

PRCA

AGENCY BAROMETER REPORT 2022



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global**

PRCA

Introduction

The annual PRCA Agency Barometer is a measure of the industry mood and expectation. The study delivers an economic analysis of the industry, exploring the opinions of a hundred PR agency leaders and revealing their expectations for the next 12 months.

This year's report offers an upbeat assessment of a growing industry, emerging from the economic and societal challenges of the recent past. In short, the future for PR agencies looks bright.



“This report paints a highly positive but also highly realistic picture of our industry. This past period has obviously been tumultuous for everyone in society. But PR and communications has emerged from it stronger than ever. The fundamental strength of the profession has been proved. Its incredible value to every organisation has been established beyond doubt.

And now we are back to strong growth. Growing budgets once more. Growing teams once more. Agencies have never been busier or more in demand. So this is indeed an optimistic industry that has bounced back more vigorously than even the most optimistic of observers expected when the world changed nearly two years ago.

Agency heads are also realistic however.

They have seen the ongoing changes and uncertainty of Brexit; political instability around the world; surging inflation. And they know that this amounts to a whole plethora of challenges.

Growth too brings some downsides, especially in the pursuit for talent, probably the industry’s biggest issue today and for the foreseeable future, with all of the consequences that means for recruitment, retention and cost pressures. The very welcome high levels of existing and new activity are exacerbating overservicing, for so long one of our industry’s biggest problems.

But this combination of realism and optimism is why our industry embraces this year and the years that lie ahead with confidence in its future -and why for that matter, it survived Covid in the first place.

A new respect as a profession; strong growth; the ability to be agile and to evolve. Our industry is in rude health.”

Francis Ingham MPRCA
Director General of the PRCA

2021 as a whole

Despite Covid, 2021 saw an increase in income for the PR sector. The PRCA Agency Barometer found that 50 percent of client budgets increased last year and 10 percent of those budgets increased significantly.

This was not merely due to repeat clients or shoring up of contracts.

In terms of new business, 68 percent of agency leaders described their agency as “busy” or “extremely busy”

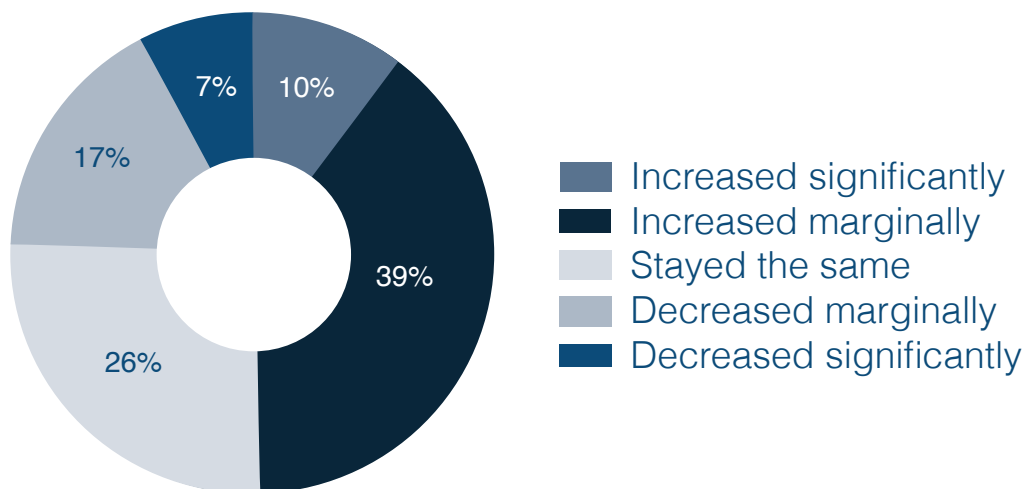
The study revealed that, on average, 63 percent of income for UK PR agencies was derived from retained clients.

When it came to new business income, 19 percent of agencies found new funding solely from new clients, 22 percent solely from existing clients, and 60 percent from a mixture of both.

Only 2 percent of agency bosses said they had a “very quiet” year in terms of opportunities.

75 percent of budgets have increased or stayed the same over the last 12 months

Over the past 12 months, which of the following best describes?



Overservicing

The one dark cloud which hung over 2021 appeared to be over-servicing, a consistent blight on the industry, which continues to rise.

36 percent of the agency bosses polled said they are marginally over-servicing more in the last year while 17 percent say that in the last 12 months they have increased their levels of over-servicing significantly.

The state of the economy as a whole

The unpredictability of the UK economy has led to concern for many respondents. In fact, 41 percent of the agency professionals believe that the economy will worsen in the next twelve months.

As one agency director put it: *“Whilst current economists point to inflation and interest rates - we can determine that the UK economy has largely been subject to strain from supply chain shortages, logistics and energy prices. These will continue into the new calendar year.”*

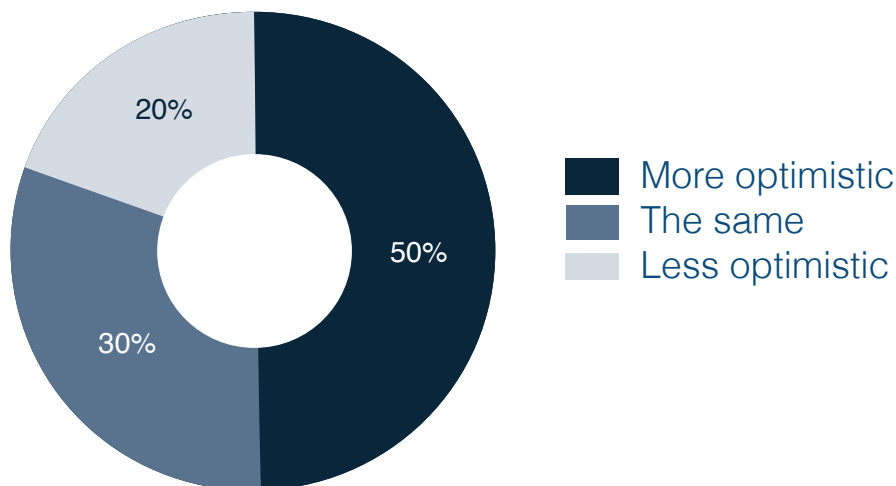
And more directly: *“ [There are] too many intangibles and immeasurables.”*

Others had a more optimistic outlook. Almost a quarter believed the UK had overcome the worst of the recent financial crisis. One respondent added *“There’ll be a post-Covid bounce back.”* and *“Inflation will drop and demand for services and UK goods will increase.”*

Great expectations for 2022 and beyond

More than half (51 percent) of agency leaders were optimistic about the public relations industry in the next 12 months.

Over the past 12 months, which of the following best describes?



Despite concerns about uncertainties relating to the pandemic, Brexit and logistics, the PR industry appears to be in rude health.

In fact many of the thought-leaders surveyed by the PRCA believe that recent events have strengthened the value of PR in the business community. For example:

“The pandemic has made it much clearer to CMOs and other key stakeholders the importance of PR, not only during a crisis but also coming out the other side of it. They now understand PR isn't a marketing 'add-on' but rather an overarching guide that combines data, expertise and common sense to avoid further crises. It can ensure that you are gauging the mood of the nation.”

Others agreed, believing that the recent uncertainty had positive outcomes for the sector.

“[We are living in a ...] period of change within the UK and enormous challenges (levelling up, post covid, net zero, Brexit etc) all of which require smart communications.”

And: *“We're seeing lots of new business opportunities, and more companies looking at purposeful PR. It might be a coincidence but it also feels like recent leads we have had view PR agencies as more of a partner because comms is viewed better internally.”*

The PRCA Agency Barometer also reflects the growing sentiment that PR remains one of the most efficient ways to target possible customers – particularly due to its ability to cut through with key messages.

“There seems to be more focus on PR from clients as a better way to reach consumers. I think that brands have realised that they have to invest a great deal to get any traction from digital advertising so they have come back to the realisation that PR gives sustained, powerful and cost-effective brand awareness.”

There was also a feeling that as the threat of the pandemic subsides, further growth will follow. With uncertainties waning, many agency bosses believe that investment will increase throughout the economy.

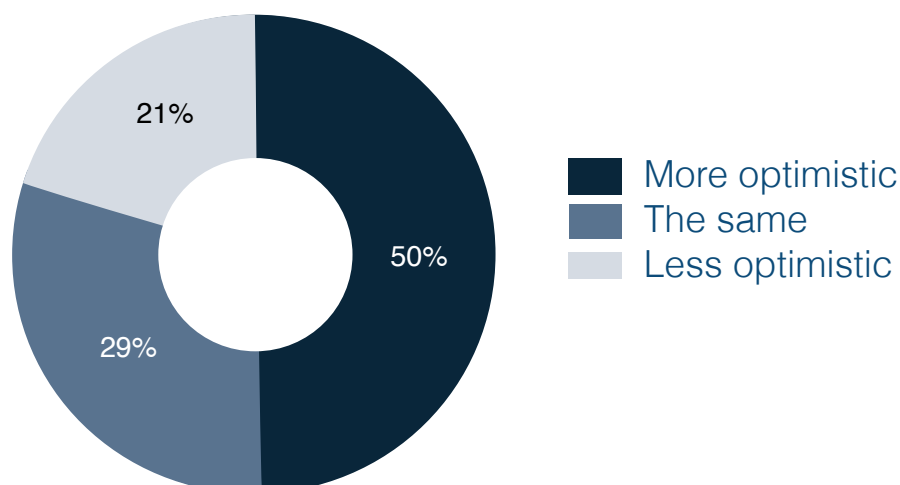
“Our Healthcare practice has been very busy over the last 12 months, the feeling is that clients in other practices (e.g. Consumer and Corporate & Public Affairs) will ramp up their activity in 2022 as we head out the other side of Covid.”

There’s also further cause for optimism at a hyper local level, as smaller and regional outfits have been able to deliver increased value for businesses across all sectors.

“The volume of new business coming through and our ability to grow our team has reinforced our confidence in the local economy and the role PR has to play within local businesses.”

80 percent of agency leaders are either optimistic or believe that the status quo will remain and 79 percent believe that their agencies will stay the same or grow in the next 12 months.

Have the events of the past twelve months made you feel more or less optimistic about the success of your agency?



Our clients have really seen the value of effective communication and have backed this up with solid budgets.

Pessimism

The future is not as positive for all leaders, however. One in five agency leaders are concerned about their business. Concerns include fears relating to the broader economy and troubling practice of over-servicing.

One respondent described overseeing an “overworked team, demanding and abusive clients, normalising overservicing and late night working under the guise of it being must-do to survive pandemic, psychological terror tactics to retain clients and scare staff into staying in jobs so they believe there are no others with job security.”

Other agencies are convinced that they’re working harder than ever for smaller returns. *“There's not a lot of work around and there's less money too. We're on a hamster wheel that's not going anywhere.”*

Staffing levels

Given the prevailing optimism surrounding the industry, it’s natural that over half of companies (52 percent) believe that staffing numbers will increase, while only 14 percent say they will be employing fewer people in the next twelve months.

Agencies of all types were bullish on employment. *“We are continuing to see demand rise and whilst price increases remain a challenge the volume of work is increasing across multi-disciplined agencies like ours.”*

While other businesses were re-hiring after a lull:

“We had scaled back team resource in line with reduced income, which is now returning to normal, and with it we will have a greater need for more team members.”

As such, the Barometer revealed that there are employment opportunities throughout the sector, across all disciplines.

“We have grown considerably over the last 2 years and the momentum seems to be continuing.”

“We've been on a major recruitment drive and I hope to start seeing the fruits of this activity.”

The rise of freelancers in agencies

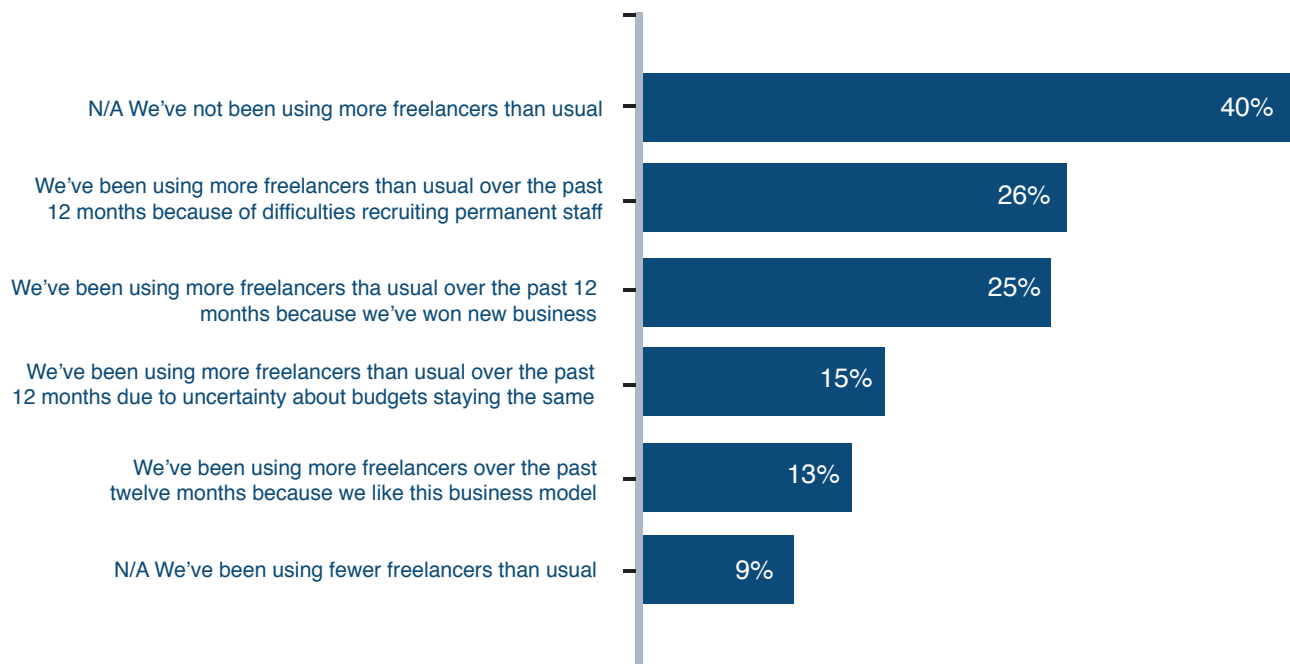
With staffing levels set to rise, there are questions to be asked about who will fill the open positions.

One respondent revealed: *“We’ve been unable to find good candidates to fill the posts we need. We are looking for people and simply can’t find them at the moment.”*

This may help explain why the report also found that there has been a huge increase in the number of freelancers working in PR.

According to the survey, there’s been a 50 percent increase in freelance staff employed by UK PR Agencies over the past twelve months and more than one in ten (13 percent) agency leaders claim they are using more freelancers as they prefer the business model.

Which of the following statements are true of your agency?



Summary

While the pandemic has had a chilling effect on the economy in general, and uncertainties remain as a concern, the industry has survived and, in many cases, thrived as companies were forced to confront the importance of public relations.

Overservicing remains a growing problem for the industry and may become more difficult, particularly as vacancies increase and staff shortages bite.

However, in general the PRCA Barometer finds a buoyant industry expecting growth and production increases in the next 12 months.



BAROMETER:
A Snapshot of an Optimistic Industry

Methodology:
PRCA worked with Perspectus Global
to survey 107 PRCA agency leaders
between 31 November 2021 and 4
January 2022



