

# The Agency Survival Guide for 2026

How small and mid-sized PPC agencies stay valuable as in-housing accelerates, AI undercuts execution, and the old pricing model quietly destroys margin.

**73%**

IN-HOUSE TEAMS  
COMMITTED TO KEEPING  
PPC FULLY INTERNAL

**+29pt**

JUMP IN TWO YEARS, UP  
FROM 44%

**20%**

OF CLIENTS PLAN TO  
REPLACE AGENCY WORK  
WITH AI, NOT SWITCH  
AGENCIES

## ***If you run a small or mid-sized PPC agency, the numbers in this year's State of PPC report deserve more than a quick read.***

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Not because the industry is collapsing. Global ad spend crossed \$1 trillion in 2025. Budgets are moving, not disappearing. But who gets paid to manage those budgets, and on what terms, is shifting faster than most agency owners have adjusted for.

The in-housing numbers alone tell the story. Two years ago, 44% of in-house marketing teams said they were committed to keeping PPC fully internal. Today that figure is 73%. That is not a gradual drift. It is a structural reorientation, and the agencies most exposed are the ones whose pitch still sounds like "we manage the platforms so you don't have to."

This guide breaks down what is actually driving the pressure, what the agencies holding their ground are doing differently, and where the practical leverage points are.

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Data: State of PPC Global Report 2026, [PPCsurvey.com](https://ppcsurvey.com) . 1,306 respondents across agencies, in-house teams, and freelancers.

# Four forces squeezing the agency model

The pressure is not one thing. It is four things arriving at the same time, and they compound each other.

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## 01 In-housing has crossed a threshold

For years, agencies could treat in-housing as a large-brand problem. The jump from 44 to 73 percent in two years ended that assumption. These in-house teams are not experimenting with ownership. They are committed to it.

Three things are driving this. AI tools have lowered the skill and time requirements for campaign management. First-party data sits inside the advertiser's systems, not the agency's. And CFOs are scrutinising marketing spend with more detail than they were a few years ago. All three trends point in the same direction.

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"We save you time" is no longer a strong enough reason to keep the relationship. Clients increasingly believe they can save that time themselves.

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## 02 You are not just competing against other agencies anymore

More clients say they are likely to replace some agency work with AI than switch to a different agency: 20 percent versus 12 percent. That shifts the competitive frame in a way most agencies have not fully absorbed.

The threat is not another specialist shop down the road. It is a cheaper internal workflow built from AI tools, templates, and a reasonably capable in-house marketer who has been freed up by automation.

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If your work looks easy to automate, clients will eventually wonder why they are paying agency rates for it.

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## 03

### Hourly billing is quietly destroying margin

Agency teams managing over \$1M per month are 20% more efficient than two years ago. Fewer people, same spend levels. Operationally, that is good news. Commercially, it is a problem if your revenue still depends on hours worked.

Continental Europe is particularly exposed: 25% of agencies still bill ongoing PPC work by the hour, versus 12% in North America. Wijnand Meijer of TrueClicks put it plainly in the report: getting better at your job while billing hourly means giving yourself a 20% pay cut.

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Productivity gains only become revenue gains if your pricing model is not anchored to time spent.

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## 04

### The hardest work now sits outside the ad account

The top three agency-client friction points in this year's report, getting clients to improve their website and offer, conversion measurement issues, and timely client input, all happen outside the platform.

At the same time, client satisfaction data reveals a specific gap: clients score communication at 78% positive but are most dissatisfied with help measuring ROI, where 19% are actively unhappy. The gap between what agencies deliver and what clients most need is not bidding or targeting. It is measurement and commercial influence.

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Agencies that stay trapped inside the platform own less of the outcome and still get blamed for it.

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## The hardest number in the data

The report asked experienced practitioners whether managing PPC has become harder or easier over the past two years. Here is what they said.



This is the central paradox. Platforms have automated more. Tools have improved. AI saves the average practitioner 5.2 hours per week. And yet the job keeps getting harder for most people doing it.

The reason is that automation has shifted difficulty rather than removed it. Google's platforms were optimised for SMB advertisers who just need something to run. Experienced practitioners lost the tactical controls they relied on. The complexity moved into measurement quality, creative strategy, and client influence. Those are harder skills to package as a monthly retainer than bid management ever was.

***"Control has reduced. Visibility has reduced. The platforms may have simplified the interface, but they haven't simplified the job."***

ED LEAKE, GOD TIER ADS

For agencies, that creates a specific problem. The work that got harder is also the work that is hardest to make visible to clients. Nobody notices excellent measurement setup. Everyone notices when a campaign underperforms. Agencies end up absorbing more strategic complexity while getting credit for less of it.

# What the agencies holding their ground are doing

They have stopped selling execution as the primary product. Execution is still something they do well. It is just no longer the reason clients stay.

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## MOVE 01 **Selling judgment, not activity**

Clients can buy activity from a lot of places. What keeps them is the kind of judgment that makes sense of messy performance signals, links channel data to business outcomes, defines testing priorities, and pushes back on a weak offer or a landing page that was broken before the first click ever landed.

The report is clear on this: as automation rises, what remains valuable is strategy, positioning, and holding clients accountable for the things that actually move results. Agencies that have made this shift build it into how they scope work, how they run meetings, and how they talk about performance.

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## MOVE 02 **Making measurement ownership contractual**

Weak measurement is not just a technical issue. It corrodes the relationship. It creates blame cycles, vague performance reviews, and the kind of slow trust erosion that ends contracts without a single dramatic conversation.

Agencies navigating this well have stopped having informal conversations about measurement and started documenting ownership before the engagement starts: who handles tag implementation, consent mode configuration, CRM data exports, and ongoing QA. When the split is explicit upfront, blame has nowhere to land.

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## Fixing the pricing model before it fixes them

Forrester analyst Jay Pattisall called this an existential issue in a 2025 piece for The Drum: agencies that cannot figure out how to get compensated for AI efficiency as headcount shrinks face a structural commercial problem. Fewer people, same or lower revenue, means margins that only move in one direction.

The core flaw in hourly billing is that it pays for time, not for results. When an agency gets faster through better processes, more senior staff, or AI, the hours billed go down and so does the invoice. Efficiency becomes a revenue leak rather than a strength, which also creates a quiet brake on AI adoption: teams have less incentive to use tools that reduce the thing being sold.

The fix is to decouple revenue from hours worked. Flat fee retainers are the cleanest option for routine PPC management. Tiered pricing packages services into levels so fees reflect account complexity rather than task time. Hybrid models combine a fixed base with separate pricing for genuine one-off work that falls outside the scope. No model is perfect, but hourly billing for ongoing PPC management in an era of AI-accelerated delivery is, as the report puts it, the final nail in its own coffin.

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## Using AI to sharpen the service, not replace the relationship

The report makes this point clearly. Most agencies do not have the resources to build proprietary AI products. More importantly, they should not try. Small agencies win by being specific, sharp, and lean, not by attempting to out-engineer platforms that employ hundreds of engineers.

The agencies using AI well are deploying it where it actually earns its keep: faster analysis, faster drafting, faster pattern recognition, less grunt work. The time freed up goes toward the strategic and relational work that automation cannot do. That is a productivity gain that strengthens the agency's position rather than commoditising it further.

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## Treating reporting as a retention tool, not a monthly chore

This is the move most agencies are still getting wrong, and the one with the clearest data behind it.

Most agency reporting documents what happened, arrives on a schedule, and answers questions the client did not ask. Then it waits to see whether the client still feels good about the relationship. That is a passive way to manage one of the most active levers you have.

The satisfaction gap in the survey tells the whole story. Clients score communication at 78% positive. They are most dissatisfied with help measuring ROI, where 19% are actively unhappy. That gap does not close by being more responsive on Slack. It closes by making reporting do a fundamentally different job.



## What reporting should actually do

For a small or mid-sized agency, reporting is the primary mechanism through which clients form their ongoing opinion of your value. A confusing or purely backward-looking report quietly degrades the relationship between calls. A clear, outcome-connected report does the opposite.

- 1 Prove value in language the client can repeat internally. Not platform metrics. Business outcomes: cost per acquired customer, revenue influenced, efficiency versus target.
- 2 Frame performance clearly. What changed, why it changed, and what that means for the period ahead.
- 3 Surface risk before the client finds it themselves. Budget pacing issues, tracking anomalies, trends that need a conversation now rather than a post-mortem later.
- 4 Give the client something to take to their CFO or board. A clear story connecting spend to results, without requiring them to interpret a data dump.

**19%**

of clients who hire agencies are actively dissatisfied with help measuring ROI. The highest dissatisfaction score in the entire client satisfaction survey. Communication scores 78% positive. The distance between those two numbers is where agency trust is lost, month by month, in the absence of clear proof.

# The 2026 agency audit

Use this as an honest internal review. The questions that sting are the ones worth answering first.

## POSITIONING

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- Can you explain why a client should stay if campaign execution gets easier to automate?  

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- Are you positioned around a specific business problem or a generic service list?  

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- Would your offer still hold if the client assumed AI handles 30% of the routine work?  

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## PRICING

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- How much of your revenue still depends directly on hours worked?  

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- Has faster AI-assisted delivery started to shrink invoice value?  

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- Are software costs absorbed as overhead in a way that quietly damages margin?  

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## MEASUREMENT

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- Is tracking ownership documented in the scope of work?  

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- Do you have the data access needed to discuss real business outcomes?  

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- Have you defined what cannot be measured cleanly, and how decisions will be made anyway?  

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## REPORTING

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- Does your reporting connect spend to outcomes the client can explain to their own management?  

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- Does it surface risk before the client discovers it themselves?  

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- Is it strengthening the relationship, or just filling a calendar slot?  

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## CLIENT INFLUENCE

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- Are you pushing clients on weak landing pages, poor offer structure, or missing CRM data?
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- Are you being judged on outcomes you cannot influence because you never forced that conversation?
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## AI USAGE

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- Is AI cutting grunt work and raising what the client actually receives?
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- Are you deploying vibe-coded internal tools without proper QA on client accounts?
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- Is time saved by AI going toward strategic work, or just moving faster through the same tasks?
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If more than a few of these are uncomfortable, that is useful information. The agencies that adapt earliest have the most room to move. Finding out a client has already pulled work in-house is the more expensive version of the same lesson.

## SECTION 05

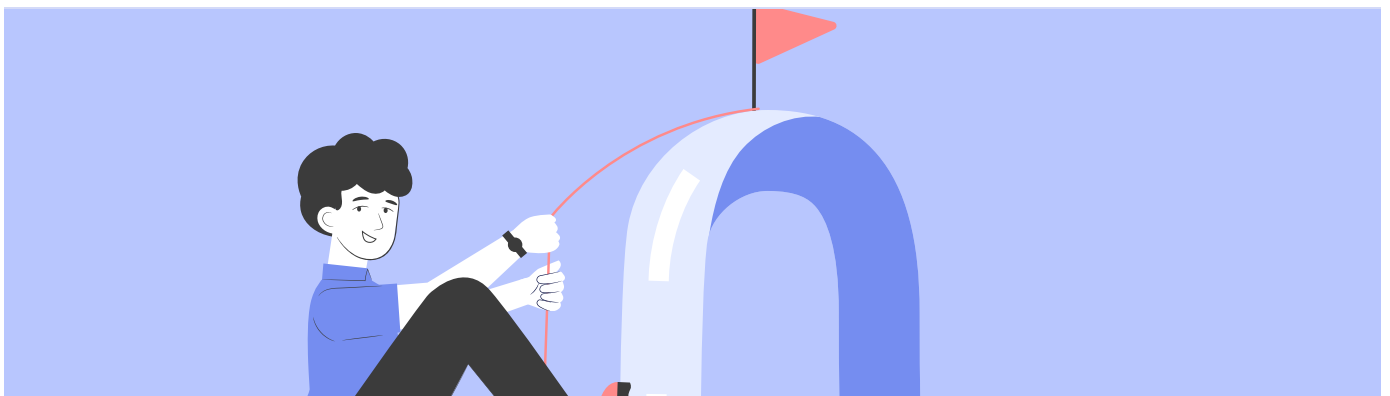
# Why this lands harder for smaller agencies

Everything above applies across the industry. But it hits differently when you are running a team of five than when you have enterprise contracts, brand insulation, and a diversified service portfolio to absorb the pressure.

Small agencies have less slack. When a handful of retainers wobble in the same quarter, the whole business feels it. There is no cross-subsidisation from other practices, no other service line to smooth the curve.

The upside: smaller agencies can move faster. Repositioning, repricing, cleaning up measurement practices, rebuilding reporting workflows. None of those require six months of internal alignment. They require a decision and execution.

The agencies most likely to hold margin through this period are not the ones making the loudest noise about AI transformation. They are the ones quietly becoming harder to replace: sharper on measurement, clearer on ROI proof, more commercially involved in what happens outside the ad account.



## SECTION 06

# Where reporting fits in all of this

If execution is getting easier to commoditise, proof becomes more important. That is the direct logic. When a client can imagine automating your campaign management, the thing that keeps them is confidence you understand their business and are actually steering it. Reporting is the primary evidence of that confidence.

Most agencies are under-invested here. The default stack, Google Sheets and Looker Studio, is free and functional. But it requires significant manual time, it does not scale cleanly across multiple clients, and it rarely does the commercial storytelling work that changes how clients feel about the relationship.

Swydo is built for exactly this gap. It pulls data from 34+ platforms, including Google Ads, Meta, Analytics, and Semrush, into automated, fully customisable reports. The operational benefit is real: agencies report saving hours per client per month on reporting work alone. The more important gain is strategic. When reporting is automated and consistently clear, it stops being an admin task and starts doing the retention work that matters.

For small and mid-sized agencies managing ten or more accounts, the logic is straightforward. Less time on manual reporting means more capacity for the strategic and commercial work that is harder to replace. Better-designed reports mean clients have a clearer picture of what they are getting. Clearer value means longer relationships and more stable revenue.

***"The added value of the human brain in creativity, reasoning and discussing results, supported by AI-generated summaries, is more important than ever."***

JEROEN MALJERS, FOUNDER AND CEO, SWYDO

That is the connection between the data in this report and the tool at the end of it. Reporting is where agencies are currently leaving the most trust on the table. It is also the most controllable lever available.

# See How Agencies Use Swydo To Report Faster, Prove ROI & Keep Clients Longer

Automate reporting across 34+ platforms.  
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