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NEWS

REGIONAL REPORT: NEW JERSEY - The Jersey score - Despite the sputtering economy, New Jersey's PR practitioners are optimistic. Craig McGuire reports on the strengths of this relatively low-profile PR scene

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Published on June 18 2001

Benjamin Franklin once likened New Jersey to "a keg tapped at both ends." He was referring to New York and Pennsylvania, both of which boast high-profile cities. It's unlikely Trenton and Newark will ever outshine New York and Philadelphia, but PR in the Garden State is thriving nonetheless.

New Jersey agencies benefit from low overhead and proximity to New York, which allows them to tap into the city's market at competitive prices.

Not to mention that New Jersey is itself an attractive home base for many Fortune 500 companies. It is headquarters for giants in pharmaceuticals (such as Merck), healthcare (such as Prudential), telecommunications (such as Lucent) and many other industries.

"You cannot downplay the importance of being located next door to New York, the number one media capital of the world," says Gwen Fisher, manager of corporate communications at Merck. "This enables you to build, and nurture, ongoing relationships with key reporters with national reach. You just don't get that luxury in other markets."

Low profile

The size of the state's PR scene is hard to gauge. The six New Jersey agencies that participated in PRWeek's 2001 Agency Rankings reported 36% growth last year, above average even by the giddy standards of 2000.

But there are an estimated 200 PR agencies in the state. That so few chose to report their numbers reflects the fact that they are backwards at coming forward. "In order to truly stand out in its own right, the New Jersey PR sector really needs to start marketing itself more aggressively, and that's just not being done now," says Marc Weinstein, Spring O'Brien managing director and SVP.

Michael Kempner, MWW Group president and CEO is also dissatisfied with state government efforts to promote New Jersey. "They've done a terrible job marketing New Jersey, and as a result, unfortunately, it's still seen by some as a step child to New York," he says. "For example, government PR RFPs are big business, but in New Jersey they lump them in with advertising, which inevitably harms the PR program. The state can,

and must, do better."

Sure, New Jersey agencies are feeling the economic pinch like everyone else. But the diversity of business there has helped insulate the local PR industry. "New Jersey PR is strong because it is not dependent on one sector," says Kempner. "This stability has enabled, very quickly, the development of a series of high quality, smaller agencies that have the foundation to take the next step - becoming national agencies."

"This includes a number of agencies in the dollars 1 million to dollars 2 million range, like Keating PR, Rosica Mulhern and Star Rosen," Kempner continues. "Then there's MCS, which is a larger agency to watch. They all have the potential. Now it's up to them."

Kempner is certainly setting a good example. Once again, MWW was by far the biggest fish in the New Jersey PR pond, and is the only one that can truly call itself a national operation, with a strong presence in Washington, DC, Los Angeles, Seattle, Chicago and New York.

In 2000, MWW's New Jersey operation enjoyed grew billings by 37%, in excess of dollars 9 million. Areas of growth included the consumer marketing practice (which added Hard Rock Cafe and Nikon, as well as extra work from Barcardi) and crisis communications. The agency also launched a public affairs practice that has since picked up antitobacco work for six states.

However, MWW's 2000 sale to Golin/Harris means the agency forfeits its title as the state's largest independent.

Paramus-based Rosica Mulhern & Associates is one of the agencies high on Kempner's list of agencies to watch (reporting 26% growth on more than dollars 1.4 million in revenue). Last year the firm got a street sign on Hollywood's Sunset Strip renamed "Famous Amos Square," garnered coverage of an African-American celebrity look-alike contest for Colomer's line of ethnic hair and skin care products, and promoted the relocation of Howard Hughes' famed Spruce Goose for Evergreen International Aviation.

"We really beat ourselves up last year for not being involved more in technology, but it turned out to be a blessing in disguise," says managing partner John Rosica. "Look at the malls of America and you'll understand why people need people, and that's why we're in consumer and retail marketing."

Since establishing a Morristown, NJ, satellite in early 1999, Manhattan-based Spring O'Brien wasted little time scaling the PRWeek rankings, due in part to the presence and support of its nearby headquarters. The agency obliterated last year's mark of dollars 290,000, reporting fees of nearly dollars 1.1 million.

"Part of our success is that we've been able to draw PR pros from some of the large New York agencies, including Porter Novelli, Ketchum, BSMG

and Morgen Walke," says Weinstein. "That talent is helping us attract clients in hi-tech and financial services.

"We may not be as rich and famous as some of our brethren," he continues, "but we get home and spend time with our families, while our colleagues sweat long commutes."

New business with Blackwood Trading and the Cayman Islands more than made up for the few dot-bombs Spring O'Brien swept off its client roster.

"We had a few that we had to take as write-offs," concedes Weinstein. "But we were spared the impact other agencies had to absorb."

California dreamin'

A number of New Jersey agencies look beyond the local market for business.

The Stephenson Group, headquartered in Califon, reported revenues down 23% last year to dollars 595,741. "Most of our clients are hi-tech and are based in California," says CEO Ann Stephenson. "Here, you're close to industry analysts and the Street. West Coast clients realize they need representation on both coasts."

MRB Public Relations (dollars 388,500 for 2000) in Red Bank is another hi-tech agency heavily involved on the left coast. "California is an interesting market," says president Michael Becce, who recently opened a San Jose office. "There aren't enough agencies to handle all the business, and being based close to New York, makes us that much more attractive."

In 2000, MRB added California businesses Blue Silicon, Electronics for Imaging, ShoWiz and Mindmaker.

Winning Strategies is a New Jersey shop that did not participate in the rankings, but president and founder Jim McQueeny claims his company logged some dollars 3.1 million in revenue. The agency spent most of 2000 consolidating in its new Newark digs.

Anne Klein & Associates reported a decline of 10% on its 1999 revenues of dollars 865,000. "We're down a bit, but we spent 2000 really solidifying existing client relationships," says president Anne Klein.

The future

All eyes now, however, are on the future. It's linked to a large extent to the national economy. "There is a huge opportunity for the smaller agencies, as many companies eliminate some of their larger firms to push for better service, more face-to-face time and lower fees," says Becce.

"Downsizing at New York and New Jersey Fortune 500 companies is also good for New Jersey PR agencies because, as companies cut internally, they then need to look to the outside for PR and marketing," adds McQueeney.

"So the issue of the softening of the national economy and the advantage of geography both work in our favor."

Overall, local sentiment is also optimistic. A May 14 report in The Star-Ledger reported that 67% of New Jersey residents think the state is experiencing good times, and "strong majorities believe present conditions will continue, regardless of fluctuations in the financial markets and troubles at some of New Jersey's premier companies, including Lucent."

It is a rosy picture, too, for Cedar Knolls-based Berry & Associates (up 10% to dollars 752,316 in 2000) because layoffs, mergers and acquisitions, and the downturn are the meat and potatoes for an employee communications agency.

"In times of change, our business goes up because companies recognize the importance of communicating to employees," says president Bob Berry.

"And since we tend to work for fairly sizable businesses, one division will usually recommend us to another."

Powerhouse TYCO recently purchased two companies on Berry's client list - CIT and CI Bard, which Berry hopes will lead to more business for the agency in 2001.

Another big hope this year is healthcare. MCS is one of the many NJ agencies solely focused on healthcare; it grew about 20% in 2000. "The growth came from several new clients, as well as additional business from existing clients such as Pharmacia," says CEO Joe Boyd. "This year looks even better for us and the sector as a whole. We expect the growth to be steady at 25% through the end of 2001."

"In PR, the biggest opportunities are in the technology and pharmaceutical sectors, simply because there is the least talent and the greatest need," says Becce. "In these two areas there is the biggest lack of knowledge."

"We are seeing an upswing in the pharmaceutical business as they are focusing more on consumer communications," says Laura Carabello, chief creative officer and founder of CPRi Communications. "The Health Insurance Portability and Accountability Act of 1996, which deals with privacy issues between providers and consumers, was passed and endorsed by President (George W.) Bush."

Deregulation of the energy industry holds the promise of additional growth in New Jersey. "Energy is getting bigger, as deregulation passed two years ago," says McQueeney. "We are doing the Utility Education Campaign communicating deregulation, trying to explain that this is not California, it's a lucrative market. And next year will be really wide open competitively. Deregulation has already happened, but issues of price and competition kick in 2002, which will make it a truly competitive marketplace."

NEW JERSEY PR AGENCIES.

Rank	Firm Name	Revenue Incr	Staff	Location
00 99	2000	(dollars) (%)		
1	1 The MWW Group	9,001,586	37	91 East Rutherford
2	NEW Rosica Mulhern	1,406,600	26	15 Paramus
3	9 Spring O'Brien	1,081,300	273	1 Morristown
4	8 Berry Associates PR	752,316	10	9 Cedar Knolls
5	6 Stephenson Group	595,741	-23	7 Califon
6	NEW MRB	388,500	NA	8 Red Bank
	Totals	12,837,543	36	

Source: Council of PR Firms Auditing: No audit was required for inclusion in the rankings. The CEO/CFO/principal was required to sign a statement verifying the accuracy of the data and agreeing to possible participation in a random audit Disclaimer: While every effort has been made to ensure the accuracy of these figures, PRWeek cannot accept liability for, nor make financial guarantees based upon the information in this chart.