

Agency profit margins



benchmarks &
how to increase
yours

Report by [Planable.io](#)

Table of contents

01

page 3

**Quick note
from our CEO**

02

page 4

Who responded

03

pages 5-9

Benchmarks

04

pages 10-29

**What do high-profit
agencies do differently?**

Quick note from our CEO

Hey there,

Some of our closest customers at Planable are social media agencies. I owned an agency before I started Planable, and I've worked with hundreds of agencies in the past 8 years as prospects & customers.

We're confidently building Planable as THE tool that allows agencies to create and distribute content efficiently, with the conviction that team efficiency is key to running a successful agency. Because I know it all comes down to how much money is left in your account after you pay the bills. That's how you measure success, above all social trends followed, retained customers, and other performance metrics.

Together with my team, we wanted to take a step back and see some quantitative data on where agencies are today. What are the profit margins out there, and what makes high-profit agencies successful.



Through this report, we want to give you a way to easily benchmark your agency's results against other agencies that are similar in size and geography. You'll also find clear pointers on actions to take to drive your profit margin higher. In the most honest way possible: by learning from those who are already there.

I also secretly hoped the data would prove me right: that the right tools and automations are a significant contributor to an agency's success. And, well... read on to see if it did! ;)

Xenia

Who responded?

Profile of agencies surveyed

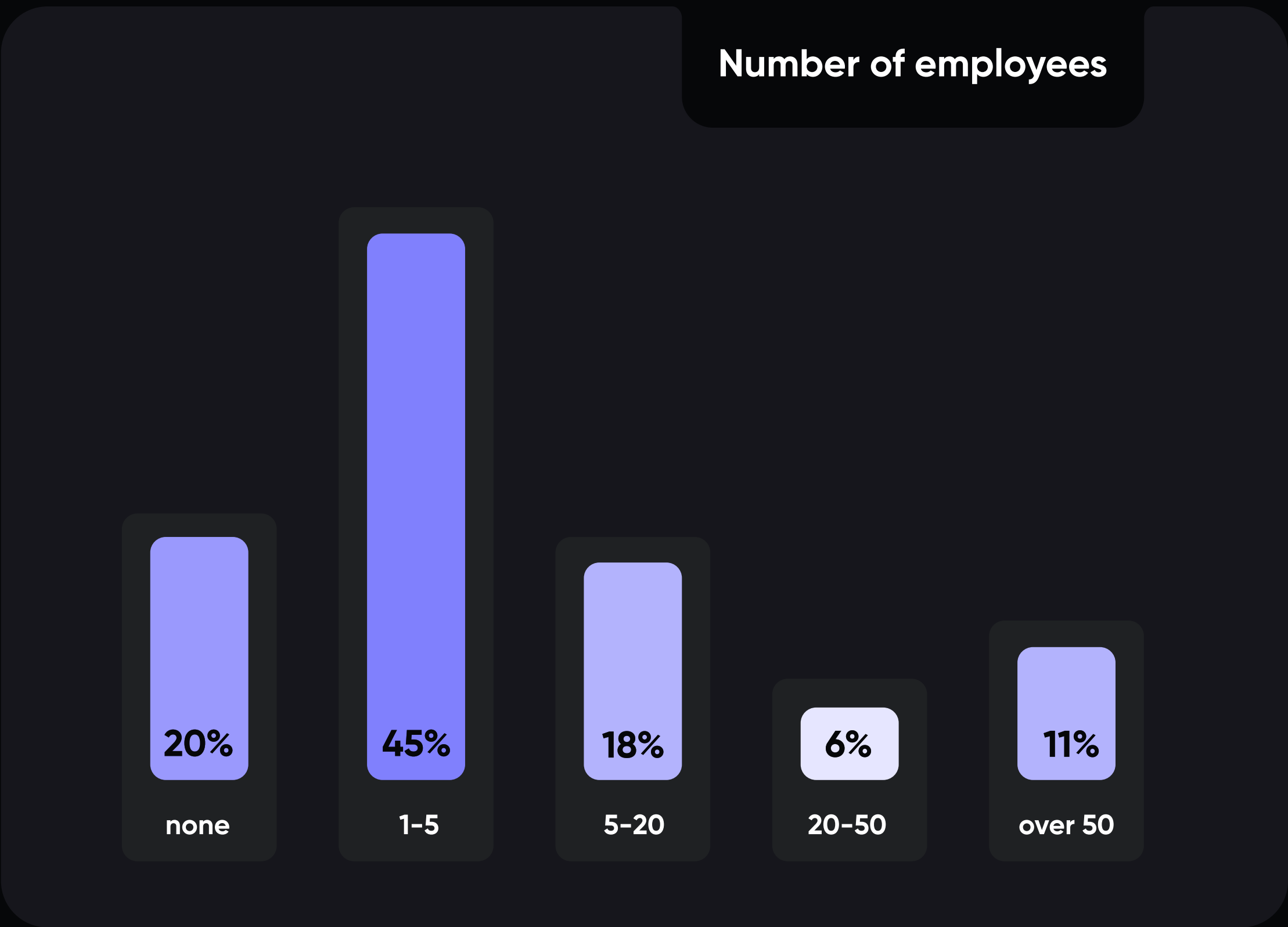


We gathered insights from 145 Social Media Marketing Agency (SMMA) owners worldwide, offering a truly global perspective on profitability trends. Nearly 40% of the agencies surveyed operate in the United States.

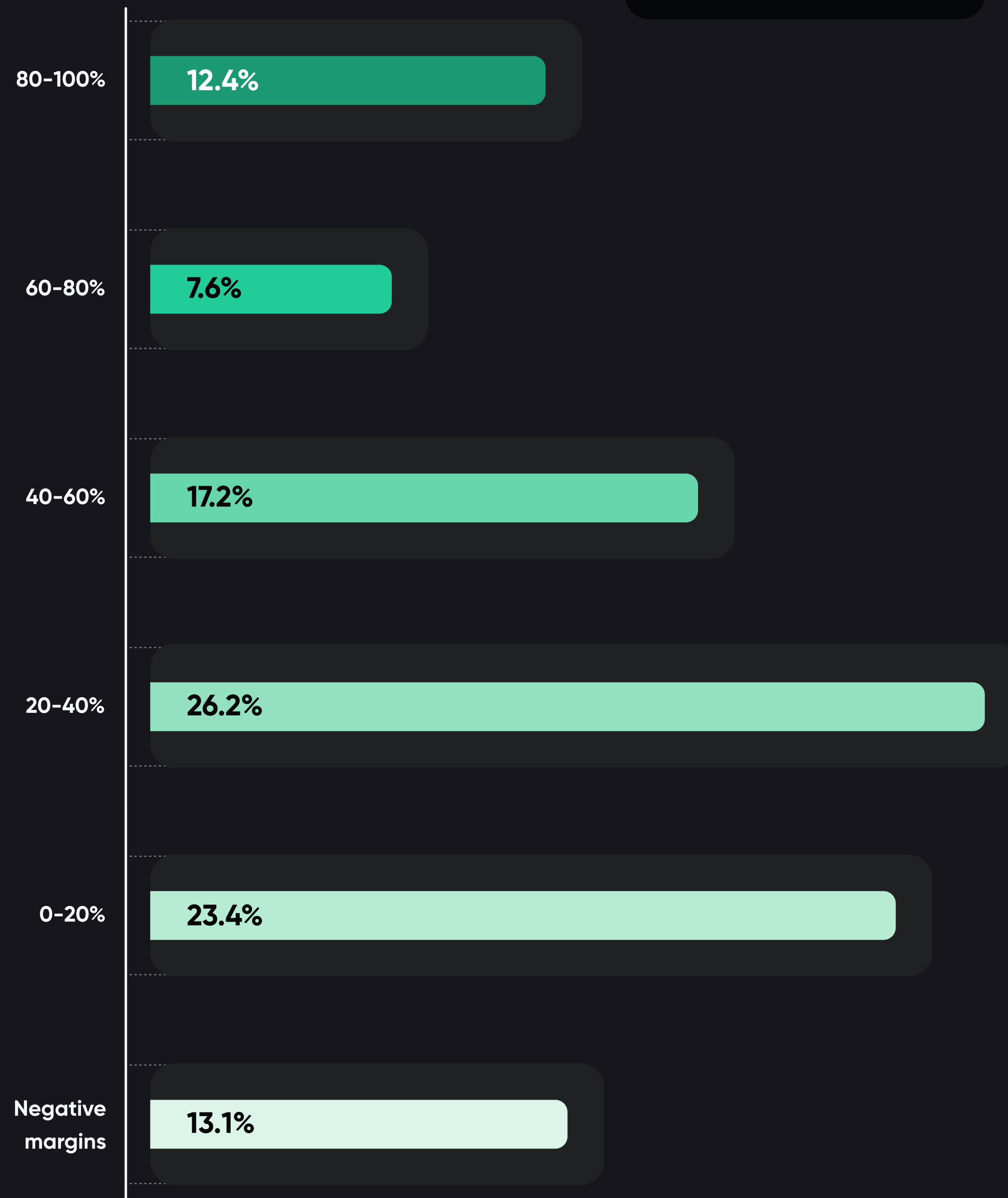
But we didn't stop there: 26% of responses came from agencies in the European market, another 17% are active in Canada, 13% work in Africa and 4% represent Central America and the Caribbean. Smaller but important contributions came from Oceania and South/Southeast Asia, enriching the diversity of perspectives.

The agencies surveyed came in all shapes and sizes.

This diversity in scale means whether you're a small, new-found agency or an industry giant, there's something here for everyone.



Profitability benchmarks



The share of respondents and their profit margins

60%+ agencies hit 20% profit

50%

or almost half of the respondents reported margins of under 40%.
We'll call these agencies **lower-profit agencies** from now on.

>37%

of respondents have profit margins above 40%.
We'll call these **high-profit agencies**.

13%

of respondents declared they're currently operating at a loss.
As you'll see further in the data, these are mostly agencies with 1 client and none to very little employees or collaborators.
So we can assume these are agencies just starting up, gearing their way towards profitability.

Agencies with 2-5 clients often rely on external collaborators



41%

of agencies with 5 to 20 clients have between 5 to 20 employees and 50% have about 1 to 5 collaborators.

79%

of agencies with 2 to 5 clients don't hire more than 5 employees and 24% choose to work without external collaborators.

25%

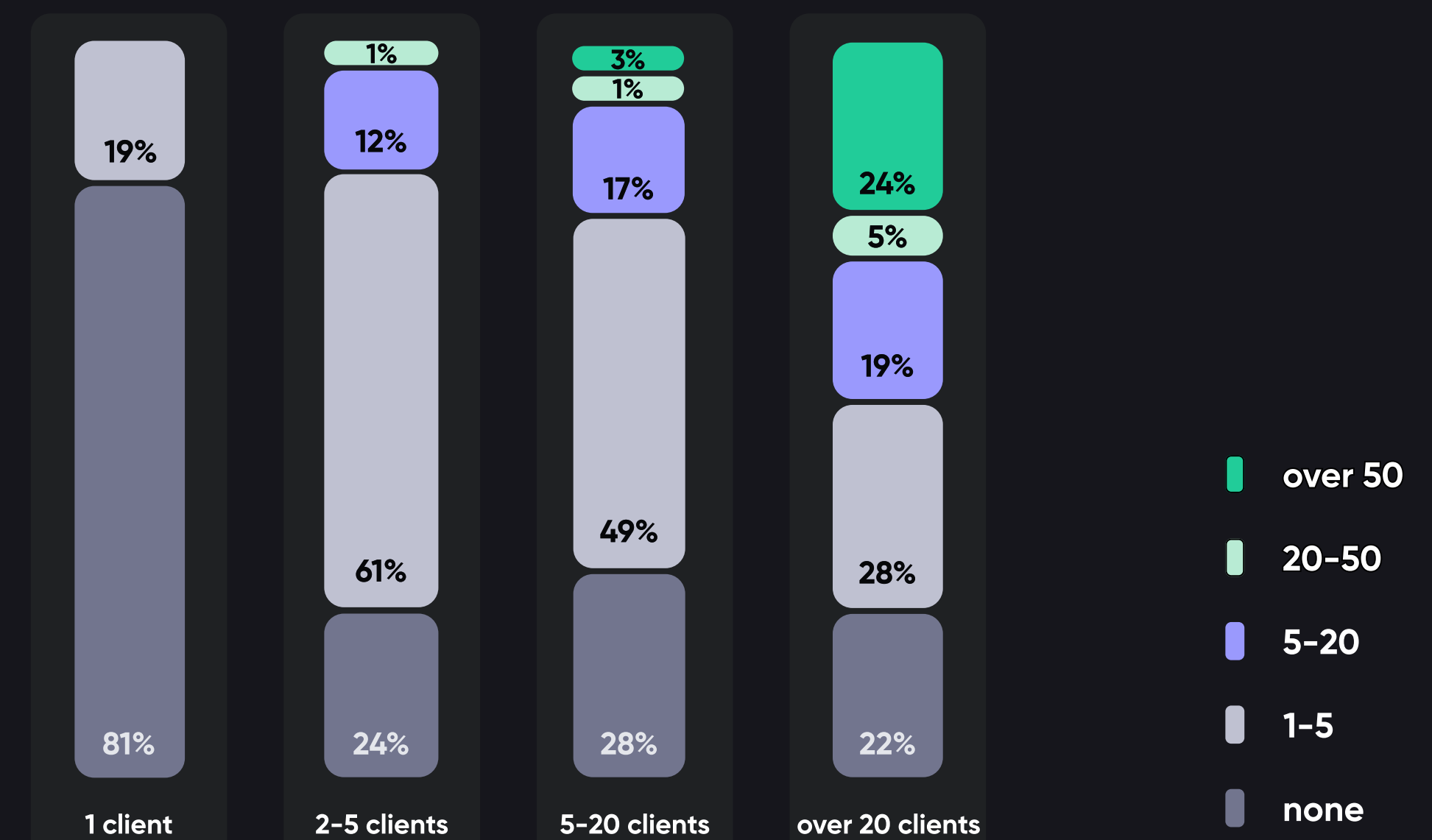
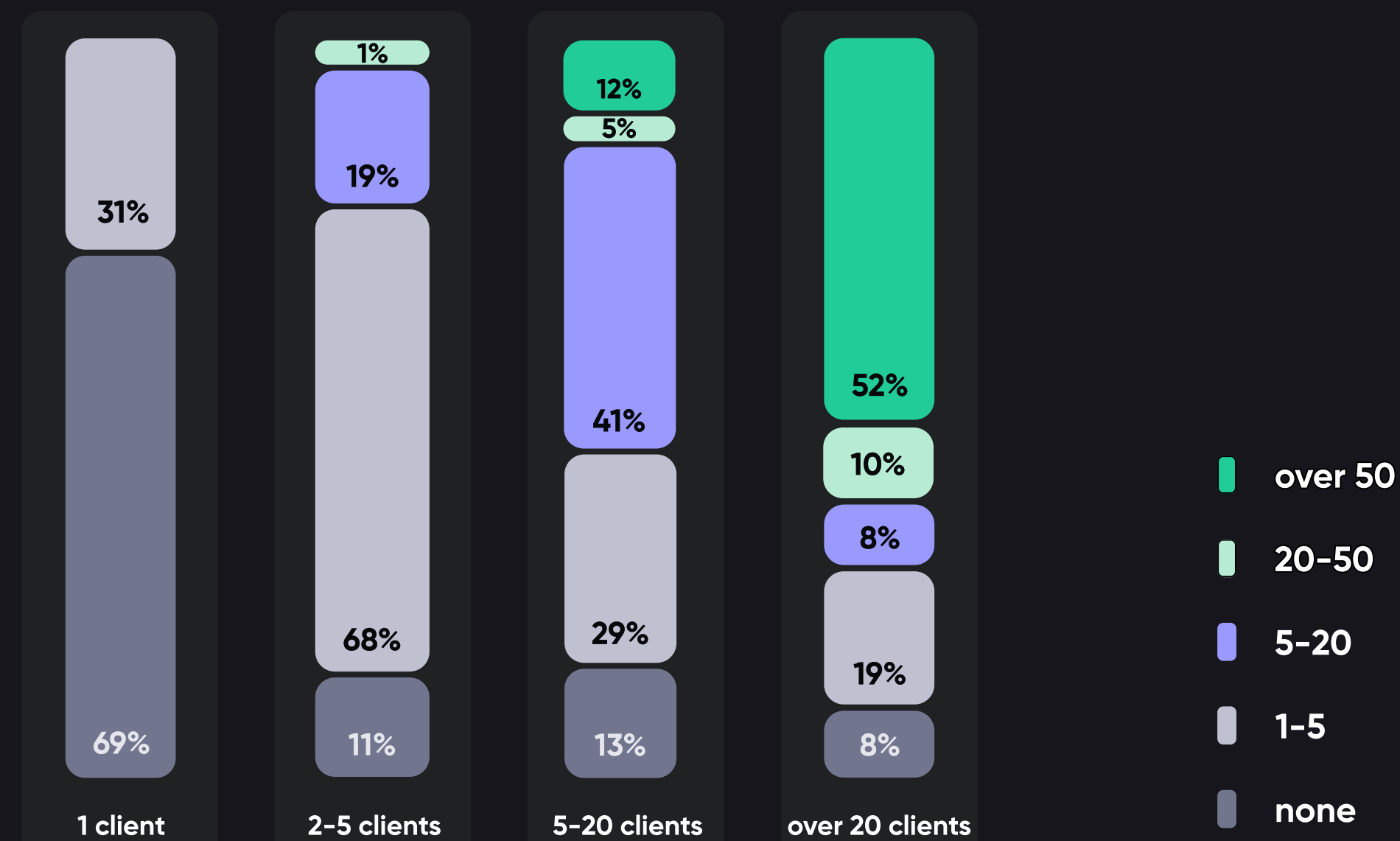
of all agencies with more than one client choose to work without any external collaborators whatsoever.

69%

of agencies with 1 client have no employees and 81% have no collaborators either.

Number of employees

Number of collaborators



Oceania & North America profit hotspots



US —————→ over a **quarter** of agencies see margins of **20-40%**

Europe —————→ the largest group (38%) sees slimmer returns of **0-20%**.

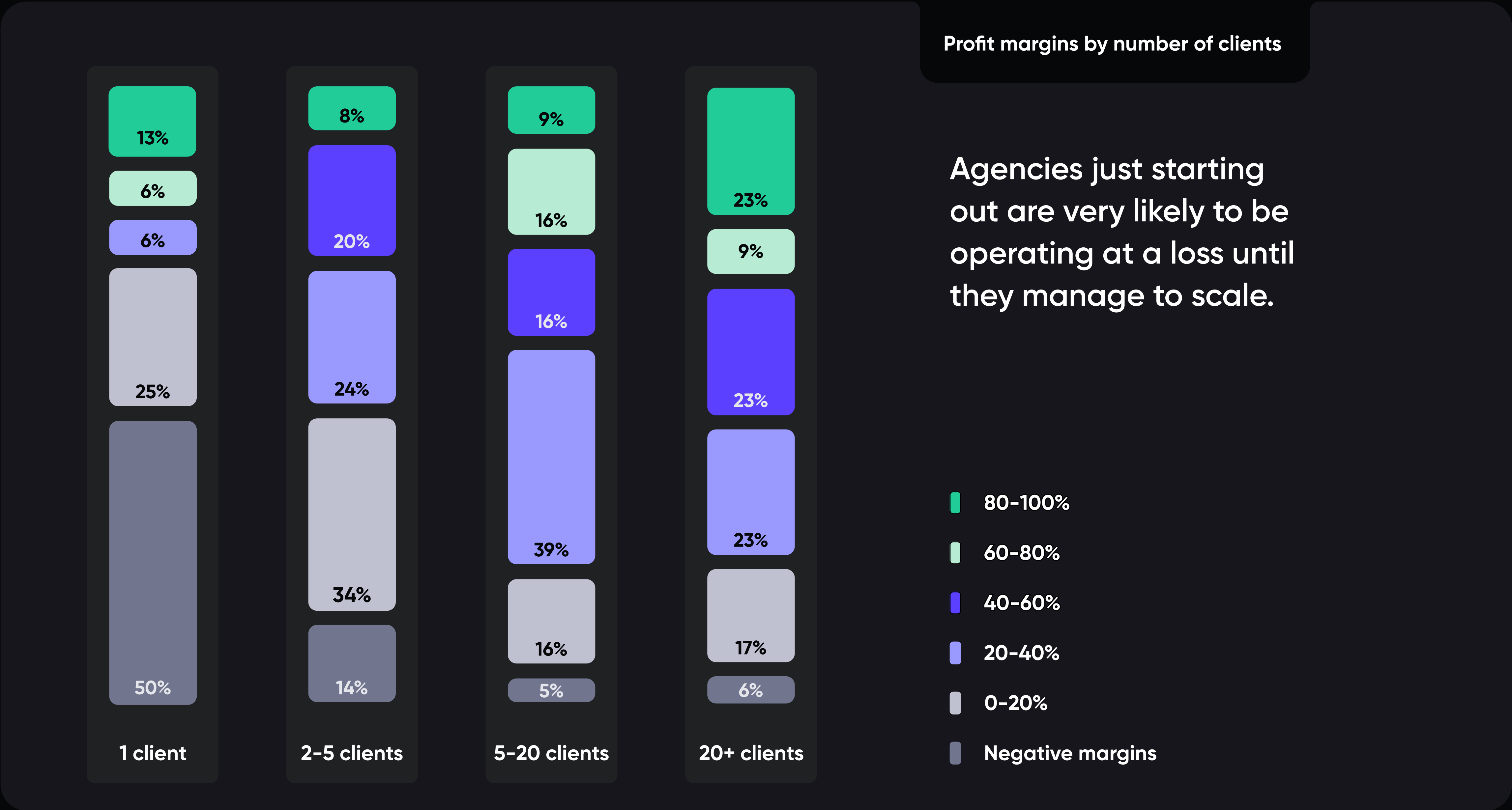
Canada —————→ shows solid numbers, with 28% of agencies earning **40-60%** margins and another 25% falling in the **20-40%** range.

Africa & Oceania —————→ agencies also tend to cluster around **20-40%**, covering 31% and 50% of respondents, respectively.

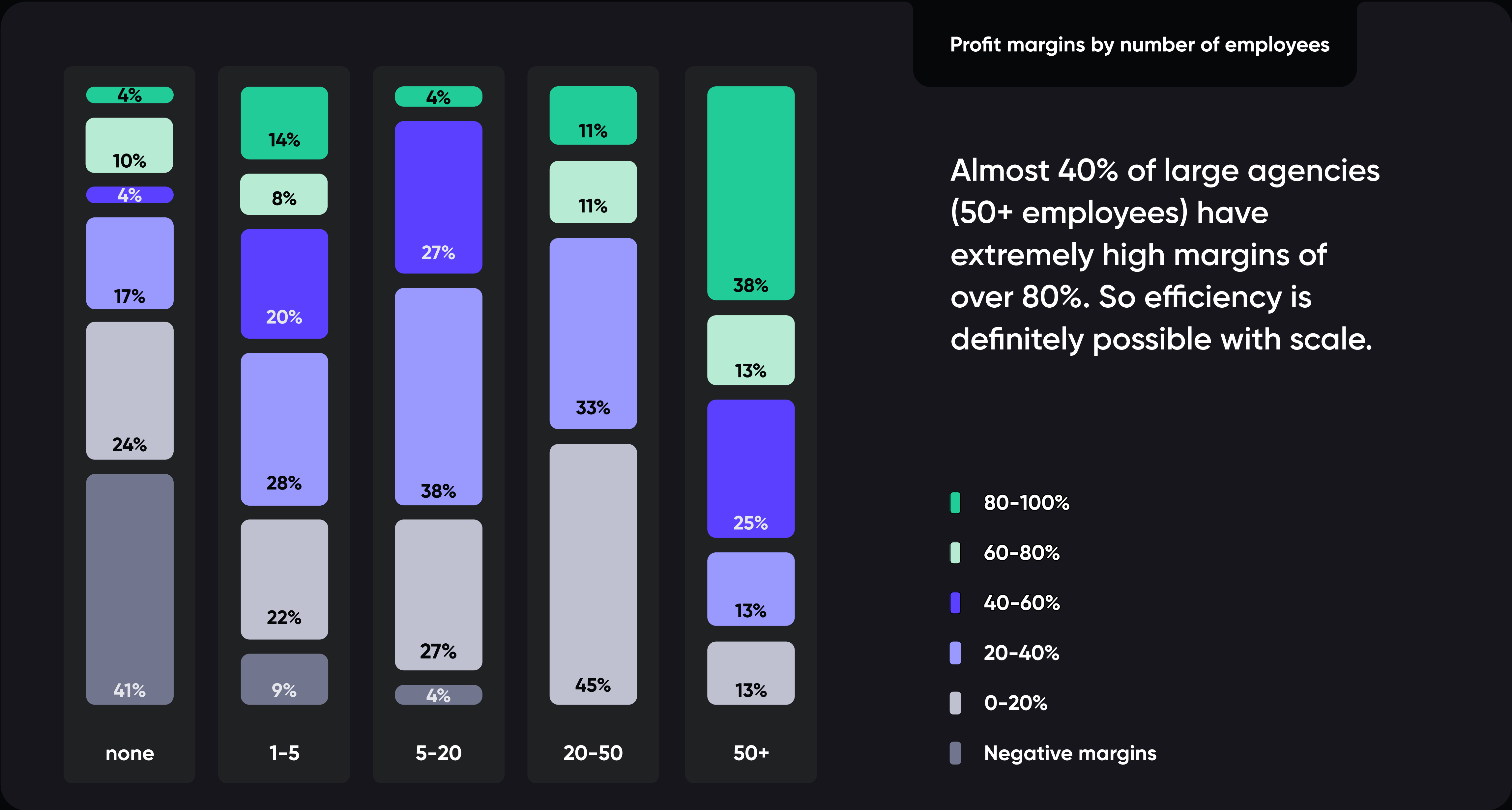
In "Other" regions, 35% are currently running at a loss.



More clients, higher margins, a clear trend



50+ teams see profits hit 80-100%





What do
high-profit agencies
do differently?

11%

High-profit agencies spend **11% of their budget on software**, slightly more than the 9% spent by other agencies.

\$2.2K

High-profit agencies charge an average of **\$2.2k/mo for social media services**, with client relationships lasting 15 months. While lower-profit agencies charge \$2.7k, with 14-month collaborations.

10%

High-profit agencies invest **10% of their budget in learning and development**, compared to just 5% for other agencies.

31%

High-profit agencies keep **labor costs lean at 31%**, compared to 45% in lower-profit agencies.

Better processes fuel 60%+ margins



64%

of high-profit agencies focus on optimizing their **internal processes** as their #1 strategy.

43%

of high-profit agencies **expanded their service** offerings to boost revenue.



What about agencies operating at a loss?

They don't see it the same way. **Only 26% prioritize process optimization**, ranking it their third strategy, after offering complementary services and optimizing labor costs.

Optimize internal processes

64%

Offer complementary services

43%

Increase prices

26%

Optimize labor costs (employees and/or contractors)

25%

Other

6%

Offer quality or differentiated services

4%

Bring more clients

2%

% of high-profit agencies that use this lever

☆ Recommended action

streamline internal workflows



Map out your workflow using value stream mapping. Start by identifying every step in a key process, like delivering a client project. Highlight where time is wasted—like waiting for approvals or manual data entry.

For example, if reports are taking hours to compile, switch to a tool to automate them. Streamlining even one bottleneck can save hours weekly and directly boost your profit margins.

Time wasters shift as agencies scale up



42%

of smaller agencies are slowed
down by **admin tasks**.

60%

of large agencies lose time to
inefficient communication.

Agencies with 2–5 clients

Client approval delays

58%

Inefficient communication

42%

Data gathering & reporting

34%

Administrative tasks

42%

Agencies with over 20 clients

Client approval delays

43%

Inefficient communication

60%

Data gathering & reporting

26%

Administrative tasks

29%

☆ Recommended action

automate as much as possible & communicate smarter



Eliminate back-and-forth by setting up a 'communication protocol.'
For example, require team members to include all necessary details—like deadlines, files, and next steps—when assigning tasks.

This simple habit reduces follow-ups and keeps projects moving smoothly.

Hourly rates are common, but not for high profits



58%

of high-profit agencies lean on project-based quotes as their main pricing strategy.

🚩 66%

of lower-profit agencies rely on monthly retainers

The difference?

Project-based pricing allows profitable agencies to **better capture the value** of their work, while retainers can sometimes undersell high-impact projects.

Project-based quotes

58%

Monthly retainer

56%

Hourly rate

35%

Comission

17%

Annual retainer

12%

pricing strategies used by high-profit agencies

☆ Recommended action

get more value with project-based pricing

Switching from hourly to project-based pricing can boost your margins. Start by assessing the value your work delivers to the client. For example, if your social media campaign could generate \$50,000 in sales, aim to price it at 10–15% of that value.

Then, benchmark against industry standards to stay competitive and calculate your profit margin. To double-check your numbers, **try this pricing calculator**.



Content marketing is a top choice across all profit levels

on top of their main social media marketing services

63%

of high profit agencies offer performance marketing as their main pricing strategy. Content marketing (59%) and PR and events (43%) come next as top choices for service diversification.

59%

of lower-profit agencies offer performance marketing as a service, preferring content marketing (63%), and a lot less include PR (25%) in their offering.

Performance marketing (paid social / search / display ads)

63%

Content marketing (SEO, blog, newsletters)

59%

PR and events

43%

Web development

39%

Web design

4%

Marketing Consulting

4%

Graphic Design

4%

% of high-profit agencies who offer each service on top of their social media marketing services

☆ Recommended action

diversify strategically



To decide where to diversify, analyze your clients' ROI metrics and performance gaps. For example, if paid ad campaigns show strong CTRs but low conversions, consider adding landing page optimization or email nurturing to your offerings.

Map out your clients' entire funnel—ads, content, SEO, and sales enablement. Identify bottlenecks and expand into the area where you can make the biggest impact. Pair this with a cost-benefit analysis to ensure the service aligns with your agency's capacity and profitability goals.

Higher profits don't always come from higher fees



Here's an interesting twist:

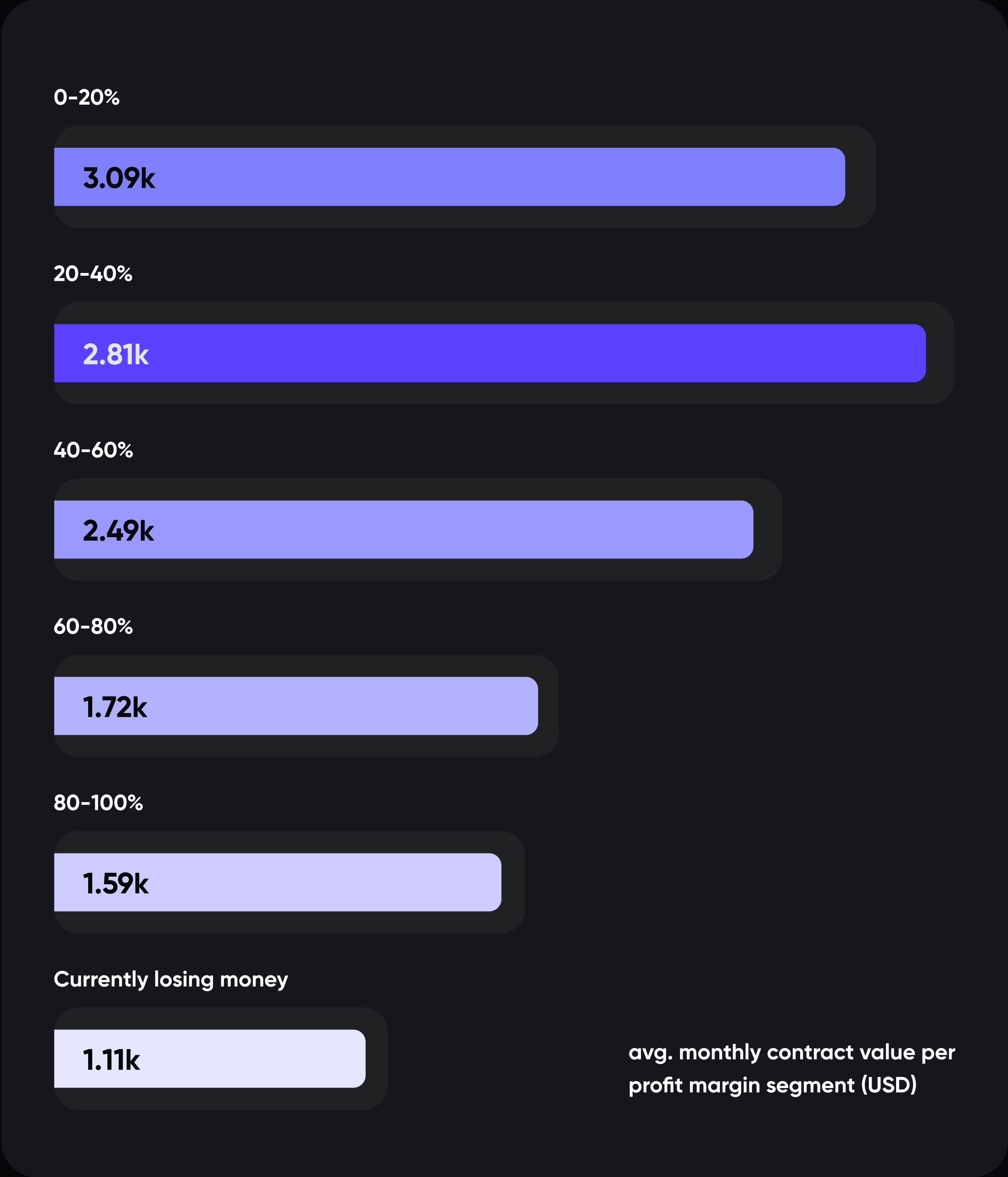
\$1,590

average monthly charge for Agencies with the highest profit margins, which is significantly less than those in the 0-40% profit margin bracket, who charge nearly double.

High-profit agencies

don't rely on increased pricing to stay ahead. Instead, they streamline processes and keep operations lean while delivering high client value.

While raising prices to match economic growth is a valid tactic, the data shows that strong profit margins are often driven by operational efficiency.



\$2,547
Total avg. montly contract value



☆ Recommended action

focus on operational excellence

Higher profits aren't always tied to raising fees—focus on optimizing profitability at your current rates. Start by analyzing the margin of each service you offer. Identify which services bring the highest ROI and prioritize those in your sales efforts.

For lower-margin services, bundle them with high-value offerings to make them more cost-effective or phase them out entirely.



Referrals may lead, but diversification fuels 60%+ margins



What's driving client growth for the most profitable agencies?

A balanced mix of: referrals (59%), a great social media presence (50%) and content marketing (30%). Strategic partnerships (22%) extend their reach, while traditional tactics like cold outreach (20%) and email marketing (19%) play supporting roles.

The key

is about using the right mix of strategies to build trust, showcase expertise, and create lasting client relationships.

Client referrals & word of mouth

59%

Social media marketing (organic and / or paid)

50%

Content marketing (blogging, ebooks, whitepapers)

30%

Partnerships

22%

Cold outreach

20%

Email marketing

19%

Other

7%

Warm outreach

2%

% of high-profit agencies who use each tactic to attract new customers

☆ Recommended action

focus on high-impact channels



To diversify while leveraging referrals, take a proactive approach. If you see a client is connected to a prospect you're targeting, politely ask for an introduction or a warm recommendation.

Additionally, send thoughtful gifts to top clients—like a branded item or a personalized thank-you note—that could spark a social media post. This keeps you top-of-mind and can lead to organic exposure and new connections.

AI is the #1 ally for agencies

51%

of respondents use specific tools and automations in their work. We identified **over 60 reported unique tools & tool types**. This highlights the variety (and sometimes inconsistency) of approaches agencies take to streamline operations.

Still, a few tools clearly stood out as favorites:

Planable (15%), ChatGPT (13%), Canva (11%) and Asana (8%). These tools strike the right balance between **powerful features** and **ease of use** that many agencies are seeking.

*Disclaimer: We surveyed both Planable users and non-users. So yes, our ranking might be a bit biased. (But well-deserved, nonetheless)

Favorite tools

19%

AI content creation / automations

15%

Planable

13%

ChatGPT

11%

Canva

8%

Asana

7%

Content scheduling, Trello, Slack, Notion, Google Suite

6%

Airtable, Project Management Tools

4%

Monday.com, Manychat, Adobe Suite, ClickUp

☆ Recommended action

pick the right tools



Ai Content Creation/Automation	→	ChatGPT, Gemini, GravityWrite
Project Management	→	Asana, Monday.com, Trello, ClickUp, Basecamp
Content Scheduling	→	Planable, Sprout Social, Octopus
Design	→	Canva, Adobe Suite, Figma
Team Collaboration	→	Slack, Notion, Microsoft Teams, Google Suite
Chat Automation	→	ManyChat
Integration/Workflow Automation	→	Zapier, Make.com
CRM/Client Management	→	HubSpot, GoHighLevel
Analytics/Reporting	→	Metricool
Accounting and Finance	→	Xero

Process efficiency, a common thread in profit growth



Every agency we surveyed is focused on optimizing workflows. Here's how they're doing it:

60%

use **project management** and communication tools as daily essentials

56%

focus on **continuous process improvement** to boost efficiency & teamwork

46%

use **content scheduling tools**, coming in third place

The takeaway?

Workflow optimization isn't optional, it's the baseline for staying competitive.

Project management & communication tools

60%

Continuous improvement of team processes

56%

Content scheduling tools

46%

AI automations

41%

Other

11%

% of agencies using each lever for workflow optimization

☆ Recommended action

get ultra-organized with project management



Adopt a RACI matrix for project management. Define who is Responsible, Accountable, Consulted, and Informed for every task in your workflows.

For instance, in a social media campaign: the strategist is Responsible for the plan, the project manager is Accountable for delivery, the designer is Consulted for visuals, and the client is Informed of progress.

This eliminates confusion, ensures accountability, and keeps projects on track

About this research

understanding the data

The **Agency Profit Margins** research was conducted by Planable in H2 2024, gathering insights from 145 social media marketing agency owners globally. As the final decision-makers, they have the clearest overview of their agency's performance, making this data especially valuable. Through the surveys and our analysis, we aim to help other agency owners with their strategies for the following year.

For the data geeks:

Full [Looker Studio report](#) for data visualization:
Access the data that informed the actionable advice in this report.

Disclaimer: Please note that this research is based on profit margins and other data as declared by the agency owners during the research process. We believe this group offers useful insights, but we have no way of verifying the accuracy of the data collected. So please consider the recommendations in this report in the context of this limitation.

Impress your clients, then take on more. With Planable.

Planable is the content collaboration platform that makes marketing teamwork a breeze.

It's the spot where you can create, plan, approve, schedule, and analyze all your awesome marketing content for social media, blogs, newsletters, press releases – you name it!

Experience a faster, smoother workflow that helps your team and clients work together like never before.

Find us [here](#)

