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MARKET FOCUS - Newswires: The battle of the business wires - The rivalry between PR Newswire and Business Wire over the lucrative press release distribution market is ugly - and will only get uglier in the Internet Age. Craig McGuire reports from the ring

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For decades Business Wire and PR Newswire, the two titans of press release distribution, have pounded at each other like battle-hardened heavyweights - trading blow for blow on each other's geographic turf, copying each other's innovations, luring away each other's clients. Through in-house development, acquisitions and strategic alliances, the contenders have consolidated the industry into two opposing camps.

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Though both companies attempt to tailor their offerings, delivery of news releases is pretty much a commodity service with few differences to distinguish the two competitors. Each has large numbers of Fortune 1000 firms on its rolls. Both draw more and more clients from the hi-tech sector. Each offers highly customized distribution to mainstream and trade media outlets.

'It's like Time and Newsweek,' says Brian Unger, marketing manager for production house Target Video News, who has worked for both giants. 'There's such a tremendous amount of parity you'd have to be a fool not to see it. They are two tremendous organizations delivering high-quality service, so it's sometimes hard to tell whether it's Coke or Pepsi.'

The two companies constantly question each other's numbers and malign each other's capabilities. Few business rivals hold each other in such contempt as Business Wire and PR Newswire.



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Perhaps the ugliness of the rivalry was inevitable. 'When you engage in a duopoly, which those of us who lived through the AP/UPI wars uniquely remember, competition turns into emotion, obscuring both the strengths and the weaknesses of the combatants,' says Larry Moskowitz, chairman, president and CEO of Medialink, a BW partner. 'But, it makes for a more exciting show.'

Indeed, it promises to get even more exciting. The two giants are at a crucial point in their histories. With the Internet bringing opportunities for a myriad of new services, they are trying desperately to shore up (and, where they can, expand) their market shares. And it's a show that communications pros will no doubt be watching: news release distribution is, obviously, one of the most important aspects of the PR profession.

Humble beginnings

The industry hasn't always been this stratified. In fact, both rivals come from relatively humble beginnings, springing up from opposite sides of the country.

TV Guide originator Herbert Muschel launched PRN in 1954. The company initially provided news releases verbatim to just 12 major points in New York (Muschel went from door to media door to persuade the leading companies to install the wire). PRN expanded down the Eastern corridor and westward, solidifying its base with the 1997 purchases of Southwest Newswire in Dallas and PR News Service in Chicago.

Lorry Lokey hung out Business Wire's shingle in 1961. The company began serving 16 San Francisco Bay Area news media, as well as seven charter members, including American Airlines, Bank of America, GE and Wells Fargo.

It opened its first regional office in LA, in 1967, eventually spreading across the country.

While Lokey remains at the helm of BW, PRN was sold to Western Union in 1971. It operated as a wholly owned subsidiary until UK-based United News & Media Group acquired it in 1982.

BW and PRN now clearly own most of the dollars 350 million market for distributing press releases via satellite. PR Newswire reported dollars 162 million in revenues for 1999, with Business Wire clocking in at just over dollars 110 million. The dawning of the Internet age could double and even triple the market's potential over the next few years by expanding the number of media outlets and value-added services, such as online monitoring and audio and video streaming.

Whose numbers are right?

The PR community is constantly bombarded with facts and figures from the two industry leaders, figures that often don't add up. For example, BW claims a 54% percent market share, while PRN touts 53%. Each insists it moves an average of 1,200 news releases a day, while challenging the other's identical claim (there is no objective industry barometer to turn to). 'Business Wire's 1,200 number is not a true number, and includes things like advisories and re-transmissions,' says PR Newswire spokeswoman Renu Aldrich. Counters Gregg Castano, Business Wire's vice president of national sales: 'We don't count the corrections and non-news releases like they do.'

BW and PRN each claim around 40,000 clients. The business is virtually unique in that each competitor has instant access to its rival's client roster, simply because each release includes contact information. It's an opening both BW and PRN exploit.

'We're approached on a fairly regular basis by PR Newswire competitors,' says Tom Kelly, head of media relations for Chicago-based Bank One. 'My theory is, that as long as it's working, I don't see the need to be making changes.'

'I've been contacted by these other newswires, like PR Newswire, and I've heard they are good services, but we're perfectly happy with Business Wire,' adds Sarah Hofstetter, VP of corporate communications at Net2Phone.

Some argue that there are discernible differences between the two services, however. 'The news distribution services are both very effective and comparable in reaching US media,' says William Adler, director of corporate communications for the Reader's Digest Association. 'But when you dig down into the various layers of services each offers, the differences become more striking.'

Adler, a former PR Newswire employee who has used both companies, advises PR pros to ignore the numbers and look closely at which company's individual products are best suited for their particular needs.

The online game

Both companies have shown the capacity for innovation, growing into businesses their founders probably never envisioned. Over the years, they have often switched between being the market leader and the

follower, depending on the innovation. 'They're very good at noticing developments in their small areas of influence,' says Michael Terpin, president and founder of new online competitor Internet Wire. 'For years, when one would open up an office or offer an enhancement, the other would quickly follow suit.'

Right now, most of those innovations center on the Internet. BW and PRN burst into the online arena at the same time, just months apart in 1995 (BW was first). Internet-based news distribution, while growing at a healthy rate, is still nowhere nearly as lucrative as the satellite channel and will probably produce revenue well below dollars 50 million this year.

Several years ago, both companies realized the need to expand into multimedia.

Business Wire seems to have the edge online in a collaboration with Medialink.

The service, dubbed Newstream.com, uploads releases, video, audio and pictures onto the Web and is specifically geared toward the online media community. PR Newswire has made headway with a similar partnership with VNR producer Orbis Broadcast Group.

BW's and PRN's only significant competitor is in the online arena. The California-based Internet Wire recently inked a string of deals targeting the multimedia segment dominated by Newstream.com and the PRN/Orbis alliance.

Internet monitoring is another business line that shows great promise.

PR Newswire stole a lead in this sphere by acquiring market leader eWatch this year. Business Wire offers online monitoring with Luce Online and says it will soon sign with a major provider to expand its service. 'We're very cognizant of PRN's acquisition of eWatch,' says BW's Castano. 'We know what capabilities they have and want to go beyond that.'

Then there's ProfNet, the popular source service for journalists' inquiries that PRN bought in February 1996. It has grown from 2,000 registered sources to 11,000 in its four years. For its part, BW has made impressive strides with its own offering, Expert Source. Launched in May 1997, it boasts 6,300 sources in its database.

Business Wire built an impressive Virtual Press Office. PR Newswire bought Internet news retrieval and tracking system Newsdesk. PRN offers access to over 140 live IR Web sites on its virtual IQ service. Late last month, BW entered an alliance with IR site provider CCBN.com.

And now wireless ...

And so it goes. The two combatants are even locking horns over wireless distribution technology, which is hardly in wide use today but probably will be soon. PR Newswire signed deals earlier this year with Motorola, British Telecom and Pactive to place company news in pagers and Web-enabled phones. As for Business Wire, several providers - including Bloomberg Pro, Bridge Flight and CBS's MarketWatch Mobile - are carrying its releases.

It's this ultra-competitiveness, contesting each other on every front, that some, like US Newswire president Bill McCarren, say separates this business from others.

'You really can't compare this industry to any other - it's just that competitive,' says McCarren, whose company distributes releases from government, non-profits and universities, and was recently acquired by Medialink.

'If a hotel is booked, the clerk would send the client around the block to another hotel. You won't see that sort of cooperation in the wire industry.

Competition seems to get the better of competitors.'

And that's the way they seem to like it.

BATTLING NEWSWIRES: SELECTED PRODUCTS AND SERVICES

SERVICES

BUSINESS WIRE

PR NEWSWIRE

DOMESTIC CIRCUITS

National, regional, state, local,

National, regional, state,

media trades, online services,

local, media trades, online

databases

services, databases

INTERNATIONAL

Global reach; agreements with news bureaus in London, Frankfurt, Sao Paulo, Paris and Latin America
 groups in Europe, Asia, Africa and Hong Kong

PHOTO

PhotoWire (distributed over AP Network); AP Archiving; Presslink
 PRNewsFotos (distributed via AP Photo Express), PressLink
 Online, NewsCom and others. AP
 Archive; Assignment Photography;
 The Corporate Archive

FAX

NewsFax and eMail; NewsOnDemand & Plus; Smart News Release; Corporate News on the Net and eMail Direct
 Broadcast Fax; Fax-on-Demand; Stocks On-call; Company News On-call; Today's Headlines;
 FaxProfiles

MULTIMEDIA

(With Newstream.com partnership with Medialink): Webcasting conference calls; live Web streaming audio and video; audio and video clips; slide shows; VNRs; SMTs; b-roll packages
 (With partner Orbis Broadcast Group): cybercasting live events on Web; archiving recorded events; live Web streaming audio shows; VNRs; SMTs, b-roll packages

INVESTOR RELATIONS

Corporate News on the Net; CCBN.com (partner); IPOs on the Net
 Virtual IQ (IR site management); Company News On-Call; Microsites

INFO AND RESEARCH

Expert Source; News clips from Luce Online (Internet monitoring); CyberClipping; Media Resource Center; Newsdesk; Today's Headlines;
 ProfNet; eWatch (Internet monitoring); Buy-side Select; Virtual Press Club; Press Pass; Broadcast Newsclips;
 Electronic Media Kit; News on the FaxProfiles; Feature News

Net; Corporate Profile on the Net Service; PRN Press Room; Media
Insider