

PROMETHEAN RESEARCH / 2026

# Digital Agency Industry Report

The structural forces shaping **71k+ firms** in North America and **200k+ worldwide**. A fragmented market influencing **\$850 billion** in technology spend.

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# 01

## Report Summary

### SURVEY BASE

**1,452**

Agencies in the 2026 core survey

### POSITIONS ANALYZED

**3,172**

Across 1,228 distinct firms

### GLOBAL DIRECTORY

**200k+**

Firmographic universe tracked

### YEARS OF DATA

**11+**

Continuous benchmarks since 2015

# A market in flux

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**T**he digital agency industry entered 2026 larger, more global, and more influential than ever before.

North America now counts more than 71,000 agencies, and the global market exceeds 200,000, yet the sector remains deeply fragmented and overwhelmingly small, with 87% of North American firms employing fewer than 50 people.

At the same time, agencies influence just over \$850 billion in software, cloud, and media spend, which makes the industry strategically important far beyond its own revenue base. This is a large market of mostly small firms with an outsized impact on how businesses buy and deploy technology.

There have been many roll-up attempts to consolidate this industry, but the historical lack of economies of scale, short client tenure, and nonexistent barriers to entry have made consolidation difficult.

Unfortunately, the industry's size and influence on spend haven't made business easier for individual agency leaders. Growth is still low, at half the long-run average, and margins have been slowly compressing for years. AI hasn't made any of this easier, even though a third of the agencies in our surveys have already implemented the tech across their businesses.

AI is forcing a major rethink of the value that agencies deliver, how they price, and how they staff. It is creating new demand for strategy, implementation, governance, workflow redesign, automation, and agent development, while simultaneously reducing the time required for writing, analysis, coding, and design exploration.

Structurally, the employee role distribution remains largely the same. Production employees account for two-thirds of agency talent, but they're at considerable risk as AI capabilities advance.

Revgen remains firmly in the hands of agency leadership. Very few shops have successfully implemented repeatable revenue generation systems. Specialization helps here, but as the rate of commoditization accelerates, some specialists are caught off guard and find the thing they specialized in suddenly worth significantly less.

Our surveys, interviews, and agency consulting engagements throughout 2025 and early 2026 paint a picture of a market in flux. One that is grappling with massive change as agency leaders seek a path forward. But change typically comes with opportunity, and we're witnessing an entire industry of intelligent, nimble teams adapting on the fly. This industry exists because small outside teams, curious about the potential of new tech, have historically out-experimented and out-commercialized the large behemoths. I have no reason to think they won't do it again.

# What You'll Find in this Edition

- 
- FINDING 01** **A third of agencies have fully implemented AI.**  
The 2026 survey is the first to show implementation outpacing exploration. The "Unsure / Don't plan" share has been cut nearly in half over four years, from 39.5% in 2023 to 18.5% in 2026.

**FINDING 02** **Seventy percent of agencies changed their service mix in 2025.**  
The fastest revenue gains and the strongest net margins came from agencies that reduced their service offerings, not those that expanded them.
  - FINDING 03** **The 15% net margin baseline is under pressure.**  
Digital agencies have earned an average net margin of about 15% since 2015, though performance has run slightly below that for the past four years.

**FINDING 04** **Specialization has stabilized as the dominant model.**  
86% of agencies in our survey identify as specialists, with 77% specializing by service mix and 55% specializing by industry.
  - FINDING 05** **The average agency offers 6.6 services.**  
Up slightly from 6.3 in 2024. Service breadth has held even as the mix has churned.

**FINDING 06** **Time & Materials + Fixed Bid + Retainer is the dominant pricing mix.**  
Used by 38% of agencies. Only 8% or fewer rely on any single pricing model exclusively.
  - FINDING 07** **Revgen spend averages 7% of revenue.**  
The level is common across agency sizes, but typically falls short of what's needed to hit the growth targets leadership sets during annual planning.

# About the Author

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Since 2015, he has helped over one hundred digital agency owners better understand their industry and chart more effective paths to success.

Nicholas Petroski is the founder of Promethean Research. Before cofounding Promethean, Nick worked as an equity analyst at a Wall Street firm covering the enterprise software and semiconductor industries.

You can find him backpacking around the Midwest or making elaborate firewood fine furniture in his woodshop when he's not in the office.

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## Nicholas Petroski

FOUNDER • PROMETHEAN RESEARCH

# Contributors & Advisors

This edition was shaped by conversations with the agency leaders below, whose perspectives appear in the Industry Insights pages throughout the report. We are grateful for their candor and time.



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CEO AT ROOTSTRAP



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STRATEGIC ADVISOR AT K BEDFORD CONSULTING

Thanks also to the Delphi network, Promethean's free insights community for digital agency leaders, whose ongoing dialogue informs every edition of this report.

# Research for Digital Agencies

This report is designed for leadership teams at digital agencies. We define digital agencies as professional service firms that offer digital services to other companies. We loosely bucket these into three main categories: Development, Design, and Marketing, but in practice, there is significant overlap. To account for this, we define digital agencies as professional service firms that offer at least some mix of these services:

## Development

- Digital strategy
- Software dev.
- IT consulting
- Staff augmentation
- Web dev.
- Mobile app dev.
- AI dev. / implementation
- Ecommerce dev.

## Design

- Branding / identity design
- Web design
- Graphic design
- Video and animation
- UX / UI
- Mobile app design
- AR / VR design

## Marketing

- Marketing strategy
- Content
- Paid media (PPC)
- Analytics
- Social media
- Search engine optimization
- Email marketing
- Ecommerce marketing

# 02

## Digital Agency Market Dynamics

NORTH AMERICA · COUNT

71k

▲ +42% vs 2024 · 12% CAGR since 2018

GLOBAL · COUNT

200k+

▲ +12% vs 2024 (179k)

TECH SPEND INFLUENCED

\$850B

Aggregate of hosting, MarTech, ad spend

SUB-50 FTE SHARE

87%

A market of mostly tiny firms

# The global digital agency industry

There is substantial agency activity across the globe. We have identified over 200,000 agencies worldwide, with major pockets in Europe and India. This is up substantially from our 2024 checks, which topped out at 179,000.

The global agency market is not one uniform field. Different geographies contain different agency models. Some markets skew toward smaller, blended firms. Others skew toward larger, development-heavy firms.

**01 U.S. and U.K.** Skew toward smaller, Blended agencies.

**02 India** A larger percentage of large (10–249 FTE) Dev. agencies than other regions.

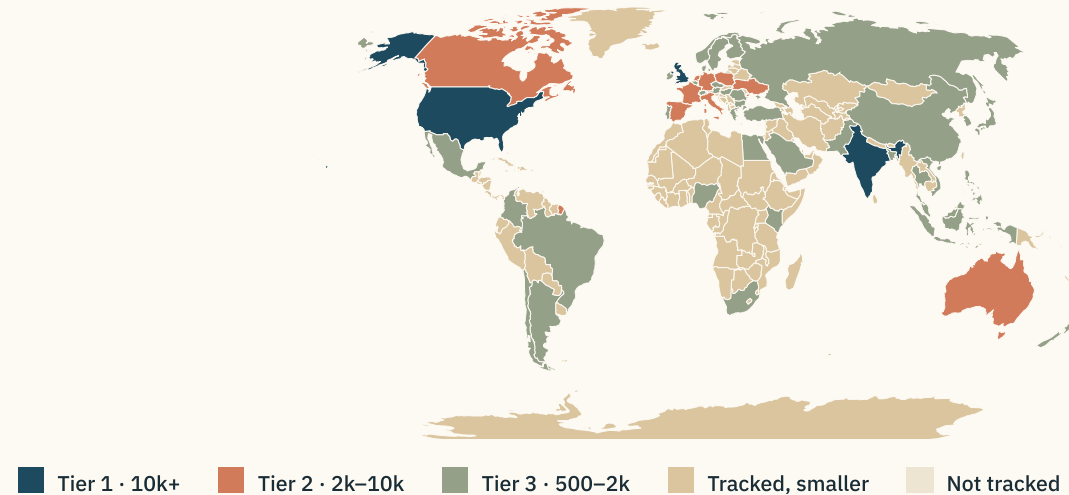
**03 Poland and Ukraine** Lean heavily toward Dev. agencies.

**04 Australia** A greater mix of Marketing agencies, although Blended is still predominant.

FIG 1

## Agency concentration by country

Promethean Research aggregated firmographic data • 2026



Source • Promethean Research

## North American digital agencies, 2026

71k

Up from 50,000 in 2024. The industry has grown at a 12% compound annual rate since 2018. The addition of Mexican agencies this year contributed under 2k to that figure. Even with that growth, it remains a market comprised of tiny companies. 87% of those firms still employ fewer than fifty people.

2024 BASELINE

50k

CAGR • 2018-2026

12%

SHARE UNDER 50 FTE

87%

# North American agency archetypes

This market is dominated by Blended agencies, those offering services that span Design, Development, and Marketing disciplines. Pure-play Design shops make up the smallest segment at only 6% of the market, followed by Dev. Shops at 11% and Marketing agencies at 19%.

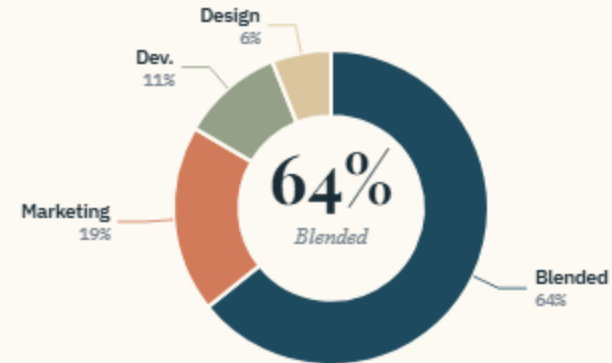
The Blended majority reflects how digital work actually flows through small firms. Most teams under 50 people stretch across disciplines by necessity, picking up adjacent capabilities as client work demands them.

The pure-play segments survive at the extremes of the size distribution: the smallest one-discipline studios (often Design) and the largest specialty shops (often Dev. for staff augmentation or AI implementation).

FIG 2

## North American archetype mix

North American agencies • Promethean Research 2026



Blended = firms spanning two or more of Design, Development, and Marketing. Single-discipline shops account for the remaining 36%.

# Shifts in agency sizes

The industry as a whole has shifted since 2018, away from the under-10 FTEs, and toward larger agencies with 10 to 249 FTEs.

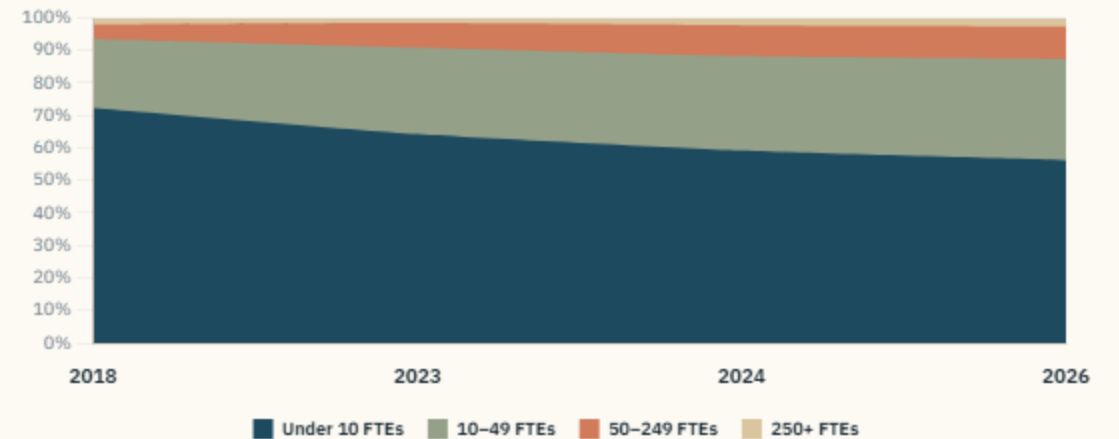
The smaller firms (under 250 FTEs) are typically independently owned agencies that offer more services as they grow in revenue. The smallest agencies tend to be specialty shops, while the medium-sized firms tend to be more full-service. Then the larger firms return to specializing, primarily based on the industries served.

Most Enterprise firms (250+ FTEs) in this industry are part of agency holding companies. These parent firms own multiple agencies, each focused on different specialties. By distributing clients across their portfolio, they can serve companies within the same industry, even direct competitors, without conflict. This setup allows them to avoid exclusivity issues while still delivering a range of creative solutions.

FIG 3

## North American size cohort distribution

Share of agencies by FTE band · 2018 → 2026



"Under 10" share fell 16 points 2018→2026. The 10-249 band absorbed nearly all of that shift.

# Digital agencies drive tech growth

Agencies are often brought in to solve strategic, technical, and growth problems, which puts them directly in the path of major software and ad spend decisions.

They frequently help clients evaluate, choose, deploy, and manage platforms across a wide array of tech stacks, including hosting, ecommerce, CRM, marketing automation, analytics, digital advertising, and cloud infrastructure.

In our research for our hosting report, we found that digital agencies influence over 80% of companies' hosting decisions. That's a \$149B market largely influenced by digital agency decisions.

The global MarTech market (\$552B) is also heavily influenced by agencies, as is a sizable portion of the \$488B digital advertising market.

As we layer in the various other SaaS and PaaS decisions that agencies influence, we estimate they guide just over \$850B in spend. This makes the digital agency space an incredibly important channel for technology companies looking to grow. Unfortunately for tech firms, the industry's massive fragmentation makes it a challenging channel to reach.

Agency influence on tech investment is why so many tech firms offer dedicated partner programs for digital agencies. Large tech firms like HubSpot, Shopify, Salesforce, and AWS all invest heavily in agency and consulting partner ecosystems.

We see smaller startups investing earlier in content and services directed toward digital agencies. These programs are typically staffed by ex-agency professionals and live inside the marketing department at the tech companies. Some have segmented them off into their own division, with substantially increased investment in recent years.

TECH SPEND INFLUENCED • ANNUAL

# \$850B

Aggregate of hosting, MarTech, digital advertising, and other SaaS/PaaS decisions that digital agencies guide on behalf of their clients.

**\$149B** Hosting · 80% agency-influenced

**\$552B** Global MarTech market

**\$488B** Digital advertising

# Mergers & acquisitions

Mergers and acquisitions, whether active or hoped-for, are a key driver of many agency leaders' decisions. This is a highly fragmented industry, with a rapidly evolving landscape. M&A provides smaller agencies with a viable exit, and it allows larger players to stay relevant as smaller, more specialized shops develop in-demand capabilities.

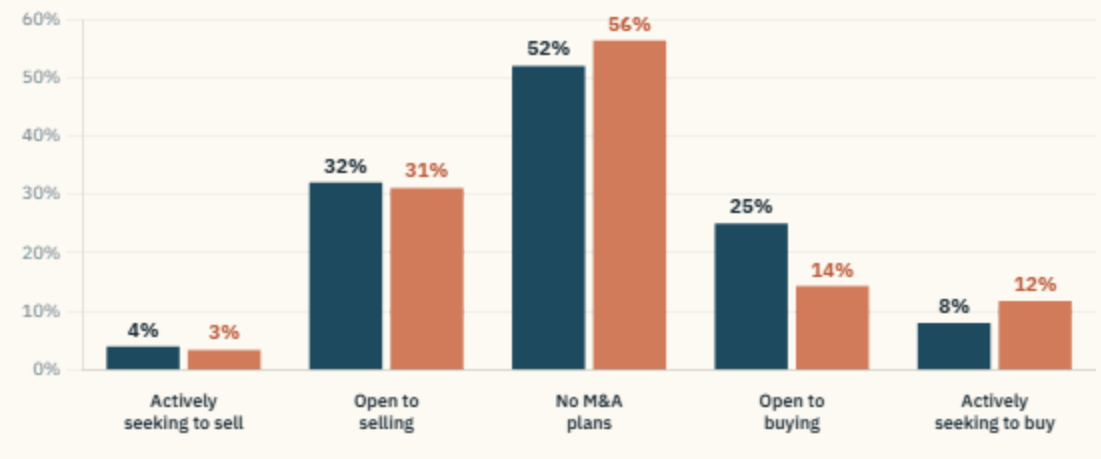
The agency M&A market heated up significantly in late-2020 and early 2021 when interest rates and inflation were at their trough. Much of this was driven by outside investors, chiefly private equity. Outside interest has waned since 2022 as interest rates rose and average agency financial performance fell. Many agency leaders who were keen to sell during this time simply didn't have the financial performance needed to reach an attractive exit price.

Much of the M&A activity now is intra-industry, with larger agencies purchasing smaller ones as strategic acquisitions. Leaders reported a slight shift away from M&A in 2026, as more leaders indicated they had no plans this year, and as those interested in buying netted out against those interested in selling.

FIG 4

## Agency leader M&A interest

Multi-select • totals will not sum to 100%



"No M&A plans" share expanded 4pt year-over-year. "Open to buying" contracted 11pt.

# 03

## AI's Impact on the Industry

FULLY IMPLEMENTED

33%

▲ First year implementation outpaces exploration

UNSURE / DON'T PLAN

18.5%

▼ vs 39.5% in 2023

# This Tech Wave is Different

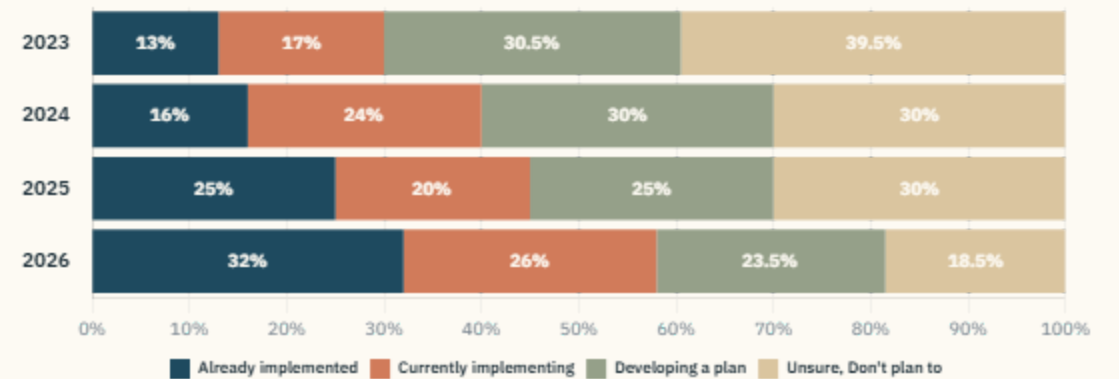
Artificial intelligence is the first major technology wave that is both creating new agency demand and putting pressure on existing agency labor simultaneously. The internet, social media, smartphones, and martech have mostly expanded the amount of work agencies can sell. AI has created new demand for services like strategy, implementation, workflow redesign, governance, automation, and agent development, but it is also reducing the time required for execution work across writing, analysis, coding, and design exploration. This is why AI feels more disruptive than the waves that came before it.

We measure AI maturity by asking where leaders are on the implementation continuum, scoring the levels, and averaging the scores for each functional area. The overall maturity levels to the right illustrate an industry adopting the tech at an increasing pace, with a third already having adopted AI as of Q2 2026.

FIG 5

## AI maturity across the industry

Share of respondents • 2023–2026



Source • Promethean Research • Q2 2026 wave

# AI Everywhere

We can use our four-function model (detailed in [Section 05](#)) to understand how broadly AI is impacting the standard digital agency.

Leadership has gotten extra firepower from AI in the form of easily accessible and applicable frameworks that make strategy work easier.

Revgen teams use AI for account research, outreach, proposal drafting, meeting prep, and automated follow-up.

Production teams can use it for first drafts, analysis, prototyping, QA, documentation, and variation. We have seen the largest impact here, especially in coding and content creation. As it's the largest area (by FTEs), it's a key reason why the industry's seeing so much disruption.

Support teams are using it for documentation/SOP creation, hiring workflows, and internal knowledge retrieval.

FIG 6

## Four Function Model

Relative FTE share by function



Source · Promethean Research · Box size reflects the relative share of FTEs typically allocated to each function in a digital agency.

# AI Reshapes Staffing & Pricing

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Artificial intelligence is the first major technology wave that both creates new agency demand and puts pressure on existing agency labor simultaneously. The internet, social media, smartphones, and martech have mostly expanded the amount of work agencies can sell. AI creates new demand for services like strategy, implementation, workflow redesign, governance, automation, and agent development, but it also reduces the time required for execution work across writing, analysis, coding, and design exploration.

Because such a large portion of the market prices its work on a time-and-materials basis, AI feels more disruptive than the waves that came before it. If the same output requires fewer hours, those using T&M are at risk as clients increasingly believe execution is easier. We are slowly seeing this show up in the data as agencies are raising hourly rates more slowly, hiring has been stagnant for years, and margins are slowly compressing. Many agencies are reevaluating their value propositions and pricing models in light of this, but very few, if any, have fully figured it out.

# Industry Insights from Agency Leaders

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“A year or two ago, clients would come to us wanting an 'AI proof of concept'. That's completely flipped. Now they want AI embedded in their actual product or workflow, and they expect it to be reliable on day one.”



**David Jarrett**

CEO AT ROOTSTRAP

“We have added something we call "Local Authority Trifecta," where we use actual reviews of the client's business + AI prompts to uncover real customer concerns and differentiators we can highlight.”



**Peter Wilson**

PRESIDENT AT BIZMARKETING

# 04

## Why Digital Agencies Exist

1990S

**The Advent**

2000S

**New Abilities**

2010S

**Mobile-First**

2020S

**The Pandemic Era**

2023+

**The AI Era**

1990S

# The Advent

Digital agencies really became a thing during the 90s as the internet itself began to take off.

Businesses realized they could sell more widgets with a web presence, and the people who could make that happen started leaving the web teams they ran inside traditional ad agencies and started some of the first digital agencies.

The dot-com boom accelerated this until the bubble burst in 2000, but brands already had a taste of what digital could do, and they knew agencies were the key to unlocking it.

This was the first example of a new technology creating business demand for services from digital agencies. As you'll see throughout this section, this is the key reason why digital agencies exist, and it still impacts the industry today.

FIG 7

## The Advent • 1990S

Era reference



Microsoft Internet Explorer, c. 1995

2000-2010

# New Abilities

The new tech that heralded web 2.0 was a massive driver of agency growth during the early 2000s.

Platforms like Blogger, WordPress, and TypePad allowed agencies to offer content marketing and blogging services.

Facebook’s launch and rapid expansion revolutionized digital marketing by making social media valuable to businesses.

YouTube established video as another viable marketing channel and allowed agencies to leverage video on a massive scale.

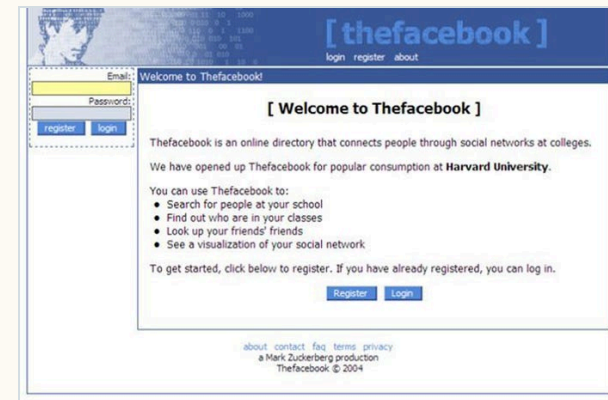
Collectively, these social technologies expanded agency offerings and fundamentally changed how digital agencies delivered value.

Again, this was another decade where new tech provided fuel to grow existing agencies and spawn thousands of new ones.

FIG 8

## New Abilities • 2000–2010

Era reference



Thefacebook launches at Harvard, c. 2004

2010-2020

# Mobile-First

Between 2010 and 2020, several new technologies emerged that massively impacted digital agencies. This is where dev, design, and marketing truly began to mix, since each discipline was needed to be successful here.

The rise of smartphones and tablets created demand for responsive web designs and apps.

Platforms like HubSpot, Marketo, and Pardot became essential agency tools for automating marketing tasks.

And programmatic advertising emerged and changed how brands bought ads.

Finally, everything from the 90s and 2000s was still growing. A ton of businesses were still building their first sites, while many were doing full site redesigns. Blogging experienced massive growth, social was everywhere, and video exploded with livestreaming and television coming to the web.

All these tech advancements made it almost impossible to fail at growing an agency. Growth was everywhere.

FIG 9

## Mobile-First · 2010-2020

Era reference



The iPhone era · smartphone schematic

2020-2023

# The Pandemic Era

Then 2020 hit. Spending came to an absolute standstill in the first half of that year. Projects were paused. Sales pipelines went dry. And layoffs were common.

Then, midway through the year, the U.S. government launched the PPP and EIDL programs, which pumped about a trillion dollars into the U.S. economy. That, plus a Fed Funds rate of 0%, threw the economy into overdrive.

The world was still in lockdown, and this meant that if brands were going to survive, they had to do it digitally. They went hard into digital investments across the board and pulled forward years of investments throughout 2021. Digital agencies of all kinds rode this renewed wave, with many growing faster than ever. The major challenge agency owners faced in early 2022 was competing with product companies for talent.

We got some vaccines, and the world reopened that year, but inflation and interest rates began to rise. Then, brands pulled back spending.

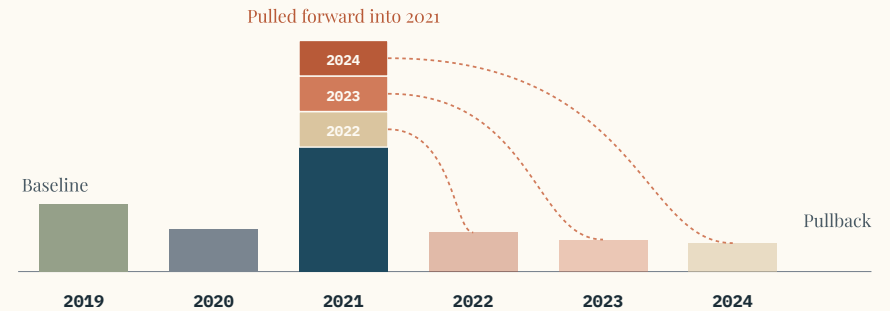
While 2022 started with agencies fighting over talent, it ended with shops staring down weak sales pipelines. This weakness continued throughout 2023 and didn't stabilize for many until midway through 2024.

Layoffs and downsizing were commonplace once again. This was the first time in 20-some years where new tech wasn't the key driver of agency growth. Agencies were at the mercy of general economic conditions, and not even the introduction of a tech like AI could spark life into a tough agency market.

FIG 10

## The Pandemic Era • 2020-2023

Era reference



Pull-forward in Digital Investment by Brands • illustrative

2023+

# The AI Era

AI has been reshaping the agency landscape for a few years now, but we saw the most dramatic changes in our 2026 surveys. As of March 2026, a third of the industry has already fully implemented AI into its operations and value delivery.

The technology has forced many agency leaders to reevaluate the value they deliver, and we saw this play out in 70% of agencies changing their service mix in 2025.

It is clear that we're witnessing a massive reshaping of what digital agencies do as many scramble to find pockets of value untouched by AI. If digital agencies are to remain relevant, they'll need to adapt once again to a new technology reshaping their industry. Luckily, the industry has proven it's capable of this kind of adaptation multiple times in the last thirty years.

FIG 11

## The AI Era · 2023+

Era reference

1 IN 3

of digital agencies have fully implemented AI into their operations and value delivery as of March 2026.

Promethean Research, 2026 survey · self-reported

# Industry Insights from Agency Leaders

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“We're at another inflection point where clients can see the impact that new strategies and technologies can have on their businesses, but they don't yet know how to effectively make use of these tools. This is particularly evident with AI. The key differentiator for us as an agency right now isn't in saying "we have AI," but baking it into everything we're offering without talking about it constantly. The client just sees better results and lower costs.”



**Tim Sprinkle**

CO-FOUNDER / CSO AT LAYUP

# 05

## How Agencies Are Structured

### PRODUCTION SHARE

**62.7%**

Of all FTEs in the standard agency

### CORE FUNCTIONS

**4**

Leadership · Revgen · Production · Support

# Four Functions of a Digital Agency

While the way they’re organized can change, the core functions of a digital agency have remained largely consistent over time: Revenue Generation (Revgen), Production, Support, and Leadership.

Leadership sets the overall direction for the agency by defining the mission, vision, and strategic goals that guide everything else.

Revgen is responsible for bringing in business. This includes marketing, sales, business development, and account management, basically everything tied to generating and growing revenue.

Production is tasked with delivering the work that Revgen sells. This group includes developers, designers, marketers, copywriters, project managers, and others responsible for executing client projects. Many agencies refer to this function as “delivery.”

Support roles keep the business running smoothly. This includes functions like accounting, HR, legal, and general operations.

**FIG 6**

## Four Function Model

Relative FTE share by function



Source · Promethean Research · Box size reflects the relative share of FTEs typically allocated to each function in a digital agency.

# The Standard Agency

We analyzed 3,172 employee positions from 1,228 digital agencies and segmented them based on the type of role they performed. This chart illustrates the typical distribution of roles within an agency.

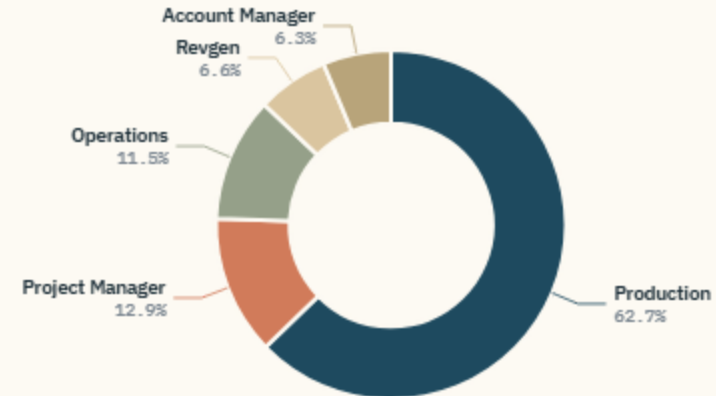
Production employees make up almost 2/3 of the typical agency. When we add Project Managers into this, it jumps to 3/4. They're easily the bulk of an agency's employees.

Revgen employees (sales and marketing) account for 6.6% of all employees, while Account Managers (AM) make up a similar amount. We typically combine these roles when describing revgen activities at agencies since Account Managers play such a significant role, but we're breaking them out here to illustrate the split between AMs and Sales/Marketing employees.

FIG 12

## Standard agency role distribution

Share of 3,172 positions analyzed



Source · Promethean Research · n=3,172 positions / 1,228 agencies

# Roles & Growth

As agencies grow, their employee distribution changes slightly. This chart shows how those 3,172 employee positions evolve as headcount changes.

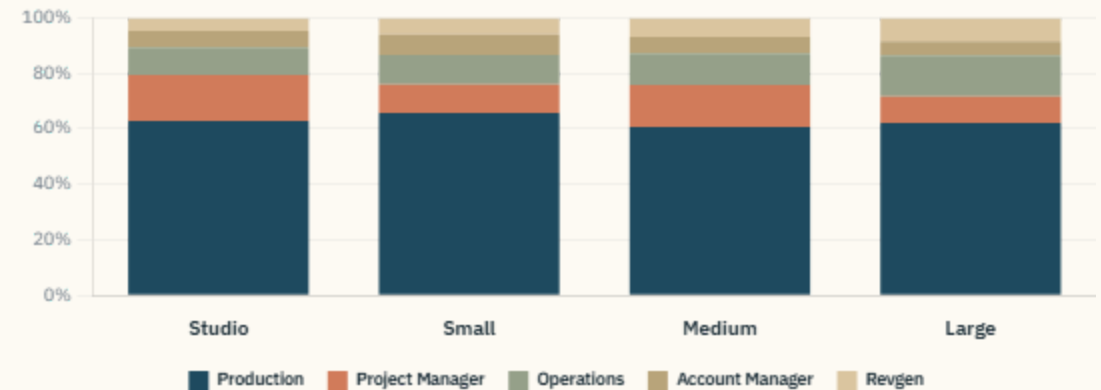
Production remains constant at roughly two-thirds of the total staff, while Revgen edges upward once founders exhaust their own sales capacity, growing from five percent in studios to eight percent at Large agencies. That shift reflects the need to formalize go-to-market systems and build predictable pipelines to grow past the Small-to-Medium size. See our Digital Agency Referral Playbook for more on this.

Operations grows from ten percent to fifteen percent, reflecting the additional coordination, finance, and systems work that accompany growth, though its relative growth is similar to that of revenue generation. The share of Project Management is highest in the smallest companies, drops sharply as workflows mature, rebounds in the mid-market group, then settles near ten percent once processes stabilize. Account Management shifts only slightly, from six to five percent across the cohorts.

FIG 13

## Role mix by agency size

Share of positions, by size band



Source · Promethean Research · n=3,172 positions / 1,228 agencies

# Revgen Role Evolution

## Studio (0-9 FTE)

At this stage, the founder is the sole rainmaker. They are sometimes supported by a fractional marketing generalist and maybe a bookkeeper who sends invoices. Revenue generation is driven almost entirely by the founder’s personal network: generating referrals, writing proposals, setting prices, and closing every deal themselves. Marketing activity is minimal, typically limited to keeping the website and portfolio up to date and posting occasional LinkedIn or similar content updates. A simple spreadsheet or starter CRM is used to track deals.

## Small (10-24 FTE)

Owners are still heavily involved in deals, but now they’ll have help from a fractional hire or an entry-level hire who assists with follow-ups and pipeline management. A single in-house marketer may exist who runs content, email, and paid-ad

experiments, while fractional content creators fill skill gaps. The agency still relies heavily on referrals, but a team is beginning to form to establish the agency’s ideal customer profile, formalize a go-to-market plan, and build on the lightweight CRM for more advanced tracking and forecasting. The agency’s first account manager/director tends to appear here too.

## Medium (25-49 FTE)

Here, we typically see a Head of Growth emerge to unify marketing, sales, and early partner programs. Under them, the team gets additional help from sales directors, account executives who help close sales, and marketing directors (with additional talent under them). These roles work together to add additional structure around the agency’s GtM strategy and tactics to increase growth rates, smooth out revenue, and give

management visibility into capacity needs beyond the typical 1-ish month that smaller agencies have.

## Large (50-249 FTE)

A true Chief Revenue Officer now orchestrates sales, marketing, and customer success, supported by a sales director with AE/SDR teams, a marketing director with a full content, design, and technical marketing staff, a dedicated RevOps, and a partnerships lead. Even here, partners are still required to come in and close the large transformative accounts.

Enterprise (250 + FTE) Revenue leadership becomes fully specialized: CMO, SVP Sales, and VPs for demand gen, brand, RevOps, enablement, customer success, and alliances. Global GTM strategy is set region-by-region with clear P&Ls, while large-deal teams still include senior partners to reassure enterprise prospects.

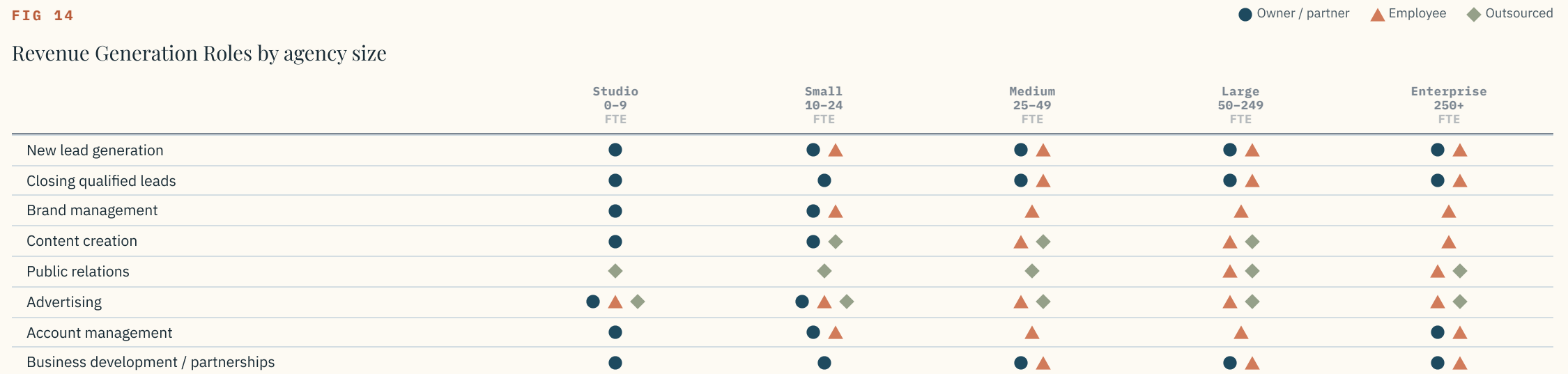
# Revenue Generation Roles

Here, you can see how the revgen roles are typically staffed for varying agency sizes.

What’s interesting about the revgen duties is that partners are almost always involved in revgen in some capacity. Even at the largest agencies, they’ll still come in to help get key accounts across the finish line.

FIG 14

Revenue Generation Roles by agency size



# Production Role Evolution

## Studio (0-9 FTE)

Again, we see the owner/partners running most of the production/delivery roles at Studio shops with about a quarter of their time being billable. Sometimes, there is a part-time project coordinator or project manager, but this role is typically filled by the owner. There will be the beginning of a delivery team here as well, which is typically comprised of 5-6 employees.

## Small (10-24 FTE)

Here we see the first dedicated project managers appear, along with a tech or creative lead. We also see processes start

to take form as teams need structure to deliver consistently high-quality work. This often takes the form of project management-informed activities like implementing sprints, retrospectives, PM tooling, capacity planning, etc.

## Medium (25-49 FTE)

At the Medium size, we start to see full-time directors of delivery/production, multiple project managers, dedicated practice leads (design, engineering, content, data, etc.), and QA/DevOps personnel at dev shops. These teams are solidifying the earlier processes around best practices.

## Large (50-249 FTE)

As with the other functional areas, Large shops tend to be the spot where we see vice presidents and C-level talent begin to take hold. Beyond the leadership positions, the production teams are further filled out by specialists and layers of management. These actual roles are all highly dependent on the agency's service mix, but they all tend to become more specialized as the firm grows.

Enterprise (250 + FTE) By this point, production teams are fully dialed in, and the only real change is additional layers of management (senior vice presidents, portfolio directors, innovation leads, etc.) and even more specialized employees based on the agency's services.

# Production / Delivery Roles

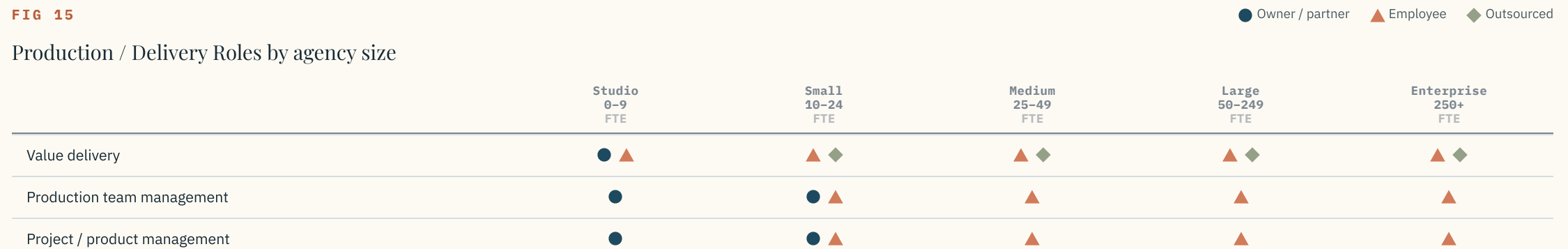
Almost the opposite of revgen, the partners tend to replace themselves in the production area rather quickly.

Sometimes, we'll see partners remain involved in production tasks at larger agency sizes, but this isn't a healthy practice. Once an agency grows beyond about 25 employees, there's too much other work for a partner to do that takes priority over production tasks.

Note that in recent surveys, we've seen a significant uptick in the use of contractors across most agency sizes. This increase is likely driven by agencies looking to maintain capacity levels while managing utilization rates in a challenging sales environment. Should this trend continue, we expect it to have significant implications for agency structure, culture, and effectiveness.

FIG 15

Production / Delivery Roles by agency size



# Support Role Evolution

## Studio (0-9 FTE)

The support roles at a Studio agency are handled by an owner/partner, outsourced to a firm, or neglected entirely. Much of the finance and accounting work (invoicing, bills, bookkeeping, forecasting, banking, etc.) is done by an owner/partner, with the tax preparation being outsourced to a certified public accountant (in the U.S.). In some cases, we'll see a part-time virtual assistant here who helps the owner/partner stay on top of their calendar and various support tasks, but this isn't a common practice. IT and helpdesk issues are juggled between the owner and the software or devices' own tech support. Legal issues are almost exclusively outsourced to an attorney, and human resources is managed again by an owner/partner.

## Small (10-24 FTE)

There aren't many changes from Studio-to-Small agencies in terms of staffing support roles. The majority are still handled by an owner/partner, but activities that were ignored (most commonly HR-related activities) at Studio agencies are now outsourced to specialized vendors. The only space where we typically see dedicated employees brought in is in management positions for the production team.

## Medium (25-49 FTE)

Here is where agencies tend to hire dedicated full-time talent to handle support tasks. Most of the finance and accounting work is now done in-house, but tax preparation is still outsourced. Human resources tasks are now handled by an

internal employee, typically a chief operating officer, who has these duties as a subset of their overall role.

## Large (50-249 FTE)

Large agencies build out the support teams even further, with the key change being the addition of in-house legal expertise to facilitate faster contract reviews. These roles typically come in at the higher-end of Large agencies, typically after the 100 FTE mark.

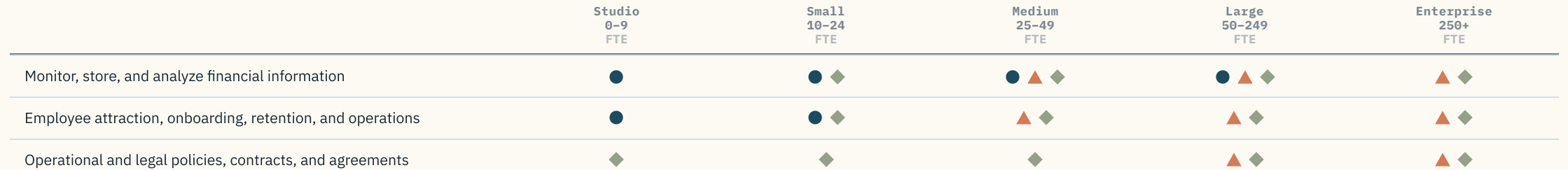
Enterprise (250 + FTE) Enterprise agencies have fully built-out support teams that go even deeper into specialized expertise across accounting, finance, human resources, legal, and management. Org. charts vary drastically from agency-to-agency here with many being part of a larger holding company that centralizes some or all of the support functions.

# Support Roles

Support services are some of the most commonly outsourced parts of an agency. There's an argument for some of these to be brought in-house, but unless you can really derive some kind of advantage from doing so, outsourcing a lot of these makes sense.

FIG 16

## Support Roles by agency size



# Leadership Role Evolution

**Studio (0-9 FTE)** At this size, the owner or principal occupies every key seat, occasionally supported by a partner, consultant, and a fractional bookkeeper or part-time CFO. The founder still courts prospects, manages client relationships, oversees delivery quality, keeps a daily watch on cash flow and invoicing, and negotiates contractor rates. Strategy lives in a single-page vision and positioning statement, which is more than enough for a team of fewer than ten.

**Small (10-24 FTE)** The founder remains CEO and still occupies too many seats, but begins delegating execution to an operations or delivery manager (often fractional at first). A dedicated account or sales lead tackles repeatable revenue generation, while part-time finance and people-ops support introduce budget discipline and structured hiring. The firm formalizes a project playbook, tracks weekly utilization and margin, and shifts from ad-hoc sales to a simple, documented (and repeatable) motion that anyone can follow.

**Medium (25-49 FTE)** A CEO or managing partner now works through a full-time COO or director of delivery, a head of growth or chief revenue officer, a controller (sometimes still fractional), a head of people operations, and practice leads for each service line. The leadership agenda centers on keeping billable utilization high, running regular planning and KPI or OKR cycles with visible scorecards, installing a reliable demand-generation engine, standardizing project-level profitability reporting, coaching new first-line managers, and encouraging cross-practice collaboration to create reusable intellectual property.

**Large (50-249 FTE)** The executive bench expands to a CEO, an enterprise-wide COO, a full-time CFO, separate CRO and CMO roles, a chief human resources officer, practice or regional directors, and an IT or technology director. Leadership institutionalizes quarterly off-sites and real-time dashboards, forecasts and smooths capacity six to twelve months ahead,

assigns P&L ownership at the practice or regional level, maintains a rolling eighteen-month service roadmap, and builds a succession pipeline for every critical role.

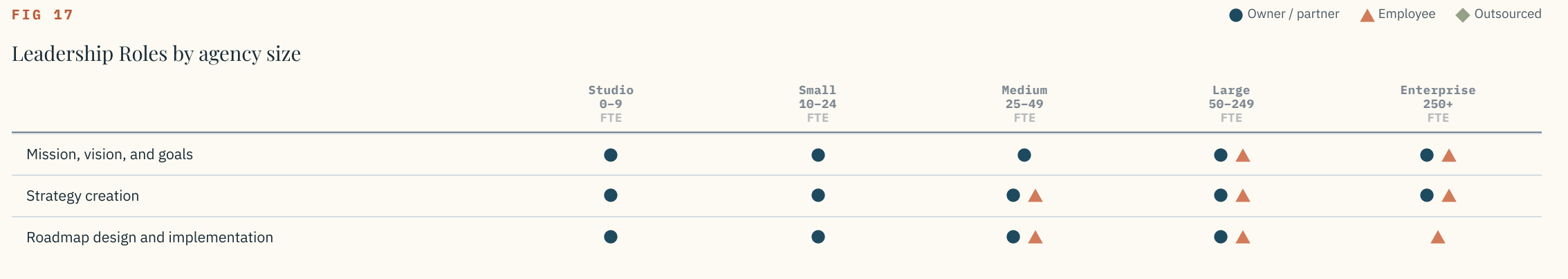
**Enterprise (250+ FTE)** At this global scale, the C-suite often includes a chief strategy officer, chief operating officer, chief financial officer, chief revenue officer (note: partners often stay visible in late-stage deal support even at this stage), chief marketing officer, chief human-resources officer, CIO or CTO, chief risk or compliance officer, and often a chief of staff who orchestrates execution. Leadership attention shifts to portfolio-level strategy and acquisitions, a global operating model with regional P&Ls, investor relations and capital allocation, comprehensive risk and compliance frameworks, continuous transformation and innovation programs, and rigorous board governance.

# Leadership Roles

Finally, the leadership section is almost always fully staffed by partners. It isn't until the larger sizes that employees are brought in to aid the partners in leadership tasks. Then, at the enterprise level, it's more common for the C-suite to be staffed by employees rather than partners.

FIG 17

Leadership Roles by agency size



# 06

## Revenue, Pricing & Profitability

NET MARGIN BASELINE

15%

Average since 2015

2025 REVENUE GROWTH

7.5%

▲ vs 5.0% in 2024

TOP HOURLY BAND

\$175–199

Where 31% of agencies price

REVENUE SPEND

7%

Average share of revenue

# Average Agency Revenue Growth

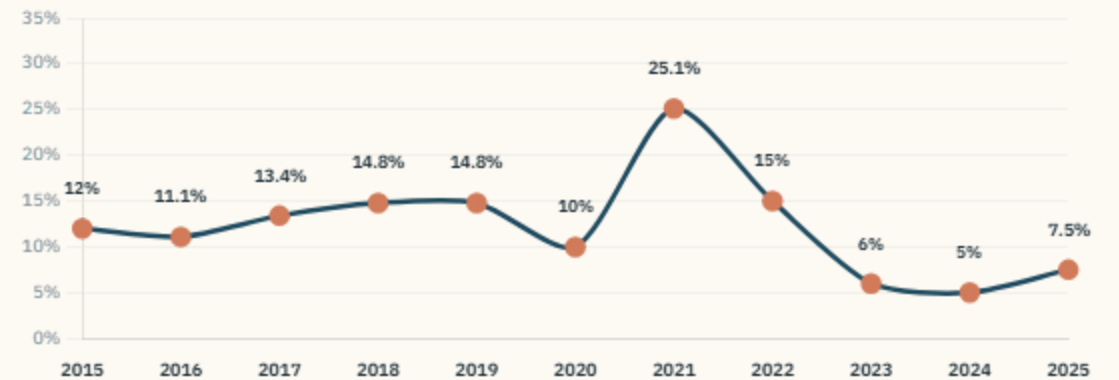
Digital agencies tend to grow slightly slower than other industries. The average annual growth rate for digital agencies in our surveys over the last five years has been 12%. The average annual growth rate for all U.S. publicly traded sectors has been about 13%.

We can see the massive pull-forward in digital transformation and marketing spend initiated during the pandemic play out in the growth rates. Agencies grew at a stable rate from 2015 to 2019, then experienced a dip in 2020, and then in 2021, the average growth rate skyrocketed. In '22, growth slowed back to average, and in '23, it fell even further. 2024's average growth bottomed out at 5%, and we saw a slight rebound in 2025 to 7.5%. This illustrates just how challenging the market has been recently for digital agencies looking to grow.

FIG 18

## Average agency revenue growth

2015–2025



Source · Promethean Research · multi-wave 2015–2025

# Average Hourly Rates

Pricing was a huge discussion point throughout 2021 and '22, but as pipelines dried up in 2023, much of the mad dash to raise rates slowed. From 2023 to 2024, the percentage of agencies raising rates was cut in half to 22%. There was a slight rebound in 2025 to 28% raising rates, but this fell back to 20% in 2026.

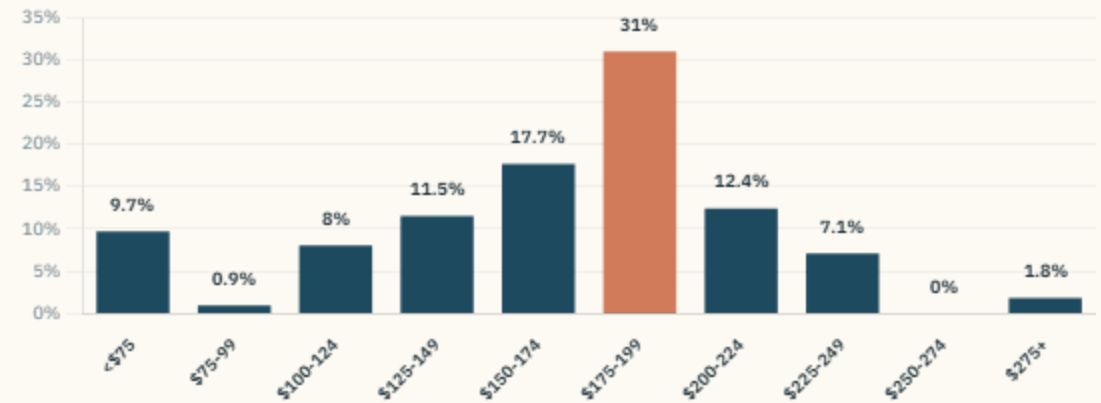
Almost a third (31%) of the agencies in our latest survey charged between \$175-199/hr.

Digital agencies are still raising rates, but at a significantly lower level than during the peak in 2021 and '22.

FIG 19

## Average hourly rates

2026



Source · Promethean Research · n=113 agencies · Q1 2026 pricing survey

# Pricing Methods Defined

## METHOD 01

### Fixed Fee / Project

This model estimates the cost of a project and then adds a margin to arrive at a fixed fee that the client pays. Clients tend to like it because it gives them a reliable number to budget against. Efficient agencies tend to like this because it can let them charge a higher rate than they might be able to charge hourly. The bulk of the risk of these engagements lies with the agency, as scoping inaccuracies can easily erode margins. This model is most appropriate when scopes are predictable and well-defined.

## METHOD 02

### Value-based

Pricing services based on the expected value that an agency's work generates for a client is the goal for most agencies as it aligns the agency's and client's goals more than the fixed-fee model and can generate substantial profits for the agency. Agencies typically experience pushback when selling this model, as value-based prices can be much higher than cost-plus pricing. This model is best employed by experienced, proven agencies that can quantify success for high-stakes projects. It sets the agency up as more of a strategic partner vs. a vendor.

## METHOD 03

### Hourly / Time & Materials

This is the simplest pricing model and is often employed by firms in their early stages. Here, agencies price their services based on the costs and time required to perform those services and then bill on a periodic basis based on the time incurred. There can be a blended "firm-wide" hourly rate charged or different rates based on the skill level of the individuals working on the project. The client bears most of the risk here, as scoping overages require extra hours to address. This model is most appropriate for unpredictable scopes.

## METHOD 04

### Performance-based

This is where agencies (typically marketing agencies vs. dev or design) charge a fee based on the change in a particular performance metric that they influence. This metric is often sales, but it could also be something more targeted that the client is measuring, like page views, social engagement, leads generated, etc. Performance-based pricing strongly aligns the agency with the client's tactical goals. The agency bears significant risk here as its earnings are based on its ability to execute and deliver results. This method is used when there are clear, measurable metrics that the agency influences. It also tends to position the agency as a vendor vs. a strategic partner.

# Most Common Pricing Models

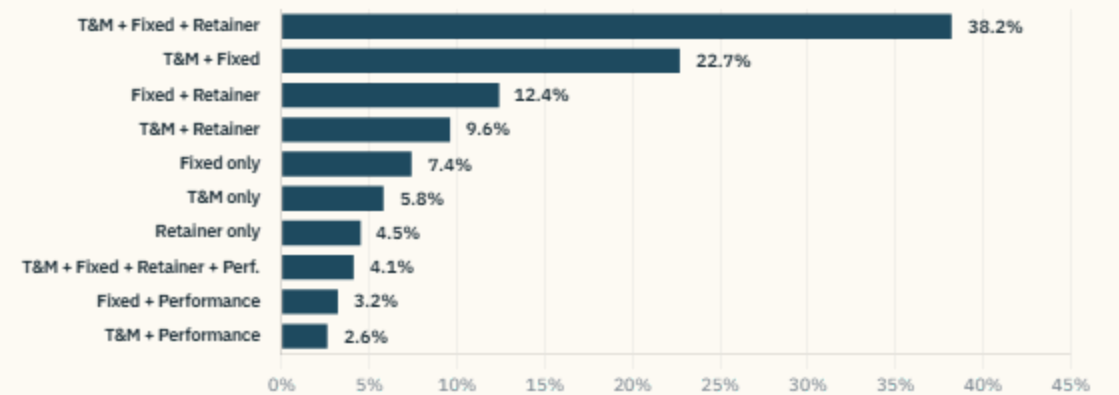
Most digital agencies use a mix of pricing methods. The most common is a mix of Time and materials, Fixed bid, and Retainer. Only 8% or fewer rely on any single model exclusively (e.g., “Fixed bid” or “Retainer” alone). Retainers are a recurring (often monthly) billing model based on one or a combination of the other models. The most common pricing models used in Retainer arrangements are Time and materials and Fixed bid.

This suggests that agencies tailor their pricing methods to fit different types of work, client preferences, or project risk levels.

FIG 20

## Most common pricing model combinations

Share of agencies using each combination



Source · Promethean Research · n=119 agencies · Q2 2026 wave · top combinations only

# Average Agency Profitability

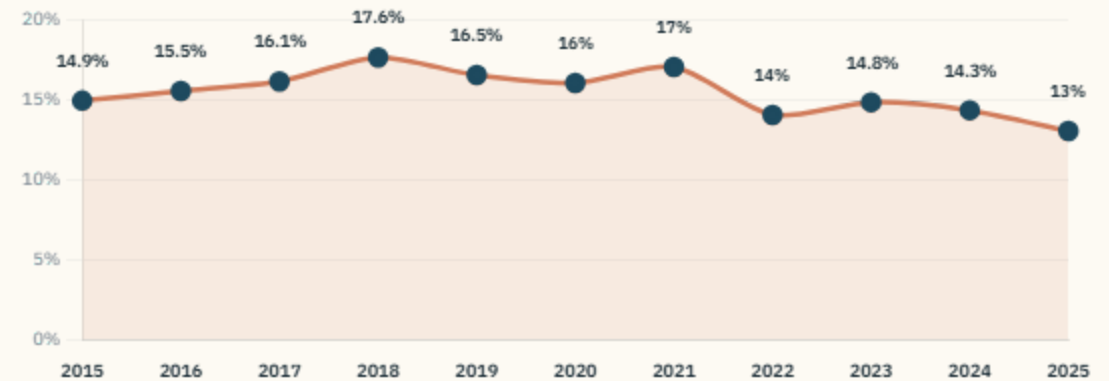
Since 2015, digital agencies have earned an average net margin of about 15%, but we've been running slightly below that for the past four years. This is especially interesting because of how dramatically growth has slowed over that same timeframe. We'd expect to see a bigger hit to margins here, but in 2025, agencies once again showed continued fiscal discipline, and the average agency earned a net margin of 13%. Some of the recent margin compression appears to be due to pricing pressure from clients expecting cheaper services due to AI advancements.

Average agency margins change as agencies grow. We wrote about this in more detail in our [Digital Agencies Don't Scale](#) newsletter. Smaller agencies tend to earn higher net margins than larger ones. In 2025, Studio-sized agencies with fewer than 10 FTEs earned an average margin more than twice as large as the average 50+ FTE agency.

FIG 21

## Average agency profitability

2015–2025



Source · Promethean Research · multi-wave 2015–2025

# Industry Insights from Agency Leaders

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“Ever-increasing overhead costs, especially employee insurance benefits, are impossible to forecast and have a meaningful impact on our profitability and therefore squeeze our investment/full-time staffing and expansion decisions.”



**Gene Tiernan**

MANAGING DIRECTOR AT TEAMDIGITAL PROMOTIONS

# Revgen Investment & Lead Sources

The average digital agency allocates 7% of its revenue to sales and marketing. This includes everything from salaries to media spend. That level of investment, while common, typically falls short of what's needed to hit leadership's ambitious growth targets set during annual planning meetings.

Most agencies still generate the bulk of their leads and revenue through referrals. While referrals are a great way to get started, relying on them as the primary growth engine introduces several issues. First, they're unpredictable. Second, they often come from people within the same network, which makes it harder to expand into new types of work or larger scopes. Third, you don't control the quality of the referral, which can lead to mismatched expectations and strained relationships for poor-fit referrals.

To be clear: referrals aren't the problem. They're a valuable channel. But what sets agencies apart as they grow beyond the 30–50-person plateau is the development of a repeatable revenue generation engine. If this is referral-based, it needs to be a systematized approach to consistently generate right-fit referrals. Learn how in our [Digital Agency Referral Playbook](#).

**FIG 22**

## Average revgen investment

Share of revenue spent on sales & marketing

7%

The percentage of revenue the average digital agency spends on sales and marketing activities.

Source · Promethean Research

# 07

## Shifts in Digital Agency Services

CHANGED MIX IN 2025

**70%**

Of agencies in the survey

AVG SERVICES OFFERED

**6.6**

▲ vs 6.3 in 2024

REDUCERS' NET MARGIN

**30%**

vs 10% for those who expanded services

# Financial Impacts of Service Shifts

Agencies are still offering a broad set of services, with the average agency offering 6.6 services in 2025, up slightly from 6.3 in 2024.

While the number of services has held relatively steady, how agencies manage their service mix significantly impacts their growth rates.

The fastest gains in 2025 came from agencies that reduced their service offerings. These firms saw average growth that was almost twice as fast as the average.

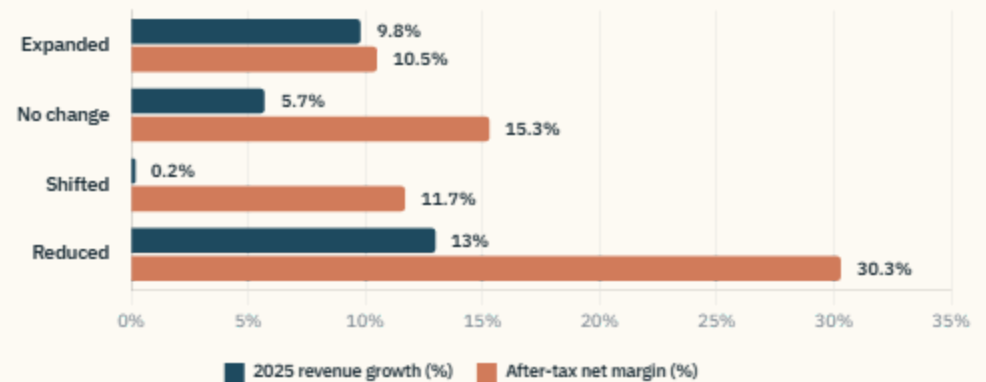
While expanding services was associated with higher growth rates, it also entailed additional operational costs that weighed on margins. Those that expanded services earned 10% net margins.

Those that reduced services and grew the fastest appear to have reduced their operational complexity and tended to earn substantially higher net margins at 30% on average.

FIG 23

## Financial impacts of service shifts

2025 results, by service-mix change



Source · Promethean Research · 2026 service-mix survey wave

# Top Growing Agency Services

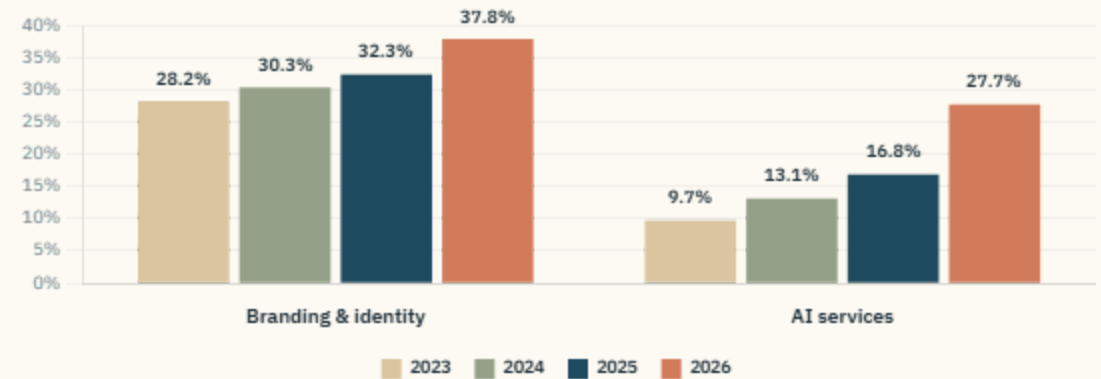
Agencies in our surveys are increasingly offering branding and identity design. The service has grown from 28% of firms offering it in 2023 to 38% in 2026.

AI-related services grew steadily, from 10% in 2023 to 13% in 2024, 17% in 2025, and to 28% in 2026.

FIG 24

## Top growing agency services

2023–2026



Source · Promethean Research · 2023–2026 multi-wave

# Industry Insights from Agency Leaders

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“Right now design and development are exposed to the most significant challenge we've seen since the invention of responsive 15 years ago, namely AI moving extremely quickly from theory to prototyping to production. However, solutions architecture is more important than ever, and that extends into marketing and all aspects of agency work. In order to be effective, the strategy to initiate and deploy AI -- how to edit, curate, and iterate it -- is still paramount.”



**Paolo Vidali**

CEO AT HIDDEN GEARS

# Declining Agency Services

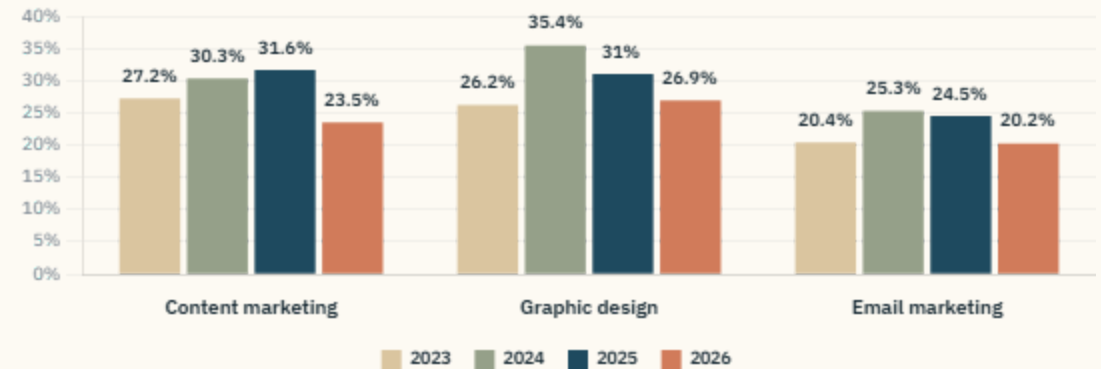
As AI became more competent in content creation throughout 2025, fewer agencies offered the service in 2026. Until then, the service had been growing steadily each year.

Graphic design and Email marketing have been declining since their highs in 2024 and now stand at 27% and 20% respectively.

FIG 25

## Declining agency services

2023–2026



Source · Promethean Research · n=1,452 agencies · 2023–2026 multi-wave

# Shifts In In-housing Concern

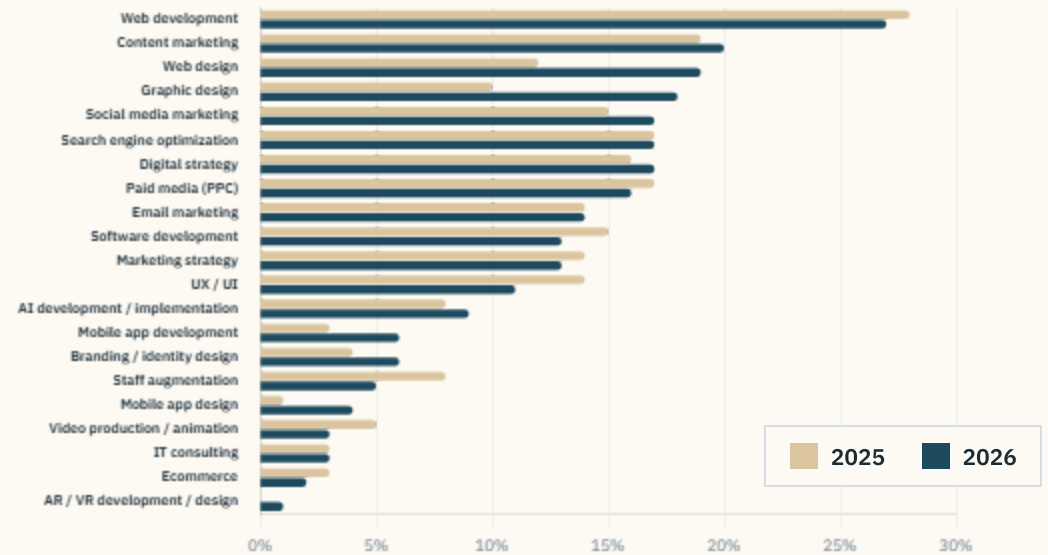
Even in light of AI seemingly “making execution free,” agency leaders aren’t any more concerned than normal about clients taking their services in-house. Under the surface, we are seeing signs that this could be shifting. The top two concerns remained mostly unchanged, but the next two, “Web design” and “Graphic design,” jumped substantially this year.

Larger agencies were more likely to be concerned with in-housing than smaller ones, and when we analyze concern levels by archetype, we find that Design Agencies are slightly more concerned than usual, while the other archetypes are less so. In-housing concern levels were inversely correlated with hourly rates but completely uncorrelated with growth rates or employee growth.

FIG 26

## In-housing concern across services

2025 vs. 2026



Source · Promethean Research · 2025 vs. Q2 2026 wave

# 08

## Specialist vs. Generalist Agencies

IDENTIFY AS SPECIALISTS

86%

Stable since 2022

BY SERVICE MIX

77%

Dominant positioning model

BY INDUSTRY

55%

Vertical focus

# Stabilizing Specialization

The trend toward specialization that began in the mid-2010s has held steady since 2022, with 86% of agencies in our survey identifying as specialists. It’s still more common to specialize by services, with 77% specializing by service mix, and 55% specializing by industry, while some specialize by both.

But while the headline number has stabilized, the real story is in how agencies are choosing to specialize.

Service-based specialization remains the dominant model, with 77% of agencies focusing their positioning around a core set of offerings. This approach allows agencies to build operational depth and clear delivery models without limiting themselves to a single vertical.

Industry specialization is less common but still significant, with 55% of agencies targeting specific verticals like healthcare, fintech, or higher education.

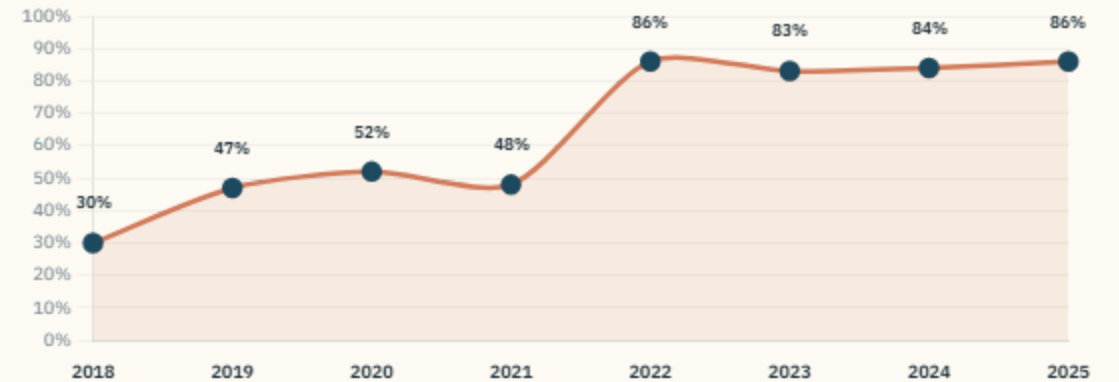
With specialization now the norm, the next competitive edge will come from how clearly and credibly that specialization is defined. Generic claims won’t cut it. Agencies must articulate what makes their service mix uniquely valuable or why their industry expertise delivers better outcomes.

In short, the market has matured. Specialization is now the baseline rather than a differentiator.

**FIG 27**

## Percent of agencies identifying as specialists

2018–2025



Source · Promethean Research · 2018–2025 multi-wave

# Industry Insights from Agency Leaders

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“What makes an agency meaningfully different in 2026 is the combination of genuine niche expertise and an AI-enabled team. Sufficiently niche agencies have real clarity about whom they serve, what problem they solve better than anyone else, and why that judgment is worth paying for. Pair that with AI-powered workflows tuned to those specific problems, and the team gets to spend more time on the judgment calls that require the context the agency has spent years developing. This is more than just lean operations. It’s a strategic decision to focus on the kind of work that budgets didn't use to permit.”



**Katie Bedford**

STRATEGIC ADVISOR AT K BEDFORD CONSULTING

# Specialist Growth Rates

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Specialists in our surveys typically grow faster than generalists.

Recently, the industry has been responding to the massive upheaval that AI has thrust upon it, and this has shaken some specialists. Those that specialized in some once-defensible areas are now facing a world where AI has cracked those defenses. The mass adoption of this new technology is forcing agency leaders to rethink the value they deliver and make pivots away from quickly commoditizing services. It had a significant effect on growth rates in 2025 and we're still seeing this play out throughout 2026.

Pure specialists (service mix and industry) grew more than twice as fast as generalists in 2025. But service specialist + industry generalists grew 3x faster than pure generalists, and industry specialists + service generalists grew 4x faster than pure generalists. This reflects an environment where agencies are having to reshape themselves on the fly, but it's still easier to grow a specialized agency than a generalist one.

# Specialists & Margins

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Similar to growth, specialized agencies also tend to earn higher net margins than generalists, but this wasn't the case in 2025.

A key part of that trend is pricing power.

When an agency positions itself as a specialist, its perceived value increases; clients aren't just buying hours or deliverables, they're buying expertise. Whether the specialization is by industry or service, the agency becomes a safer choice, and pricing pressure eases. Clients are less likely to scrutinize proposals from a pricing perspective if they view the specialized agency as one of the few that can accomplish the task at that level.

Beyond pricing power, specialization makes the business more efficient behind the scenes. Work becomes more repeatable. It's easier to hire. Teams operate more efficiently. Delivery processes can be standardized without losing quality; the cost of delivery drops, and margins expand. As these processes tighten and knowledge compounds, the agency naturally grows its expertise, which increases its advantage even further.

Finally, clients stick around longer. Specialized agencies are harder to replace, which dramatically raises client lifetime value.

While this still holds true for the truly differentiated agencies, the proliferation of AI is placing significant pressure on everyone else.

From the pricing perspective, clients believe that AI has made most agency tasks faster/easier/cheaper, and they've been pushing back on rates for years now. This has even caused the more differentiated shops to spend resources defending their value, and it's starting to erode the pricing power benefit. We see this show up in areas where agencies were specializing in service lines that AI rapidly commoditized. Content and coding are good examples of this.

AI should also be impacting agency efficiency. That's the main argument for it after all. But so far, the data has given us mixed messages. When asked to estimate the impact, leaders have said AI has made their teams anywhere from 10-20% more effective on average. We would therefore expect to see this reflected in margins, but so far, it's been less of a factor than the industry's challenging sales environment.

These factors have combined to create a situation where generalists (at least in services) earned higher margins than specialists in 2025.

# 09

## Digital Agency Tech Stacks

# Tool Evolution

As agencies grow, their tool needs evolve.

Some of this evolution is driven by increasing sophistication levels. As shops get bigger, their processes and procedures tend to become more intricate. Tools that solve a singular challenge for a small shop might not be able to handle the nuanced challenges of a larger agency.

Another significant driver of evolving tool needs is knowledge storage and transfer.

When a shop is small, <10 full-time employees (FTEs), it's easy for everyone on the team to engage in 1:1 communication about revgen, production, or support-related topics. Most of the information that exists within the agency is housed within the individuals who work there.

Once agencies grow past about 10 FTEs, this all changes. Their internal communication abilities become dramatically more complex, employee turnover weighs on internal knowledge, so it needs a place to live more permanently, and leadership requires more detailed metrics to manage the health and growth of the agency.

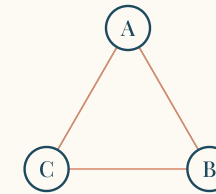
As agencies grow even further, knowing what and where information exists becomes increasingly difficult. Simply evaluating the lines of communication that exist at small agencies vs. large agencies illustrates this challenge. Proper tools help agencies create, store, and transfer knowledge; good ones will scale as the agency grows.

FIG • COMMUNICATION PATHS

## SMALL SHOP

3 people

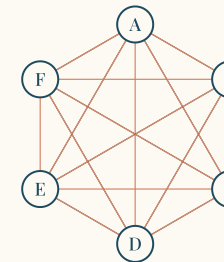
3 communication lines



## LARGER AGENCY

6 people

15 communication lines



# All-in-one Agency Management Software

An all-in-one (AIO) agency management software solution is the right call for almost every agency above 10 FTEs. The ease of having everything in one place unlocks the ability to use your agency’s data to make better decisions across the board.

All-in-one agency management solutions offer significant advantages over piecing together various component software. They provide cost efficiency, integrated functionality, ease of use, optimized performance, centralized support, and enhanced collaboration. While there are challenges, such as the initial learning curve, unused features, and single-vendor dependency, the benefits often outweigh these drawbacks. For digital agencies aiming to streamline operations and enhance productivity, adopting an all-in-one management solution should be a real consideration.

FIG 28

## All-in-one stack topology

Single hub • centralized data



Single platform connects all agency functions

# Component Software

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If you don't go the all-in-one agency management route, there are seemingly infinite options out there. The number of martech options alone is daunting. Each dot on this market map is a logo... Most of these are more generalist software that can be plugged into any business vs. having an agency-specific focus.

The core functions that agencies look to solve with these software solutions exist in Revgen, Production, and Support. Revgen software mainly consists of marketing automation and customer relationship management software. We're limiting our discussion of production software to project management and issue tracking. The various tools available to help perform software development, digital marketing, and design are beyond the scope of this guide.

To identify the most commonly used, endorsed, and combined tools, we evaluated the various responses to our tools surveys and combined that with what we've seen in our strategy work with agency clients. These evaluations are appropriate for digital agencies in the 10-100 FTE range and reflect how agencies are actually using the tools. Most of these tools offer significantly more features than the specific function they fall into, but we found that agencies will tend to use them primarily for a singular purpose. This may differ from how the various tools position themselves.

# 10

## Methodology & Notes

# About This Report

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The objective of this report is to provide a high-level review of the digital agency industry from 2015 to 2026. It was published in April 2026, and the most recent inputs used in this edition were collected through early 2026. The report is designed primarily for leadership teams at digital agencies, though it is also relevant to software, service, and investment firms that serve the space.

We define digital agencies as professional service firms that offer digital services to other companies. Those services typically fall into Development, Design, and Marketing, though there

is significant overlap across all three. In practice, many agencies span categories, combine service lines, and change their positioning over time. That is why some sections of this report focus on archetypes, while others focus on functions, service mix, specialization, or size.

This report is not based on a single survey wave or a single dataset. It brings together a longitudinal survey program, qualitative interviews, company analysis, and public data to provide a broader view of how the market is structured, how agencies operate, and how conditions have shifted over time.

# Research Design & Data Sources

This report combines three research layers.

First, most quantitative benchmarks come from multiple online surveys conducted between 2015 and 2026. These surveys collected self-reported responses from digital agency owners and managers across key performance indicators such as revenue growth, net margins, pricing, service mix, specialization, staffing, technology usage, and AI adoption. The majority of charts and summary statements in this report rely on a core research base of 1,452 agencies, though not every exhibit uses the same base. The organizational role sections were created by evaluating 3,172 agency employee positions across 1,228 agencies.

Second, we supplemented survey data with qualitative interviews with agency owners, managers, and employees, along with specific company analysis. These inputs were used to test patterns observed in the survey data, improve interpretation, and provide a more complete picture of agency behavior than survey data alone can provide.

Third, we used public data and broader observational datasets to understand market size and structure. In North America, those analyses draw on a set of 71k agencies across the United States, Canada, and Mexico. Outside North America, we identified over 200k agencies globally to help inform geography and market-structure observations.

FIG 29

## Three research layers

Survey • Interviews • Observational

1,452

### LAYER 01 • SURVEY BASE

Agencies in the core quantitative base, plus 3,172 positions / 1,228 agencies for role analysis.

Qual

### LAYER 02 • INTERVIEWS

Agency owner/operator conversations and named-firm analysis used to validate survey patterns.

200k+

### LAYER 03 • OBSERVATIONAL

Agencies in the global firmographic database (71k in North America) used for market sizing and structure.

Source • Promethean Research • 2015–2026 multi-wave

# Segmentation & Limitations

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The research base used for the majority of this report is primarily North American and skews toward agency owners and managers. This sample skews larger than the market as a whole, which is important when interpreting benchmarks related to structure, pricing, and internal systems.

Unless otherwise noted, we segment agencies using several lenses. Size is the most common and is generally discussed using Studio (0-9 FTE), Small (10-24), Medium (25-49), Large (50-249), and Enterprise (250+). In a limited number of exhibits, Large and Enterprise are combined into a 50+ cohort to preserve readability or because the underlying sample is smaller. We also segment agencies by archetype, service mix, and specialization. Archetypes are Design, Development, Marketing, and Blended, with Blended agencies spanning more than one of those categories. Specialization is analyzed by service mix, by industry, and by whether agencies do both.

Throughout the report, growth refers to revenue growth, and profitability refers to after-tax net margin unless an exhibit states otherwise. Percentages may not sum to 100% because of rounding and, in some cases, because respondents could select more than one answer.

This report is best used as a benchmark and directional view of the digital agency market, not as a statistically exact census of every agency in every geography. Survey-based findings reflect self-reported responses. Exhibit bases vary by topic. Year-over-year shifts should therefore be read as strong directional signals rather than precise population estimates. Broader market-size observations also depend on the availability and quality of company-level public information.

Taken together, these research inputs give us a practical view of the market: large enough to surface durable patterns, specific enough to benchmark agency operations, and broad enough to show how the industry is changing over time.

# Sample composition & precision

TABLE M1 • RESPONDENT COMPOSITION

Core survey base by agency size & archetype

| Size band             | n            | Share       |
|-----------------------|--------------|-------------|
| Studio · 0–9 FTE      | 593          | 40.8%       |
| Small · 10–24 FTE     | 426          | 29.3%       |
| Medium · 25–49 FTE    | 228          | 15.7%       |
| Large · 50–249 FTE    | 157          | 10.8%       |
| Enterprise · 250+ FTE | 48           | 3.3%        |
| <b>Total</b>          | <b>1,452</b> | <b>100%</b> |

Sample skews toward smaller firms, reflecting the underlying population of digital agencies in North America. We do not weight responses to the population; bands are reported separately throughout the report.

TABLE M2 • PRECISION

Margin of error by base size

| Base            | n     | MoE (±) |
|-----------------|-------|---------|
| Full sample     | 1,452 | 2.6 pt  |
| Studio band     | 593   | 4.0 pt  |
| Small band      | 426   | 4.7 pt  |
| Medium band     | 228   | 6.5 pt  |
| Large band      | 157   | 7.8 pt  |
| Enterprise band | 48    | 14.1 pt |

MoE at 95% confidence for a binary proportion centered at 50%. Read each percentage in the report as accurate within ± the value shown for its base.

# Methodology definitions

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## SURVEY MECHANICS

**Q2 2026 wave.** Primary fieldwork between February 12 and April 8, 2026. Subsequent waves are referenced where multi-year comparisons appear.

**Sampling frame.** Owners, founders, and senior operators at digital agencies that we have identified through Promethean Research's firmographic database, supplemented by Delphi-network outreach and prior-wave respondents.

**Response rate.** 12.4% of 11,700 invited operators completed the survey. Partial completes are excluded from all reported percentages.

**Weighting.** Results are reported unweighted. Where size-band differences materially shift a headline figure we report both the unweighted aggregate and the band breakdown.

## CLASSIFICATION

**Digital agency.** Professional service firm that offers at least some mix of Development, Design, and Marketing services to other companies.

**Archetypes.** Respondents are sorted into Builders, Studios, Growth, or Blended based on the dominant service category in their reported mix. Blended = revenue split across two or more categories with no single category above 60%.

**Size bands.** Studio (0–9), Small (10–24), Medium (25–49), Large (50–249), Enterprise (250+) full-time-equivalent employees, including owner-operators.

**Specialist vs. generalist.** An agency is a specialist if it self-identifies as concentrating in a specific service mix, industry, or business model. The 86% figure is self-reported, not derived from revenue concentration.

**Revgen.** Revenue generation: sales, marketing, business development, and account management functions, grouped together for analysis of investment and lead sources.

# Disclaimer

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# Glossary & Abbreviations

|                                |   |                                      |   |
|--------------------------------|---|--------------------------------------|---|
| <b>Agency</b><br>N/A           | A professional services firm that offers digital services to other companies. Services typically fall into Development, Design, and Marketing, with significant overlap across all three. | <b>All-in-one</b><br>AIO             | A single agency management software platform combining CRM, project management, time tracking, resourcing, and financial reporting. Recommended for agencies above 10 FTEs. |
| <b>Account Manager</b><br>AM   | Client-facing role responsible for relationship management and account growth. Distinct from Revgen.  | <b>Artificial Intelligence</b><br>AI | Used in this report to refer to generative AI capabilities (LLMs, image, code, agents) and the operational tooling built on them.   |
| <b>Delphi</b><br>N/A           | Promethean Research's free insights network for digital agency leaders.   | <b>Enterprise</b><br>250+ FTE        | Agency size band: 250 or more full-time employees.  |
| <b>Fixed Bid</b><br>FB         | Pricing model in which the agency estimates project cost, adds margin, and quotes a fixed fee.  | <b>Full-Time Employee</b><br>FTE     | Headcount unit used to define agency size bands throughout this report.   |
| <b>In-housing</b><br>N/A       | A client's decision to bring previously-outsourced agency work back in-house.   | <b>Large</b><br>50-249 FTE           | Agency size band: 50 to 249 full-time employees.  |
| <b>Medium</b><br>25-49 FTE     | Agency size band: 25 to 49 full-time employees.   | <b>Net Margin</b><br>N/A             | After-tax profit as a percentage of revenue.  |
| <b>Performance-Based</b><br>PB | Pricing model tied to specific performance metrics (sales, leads, engagement).  | <b>Production / Delivery</b><br>N/A  | The functional area responsible for executing client work.  |
| <b>Retainer</b><br>R           | Recurring billing arrangement, usually monthly, often combined with T&M or FB.  | <b>Revenue Generation</b><br>REVGEN  | Sales, marketing, account management, business development, lead generation.  |
| <b>Small</b><br>10-24 FTE      | Agency size band: 10 to 24 full-time employees.   | <b>Specialist</b><br>N/A             | An agency that positions itself around a focused set of services or a specific industry vertical.   |
| <b>Studio</b><br>0-9 FTE       | Agency size band: fewer than 10 full-time employees.  | <b>Time &amp; Materials</b><br>T&M   | Hourly pricing model billed based on time incurred.   |
| <b>Value-Based</b><br>VB       | Pricing model in which fees reflect the expected value the agency's work generates.   |                                      |   |

# Promethean Research

Independent research and advisory for the digital agency industry. We help agency leaders understand the market they operate in and make better strategic decisions.

Our work combines longitudinal survey programs with one-on-one conversations and public-data analysis. We've been studying digital agencies since 2015, and the dataset behind this report represents more than a decade of structured benchmarks.

This Digital Agency Industry Report is the flagship annual publication of that research program.

In addition to the annual report, we publish thematic deep-dives on agency growth, pricing, staffing, and technology, and we host the Delphi insights network for agency leaders.

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