



2025 Advertising Agency Report

By **Basis**[®]

TABLE OF CONTENTS

Introduction	1
The State of Agency Work	2
The Challenges	7
Advertising Agencies and AI	12
The Future	20
Key Takeaways	26
Strategic Opportunities	29
Conclusion	31

INTRODUCTION

2025 is shaping up to be a critical year for advertising agencies.

Agencies are experiencing a period of extraordinary transformation, caught between rising client expectations, mounting operational pressures, and revolutionary technological opportunities. To better understand the industry's greatest obstacles and opportunities, we conducted a comprehensive survey of nearly 200 professionals at leading advertising agencies. The findings offer a window into the brewing challenges, strategic priorities, and future outlook shaping the agency landscape.

Our research reveals an industry at a pivotal crossroads. Agency work is becoming demonstrably more difficult, with professionals reporting increased complexity in their roles and more strained client relationships than in previous years. Operational inefficiencies and disconnected systems have emerged as the primary pain points, creating significant barriers to profitability and growth.

Concurrently, artificial intelligence has established itself as the defining trend of this era. With near-universal adoption and increasingly sophisticated implementation, AI is rapidly transforming how agencies operate. However, our data also reveals significant untapped potential by which the technology can help address agencies' most pressing challenges.

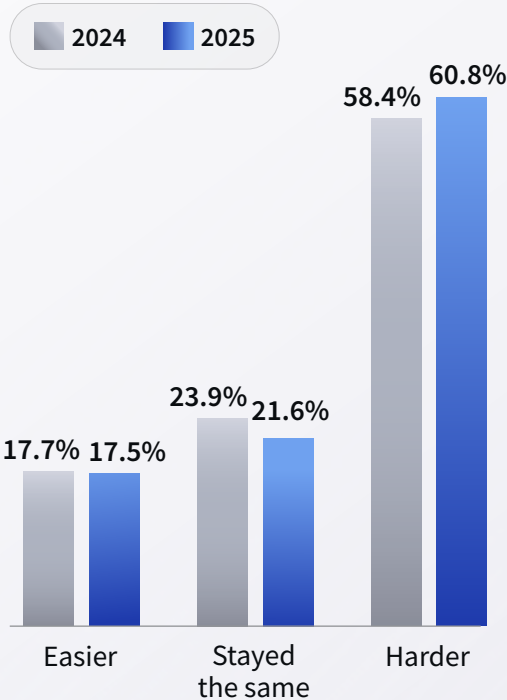
This report aims to provide agency leaders with actionable, data-driven insights to navigate this changing landscape and position themselves for sustainable growth in the years ahead.

The State of Agency Work

Agency Work Is Getting Harder

Amidst rising complexity, an intensely competitive landscape, and fluctuating economic conditions, working in advertising is growing increasingly difficult. A growing majority of agency professionals (60.8%) believe that digital advertising has gotten harder over the last two years, up slightly year-over-year.

Do you think digital advertising has gotten easier or harder over the last 2 years?

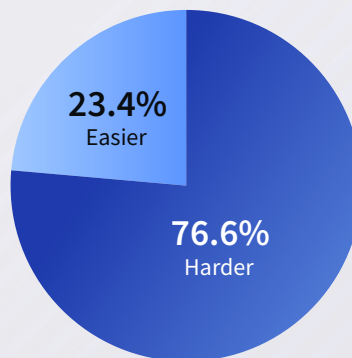


(2024: 113 respondents, 2025: 171 respondents)

Perhaps more concerning is how people feel about their individual jobs. More than three-quarters of agency professionals (76.6%) feel their job is harder today than it was just two years ago, rising from 70.8% in 2024.

Do you believe your job is easier or harder today than it was two years ago?

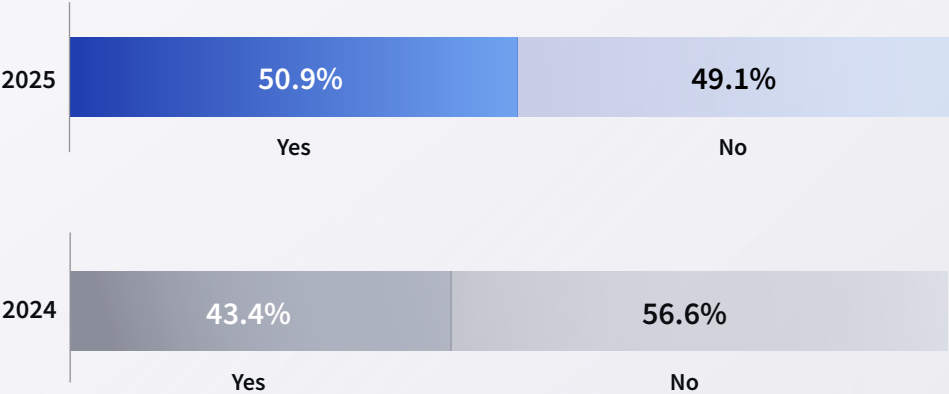
(171 respondents)



Strained Client Relationships

Against this backdrop, agency’s client relationships are simultaneously growing increasingly tense: Over half of all agencies say their client relationships are more strained today than they were two years ago. The numbers represent a meaningful increase from just last year, emblematic of the growing expectations of clients and rising pressure on agencies to differentiate themselves in a highly competitive environment.

Do you feel like your agency's client relationships are more strained today than they were 2 years ago?



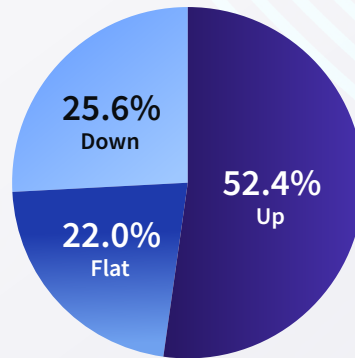
(2024: 113 respondents, 2025: 171 respondents)

Agency Revenue and Layoffs

Financially, agencies appear to be in a largely healthy position. More than half of agency leaders said their organization's 2024 revenue was up from the year prior, while around one-quarter said numbers were down. Another 22.0% said year-over-year revenues were flat.

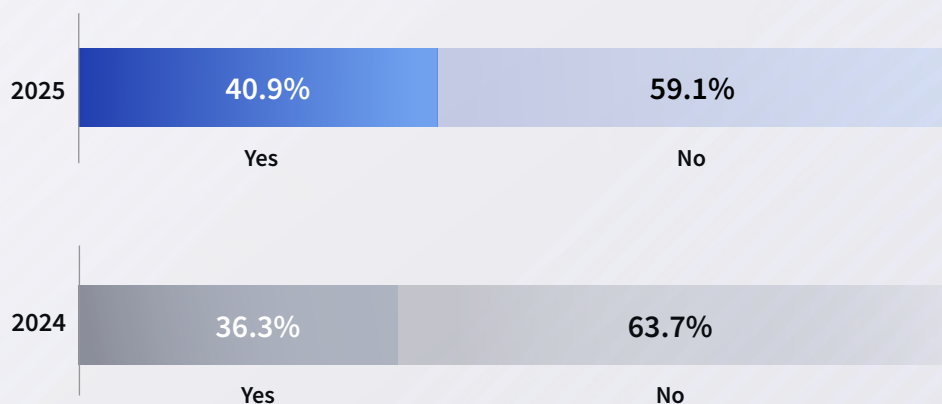
How was your agency's revenue last year (2024) compared to the previous year (2023)?
(VP or higher)

(82 respondents)



Alas, an individual business's financial health is not necessarily a sign of overall job security, and the threat of layoffs continue to be a cloud hovering over agency employees. More than 40% of respondents said their agencies have conducting layoffs within the last 12 months, a slight increase from last year's numbers.

Has your agency conducted layoffs in the last 12 months?



(2024: 113 respondents, 2025: 171 respondents)

Job Searching

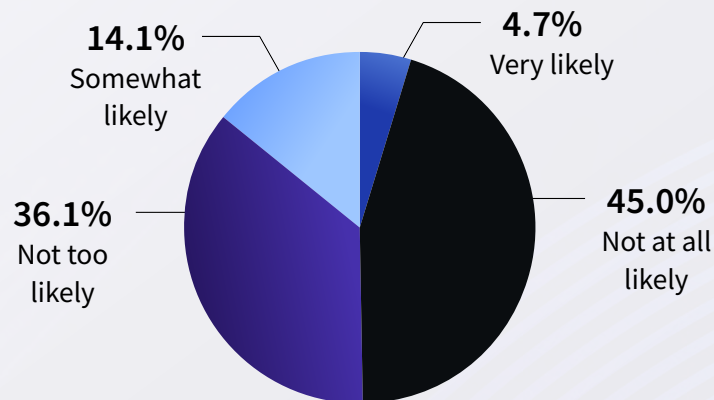
With work getting harder and the threat of layoffs seemingly ever-looming, most agency employees appear to be valuing job security over the prospects of a new position.

Just over half of agency professionals (55%) are open to looking for a new job within the next 12 months, compared to 56% of all US workers.¹ However, just 18.8% of respondents said they were somewhat or very likely to go job hunting in the year ahead, signaling that agency pros are largely satisfied with their current roles—or, at the very least, that they don't believe the grass is any greener on the open marketplace.

Predictably, things look a bit more fluid among more junior staffers. Approximately four out of five entry-to-mid level employees (79.5%) say they are likely to search for a new job within the next 12 months, with nearly one-third saying they are somewhat or very likely to peruse the job market.

How likely are you to search for a new job within the next 12 months?

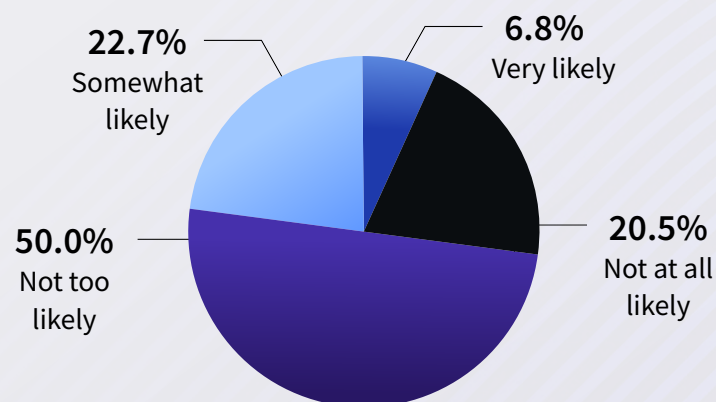
(169 respondents)



How likely are you to search for a new job within the next 12 months?

(Director or below)

(88 respondents)



¹<https://www.resumetemplates.com/6-in-10-workers-eye-new-jobs-in-2025/>

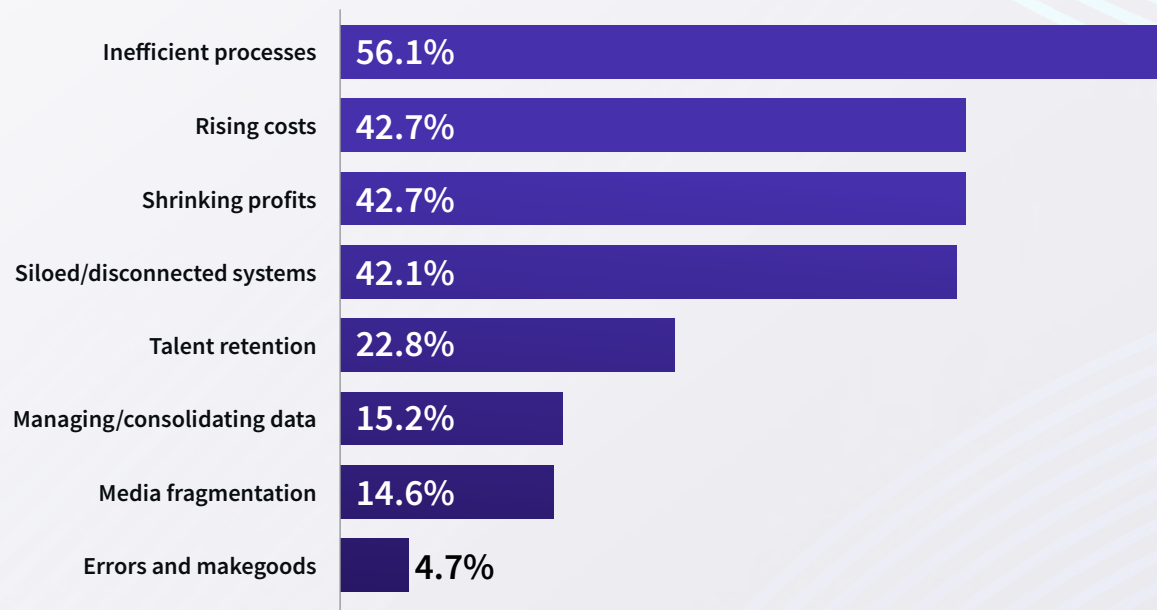
The Challenges

Agencies' Greatest Challenges

As the advertising industry has grown increasingly complex and fragmented, so too has agency work. Agencies professionals coalesced around inefficient processes as the greatest challenge they are facing, followed closely by rising costs and shrinking profits—a natural pairing, given how the former inherently results in the latter. Notably, just outside the top three was siloed and disconnected systems, which can be a significant contributor to inefficiency.

Which of the following are the biggest challenges currently facing your agency?

(Respondents could choose up to 3 answers)



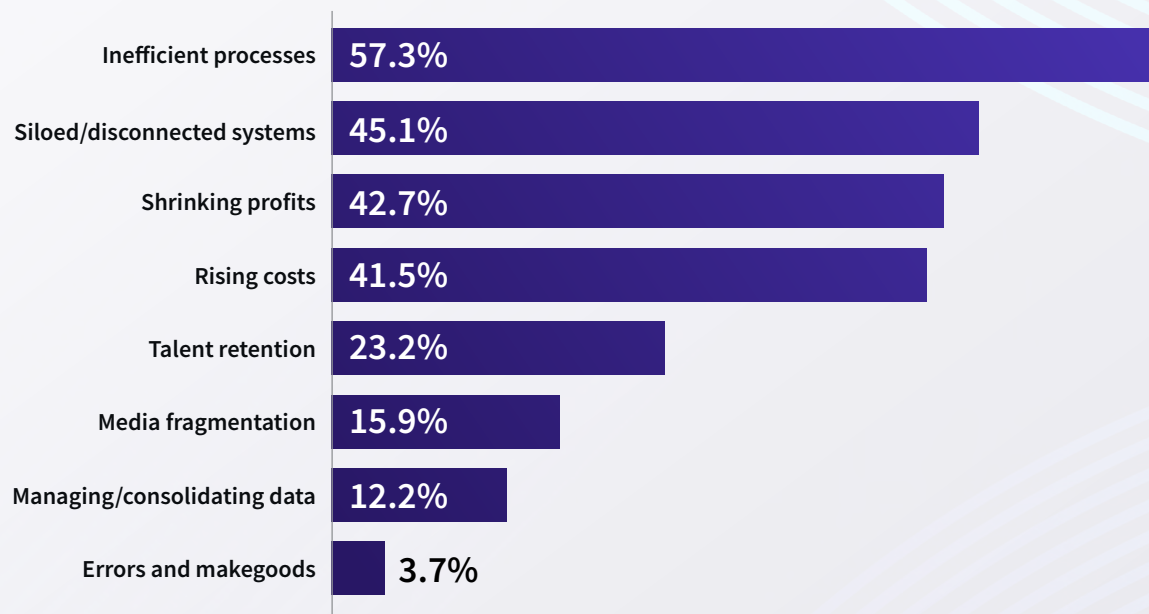
(171 respondents)

AGENCIES' GREATEST CHALLENGES (CONT.)

Responses were fairly comparable among senior agency decisionmakers, though this cohort ranked siloed/disconnected systems as the second-most pressing issue facing their organizations—indicating that operational challenges remain a critical pain point agencies are eager to solve.

Which of the following are the biggest challenges currently facing your agency?

(VP or higher) | (Respondents could choose up to 3 answers)

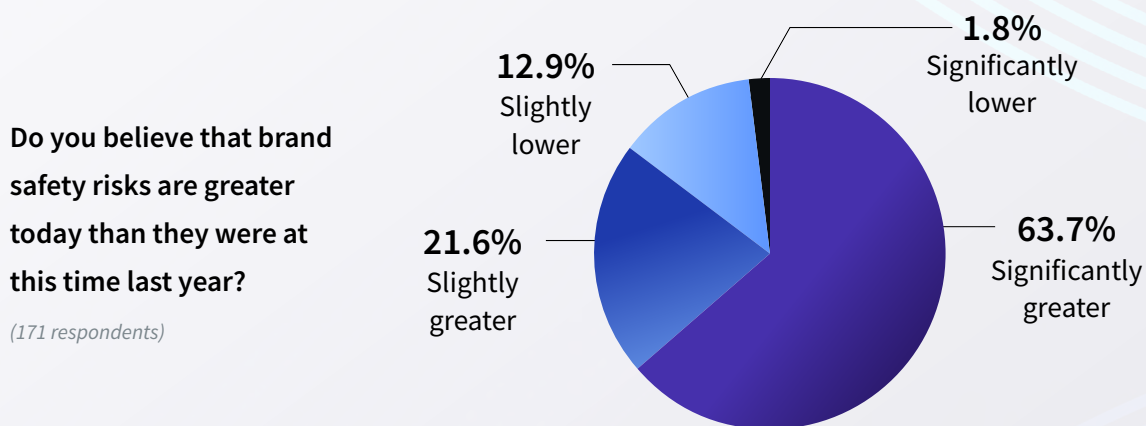


(82 respondents)

External Pressures

In addition to operational challenges, agencies are also confronting external pressures and trials that have further compounded internal pain points.

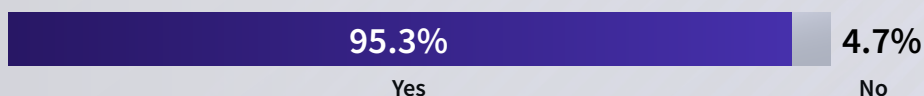
Brand safety, in particular, has proven to be an ongoing concern, with advertisers confronting the dual threat of AI-generated misinformation and hate speech and rolled-back content moderation efforts on platforms like Facebook, Instagram, and X. 85.3% of agency professionals believe brand safety risks are greater today than they were at this time last year, with nearly two-thirds of all respondents (63.7%) believing they are significantly higher.



Rising brand safety concerns are just one consequence of agencies' ongoing struggles with the broader lack of transparency across the digital advertising ecosystem. From ad fraud and made-for-advertising (MFA) sites, to blurry and incomplete performance data, to supply chain optimization barriers, to the aforementioned matter of brand safety, lackluster transparency has proven to be an ongoing naissance for ad agencies.

An overwhelming 95.3% of agency professionals believe there should be more transparency across digital advertising, reflecting a growing desire for more accountability, efficiency, and ethical business practices across the industry to ensure that campaigns—and agencies—can reliably deliver trustworthy and measurable results.

Do you believe there should be more transparency across digital advertising?



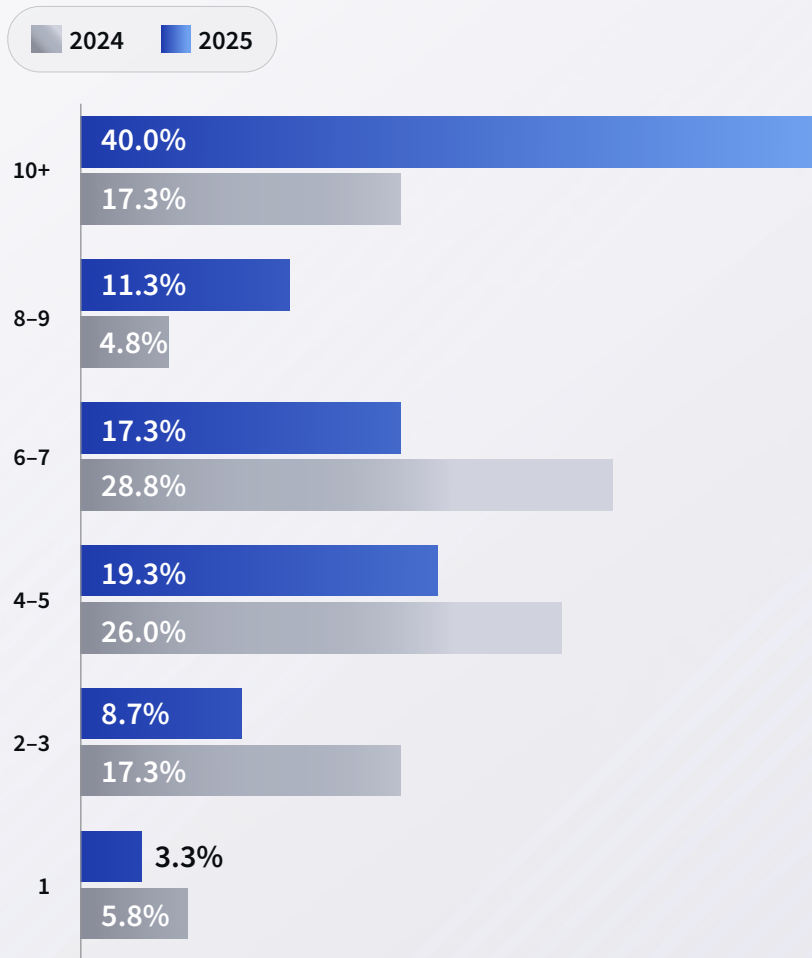
(171 respondents)

Tech Stack Complexity is Growing

At full-service and media agencies, many of these operational frustrations can be connected back to tech stack sprawl, which has left agencies grappling with a growing collection of disconnected point solutions.

More than half of respondents (51.3%) said their current adtech/martech stack consists of eight or more tools, with 40.0% juggling 10+ tools to manage their clients' campaigns. The numbers mark a dramatic growth in the size of tech stacks since just last year, when just 17.3% of full-service and media agencies were managing 10+ tools, and it's resulted in ongoing difficulties stemming from rising inefficiency and silos.

How many different tools make up your current adtech/martech tech stack?



(2024: 104 respondents, 2025: 150 respondents)

Advertising Agencies and AI

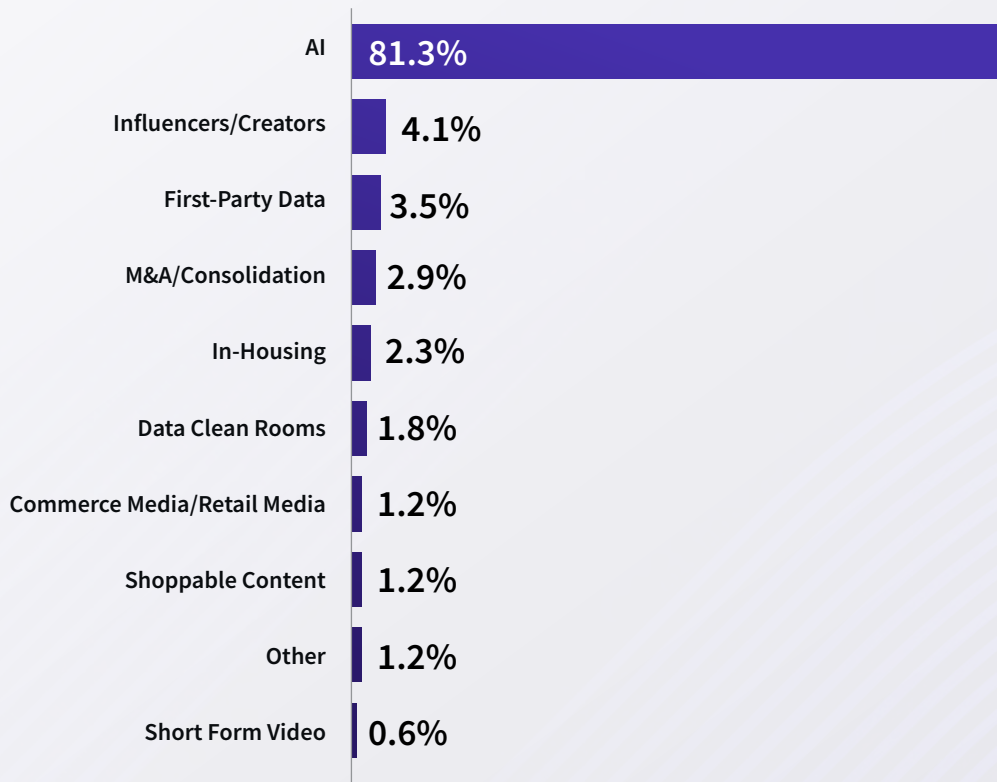
The Industry's Leading Trend

Agencies are all in on AI.

The buzziest tech on the market has captured the attention—and imagination—of advertisers around the world. Just over two short years after ChatGPT made its arresting debut, agencies are among the foremost believers (and users) of AI.

Agency professionals overwhelmingly named AI the trend they believe will most shape the next decade of digital advertising, vastly outpacing the field.

Which of the following trends do you believe will most shape the next decade of digital advertising?



(171 respondents)

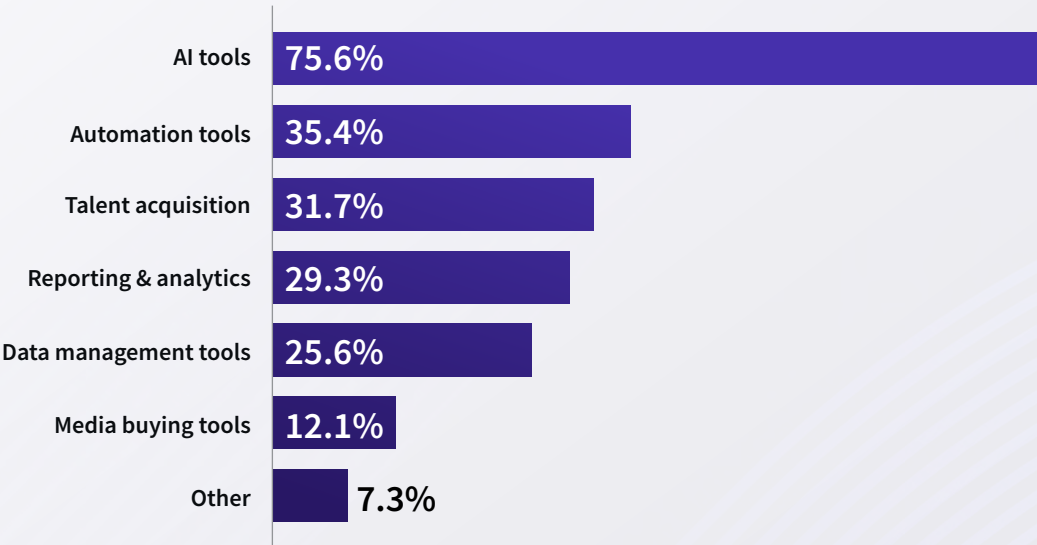
Investment Priorities

In the months ahead, agency leaders appear fully intent upon chasing that trend and harnessing AI’s extraordinary potential to address their biggest pain points.

Agency leaders named AI their top investment priority for the year ahead, with more than three-quarters (75.6%) saying they plan to increase their investment in AI over the next 12 months. Additionally, more than one-third of leaders have plans to invest in automation tools (35.4%), the second most-popular priority for the coming year.

In which of the following priorities do you plan to increase your investment over the next 12 months?

(VP or higher) | (Respondents could choose multiple answers)

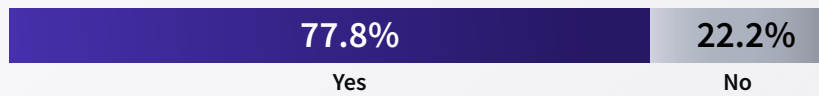


(82 respondents)

INVESTMENT PRIORITIES (CONT.)

Altogether, more than three-quarters of agency professionals said their organization has plans to invest in new technology to help automate or streamline processes within the next 12 months, demonstrating that overcoming inefficiencies and empowering teams is top of mind (and a top priority) throughout the agency world.

Does your organization currently have plans to invest in new technology solutions to automate or streamline processes within the next 12 months?

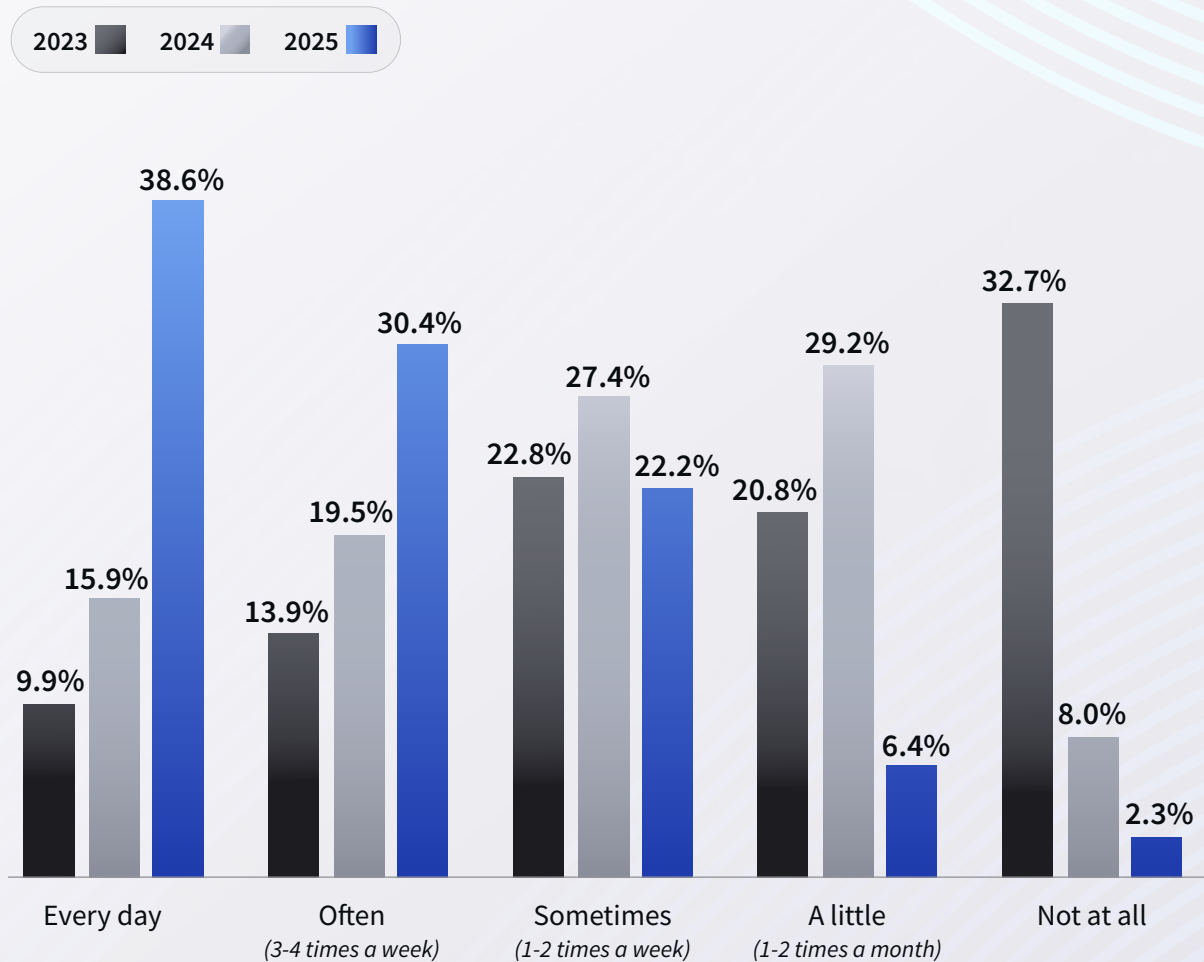


(171 respondents)

Agency AI Usage is Skyrocketing

In just over two years, generative AI has gone from being a near-unknown experimental technology to a standard part of agency workflows. The technology is now used at 97.7% of agencies, with 38.6% of agency professionals using it daily and more than 90% turning to generative AI at least once a week.

Approximately how often do you or your organization use generative AI tools as part of your marketing/advertising work?



(2023: 101 respondents, 2024: 113 respondents, 2025: 171 respondents)

How Agencies Are Using AI

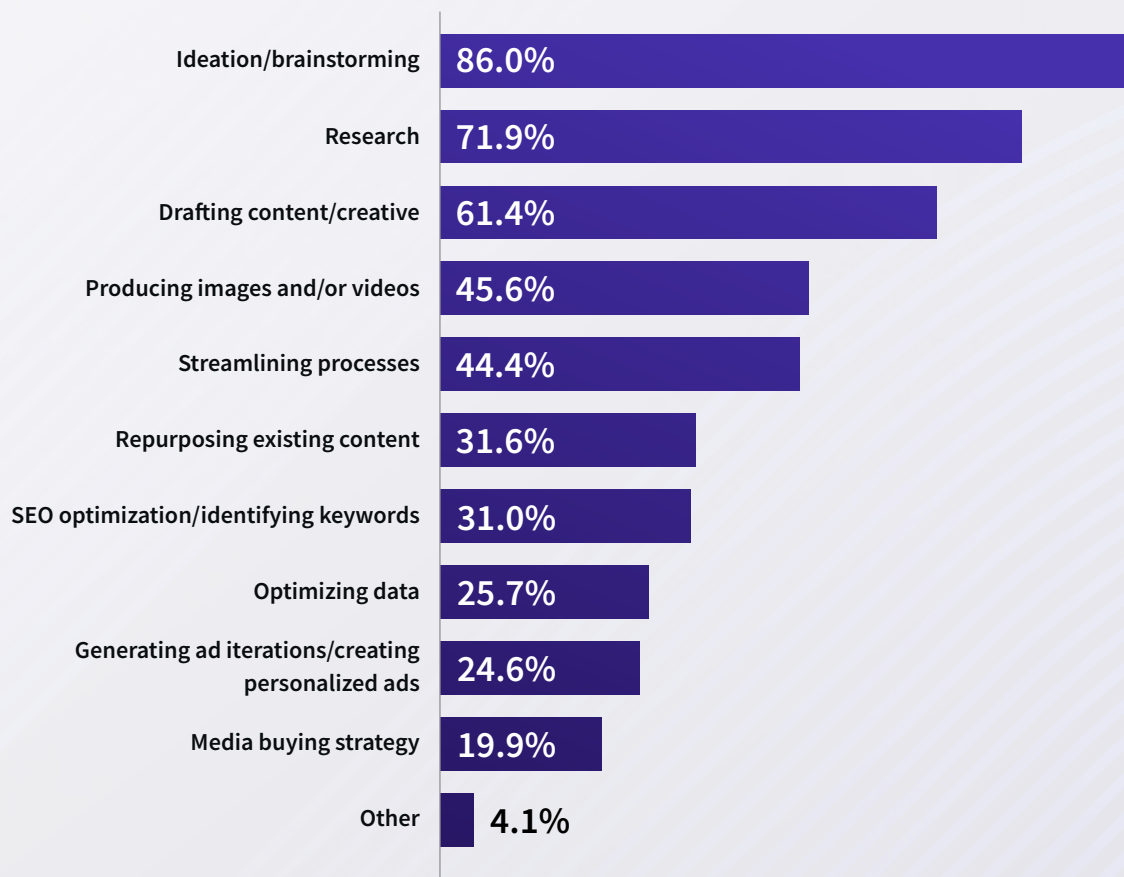
Agencies have largely embraced AI during the early stages of their work, with 86.0% of agency professionals using it for ideation/brainstorming and nearly three-quarters (71.9%) leveraging AI for research purposes.

Generative AI has also become an essential tool for asset creation, with 61.4% of agency professionals turning to the tech for drafting content/creative and 45.6% using AI for producing images and/or videos.

But despite growing usage and a proliferation of use cases, significant opportunities remain. Just 44.4% of agencies say they are currently using AI to streamline processes, and even fewer are using it for AI-suited tasks like optimizing data (25.7%), generating ad iterations/creating personalized ads (24.6%) or media buying strategy (19.9%), indicating lagging adoption of AI and automation for high-potential outcomes and a significant opportunity for further efficiencies at agencies that are eager for solutions.

For what type of tasks do you or your agency use AI?

(Respondents could choose multiple answers)



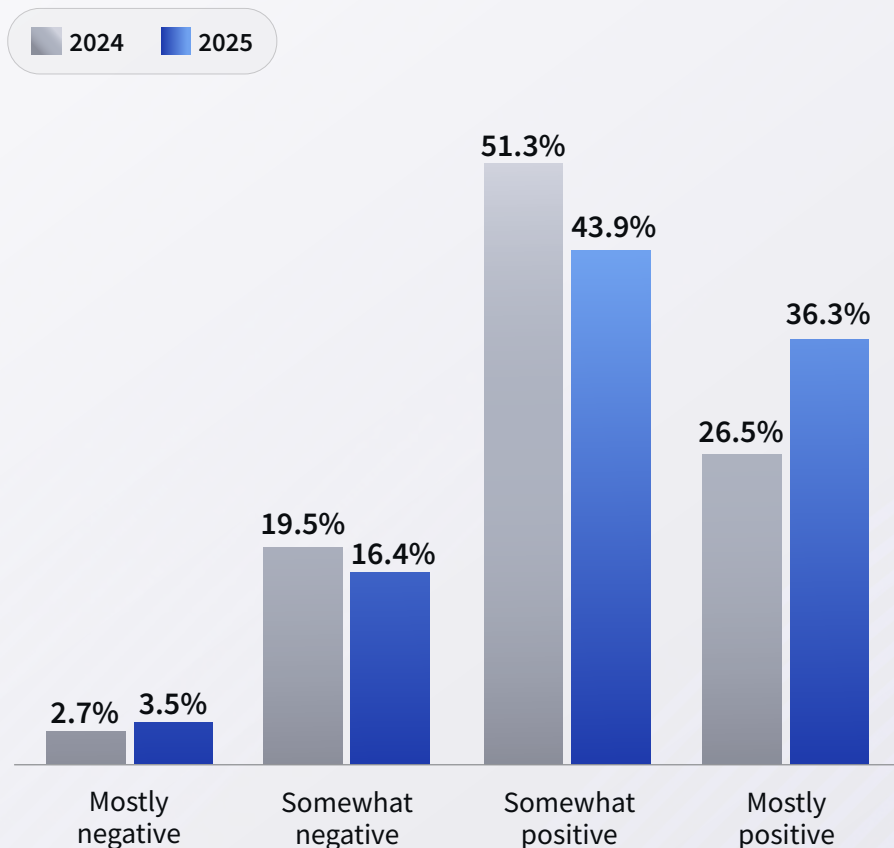
(171 respondents)

The Impact of AI on Agencies

As AI usage has climbed to new heights, so too has agencies' perception of its potential.

Over 80% of agencies say they believe that generative AI will have a positive impact advertising agencies, a small but meaningful increase over 2024 and a dramatic rise from 2023, when just 17.8% of agency professionals said they were excited about AI in digital marketing.² And, perhaps more significantly, more than one-third of agency professionals (36.3%) now believe that AI's impact on agencies will be mostly positive, versus just 26.5% who felt that way last year.

What impact do you believe generative AI will have on advertising agencies?



(2024: 113 respondents, 2025: 171 respondents)

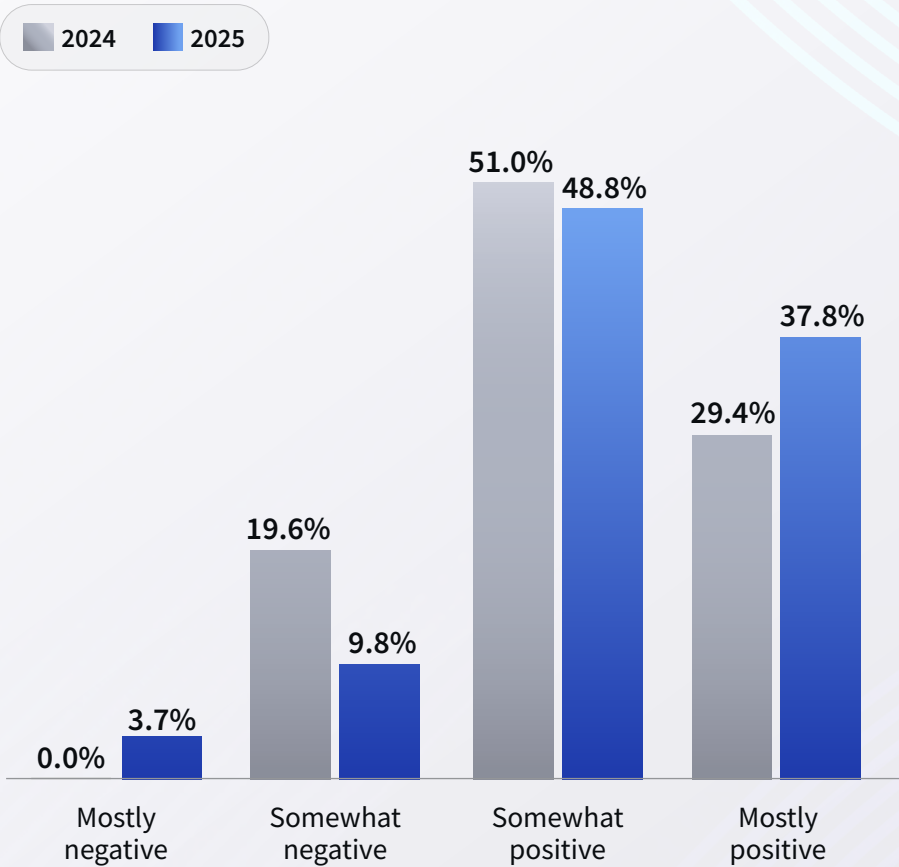
²Generative AI and the Future of Digital Advertising, Basis Technologies - Agency respondents (2023)

THE IMPACT OF AI ON AGENCIES (CONT.)

This enthusiasm is even greater among decision makers, with 86.6% of agency leaders having a somewhat or mostly positive view of generative AI’s potential impact on agencies, up from 80.4% in 2024.

What impact do you believe generative AI will have on advertising agencies?

(VP-level or higher)



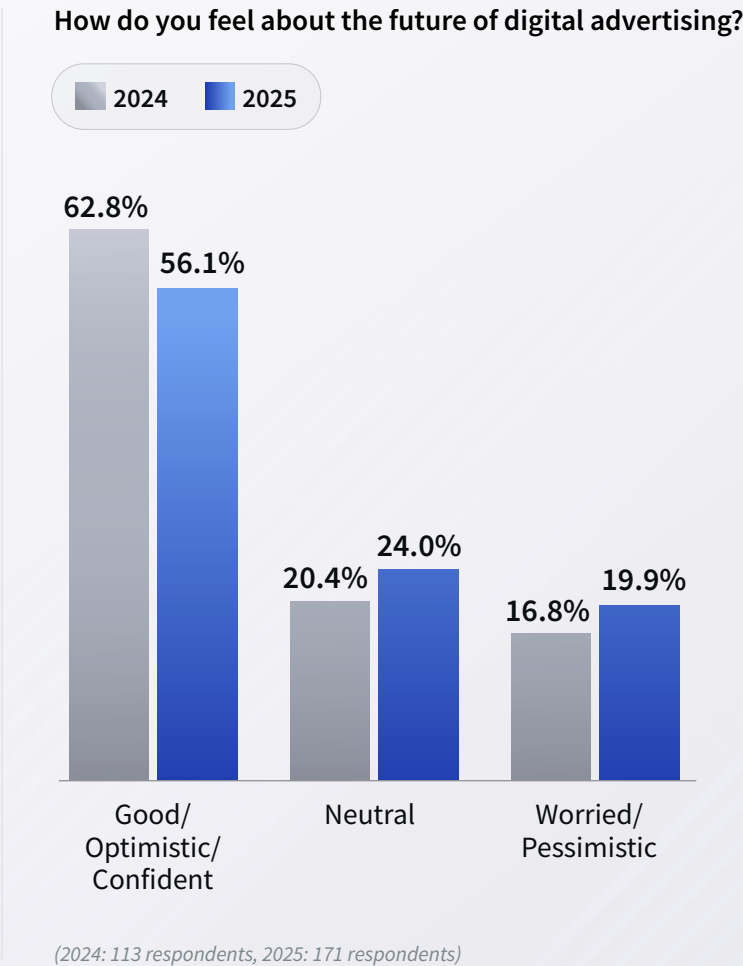
(2024: 51 respondents, 2025: 82 respondents)

The Future

Feelings About the Future: Our Industry

Across agencies, employee sentiment about the industry’s future is generally positive, but some cracks in that optimism are beginning to show as signs of worry creep upward.

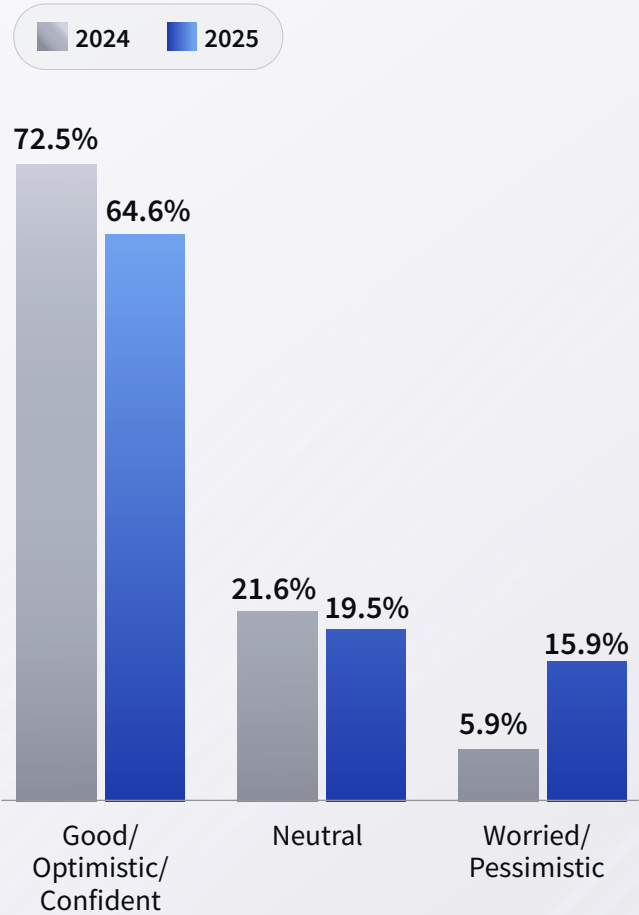
Over half of agency professionals (56.1%) say they feel good/optimistic/confident about the future of digital advertising, but those numbers are down from 62.8% in 2024. Additionally, one in five respondents said they are now worried/pessimistic about the future of digital advertising.



FEELINGS ABOUT THE FUTURE: OUR INDUSTRY (CONT.)

Notably, agency leaders are a bit more optimistic on the aggregate—64.6% say they feel good/confident/optimistic about the future of digital advertising—but they, too, are noticeably less confident than they were last year.

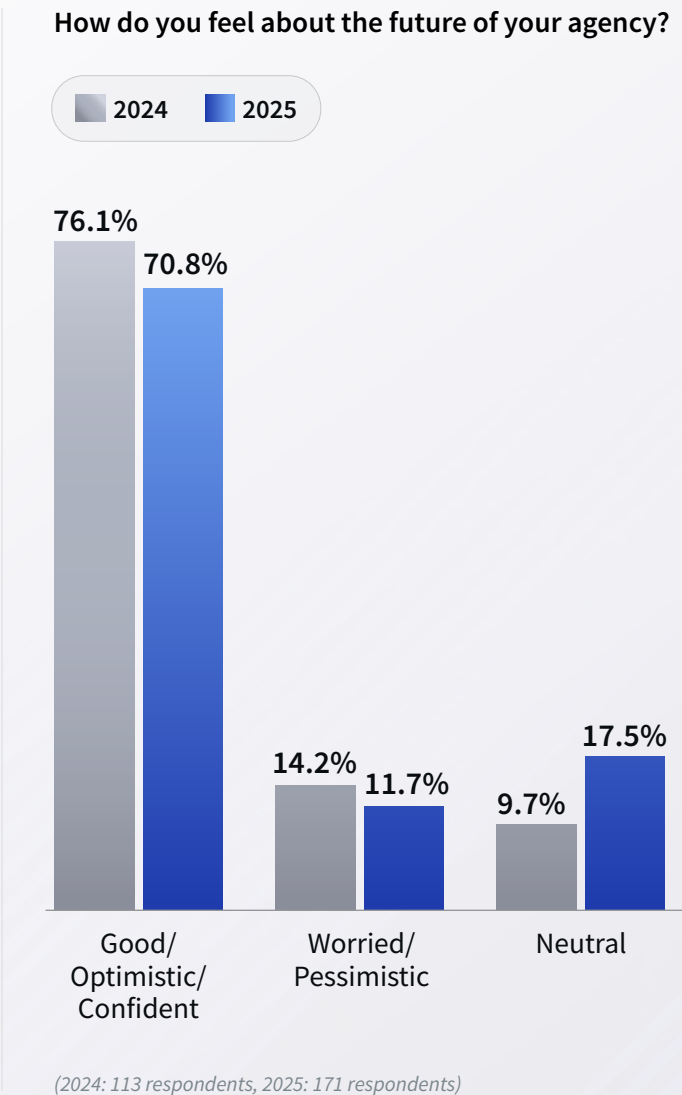
How do you feel about the future of digital advertising?
(VP and above)



(2024: 51 respondents, 2025: 82 respondents)

Feelings About the Future: Your Agency

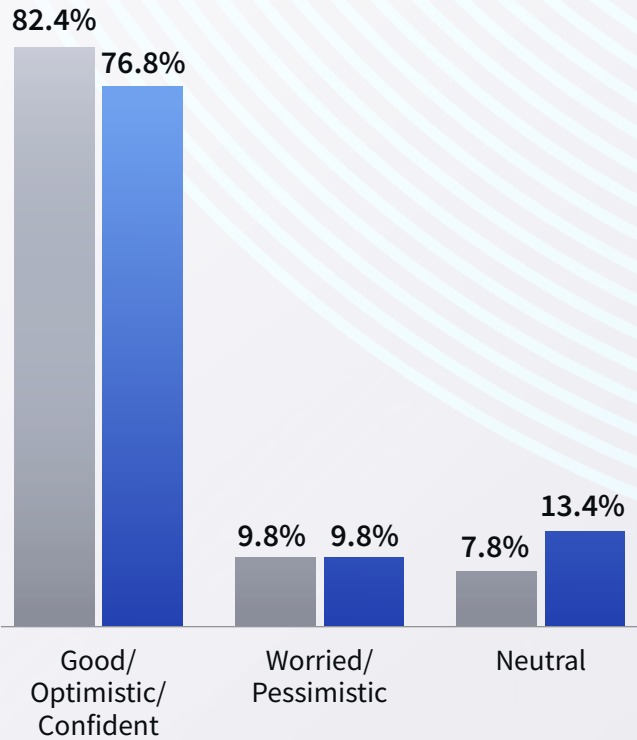
Employees feel a bit more confident about the fate of their own agencies, though those numbers are also down year-over-year. Around 70% of respondents say they feel good about the future of their agency, with agency leaders feeling especially bullish.



FEELINGS ABOUT THE FUTURE: YOUR AGENCY (CONT.)

How do you feel about the future of your agency?

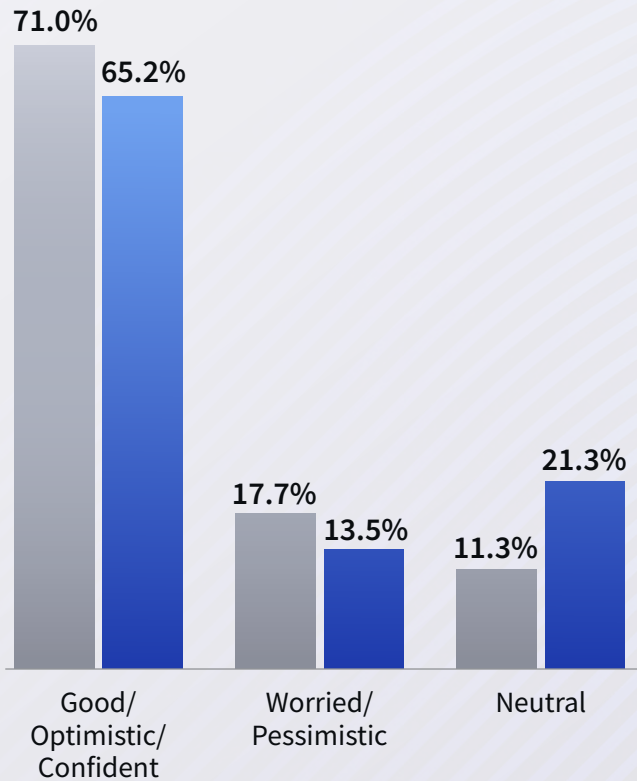
(VP and above)



(2024: 51 respondents, 2025: 82 respondents)

How do you feel about the future of your agency?

(Director and below)

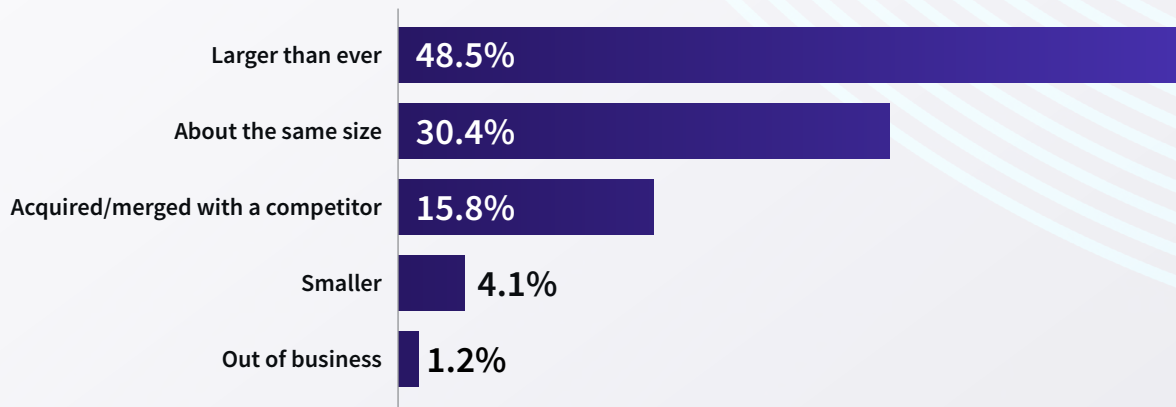


(2024: 62 respondents, 2025: 89 respondents)

FEELINGS ABOUT THE FUTURE: YOUR AGENCY (CONT.)

Looking further into the future, more than three-quarters of agency professionals believe that in 10 years, their agency will be just as big or bigger—including nearly half who think their agency will be larger than ever.

In 10 years, I believe my agency will be:



(171 respondents)

Key Takeaways, Strategic Opportunities, and Conclusion

Key Takeaways

Agency Jobs Are Getting Harder and More Complex

In just over two years, generative AI has gone from being a near-unknown, experimental technology to a standard part of agency workflows. The technology is now used at 97.7% of agencies, with 38.6% of agency professionals using it daily and more than 90% leveraging generative AI at least once a week.

Inefficiency and Silos Are Agencies' Biggest Point Points

Operational inefficiencies appear to be the primary source of agency challenges. “Inefficient processes” tops leaders’ lists of pressing concerns, along with “rising costs,” “shrinking profits,” and “siloes and disconnected systems.” The four issues are intrinsically linked—inefficient operations directly impact both cost structures and profit margins, and the fragmentation of key technologies is creating significant operational friction that hampers productivity and strategic effectiveness.

These internal challenges have been further exacerbated by external pressures such as rising brand safety risks and a lack of transparency across the digital advertising landscape, highlighting industry-wide concerns about accountability and trust.

Agencies Are Turning to AI and Automation as Solutions

In response to these mounting challenges, agencies are increasingly utilizing, embracing, and investing in artificial intelligence and automation, further demonstrating the industry's commitment to technology-driven solutions. But while general AI adoption is high (if not ubiquitous), its potential remains unrealized.

Though many agencies are turning to the technology for tasks like ideation, brainstorming, and research, fewer are leverage it for operational purposes like process streamlining, optimizing data, or media buying strategy. This represents a critical missed opportunity, as these operational areas align directly with the inefficiencies that agencies have identified as their primary challenges.

The underutilization of AI for process automation appears to stem from several factors. Agencies often lack clear best practices for implementing AI beyond content creation, and many struggle with data quality and uniformity issues that can hamper more sophisticated AI applications.

Despite these limitations, investment trends indicate significant momentum toward using AI to address these gaps, with more than three-quarters of agencies planning to invest in new technology solutions to help automate or streamline processes within the next 12 months.

Despite Growing Challenges, Optimism Persists

Despite the challenges identified throughout this report, agency professionals maintain a relatively positive outlook on the futures of both the industry and, particularly, their own agencies. However, this optimism shows signs of erosion compared to previous years.

Confidence in the industry's future has declined from 2024 to 2025, while agency-specific optimism (though higher than overall industry sentiment) has dropped as well. This downward trend suggests that while hope remains, concerns about the industry's direction are growing—and calls for meaningful changes to help ensure stable futures.

Strategic Opportunities

1 Process Optimization

Agencies must address inefficiencies and disconnected systems and prioritize solutions for both. This optimization effort should focus on unifying tech stacks, identifying redundancies, eliminating bottlenecks, and creating more transparent project management frameworks.

For agency leaders, this means conducting comprehensive operational audits to identify key friction points, implementing change management to build new and stronger processes, and fostering a culture of continuous improvement. Success in this area will lead to increased job satisfaction, improved profitability, and enhanced client satisfaction by enabling more responsive and reliable service delivery.

2 Strategic AI Implementation

While AI adoption is high, agencies are not yet harnessing its full potential for process automation and operational optimization.

Fewer than half of agencies use AI for streamlining processes—despite inefficiency being their top concern—and this disconnect represents perhaps the most significant opportunity for competitive advantage in the coming years.

Agency leaders should expand their AI-powered tech strategies to go beyond content creation and include workflow automation, data analysis, performance forecasting, and media optimization. This requires investing in strategic partnerships and intentional efforts to identify repetitive tasks that can be automated, implement AI-powered analytics to improve decision-making, and adopt AI-enhanced quality control systems to reduce errors and rework.

3 Brand Safety Refocus

The dramatic increase in brand safety concerns demands renewed attention. With an overwhelming majority of professionals believing brand safety risks are greater today than they were a year ago, agencies need comprehensive strategies to protect their clients' brands in an increasingly complex media landscape.

This includes developing more sophisticated content (and publisher) verification processes, implementing advanced contextual targeting technologies, creating transparent reporting frameworks around brand safety metrics, and establishing clear escalation procedures for potential brand safety incidents. As brand stewards, agencies that prioritize transparency and brand safety will be able to build deeper trust with their clients and create meaningful differentiation in the marketplace.

4 Tech Stack Consolidation

The rapid expansion of technology tools is creating unsustainable complexity. More than half of all agencies now manage eight or more tools, with 40% juggling 10+ tools—a dramatic increase from just 17.3% in 2024. This fragmentation directly contributes to both inefficiency and siloed systems, each of which have identified as major challenges to organizational success.

Agency leaders should conduct a critical assessment of their current technology ecosystem, identifying integration opportunities and seeking out solutions that help unify systems and break down silos. The goal should be creating a more unified tech environment with seamless data flow between systems. This may require difficult decisions about sunsetting legacy tools and necessitate change management to implement new processes, but the operational benefits of a streamlined tech stack will far outweigh the short-term adjustment costs.

5 Talent Retention

Despite overall optimism, declining confidence metrics highlight growing pressures on agency professionals. With 40.9% of agencies conducting layoffs in the past year and job satisfaction showing increasing signs of strain, fostering workforce stability is essential.

Leaders should create clear professional development pathways that account for the changing nature of agency work in an AI-augmented environment. This includes implementing comprehensive training programs on new technologies and creating more sustainable workloads through human-centric automation and improved resource management. Agencies that excel in talent retention will be better positioned to capitalize on the opportunities presented by emerging technologies while maintaining the institutional knowledge necessary for strategic excellence.

As the advertising agency landscape continues to evolve, these strategic opportunities represent critical areas of focus for leaders intent on navigating an increasingly complex environment.

CONCLUSION

By addressing operational inefficiencies, strategically implementing AI beyond basic applications, fortifying brand safety measures, consolidating technology stacks, and prioritizing talent retention, agencies can not only overcome their current challenges, but position themselves for sustained success in the years ahead.

While optimism about the industry's future has diminished somewhat, the underlying confidence in individual agencies' prospects suggests that with the right strategic focus, the agency model can continue to thrive amidst disruption. For forward-thinking leaders willing to embrace change and drive innovation, the challenges identified in this report represent not just obstacles to overcome, but opportunities to establish meaningful competitive advantage in a rapidly transforming industry.



Since 2001, Basis Technologies has provided unified software and services to simplify and automate digital media operations, improve efficiency, and drive increased profitability at marketing organizations. Today, Basis is the most comprehensive digital advertising platform in the industry and the only platform to consolidate planning, digital operations, reporting, and financial reconciliation across programmatic, publisher-direct, search, social, and connected TV.

Learn more at Basis.com.



