HOME SERVICE INDUSTRY REPORT:

COVID-19 IMPACT EDITION

MAY 2020

AN INTRODUCTION

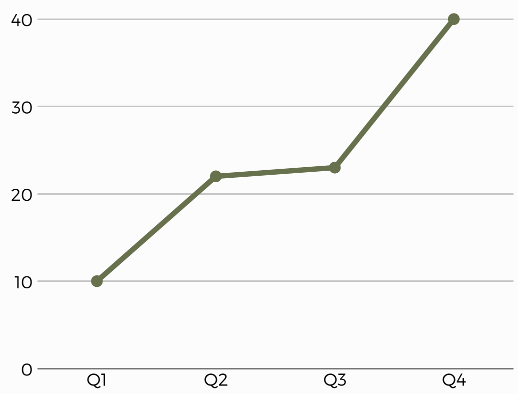
Small businesses make up about 47% of the private labor force and contribute roughly 44% of GDP. Home Service businesses in this segment use Jobber every day to provide estimates, schedule work, invoice customers and collect payments. Jobber's position as a leading business management platform for Home Service businesses uniquely enables us to identify aggregated trends and insights in this important small business segment.As COVID-19 made its way across the United States, the economic impact to all industries has been significant.

Over a period of two weeks, consumers and businesses were mandated to completely change their behaviors. For e-commerce businesses, this time has been a tailwind, whereas other businesses, such as sit-in restaurants, have seen sharp declines.It was unclear at the outset what the impact of the COVID-19 response would be on Home Services. Many businesses including sanitation and disinfecting services, HVAC, plumbing, pest control, and others, are deemed essential across the United States.

On the other hand, the essential status of businesses such as lawn care and construction vary state-to-state. By reviewing Jobber's proprietary data gathered from tens of thousands of Home Service professionals across 50+ different industries, this report will show the impact of the COVID-19 pandemic on the Home Service industry through March and April 2020.

HOME SERVICE INDUSTRY OVERALL

Looking at the data, it's clear that the Home Service industry overall has seen consistent positive growth over the past few years. On an annual basis, the typical Home Service business grew 13% in 2018 and 11% in 2019. By comparison, the overall US GDP grew 2.9% in 2018 and 2.3% in 2019.



Home Services began 2020 on the same positive growth trend. For the first 12 weeks of the year, it grew 11% compared to the same period in 2019.

However, as states across the country issued stay-at-home orders and mandated all non-essential businesses to close their doors, these businesses saw an immediate decline.

Halfway through March, revenues fell around 25% compared to earlier in the year. Newly scheduled work is an important early indicator of the success or decline of Home Service businesses.

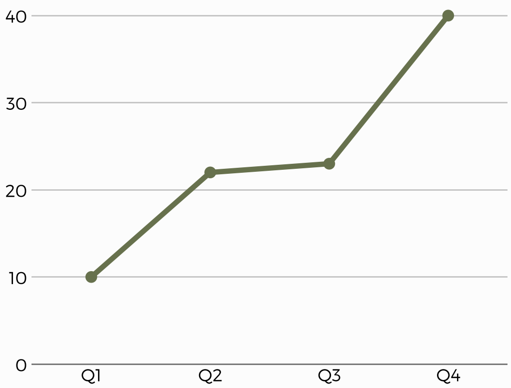
In the following charts a clear decline in newly scheduled work can be seen in week 12 (ending March 22), and the impact on revenue can be seen the following week.

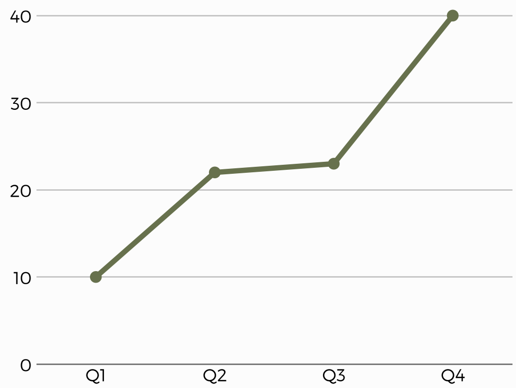
HOME SERVICES BEGAN 2020 ON THE SAME POSITIVE GROWTH TREND

The decline in new work being scheduled has continued throughout April, and at its worst dropped by 30% compared to earlier in the year.

There have been signs of recovery towards the end of April, with a significant improvement seen during the week ending May 3. So far during this time, the revenue for these businesses has been matching this same pattern closely, so an improvement in revenue is anticipated in May.

THERE HAVE BEEN SIGNS OF RECOVERY TOWARDS THE END OF APRIL

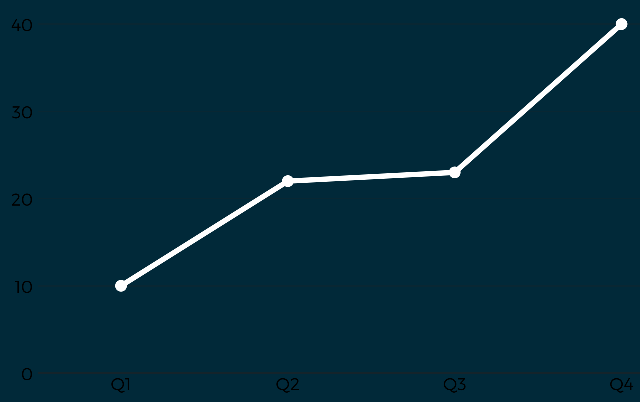




HOME SERVICES COMPARED TO DIFFERENT INDUSTRIES

Using the United States Census Bureau data for March 2020 as a benchmark, Home Service businesses were less impacted by the COVID-19 pandemic compared to other industries. The Home Service industry showed growth of 12% year-over-year in March, while restaurants saw a decline of 25%, and Apparel fell by 52%.

The data for April shows Home Service businesses impacted more in April compared to March, with a revenue decline of 17% year-over-year. When the Bureau releases the April trade report, the data may reveal a sharper decline for the other industries compared to March as well.

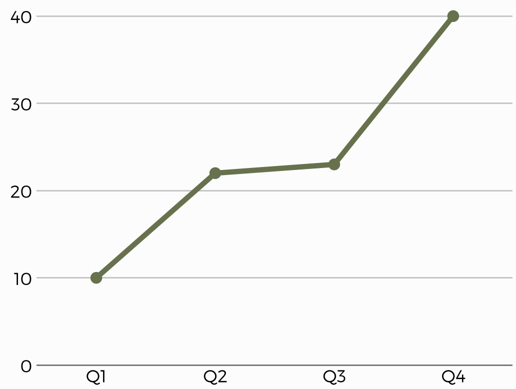


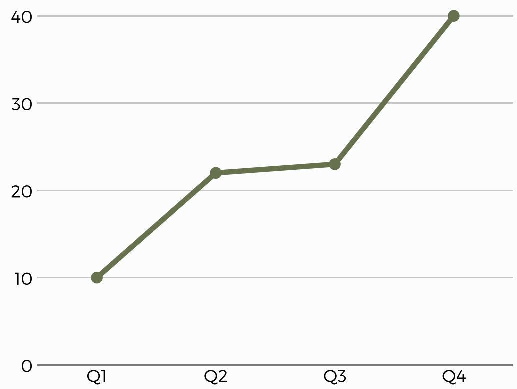
As the Home Service industry consists of a large variety of businesses, it's useful to segment the data to better understand the impact of the pandemic on different kinds of businesses. To do this, the data has been split into three categories: Cleaning, Contracting, and Green businesses.

CLEANING

The Cleaning category consists of businesses such as residential and commercial cleaning, carpet installation and cleaning, window washing and pressure washing. These businesses are typically non-seasonal, but they do see a small spike for ‘spring cleaning’. This category has been affected the most since social distancing and isolation measures have been adopted across the country.

Cleaning businesses were seeing stronger than average growth at the start of the year, but since mid-March, revenues have fallen by over 35% compared to the same time in 2019. From where these businesses were earlier in the year, revenue is around 50% lower, with residential cleaning being the worst hit. New work being scheduled, however, has been improving in the second half of April for these businesses. That should help revenue recover in May.





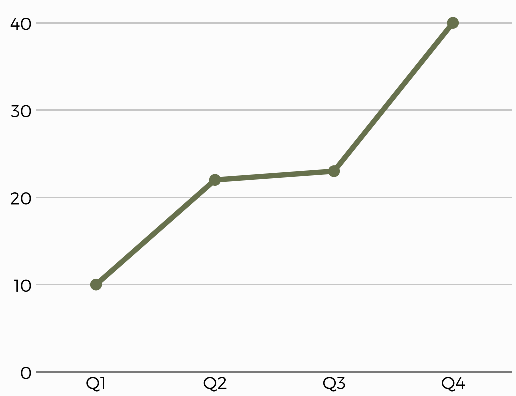
NEW WORK SCHEDULED, HOWEVER, HAS BEEN IMPROVING

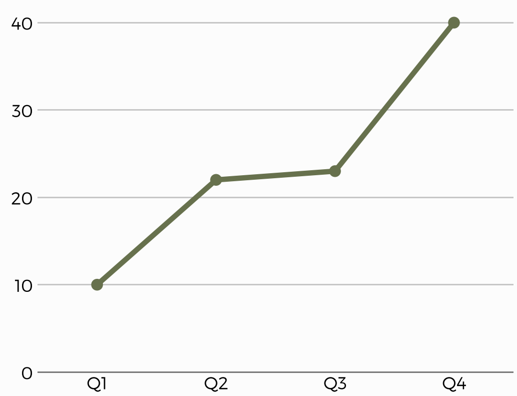
CONTRACTING

The Contracting category consists of businesses such as construction, electrical, plumbing, and HVAC. These businesses saw industry-average growth earlier this year, but have since seen a decline of over 20% in revenue growth.

Compared to the same time period last year, they have seen a drop of over 10% in revenue. These businesses saw a steep decline in new work being scheduled when the stay-at-home orders first came into effect. This has been followed by a relatively quick recovery in the last few weeks of April.

The data shows a turnaround in the revenue growth trend through the end of April, which is expected to continue in May, following the improvement in new work scheduled.





THE DATA SHOWS A TURNAROUND IN THE REVENUE GROWTH TREND

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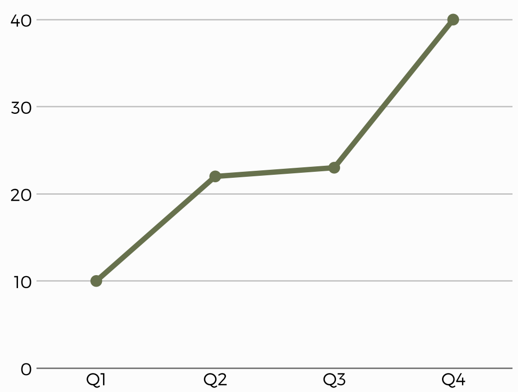
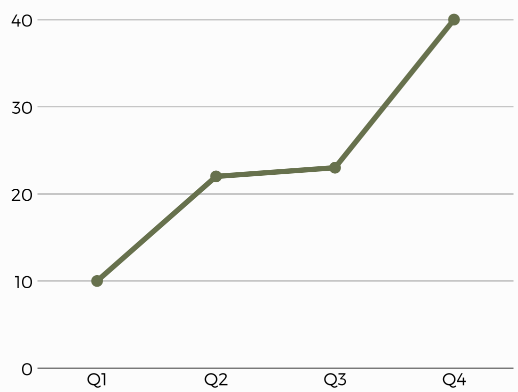
GREEN

The Green category consists of businesses such as lawn care, landscaping, tree care, and other related outdoor services. These businesses tend to be seasonal, and generally do a lot of work in the spring.

This category typically shows high variance in revenue during the January to March period, and this year is no different. Although also affected, Green businesses have fared relatively better during these times because most of their work tends to be outdoors, where social distancing rules are easier to follow.

This is the time of year where these businesses usually generate most of their revenue; the data shows the growth has not come so far this year. They have seen a drop of about 10% in revenue compared to earlier in the year, and their new work being scheduled is around 20% lower than expected. This will likely impact revenue in the weeks to come, and until booking volume returns to normal.





GREEN BUSINESSES HAVE FAIRED RELATIVELY BETTER DURING THESE TIMES

FUTURE OUTLOOK

The Home Service industry seems to have weathered this historic period well compared to many other industries, but it’s not coming out of this pandemic unscathed. While the industry didn’t experience the same devastating losses as Apparel or Restaurants, it has still seen a 25% revenue loss compared to expectation.

There is also a large variance within the industry itself, with Green businesses being able to tolerate these conditions better than others such as Residential Cleaning. The second half of April has been a turning point for the industry, with positive signs showing in early indicators such as new work being scheduled. However, the recovery is likely to be slow and correlated with government policies around lifting the stay-at-home orders and relaxing some of the social distancing rules currently in place.

As the government mandated orders conclude and society returns to relative normalcy, new market dynamics could emerge as the economy enters a recessionary period.

DATA SOURCES & METHODOLOGY

The small business data provided is from the U.S. Small Business Administration Office of Advocacy. The specific metrics shared are from a Research Summary published by the organization as well as an annual FAQ they provide.All industry data outside of Home Services comes from the U.S. Census Bureau's advance monthly retail trade report.

Historical numbers are not adjusted for inflation in order to keep consistent with Jobber data.

Median Change in YOY Revenue Growth has been used as a proxy for the Home Services* industry data point, which is the Jobber equivalent to 'same-store sales growth'. As a result, this is a conservative estimate for the industry as a whole because it doesn't include new business starts, while the U.S. Census Bureau's trade report includes all sales from new business starts as well as same-store sales.