



# **HOME SERVICE ECONOMIC REPORT: Q1 2021 EDITION**

**APRIL 2021**

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# INTRODUCTION

Small businesses make up 47% of the private labor force and contribute 44% to GDP in the United States[1]. As the leading business management platform for Home Service businesses, Jobber is uniquely positioned to identify aggregate trends and insights in this important small business segment. More than 100,000 residential cleaners, landscapers, HVAC technicians, and more, keep track of jobs and charge their customers for work using Jobber.

In January and February 2020, businesses across the United States were operating as usual. Then by mid-March, everything changed. COVID-19 started to make its way across the country and the economic impact to every type of business was significant. However, despite an initial decline at the peak of the pandemic, the Home Service category proved to be incredibly resilient and stable throughout 2020.

This report shows economic recovery continuing into 2021 by analyzing the performance of the Home Service category across key areas such as revenue growth and consumer demand. To help put the performance of the category into context, the report shows comparisons to other major categories, such as Food and Beverage Stores, Clothing Stores, and Restaurants. It will also discuss the acceleration of technology adoption and how it's impacting Home Service businesses' ability to get work, do work, invoice, and get paid. Lastly, the report highlights the types of industries that operate within Home Service, and dives deeper into the performance of key segments such as Cleaning, Contracting, and Green businesses.

## KEY REPORT TAKEAWAYS

- The Home Service category experienced a slow start in 2021, but has accelerated tremendously in March to reach record growth. With the vaccination drive in full swing and the economy continuing to re-open steadily, businesses can look forward to a prosperous Q2.
- The Home Service category continues to be one of the most stable, and saw the best year-over-year growth in the last three months.
- Consumer spending in Home Service started growing faster than pre-pandemic levels by the end of 2020 and continues to do so into 2021.
- Technology adoption among Home Service professionals continues to increase in 2021 across their entire workflows, emphasizing that technology continues to be important even as COVID-19 restrictions disappear.
- Customer communication grew significantly in 2020 and saw record growth in March 2021.
- The Cleaning segment is adopting online payments at an accelerated rate compared to the Green and Contracting segments.
- The lower the invoice value, the faster it gets paid, and higher likelihood that online payments are used in the transaction.
- Cleaning was the industry most impacted by the COVID-19 pandemic, but has recovered well.
- The Contracting segment surpassed March 2020's performance by growing 25% year-over-year in March 2021.
- The Green segment continues to see positive growth in new work scheduled as well as median growth in Q1 2021.





# HOME SERVICE CATEGORY PERFORMANCE

## CUSTOMER DEMAND AND REVENUE GROWTH

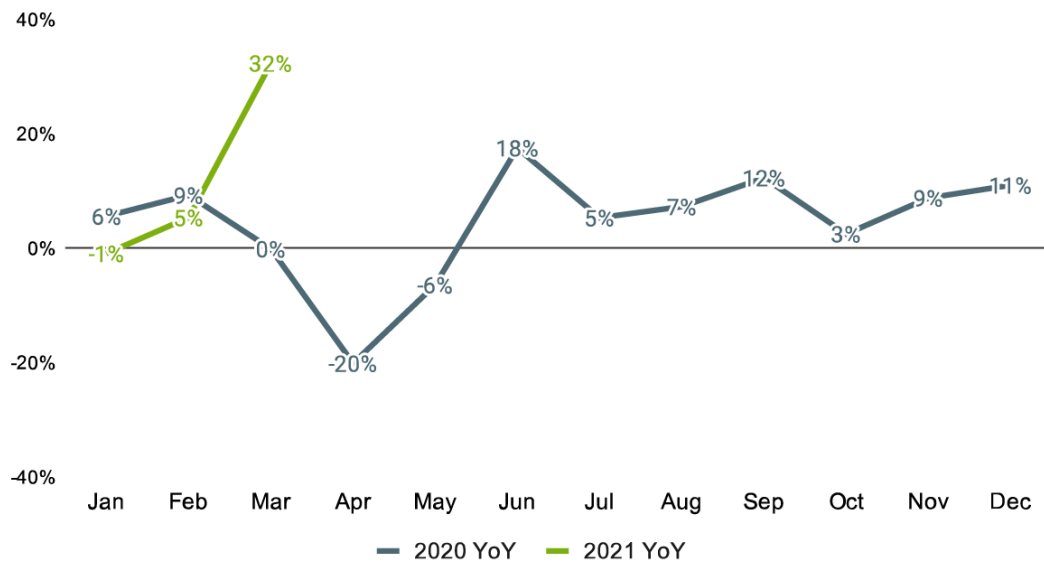
2021 is off to a great start for the Home Service category. Easing of COVID-19 restrictions across the country has likely contributed to a record breaking 32% year-over-year growth in new work scheduled. New work being scheduled is an early indicator of the health of Home Service businesses, and a proxy for consumer demand. The spike demonstrates solid recovery from the declines related to the COVID-19 pandemic experienced in 2020. We predict this growth will continue throughout Q2 as we enter the busy season for many of the Home Service industries. The numbers will also be especially high, compared to last year, as business was hugely impacted last spring during the peak of the first wave of the pandemic.[2]

Median revenue followed a similar trajectory as new work being scheduled. This year has started off well, continuing the strong performance from last year, and last month hit a record high of 31% year-over-year growth. Similar to new work scheduled, we believe this trend will continue throughout Q2 2021. [2]

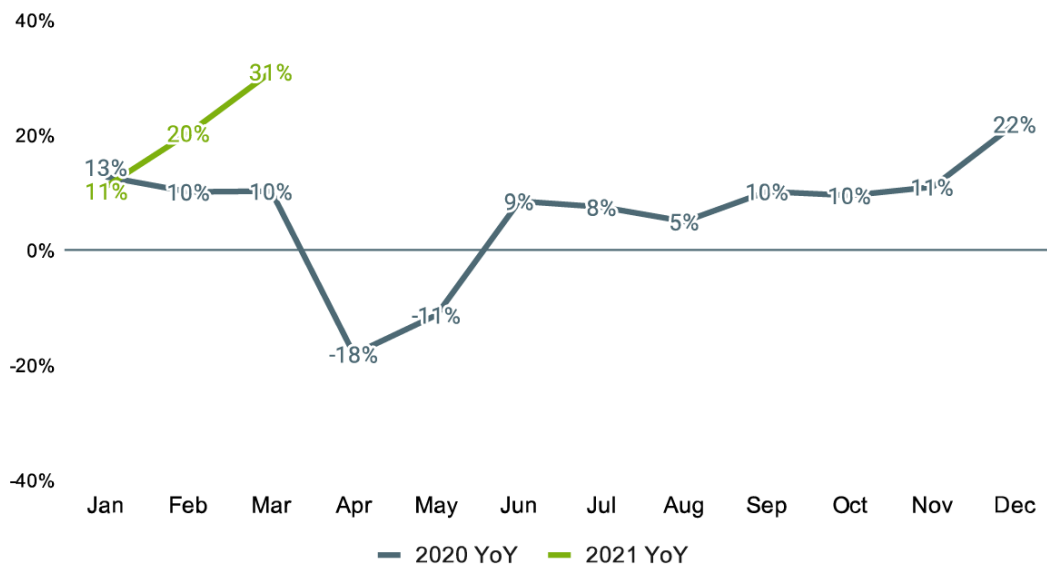
### TAKEAWAYS

- The year-over-year growth in new work scheduled and median revenue reached record highs in March, partially due to last March's results being impacted by COVID-19 restrictions.
- Although experiencing a decline when the pandemic hit, the U.S. housing market recovered quickly and is out-performing last year's levels; construction of new units remained strong throughout the pandemic.

## NEW WORK SCHEDULED YOY - HOME SERVICE



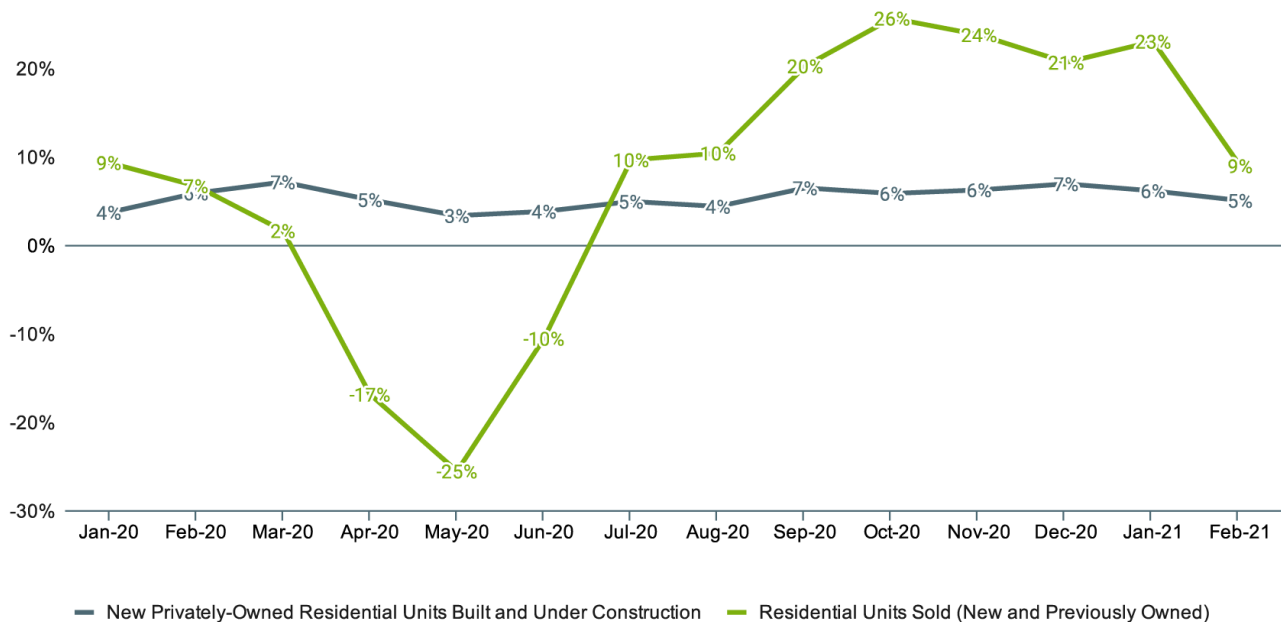
## MEDIAN REVENUE YOY - HOME SERVICE



Another way to measure the health of the Home Service category is by looking at the residential housing market. Although experiencing a decline when the pandemic hit, the sale of new and existing homes recovered very quickly, soaring to record levels in the second half of 2020. This strong growth has continued in the start of 2021. The construction of new housing units (units under construction and completed) has been steady throughout, as well.

The rise in housing sales translates into increasing demand for home services.[3] A recent study by McKinsey showed that in 2020, many consumers made several changes to their homes and living situations. 28% of respondents renovated their homes or set up a gym or a workspace; 30% planned to splurge on items for their homes following the pandemic; and 19% have changed their living situations entirely.[4]

## YOY GROWTH IN U.S. RESIDENTIAL HOUSING MARKET



# HOME SERVICE COMPARED TO OTHER CATEGORIES

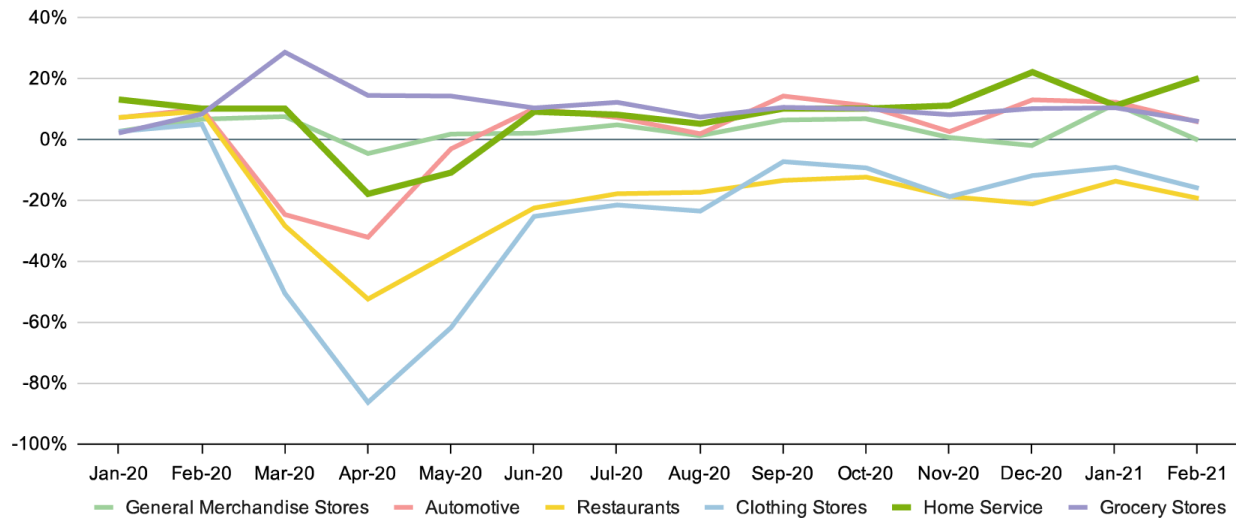
## REVENUE GROWTH

The U.S. Census Bureau data reveals that many major categories started 2020 with similar positive revenue growth, until the COVID-19 pandemic hit the country. Grocery Stores and General Merchandise Stores were quite stable throughout the year, while most other categories saw significant declines. Home Service was able to rebound from its decline quicker than the rest, and was back to pre-pandemic growth levels by June. Since then, Home Service has been consistently growing well throughout the second half of 2020 and enters 2021 as the strongest category in terms of year-over-year growth.[5]

## TAKEAWAYS

- Home Service is outperforming Grocery Stores and General Merchandise Stores in February 2021.
- Home Service continues to see fantastic growth in consumer spending towards the end of 2020 and into 2021, rivaling Food and Beverage sales.

## REVENUE COMPARISON YOY



## CONSUMER SPENDING

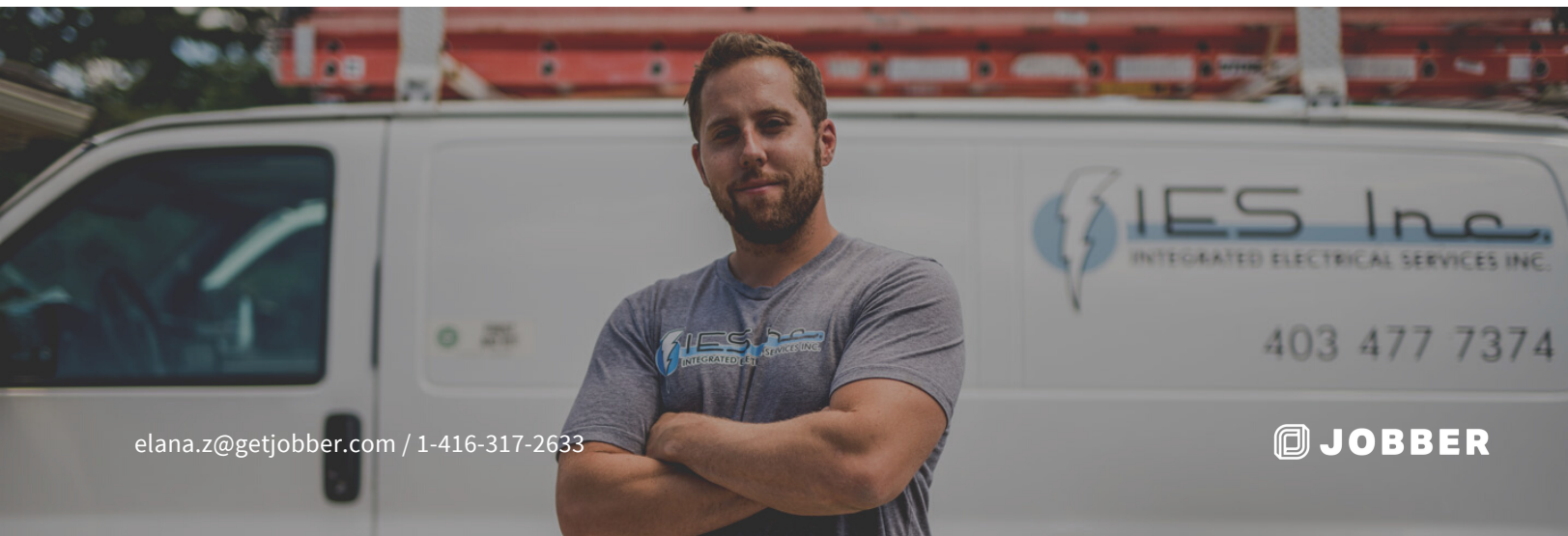
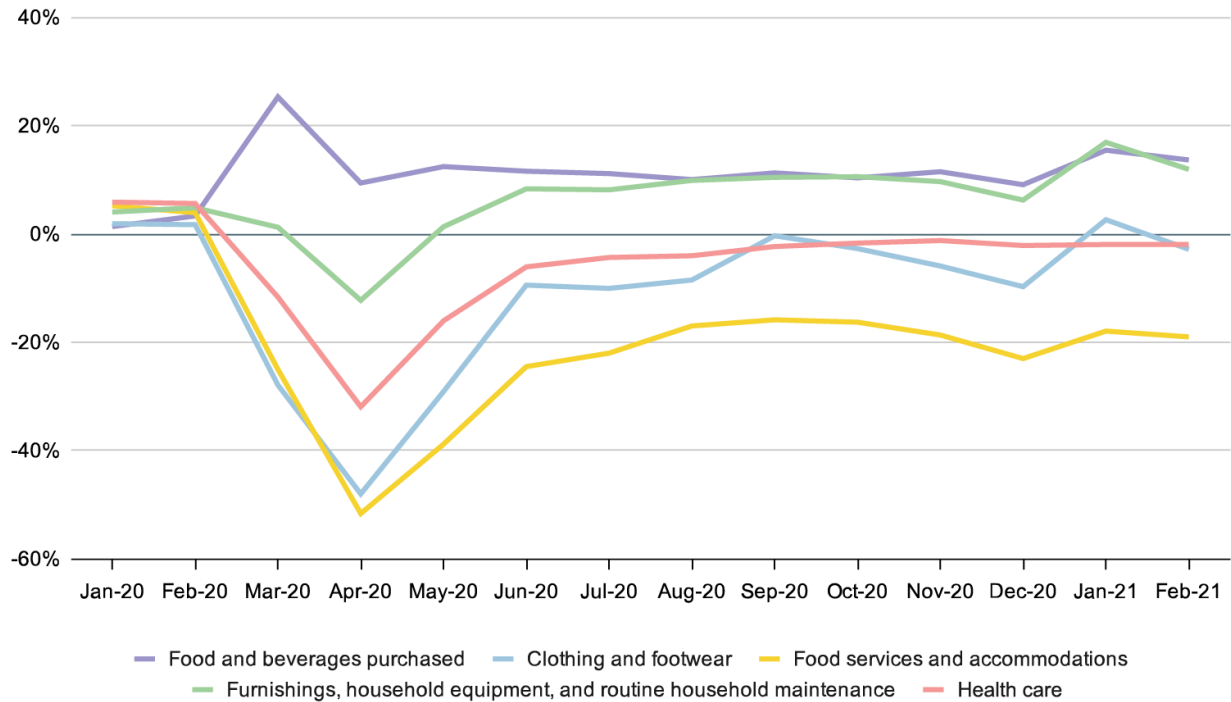
Data from the U.S. Bureau of Economic Analysis has been used to evaluate consumer spending in these different categories. Although there's no specific expenditure type that directly aligns with Home Service spending as a whole, 'furnishings, household equipment, and routine household maintenance' is a category that can be used as a proxy.

All expenditure types were seeing positive year-over-year growth early last year. Similar to revenue growth, the pandemic introduced volatility in consumer demand starting March 2020, where essential goods and services saw an increase in demand, and everything else declined. From May onwards, this trend started to reverse and spending began returning to normal dynamics.

Home Service spending recovered faster than all other categories, and actually started growing faster than pre-pandemic levels by the end of 2020. That trend has been continuing in 2021 so far, with record growth in January. This trend is indicative of the non-discretionary nature of work that many Home Service businesses provide.[6]



# CONSUMER SPENDING COMPARISON YOY



# TECHNOLOGY ADOPTION

The COVID-19 pandemic forced businesses across every category to evolve how they work in order to keep up with changing customer behavior and expectations. Technology has become more important than ever. Consumers expect a seamless, transparent, digital experience from all businesses they interact with. Although restrictions caused by the COVID-19 pandemic have eased, digital adoption continues to grow.

Business management software allows service providers to leverage technology across their entire workflow; getting work, doing work, and getting paid. The data shows increased technology usage across this whole workflow.

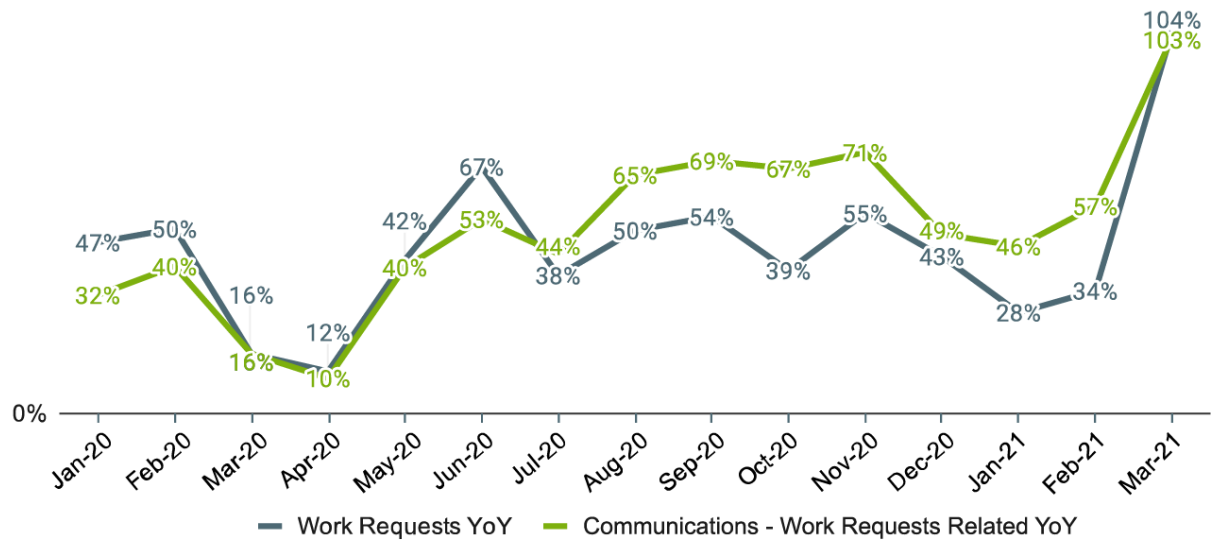
## GETTING WORK

Allowing consumers to request work from Home Service businesses online is not only a way for service professionals to get more work, but it's an efficient, modern experience for consumers. As seen in the data below, the increased growth in online requests and communications related to those requests have carried over into 2021, spiking in March, after an already strong 2020.[2]

## TAKEAWAYS

- Technology adoption among Home Service professionals continues to increase in 2021 across their entire workflow, emphasizing that technology is more important than ever.
- Customers requesting new work online grew significantly in 2020, and saw record growth in March 2021.
- The share of total payments being collected online is increasing, with the Cleaning segment leading the change.
- The lower the invoice value, the faster it gets paid, and higher likelihood that online payments are used in the transaction.

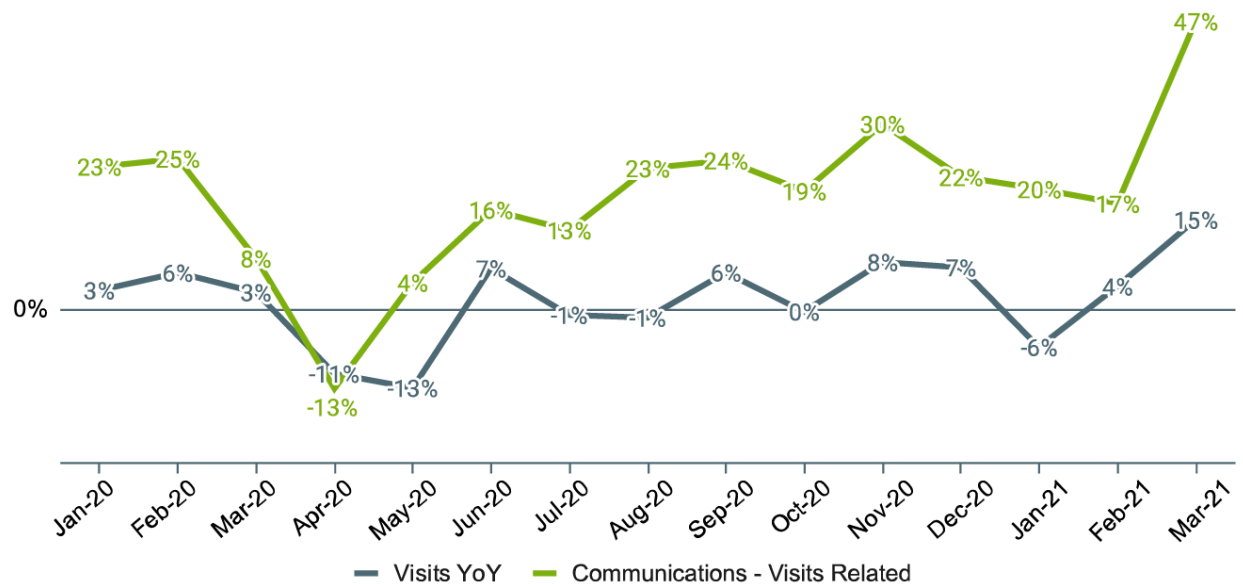
## YOY GROWTH IN WORK REQUESTS AND COMMUNICATIONS – WORK REQUESTS RELATED



## DOING WORK

As the economy slowed down significantly during the first wave of the pandemic, Home Service businesses saw a decline in year-over-year growth in visits to customer sites in April and May 2020. However, customer communication was more important than ever. Visit-related communications being sent by those same businesses have been growing well throughout 2020 and continue to grow well in 2021.[2]

## YOY GROWTH IN VISITS AND COMMUNICATION - VISITS RELATED

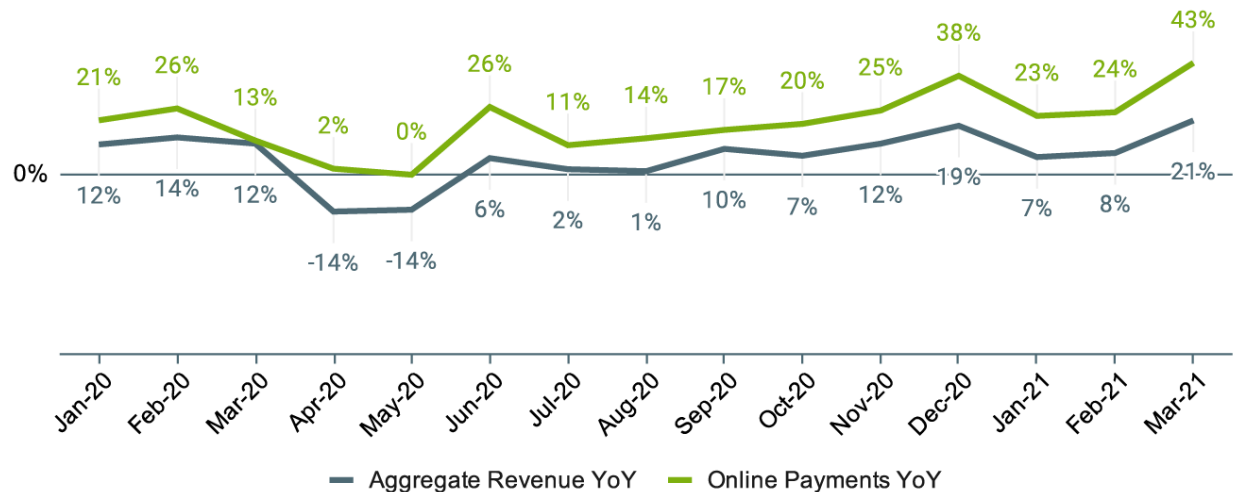


## INVOICING AND GETTING PAID

Each Home Service business has its own unique dynamics related to payment collection. Some businesses like the immediate liquidity of cash, and others prefer to take cheques for a large job so they don't have to pay credit card transaction fees. However, online payments are being adopted by consumers at a rapid pace, and many Home Service businesses are evolving with this trend. Although the Home Service category has been slower to adopt this trend compared to others, the COVID-19 pandemic and the social distancing rules that come with it have provided some tailwinds.

The data shows a rapid change in the market with a huge increase in payments being collected through online payments rather than other payment methods such as cheque or cash. Similar to other parts of the workflow, the growth in online payments has remained strong in 2021 and we expect it to continue, due to the general shift in consumer expectations. We dive deeper into the payment share for online payments in the following section.[2]

# YOY GROWTH IN AGGREGATE REVENUE AND ONLINE PAYMENTS



## ONLINE PAYMENTS

Based on a report from Bain & Company, the adoption of digital (online) payments has accelerated significantly due to the COVID-19 pandemic. Specifically, the estimated percentage of transaction values done digitally in 2025 is now expected to be 67% rather than the previous estimate of 57%.[7] Although the Home Service category has been slower to adopt this trend compared to others, the COVID-19 pandemic and the social distancing rules that came with it have provided some tailwinds.

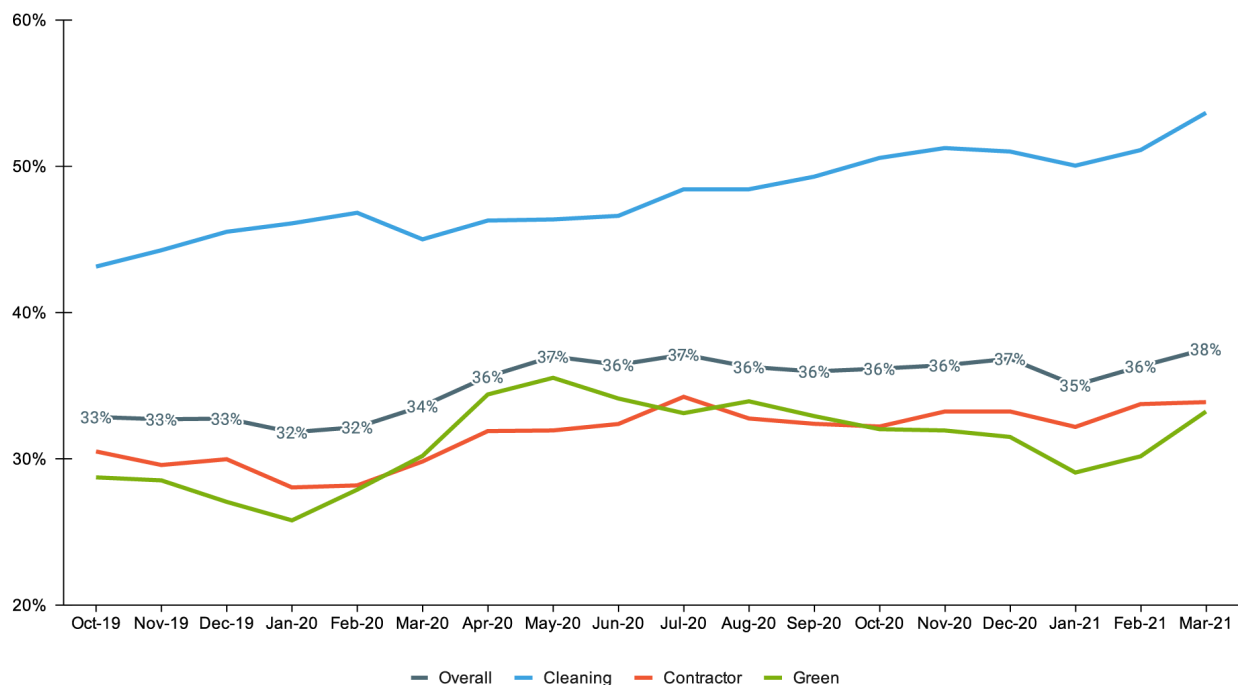
The data shows a rapid change in the market with an increase in payments being collected through online payments rather than other payment methods such as cheque and cash. From January to May 2020, the payment share for online grew dramatically, which can be attributed to social distancing measures that came into effect during that time. Even as the COVID-19 restrictions have eased, the share of total payments being collected online has remained strong. This confirms that the trend towards online payment adoption is not temporary but rather a new norm.



While assessing the Home Service category's three main segments, Cleaning, Contracting, and Green, the latter shows the most volatile adoption dynamics. Green businesses adopted online payments very quickly last spring, but that trend lost a bit of steam in the second half of 2020. However, as we re-enter peak season in March 2021, the payment share for online payments in the Green segment is growing yet again.

Cleaning businesses, on the other hand, have shown consistent growth in online payment adoption. The Contracting segment has the lowest online adoption rate, but the trend is improving consistently.

## ONLINE PAYMENTS AS % OF TOTAL PAYMENTS COLLECTED



A lot of the above dynamics can be explained by the invoice sizes of different businesses, as Contracting businesses have the largest invoices, and Cleaning businesses the smallest. The data indicates that the lower the invoice value, the faster it gets paid and higher likelihood that online payments are used in the transaction.

### INVOICE VALUE <\$500

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**1 DAY**

to collect payment

**55%**

of invoices paid online

### INVOICE VALUE \$500-\$2K

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**6 DAYS**

to collect payment

**43%**

of invoices paid online

### INVOICE VALUE \$2K+

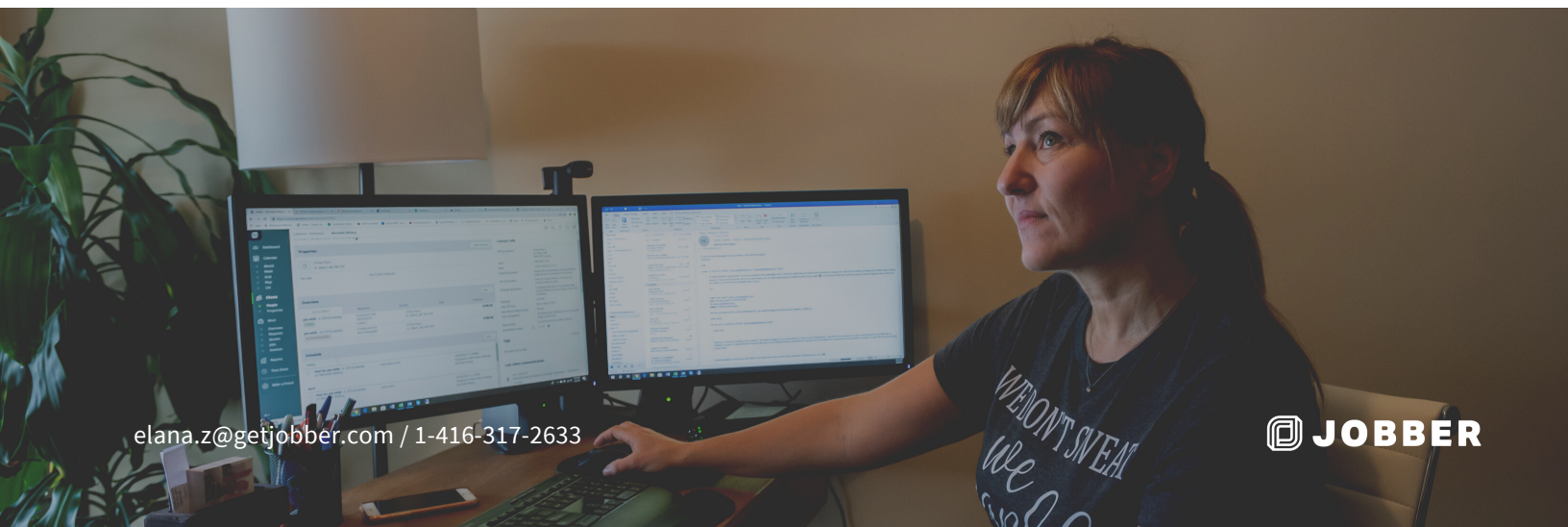
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**7 DAYS**

to collect payment

**36%**

of invoices paid online





# HOME SERVICE SEGMENT BREAKDOWN

Since the Home Service category consists of a large range of industries, it's useful to segment the data to better understand trends within different sections of this category. To do so, we split the data into three segments: Cleaning, Contracting, and Green businesses.

The Cleaning segment consists of residential cleaning, pressure washing, and more. Contracting is made up of construction contractors, plumbers, electricians, and more. Finally, the businesses in the Green segment provide lawn care, landscaping, and other related outdoor services.

# CLEANING

Cleaning businesses experienced the most significant decline last year, particularly in April 2020, when stay-at-home directives were issued. As the year went on, these businesses saw a recovery back to low, but positive, growth. While starting 2021 with a decline, new work scheduled for the Cleaning segment experienced record high year-over-year growth of 42% in March 2021.

Median revenue for the segment followed a similar trend. The segment entered 2021 on a decline of -7% but reached record year-over-year growth in March 2021 of 20%. Both new work scheduled and median revenue are expected to see excellent year-over-year growth next quarter, since Q2 last year was significantly impacted by COVID restrictions, while that effect has worn off now.[2]

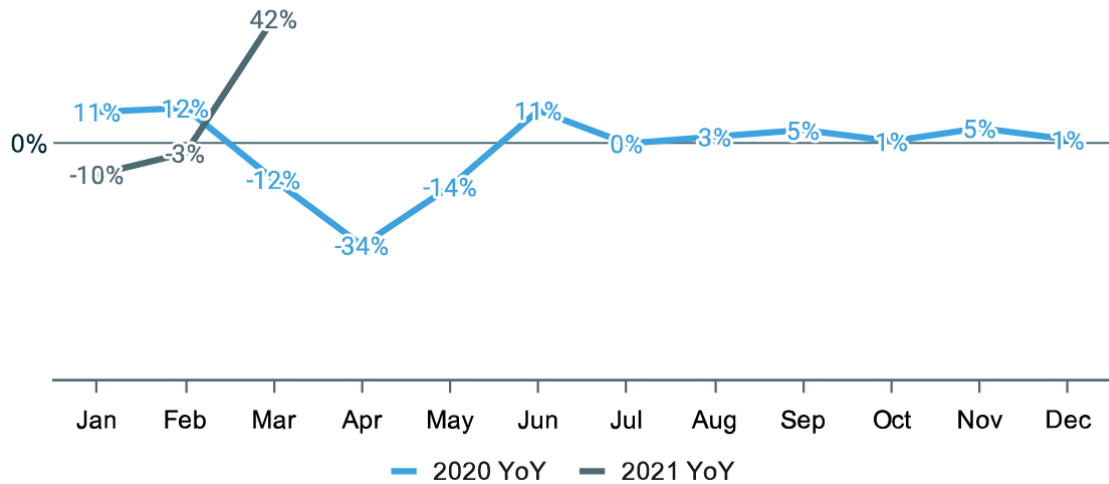
## TAKEAWAYS

- After seeing massive declines through the peak of the first wave, Cleaning businesses recovered well in the second half of 2020.
- Although the segment started off 2021 with a slight decline in year-over-year growth, it reached record year-over-year growth in March. New work scheduled rose by 42% year-over-year and median revenue by 20%.

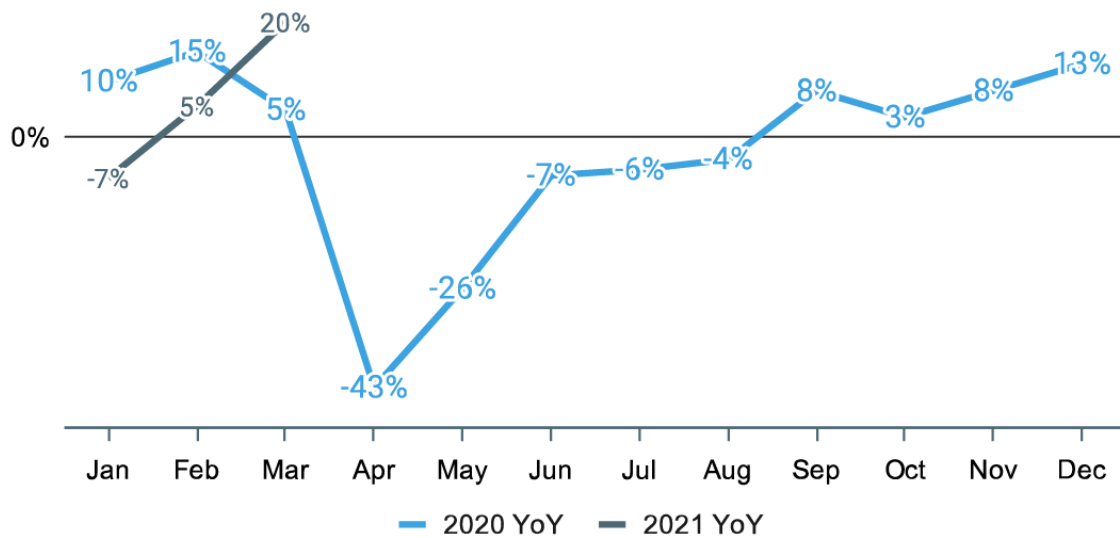




## NEW WORK SCHEDULED YOY - CLEANING



## MEDIAN REVENUE YOY - CLEANING





# CONTRACTING

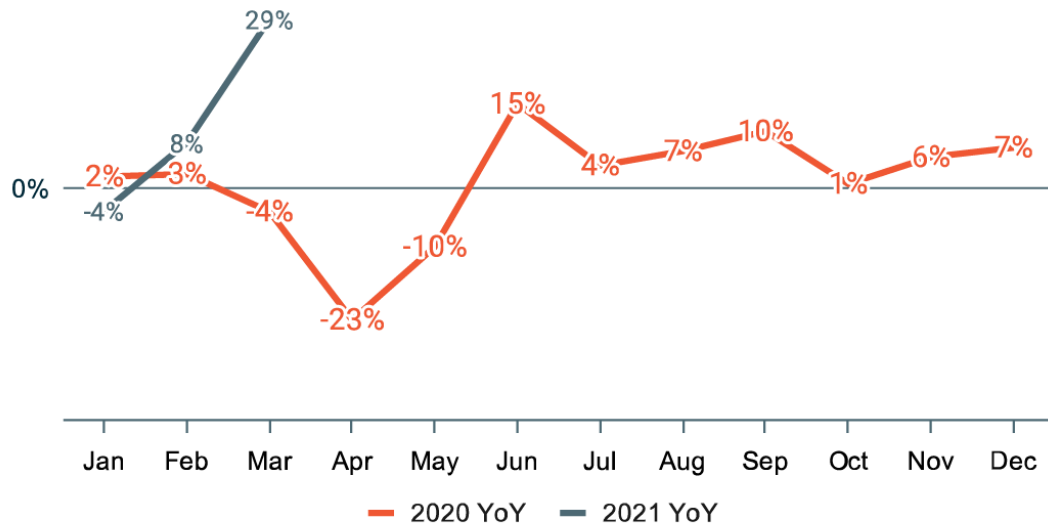
Professionals in the Contracting segment require specialization and licensing in many geographies. Although they generally do fewer jobs, revenue from each job is much higher on average compared to Cleaning and Green.

Similar to the Cleaning segment, Contracting had a slow start to the year but saw positive year-over-year growth in new work scheduled by February. By March 2021, the segment saw 29% year-over-year growth. Growth in median revenue trailed slightly behind 2020 levels in January and February but surpassed last year's performance in March by growing 25% year-over-year last month.[2]

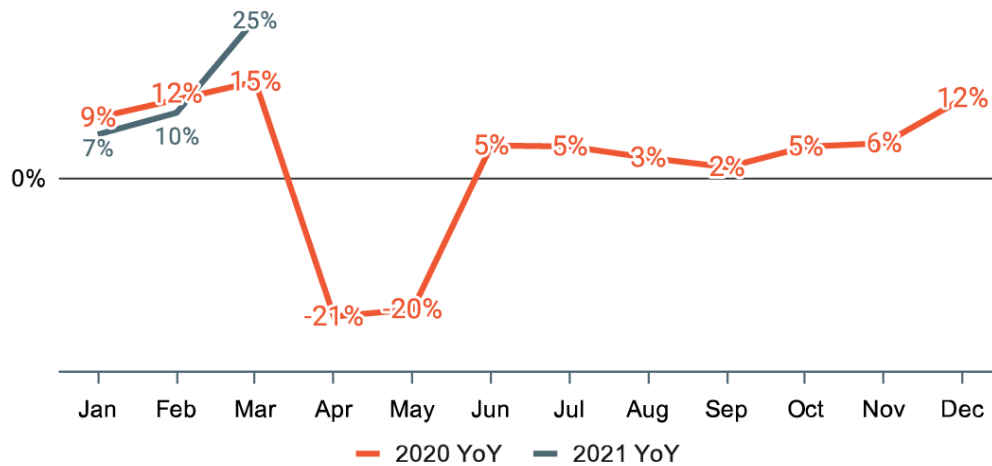
## TAKEAWAYS

- Contracting started the year off a bit slow but reached record year-over-year growth in March 2021 - for both new work scheduled as well as median revenue.
- New work scheduled has been consistently strong since June 2020, while median revenue has consistently improved through the second half of 2020, and continued strongly into 2021.

## NEW WORK SCHEDULED YOY - CONTRACTING



## MEDIAN REVENUE YOY - CONTRACTING



# GREEN

Businesses in the Green segments are often seasonal, and perform a lot of their work in the spring season. While some industries within Green have low barriers to entry similar to residential cleaning, services such as tree care require specialization and have tight regulations.

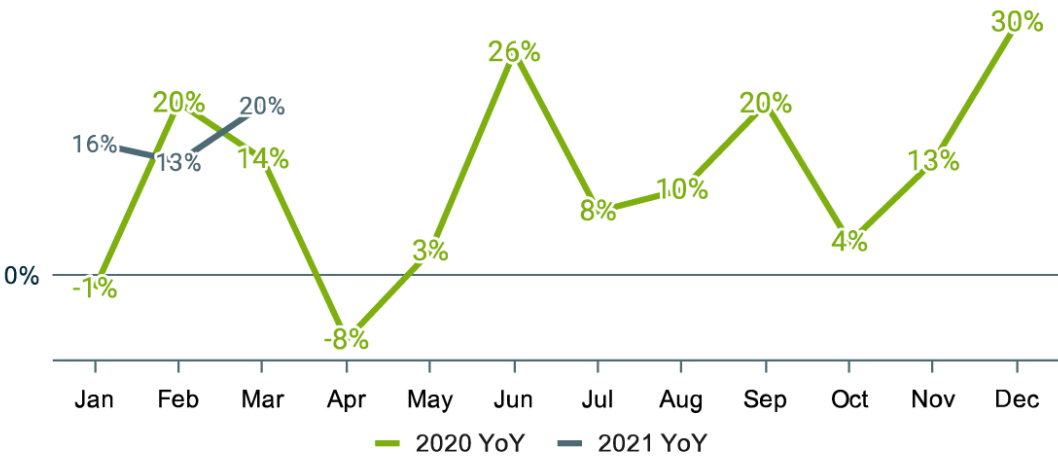
New work scheduled in the Green segment has seen consistent positive growth throughout the pandemic and remains very positive in Q1 2021. Revenue follows a similar pattern to new work scheduled. With spring arriving early, February experienced enormous growth of 37% that levelled out in March. We expect the increase in growth to continue as we enter the busy season for this segment.[2]

## TAKEAWAYS

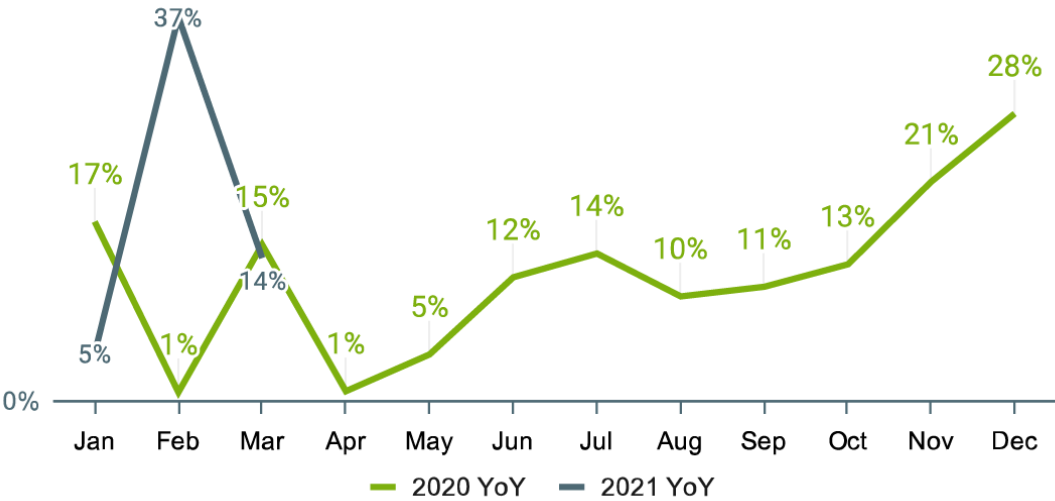
- The Green segment has seen consistent positive growth throughout the pandemic and remains positive in Q1 2021.
- Growth in new work scheduled has been especially strong in Q1, which means the segment should see positive revenue growth in coming quarters.



# NEW WORK SCHEDULED YOY - GREEN



# MEDIAN REVENUE YOY - GREEN





# FUTURE OUTLOOK


Since many industries within Home Service are considered essential, businesses in this category managed to recover from the pandemic restrictions quicker than most others. Analyzing consumer demand and revenues illustrates just how remarkable the overall recovery has been—it's clear that Home Service as a category is incredibly resilient, and in some cases, is even benefitting from new trends that we are seeing. Although Q1 2021 started off slow, record growth in March suggests that Home Service businesses can look forward to a prosperous Q2.

There has been a noticeable shift in technology adoption among service professionals in the past couple of years. This trend, fueled by increasing consumer expectation for a seamless, transparent, and professional service experience, has been accelerated by the pandemic. Although restrictions across the U.S. have relaxed over the course of 2020 and into 2021, technology adoption across every stage of the home service workflow continues to grow. We believe this trend will continue its trajectory as businesses and consumers both see the benefits of using technology.

By the end of April, nearly 40% of the U.S. population has received at least one dose of a COVID-19 vaccine.[8] As more of the population is vaccinated and restrictions continue to ease, Home Service businesses that have struggled should see a recovery, while others should continue their growth trajectory for the foreseeable future.



# DATA SOURCES & METHODOLOGY



[1] 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.

[2] The year-over-year change in the workflow items (new work scheduled, median revenue, work requests, work request related communications, visit related communications, total revenue, online payments) have been calculated by aggregating data across a cohort of businesses using Jobber since 2019. This doesn't include any new businesses that started using Jobber during that period.

[3] The data for new residential units built and under construction is compiled from the [U.S. Census Bureau's Monthly New Residential Construction Report](#). Total residential sales are calculated by combining new residential sales from the [U.S. Census Bureau's Monthly New Residential Sales Report](#) with the sales of previously owned houses from the [Trade Economics](#) report.

[4] The survey results are from [US consumer sentiment during the coronavirus crisis report](#) published by McKinsey on March 24, 2021.



[5] All category data outside of Home Service comes from the [U.S. Census Bureau's Advance Monthly Retail Trade Report](#). The year-over-year change in median revenue has been used as a proxy for the Home Service category data point, which is the Home Service equivalent to 'same-store sales growth.' As a result, we believe this to be a conservative estimate for the category 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.

[6] The consumer spending data is sourced from the [U.S. Bureau of Economic Analysis](#). The year-over-year change in consumer spending is calculated from [personal consumption expenditure](#) (Table 2.3.5U) data published on the website.

[7] Data on projected percentage of digital payments in 2025 is from the report [The Covid-19 Tipping Point for Digital Payments](#), published by Bain & Company on April 29, 2020.

[8] COVID-19 vaccination data was sourced from [Our World In Data](#).

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