

GLOBAL PUBLIC RELATIONS CONSULTANCY ROBUST DESPITE ECONOMIC DOWNTURN

12th May 2009 - Public relations (PR) consultancy sector defied the onset of the economic downturn with continued revenue growth in 2008, according to the International Communications Consultancy Organisation's (ICCO) World Report 2009 -<http://tinyurl.com/qjyqny>.

22 countries participated in the survey, with eight-and-a-half percent average growth for 2008. Russia posted the biggest annual increase at 33 percent, with the lowest growth recorded in Ireland and Switzerland at less than one percent.

The world's two biggest markets for communications, the US and the UK, grew at four and seven percent respectively, outpacing growth in gross domestic product (GDP) in both countries.

Regionally the average growth rates were:

- Nordics - eight percent
- Western Europe - four percent
- Central and Eastern Europe - 12 percent
- Emerging PR markets (Brazil/ India/Russia) - 26 percent

This healthy growth in revenues for public relations seems to have come at the expense of other marketing disciplines, especially advertising. A majority of the surveyed countries reported an increased share of client marketing spend over the previous year.

Profit margins

Overall, 2008 profit margins were largely stable in reporting countries, with the US, Sweden, Norway, Denmark, Brazil, Greece and Russia all enjoying some improvement over the previous year. Australia, Switzerland and Turkey experienced slight erosion in their margins, while Germany saw a decline of ten percent amidst increased competition and pressure on the pricing of services.

Practice areas

In terms of specific practice areas, 2008 income was driven globally by Corporate and Consumer Communications. Marketing and Brand Communications to consumers proved to be the largest revenue producing area for consultancies in both the US and the UK, with Technology services not far behind.

Healthcare Communications also continued to prosper in the US (the largest healthcare market in the world) as well as in Russia, Greece and Austria.

Work in Crisis Management played an increasingly significant role throughout Continental Europe, where the business climate in most of the mature economies became dominated in the second half of the year by news of corporate restructuring and record losses as well as a plunge in consumer confidence and spending. At the same time, Public Affairs work remained prevalent in Austria, Belgium, Denmark, Greece, Sweden and Russia.

Outlook

As with the majority of industries, 2009 looks like it will be a tough year for public relations consultancy. Revenue predictions for this year range from growth of five percent in Brazil through stable in the US and Germany to a drop of 25 percent in Ireland, one of the hardest hit economies in the global crisis. The UK is also predicting a contraction of up to 15 percent in consultancy revenues for 2009.

The top six, sector-specific challenges for 2009, as identified by respondents are:

1. Shrinking client budgets
2. Staffing
3. Maintaining growth / profitability
4. Client expectations
5. Competition and price pressure
6. Keeping up with industry change

Respondents also point to a number of opportunities for public relations consultancies, including a rising demand for Crisis Management work and expansion of the public sector in many countries. They also identify new possibilities for strategic recruitment as a result of widespread downsizing and consolidation across other industries. A majority of respondents cite the need for innovation, particularly in the application and optimisation of digital channels.

How these predictions compare to other marketing disciplines is not yet clear, but certain established factors will continue to favour the practice of public relations, namely:

1. A rapidly changing media environment that drives a loss of control over messages
2. The pressing need to build direct conversations with customers and stakeholders.

Given this environment, ICCO is confident that public relations consultancy is well positioned to ride out the downturn and to exploit the upturn when it comes.

The full report can be downloaded at: <http://tinyurl.com/qjyqny>

- ends -

Note to editors:

The International Communications Consultancy Organisation (ICCO) is the voice of public relations consultancies across the globe. The ICCO membership comprises national trade associations representing independent public relations consultancies in twenty-eight countries around the world: from Europe, Africa, Asia, the Americas and Australia. These affiliated trade associations collectively have over 1,000 PR consultancies as their members, who between them employ some 25,000 staff.

For more information, please contact:

Richard Houghton - + 44 (0)7803 178 037 - richard.houghton@carrotcomms.co.uk

Virginia Hague - +34 636 574 487 - virginia.hague@iccopr.com