

Kick-starting Start-Ups

Public relations spending gives dot coms more for their marketing dollars

By Chris Daniels

You're an Internet start-up firm with what you think is a great product or service. You want to generate some consumer and investor attention, but haven't got a lot of cash to spend on marketing. So how do you make your voice heard?

For a handful of dot-com companies, traditional advertising is simply too expensive. Instead, many are getting more bang for their bucks from public relations. "It is a much wiser investment of marketing dollars right off the bat," says Mike Corcoran, marketing manager at DocSpace Company Inc. in Toronto, which uses technology that allows a company to securely put its files on the Web. "Public relations is of paramount importance relative to other marketing endeavours in a world where revenues and p/e (price/earnings) ratios aren't as important as rounds of funding."

In other words, since the goal is to attract investors or raise awareness in addition to generating sales, Corcoran says PR is a smarter and more affordable investment. While an ad campaign usually runs into the millions, an integrated PR campaign generally costs a few hundred thousand dollars.



NorstarMall.ca put on a Hollywood-style grand opening for Canada's first 3-D online mall

Richard Raymer, director of operations at ShopWireless in Calgary, which runs a Web site that sells wireless telecommunications products, says consumers turn to journalists to find good Web sites because there are millions out there, and that a recommendation or a write-up by a journalist "adds an element of prestige" that traditional advertising cannot.

Even when a start-up does begin to generate enough money to afford traditional advertising, as in the case of 3-D online shopping mall NorstarMall.ca, its president Paul Romanchuk says communication first starts with public relations. Dot-com companies do not have bricks-and-mortar stores to launch their identities, so Romanchuk says PR sets the foundation of the messaging for which the company will be built. NorstarMall.ca is just now developing advertising through ad agency Holmes & Lee, but it is the PR firm, Maverick Public Relations, also of Toronto ([see story](#)), that created the initial communications strategy last fall, and that will be reflected in the advertising.

So exactly how are these dot-com companies using PR to grab awareness, generate

investment dollars and break through the clutter? The strategy involves more than just press releases.

NorstarMall.ca

For last fall's launch of NorstarMall.ca, Maverick Public Relations of Toronto wanted to showcase Canada's first 3-D online mall but felt that showing it on a small screen would diminish its impressiveness. Instead, Maverick gave it a Hollywood-style grand opening by premiering the site on a movie screen at a Paramount cinema in downtown Toronto. Thirty stock analysts and members of the media watched faux movie trailers featuring the "horrors" of traditional shopping and were greeted by actresses playing stereotypical shoppers. "Mall rats," or mall loiterers, handed out videos and T-shirts.

Maverick group manager Andrew Bowins says the event had to do more than just launch the site. To make its news relevant to journalists and an attractive buy for investors, Bowins says Maverick "needed to place NorstarMall.ca in the context of the bigger issue." It did so by coupling the launch with a Retail Council of Canada study showing that six out of 10 Canadians buying online do so at U.S. sites.

The success of NorstarMall.ca's launch was measured by the media coverage, ranging from dailies to a feature story in *Canadian Business* to broadcast segments on Toronto's Citytv and specialty channel Prime. But more important than the coverage itself was quietly repositioning NorstarMall.ca's parent company, Sikaman Gold Resources Ltd. of Toronto, from a publicly traded junior mining firm to an Internet company and positioning president Paul Romanchuk as a leader in e-commerce. No easy feat, but one that so far appears to be working given that Romanchuk was featured on the Citytv syndicated show *Media Television* last November as the "Canadian expert" on online shopping.

DocSpace Company Inc.

The pinnacle for DocSpace Company Inc., and in fact, the goal of many Internet start-ups, was being bought by Silicon Valley company Critical Path for about C\$530 million last fall, which at the time was considered to be the largest deal of its kind in Canada.

Although DocSpace no longer employs High Road Communications of Toronto and Ottawa, the company's marketing manager, Mike Corcoran, credits the PR firm for raising DocSpace's profile to its ultimate sale. "They were very good at getting our foot in the door with target publications," he says, and, as a result, raising its profile in Silicon Valley.

"We even got in front of Bill Gates," he boasts, since the company was featured in a number of key publications that Corcoran says "everyone who is anyone" is said to read, including Gates. One of those publications is *Release 1.0*, an elite monthly newsletter that costs US\$795 (C\$1,153) for a year's subscription. DocSpace was also featured in *PC Week* magazine and named one of the top 100 companies to watch by

ComputerWorld.

Besides targeted media calls, High Road also staged a media tour through Boston, New York and Silicon Valley last June. Perhaps the campaign's most impressive feat was beating out the likes of IBM and Microsoft for best product at the prestigious trade show, InternetWorld in Los Angeles last April, the world's largest trade show on e-business and Internet technology.

When DocSpace came to High Road last February, it was virtually unheard of in the U.S. and had just nine staff. By the fall, it had grown to a staff of 80 and had been sold to Critical Path. "They wanted to meet certain objectives—including being sold," says Mira Wedgbury, a High Road founding partner. "It was basically 'do whatever you can to get as much profile as we can.' "

ShopWireless

ShopWireless came into the e-commerce game a little late. While e-retailers had been readying their Christmas PR strategies about a year in advance, ShopWireless approached Communications Meca of Montreal late last summer to help it market its e-commerce site of wireless communications products. To get on the radar screens of media—especially leading up to the important Christmas season—Meca blanketed key trade and mainstream media with press releases, which last fall yielded a cover story in the technology section of the *Calgary Herald*.

But perhaps what became the most effective tool, given the time frame, was an "admat," a camera-ready piece of editorial that's sent to second-market dailies to use as filler. In this case, the copy put ShopWireless in the bigger context of how to buy online for Christmas, by dealing with such issues as security and delivery.

Esther Buchsbaum, president of Communications Meca, says ShopWireless could see traffic and sales hikes based on where the admat ran. And Richard Raymer, director of operations at ShopWireless, says holiday sales increased 5,800% over Christmas 1998, though he won't provide specifics.

Now, Communications Meca is building on its early success by teaming ShopWireless with some of its existing clients. It has matched ShopWireless with the new Hilton hotel at the Calgary airport, which will feature in-room ShopWireless POP materials in exchange for Hilton banner ads at www.shopwireless.com. But the biggest initiative is with Avon, which this spring will run a ShopWireless contest in its quarterly magazine *confidante*. The contest, with a grand prize of a \$1,000 shopping spree at www.shopwireless.com, is also being promoted in the Avon catalogue sent to 2.3 million Canadians every three weeks.