

US Home Services

Consumer Demand: Trends and Insights

Q1/Q2 2020 Report

July 2020

EverCommerce Market Research



Letter from the CMO

Since 2006, we've been building technology solutions to help service industry businesses across the country – and now around the globe – be more successful. It's been our passion for 14 years. Through booms and busts, recessions and recoveries, we've tried to be ready for the worst and plan for the best. Throughout our time as a direct software company and now to a portfolio platform, we've never seen this type of challenge have such wide-sweeping effects on businesses in every corner of the world.

Service businesses are the lifeblood of our economy and the fuel of our well-being. It's this belief that has propelled us to buckle down and focus – on what needs to happen to persevere, to help our customers persevere – and at the same time shift and evolve.

As a technology platform, we believe the right software and services are powerful drivers for a business – helping it attract customers, automate workflows, measure performance, and provide better experiences. In this time of remote work and social distancing, our use of technology is enabling us to connect with each other and conduct business in new ways – ways that may continue indefinitely.

But technology can only take us so far; it's an airplane without a pilot. Rather, it is the meld of people, knowledge, and technology that will see us through this devastating crisis. With regulations and policies fluctuating daily, it can be difficult to know whether to push forward or pull back, to venture out or take shelter. We want to help provide the knowledge and tools you need to make informed decisions for your business, so our teams are ramping efforts to provide data, insights, training, and content in more accessible, virtual forums.

We thank you for the opportunity to work with you and appreciate all of the work you put in to see your business and the livelihood of your employees back to stability.

A handwritten signature in black ink, reading "Sarah Jordan". The signature is fluid and cursive.

Sarah Jordan

CMO
EverCommerce

Contents

Executive Summary	4
National Overview	5
Exterior	7
Interior / Renovation	8
Service Trades	9
Regional Analysis	10
Northeast	12
Southeast	13
Midwest	14
Southwest	15
Rocky Mountain	16
Pacific	17
Looking Forward	18
About Evercommerce	19

Executive Summary

2020 is a year defined by the global pandemic, which has impacted almost every industry in the United States. The US home services market - defined as home improvement, repairs and maintenance, and installations for residential properties - was no exception.

Nationally, Q1 demand for these services grew an astounding 68% over 2019 until the president declared a National Emergency on March 13th. When most states issued stay-at-home orders, consumer demand declined 75% in three weeks. The home services season only restarted in May when restrictions began to lift.

Weather and seasonality also played a role in the May resurgence, especially for exterior services like gutters, lawn, and other home improvements that allowed for contactless work. Interior services, like basement, bathroom, and kitchen remodeling, bore the brunt of the pandemic impact due to uncertainty around safety guidelines for workers and homeowners. However, demand for Service Trades like HVAC, plumbing, and electrical, which were deemed essential, followed 2019 trends and remained steady throughout the shutdown.

Regional differences also affected consumer demand, as different parts of the US experienced both seasonal changes and the COVID-19 restrictions on varied timelines. Overall, the demand in the Southeast was highest among the US regions for the three categories tracked: Exterior, Interior-Renovation, and Service-Trades. The Northeast was second in overall volume with demand initially dampened for a longer period than other regions, but rebounding higher in Exteriors and Service Trades later in Q2.

Before the advent of the COVID-19 pandemic, the big story for the home services market was the increasing adoption of technology, especially mobile, to connect companies with contractors. This trend has paved the way for virtual consultations, estimates by drones, and other tech-enabled solutions to provide contactless service.

Other industry-sourced research¹ has uncovered additional trends establishing a new "normal":

1. Desire to renovate is increasing among individuals confined to their homes during the pandemic. 70-75% of homeowners are planning to complete a project in 2020 with upgraded kitchens, more space, and home gyms among the top projects of interest.
2. Millennials are spending the most on home projects compared to other age cohorts. This generation has been notoriously slow to purchase homes, but when they do, they typically buy older homes.
3. "Porching" is a new phenomenon in which front porches act as stoops where neighbors can casually gather using social distancing guidelines. The investment in Exteriors now extends beyond just the home and backyard to the front yard as well.

The EverCommerce research team plans to track trends such as these, as well as consumer demand, on a quarterly basis to provide market intelligence for our customers, partners, and affiliates in the home services sector.

¹Sources: July 2 COVID-19 Economic Impact Tracker, Freedonia; June 27 Bank of America poll of 1,054 Americans; June 19 Lightstream survey; Home Improvement Research Institute; Realtor.com survey

National Overview

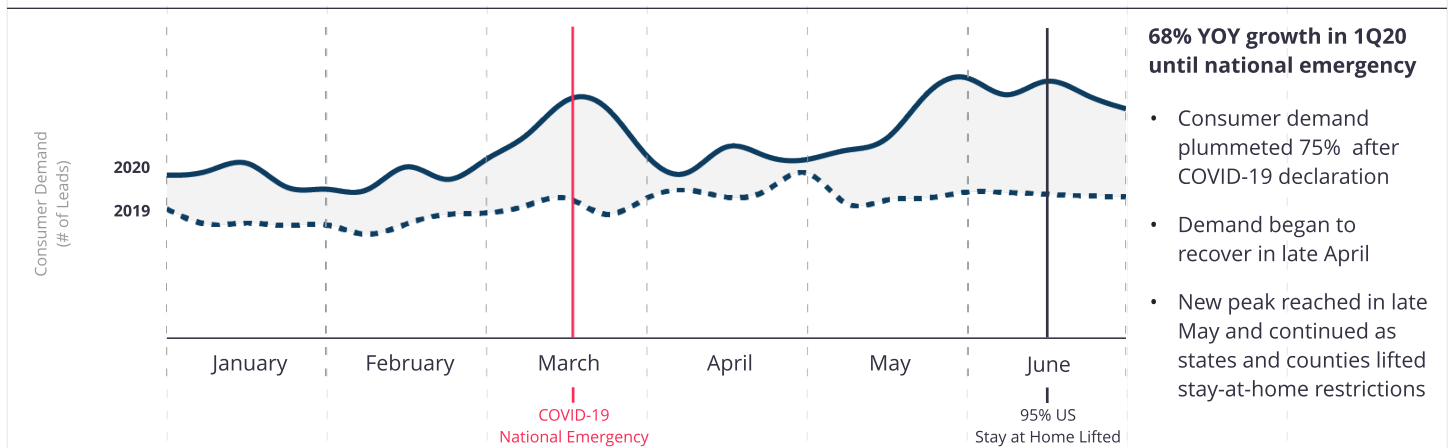
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Consumer Demand for US Home Services

2020 consumer demand for US homes services was on track for a stellar season, with 68% growth over 2019 in Q1, until the national emergency for COVID-19 was declared on March 13. As home services professionals scrambled to understand what services were deemed essential and how to implement new health and safety guidelines in their work environments, consumer demand for home services projects immediately stalled. The good news is that after weeks of sheltering in place and the reduction in COVID-19 restrictions, consumer demand in May increased to an all-time high for 2020, with a year-over-year growth in the high double digits. June saw declines in demand for Exterior and Interior services while appetite for Service-Trades continued to climb.

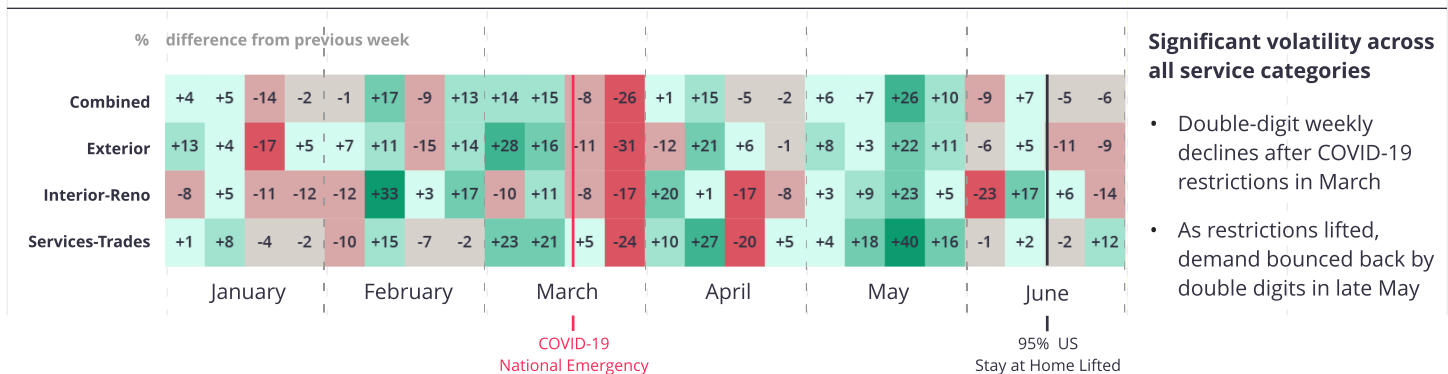
US CONSUMER DEMAND FOR ALL HOME SERVICES CATEGORIES

Year-Over-Year (YOY) Comparison



GROWTH IN US HOME SERVICES

2020 Week-Over-Week (WOW) Comparison by Home Services Category

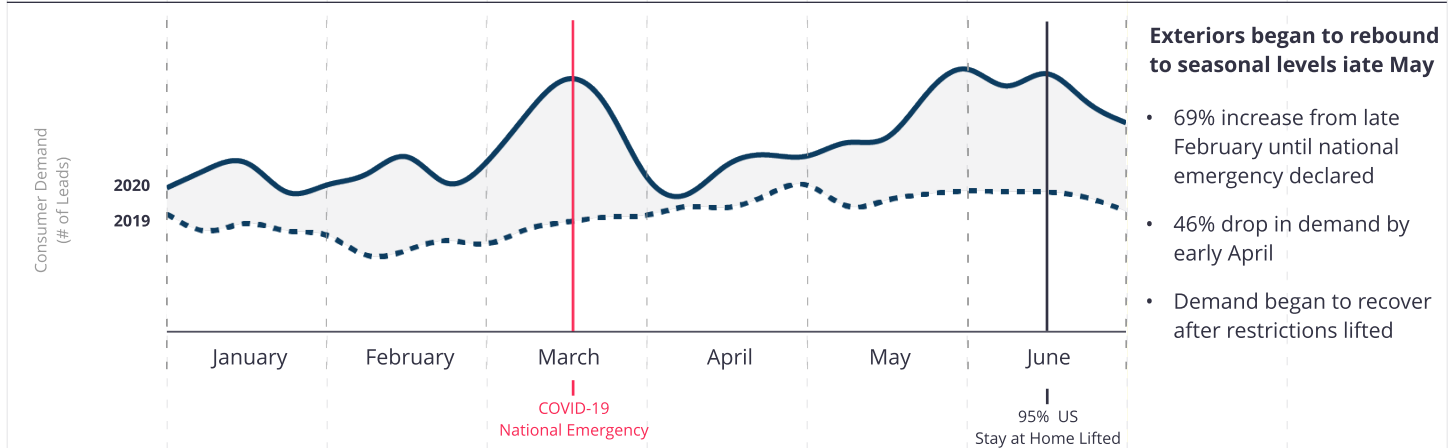


EXTERIOR SERVICES

Exterior services, which includes gutters, landscaping, roofing, siding, windows, and doors, experienced a strong start to the spring season before the declaration of the national emergency in March. After the announcement, demand for Exteriors declined 45% - the biggest decrease of all service categories tracked in this report. However, the lifting of stay-at-home restrictions led to a significant year-over-year increase in consumer demand late in Q2.

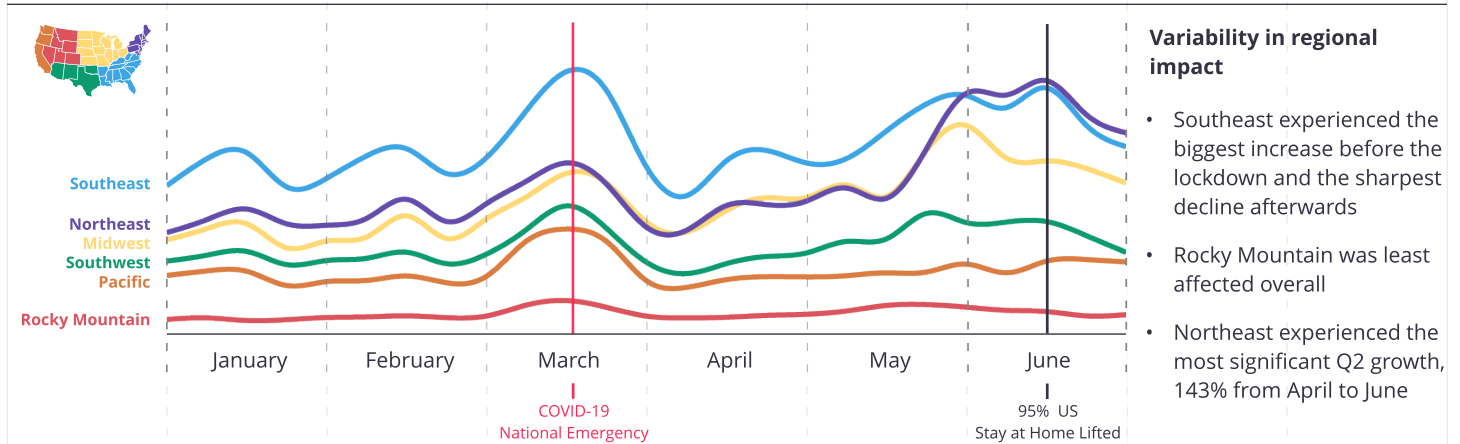
CONSUMER DEMAND FOR EXTERIOR SERVICES

Year-Over-Year (YOY) Comparison



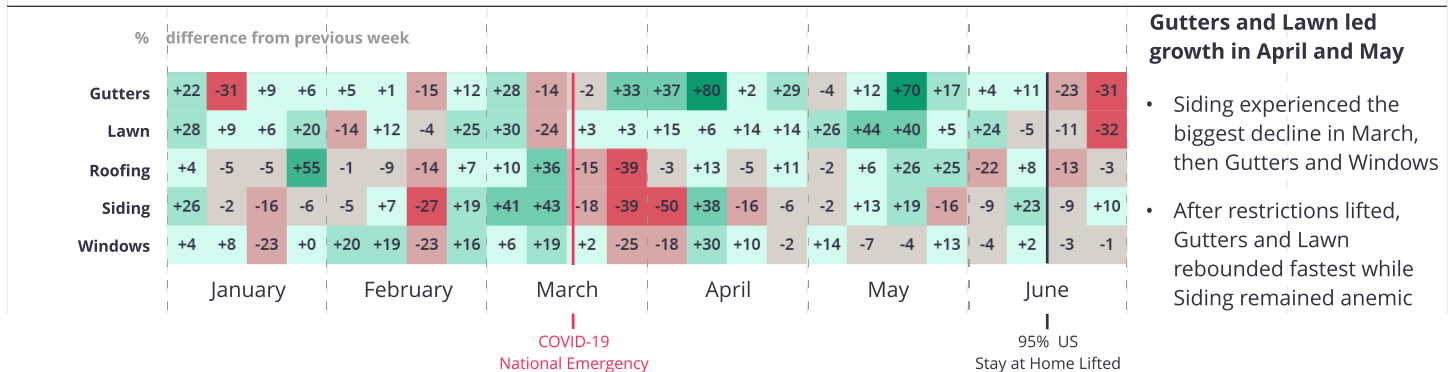
CONSUMER DEMAND FOR EXTERIOR SERVICES

Regional Comparison



GROWTH IN CONSUMER DEMAND FOR EXTERIOR SERVICES

2020 Week-Over-Week (WOW) Comparison by Service Type

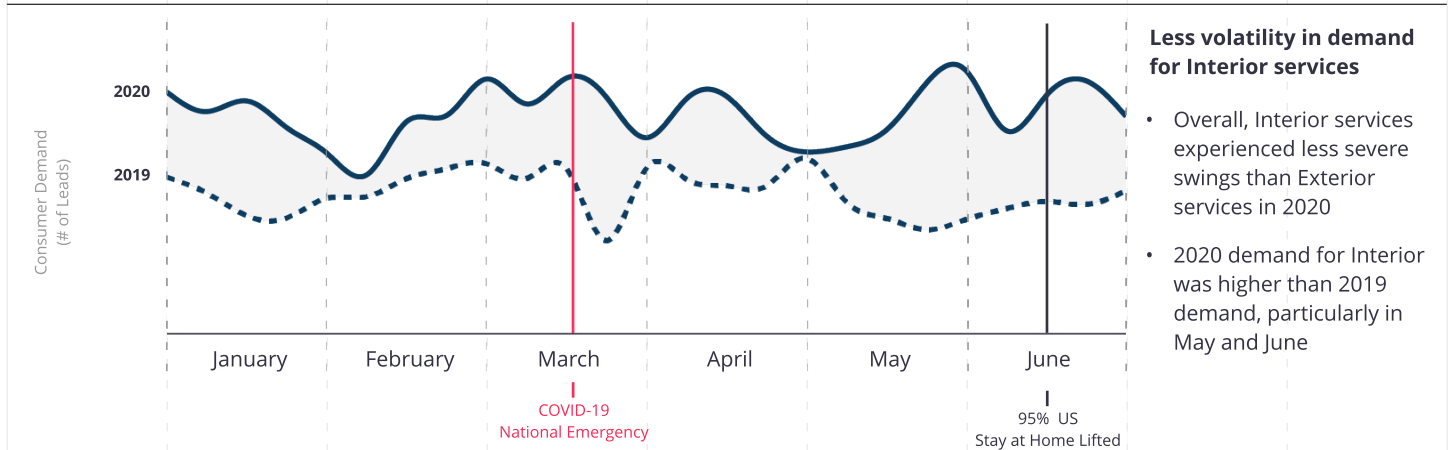


INTERIOR SERVICES AND RENOVATIONS

Interior services and renovation projects were on an upward trajectory in Q1 of 2020 until the COVID-19 pandemic stay-at-home orders were issued. Many of the services within this category were deemed non-essential and forced to stop operations. As states lifted these regulations, consumer demand increased, though with significant volatility.

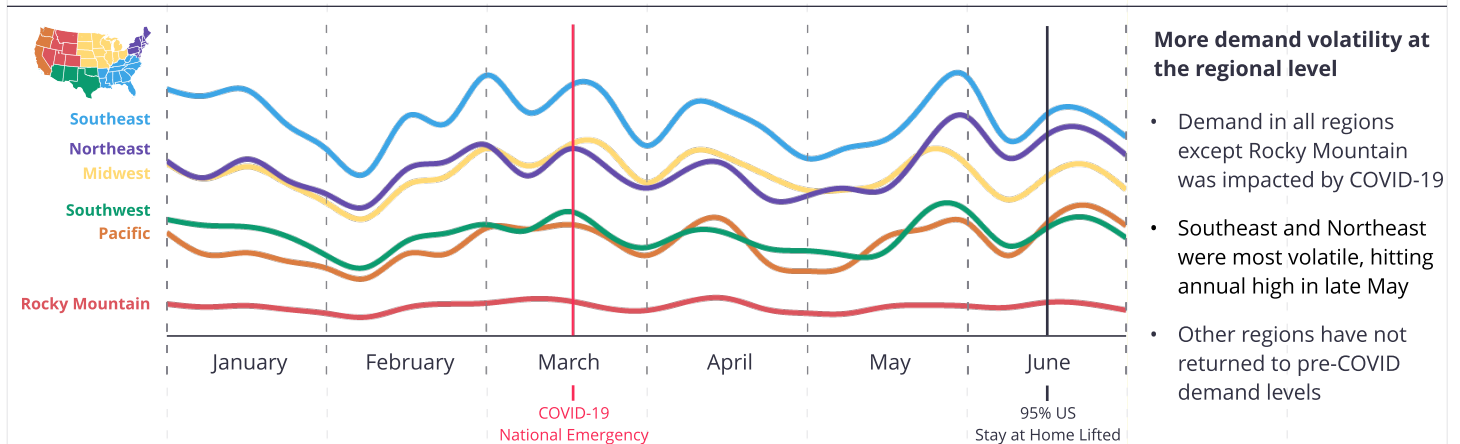
CONSUMER DEMAND FOR INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Comparison



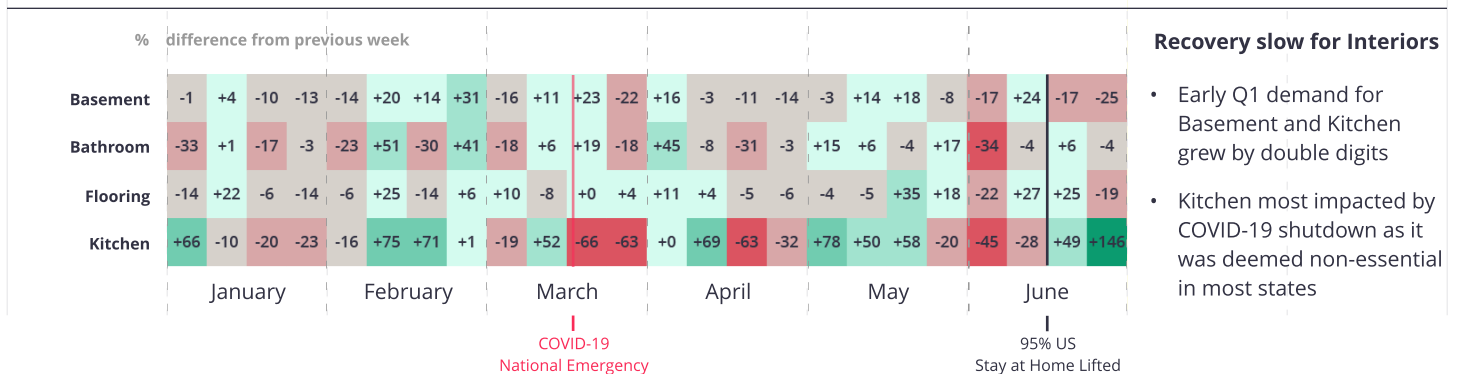
CONSUMER DEMAND FOR INTERIOR AND RENOVATION SERVICES

Regional Comparison



GROWTH IN CONSUMER DEMAND FOR INTERIOR AND RENOVATION SERVICES

2020 Week-Over-Week (WOW) Comparison by Service Type

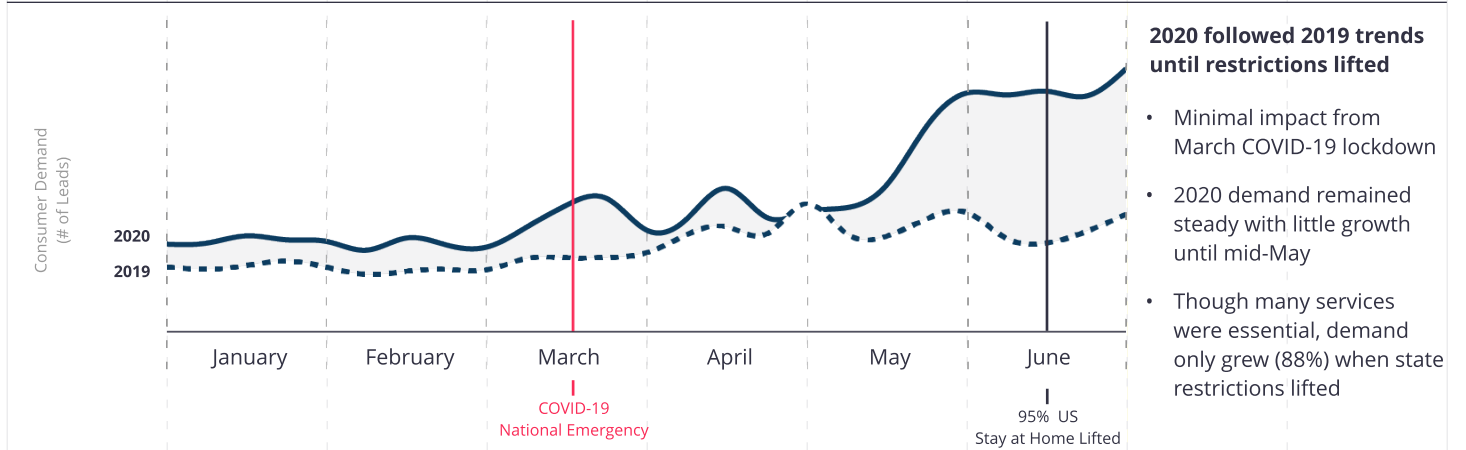


SERVICE TRADES

The Service Trades category includes HVAC, electrical, plumbing, handyman services, and other trades. This category, largely designated as "essential," was less impacted by the COVID-19 lockdown and generally followed 2019 trends through April. However, diverging from 2019, Service Trades experienced significant growth throughout May and June due to the lift of shelter-in-place restrictions and pent-up homeowner demand.

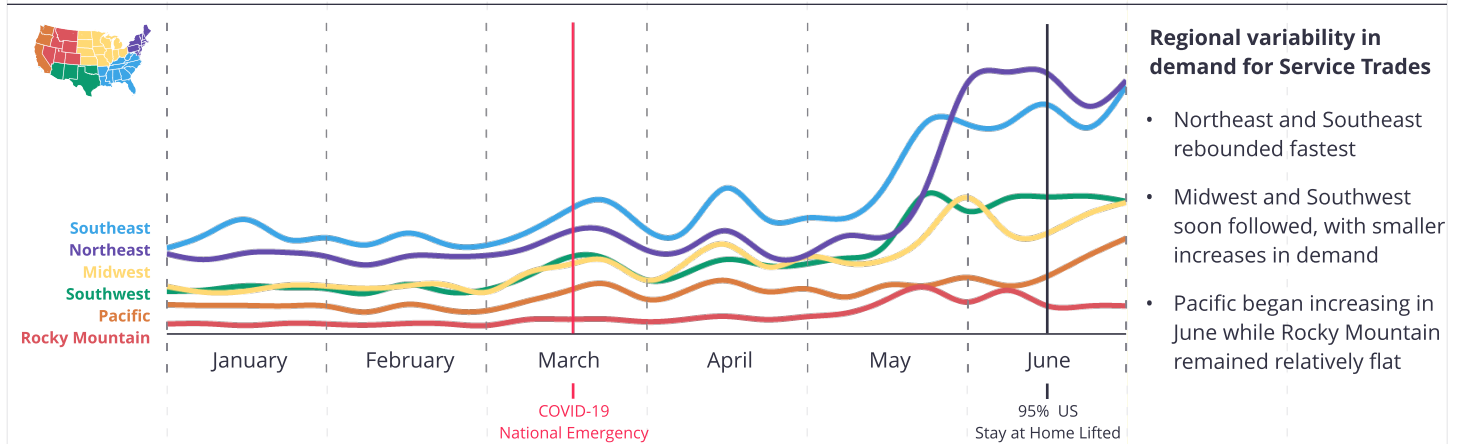
CONSUMER DEMAND FOR SERVICE TRADES

Year-Over-Year (YOY) Comparison



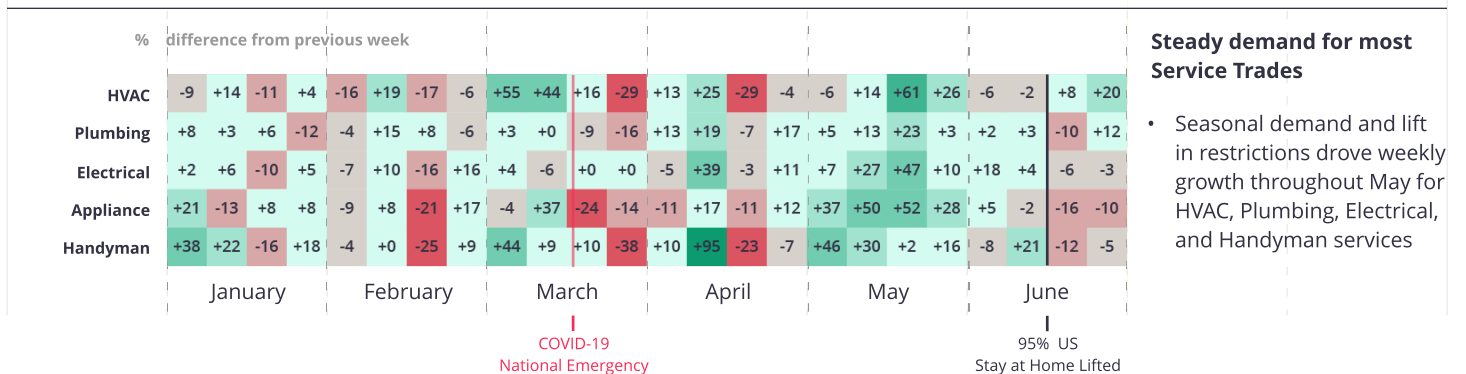
CONSUMER DEMAND FOR SERVICE TRADES

Regional Comparison



GROWTH IN CONSUMER DEMAND FOR SERVICE TRADES

2020 Week-Over-Week (WOW) Comparison by Service Type



Regional Analysis

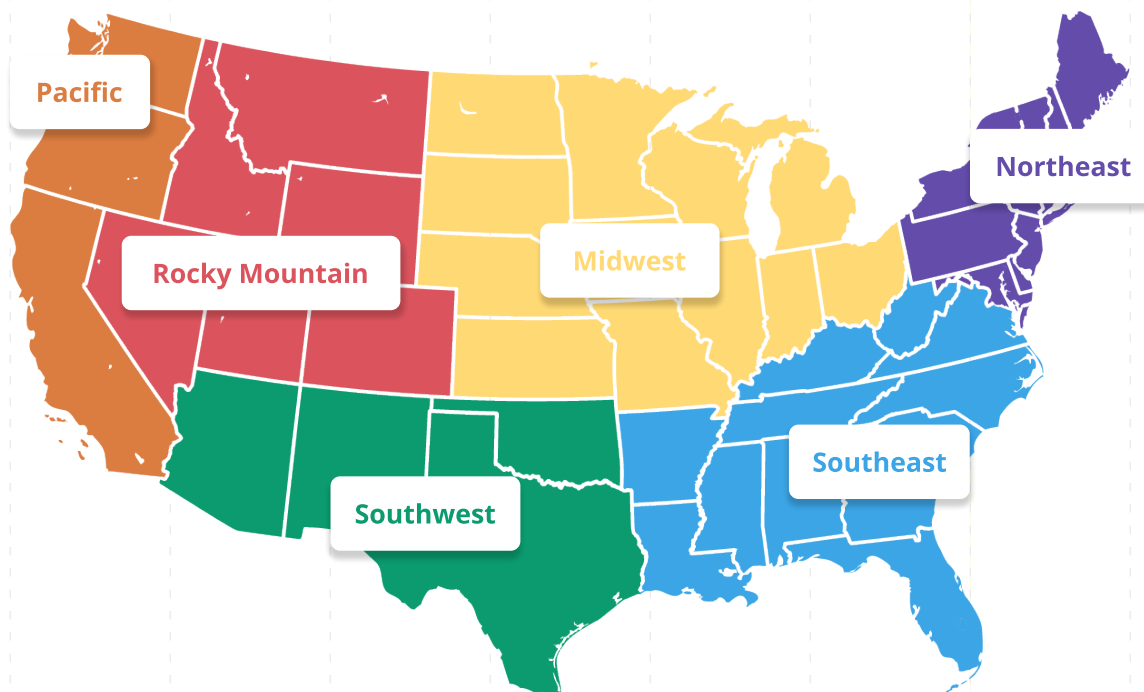
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Regional Analysis: Consumer Demand for Home Services

While the events of COVID-19 have affected the entire US home services industry, the timing and severity of the effects have varied by region. Differences can be seen across the levels of restrictions, essential vs non-essential service designations, and consumer sentiments.

The majority of states declared stay-at-home orders in late March and early April, and released them between mid-May and mid-June. There was a significant increase in consumer demand as these orders were released and the restrictions associated with them relaxed, particularly in Exterior services, as the timing also correlated with the beginning of the spring home maintenance season. Not only did we see large increases in the week-to-week trends, we also saw increases in the year-over-year trends for this season.

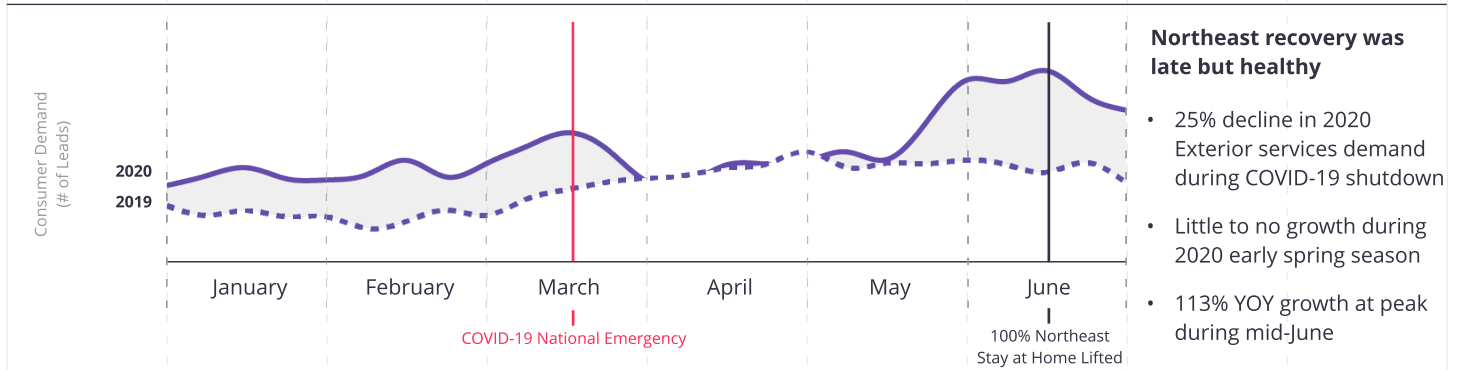
Some states had not released their stay-at-home orders as of the end of Q2, particularly in the Pacific region, and consumer demand in those areas has continued to lag. Also, as some states have been experiencing a resurgence in COVID-19 cases and have paused their plans to reopen, increases in consumer demand experienced in May are being erased as June results show decreases.



NORTHEAST REGION

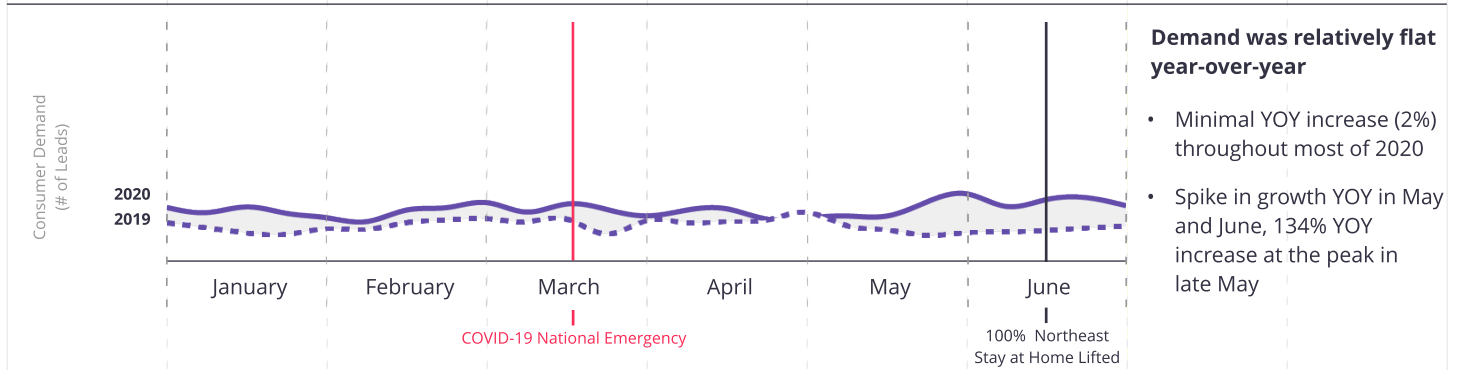
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



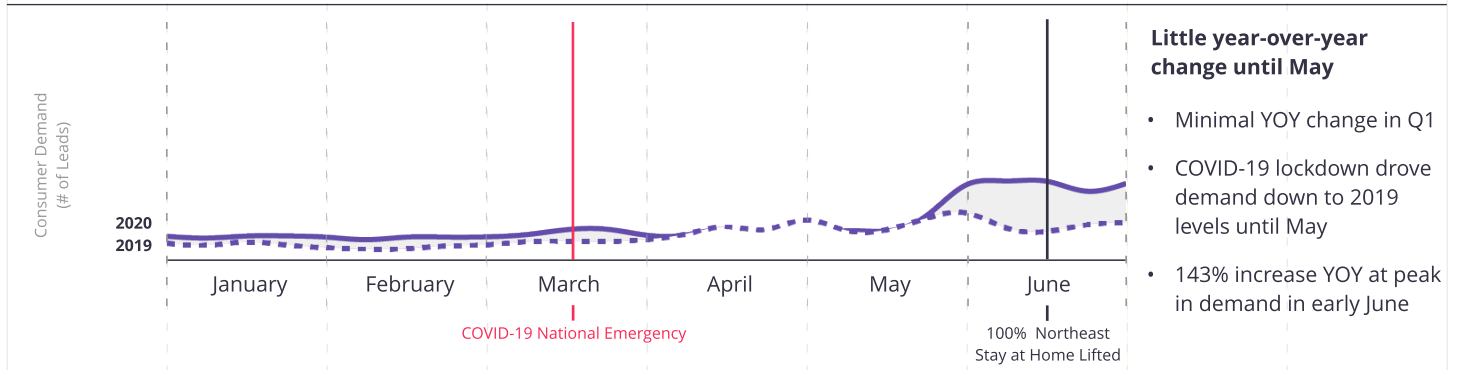
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



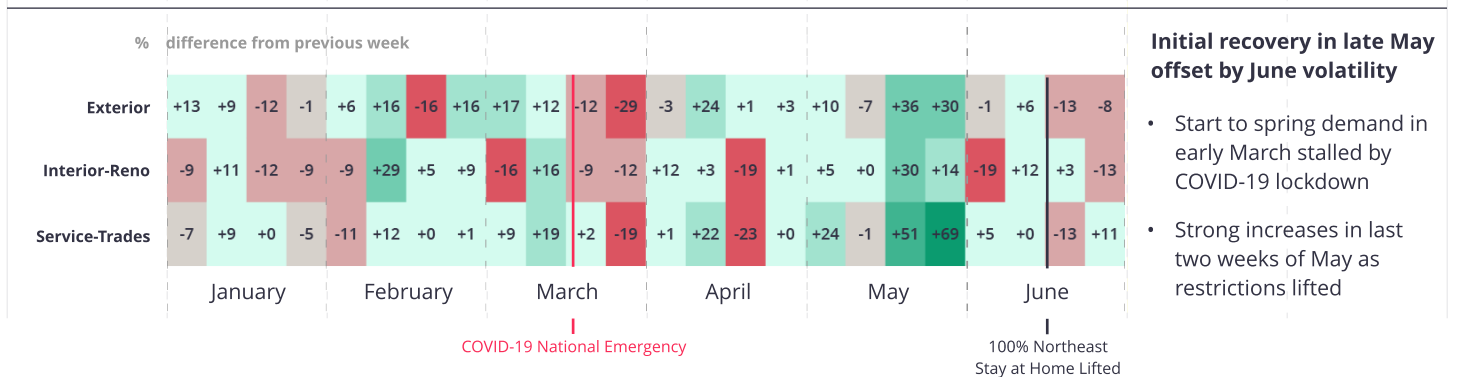
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

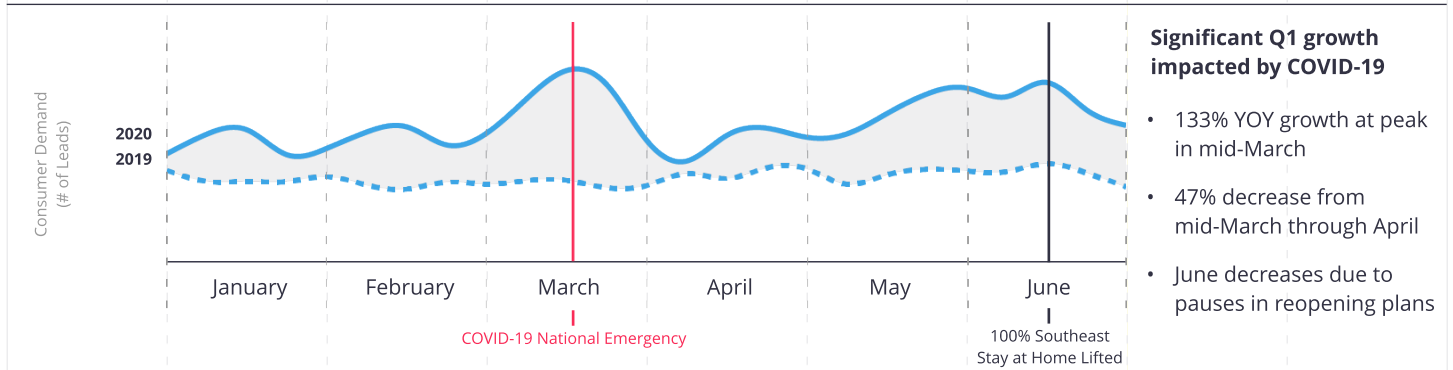
2020 Week-Over-Week (WOW) Comparison by Category



SOUTHEAST REGION

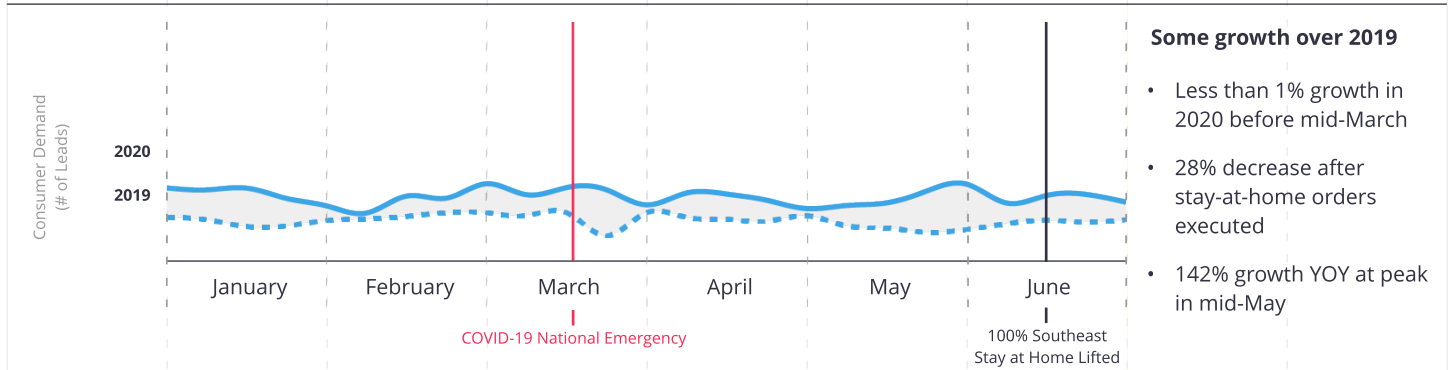
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



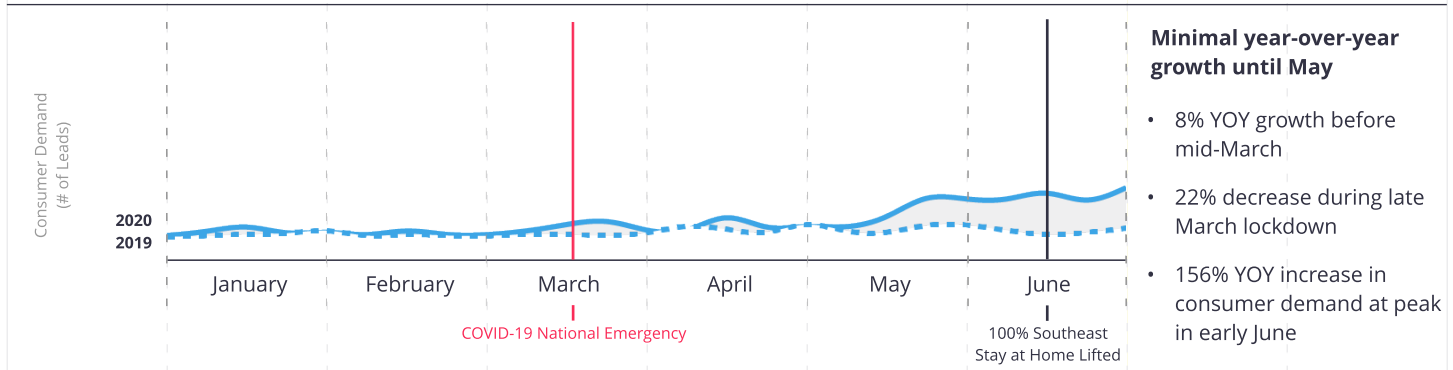
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



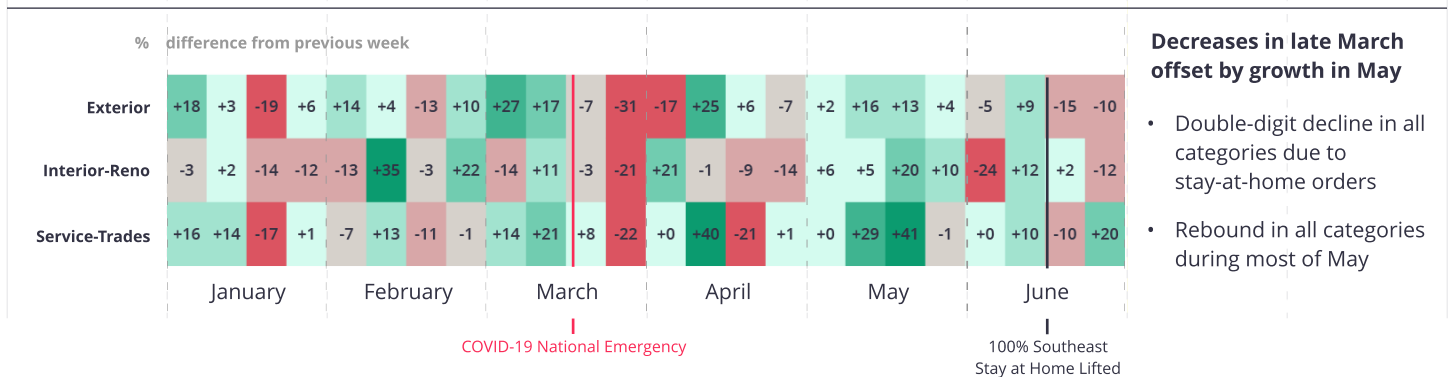
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

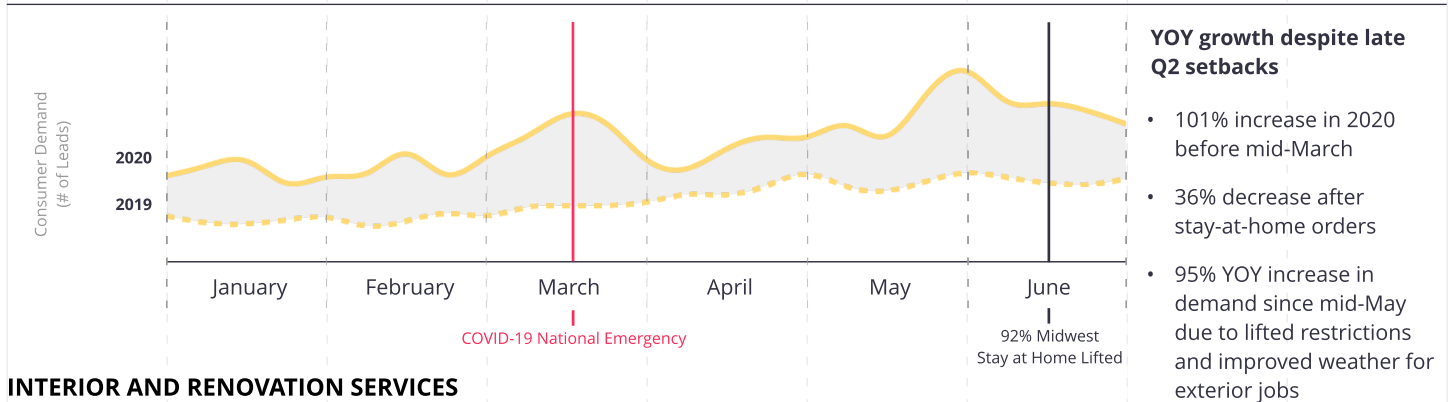
2020 Week-Over-Week (WOW) Comparison by Category



MIDWEST REGION

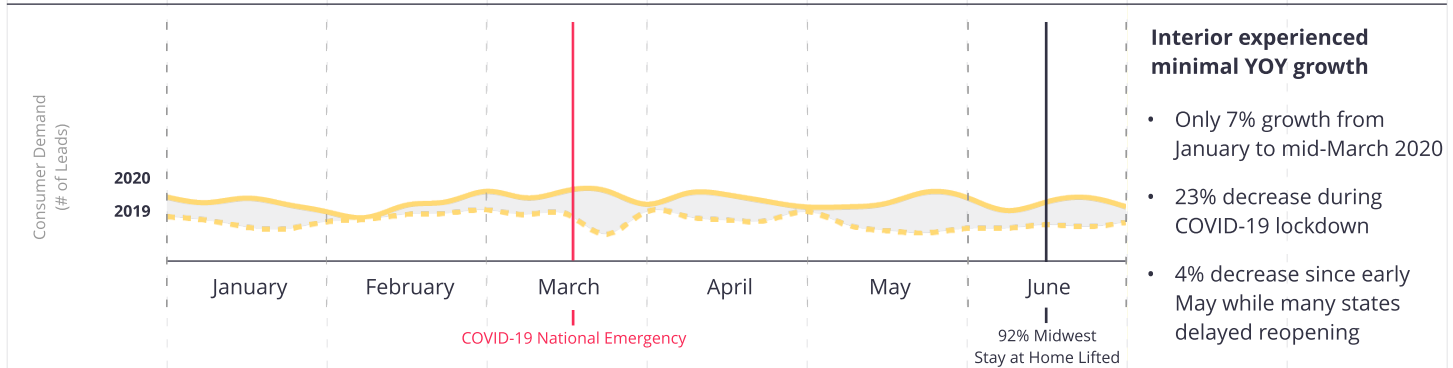
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



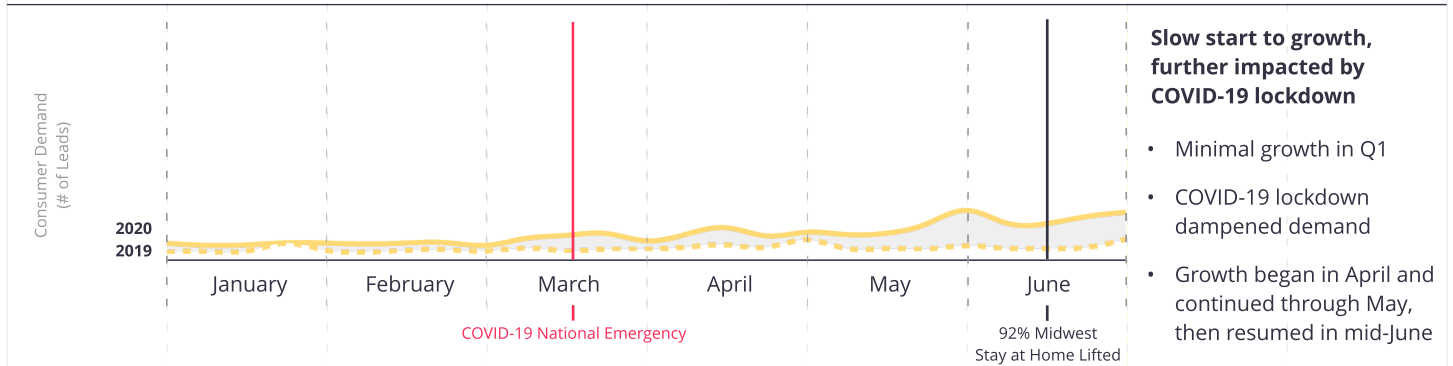
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



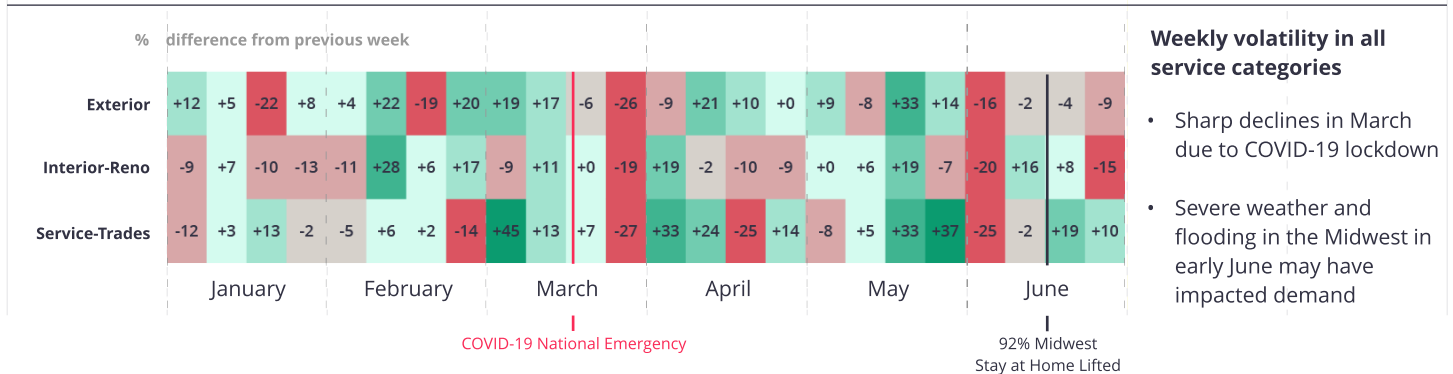
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

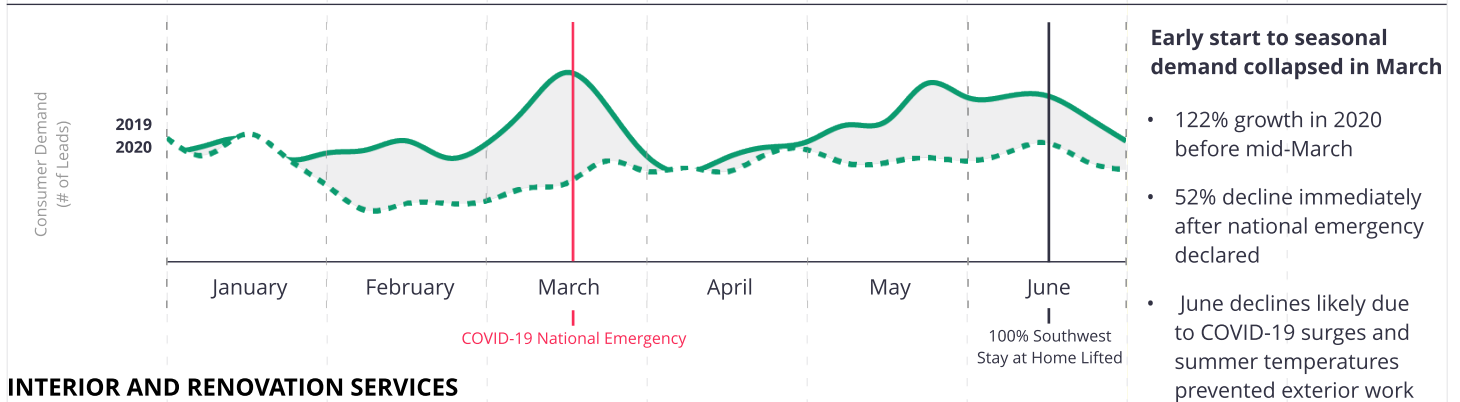
2020 Week-Over-Week (WOW) Comparison by Category



SOUTHWEST REGION

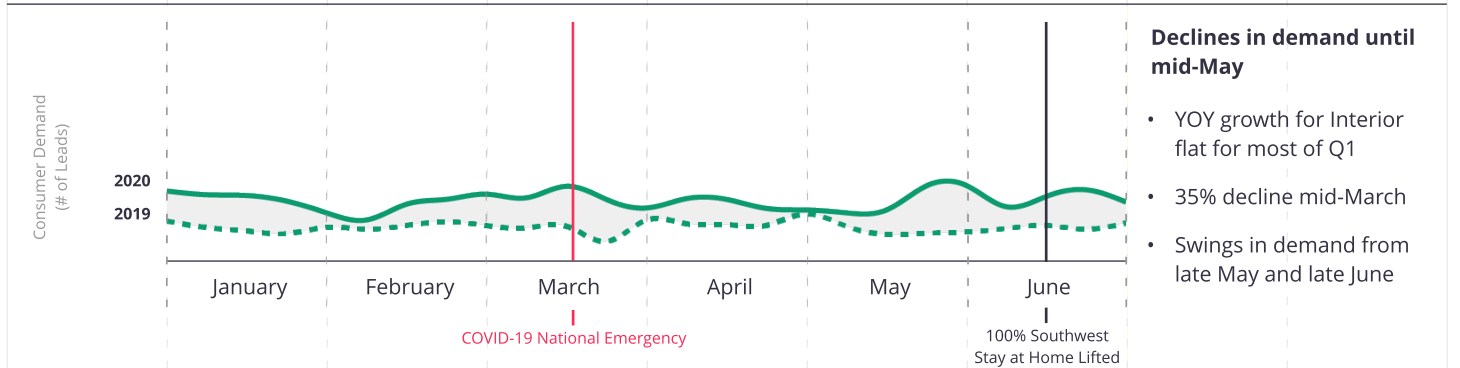
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



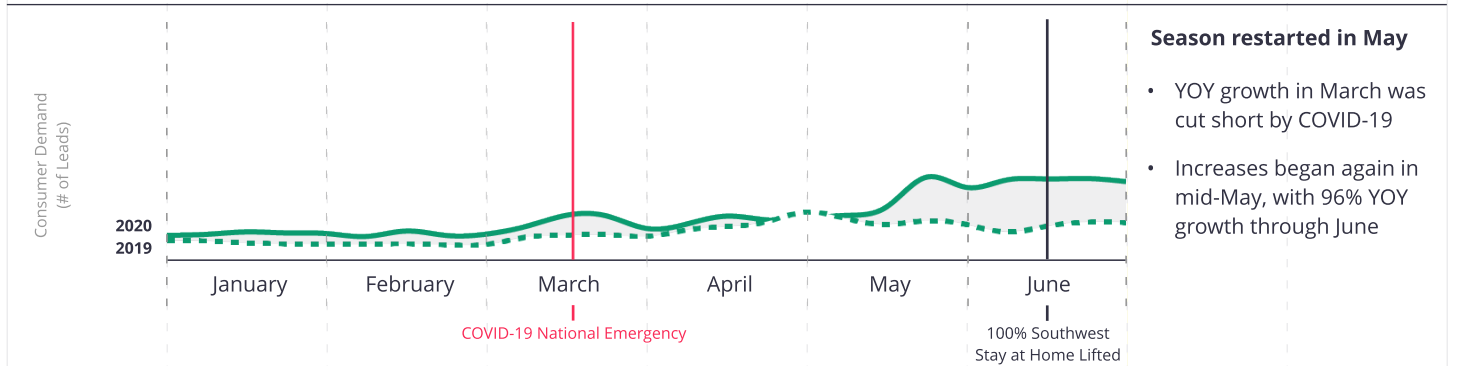
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



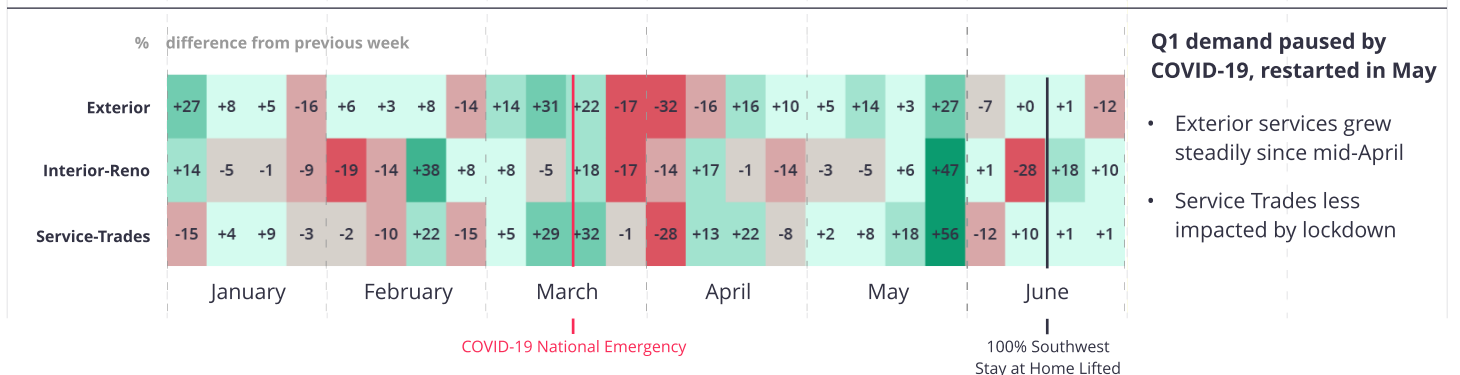
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

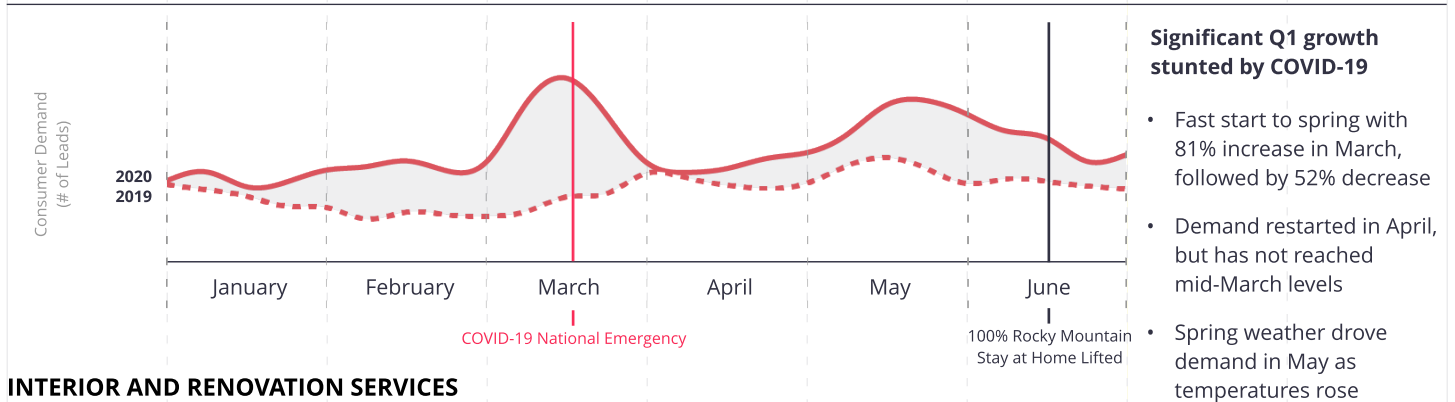
2020 Week-Over-Week (WOW) Comparison by Category



ROCKY MOUNTAIN REGION

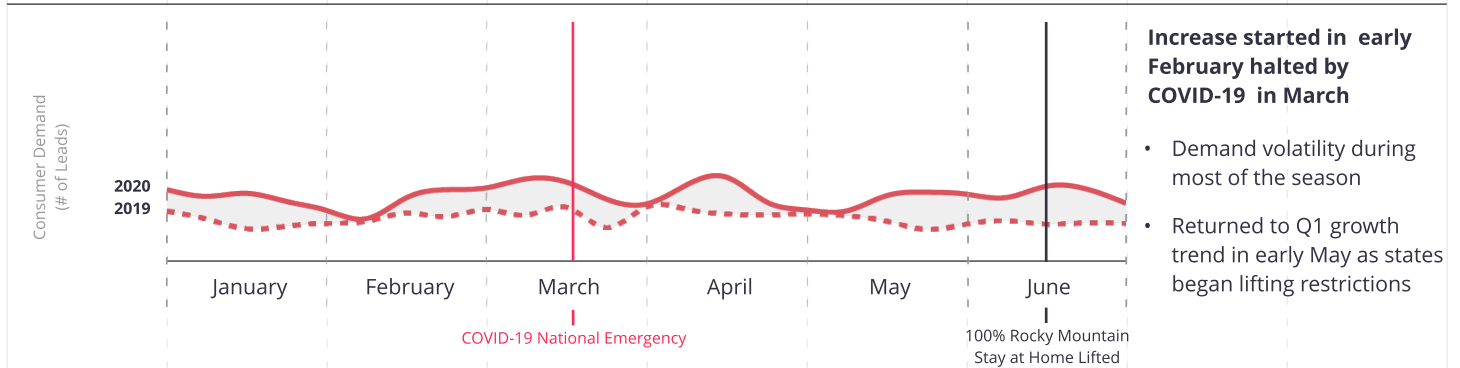
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



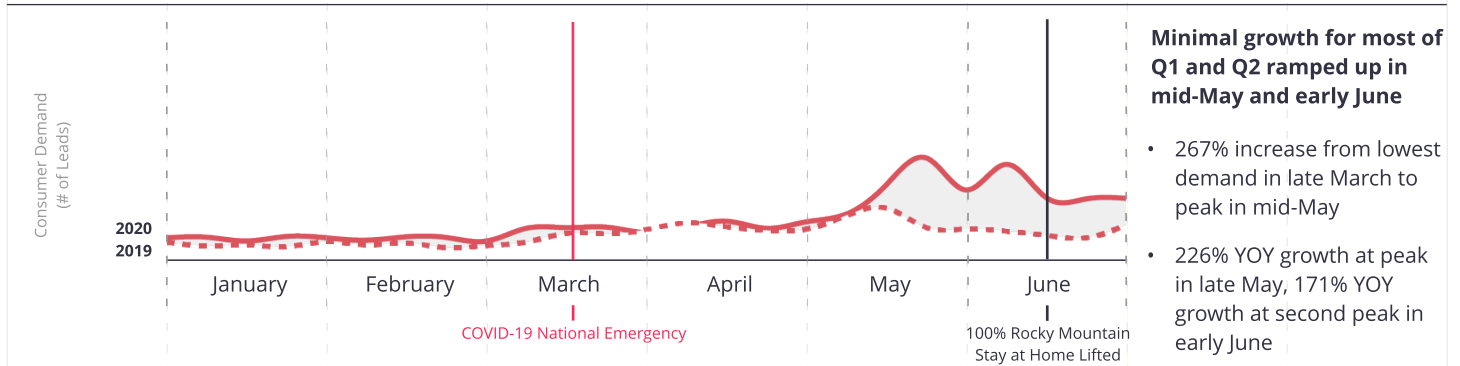
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



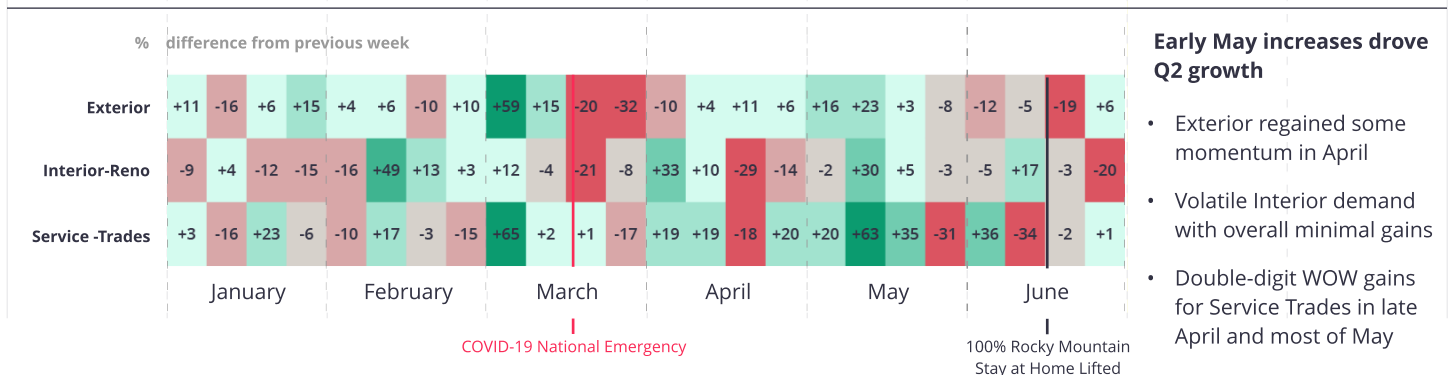
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

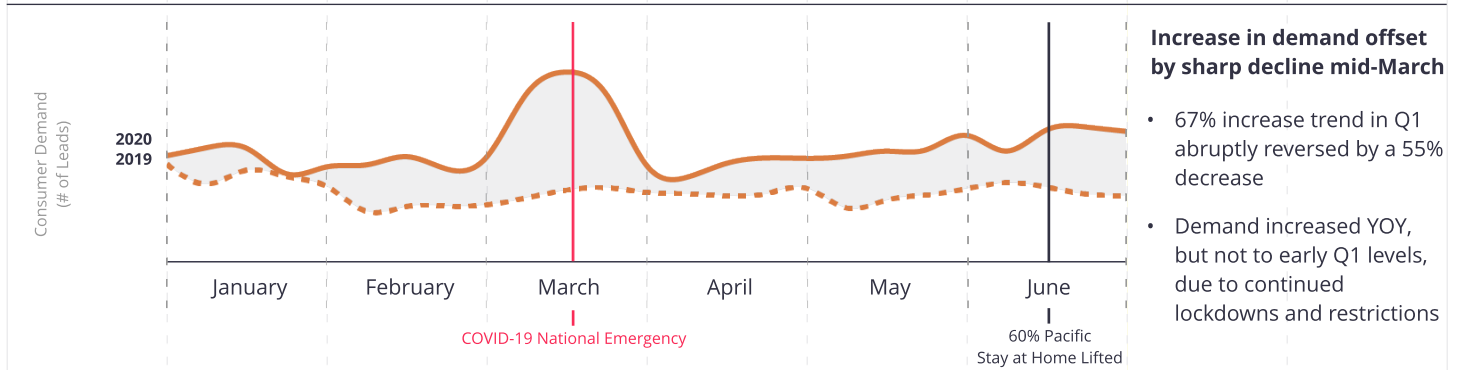
2020 Week-Over-Week (WOW) Comparison by Category



PACIFIC REGION

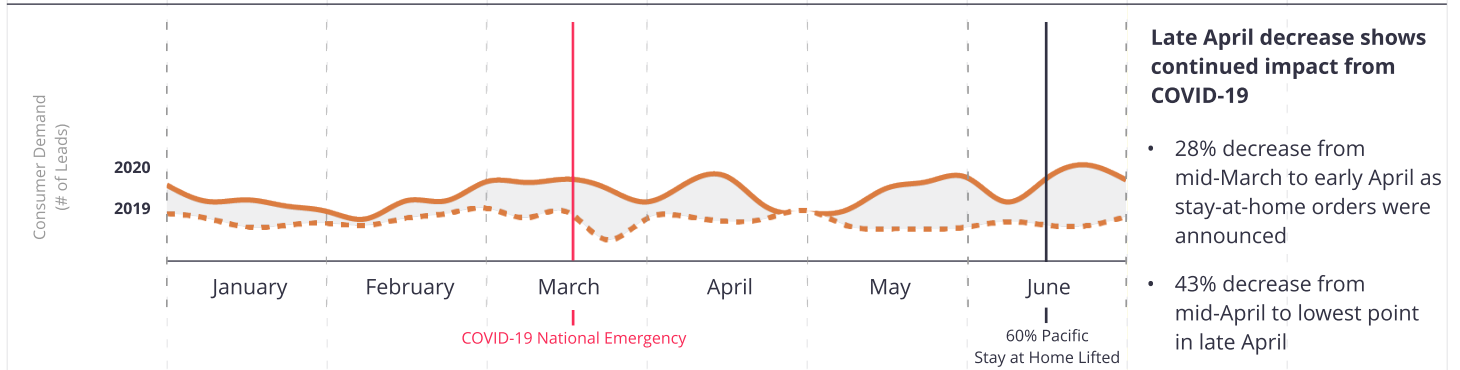
EXTERIOR SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



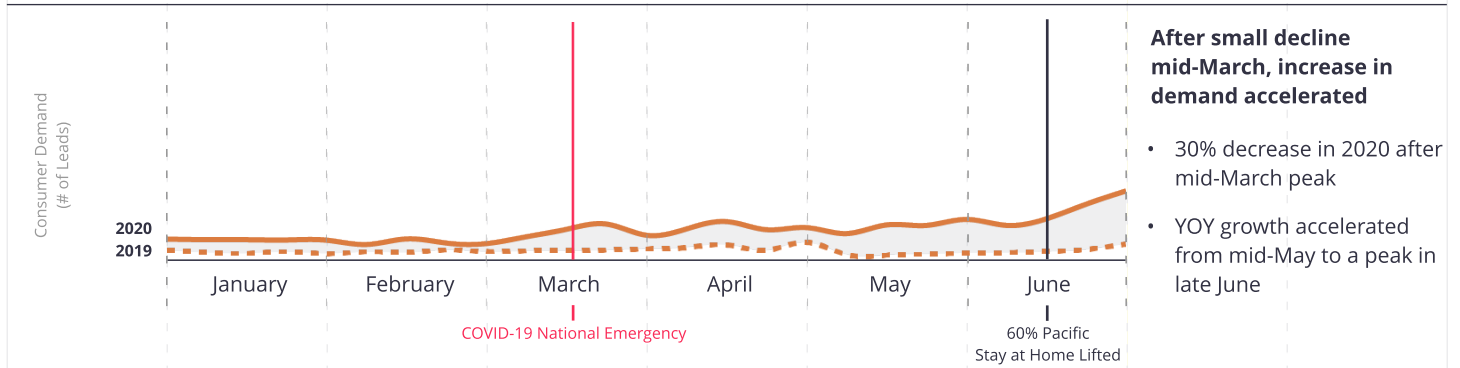
INTERIOR AND RENOVATION SERVICES

Year-Over-Year (YOY) Consumer Demand Comparison



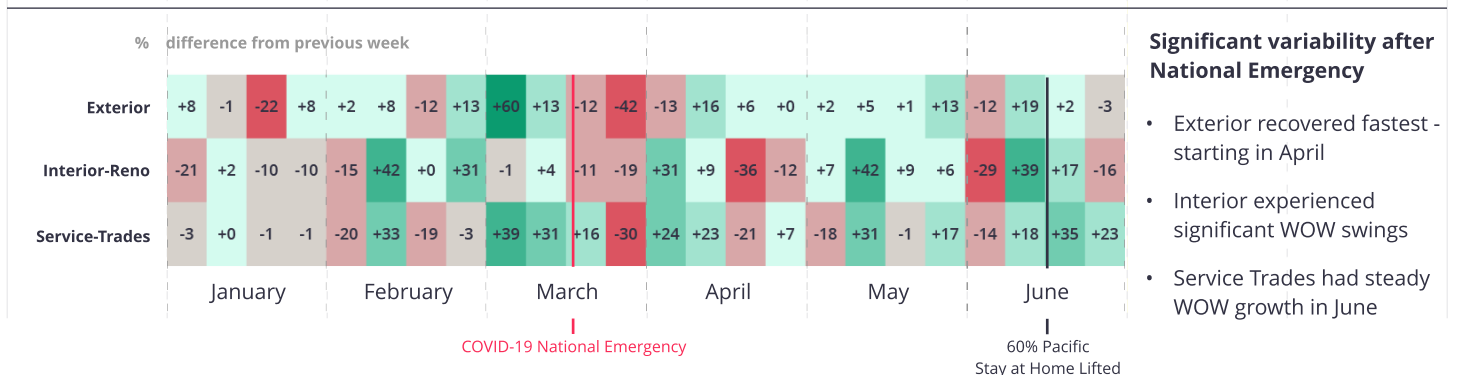
SERVICE TRADES

Year-Over-Year (YOY) Consumer Demand Comparison



GROWTH IN CONSUMER DEMAND

2020 Week-Over-Week (WOW) Comparison by Category





Looking Forward

The turbulence caused by the pandemic continues as COVID-19 surges again in large swaths of the United States this summer. These conditions make forecasting the demand for home services difficult, if not impossible, for the rest of 2020. Based on McKinsey's recent analysis¹ of key sectors, the construction industry (including home services) is expected to be less impacted by COVID-19 than other industries – like travel, entertainment, and food services. However, due to the high saturation of small and mid-sized businesses within the construction sector (81% are SMBs), there is more financial risk for these companies during this unstable period. In forecasting recovery timelines, McKinsey predicts a range of six months (virus containment scenario) to two years (muted recovery scenario) for the construction industry.

No matter how long recovery takes, the crisis has revealed that companies must be agile in order to conduct business today. Digital tools have enabled companies to find new ways to work remotely and safely - a requirement for the foreseeable future. The EverCommerce mission - to transform the service economy through technology - aligns with this re-imagining of work for home service professionals. We do this by providing companies with the right software, services, and market intelligence to drive and grow their businesses.

Next month, we will release the **2020 QR-GuildQuality: Customer Satisfaction Report**. Qualified Remodeler teams up with GuildQuality, an EverCommerce customer satisfaction measurement company, to analyze data and responses from over 100,000 homeowners and their experiences with remodeling companies.

¹Source: McKinsey & Company, [COVID-19: Implications for business - June 25 and July 9, 2020 Executive Briefing](#)

Research Methodology

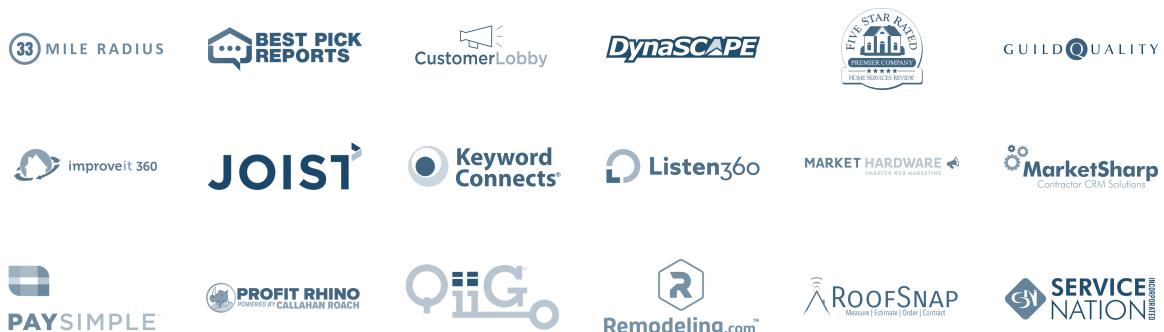
EverCommerce compiles consumer demand data from its subsidiaries to provide a general outlook of the home services industry. Data is collected from multi-channel sources and aggregated to provide a holistic view of the home services categories we serve. Essential and non-essential service categorizations were based on the definitions provided by the majority of states during the COVID-19 Stay-at-Home and Safer-at-Home periods.

About EverCommerce

EverCommerce is the leading service commerce platform, providing the top marketing, business management, and customer retention solutions to more than 200,000 service businesses across the globe. Specializing in Home & Field Services, Health Services, and Fitness & Wellness industries, EverCommerce solutions streamline the business-to-customer lifecycle of interactions that enable organizations to attract customers at scale, provide services efficiently, act on business insights, and increase customer loyalty and value.

Learn more at EverCommerce.com

Our Home Services Brands



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