

PR INDUSTRY

TRENDS REPORT 2026

DAVIS + GILBERT

Introduction

Davis+Gilbert's 14th Annual Public Relations Industry Trends Report examines how PR firms are navigating growth, profitability, technology, talent and an evolving client environment.

The 2026 findings point to renewed optimism, tempered by continued discipline. Expected 2026 revenue and profit have improved. This is a remarkable achievement given that firms continue to contend with:

- flat or declining client budgets,
- slow new-business cycles, and
- rapidly evolving technology.

The impact of AI has taken on a new dimension. The question is increasingly not whether firms use AI, but how deeply it is embedded in their work, how firms govern its use, and how firms combine AI with human influence and storytelling. Firms are also beginning to make the case for AI's measurable business value when used appropriately.



Survey Respondents' Profile

Staffing & Talent

Revenue and Profit Performance by Firm Size

Priorities vs. Practice: Where the Gaps Remain

Artificial Intelligence

M&A Market Insights

Looking Ahead to 2027

PR Services & Growth Opportunities

Survey Respondents' *Profile*

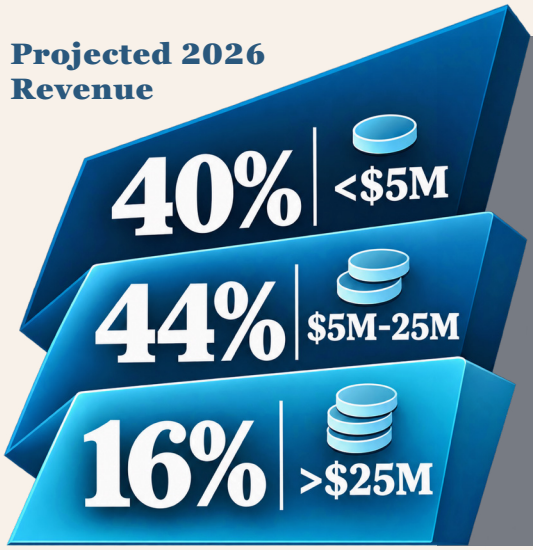
Total Number of Respondents



Describe their companies as:

72%	Integrated/Full-service
8%	Corporate/Financial
8%	Technology
6%	Other
3%	Public Affairs
2%	Healthcare/Life Sciences
1%	Consumer

Projected 2026 Revenue



Revenue Comparison

Revenue rebounded in 2026 following last year's lackluster performance.

Projected year (2026) *when* compared to 2025

58% Predict an **increase** in revenue
50% in 2025

19% Predict a **decrease** in revenue
35% in 2025

23% Predict **no change** in revenue
15% in 2025

Profit Comparison

Profits increased for a majority of firms, with 20% more firms expecting to increase profits in 2026.

Projected year 2026 *when* compared to 2025

64% Predict an **increase** in profit
44% in 2025

22% Predict a **decrease** in profit
32% in 2025

14% Predict **no change** in profit
24% in 2025

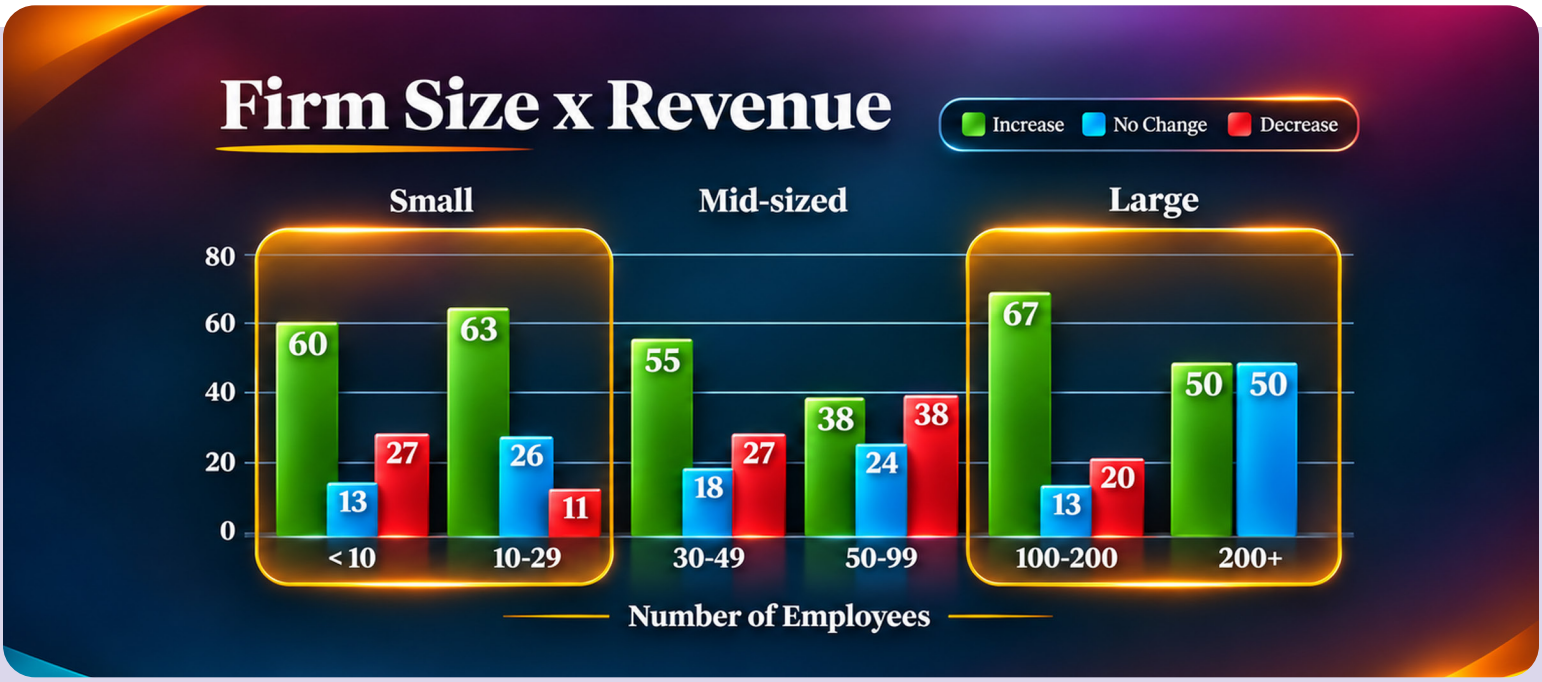
Key Takeaway

While revenue and profit expectations remain below the strong results reported in 2022, 2026 suggests a return to the more moderate growth outlook as seen in 2023 and 2024.

Revenue and Profit Performance by Firm Size

Large and small firms on average outperformed mid-size firms. Firms with **fewer than 30 employees** and those with **100–200 employees** are among those most likely to report revenue and profit growth. Firms with 50–99 employees lag several other size categories.

The pattern again raises the possibility of a "**middle-market squeeze**," as midsize firms compete without either the nimbleness of smaller agencies or the scale of larger competitors.





Artificial Intelligence

The key question this year is not whether or not firms use AI, but to what extent AI has moved into substantive work, creation of value, client delivery and decision-making.

How AI is Evolving

AI use is both expanding into new areas and operating more deeply within organizations.

- More than seven in 10 respondents said their firms moved AI beyond administrative support into more substantive internal applications.
- More than half expanded AI into client-facing work.

How has AI use evolved over the past 12 months?

71% Expanded from administrative support into substantive internal use

54% Expanded into client-facing products, services or deliverables

48% Expanded into business development, pricing or operational decision-making

39% Deepened within the same primary use cases

36% Expanded from generative to agentic AI

2% Said usage remained largely unchanged



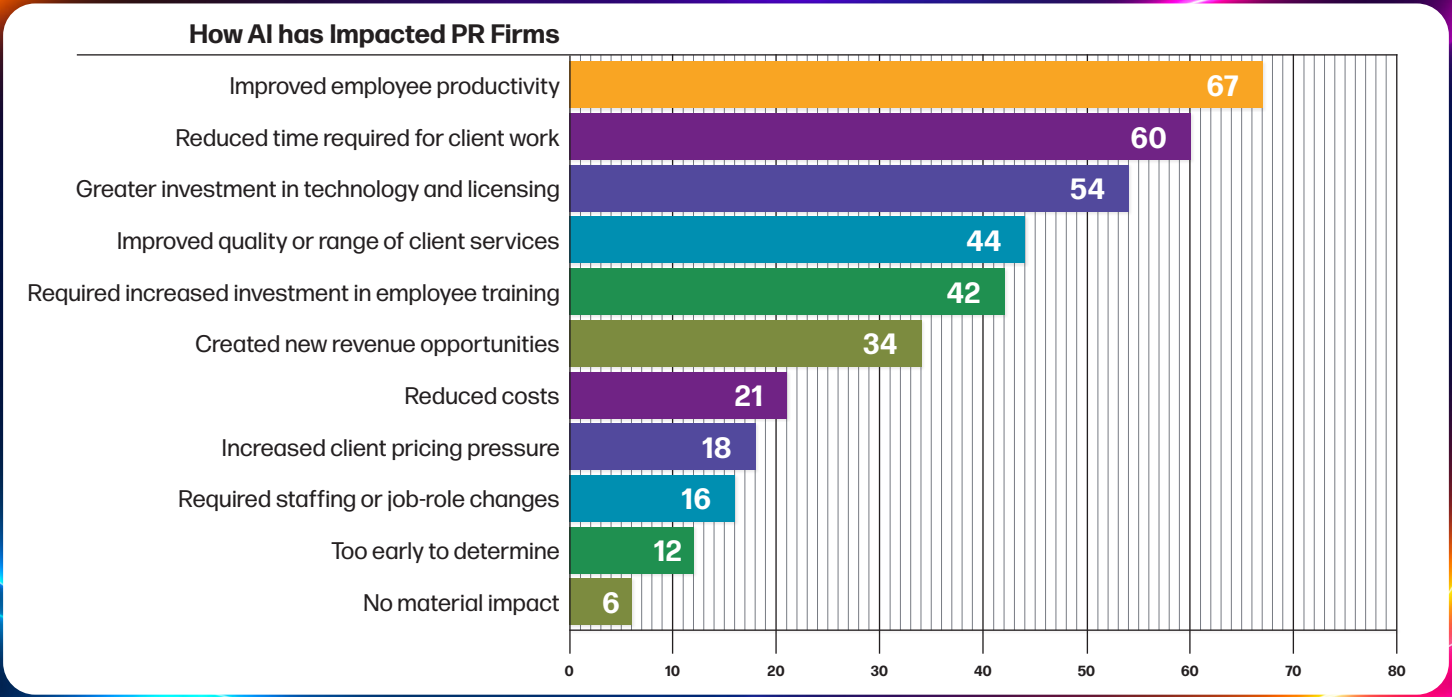
Artificial Intelligence

AI's Biggest Impacts Are Productivity and Time, *Not Cost Reduction.*

67% of responding firms report improved employee productivity and **60%** reduced time required for client work. However, only **21%** report reduced costs.

These two points seem contradictory since the largest expense for every public relations firm is employees' salaries. One possible way to reconcile these conflicting statistics is that there is still a significant AI operational learning curve that is mitigating some of the employee productivity.

In fact, 54% of responding firms report greater investment in technology and licensing and 42% greater investment in employee training.



What Top-Performing Firms Have in Common

Top-performing firms **(those that have increased revenue and profits by more than 10%)** are not distinguished simply by their use of AI.

They are demonstrating their high performance by their operational and business results they are achieving through the use of AI.

The subset of top-performing firms reports substantially higher figures in the following categories:

- 82% improved employee productivity
- 76% improved quality/range of client services
- 47% created new revenue opportunities
- 41% reduced costs

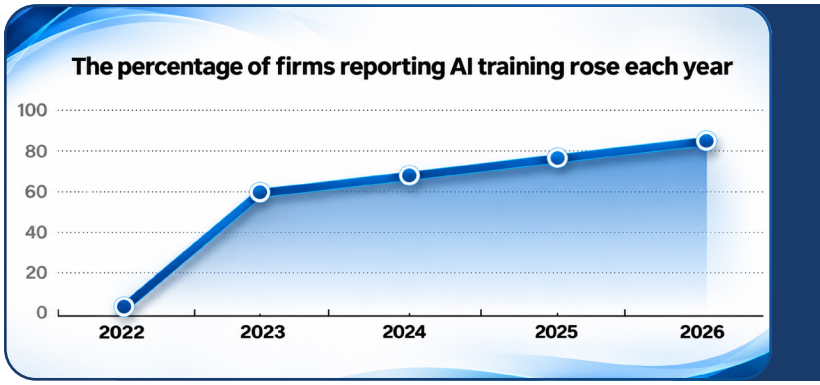
Artificial Intelligence

AI Training

AI training moved from a niche investment to the industry's dominant training priority.

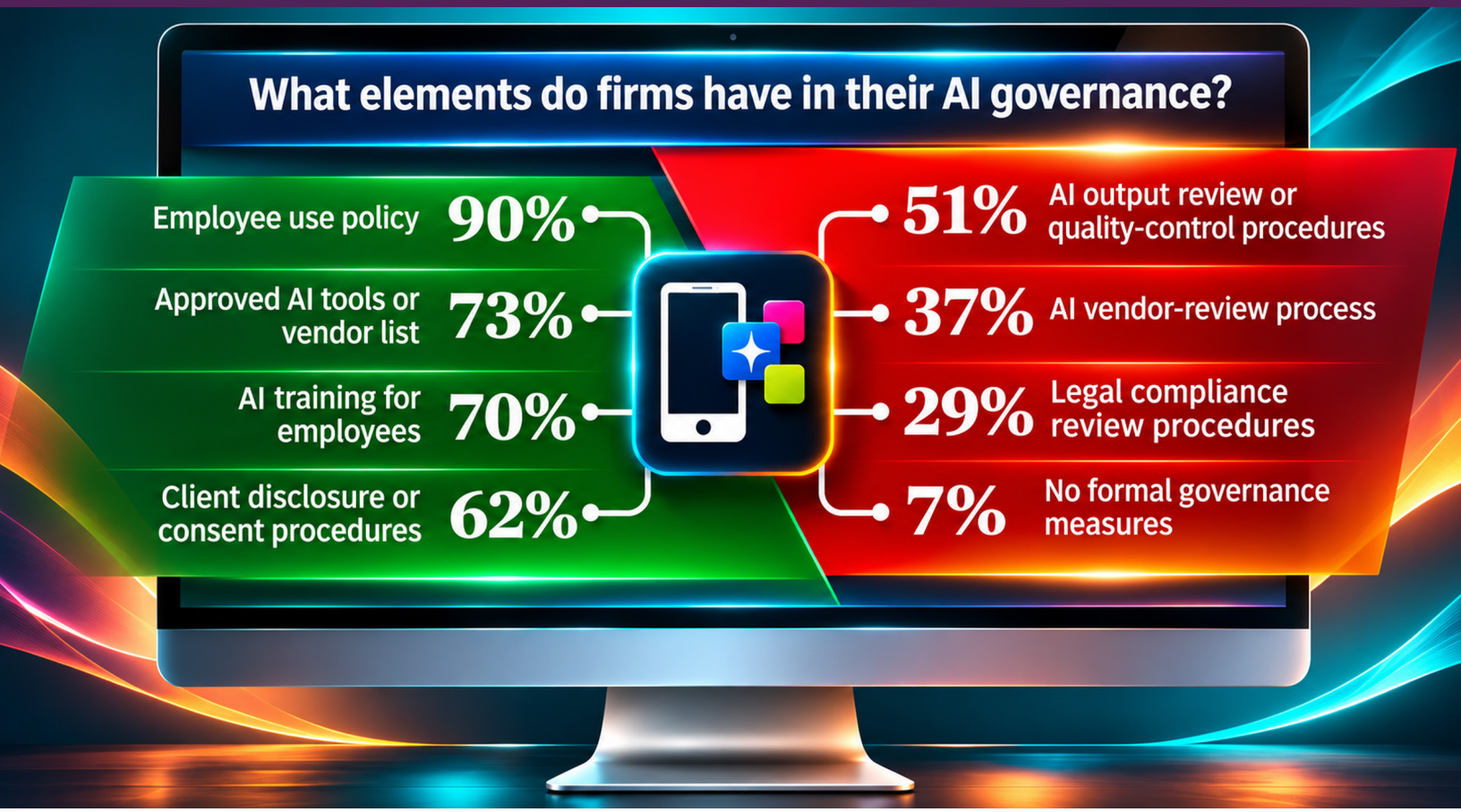
AI training cannot be viewed as a one-time exercise.

- Firms will need to continually refresh training as AI tools and applications rapidly evolve.
- This will allow employees to use emerging capabilities effectively, responsibly and in line with evolving firm and client expectations.



AI Protocols and Governance

Employee-use policies are widespread, while vendor review, legal review and quality-control processes are less consistently reported. As AI use becomes more sophisticated, firms need to audit their policies and procedures and ensure they extend to contracts, vendors, and client-facing deliverables.



Artificial Intelligence

Client Response to AI

While a majority of firms continue to characterize their clients as "**open, but cautious**," twice as many PR firms report that clients actively request AI integration into their PR services.

Only 12% of respondents noted that clients provide AI guidelines or policies for firms to follow, while 46% stated that they are comfortable relying on the guidelines from the PR firm and 42% do not ask.

Clients are becoming more engaged with firms' AI practices, but that engagement has not yet translated into widespread contract-level intervention.

23% Actively requesting integration (11% in 2025)

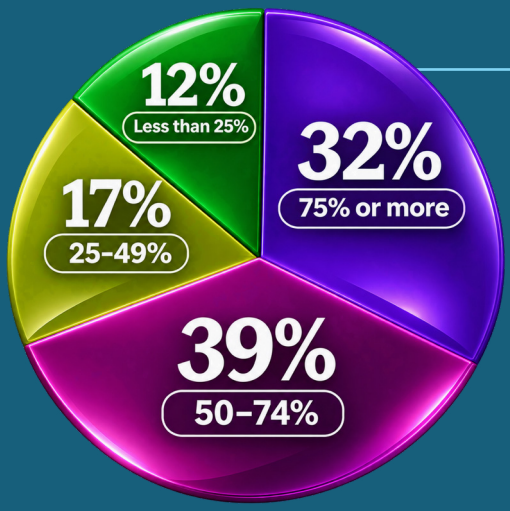
55% Open but cautious

1% Mostly skeptical or concerned

17% Not discussing it

4% Unsure

PR Services & Growth Opportunities



Where Firms Make Their Money

Percentage of total revenue coming *from* retainer-based engagements

Services Generating the Most Agency Revenue

1. Media relations
2. Content strategy & development
3. Digital & social media
4. Reputation & crisis management
5. Creative services

Services that Firms Plan to Expand Next Year

1. AI search discoverability/GEO
2. Digital & social media
3. AI-powered technology
4. Content strategy & development
5. Reputation & crisis management

Key Takeaway

Today's PR revenue opportunities remain rooted in established PR services, while tomorrow's growth investments are increasingly shifting toward AI-enabled offerings.

Staffing & Talent

Headcount

All Firms

41%	Maintained flat staffing levels
34%	Increased headcount
25%	Decreased headcount

Top-Performing Firms

Among the top-performing firms, 75% increased full-time headcount and none decreased it.

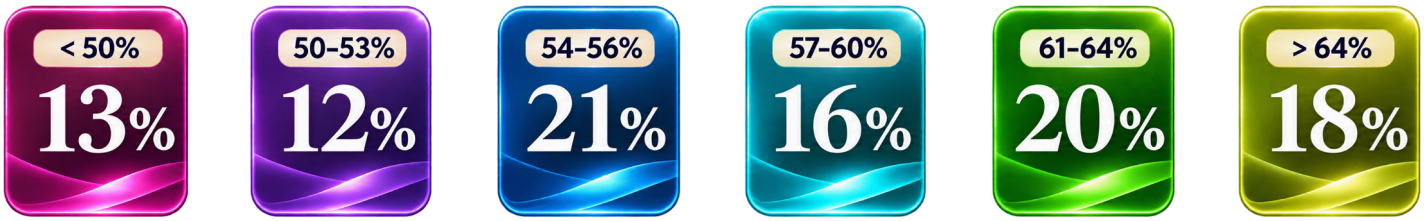
Talent Costs

All Firms

38% of firms report spending more than 60% of net revenue on total compensation – this is comparable to last year (37%). This represents an increase of 9% from five years ago.

Top-Performing Firms

Top-performing firms use some of their greater revenue and profit to support their talent: 61% of top-performing firms spend more than 60% of net revenue on compensation according to results.



Most Effective Actions Taken to Retain Employees

Flexible working arrangements has consistently ranked among the industry's most commonly reported retention approaches.

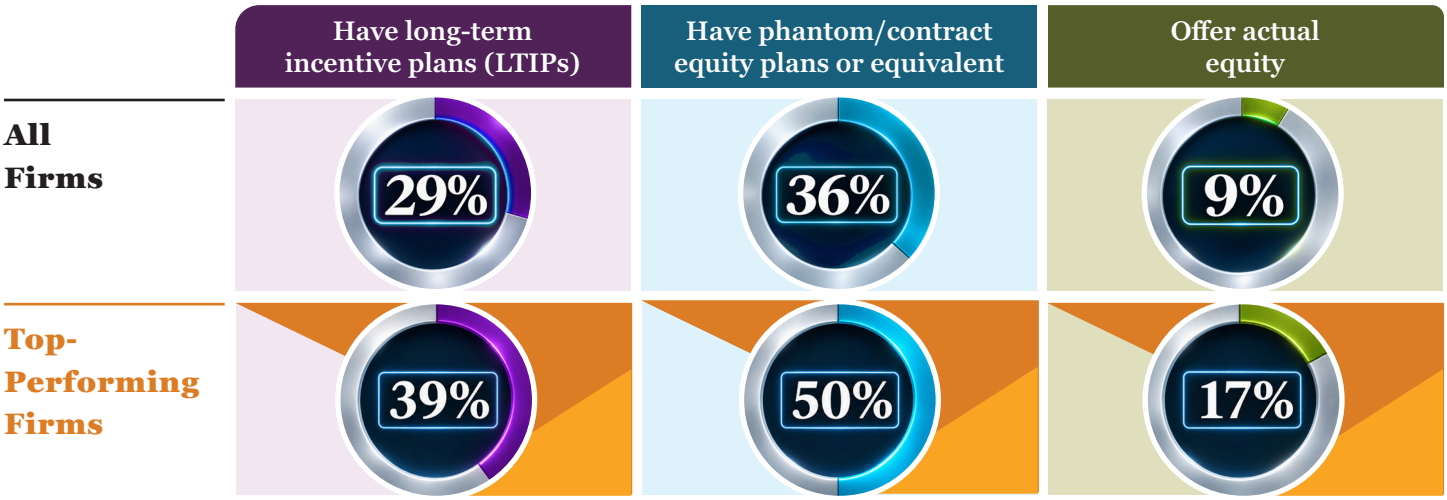
- Flexible working arrangements
- Increased compensation
- Professional development opportunities
- Clear career pathing
- Bonus/incentive programs

Greatest Talent Challenges

20%	Workload management
17%	Compensation pressure
16%	Leadership development
9%	Recruiting
8%	Alignment of talent with client needs
6%	Retention
6%	Hybrid/remote issues

Staffing & Talent

Equity Incentives for Key Talent



Key Takeaway

This reinforces that higher-performing organizations use longer-term alignment mechanisms more often.

Employee Training

AI is the dominant training priority, but AI skills alone will not drive growth. Firms should balance AI training with greater investment in client management, leadership, presentation and financial skills that help convert new capabilities into stronger business performance.



What trainings has your firm provided in 2026?

84%	Artificial Intelligence
52%	Client management and growth
45%	Presentation skills
44%	People management
44%	Leadership skills

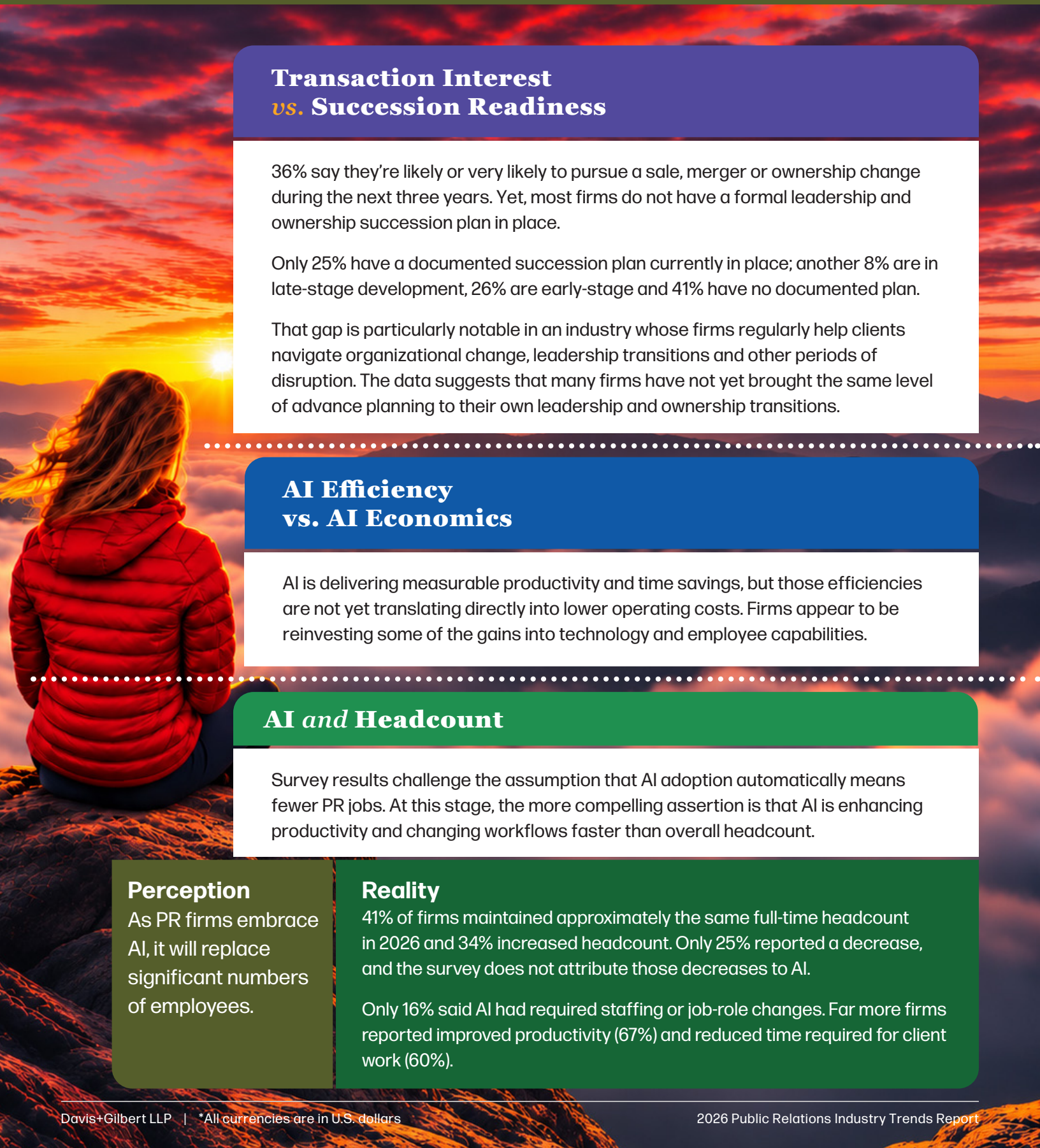
Succession Planning

Succession planning is unfinished business for the majority of firms. It is often said that **"chance [and success] favors the prepared mind."** However, most firms are woefully unprepared in having a succession plan in place for its key leaders. Only 25% of respondents reported having a documented succession plan currently in place, and just 15% included succession planning among their three highest strategic priorities for the next year.

Does your firm have a documented succession plan?

41%	"No plan in place"
26%	"Early-stage development"
8%	"Late-stage development"
25%	"Yes, currently in place"

Priorities vs. Practics: Where the Gaps Remain



Transaction Interest *vs.* Succession Readiness

36% say they're likely or very likely to pursue a sale, merger or ownership change during the next three years. Yet, most firms do not have a formal leadership and ownership succession plan in place.

Only 25% have a documented succession plan currently in place; another 8% are in late-stage development, 26% are early-stage and 41% have no documented plan.

That gap is particularly notable in an industry whose firms regularly help clients navigate organizational change, leadership transitions and other periods of disruption. The data suggests that many firms have not yet brought the same level of advance planning to their own leadership and ownership transitions.

AI Efficiency vs. AI Economics

AI is delivering measurable productivity and time savings, but those efficiencies are not yet translating directly into lower operating costs. Firms appear to be reinvesting some of the gains into technology and employee capabilities.

AI *and* Headcount

Survey results challenge the assumption that AI adoption automatically means fewer PR jobs. At this stage, the more compelling assertion is that AI is enhancing productivity and changing workflows faster than overall headcount.

Perception
As PR firms embrace AI, it will replace significant numbers of employees.

Reality
41% of firms maintained approximately the same full-time headcount in 2026 and 34% increased headcount. Only 25% reported a decrease, and the survey does not attribute those decreases to AI.

Only 16% said AI had required staffing or job-role changes. Far more firms reported improved productivity (67%) and reduced time required for client work (60%).

Priorities vs. Practics: Where the Gaps Remain

Growth Ambitions *vs.* Training

52% provided training in the areas of client management and growing existing client relationships. And only 19% provided financial management training.

Yet, 77% of firms say increasing revenue is their No. 1 strategic priority and 69% say their top priority is winning new clients and improving profitability.

Talent *and* Training

Firms recognize that leadership development matters, but most have yet to make it a commensurate strategic, training and retention priority. Top-performing firms appear further along, suggesting that stronger performance and more deliberate investment in leadership development may go hand in hand.

Perception

PR firms prioritize the development of leadership talent.

Reality

Only 44% of respondents provide leadership-skills training, and only 25% cite leadership development as an effective retention strategy.

Meanwhile, 17% identify developing leadership talent as one of their three highest strategic priorities for the next year.

Top-Performing Firms

Place greater emphasis on leadership development across all three measures.

50% Provide leadership-skills training

31% Cite leadership development as an effective retention strategy

33% Identify developing leadership talent as a top strategic priority for 2027

M&A Market Insights

Current State of M&A

Nimble, strategic "tuck-in" acquisitions continue to drive PR/Earned Media M&A activity.

Through the first ten months of 2026, Davis+Gilbert analyzed 73 PR agency acquisitions, which was a 14% increase over the same period in 2025.

The growth in activity appears to be fueled by buyers seeking specialized capabilities and targeted expansion opportunities.

Independent buyers remained the most active acquirers, accounting for 44% of transactions, while private equity-backed buyers represented 37%, both largely consistent with their share of deal activity in 2025.

Repeat buyers are also playing a significant role in the level of transactional activity. 13 buyers acquired more than one firm in 2026, and 10 of those were independent firms or private equity-backed platforms. Collectively, the 13 repeat buyers completed 31 acquisitions, accounting for more than 40% of the year's transactions through October. This suggests that active consolidators are increasingly using acquisition as a repeatable growth strategy rather than a one-time event.

The clearest shift, however, is in deal size. Agencies generating less than $10 million in revenue accounted for 81% of transactions in 2026, up from 61% during the same period in 2025. Agencies above $10 million represented only 19% of deals, down from 39%. The market is therefore increasingly concentrated at the smaller end: for smaller firms considering a sale, buyer appetite for strategic tuck-ins appears especially strong. At the other end of the market, larger agency transactions have become considerably less frequent, making scaled acquisition opportunities comparatively scarce.



Seller Profile

Revenue	2026	2025
< $3M	37.00%	37.50%
$3M–6M	23.50%	12.50%
$6M–10M	20.50%	11.00%
$10M–25M	9.50%	19.00%
> $25M	9.50%	20.00%



M&A Market Insights

Seller Industry Specialties Most Frequently Acquired

Buyers are showing an appetite for both breadth and specialization. Integrated/full-service agencies were the most commonly acquired firms in 2026, demonstrating the appeal of businesses with broad communications capabilities.

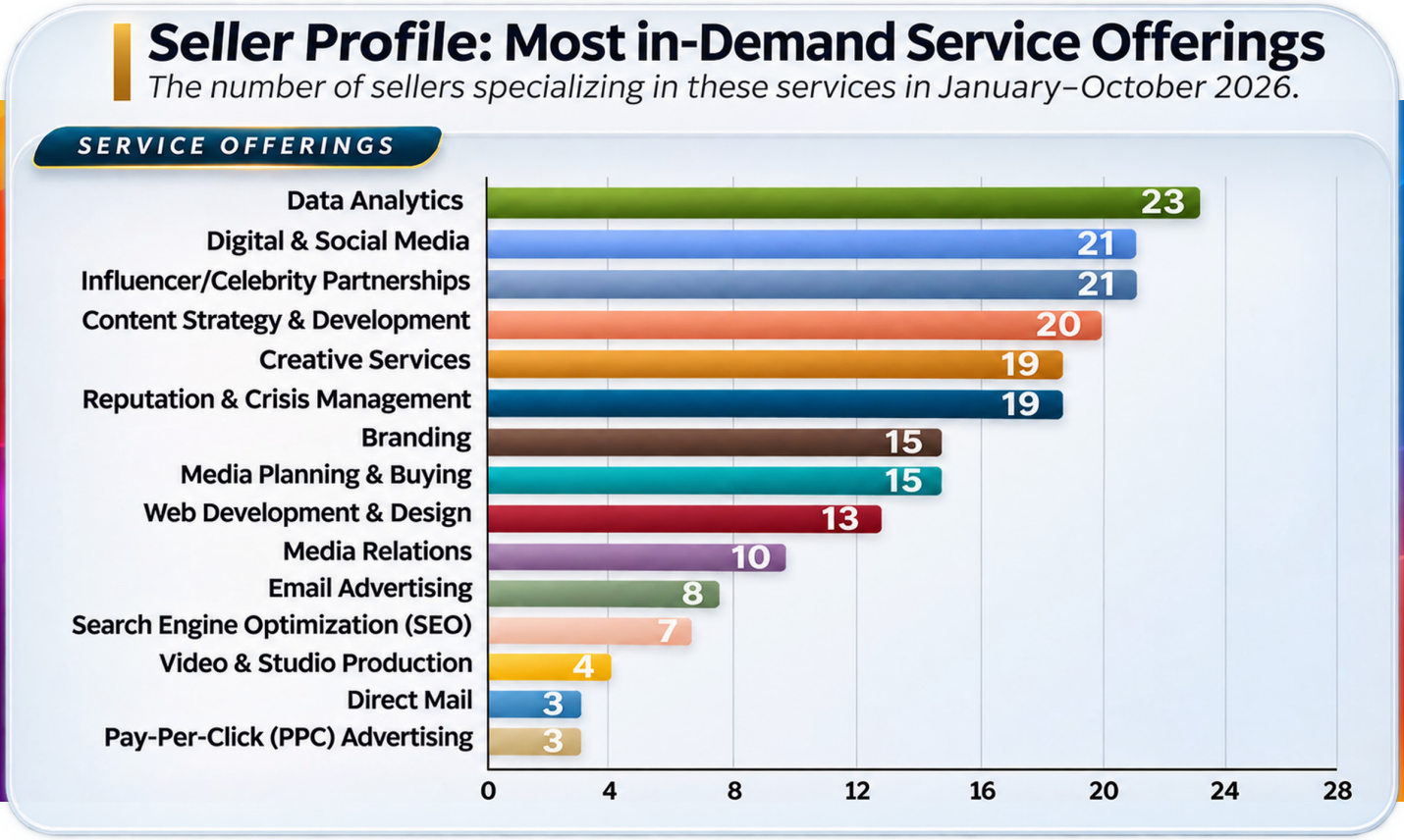
Separately, among industry-focused firms, increased activity in public affairs and corporate/financial communications points to continued demand for specialized sector expertise.

Top industry specialties of firms that sold were:

- Integrated/Full Service
- Public Affairs
- Corporate/Financial
- Technology

Most in Demand Services

The capabilities attracting buyers increasingly reflect a premium on both measurable results and audience reach. **Data analytics** remains in strong demand as firms face greater pressure to quantify communications performance, while content strategy and development continues to be a consistent acquisition priority. **Influencer and celebrity partnerships** are also more in demand than last year, reflecting growing buyer interest in creator-led capabilities.



M&A Market Insights

Buyer Profile

Overview

52 different buyers were involved in the 73 transactions completed so far this year.

22 buyers had revenues of less than $25M (42%) – which is more than last year.

Multiple Acquisitions

13 buyers reported closing more than one transaction. The following firms completed even more:

- **4 Transactions:** Havas
- **3 Transactions:** FGS Global, Public Policy Holding Company, Publicis and The Motion Agency

Buyer Type

44% Independent
(47% in 2025)

37% Private Equity
(35% in 2025)

19% Public
(18% in 2025)

Buying and Selling

Likelihood to Sell/Merge

37% said they were likely or very likely to pursue a sale, merger, or ownership transaction in the next three years (up 3% from last year).

Likelihood to Buy

29% of respondents said they were likely or very likely to acquire another firm in the next three years (approximately the same as last year).

Capabilities that Attract Acquirers

1. Strong recurring client revenue
2. Access to a new industry sector
3. Expanded geographic reach
4. AI capabilities or proprietary technology
5. Specialized talent

Preferred Type of Buyer

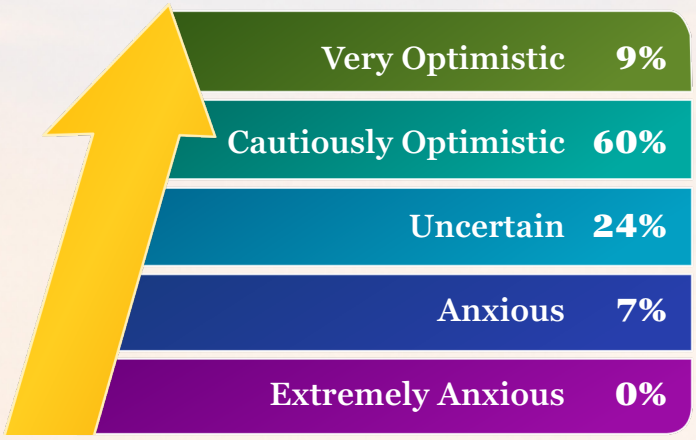
1. Large independent PR firm
2. Small or mid-size PR firm
3. Private equity or PR firm backed by PE
4. Large PR firm part of a publicly traded holding company

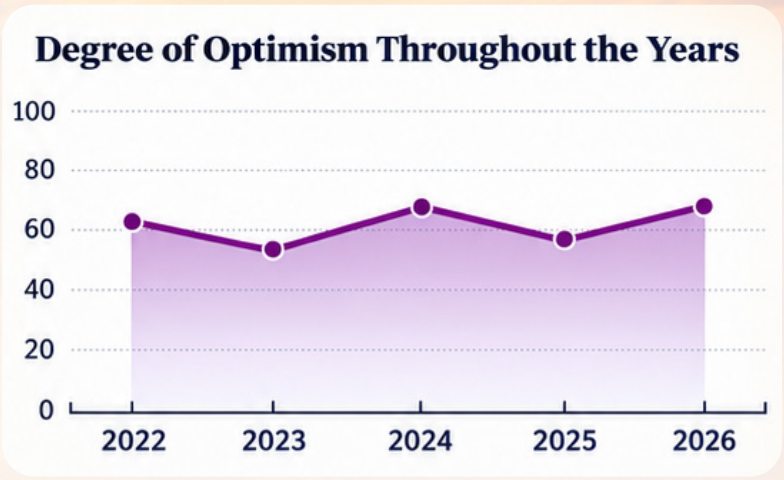


Looking Ahead to 2027

Confidence returns, but caution still defines the industry mood.

Most PR executives described their perspective on the industry as "cautiously optimistic." This correlates with the improved financial data this year with a greater percentage of firms anticipating increased revenue and profits compared to last.





Top 5 biggest concerns for the next year are:

The pressure profile is broadening. Client budgets remain the leading concern, but AI and technology now rank almost equally, while revenue growth and slow client decision-making remain major obstacles.

Ranked in order of importance

1. Flat or declining budgets
2. Keeping pace with AI and other technology
3. Difficulty growing top-line revenue
4. Slow client decision-making and new-business cycles
5. Difficulty maintaining or increasing margins

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.

Top-Performing Firms
Firms that report increased revenue and profits by more than 10% when compared to 2025.

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 Davis+Gilbert
Over the past century, we have guided the development of the marketing communications ecosystem. 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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