

PRWEEK

REGIONAL FOCUS SAN DIEGO AND ORANGE COUNTY

Dark side of the boom

SoCal PR is in the doldrums, but agencies are staying positive. By David Ward

Despite its relative proximity to the make-believe world of Hollywood, the San Diego/Orange County region found 2002 was more like a hard dose of reality TV.

Most of the major industries that reside in this 120-mile coastal stretch running from Los Angeles to the Mexican border are still being impacted by the national economic slowdown. And despite some bright spots, most notably automobiles and residential real estate, no one is quite sure when the overall business in the area will begin to pick up.

If there was some good news, it was that most area agencies managed to finish 2002 with their doors still open, and a few even figured out ways to generate some healthy growth.

But both corporate communications professionals and agency executives in Southern California stress that for the most part these remain challenging times for Southern California PR.

"We placed an enormous amount of business last year to basically end the year flat again," says Michael Busselen, GM of Fleishman-Hillard's San Diego office. "Over the last two years, the amount of new business won and the level of revenue it brought in was just as strong as three or four years ago. Unfortunately, there's been a continued reduction in budgets of the clients we work with."

Indeed, there is a growing reluctance among some companies in the region to commit to an agency on a long-term retainer basis. "We run a very lean corporate communications department," explains Bill Blanning, senior director of corporate communications at Irvine-based tech company Broadcom. "We do not use an agency per se."

Another issue facing agencies is that while there are several high-profile firms in the area, such as Broadcom, Qualcomm, and Gateway, there may not be quite enough of them.

"San Diego and Orange County for the most part have a lot of emerging small to midsize companies with budgets that are typically \$10,000 a month, and generally that is perfect for the freelancers to handle," explains Jim Delulio, head of the Orange County-based PR Talent recruitment and freelance placement agency. "To build a large 30-, 40-, or 50-person shop in this market, you have to build a brand locally and then reach elsewhere."

But others argue that what the region lacks in huge corporations, it



makes up for in economic diversity. Orange County is the focal point for a surprisingly wide variety of industries, including medical diagnostic tools, a large chunk of the auto sector, and what's left of the aerospace business.

What attracts companies to the area are the same aspects that make it a good location for a PR agency: affordability combined with easy access to major markets. "Our cost structure is lower, which gives us a bit of a competitive advantage," explains David Paine, president of Irvine-based Paine PR. "And frankly, there's a lot more business in Orange County than there is in LA. There are more companies. A lot of the work in LA is from companies that are not based there, but feel the need for a West Coast presence."

Auto focus

The industry that continues to provide work is automobiles. While Orange County received a scare recently when Lincoln-Mercury decided to move its headquarters back to Michigan, Jennifer McLean, VP/director of PR at Irvine-based O'Leary and Partners,

ing folks move back to engineering and a lot of still going to come from

Christine Bock, manager of the Costa Mesa-based specialty shop Bock Cor adds that Orange County is a great location for a global focus. "It's very hop on a plane in LA and or Hong Kong," says Bock. "List has only a handful of County companies, including And logistically, if we phone it's good as well, ing with an Asian client or two late, and if we need we come in a little early."

While they both share major industry, San Diego County continued in 2002 to evolve along differ-

Diego got a bit of a boost earlier this year when it served as host city for the Super Bowl. But in many ways the city's economy has been a bit more fragile in that a few of its main industries — most notably wireless telecoms — continue to remain flat or down.

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Michael Olguin
President
Formula

ney coming into the e expectations and ar have changed." this involves more ing a mailing list to s within driving disically gone to mar Vegas, and with a alls and some netour morning-show ces, three in-studio ind have two very cements," she says; i that this type of a tegey is a bit of a iego since there are nt of media outlets e major newspaper

ide, corporate ommissionals and agency say they still receive

a huge number of résumés each week, but stress that the salaries for PR executives in the region seem to have stabilized. They add that an account executive with three or four years' experience can expect \$45,000 to \$55,000 annually, about the same level you can get in Los Angeles, although obviously less than someone with the same level of experience would get in New York. "The salary growth is around 5%," says Paine. "That's modest at best, but it's still an improvement over last year when there wasn't any growth."

As for what the future holds for the region, the prevailing attitude is that it simply has to get better. "Companies that have done without marketing and PR for the past two years, they're starting to feel it, so I'm optimistic about the coming year," says Lisa Zwick, SVP and GM of Orange County's Benjamin Group, a Weber Shandwick company.

McLean is more cautious. "I haven't seen a lot of clear and tangible evidence of a rebound," he says. "But a lot of companies are taking advantage of the lull to say, 'Okay, these are the things we need to fix now.' So there's opportunity in this lull, especially for firms like ours that are more strategic than general."

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Compounding the problem for PR professionals in the area is that the big companies that are located in San Diego don't necessarily look nearby for PR help. "There aren't a lot of big national companies headquartered here that hire a lot of local agencies," notes Michael Olguin, president of the San Diego-based agency Formula PR. "There's a perception out there that you can't get quality service locally. The way we combat that is by parlaying the national business we have to get access to those accounts." Formula recently used that strategy to win the account for cell phone handset maker Kyocera.

Limited local media opportunities

One of the hurdles to executing PR efforts in the region is the limited reach of the local media. In San Diego, there are only a finite number of media outlets, and just one major newspaper, *The San Diego Union-Tribune*. And, as Courtney Simmons, director of media relations for the Legoland theme park, points out, there are only so many times in a year that you can pitch it.

"In these times where we're all



ving for the s need to really p hits," she says. "I unfortunate to b location in a story subject of a major

Orange County face a similar sit is only one maj Orange County I few lifestyle and the region does being literally Los Angeles.

"You can attr Bill Blanning, se parate commu based technolog com. "The only to get into newsr to say hello to th us, and I can't d like from here."