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Public Relations Industry Trends Report 2025

Davis+Gilbert's 13th Annual *Public Relations Industry Trends Report* draws on insights from 181 firms across geographies and specialties, offering a comprehensive view of the industry's current state and future direction.

After years of steady growth, firms are now grappling with economic uncertainty, shifting client priorities, and increased competition. The Report highlights key areas of misalignment between strategy and execution, and provides actionable recommendations for closing performance gaps. Whether through smarter talent management, clearer AI policies, or more disciplined client engagement, the firms that thrive will be those that align their internal practices with external realities.

As Louis Pasteur once said, "*chance favors the prepared mind*." This year's Trends Report reflects that sentiment, offering a comprehensive look at how PR firms are preparing for what's next.

Survey Respondents' Profile

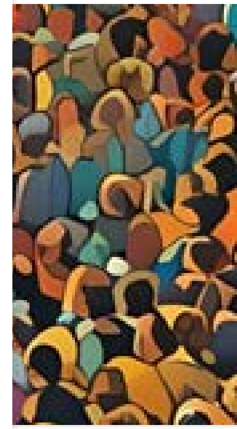
181 Total Number of Respondents
(with 68% from North America)

Projected 2025 Revenue

<$5 million	50%
$5-25 million	32%
>$25 million	18%

Describe their companies as:

57%	Integrated/Full-service
9%	Technology
9%	Corporate/Financial
9%	Other
7%	Public Affairs
6%	Consumer
1%	Digital/Social
1%	Healthcare



2024-2025 **Revenue** Comparison

Predicted for the projected year (2025) when compared to last year (2024)

50% predict an **increase** in revenue
(down from 57% last year)

35% predict a **decrease** in revenue
(up from 22% last year)

15% predict **no change** in revenue
(down from 21% last year)

2024-2025 **Profit** Comparison

Predicted for the projected year (2025) when compared to last year (2024)

44% predict an **increase** in profit
(down from 50% last year)

32% predict a **decrease** in profit
(up from 25% last year)

24% predict **no change** in profit
(down from 25% last year)

Key Takeaways

- PR firms have grown increasingly cautious about their financial outlook. Firms are having difficulty growing both revenue and profits, with only 50% of firms this year expecting to increase revenue and 44% expecting to increase profits.
- These are the lowest expected annual percentage increases in revenue and profits **since 2021**.
- The financial forecast reflects broader economic uncertainty, as well as evolving challenges within the communications industry, including fixed budgets, shifting client priorities, and increased competition.

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Revenue & Profitability Trends

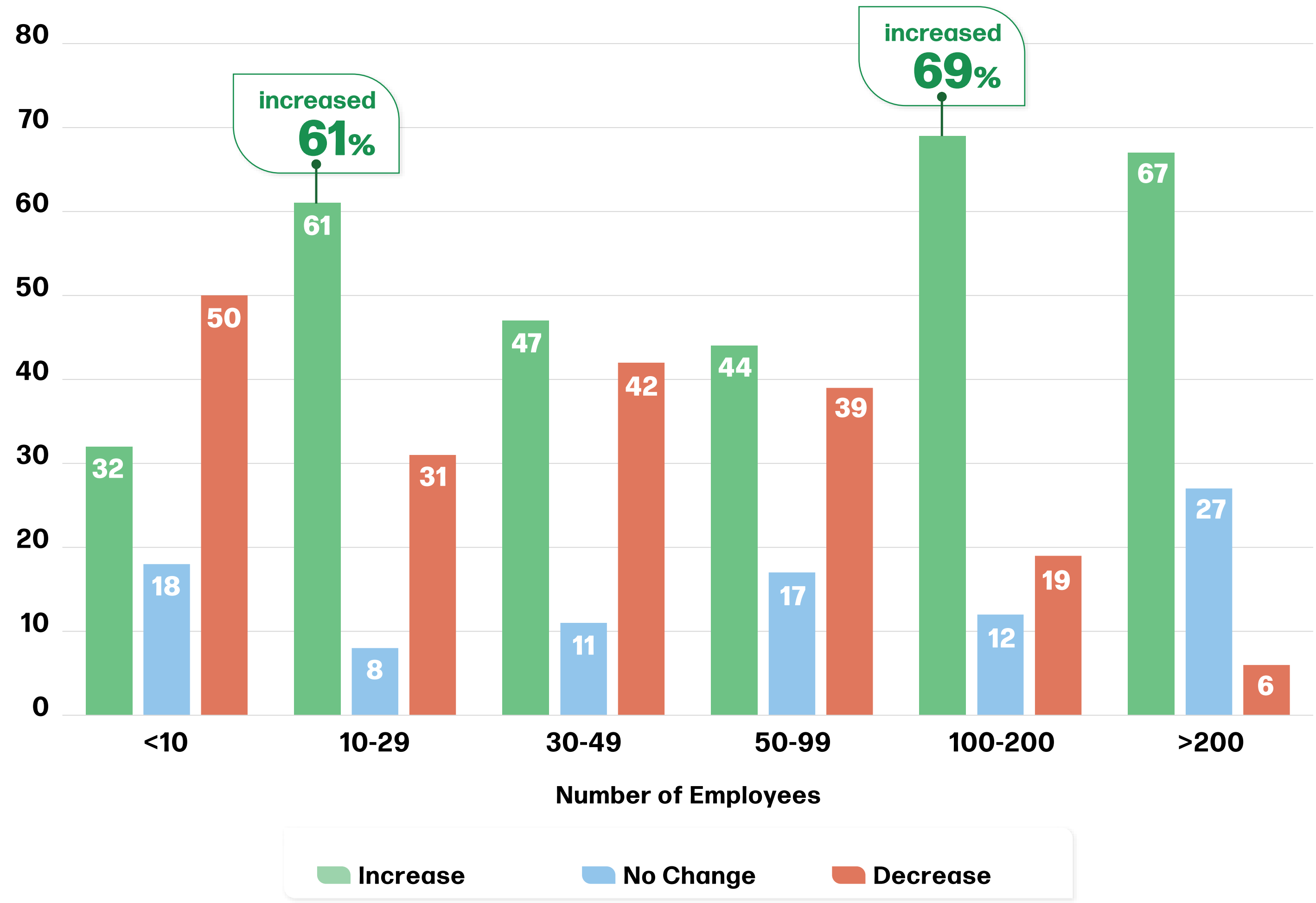
Firms with **more than 100 employees** expect to increase revenue and profits more than any other category of firms.

This shows that size matters. Bigger firms have the ability to spread expenses across a larger revenue base and compete for the high-value accounts that further enhance revenue and profits.

Equally noteworthy is the other end of the size spectrum: 61% of firms with 10-29 employees report they expect to increase their revenue and profits, showing that strategically focused, nimble firms can also operate efficiently to grow revenue and profits and set themselves up for future success.

The combination suggests a “donut” effect, where both firms with over 100 employees and those with 10-29 employees are having a slightly easier time than firms “caught in the middle.”

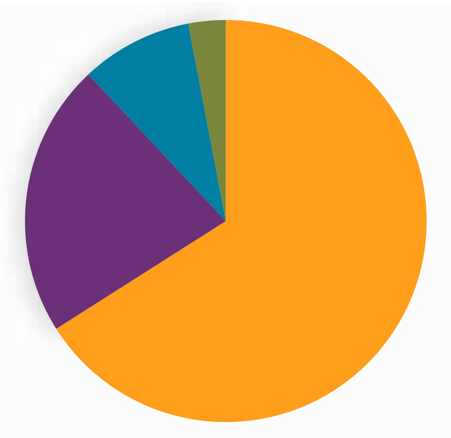
Revenue and Profit Performance by Firm Size



PR Services that Drive Revenue

Retainers vs. Project Work

Respondents indicated their percentage of retainer clients vs. project-based work. With two-thirds of work coming from retainers, profitability can be impacted when scopes of work are ill-defined or when over-servicing occurs.



66% Mostly retainers

22% Balanced between retainers and project-based work

9% Mostly project-based

3% Varies widely by practice region

Key Takeaway

- To protect margins, firms must proactively manage scope, communicate expectations, and implement both systems and agency management trainings that track and proactively manage deliverables and time spent.

Client Service Offerings

Firms offer a variety of services to their clients. The top five service offerings were reported to be:

1. Media Relations
2. Content Strategy & Development
3. Reputation & Crisis Management
4. Digital & Social Media
5. Creative Services

Future Investments

When looking ahead, firms are investing heavily in technology and digital growth. AI-powered solutions top the list, signaling a continued shift toward innovation and efficiency.

1. AI-Powered Technology (62%)
2. Digital & Social Media (33%)
3. Data Analytics (32%)
4. Content Strategy & Development (25%)
5. Creative Services (21%)

Staffing Strategies

Talent Management & Utilization

Snapshot

37% of firms expect to spend more than 60% of **net revenue on compensation** – this is the highest percentage reported. It represents an increase of 5% from last year alone and an increase of 9% from five years ago.

< 50%	50-53%	54-56%	57-60%	61-64%	> 64%
18%	13%	15%	17%	19%	18%

Firms are allocating more budget toward compensation, driven by the need to stay competitive and address new skill sets and salary expectations across the industry.

It is noteworthy that two-thirds of **top performing firms** (i.e., firms that grew revenue and/or profits by more than 10%) are able to achieve revenue and profits growth but are still able to maintain a compensation to revenue ratio of **less than 60%**.

Actions Taken by Firms to Right-size Staff

An increasingly high percentage of firms this year are using layoffs as well as not replacing departing employees to align staffing needs with revenue. Firms are also using freelancers to add flexibility to the size of their workforce.

	2025	2024
1. Manage out weaker performers	51%	63%
2. Adding freelancers	46%	45%
3. Didn't replace departing employees	44%	39%
4. No actions	20%	17%
5. Layoffs	20%	12%

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Staffing Strategies

Attracting & Retaining Top Talent

Top Employee Trainings

- 14% Digital Design
- 24% Integrated Marketing
- 36% Anti-harassment Trainings
- 47% Leadership Skills
- 44% Presentation Skills
- 76% Artificial Intelligence
- 22% Financial Management
- 12% Effective Copywriting
- 24% DEI-related Trainings
- 25% Data Analytics
- 45% People Management
- 50% Client Management & Growth

Actions Used to Retain Employees

1. Provided new opportunities for professional development
2. Created more flexible working arrangements (e.g., shorter workweek, hybrid work schedule, etc.)
3. New programs to incentivize new business
4. Introduced initiatives to promote mental health and wellness at work
5. New programs to incentivize organic growth from existing clients

Tools Used to Recruit Employees

1. Online job postings (e.g., LinkedIn, Indeed, etc.)
2. In-house resources for recruiting
3. Paying employees referral bonuses
4. External recruiters (***#1 choice last year***)
5. Hiring permanent remote employees outside of office markets

Equity Incentives for Key Talent

45% of respondents — Have **long-term incentive plans (LTIPs)** for key employees

39% of respondents — Have a program to award **equity or equity equivalents** (i.e., profits interests or "phantom" or "contract" equity)

Top performing firms utilize LTIPs and equity-based compensation more frequently than other respondents.

57% **Have LTIPs**

50% **Have phantom/contract equity plans**

This demonstrates that strategic and long-term incentive arrangements can be a powerful tool for driving performance, retention and alignment with agency business goals.

Diversity, Equity & Inclusion

Hiring

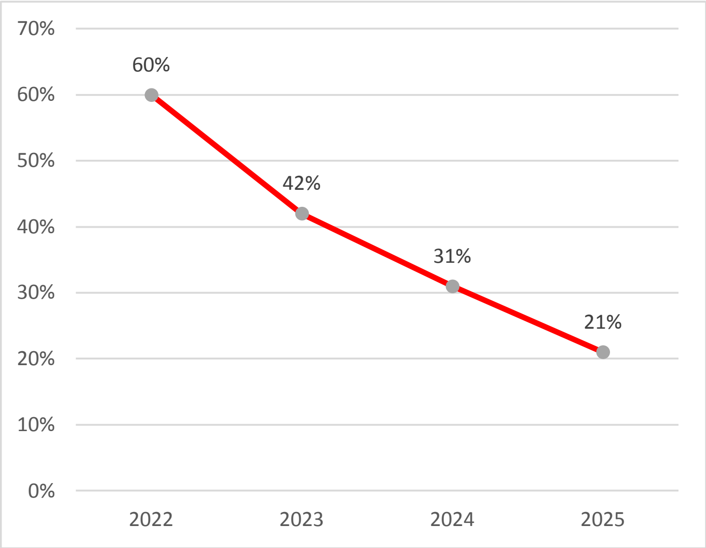
In 2025, only 21% of firms reported increasing the number of employees from historically underrepresented groups. This marks a dramatic decline in Diversity, Equity & Inclusion (DEI) hiring from 2022 to the present day.

21% Reported an increase

62% Reported no change

17% Reported a decrease

Percentage of Firms Reporting an Increase of Employees from Historically Under Represented Groups (2022-2025)



DEI Initiatives

DEI initiatives have come under heightened scrutiny in 2025, particularly as the current U.S. administration has moved to curtail such programs through executive orders and other means.

This shifting political landscape has left PR leaders navigating how to respond – balancing internal values with external pressures and some reassessing some aspects of DEI within their organizations.

Despite pressure from the political environment and slowed hiring:

76% of firms Reported **no change** in their DEI initiatives

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

10% Continued select programs with adjusted scope (e.g., mentorship, recruiting outreach)

8% Rebranded DEI programs under broader talent or culture initiatives

4% Ended or scaled back formal DEI programs/offices

2% Removed all DEI references from website and training

1% Paused programs pending further legal guidance

Artificial Intelligence (AI)

PR and communications firms are increasingly embracing AI to enhance productivity and creativity across their operations. A striking 79% of respondents now use AI for written content creation, while 75% rely on it for note-taking and meeting summaries. AI is also playing a growing role in ideation, social listening and intelligence gathering, and media monitoring, with many of these areas seeing double-digit growth in usage year over year.

Notably, only 1% of firms report not using AI at all, underscoring its rapid integration into the industry's core workflows.

Rapid Increase in AI Usage

79% Written Content Creation (2024: 69% / 2023: 45%)

1% Not Using AI (2024: 4% / 2023: 22%)

New! **19%** Proof of Concept

37% Creating Different Iterations of Content (2024: 29%)

New! **53%** Media Monitoring

28% Project Management (2024: 16%)

38% Media Pitches (2024: 28%)

53% Visual Content Creation (2024: 43% / 2023: 28%)

11% Other Uses

75% Note Taking / Summarizing Meetings (2024: 62% / 2023: 28%)

51% Data Analytics (2024: 44%)

58% Ideation (2024: 57% / 2023: 37%)

54% Social Listening / Overall Intelligence Gathering (2024: 49% / 2023: 34%)

Top AI Platforms

PR firms listed **16 different AI platforms** that they are finding most helpful in their organization, with ChatGPT, Gemini, and Copilot more than any others – likely due to their seamless integration into workplace tools and workflows.

63% Chatbot, Written Content Creation, Summarizing	ChatGPT
12% Chatbot, Written Content Creation, Note Taking, Proofreading, Summarizing	Gemini
11% Chatbot, Written Content Creation, Note Taking, Proofreading, Summarizing	Copilot

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Artificial Intelligence (AI)

Key Takeaways

How AI Usage Differs Based on Firm Size

Technology continues to serve as a great equalizer among firms. Regardless of size or resources, PR firms are embracing AI tools to streamline operations, generate ideas, and enhance content creation.

Small firms (< 30 employees)

- **57%** Written Content Creation
- **54%** Note Taking/Summarizing
- **45%** Ideation

Mid-size firms (30 to 100 employees)

- **64%** Written Content Creation
- **64%** Note Taking/Summarizing
- **49%** Media Monitoring

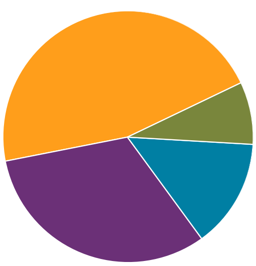
Large firms (> 100 employees)

- **43%** Written Content Creation
- **39%** Note Taking/Summarizing
- **39%** Media Monitoring

Firms Are Investing in AI

46% are using third-party platforms (i.e., ChatGPT, Gemini, Copilot, etc.)

32% of firms are building proprietary tools



14% are investing through partnerships/ joint ventures

8% have no technology investment planned

Implementing AI Contract Updates & AI Policies

- **72%** of firms implemented some type of a firmwide AI policy, with 45% of firms stating that they have comprehensive policies in place and 27% stating that they have only limited guidelines in place
  - **18%** of respondents reported that they **do not** currently have any AI policies in place, but are developing them
  - **10%** reported **no policies** in place and nothing being developed
- **71%** of firms responded saying that they **do not** have a firmwide policy for engagement of AI vendors

How Clients Are Responding to AI Usage

- **63%** of respondents said their clients are cautious, but open to the integration of AI into the services offered by the PR firm
- Yet only **11%** of firms noted that their clients are actively requesting AI integration
- On the flip side,
  - **3%** said clients are "*mostly skeptical/ concerned*"
  - **23%** said clients are completely "*not aware and/or not asking*"

Strategy vs. Reality: A Blueprint to Closing the Gaps

Given that this is our 13th Annual Public Relations Industry Trends Report, we are always evaluating where there is a contradiction between stated goals and practice, leading to operational gaps, which, if closed, could help lead to enhanced agency performance. Here are a few of the key areas of misalignment which call out for attention.

Practices to Drive Profits

Top concerns include difficulty growing top line revenue and difficulty maintaining or increasing profit margins. Yet, staff trainings – which could lead to increased revenues and profits – have significantly declined this year:

Only 50% of firms are providing trainings in client management and growth (65% last year)

Only 45% of firms are providing trainings in people management (58% last year)

Only 22% of firms are training employees in financial management (32% last year)

Only 44% of firms are offering trainings on presentation skills (56% last year)

Solution

To support sustainable growth, firms should consider **targeted training programs** that build financial literacy, enhance account leadership skills, and equip teams to better manage budgets and client expectations.

Investing in these areas can help unlock new revenue opportunities and drive long-term value. Firms should consider these trainings as **business development tools** and **strategies**.

Strategy vs. Reality: A Blueprint to Closing the Gaps

AI Usage/Policies

With the explosion of usage, it is incredulous that less than half of firms have comprehensive guidelines in place when 99% of firms are reporting AI usage.

99% of firms reported they are using AI

92% of respondents said that they are investing in AI in some way, whether building their own proprietary tools, partnering with AI platforms, or simply using third-party platforms within their organization

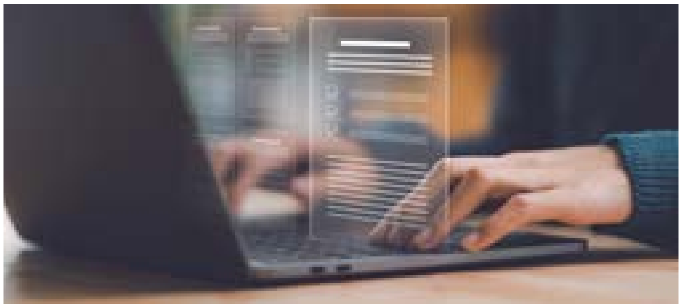
71% of firms responded saying that they do not have a firmwide policy for engagement of AI vendors

45% of firms have a comprehensive AI policy in place for employee use

Solution

Policies and practices need to be aligned to support growth, leverage growth, and enable growth.

Well-defined guidelines help protect the firm from legal and reputational risk, ensure consistent and ethical use of AI, and provide employees and clients with confidence in how these technologies are applied.



AI Client Perspective

11% of firms reported clients actively requesting AI integration

63% of firms stated that clients are open to the use of AI when they have proactively initiated the discussions

Solution

This data strikingly demonstrates the importance of senior management setting aside time to meet with clients and discuss how best to implement AI into PR services and workstreams.

Incentivizing Key Employees

Only **45%** of respondents have long-term incentive plans (LTIPs) for key employees

Only **39%** of respondents have a program to award equity or equity equivalents (i.e., profits interests or "phantom" or "contract" equity)

Solution

Without appropriate incentive structures – such as LTIPs or phantom or contract equity – it becomes challenging to motivate and retain key talent.

Economics drive behavior and fostering an entrepreneurial mindset within the firm is easier to achieve with the right programs and practices in place.

M&A Market Insights

Current State of M&A: Persistent macroeconomic headwinds – including U.S. federal policy and tariff uncertainty, elevated interest rates, slower industry growth and market volatility – all contributed to a slowdown in deal activity. March-May was a particularly sluggish period, but deal activity has rebounded in the last 3 months. Based on current tailwinds, we anticipate a robust finish to 2025, with momentum carrying into the first half of 2026.

62 **Number of M&A consummated deals**
(through October 15, 2025)

This is **17 less** compared to the same period last year when 79 deals were completed.

Seller Profile

Seller Profile in 2025 vs. 2024

- About 50% of reported deals involved sellers generating $6 million or less in revenue, reflecting the ongoing prevalence of tuck-in acquisitions as firms seek incremental growth and expanded capabilities.
- One notable shift this year is the increase in deals involving sellers with revenues exceeding $25 million. These accounted for 21% of completed deals – up from 13% in 2024 and 5% in 2023 – signaling a significant buyer appetite for larger transactions.

Revenue	2025	2024
< $3M	39%	37%
$3M-6M	13%	24%
$6M-10M	11%	10%
$10M-25M	16%	16%
> $25M	21%	13%

Most in Demand Services

2025

1. Digital & Social Media
2. Content Strategy & Development
3. Data Analytics
4. Reputation & Crisis Management
5. Creative Services

2024

1. Digital & Social Media
2. Branding
3. Content Strategy & Development
4. Media Relations
5. Influencers/Celebrity Partnerships

Seller Specialties

The top 3 specialties of firms that sold in 2025 were:

1. Integrated/Full Service
2. Healthcare/Life Sciences
3. Public Affairs

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M&A Market Insights

Buyer Profile

51 different buyers *were involved in the* **62** completed transactions *this year.*

Eight buyers reported closing more than one transaction.

Bully Pulpit International	2
FGS Global	2
M+C Saatchi	2
Moburst	2
Publicis	5
Real Chemistry	2
Ruder Finn	2
Supreme Group	2

Buyer Type

47% Independent (43% in 2024; 38% in 2023)

35% Private Equity (35% in 2024; 51% in 2023)

18% Public (22% in 2024; 11% in 2023)

- There has been a significant increase in the deals involving independent buyers – with 47% of deals involving independent buyers (the highest percentage in 3 years).
- 18 buyers had revenues of less than $25M (35%) – similar to last year.

Buying & Selling

Firms' Likelihood to Buy

27% of respondents said they would buy one or more firms in the next 12 months (up from 22% last year)

Firms' Likelihood to Sell

19% said they would sell their firm in the next 12 months (down from 28% last year)

Acquired Another Firm

34% of survey respondents have acquired another firm at some time

Preferred Buyer

Firms ranked their preferred type of buyer as follows:

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

Key Takeaways

- Firms with more than 100 employees found the prospect of a private equity buyer more preferable than all respondents.
- After three years of private equity and PE-backed firms climbing the ranks as preferred buyers in the PR industry, large PR firms affiliated with publicly traded holding companies are now gaining favor as more desirable acquirers.

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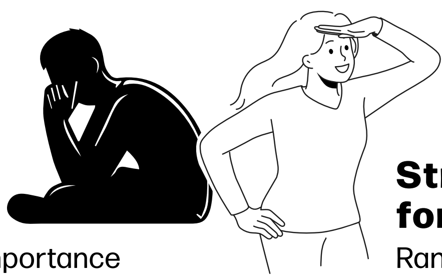
2026 Outlook

The Spectrum

- **Very Optimistic**
- **Cautiously Optimistic**
- **Uncertain**
- **Anxious**
- **Extremely Anxious**

Just over half of firms (**52%**) describe themselves as **cautiously optimistic** about business prospects for next year. However, only **4%** reported being **very optimistic** – a sharp decline from last year, when 70% of respondents expressed a positive outlook.

At the same time, **uncertainty** is on the rise: **30%** of respondents are unsure about the future, and **14%** describe their outlook as **anxious** – a figure that has tripled over the past five years.



Biggest Concerns for the next year

Ranked by firms in order of importance

1. Client budgets remaining flat or decreasing
2. Difficulty in growing top line revenue
3. Slow decision-making by prospective clients
4. Difficulty in maintaining or increasing profit margin
5. Keeping up with technological advancements/digital transformation

Strategic Initiatives Planned for 2025 by Top Performing Firms

Ranked by firms in order of importance

1. Greater investment in technology platforms to enhance client work and internal operations, including expanding knowledge and application of AI
2. Enhancing agency marketing efforts
3. Greater investment in research and data analytics
4. Prioritizing retention, career pathing and hiring practices
5. Offering new and expanded client service offerings other than media relations

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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

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