



**PUBLIC
RELATIONS
AGENCIES
IN
LOS ANGELES COUNTY**

**INDUSTRY
EMPLOYMENT
ANALYSIS**

PUBLIC RELATIONS AGENCIES IN LOS ANGELES COUNTY

INDUSTRY EMPLOYMENT ANALYSIS

February 2015



Institute for Applied Economics
Los Angeles County Economic Development Corporation
444 S. Flower Street, 37th Floor ♦ Los Angeles, CA 90071

This research was commissioned by the Los Angeles Chapter of the Public Relations Society of America.

The LAEDC Institute for Applied Economics specializes in objective and unbiased economic and public policy research in order to foster informed decision-making and guide strategic planning. In addition to commissioned research and analysis, the Institute conducts foundational research to ensure LAEDC's many programs for economic development are on target. The Institute focuses on economic impact studies, regional industry and cluster analysis and issue studies, particularly in workforce development and labor market analysis.

Every reasonable effort has been made to ensure that the data contained herein reflect the most accurate and timely information possible and they are believed to be reliable. The report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, endorsements, representations or warranties of any kind whatsoever.

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Executive Summary

What we learned in this study.

Employment in the industry has not recovered its job losses from the Great Recession—or job losses from the tech bust of 2001.

The public relations agencies industry in Los Angeles County employed at least 3,760 individuals in 2013, earning labor income of \$309 million.

Average wages in the industry in 2013 were \$86,421, a premium of 57 percent over average wages paid across industries in Los Angeles County.

Approximately 9,450 public relations professionals work in many industries across the economy, earning a total of \$788 million.

The public relations agencies industry supported 7,480 jobs in Los Angeles County, including direct, indirect and induced jobs, a 16 percent gain over its jobs impact in 2008.

Total Economic Impact of the Public Relations Industry in Los Angeles County

	2013	2008
Public relations employment (direct jobs)	3,761	3,764
Total employment (jobs)	7,480	6,430
Labor income (\$ millions)	\$ 510	\$ 445
State and local taxes (\$ millions)	\$ 52	\$ 45

Source: Estimates by LAEDC

Public Relations Agencies

How has the industry performed?

The public relations agencies industry has not entirely recovered from the Great Recession.

The public relations agencies industry is defined by the North American Classification System (NAICS) as comprising "establishments primarily engaged in designing and implementing public relations campaigns," where the purpose of these campaigns is to promote the interest and image of their clients. The industry includes firms that offer lobbying, political consulting and public relations consulting services as well.

NAICS places Public Relations Agencies within the Advertising, Public Relations and Related Services industry group, which also includes Advertising Agencies, Media Buying Agencies, Media Representatives, Outdoor Advertising, Direct Mail Advertising, Advertising Material Distribution Services and Other Advertising Services (which includes such activities as sign

lettering, merchandise demonstration and specialty marketing items). Among these industries, Advertising Agencies accounts for more than half of all employment and Public Relations Agencies another 12 percent.

Industry employment includes workers in a variety of occupations in addition to public relations professionals, such as administrative assistants, accountants, lawyers and maintenance workers.

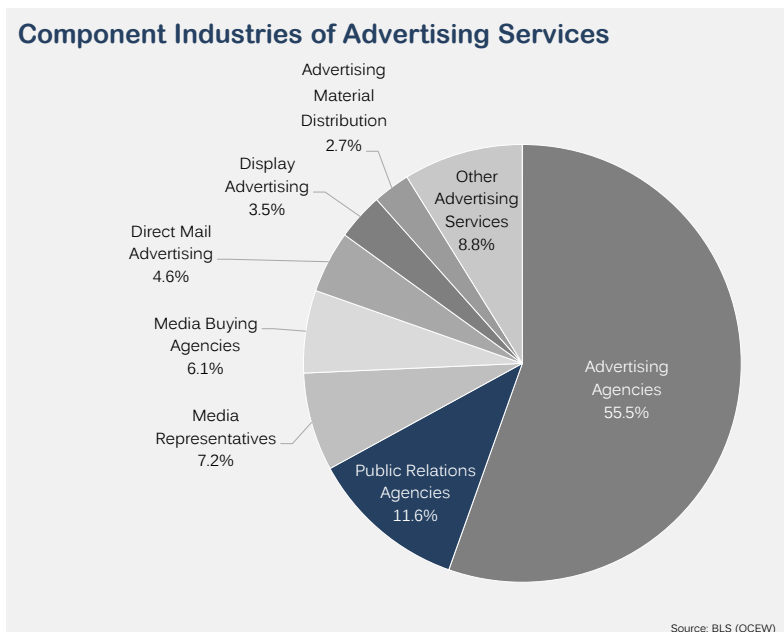
Establishments

Since 2000, the number of business establishments in Los Angeles County has grown by 43 percent, from 293,620 to 419,138. It appears that there has been a growth of small businesses in the county as larger corporations have outsourced many business operations that had been performed internally.

In comparison, the number of business establishments in the Advertising Services industry group fell by 9 percent during this period, from 1,913 establishments in 2000 to 1,736 in 2013. Public relations firms have seen a small decline in number by 2 percent, from 440 in 2000 to 430 establishments in 2013.

Employment

Employment in Los Angeles County during the first decade of the twenty-first century was challenged at the outset, with the tech bust recession of 2001 and 2002 affecting employment across most industries. Not until 2006 had employment recovered its 2000 level. The Great Recession of 2007 through



2009 wiped out any potential momentum, with employment falling by nine percent from its peak in 2007 to its trough in 2011. Only by 2013 did employment levels recoup their losses from 2000.

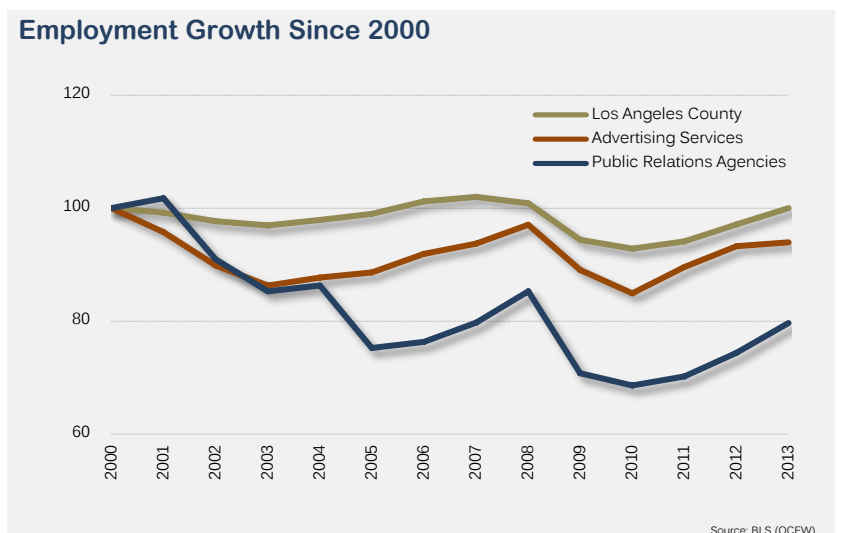
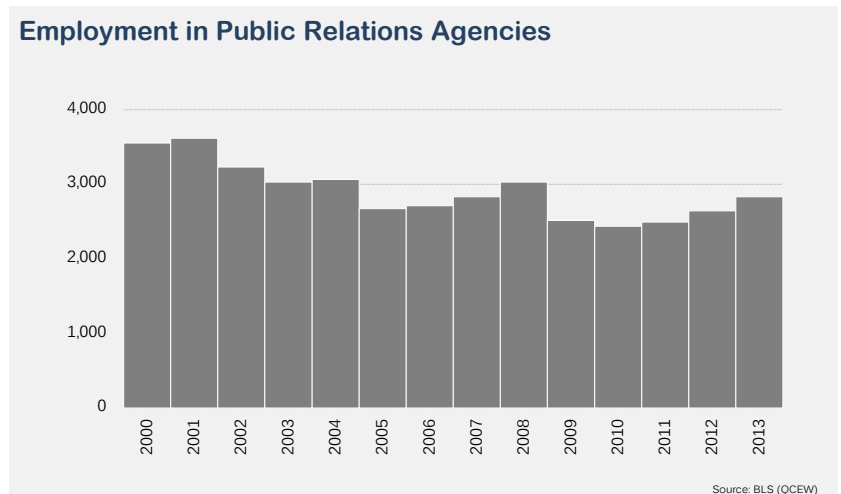
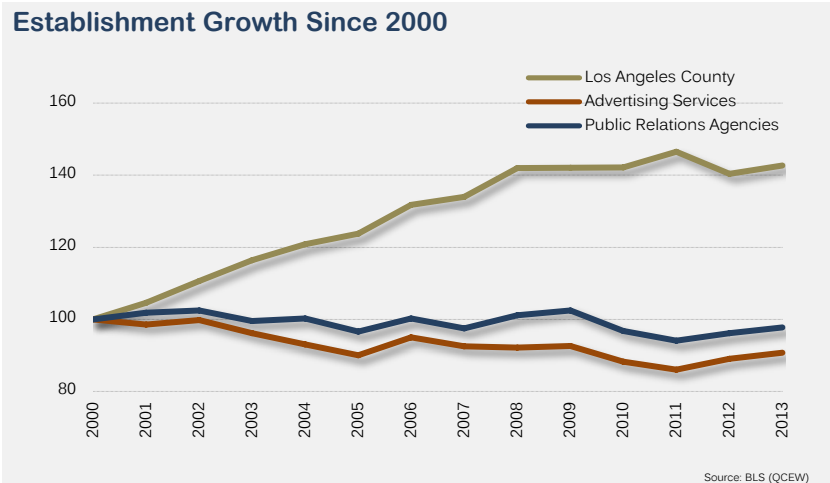
The experience of employment in the Advertising Services industry group and in the public relations component has been even more challenged. Neither the industry group nor the component industry have recovered from the earlier recession and are still both below employment levels of 2000.

The public relations agencies industry has been cyclical, falling during the recession of 2001 and 2002, rising during the subsequent recovery, and then steeply declining in 2008 and 2009 as the global economy suffered a severe contraction. Employment fell from 3,553 in 2000 to 2,830 in 2013, a fall of 20 percent.

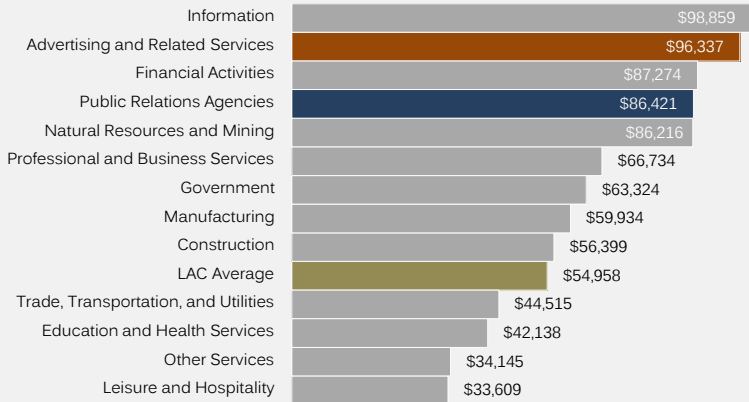
Non-Employers

Payroll employees are those that are employed by establishments. There are additional workers in public relations that are self-employed and contract their services to clients needing public relations services. The data sources for estimating the self-employed are less precise than those for payroll employees and almost certainly undercount such individuals. At the same time, the self-employed may simply be earning extra income on a contractual part-time basis while still holding down a payroll job. Untangling these nuances is difficult and subject to error.

It is estimated that in 2013, there were 7,990 self-employed individuals in the Advertising Services industry group, and extrapolation of industry shares suggests that of these approximately 930 were contracted public relations professionals.

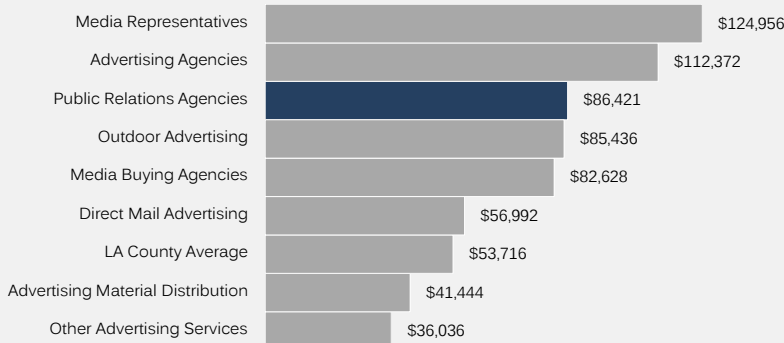


Average Annual Wages



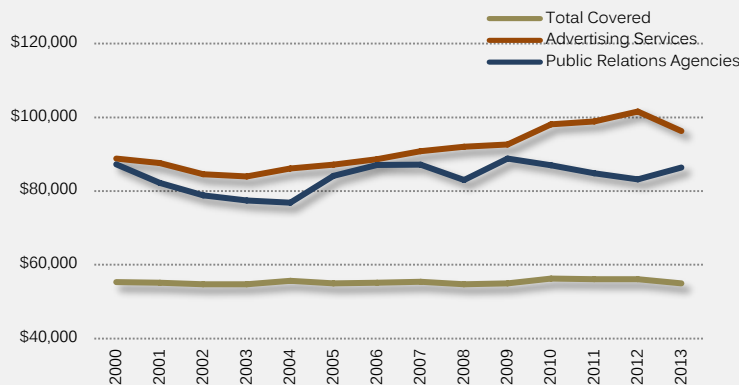
Source: BLS (QCEW)

Average Annual Wages in Advertising Services



Source: BLS (QCEW)

Inflation-Adjusted Wages



Source: BLS (QCEW)

Annual Wages

Compared to industries across Los Angeles County, workers in both the Advertising Services industry group and its public relations agencies component are paid a handsome premium.

Employees in the Advertising Services industry group enjoy on average even higher wages, at \$96,337. The average annual wages paid to all workers in the public relations agencies industry was \$86,421 in 2013, 57 percent more than the county average of \$54,958.

Of the component industries in the industry group, media representatives earn the highest wages at \$124,958, followed by advertising agencies with an average annual wage of \$112,372.

As has been frequently noted and lamented, the trend in wage growth has been less than impressive in recent years. At the county level, inflation-adjusted wages fell by 0.6 percent from 2000 to 2013, while advertising services wages increased by 8.4 percent. Inflation-adjusted wages in the public relations industry have not recovered their losses since 2000, falling by 0.8 percent during the period.

PR Professionals

They work in many industries.

The public relations agencies industry employs a variety of different types of workers, and at the same time, there are public relations professionals working across many industries—not only in public relations firms. While industry employment is one method of tracking employment, it is helpful to view how the occupation spreads across the economy.

There are two public relations occupations that are tracked by government statistics: (1) public relations and fundraising managers, and (2) public relations specialists. Both are public relations professionals who may be employed in firms as diverse as those in aerospace, financial services, government, pharmaceuticals and so on.

In Los Angeles County, there were 9,450 public relations professionals employed in 2013—approximately 1,950 as public relations and fundraising managers and 7,500 as public relations specialists.

Of course, many work in the Professional, Scientific and Technical Services industry sector since this includes the public relations industry itself. However, 14 percent of all public relations professionals work in religious, charitable and similar organizations, which include unions, trade associations and political organizations.

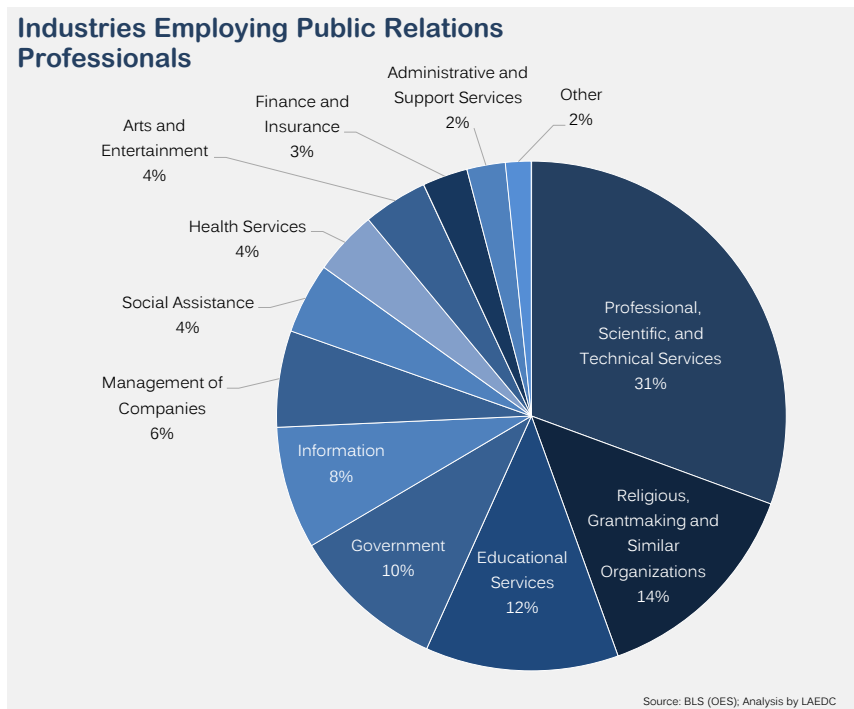
Another 12 percent of public relations professionals work in educational services, which includes colleges, technical schools and professional and business instructional and development organizations.

Government agencies employ 10 percent of all public relations professionals, and 8 percent work in the information sector, which includes the motion picture industry, broadcasting and publishing industries.

The average annual wage for public relations managers across all industries in Los Angeles County in 2013 was \$118,560, and for specialists \$63,020. This is somewhat higher than the average wages for these occupations at the national level, which were \$111,260 and \$63,020, respectively.

Total annual earnings for public relations professional in Los Angeles County across all industries reached \$788 million in 2013.

Approximately 9,450 public relations professionals were employed in Los Angeles County in 2013, earning a total of \$788 million.



Economic Impact

Impacts of the public relations agencies industry are felt across the economy.

Public relations agencies supported 7,480 jobs in LA, including direct, indirect and induced jobs, across a broad spectrum of industries.

In 2013, the public relations agencies industry in Los Angeles comprised 430 establishments with 2,830 payroll employees and at least 930 self-employed individuals. Together, it is estimated that total employment in the industry was 3,760.

Firms in the industry spend money on goods and services such as office supplies, rent and insurance, and the wages paid to their employees support household spending on groceries, clothing and medical care. This creates a ripple effect that helps support additional industries in the region, making the total economic impact of the public relations industry larger than just its direct activity.

Using the estimate of 3,764 public relations employees in 2013, the total impact of the public relations industry, including direct, indirect and induced effects, sustained 7,480 jobs across all industries, with total labor income (which

includes wages and benefits) of \$510 million.

This activity generated \$52 million in state and local tax revenues, derived from the income taxes and property taxes paid by workers and firms and the sales taxes generated on the purchases of goods and services by workers in the industry and by households whose wages are supported by the industry.

The overall impacts are widely distributed across many sectors of the economy through indirect and induced effects.

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Total Economic Impact Across Industries

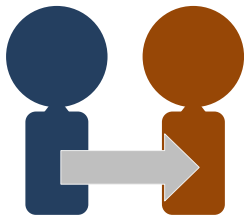
Industry Sector	Jobs	Labor Income (\$ mi)	Output (\$ mi)
Mining	3	\$ 0.4	\$ 1.0
Utilities	3	0.4	2.2
Construction	28	1.8	5.0
Manufacturing	56	3.3	24.3
Wholesale trade	71	5.1	16.4
Retail trade	329	12.7	29.2
Transportation / warehousing	157	8.6	21.5
Information	156	24.8	85.2
Finance and insurance	206	14.8	38.7
Real estate and rental	344	8.7	101.4
Profession / technical services	4,219	343.3	951.3
Management of companies	36	4.0	8.1
Administrative and waste services	440	15.3	25.5
Educational services	91	4.3	7.0
Health and social services	458	25.2	41.8
Arts, entertainment / recreation	171	9.3	19.6
Accommodation and food services	391	11.3	25.5
Other services	274	11.3	19.5
Government	50	5.2	10.2
TOTAL All Industry Sectors	7,480	\$ 510.0	\$ 1,433.3

Source: Estimates by LAEDC

Value of a Job

What is the value of a public relations job in Los Angeles County?

1 new job
creates ...



... 1 more job
(indirect and induced)



2 new jobs

With total annual wages
and benefits of

\$135,470



... which
generates

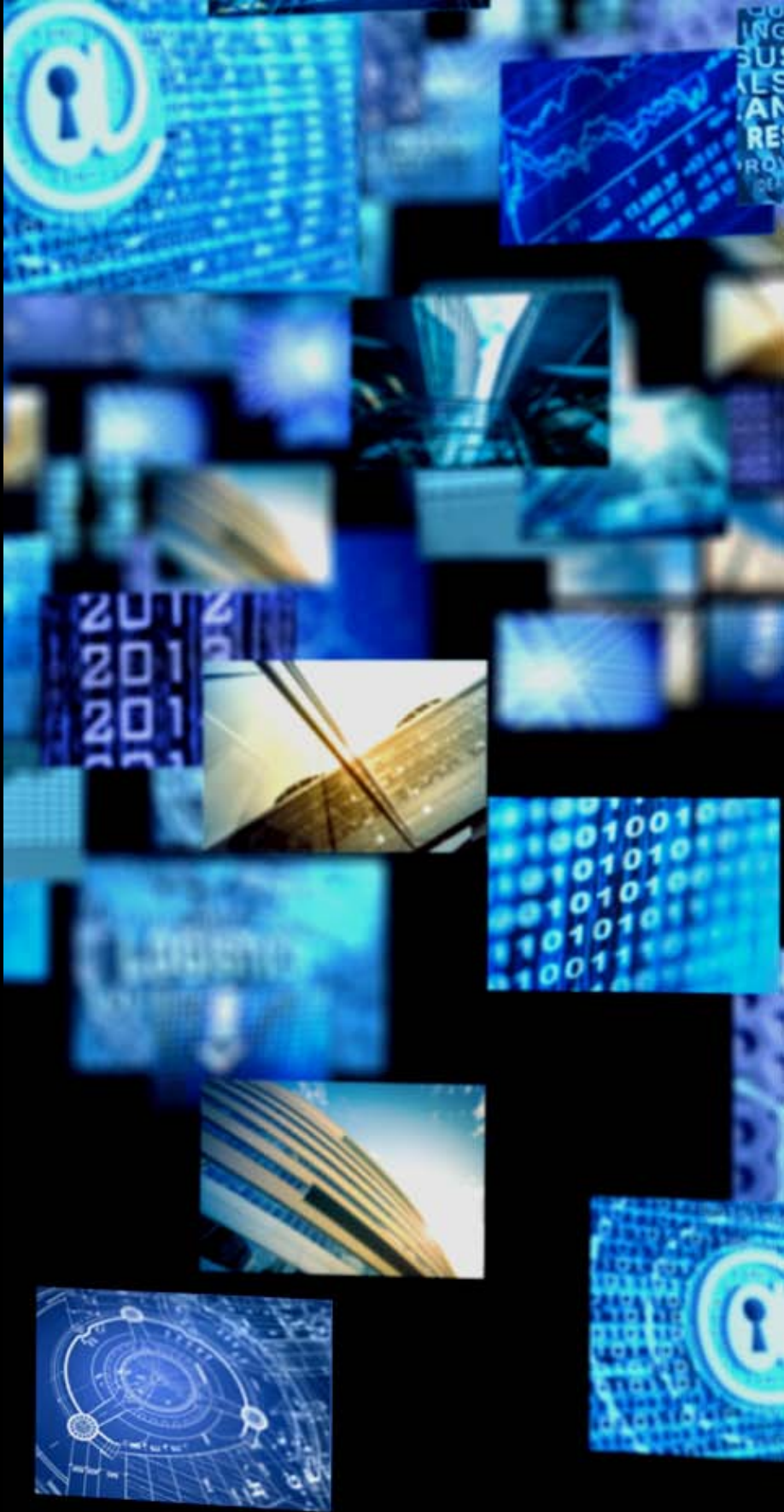
**Annual
Revenue**

State and local
taxes & fees

\$13,730



CA income tax:	\$ 5,840
Sales tax:	\$ 3,190
Property tax:	\$ 2,740
Other:	\$ 1,960



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