

Davis+Gilbert Report Shows Specialty Firms Leading Strong Financial Rebound for Public Relations Industry

New research from Davis+Gilbert LLP, widely regarded as the leading law firm to public relations and marketing communications firms, demonstrates greatly improved year-over-year financial performance — and surging optimism for the future — among public relations firms. Specialty firms have done particularly well, with 100% of surveyed healthcare, technology and corporate/financial-focused firms reporting increased profits over 2020, according to the *Davis+Gilbert Public Relations Industry 2021 Survey Trends + Highlights*.

The full report can be accessed [here](#).

Overall, 77% of responding public relations firms expect to increase revenue and 72% expect to increase profits in calendar year 2021 over last year. For some, the improvement in financial performance has been substantial. Through August, more than one-third of firms reported revenue gains of more than 15% compared to 2020. The industry is even more optimistic about the year ahead, with 95% of respondents anticipating revenue increases in 2022.

“Interestingly though, unlike other segments within the marketing communications sector, M&A activity in the public relations space through the first ten months of 2021, has been relatively flat when compared against the same period for 2020. This is likely the result of buyer’s focusing on acquiring “high-growth” assets,” said Brad Schwartzberg, co-chair of the Davis+Gilbert’s Corporate + Transactions practice group. “One interesting statistic, however, is the increase in transactions involving larger PR firms. Deal activity for these larger firms has more than doubled in 2021. This seems to indicate the willingness of buyers to pursue PR firms that have reached a certain level of critical mass, even if their growth has not been quite as robust as other companies within the marketing service sector,” Schwartzberg added.

Other notable takeaways from the report indicate that the size, compensation plans, and culture of PR firms have played a role in their success over the last year:

- **Size:** For firms with 30-49 and 50-99 employees, none reported decreased revenue or profits in 2021. For all categories of smaller and larger firms, at least 10% reported revenue and profits drops.
- **Compensation:** 90% of firms with long-term incentive plans in place have seen increased profits in 2021.
- **Culture:** Among firms with the best financial performance, more than 40% increased their BIPOC staff by at least 5%.
- **COVID-19 impact:**
 - 57% of respondents that increased revenue expect more than half of their workforce to continue working remotely through the end of the year.
 - The top profitability measures that firms expect to keep in place relate to entertainment expense management, reduced travel, and greater performance and management of current staff.

“The public relations industry, like a microcosm of society overall, has been responding to the lessons learned over the last two years,” said Michael Lasky, chair of Davis+Gilbert’s Public Relations practice

group. “Our annual report offers insights into how the highest performing firms have implemented these lessons and made them part of their new normal.”