



DAVIS + GILBERT

2024!

Public Relations Industry Trends Report

A record number of respondents participated in Davis+Gilbert’s 12th annual survey of public relations firms. Respondents represented the most diversified mix of firms based on size, specialty and geography than in the history of this report.

Respondents did slightly better than last year financially, but had an easier time increasing revenues than profits. This year saw a meteoric increase in AI usage and applications – a level of increase that might be expected over a three-year period occurred in just the last 12 months. The report also highlights some fascinating trends on what the top performing firms have in common.

We hope that the report provides a valuable benchmark for the state of the PR industry and a roadmap for firms as they position themselves for success in a continued dynamic and ever-changing environment next year.

Revenue & Profitability Trends

Specialty Areas & Their Financial Performance

Artificial Intelligence

PR Services that Drive Revenue

Staffing Strategies

Diversity, Equity & Inclusion

M&A Market Insights

2025 Outlook



Survey Respondents' Profile

188 Total Number of Respondents
(with 73% from North America)



Projected 2024 Revenue

<\$5 million	43%
\$5-25 million	36%
>\$25 million	21%

Describe their companies as:

- 58%** Integrated/Full-service
- 11%** Technology
- 9%** Corporate/Financial
- 9%** Other
- 5%** Healthcare
- 4%** Public Affairs
- 4%** Consumer

PR firms expect to see a marginal, positive change in revenue this year, but nowhere near the levels seen in 2022 - when the post-pandemic boost created an 88% projected revenue increase compared with 2021.

2023-2024 Revenue Comparison

Predicted for the projected year (2024) when compared to 2023

57% predict an **increase** in revenue (53% last year)

22% predict a **decrease** in revenue (34% last year)

21% predict **no change** in revenue (13% last year)

2023-2024 Profit Comparison

Predicted for the projected year (2024) when compared to 2023

50% predict an **increase** in profit (47% last year)

25% predict a **decrease** in profit (40% last year)

25% predict **no change** in profit (13% last year)

Key Insights

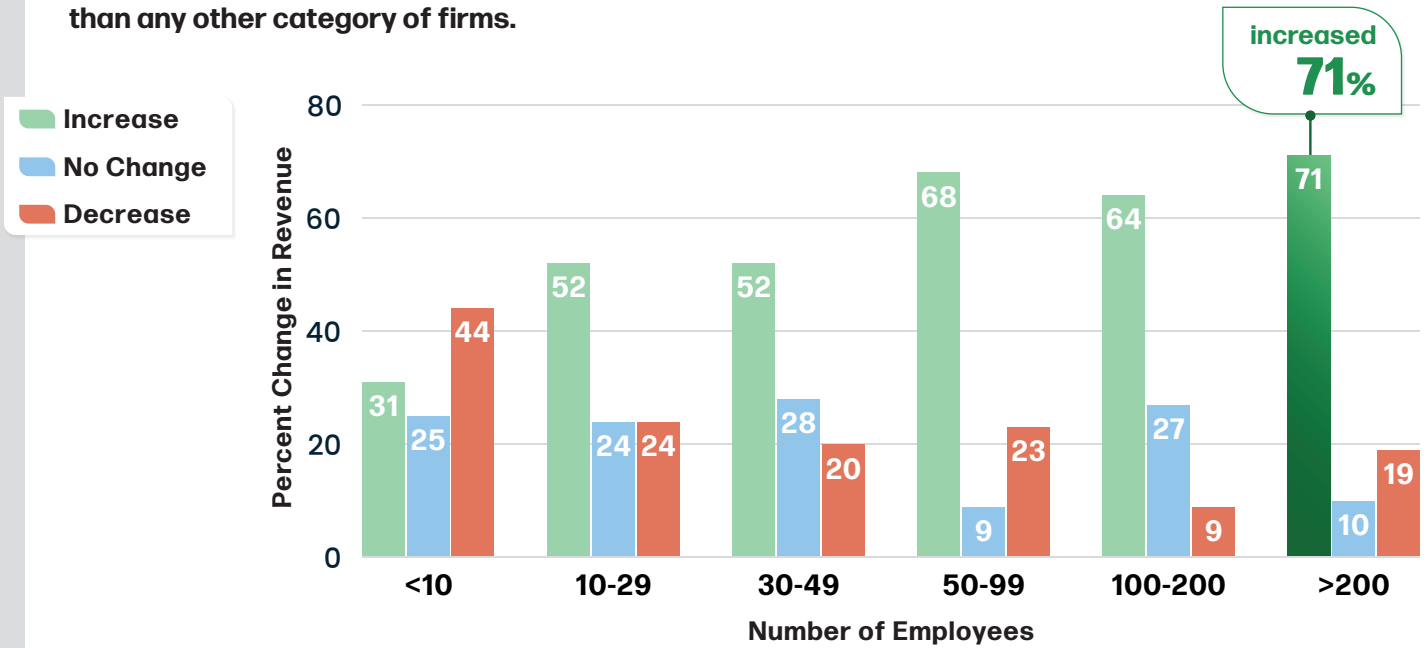
PR firms are finding it harder to increase profits in the last two years, which is in sharp contrast to 2022 when 69% of firms reported an increase in profits following the post-pandemic boost. This is due to several challenges:

- Clients are increasingly demanding services on a fixed or flat-fee basis and are keeping tighter control over their PR budgets ([see page 13](#)).
- Firms are experiencing enormous pressure to retain high-performing employees, as reflected in the investment firms are making in compensation, long-term incentive arrangements and other benefit programs ([see page 8](#)).
- Firms are making investments in technology to remain competitive ([see page 5](#)).

Revenue & Profitability Trends

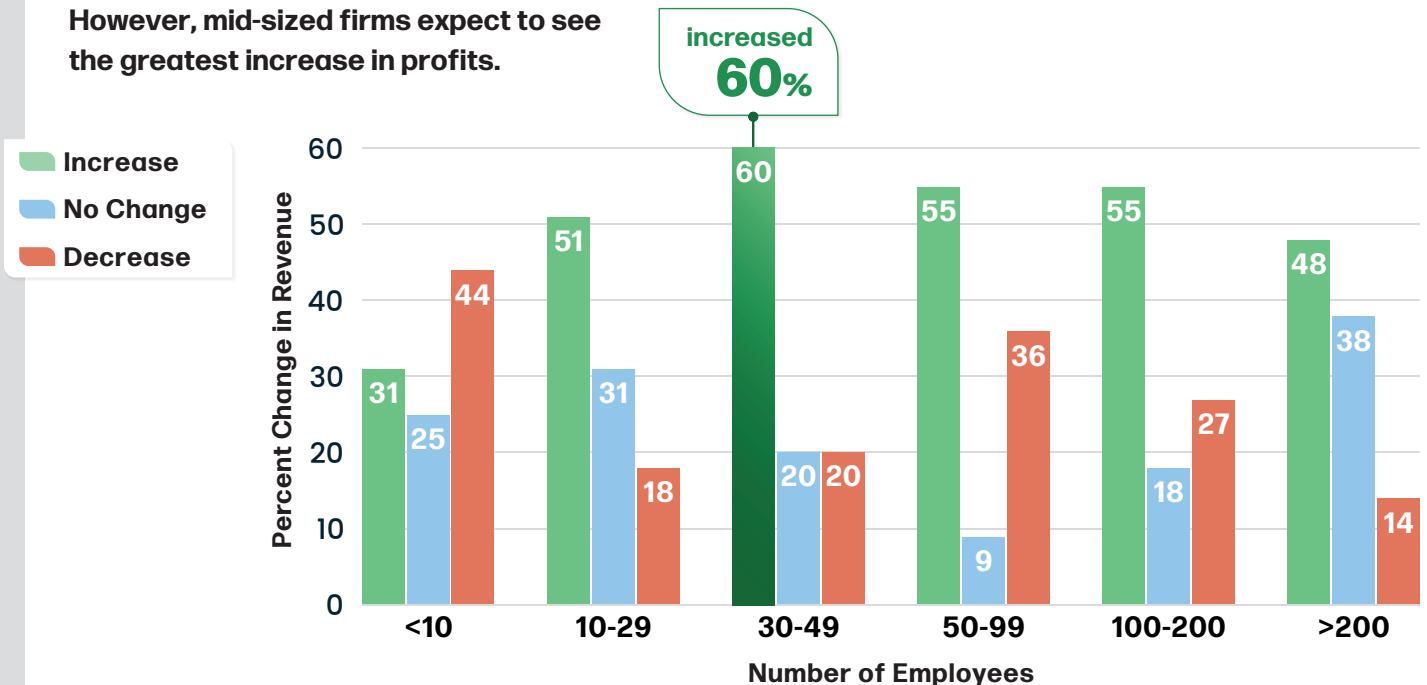
Revenue Performance by Firm Size

Firms with more than 200 employees expect to increase revenue more than any other category of firms.



Profit Performance by Firm Size

However, mid-sized firms expect to see the greatest increase in profits.



Specialty Areas & Their Financial Performance

Specialty Firms that Are Seeing Financial Success

Public Affairs

86% expect increased revenue
with 63% increasing by more than 10%

71% expect increased profits
with 25% increasing by more than 10%

Healthcare

75% expect increased revenue
with 40% increasing by more than 10%

75% expect increased profits
with 20% increasing by more than 10%

Integrated/Full-service

58% expect increased revenue
with 25% increasing by more than 10%

56% expect increased profits
with 20% increasing by more than 10%

Corporate/Financial

57% expect increased revenue
with 25% increasing by more than 10%

36% expect increased profits
with 19% increasing by more than 10%

Consumer

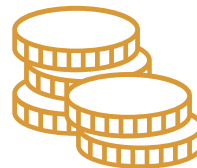
57% expect increased revenue
with 38% increasing by more than 10%

29% expect increased profits
with 13% increasing by more than 10%



Key Insights

Not surprisingly, the specialty areas that expect the highest increases in revenue and profits are also the specialties that are most in demand by M&A buyers ([see page 11](#)).

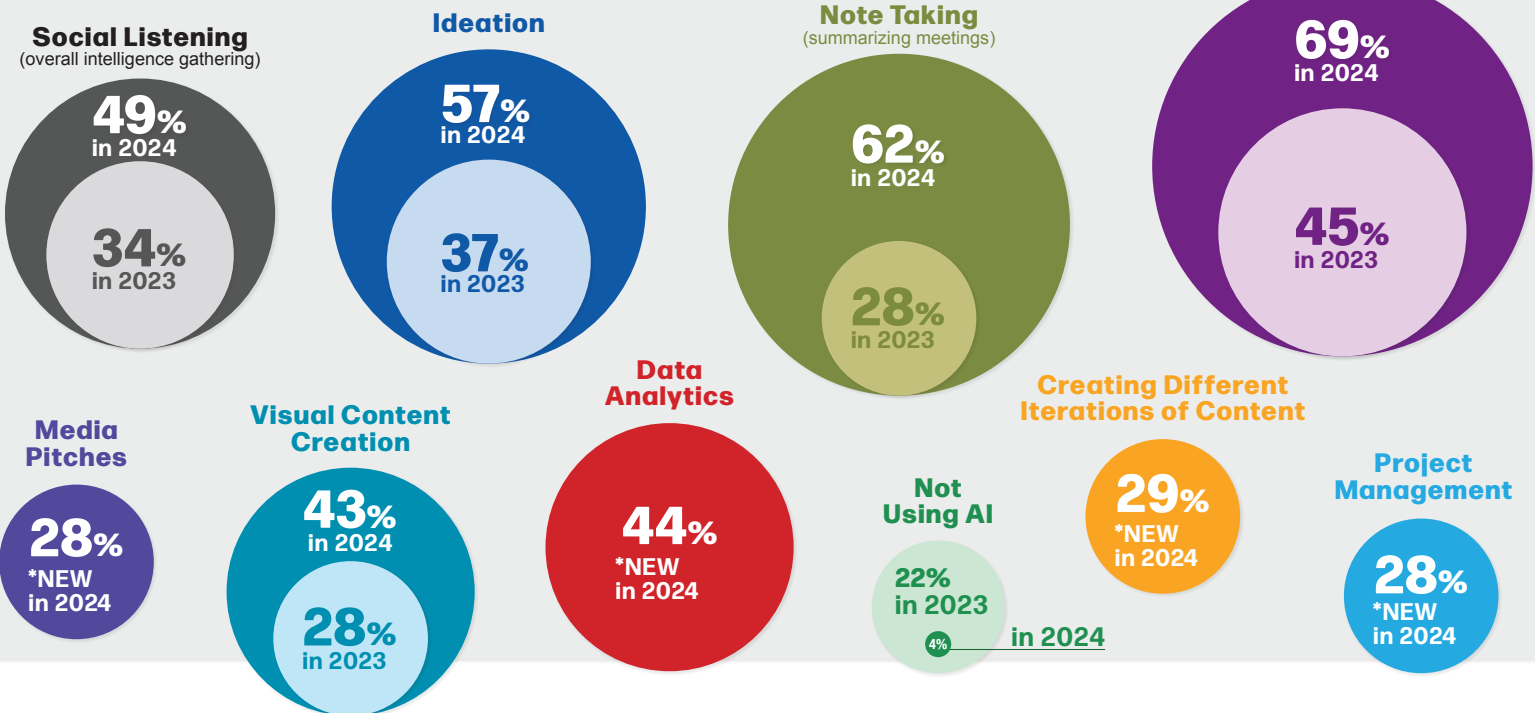


Artificial Intelligence



The unprecedented growth in artificial intelligence usage this year is transforming the internal workflows and client deliverables for virtually all PR firms. Firms succeed when they select the most appropriate AI platform for a particular task and implement continuous employee training to maximize the potential benefits of AI.

How Firms Are Using AI Compared to Last Year



Top AI Platforms

PR firms listed more than **40 different AI platforms** that they are using in their organization – with some firms reporting that they use multiple platforms.

Firms are experimenting to find the best AI fit for their clients' needs.

<p>73% ChatGPT</p> <p>Chatbot, Written Content Creation, Summarizing</p>	<p>19% Copilot</p> <p>Chatbot, Written Content Creation, Note Taking, Proofreading, Summarizing</p>
<p>9% Claude</p> <p>Code Generation, Written Content Creation</p>	<p>9% Midjourney</p> <p>Visual Content Creation</p>
<p>7% perplexity</p> <p>Chatbot, Written Content Creation</p>	<p>6% Adobe Firefly</p> <p>Visual Content Creation/Editing</p>
<p>6% Gemini</p> <p>Chatbot, Written Content Creation, Note Taking, Proofreading, Summarizing</p>	<p>4% Otter.ai</p> <p>Note Taking, Summarizing</p>

Artificial Intelligence

Key Takeaways

Workflows & Time Efficiencies


- **38%** of all responding firms **report cost efficiencies** from using generative AI.
- PR firms with **30-49 employees experienced the greatest cost efficiencies** based on AI usage this year. Their nimble size strikes the sweet spot for profitability – large enough to manage investment and training, yet small enough to avoid the complex organizational structures that can slow down decision-making and integration at larger firms.

Implementing AI Contract Updates & AI Policies

- **70%** of firms implemented a firmwide AI policy in place (up from 50% in 2023).
- About **25%** of firms report they have **updated client contracts to address AI usage**. This is a sharp increase from 2023 when only 15% of firms had added AI usage into client contract. This trend is likely to increase next year as firms review their client contracts at year-end.
- PR firms are becoming **increasingly aware of the risks** – from intellectual property rights to data privacy – that arise with AI usage and the need to address them in policies and contracts.

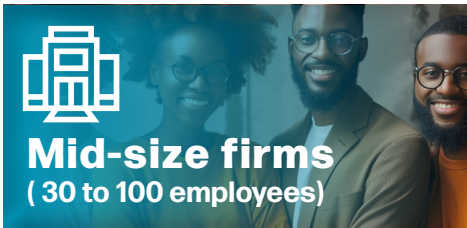
How AI Usage Differs Based on Firm Size

Large firms are using AI for data analytics and visual content creation much more than mid-sized firms. **Small and mid-size firms** desiring to “punch above their weight” should be mindful of using these AI capabilities more frequently – currently, these firms are using AI most often for ideation, written content creation and note taking.



Small firms
(< 30 employees)

- 67% Ideation
- 66% Note Taking/Summarizing
- 62% Written Content Creation
- 43% Social Listening/Overall Intelligence Gathering
- 36% Data Analytics



Mid-size firms
(30 to 100 employees)

- 76% Written Content Creation
- 59% Note Taking/Summarizing
- 49% Social Listening/Overall Intelligence Gathering
- 46% Visual Content Creation
- 34% Data Analytics



Large firms
(> 100 employees)

- 82% Written Content Creation
- 74% Data Analytics
- 71% Note Taking/Summarizing
- 66% Visual Content Creation
- 66% Social Listening/Overall Intelligence Gathering

PR Services that Drive Revenue

Firms identified and ranked the following client services as being the most responsible for increasing their revenues:

- 1. Media Relations
- 2. Content Strategy & Development
- 3. Digital & Social Media
- 4. Reputation & Crisis Management
- 5. Creative Services
- 6. Influencers/Celebrity Partnerships



Future Investments

We also examined future investments planned by this year's top performing firms (defined as firms that increased revenue and/or profits by more than 10%). These **top performing firms** plan to expand the following services next year:

- 1. Digital & Social Media
- 2. Content Strategy & Development
- 3. Technology Services (including using generative AI tools)
- 4. Data Analytics
- 5. Creative Services
- 6. Reputation & Crisis Management

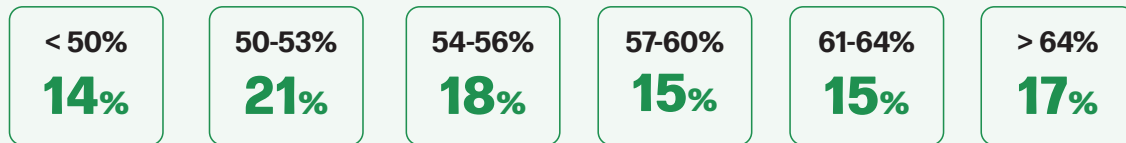
These priorities serve both as a powerful indicator of where the market is headed and as a possible blueprint for other firms to follow.

Staffing Strategies

Talent Management & Utilization

Snapshot

32% of firms expect to spend more than **60%** of **net revenue on compensation** (this is a decrease from 36% last year, evidencing some belt tightening and pressure to maintain profit margins)



Notably, **25%** of **top performing firms** (i.e. firms that expect increased revenue and/or profit by more than 10%) **are spending more than 60% of their revenue on compensation**. Although it might seem that keeping compensation costs low is the only way to achieve higher profitability, the data shows otherwise.

These top performing firms show that it is entirely possible to boost profitability while also paying competitive compensation to attract and retain the right talent, proving that investing in dedicated and talented staff can drive success.

Top 6 >> Actions Used to Retain Employees

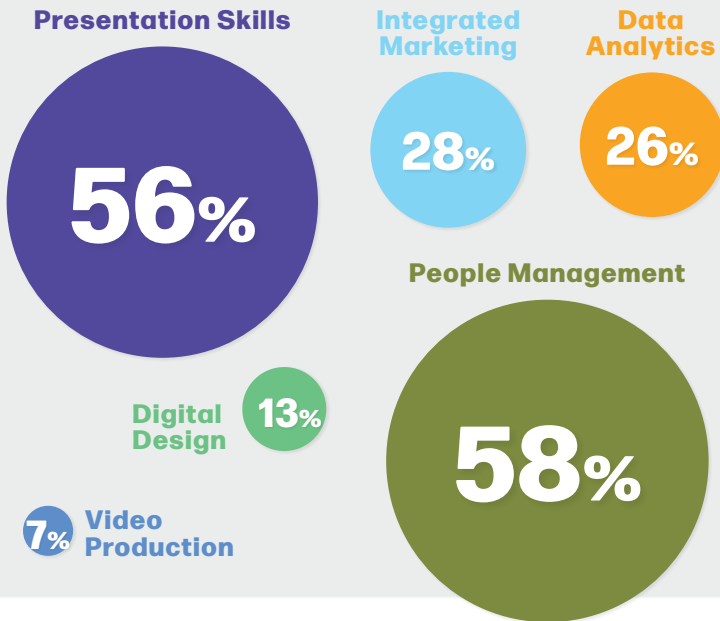
(Ranked in order of most used by respondents)

1. Created more flexible working arrangements
2. Increased professional development stipends and/or opportunities
3. Expanded employee health benefits 401(k) and other benefit programs
4. Made one-time salary correction
5. Introduced initiatives to promote mental health and wellness at work
6. Committed to a six-month salary review

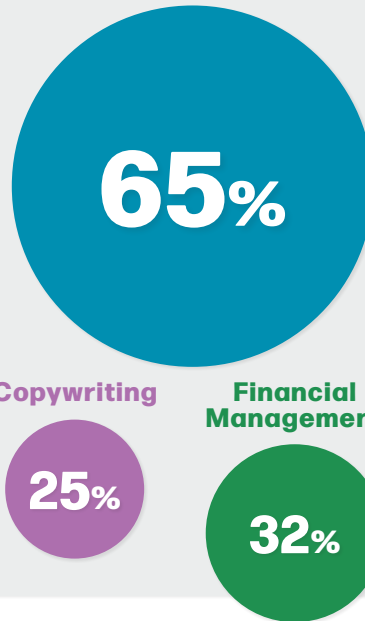
Staffing Strategies

Attracting & Retaining Top Talent

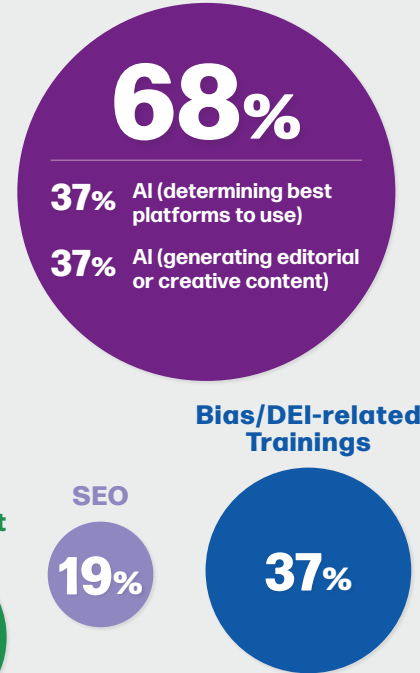
Top Employee Trainings



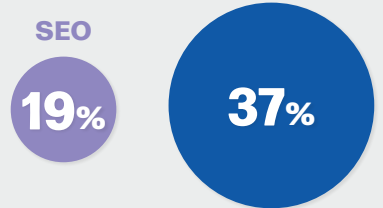
Client Management and Growth



General Artificial Intelligence



Bias/DEI-related Trainings



50% of respondents Have long-term incentive plans (LTIPs) for key employees.

50% of respondents Have a program to award equity or equity equivalents (i.e., profits interests or “phantom” or “contract” equity).

Almost **60%** of top performing firms have LTIP and/or phantom/contract equity.

Top 6 >> Actions taken by firms to right-size staff

This year, similar to 2023, **managing out weaker performers and using freelancers** were the most frequently used techniques to right-size staff. Half as many firms reported using layoffs this year (down from 26% last year).

1. Manage out weaker performers
2. Adding freelancers
3. Didn't replace departing employees
4. No actions
5. More frequent performance reviews
6. Layoffs

Diversity, Equity & Inclusion

Representation Matters

It was a disappointing year for continuing momentum of DEI efforts in the PR industry.

Only **31% of firms increased the number of employees from historically underrepresented groups**. This is in sharp contrast to the 42% increase in 2023 and 60% increase in 2022.

We also examined whether or not the top performing firms, as a group, made more advances in the DEI area than all responding firms. The answer is a resounding “yes.”

59% of the top performing firms (firms that expect increased revenue and/or profit by more than 10%) increased their percentage of employees from historically underrepresented groups in 2024, showing that **successful firms continue to make DEI a priority**.

DEI initiatives

43% reported **no change** in their DEI initiatives of firms

Those firms that **did change** their DEI initiatives reported the following:

33% Looked to **hire from a wider set** of schools, universities or colleges

31% Set up or continued a **DEI committee** to shape DEI policy

26% Offered **additional trainings**

24% Tracked and disclosed **DEI data**

22% Established **pay equity plans**

20% **Contributed to organizations** promoting racial/social justice

16% Established or continued to offer **affinity groups**

12% **Revised application criteria** for internships

11% **Invited allies** to attend infinity groups

31% reported an increase (down from 42% in 2023)

60% reported no change (up from 49% in 2023)

9% reported a decrease (same)



M&A Market Insights

This year has been a continuation of trends with a diverse M&A marketplace with a robust number of small and midsize buyers and sellers dominating the high level of deal activity.

79 Number of M&A consummated deals (through October 15, 2024)

This is **6 more deals** than occurred in the same time period of 2023



Seller Profile

- There was a noticeable increase in deals with sellers from **North America** comprising of **55%** of the reported completed transactions (up from 45% last year).
- Sellers from **Europe** accounted for **34% of completed deals** (down from 47% last year).

Seller Revenue

- 37%** < \$3M
- 24%** \$3M-6M
- 10%** \$6M-10M
- 16%** \$10M-25M
- 13%** > \$25M

Approximately **60%** of the reported deals involved sellers with revenue of **\$6M or less** – essentially the same as the last two years.

One significant change is the number of larger deals, sellers with revenues of **over \$25M**, accounting for 13% of deals (compared to 5% last year).

Seller Specialties

The top 4 specialties of firms that sold in 2023 were:

1. Integrated/Full-service
2. Healthcare/Life Sciences
3. Corporate/Financial
4. Technology

A greater percentage of sellers were Integrated/ Full-service firms (32%) when compared to 2023 (21%).

Most in Demand Services



Revenue & Profitability Trends	Staffing Strategies
Specialty Areas & Their Financial Performance	Diversity, Equity & Inclusion
Artificial Intelligence	M&A Market Insights
PR Services that Drive Revenue	2025 Outlook

M&A Market Insights

Buyer Profile

66 different buyers were involved in the
79 completed transactions this year.

Nine buyers reported closing more than one transaction.

Buyer Type

Private Equity
 35% (down from 51% last year)

Independent
 43% (up from 38% last year)

Public
 22% (up from 11% last year)

- In a continuation of trends from last year, there has been a lot of activity with smaller/mid-size deals so far this year.
- Noticeably, there has been an increase in the deals involving independent and public buyers. We are continuing to see a more fragmented marketplace among buyers as independent firms are looking to augment their organic growth with strategic M&A deals.
- 24 buyers had revenues of less than \$25M.

Buying & Selling

Firms' Likelihood to Buy

22% of respondents said they would buy one or more firms in the next 12 months (down from 38% last year).

31% of respondents said they would buy one or more firms in the next three years (down from 50% last year).

Firms' Likelihood to Sell

28% said they would sell their firm in the next 12 months.

38% said they would sell their firm in the next three years.

Acquired Another Firm

37% of survey respondents have acquired another firm at some time (down from 47% in 2023).

Preferred Buyer

Ranked by firms from "most preferred" to "least preferred"

1. Large independent PR firm
2. Private equity
3. Small or mid-size PR firm
4. Large PR firm (part of a publicly traded holding company)

Key Insights

Firms with more than 100 employees found the prospect of a private equity buyer more preferable than all respondents.



2025 Outlook

The Spectrum



Very Optimistic

Cautiously Optimistic

Uncertain

Anxious

Extremely Anxious

70% of the firms state that they are **cautiously optimistic** about their business for next year. This is a significant increase from last year, when 53% reported an positive outlook.

Meanwhile, **20%** of the respondents report being **uncertain** about the future and **10%** describe their outlook as **anxious**.

Top 5 >> Biggest Concerns for the next year

Ranked by firms in order of importance



1. Client budgets remaining flat or decreasing
2. Slow decision-making by prospective clients
3. Difficulty in maintaining or increasing profit margin
4. Difficulty in growing top line revenue
5. Having the right talent

Top 5 >> Strategic Initiatives Planned for 2025 by Top Performing Firms

Firms that grew revenue or profits by more than 10%

1. Greater use and familiarity with the most appropriate uses of Generative AI
2. Prioritizing retention, career pathing and hiring practices
3. Training and incentivizing employees to be engaged in more business development
4. Enhancing agency marketing efforts
5. Greater investment in technology platforms to enhance client work and internal operations



Share this year's report

Terminology & Methodology

Background on terms used in this report and its methodology. Davis+Gilbert annually compiles data on mergers and acquisitions based on publicly available deal activity, utilizing its extensive experience in the public relations and integrated marketing communications sector.

Buyers

- **Independent:** Agencies that are not publicly traded. The independent buyers are overwhelmingly owned by one or more of the executives working at the firms.
- **Public Holding Company:** Companies that trade on a national or international securities exchange. Many of the public company buyers are holding companies primarily in the marketing communications sector.
- **PE Firms:** Private equity firms and private equity backed PR firms that provide investment capital for the purpose of enhancing a business for a future sale. This includes capital for “tuck-under” or “bolt-on” acquisitions into an existing PE portfolio company.

About Us

Davis+Gilbert helped guide the development of the marketing communications ecosystem over the past century. Today, we apply that same see-around-corners vision to real estate, financial services, hospitality, technology and other service sector clients across the country and around the world. And it's not just about the law; with deep insights into industry issues, our legal strategies work in tandem with business realities to reduce risk and make a real competitive difference.

Learn more at dglaw.com



Authors



Michael Lasky
 Chair, Public Relations Law Practice
 Co-Chair, Litigation + Dispute Resolution Practice
 212 468 4849
mlasky@dglaw.com



Samantha Rothaus
 Partner, Advertising + Marketing Practice
 212 468 4868
srothaus@dglaw.com



Brad Schwartzberg
 Co-Chair, Corporate + Transactions Practice
 212 468 4966
bschwartzberg@dglaw.com