



## Agency profitability rebounds to 2008-level

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NEW YORK: PR agencies posted strong performance in 2010, with profitability rebounding to the 2008-level after hitting [a four-year low in 2009](#).

According to an annual report from communications consultancy StevensGouldPincus, profit margins in 2010 rose to 15.6%, on a par with 2008, following a decline to 13.5% in 2009. The results are based on reports from 104 prominent agencies across the US.

The survey found that average profitability was brought down by firms with net annual revenues below \$3 million, with an average profit margin of 13.1%, compared to 16.2% among firms with \$3 million to \$10 million in revenues, and 17.8% among those with \$10 million to \$25 million. The top-earners, who netted above \$25 million a year, posted 16.5% in profits.

All four revenue groups improved from the previous year.

Despite the positive signs, a number of economic pressures continued to affect the industry. Average monthly fees charged by agencies fell from \$9,808 in 2009 to \$8,385 in 2010, reflecting client losses and budget cuts.

Agencies did manage to hold on to more of their employees, with staff turnover dropping slightly from the previous year to an average 22.9%.