partner in Chicago (Public Comms., Inc.) provided market intelligence on a pivotal trade show there. We don't know if we won yet, but we know the presentation was very warmly received."

IPREX gains members

More than any other global network, the last year has given IPREX a major boost in its member roster. The network added partners in many global markets — U.S., Europe and Canada — while finally gaining hold in the Latin American market with the addition of Silvia Pendas, S.A., of Mexico. Speaking with *O'Dwyer's* from his Dublin office, IPREX President Jim Walsh cited an ardent recruitment policy and a dedication of resources in each global market as a few reasons for IPREX's immense growth.

"I think our growth over the last couple of years has been good. Europe particularly, we've seen spectacular growth in the last five years," he said.

Walsh said the 25-year-old network is now interested in giving additional attention to the Asian/Pacific market. IPREX's operating structure, like most global networks, includes a worldwide President as well as a President for each region.

Walsh said IPREX is also introducing social media functions on its website to allow more interaction between partners and clients, including crisis management features and a new practice area where staff can communicate with clients.



Worldcom gained more than \$38 million in consolidated revenues and almost doubled referred business in '07, a spike Chair John Bliss said speaks volumes for global markets.



IPREX President Jim Walsh said the network has seen "spectacular growth" in the last five years. IPREX gained more members in '07 than any other global PR network.



PRGN President Frank Cullen cited strengths in specialized markets as one reason for the network's recent growth.