

In Business LAS VEGAS

MARKETING COLUMN:

For PR and advertising firms, it's hardly business as usual

By [Mark Hansel \(contact\)](#), In Business reporter
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In a tough economy, business owners must decide where, when and how much to cut expenses.

Companies sometimes consider spending less money on public relations and advertising because it is often hard to quantify the results of such expenditures.

“I have spoken to quite a few PR and advertising firms in Nevada, and the majority of them have seen a shift in their business due to the tough economic climate,” said Holly Silvestri, a principal with the Ferraro Group. “Those who say they have not been affected in any capacity by this economy may be putting a PR spin on it, unless all their clients are bankruptcy attorneys or in the foreclosure business.”

Silvestri merged her previous firm, Impress Communications, with the Ferraro Group in November to create a statewide presence and increase the resources available for clients.

Companies' abilities to diversify are crucial because industries such as hospitality, which have traditionally had very generous public relations budgets, are struggling and cutting costs.

The Ferraro/Impress merger was planned almost two years ago when the economy was in better shape and it has proved fortuitous. The Ferraro Group has a strong public affairs focus and as some other businesses have faltered, that business is thriving right now because the state Legislature is in session.

Diversification means more than just expanding the customer base, it also means finding new and cost-effective ways to deliver an existing client's message.

Social media networks such as Twitter and Facebook, which were originally envisioned to focus more on individual or group communication, have increasingly been used to relay a business message.

“They are great because they are all traceable,” said Paula Yakubik, founder of Mass Media Corporate Communications. “And they're free.”

In a down economy, when many companies have declining sales, it's hard to determine the effectiveness of public relations and advertising. It's unclear if public relations efforts are ineffective or if sales would have been even worse without the efforts of a communications firm.

Advertising promotions that require a response, such as coupons that must be redeemed, have traditionally been a little easier to track, but public relations successes are more ambiguous.

Yakubik said that most social media sites record the number of hits, not just to a site, but to individual areas within a site, so there are ways to tell (and show clients) if a particular message is effective.

This is one way public relations firms can demonstrate with numbers what almost all believe — that it is just as crucial to market in a down economy as in a good one, maybe more so.

“In a recession a lot of companies dump advertising and don't market,” Yakubik said. “If they do that, they will stand out by their absence.”

Even if business is off 20 percent or more within an industry, Yakubik said, that means that there is still about 80 percent of business to be captured, often with less competition because of attrition.

The ability to advertise in new media has been offset to some degree by the decline of traditional media outlets.

Alissa Kelly, co-owner of PR Plus, said the decrease in so-called niche advertising opportunities has been especially disappointing.

PR Plus has a lot of entertainment clients who rely on reaching their audience in specialty publications or specific sections of daily newspapers. Promotional stories, which used to be plentiful and amounted to free advertising, have become much harder to get as space has decreased.

“The weekly music pages keep getting smaller and smaller,” Kelly said. “We handle the Pearl at the Palms and for us to get an interview for an artist now, it has to be timely, a great fit and a perfect angle.”

Fortunately for Kelly, her agency has only five employees and she has a solid reputation working in an industry that is synonymous with Las Vegas.

“What's really great is that our clients have recognized there is a change in the industry and they have much more creative,” Kelly said. “We have worked with many of them in the past and helped them understand what we are after. Because there is not as much space, they have to have a good hook. We may come with some crazy ideas but the final result is to get attention.”

Just as it is tough for businesses to determine how effective public relations efforts are, it is equally as difficult to determine the effect the recession has had on local public relations and advertising agencies.

The annual In Business Book of Business Lists provides information about these companies and there is updated information in “The List” in this week’s edition on pages 16 and 18.

A cursory look suggests many companies have declining billings or client rosters and are operating with fewer employees.

Silvestri’s answers were especially candid and seemed to indicate things are tougher than some were willing to admit, which is not surprising.

After all, these are businesses whose very existence depends on their ability to put a positive spin on things.

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