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REGIONAL FOCUS Boston: Beantown boom

Craig McGuire - 26 Apr 2004 00:00

A diverse business community and post-recession efficiency is driving Boston's economy. A long time ago, a small band of guerrilla marketers desperate to gain public attention for their fledgling start-up engineered the first-ever publicity stunt on US soil by dumping tons of British tea into Boston Harbor.

More than 200 years later, the PR industry in Beantown is undergoing a revolution of a different kind. Hit harder than most American cities by the recession because of its concentration of financial services and technology firms, Boston's PR scene has emerged as a leaner, more aggressive regional market on the rebound. And there's plenty to keep local agencies busy. Grabbing headlines in Boston is no small feat, considering the plentiful supply of news emanating from the region. Crisis communications is in hot demand as a string of scandals continue to make news, from Boston-based Putnam Investments making good on the mutual fund fiasco to the Boston Archdiocese's pedophilia problems, which not only forced out a cardinal, but shone the spotlight squarely on Donna Morrissey, the church's PR lead. On the political pages, howling Howard Dean couldn't quite shape himself into contention as local boy John Kerry emerged as the Democratic presidential front-runner. And in corporate PR/IR circles, Boston was buzzing with not one, but two

mega-mergers, as Bank of America gobbled up Fleet Financial and John Hancock coupled with Manulife of Canada - alas effectively removing two of the major headquarter companies from the city. According to The Greater Boston Chamber of Commerce, Greater Boston's five leading industries - financial services, healthcare, higher education, technology, and the visitor industry - account for more than half of all employment in the area and drive the region's thriving PR sector. "Their fate is our fate," says Steve Quigley, president of PRSA Boston. "Clearly we rode the tech roller-coaster higher than most and it definitely pulled us lower than most." Emerging from the rubble of the recession were thinner corporate communication machines that are now not so free with their PR purses. "We see the Boston marketplace as being more competitive than ever," says Stephanie Doherty, VP at Cone, the Omnicom PR agency that landed the America Heart Association and Jockey International during the past year, among others. "Boston agencies are also up against global and New York agencies to win local business." **A diverse PR landscape** In terms of industry mix, Boston's PR scene is more diverse than that of most cities, yet still heavily weighted in certain areas. "Boston remains a tech- and financial-services Mecca, more so than any other city or region," says Tim Hurley, a partner in Porter Novelli/Boston, who predicts that most opportunities ahead will stem from these sectors. For PN, technology and healthcare continue to drive Boston opportunities, though the firm has stepped up its pursuit of consumer and biotech business. Hurley says the agency sees opportunities in such emerging tech segments as nanotechnology (hailed by some as the next tech wave) and wireless (Boston has emerged as a center for wireless radio frequency technology for tracking goods and supply

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chain operations). "We have lost much of the hi-tech manufacturing industry," says Brenda Nashawaty, principal of Chen PR, one of the few independent tech PR agencies in the city. "But enterprise software, security, wireless, semiconductors, and compliance are all hot. Pockets of networking and telecommunications are also showing positive signs." Stingy investment activity in the sector, though, does not bode well for PR budgeting. "The venture capitalists are making a few more investments, but multibillion-dollar funds have largely been cut back, and the VCs only fund a few companies per quarter," says Jan Lawlor, SVP at Brodeur Worldwide, one of Boston's largest PR firms. "Entrepreneurialism is still alive and well, but the funding isn't supporting all the ideas." Even as tech might be rebounding, the real PR darling in Boston this past year was the life-sciences sector. "Life sciences is a booming market in Boston right now, taking some of the sting away from the failed dot-com companies of the past few years," says Sandy Lish, principal and founder of The Castle Group, a PR and event marketing agency. "The sector requires people with good science aptitude and abilities to translate complex science into laymen's terms, particularly as science focuses more and more on marketing to the retail consumer," says Peter Morrissey, president of Morrissey & Company, which counts *The New England Journal of Medicine* and Blue Cross and Blue Shield of Massachusetts among its clients in the sector. "People who have consumer marketing experience should do well with this." And, unlike in technology where the driver is sales, the life-sciences industry seems to be driven more by improving private financing, IPOs, and M&A activity, says Jesse Ciccone, VP in Boston at Financial Dynamics, an agency that is increasingly luring in clients from that space. Meanwhile, though some verticals in Boston are gathering steam, others continue to sputter. "Boston used to be a hub for financial services firms, which meant that almost every PR firm that wanted a client in the industry could have one," Lish says. But with industry consolidation and an exodus of corporate headquarters, Lish says, PR firms are now vying for a smaller piece of the pie. Still that is not to say there are no new opportunities. "Financial services presents a unique opportunity with the mutual fund scandals this year," Lish adds. "Not only do these companies have to manage the crisis, but they need to mitigate it with positive messages." The financial services industry is not the only one under siege. "Public education campaigns funded through state and city agencies, such as tobacco education and various health campaigns, have been hit by state budget cutbacks," says Kelley Chunn, president of Kelley Chunn & Associates. Philip Nardone, president of PAN Communications, says, "Consumer PR business has also slowed due to the fact that some Boston-based consumer companies are being snapped up by others located outside of the area. For instance, we represented Cambridge-based Nantucket Nectars until it was acquired by New York-based Snapple Beverages and the PR program was incorporated into Snapple's existing firm." Amidst this fluctuating activity, many of the agencies here have changed the way they do business. "At this point, the bulk of the churn in leadership and agencies themselves is behind us, and a new market landscape is taking shape," says Phil Greenough, president of Greenough Communications. "The local PR divisions of IPG and Omnicom are serving the large national opportunities, and the independents of all sizes are filling niches from the emerging private companies to divisions of multinationals that are looking for a blend of passion and unique competencies." Like in many other regions, the downturn forced some agencies to diversify. "Many agencies that focused primarily on technology have broadened their focus areas in the wake of the dot-com era," Lish points out. "In other words, generalist agencies were better situated to weather the fallout, but they, too, have made some changes. All agencies have taken on more project work in the past few years and micro-firms - those with one to three people - started popping up to accommodate smaller client budgets." "We've also seen a rise in the number of virtual agencies in which a small number of colleagues work out of their homes to provide service, often to smaller companies with short-term needs," says Nashawaty. This rise in the number of smaller companies in the Boston market - businesses in segments not necessarily driven by hard news like new products - also has shifted focus to issues-driven media relations, says Tony Sapienza, founder of Topaz Partners. "PR pros here are learning that it's necessary to move beyond releases and follow-up calls, and look instead for industry issues and breaking news developments as leverage points for visibility in the media," he says. **A bright future** Looking ahead, everyone is gearing up for what will undoubtedly be the largest PR story for the region: the upcoming Democratic National Convention scheduled for July 26 through July 29. "The DNC is driving business for political consultants and event planners," says Chunn. "Remember, there will be an estimated 1,000 events happening in the weeks prior to the convention and during the convention." Also ahead, the PR hiring scene is brightening - for some. "I do know that hiring has picked up with agencies looking for mid-level account service professionals," says Cameron Smith, managing director of the technology practice at LNS Communications. "An account executive or senior account executive with four or so years of experience and a solid track record is probably the most sought-after talent right now." The emphasis on senior counsel has even affected hiring practices at agencies like Fleishman-Hillard. "Staffers with four or more years' experience are in great demand," says Ben Kincannon, senior partner and GM of Fleishman's Boston office. "In our case, the pool of entry-level applicants exceeds the current demand." That's understandable, given that Boston is known as the "Athens of America" for its 68 colleges and universities, which include MIT, Harvard, Tufts, Boston University, Boston College, Emerson, and Northeastern. The city brims with more than 100,000 students, many graduating with the hope of helping to feed local PR agencies a steady stream of raw talent. "I believe there's huge pent-up hiring and promotion demand in the system," adds Quigley. "I think we're on the cusp of a major hiring and promotion spree here in Boston. Then again, I also was convinced the Sox were going to win it all last year."

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