



CallRail

# 2026 outlook for marketing agencies

Why retention is the new growth



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# Introduction

Agencies are pouring more money into marketing for 2026, but the 'easy mode' of the last decade is over. Competition is fierce, technology is constantly evolving, and clients move on quickly when they don't see value.

At the same time, the way new clients find agencies is changing, and that's shaping retention. Long-standing, relationship-based accounts are giving way to shorter, more transactional ones. In 2026, **only 3% of agencies expect client lifespans of 36 months or more**; most now expect relationships to last just 12-24 months. One likely factor is that fewer "handshake" clients are coming through referrals and in-person networks, and more are arriving through paid search, SEO, and other digital channels, where it's easy to compare agencies and switch with a few clicks. Referrals still play a role, but agencies are relying on them far less than in previous years as they use digital channels to backfill churned accounts.

In this environment, proving value quickly becomes the real differentiators. The correlation is stark: Agencies with the shortest client lifespans (0-12 months) are the least likely to provide analytics. Only **6%** of these high-churn firms offer reporting, compared to **48%** overall, revealing a critical gap between execution and measurement.

Our 2026 agency report examines this measurement gap in depth. Agencies may be spending more and adopting AI more broadly, but shorter client relationships — combined with weaker reporting among the teams losing clients the fastest — suggest that the agencies that win in 2026 won't be the ones who simply market more, but the ones who consistently prove outcomes early and often.



# Key findings



## 01

### Confidence in attribution is high, but retention remains a challenge

**91%** of agencies report knowing which channels attract their best customers, yet very few agencies (**3%**) expect to retain clients for three years or more.

## 02

### Marketing budgets are growing

**69%** of agencies expect their 2026 marketing budgets to increase, while another **26%** plan to hold steady, with much of the additional spend going to digital channels.

## 03

### Client relationships are getting shorter

Only **3%** of agencies say their typical client relationship lasts 36 months or longer, while the majority (**57%**) now report lifespans of just 12-24 months.

## 04

### Most new clients come from digital marketing, not referrals

**41%** of agencies say referrals are a top source of new clients, but digital channels now lead the way — with paid search (**66%**), SEO (**59%**), and organic social (**50%**) reported as the strongest drivers of new business.

## 05

### AI has moved from planning to daily practice

In 2025, **62%** of agencies reported plans to utilize AI. Now, AI adoption is the new standard. Agencies prioritize it for personalization (**68%**), lead scoring or qualification (**60%**), and content creation (**56%**).

# Survey snapshot

This report is based on a survey of 100 agency professionals conducted in October 2025. Respondents represented a mix of seniority and functional roles, including Executive Leadership (43%), Marketing (general) (25%), Operations (22%), SEO/Organic (5%), Paid Social (3%), Strategy (1%), and Social Media Management (1%). Agencies of varying sizes were included, with 4% employing 1-19 people, 19% employing 20-99 people, 37% employing 100-249 people, and 40% employing 250-499 people. The survey was conducted at a 95% confidence level with a 35% margin of error.

## Roles

- 1 **43%**: executive leadership
- 2 **25%**: marketing
- 3 **22%**: operations, with smaller shares from SEO/organic, paid social, strategy, and social media

## Company size

- 1 **40%**: 250-499 employees
- 2 **37%**: 100-249 employees
- 3 **19%**: 20-99 employees
- 4 **4%**: fewer than 20 employees

## 2026 agency challenges

- 1 Competition - **63%**
- 2 Keeping up with technology - **56%**
- 3 Declining Sales - **47%**
- 4 Resources - **46%**
- 5 Operational Costs - **40%**
- 6 Siloed teams - **37%**



# Pressures and priorities in 2026

Agencies want to win more new clients, but they're also struggling to keep the ones they have. Standing out from the crowd is harder, AI and marketing tools are changing rapidly, and clients expect not just scheduled check-ins but clear, frequent, and ongoing performance reporting.

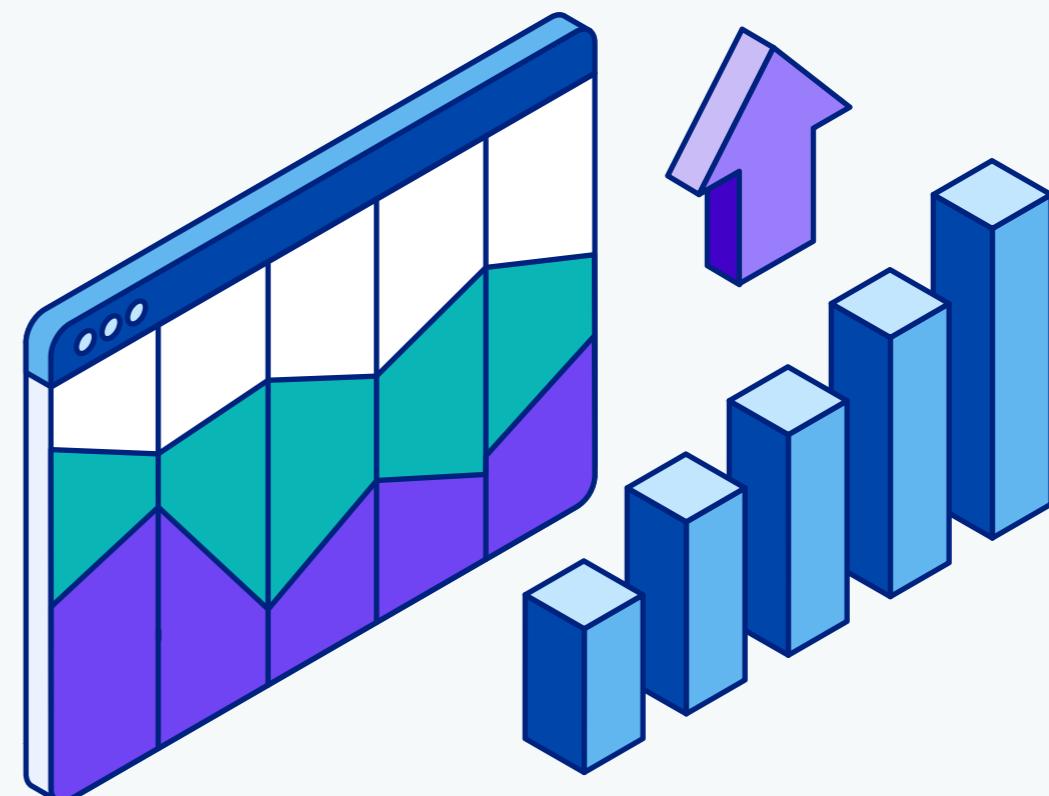
Agencies are planning for growth:

**69%** expect higher marketing budgets in 2026, and only 5% expect cuts.

Among those agencies increasing their marketing spend,

**59%**  
on video content    **55%**  
on paid social    **54%**  
on organic social

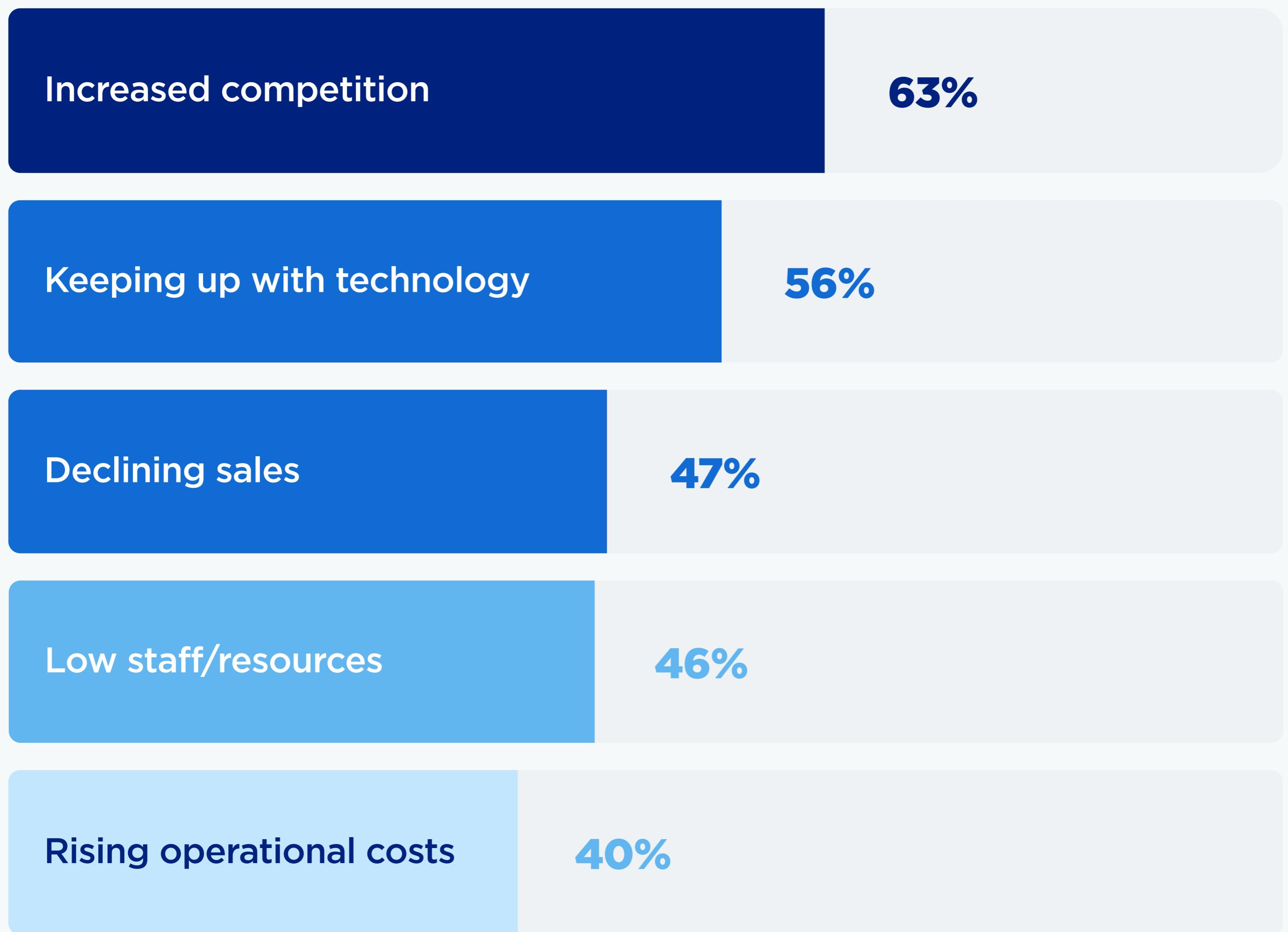
will receive most of the additional investment, reflecting a push toward digital channels that are easier to track.



## The strategic challenges agencies face in 2026

Budget increases don't eliminate the headwinds. Increased competition, keeping up with technology, and declining sales are all making it harder for agencies to survive and thrive in 2026.

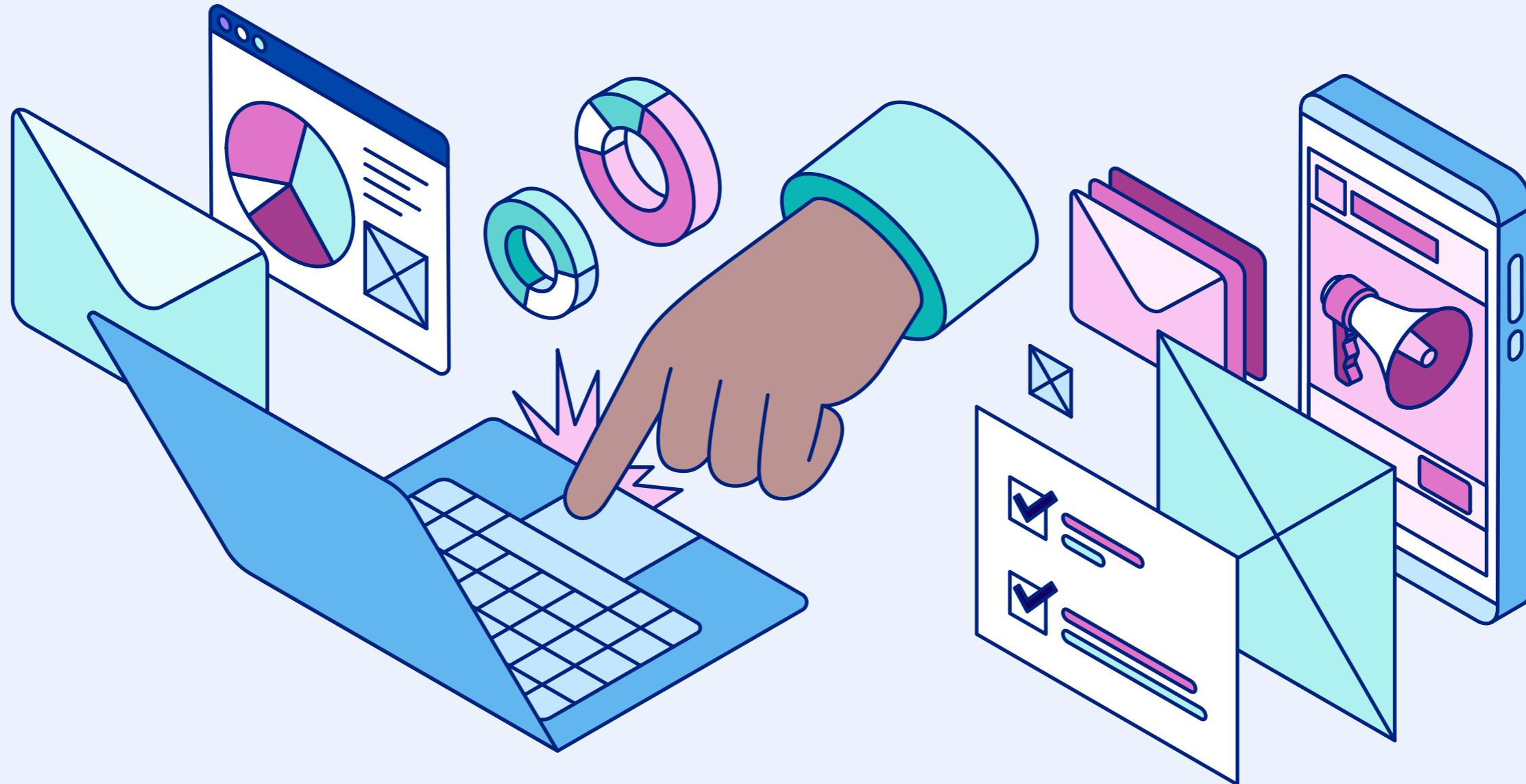
## Top challenges facing agencies in 2026



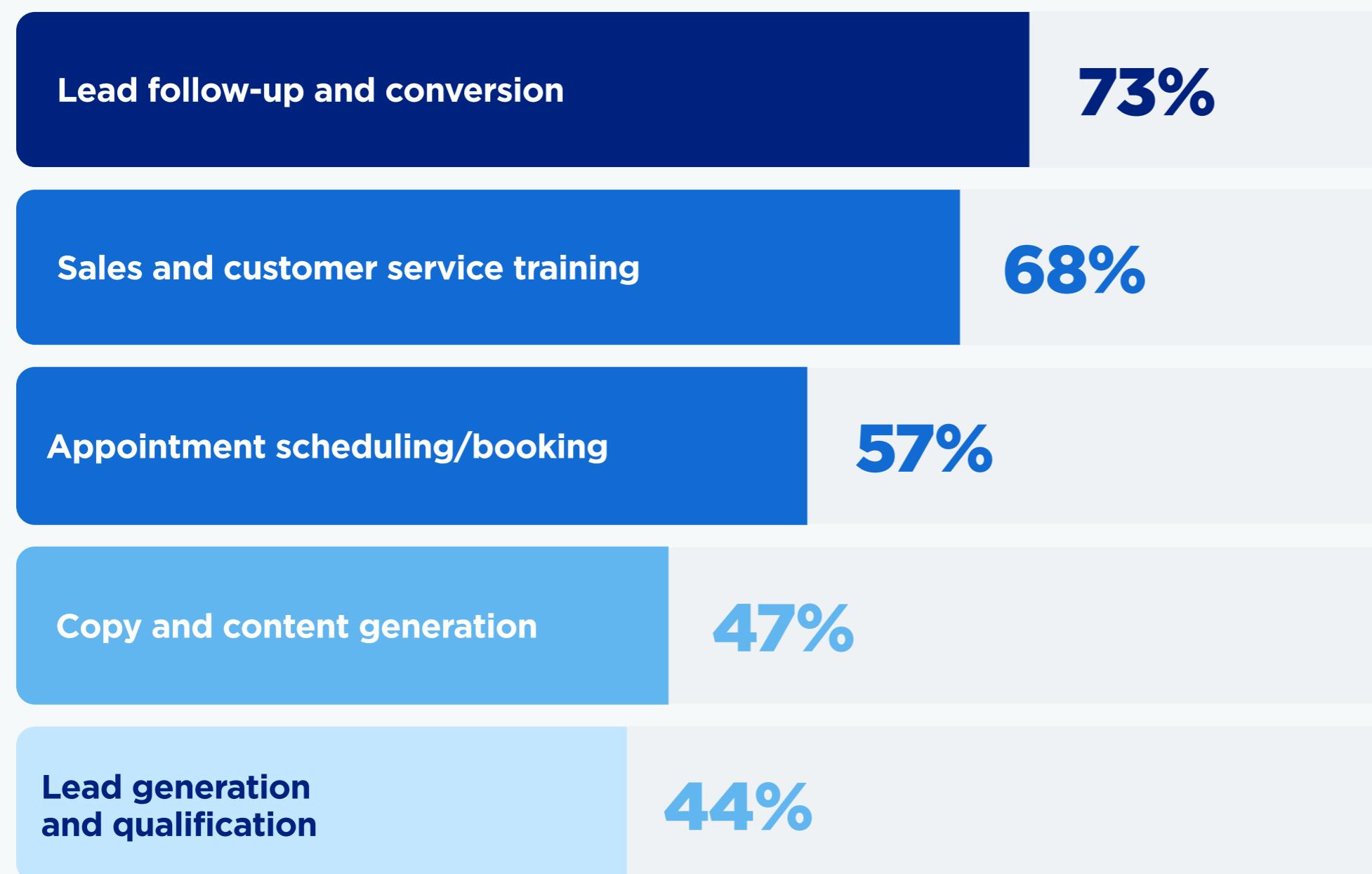
While declining sales rank third overall, they become the number-one challenge for larger agencies (**63% vs. 47% overall**). Together, these trends indicate that, even as agencies generate demand, the broader market environment is becoming increasingly challenging to navigate.

## Agencies' biggest marketing and operational challenges

While agencies know how to generate demand, the real friction point is what happens next. Agencies identify their biggest operational challenge as converting leads into customers, with sales and customer service training coming in second, and appointment scheduling/booking in third.



## Top operational and marketing challenges in 2026



Winning clicks and form fills is no longer enough. Agencies need visibility into the post-lead journey: response times, appointment bookings, and sales interactions. Without this view, high-quality opportunities quietly slip through the cracks. Without consistent workflows and tools that support lead response, sales conversations, and appointment scheduling, even high-quality leads and high-performing campaigns can go to waste.



Most of our clients don't have a marketing problem - they have a workflow problem. The challenge isn't generating leads anymore, but responding quickly and consistently enough to convert them.

— **Jonathan Banks, Activate Digital Marketing**

# Agencies are struggling to retain clients long-term

One of the biggest changes for 2026 is how quickly clients churn. Only **3%** of agencies said their typical client relationship lasted 36 months or longer. Most now report average lifespans of 12-24 months.

Clients are reassessing partner value earlier, and renewal is no longer a given. To protect those relationships, agencies are leaning hard on communication and transparency:

**71%** use increased communication and transparency as a retention strategy

**68%** increase reporting efforts

**66%** add new services or offerings for existing clients

However, when you look at agencies with the shortest client lifespans (0-12 months), these teams tend to focus on day-to-day execution like managing paid search ads (**82%**) and producing content (**88%**), but are far less likely to provide analytics and reporting. Only **6%** do, compared with **48%** overall.



The best retention strategy isn't just trying to prove value, it's making clients feel like they're better off after every interaction with you.

— **Steve Armenti, Twelfth Agency**

## Has retention become a data problem?

Competition and changing client expectations play a role. But for agencies with the least visibility into performance, those pressures hit harder. When teams cannot attribute revenue to their efforts or pinpoint where leads were lost, clients question the value — and move on.

At the same time, **91%** of agencies feel at least moderately confident that they know which channels bring in their best customers, yet long-term client relationships continue to shrink. That disconnect suggests the issue isn't whether agencies have the data, but whether clients can clearly see the value. Agencies that translate their insights into simple, outcome-focused reporting will be better positioned to retain clients.

### Agencies have less time to prove their value

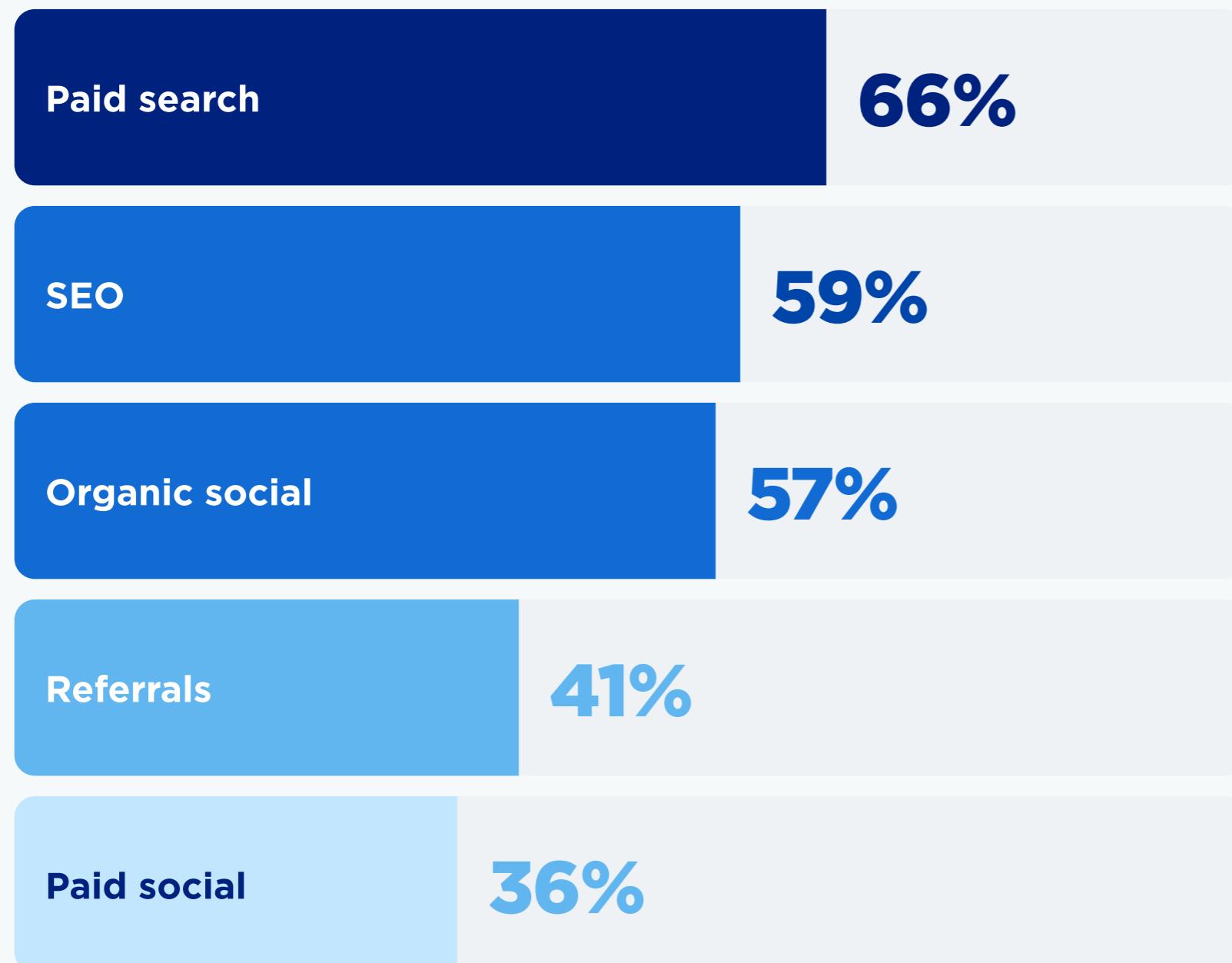
Only **3%** of agencies report that clients stay 36 months or longer, and most now estimate the average to be between 12 and 24 months.



# How agencies aim to win new clients

Agencies are still strong at what they've always done best: generating demand. The most effective sources for winning new clients are digital channels that are easy to measure and track.

## Most effective sources for finding new clients



Referrals still play a significant role, especially for larger firms, but they no longer dominate new business as they once did. While **41%** of agencies said referrals were their most effective source of new clients, digital channels like paid search (**66%**), SEO (**59%**), and organic social (**50%**) now lead the way.

As more relationships start with a click instead of a personal introduction, new business can feel more transactional and easier to switch. That's great for filling the pipeline, but it also means agencies have to work harder (and faster) to prove their value and keep clients from moving on.

## Top channel priorities for spending 2026 marketing budget

Spending priorities tell a similar story. Agencies plan to allocate most of their 2026 budget toward digital channels, including paid and organic social (#1), video (#2), email (#3), and PPC (#4).

- #1 Paid / Organic social**
- #2 Video content**
- #3 Email**
- #4 PPC**

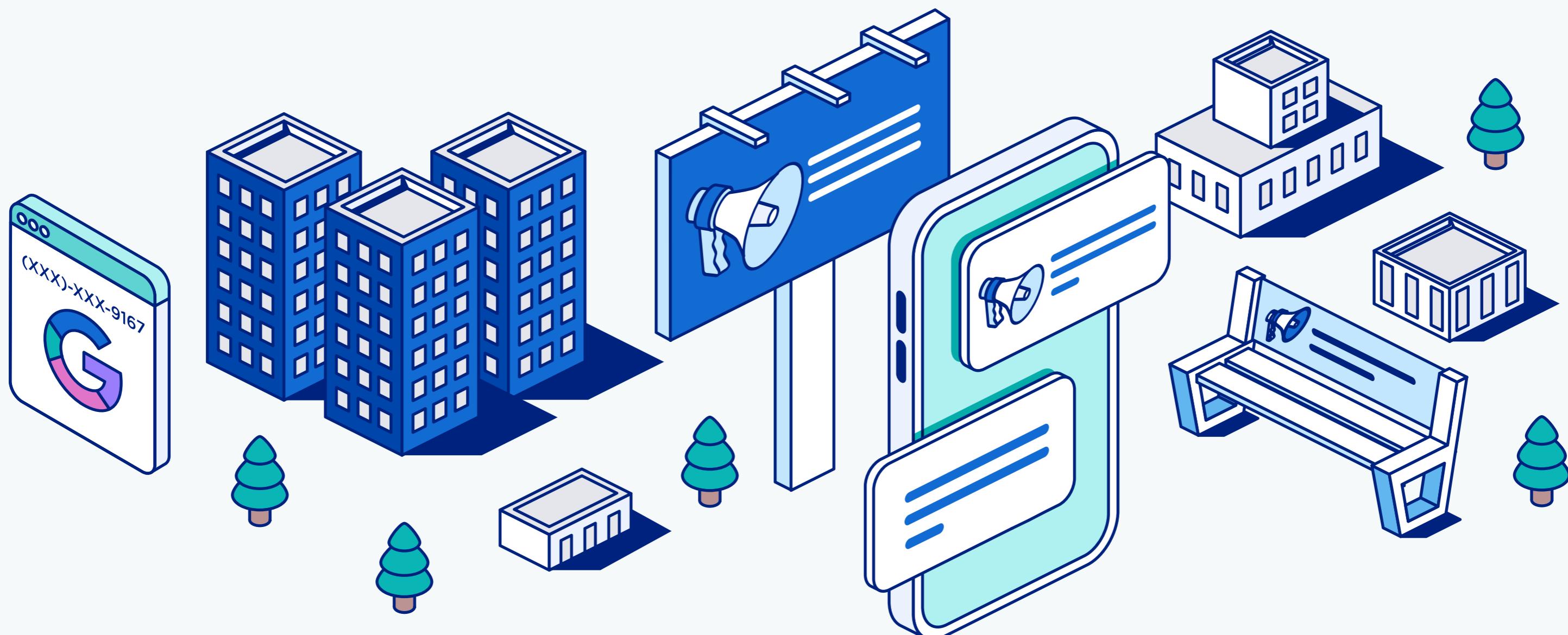
## Why measurement matters for these channels

As more of their own marketing budget shifts to paid and organic social, video, email, and PPC, agencies see a significant increase in clicks and impressions. What matters most for their growth, though, is which campaigns actually bring in qualified opportunities and long-term clients.

Attribution tools help by tying every inbound call and form submission to the correct campaign, keyword, and landing page, providing agencies with a clearer view of which efforts drive their most valuable leads and customers.

Data from our **Blueprint for Excellence Agency Report** reveals that high-growth agencies are more likely to rely on attribution insights and call intelligence to prove value and improve retention. They utilize tools such as call tracking, form tracking, and conversation intelligence to connect campaigns to leads, revenue, and client trust.

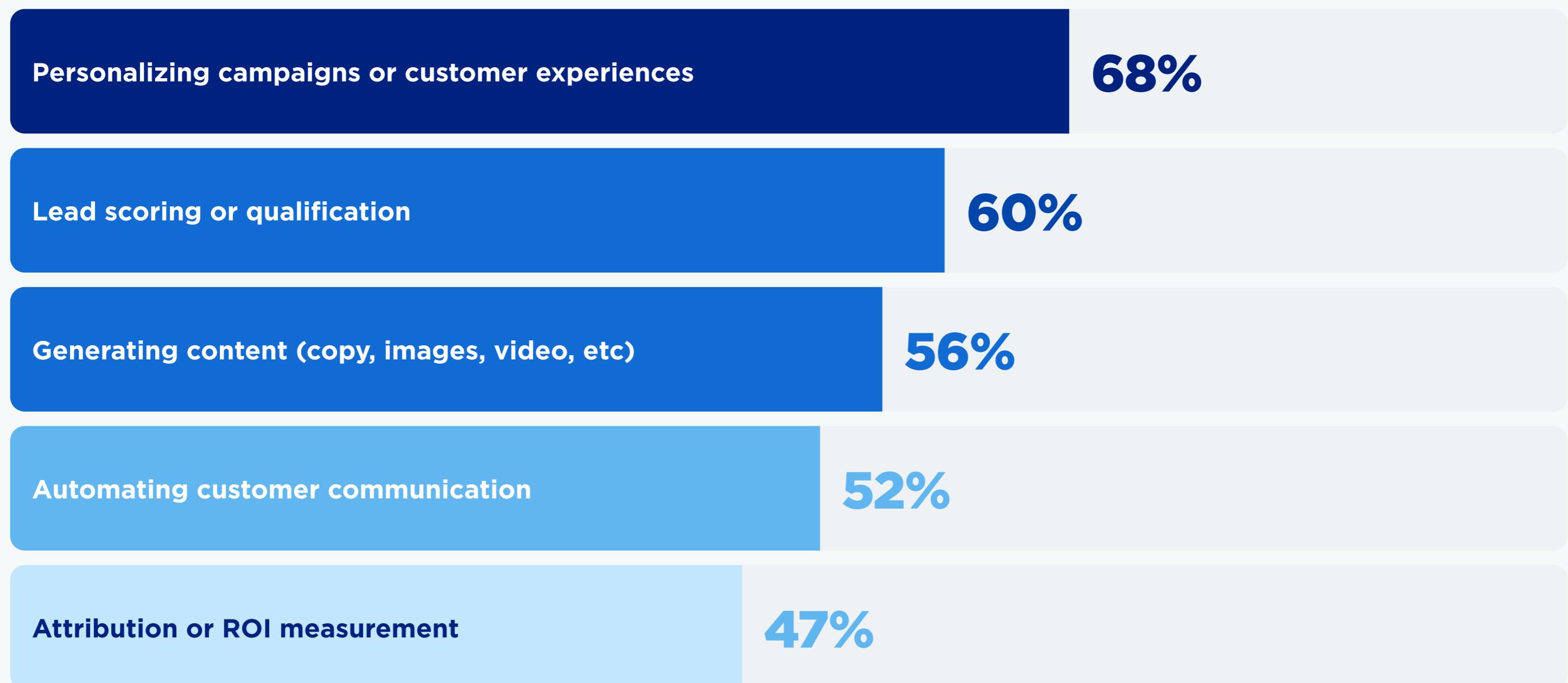
When performance across channels is tracked in one place, it becomes easier to explain results, defend budgets, and have better conversations about where to invest next.



# Agencies use AI every day, but it's not closing the measurement gap

Going into 2025, 62% of agencies were planning to use AI. Now, it's a standard part of everyday workflows.

## Top agency AI use cases



Among the largest and fastest-growing firms, nearly a third already use AI to analyze marketing performance (**30%** vs. **19%** overall). Across the board, agencies identify the most valuable AI tools as those that help them understand and act on lead quality. Specifically, **78%** point to lead intelligence software, and **74%** to marketing automation platforms.

There's also an emerging "vanity vs. value" split in how AI is prioritized. Agencies with shorter client lifespans (12-24 months) are more likely to say content creation tools will be their most valuable AI investment (**54%** vs. **45%** overall), while agencies with longer relationships (24-36 months) are more likely to use lead management software (**26%** vs. **12%**). In other words, teams that retain clients for longer periods are more likely to utilize AI to manage follow-up and engagement, rather than just producing more content.

# Where AI can help

AI is now a standard part of agency work, enhancing efficiency and enabling teams to move faster. But the agencies seeing the most impact aren't just using AI for content and targeting — they're applying it to the operational gaps that affect revenue and retention.

AI-powered tools can relieve the pressure on follow-up and conversion by:

- **Capturing and qualifying more inbound calls automatically**, including after-hours and high-volume periods
- **Turning conversations into structured data that reveals intent**, lead quality, and next steps
- **Creating immediate visibility into how leads were handled**, which is critical when clients reevaluate performance every 12-24 months

When AI is fueled by strong inputs — reliable call and form data, clear attribution, and consistent workflows — it becomes a force multiplier. It helps agencies respond faster, qualify leads more accurately, and show clients not only where leads came from but also what happened next.

In a year when client relationships are shorter and renewals aren't guaranteed, the agencies that combine AI with clear proof of results — from first touch to conversion — will have the strongest foundation for retention and growth.



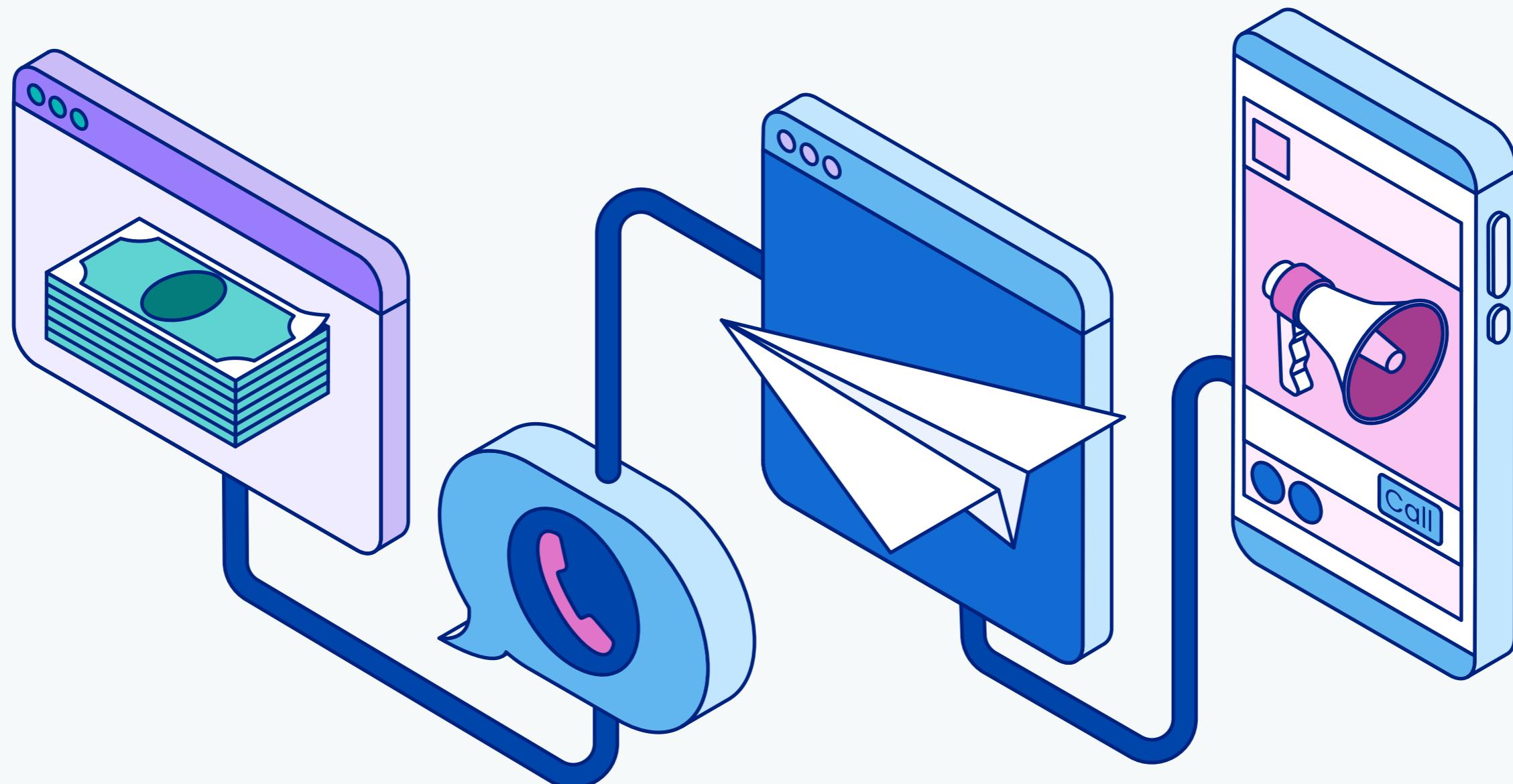
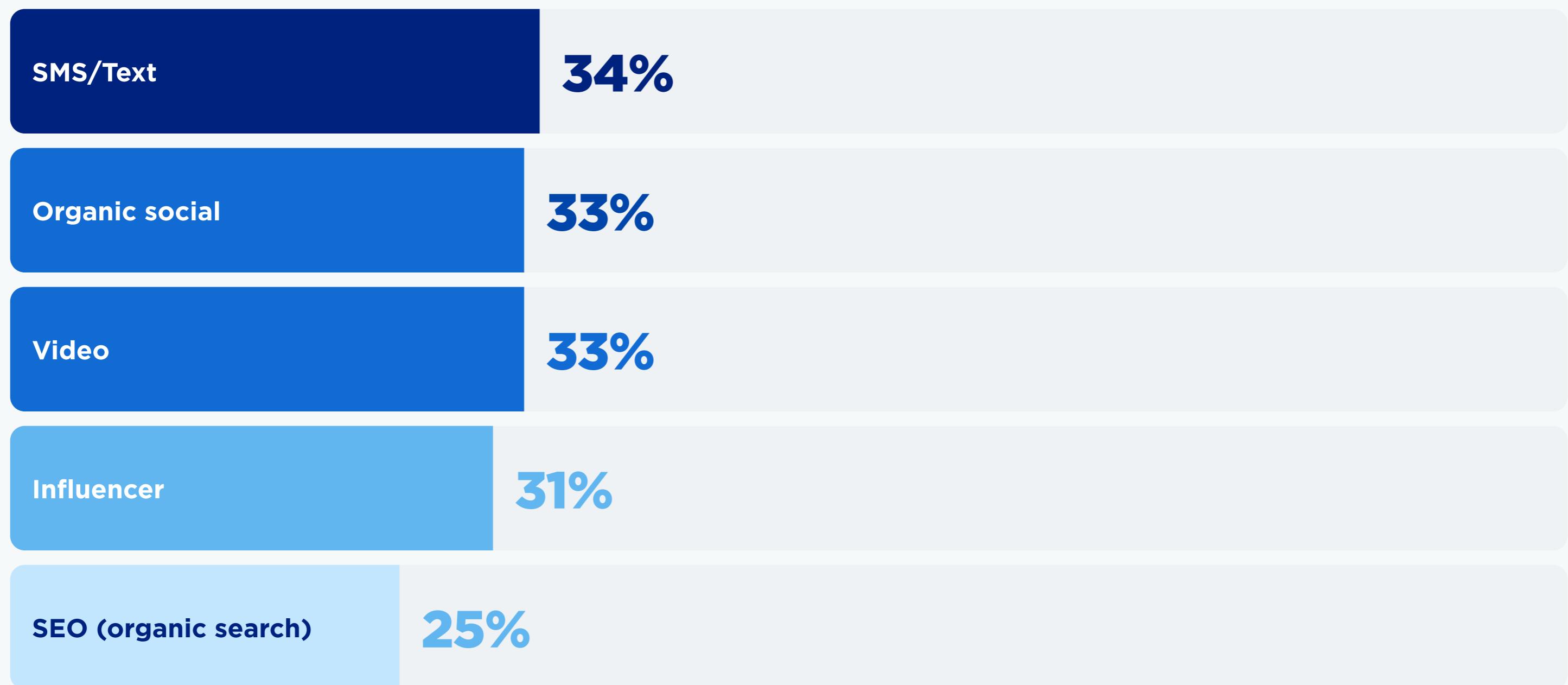
We rely on CallRail as the central hub for tracking, analyzing, and optimizing every marketing dollar we spend for our clients. Voice Assist adds another layer — now we're capturing high-intent leads even after hours, qualifying them automatically, and feeding that data right back into our reporting and ad platforms. It's made our campaigns smarter and our results stronger.

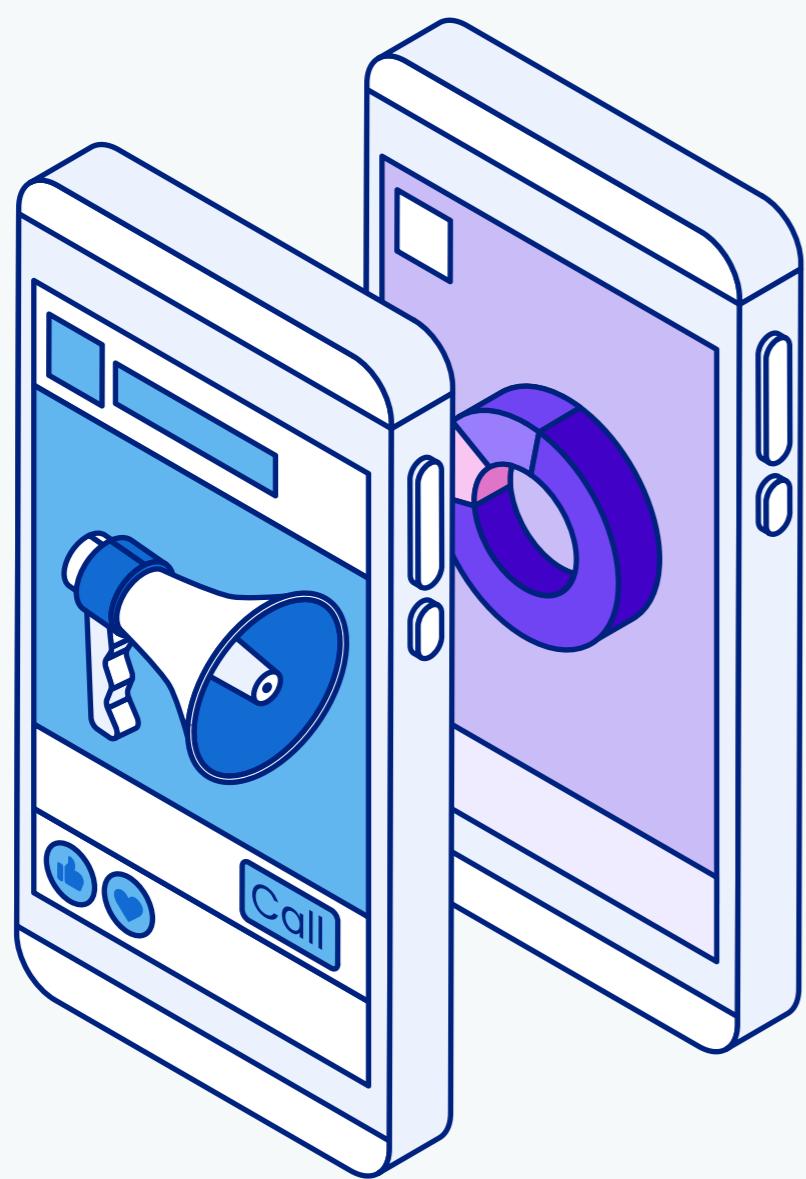
— **Michael Hurley, COO, Einstein Industries**

# Tests and tactics agencies want to try in 2026

Agencies plan to experiment widely in 2026, targeting channels that reach prospects faster and resonate on a personal level. Top tactics agencies plan to test in 2026 include:

## Top marketing tactics agencies plan to test in 2026





When asked which marketing approaches they expect the broader industry to use in 2026, agencies pointed to:

**52%**  
Short-form video

**51%**  
Personalization

**48%**  
SEO

**44%**  
Automation

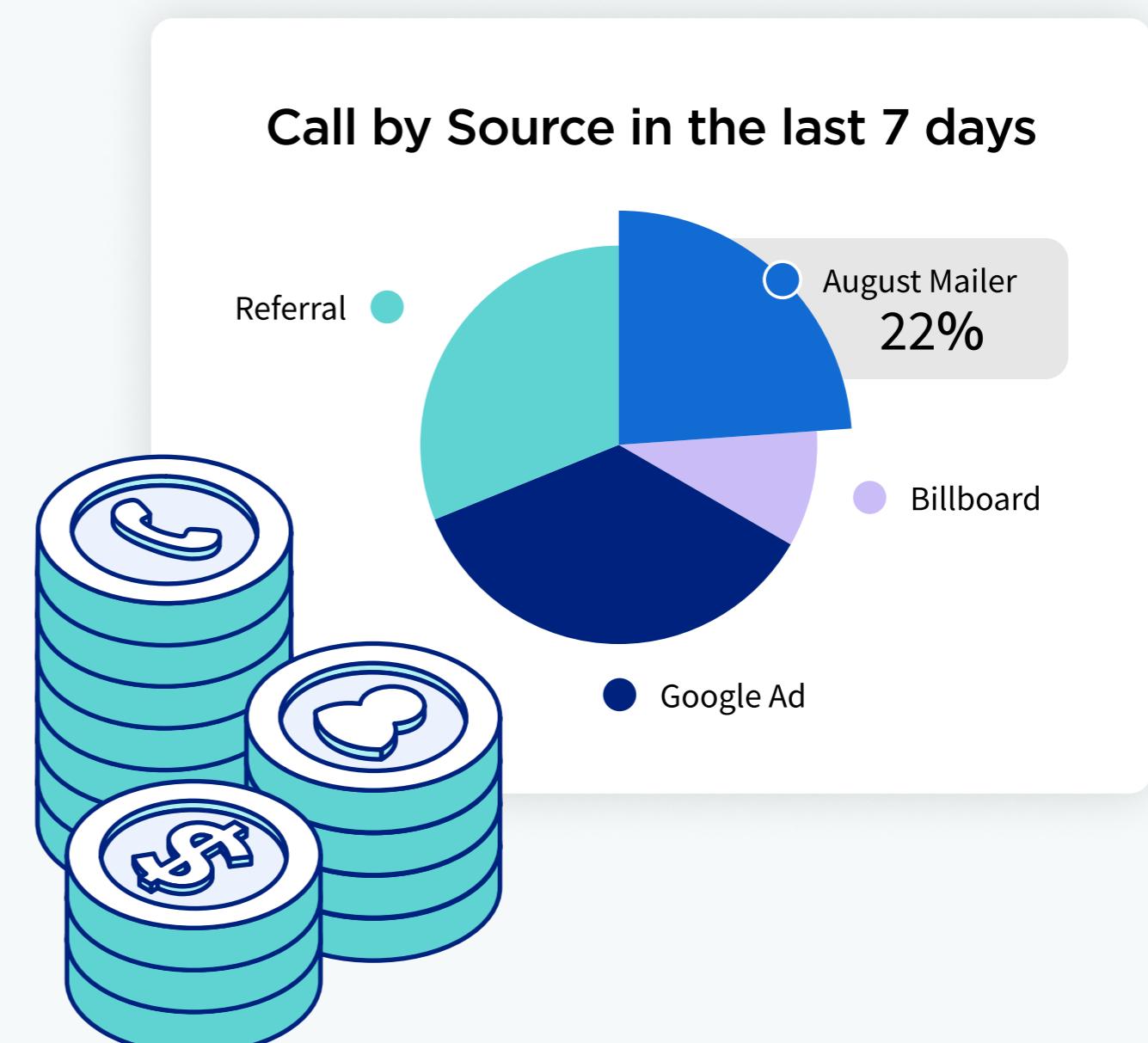
There are also clear year-over-year shifts. In 2025, **41%** of agencies planned to test short-form video. In 2026, short-form video is the #1 anticipated industry approach and the top channel for planned budget increases among those raising their spend (**59%**). Personalization has followed a similar path, rising from **17%** on the testing list in 2025 to **51%** as a leading approach in 2026, and it is now the top way agencies use AI (**68%**).

## Experiment boldly, track precisely

Experimentation is part of moving teams and processes forward. But as agencies test across more channels, formats, and creative angles, it becomes even more important to:

- Efficiently track every call, form, and text back to the experiment that drove it.
- Distinguish between volume and quality — which tests bring in high-value leads that convert and stay.
- Retire under-performing tests quickly and double down on the winners.

Agencies that can show definitively which tests drove real opportunities will have an easier time securing buy-in for future experiments and defending innovative ideas.



# The 2026 roadmap for agencies

Going into 2026, agencies aren't short on channels, tools, or ideas. The next wave of success hinges less on increasing activity and more on proving efficacy. Growth now depends on visibility: knowing where leads originate, how they convert, and the long-term value they create.

Based on what agencies are saying, here's a practical roadmap for 2026:

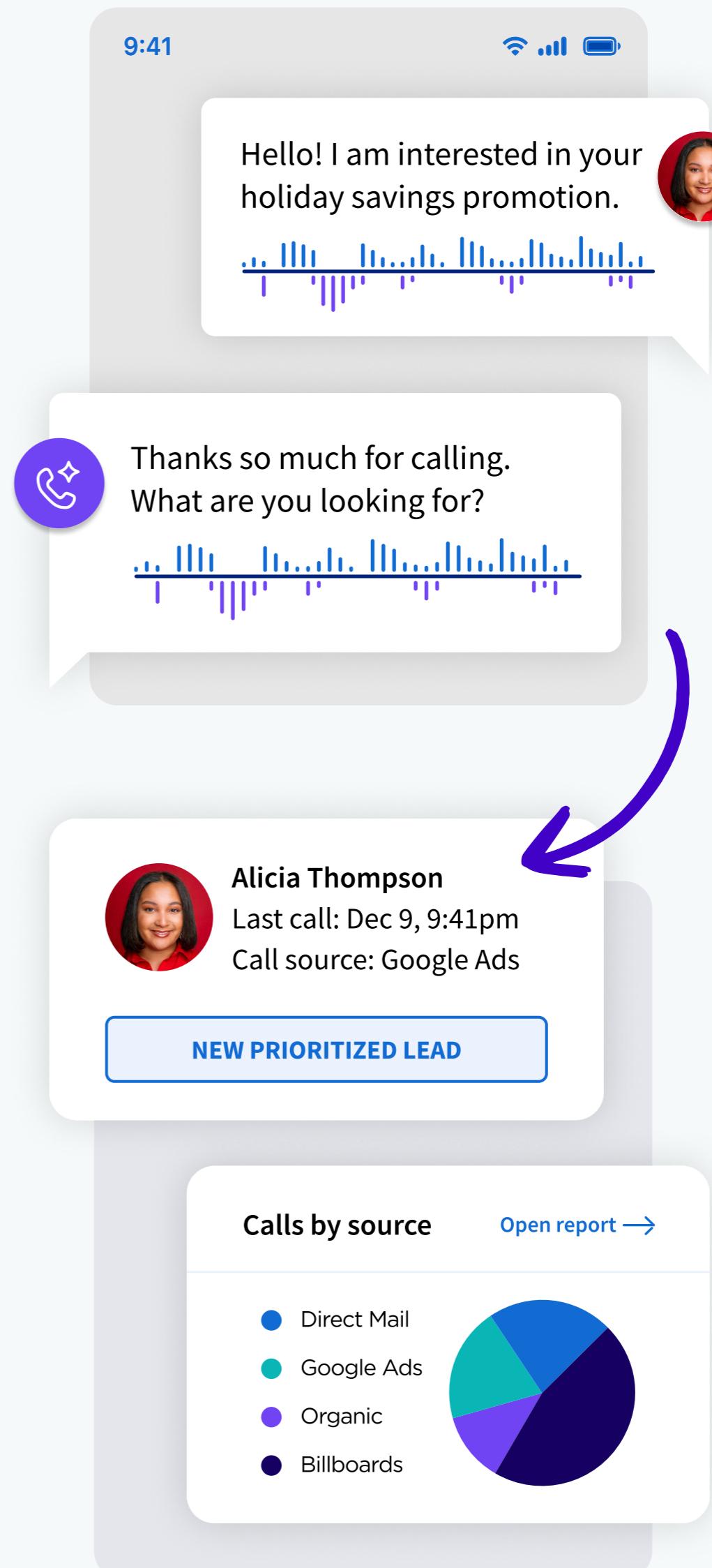
## 01

### Let automation do the heavy lifting

AI is already powering content and targeting. It can also save time in reporting, lead scoring, follow-up, and conversion, as well as performance analysis, by freeing teams to focus on strategy and creative work. It can also extend that automation to the moment a lead reaches out — for both agencies themselves and their clients:

- AI voice assistants, like CallRail's Voice Assist, answer, capture, and qualify inbound calls after hours and during busy periods when your team needs the extra support. It gathers key details, applies lead scores and tags, and routes or notifies the right person, turning missed calls into captured opportunities.
- AI-powered lead follow-up can review calls and surface smart follow-up suggestions, build simple action plans based on the discussion, and highlight call coaching opportunities that help improve close rates over time.

When follow-up is consistent and informed by real conversations, fewer opportunities are lost, and more of both agencies' own marketing spend — and that of their clients — turns into actual business.



## 02

### Build a smarter measurement engine

To prove ROI and make confident budget decisions, you need more than surface-level metrics. A smarter measurement engine connects every inbound interaction — calls, forms, and conversations — back to the campaign that drove it, so nothing gets lost or misattributed.

That requires unified tracking and attribution across every way prospects reach out. Instead of guessing which channels are driving real opportunities, marketers can see exactly what's working, what's not, and where to double down.

Tools like CallRail support this by bringing key measurement capabilities together in one place:

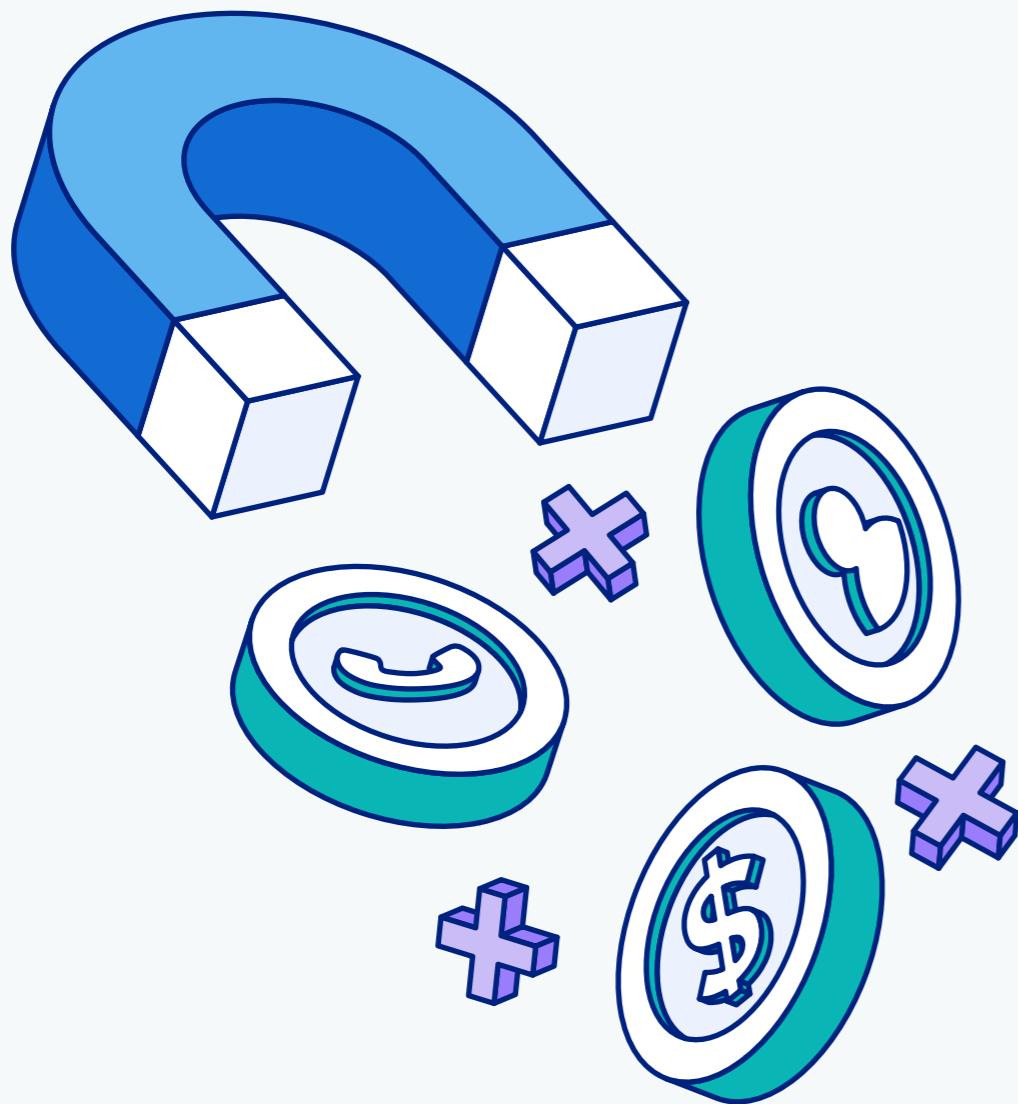
- **Connect every inbound interaction**, including calls, texts, and form submissions back to the marketing source that generated it.
- **Spot lead quality and intent signals** by turning conversations and inquiries into searchable, reportable insights.
- **Use AI to reduce manual work** and improve outcomes like faster response, better routing, and clearer follow-up.

When all of this data lives in one place, it's easier to answer the questions clients care about:

*What worked? What didn't? Where should we invest next?*

## 03

### Turn communication into insight



Clients want transparency, and stronger relationships start with better visibility into what's happening with their leads.

The CallRail platform delivers rich conversation insights to help you convert more leads, enabling agencies to:

- Spot trends in customer behavior and marketing performance through automatic analysis of large volumes of conversations.
- Identify breakdowns in lead handling, such as inconsistent service or slow response times, by monitoring conversation outcomes and team performance.
- Elevate team performance and customer experiences with tools that provide feedback and recommended next steps, eliminating the need to review every call.

Instead of vague feedback like “we need to follow up faster,” agency teams can pull a few calls where leads went cold after slow responses or where common objections weren't handled well, and review those clips or transcripts together. When agencies pair this insight with clear, consistent reporting, check-ins become more than status updates; they become strategy sessions.

# 04

## Prove value early and often

With most clients reassessing their relationships within 12-24 months, agencies need to demonstrate a measurable impact early and maintain it over time.

That means:

- **Setting clear success metrics in the first 30 days of every engagement.** Align on 2-3 core measures (for example, qualified leads per month, booked consultations, or revenue influenced) and what “good” should look like by month 6 and by the one-year mark.
- **Reporting at least monthly and building in deeper check-ins before renewal points.** Share simple, consistent reports every month on lead volume, quality, and outcomes, plus which channels are driving the strongest results. Plan a more detailed review around month 6 and again before the 12-18 month mark, so clients see progress well before they start thinking about switching partners.
- **Using AI voice assistants and other AI-powered tools to tighten response times.** Aim to answer or respond to every new lead within minutes, not days, including after-hours and weekend calls. Use AI to capture caller details, trigger automatic follow-ups, and flag conversion gaps so clients see higher conversion rates and more efficient ad spend that first year.



This is what turns good execution into long-term relationships: the more clearly and consistently agencies connect their work to real results in that first twelve months, the easier it is for clients to see why they should stay.



AI is changing customer experience in two key ways: First, by capturing the 20% of leads that arrive after hours, preventing lost revenue. Second, by analyzing call patterns to train teams on what actually drives conversions, rather than relying on assumptions.

— **Anthony Milia, Milia Marketing**

# Connect your marketing data to client value

Agencies are entering 2026 with real momentum. Budgets are increasing, AI is part of everyday work, and digital channels are generating a steady stream of leads. At the same time, clients are making decisions faster and reassessing partners sooner, which means agencies have less time to prove their value.

The agencies that thrive will be the ones that treat marketing results and client experience as a single, connected story. Every call, every form, and every conversation is an opportunity to demonstrate value and establish trust — and with the right tracking and insights in place, more of those moments can evolve into long-term relationships.



## Want to give clients clearer proof of value from every campaign?

Explore how CallRail helps agencies capture more leads, automate follow-up, and see exactly which marketing efforts drive the opportunities their clients care about most.

[Try CallRail for free →](#)