

Are smaller PR companies getting the short end of the stick?

The Public Relations industry as a business in South Africa is seriously facing dangerous waters. With the burgeoning of a zillion smaller PR companies, clients have picked up the scent of desperation in the air as consultancies clamour for a piece of the pie, to the extent that the industry as a whole is losing its weighting.

The most startling result of this is that quality has been abdicated by low pricing, to the extent that PR companies are now forced by some clients to charge half of the rates they charged three years ago!

Recently a client approached me with a disarmingly honest concern... We had just completed one of a series of events the client was running nationwide when he asked, "Tell me, how come you Jo'burg PR companies charge such low rates? What is happening here with people in this industry? Do you know that a smaller PR company in Durban charged me thrice as much as the quotes I have been getting in Joburg and because that was the lowest quote I got in Durban, I had no choice but to use them?"

Unfortunately this comment woke me up to what I already suspected: pricing in the almost saturated Johannesburg PR market has become so deflated because of fear of the lower rates the competition may be dishing out that smaller PR companies are stifling their profit margin to the point of almost working at a loss. This experience extends to even larger companies who simply tell you, "I only have R20 000 to spend on this launch event, but you guys must stretch the budget creatively because this is a HUGE product for us, it really has potential to shake up the market..."

If the industry does not come together to set benchmarks in terms of pricing and quality of output, then the few companies and organisations left in the country who actually believe in PR, will also jump ship and opt for "safer and more guaranteed" options such as direct ad spend because they will constantly be surprised why their R20 000 "huge" launch campaign came and went without even raising the slightest eyebrow.

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