

New Research from CloudLinux and WebPros Reveals How Hosting Providers Are Navigating Growth and Margin Pressure in 2026

The 2026 Web Hosting Trends Report surfaces the strategies, challenges, and investment priorities shaping a \$100B+ industry.

ESTERO, FL, UNITED STATES, February 23, 2026 /EINPresswire.com/ -- CloudLinux, the leading provider of security and stability software for web hosting providers, today released [the 2026 Web Hosting Trends Report](#), produced in partnership with WebPros.

Based on a global survey of 446

hosting providers conducted between October and December 2025, the report documents how the industry is responding to competing pressures: growing revenue on one side, rising operational costs and intensifying competition on the other.

“

Hosting providers are dealing with the same pressures, and those handling it well are introducing new services, automating security, and improving website performance to keep customers loyal.”

Igor Seletskiy, CEO, CloudLinux



2026 Web Hosting Trends Report Cover

Around 65% of hosting providers reported revenue growth in 2025. But that growth is getting harder to sustain. Price competition was cited as the top threat to profitability by 29% of respondents, with rising costs (energy, software licenses, hardware) close behind at 28%. The result is a margin squeeze from both directions, and a clear shift in how hosting providers think about growth.

Key findings

The industry is moving upmarket. VPS and dedicated hosting are identified as the single biggest growth

opportunity by 26% of providers, ahead of shared hosting (22%) and cloud servers (17%). Yet 56% of VPS providers say competing on price with unmanaged cloud providers is their biggest challenge. Most are choosing not to play that game: 29% differentiate through fully managed

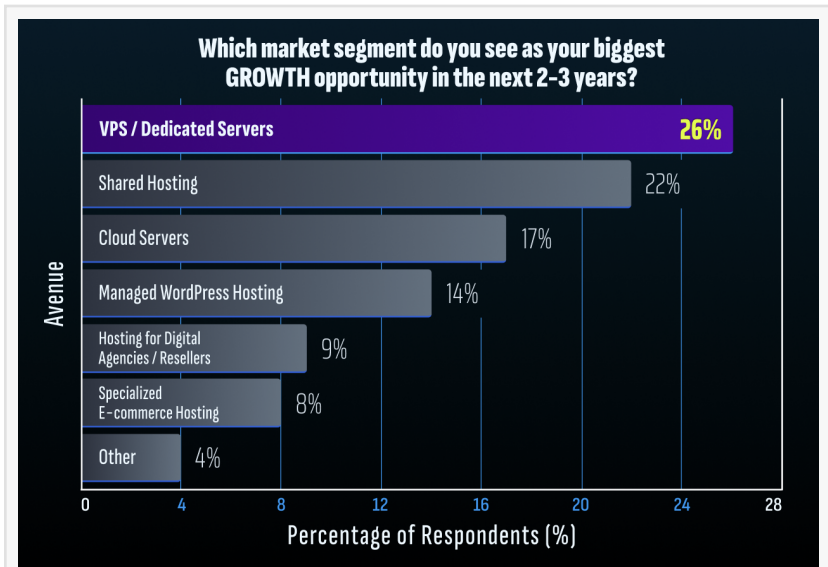
service, and 22% through superior support. Only 14% compete primarily on price.

Services are becoming the primary ARPU lever. 50% of providers plan to expand professional services to grow average revenue per user, outpacing all other strategies including bundling premium tiers (39%), reselling third-party products (36%), and targeting higher-value customer segments (36%). The modern hosting provider is further maturing from infrastructure provider into technical partner.

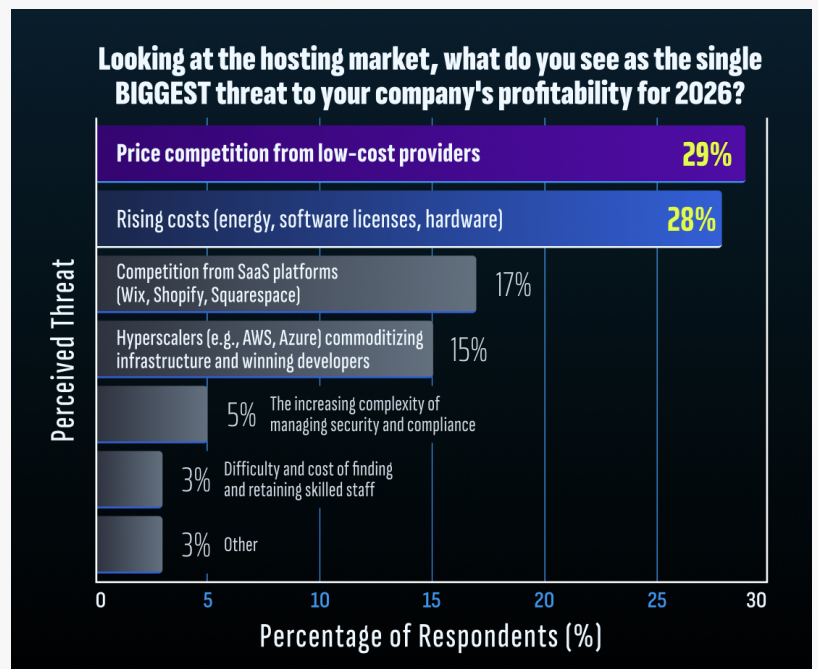
SaaS platforms rival price as a reason customers leave. Price sensitivity remains the top churn driver at 56%, but 41% of hosting providers report customers leaving for SaaS platforms like Wix or Shopify. Hosters are responding by educating customers on the trade-offs of open platforms and adding value-added tools to compete on simplicity.

Speed, price, and support drive customer choice. When asked why customers choose them for WordPress hosting, hosting providers ranked website speed and performance first at 55%, followed by price (47%) and support quality (45%). Performance is also a retention factor, not just an acquisition driver. 29% of providers cite slow websites as a reason customers churn.

Operational overhead remains high, with security at the center. Outdated software (53%) and malware (51%) are the top security challenges. Email issues consume the most support time at 42%, followed by CMS/application problems (39%), performance issues (35%), and security incidents (35%). These challenges are driving 2026 investment priorities: 44% of hosting providers plan to invest in improving performance, 43% in strengthening security, and 41% in automating operations.



Which market segment do you see as your biggest GROWTH opportunity in the next 2-3 years



Looking at the hosting market, what do you see as the single BIGGEST threat to your company's profitability for 2026

AI adoption is focused on practical utility. 53% of hosting providers expect AI-driven automation to have the biggest impact on the industry in 2026. No other trend comes close. Current adoption is concentrated in customer support (36%), AI tools for customers (32%), and server monitoring (30%). But the strongest forward demand is for automated site security and malware detection (65%) and predictive server performance monitoring (48%). Providers want AI that works in the background, not one that requires constant oversight.

Automation remains non-negotiable. 84% of providers rate automation and “set-it-and-forget-it” capability as a top priority when evaluating new software. 71% are interested or very interested in a unified dashboard consolidating server management, billing, and analytics across their fleet. Both signals point the same way: reducing overhead and manual work is a decision-making filter, not just a wish list item.

Quote from CloudLinux

“Every year we publish this report, I expect surprises. This year, there weren’t many. Hosting providers are dealing with the same pressures — price competition, security overhead, and rising costs (energy, software licenses, hardware) — and those handling it well are doing the same things: introducing new services to their customers, automating security, and continuously improving website performance to keep customers loyal. It’s that simple — and it works.” — Igor Seletskiy, CEO, CloudLinux

Quote from WebPros

“The data confirms what we’ve long seen in the industry - hosting providers succeed by focusing on performance, security, automation, and high-quality service. These have always been core to WebPros products. As AI adoption grows, its real value lies in strengthening these fundamentals - enabling smarter automation, stronger security, and better performance at scale. We’ll continue working closely with our customers to deliver innovation aligned with these priorities and the reliability they expect from WebPros.” — TJ Danklefs, Director of Product Management, WebPros

About the Report

The 2026 Web Hosting Trends Report is based on responses from 446 hosting providers surveyed globally between October and December 2025. Respondents represent a broad range of company sizes and geographies, with participation from business owners, C-level executives, system administrators, and technical leaders. 58% of respondents identified as business owners, presidents, or C-level executives. The survey was produced by CloudLinux and WebPros. The full report is available for download at: <https://cloudlinux.com/resources/web-hosting-trends-report-2026>

About CloudLinux

CloudLinux provides security and stability software for web hosting providers running any type

of hosting, including shared, VPS, and dedicated servers. Products include CloudLinux OS, Imunify360, ImunifyAV, Imunify Email, Imunify Patch, KernelCare, AccelerateWP, Mx Cache, and enterprise solutions under the TuxCare brand. Today, more than 20 million websites worldwide run on servers powered by CloudLinux software. Learn more at cloudlinux.com.

About WebPros

WebPros is the company behind cPanel, Plesk, WHMCS, SolusVM, and Nova. WebPros serves hosting providers, web agencies, and digital businesses worldwide, providing the infrastructure software and tools used to manage millions of websites. Learn more at webpros.com.

Aleksandra Mitroshkina
Cloud Linux Software Inc
+1 609-785-1322

press@cloudlinux.com

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