



State of the Industry Report

Embracing Evolution

*The world is changing quickly,
and so must the home services industry.*

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Table of contents

Introduction: Understanding tomorrow's home today

Market Insights

Workforce trends and opportunities: What they mean to home services

- Remote work is here to stay.
- Workers are prioritizing flexibility.
- Women are fleeing the workforce.
- The skilled trades labor shortage is escalating.
- Career pathways are changing.
- Workforce automation is arriving.

Real Estate trends and opportunities: What they mean to home services

- Home ownership is declining.
- Home prices are high, and home inventory low.
- Cost of ownership is top-of-mind.
- The suburbs are soaring.
- Homeowners are skeptical of remodeling, but satisfied by it.

Demographic trends and opportunities: What they mean to home services

- Millennials are maturing.
- America is getting older.
- America continues to become more diverse.
- Americans are moving.

Consumer trends and opportunities: What they mean to home services

- Health and safety are taking center stage.
- Consumers expect diversity and inclusion.
- Consumers are concerned about climate change.
- Customer care and convenience matter more than ever.
- Trust and transparency are becoming differentiators.
- Escapism is becoming essential.
- Consumers are embracing a "DIY" mindset.

Technology trends and opportunities: What they mean to home services

- Artificial intelligence (AI) is making automation a reality.
- The Internet of Things (IoT) is becoming ubiquitous.
- Drones are reaching new heights.
- Augmented reality (AR) and virtual reality (VR) are ready for prime time.
- Digital twins are "hacking" the physical world.
- Wearables are migrating beyond the wrist.
- Blockchain is redefining data sharing, payments.
- 3D printing is enabling faster, better design.

Closing Insights: Home Services – A whole new world. A whole new industry.

Introduction

Understanding tomorrow's home today

Home. It's where you hang your hat and lay your head. It's your physical shelter, your emotional refuge and your social escape. It's where you find rest, comfort and safety. It's where you commune with people you love, and make memories you treasure. In a world that requires you to spend so much time holding your breath, it's the one place you go every day to finally exhale.

It's such a simple notion. And yet, home is not a simple place. Although it's supposed to protect you from it, your home is not immune to the world outside. From physical forces like gravity and weather to human forces like government and technology, it feels everything around it like a lake feels a boat, the wake rippling and reverberating across its surface long after the vessel has passed.

These days, there are more and bigger boats in the water than ever before, leaving more and bigger wakes behind them. And whether their occupants realize it or not, homes everywhere are vibrating because of it.

Of all the forces that are currently bearing down on the home, probably the biggest is COVID-19, which has fundamentally changed the way people relate to their homes. But the pandemic is only one breeze in an ever-growing windstorm. Also shaping the nation — and as a result, its homes and homeowners — are social media, partisan politics, geopolitical conflicts, shifting demographics, the climate crisis and technological disruption, to name just a few of the many forces that might eventually impact home preferences, values and maintenance.

At the confluence of these and many other global trends is the home services industry. Because everyone defines it differently, estimates of its size and prospects vary widely. For example, market research company Verified Market Research defines home services as “various intangible assets that are provided by businesses for residential homes.” By 2026, it predicts, the market will be worth over \$219 billion, an increase of over 100% from \$105.55 billion in 2018.¹ Meanwhile, Frontdoor competitor Angi estimates that the industry already is worth \$595 billion, encompassing \$376.9 billion for home

¹ “U.S. Home Service Market Analysis.” Verified Market Research. June 2021. <https://www.verifiedmarketresearch.com/product/us-home-service-market>.

improvement, \$157.7 billion for home maintenance and \$60.6 billion for home emergency repairs.²

Although the numbers are ambiguous, the opportunity is absolute: The home services industry is in the midst of significant change and growth, the fuel for which is a perfect storm of fragmented supply and flourishing demand. On the supply side is a crowded and complicated universe of providers that have incongruous business models, incomplete service offerings and inconsistent customer experiences, ranging from lead-generation companies like Angi to home-warranty providers like HomeServe to matchmaking services like TaskRabbit. On the demand side are consumers whose need and appetite for home services is growing, and whose tolerance for complexity and inconvenience is shrinking.

What the industry needs and deserves is a company that can leverage the right combination of category experience, subject-matter expertise and cutting-edge technology to bridge the gap between what consumers expect and what is actually available to them.

Frontdoor can become that company. To do so, it must look head-on at challenges and opportunities both within the home services industry and adjacent to it. The pace of change in the United States and around the world has made it more difficult than ever to do so. But also, more important. Like a flashlight in the dark, the following report therefore illuminates some of the most compelling trends that will impact homes and homeowners in the months, years and decades to come. By ingesting them as part of its strategic planning in the present, Frontdoor can secure its legacy and primacy in the future.

² “The Economy of Everything Home.” Angi. 2021. <https://www.angi.com/research/reports/market>.

Market Intelligence

Workforce Trends and Opportunities

The economy rests on the shoulders of the workforce — figuratively and literally. Because they build homes, service homes and live-in homes, workers can be a weathervane for challenges and opportunities in both the supply of home services and the demand for them. Here are important workforce trends worth tracking:

What's happening: Remote work is here to stay.

- **Inside the trend:** Although not all jobs can be done remotely, the COVID-19 pandemic demonstrated that many can be. In fact, 52% of all workers — including 72% of white-collar workers and 14% of blue-collar workers — performed their job all or part of the time from home during the pandemic, according to Gallup.³ While many workers are returning to the office, the work-from-home revolution endures, according to McKinsey & Company, which estimates that more than 20% of workers could work remotely three to five days a week as effectively as they could if working from an office. If remote work persists at that level, it says, four times as many people will be working from home after the pandemic as before it.⁴
- **What it means for home services:** Remote working changes how people use their homes. For example, the National Association of REALTORS® discovered that being at home during the coronavirus pandemic made people want homes with more space, updated kitchens, home offices and gyms, bigger yards and more technology.⁵ Also, more time at home means more usage of — and therefore more wear and tear on — doors, windows, floors, lights, plumbing, appliances and other home items, not to mention more opportunities to notice home items that require maintenance. All of this can translate into increased demand for home services, and new opportunities to court work-from-homers with marketing and services that are tailored to them.

³ Lydia Saad and Jeffrey M. Jones. “Seven in 10 U.S. White-Collar Workers Still Working Remotely.” Gallup. May 2021. <https://news.gallup.com/poll/348743/seven-u.s.-white-collar-workers-still-working-remotely.aspx>.

⁴ “What’s next for remote work: An analysis of 2,000 tasks, 800 jobs and nine countries.” McKinsey Global Institute. November 2020. <https://www.mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries>.

⁵ George Ratiu. “Top Consumer Home Features During Coronavirus.” Realtor.com. April 2020. <https://www.realtor.com/research/top-consumer-home-features-coronavirus>.

What's happening: Workers are prioritizing flexibility.

- **Inside the trend:** The pandemic gave workers more flexibility by allowing many of them to work from home. Now, workers want even more flexibility. That means flexibility not only with regard to where they work, but also with regard to when they work, according to Gartner, which says only 36% of employees are high performers at organizations where employees work a standard 40-hour week. When organizations shift to a workplace of “radical flexibility” where employees have choice over where, when and how much they work, 55% of employees are high performers, it says.⁶
- **What it means for home services:** If workers get what they wish for, “standard” business hours might become a thing of the past. Home service providers that can be just as flexible as employers — offering services on nights and weekends, for example — will therefore be in greater demand.

What's happening: Women are fleeing the workforce.

- **Inside the trend:** More than 2.3 million women completely dropped out of the labor force between February 2020 and February 2021, according to the National Women’s Law Center, which says women’s labor force participation was just 57% in February 2021. The last time women’s labor force participation was that low, it says, was in 1988.⁷ Whether women who left the workforce will return to it remains to be seen; if they don’t, the entire U.S. economy could suffer as a result of labor shortages and decreased productivity.⁸
- **What it means for home services:** The home services industry might feel women’s workforce absence on both the supply and demand sides of its business. On the demand side, low-income households may have to cover more expenses with less income, which could eat into home

⁶ “Gartner ReimagineHR Employee Survey.” Gartner. October 2020. <https://www.gartner.com/en/newsroom/press-releases/2020-10-13-gartner-identifies-three-dimensions-that-define-the-new-employer-employee-relationship>.

⁷ “A Year of Strength & Loss: the Pandemic, the Economy & the Value of Women’s Work.” National Women’s Law Center. March 2021. https://nwlc.org/wp-content/uploads/2021/03/Final_NWLC_Press_CovidStats.pdf.

⁸ Abby Vesoulis. “‘If We Had a Panic Button, We’d be Hitting it.’ Women Are Exiting the Labor Force En Masse — And That’s Bad For Everyone.” TIME. October 2020. <https://time.com/5900583/women-workforce-economy-covid>.

improvement and maintenance budgets. That may not be the case in middle- and high-income households, where women who are abstaining from work might suddenly have more free time to devote to home improvement projects. On the supply side, home service providers might struggle to fill vacant positions in their own operations, and could face material shortages and supply chain hiccups when their vendors and partners struggle to fill vacant positions in theirs. Offering attractive benefits like flex time and child care might help.⁹

What's happening: The skilled trades labor shortage is escalating.

- **Inside the trend:** For years if not decades, the skilled trades in the United States have been hemorrhaging talent. And there's no relief in sight, according to the Home Builders Institute, which says the residential construction industry currently has a shortage of at least 200,000 workers, with 60% of builders reporting a shortage of labor in trades ranging from roofers and framers to electricians and plumbers. And with baby boomers retiring in growing numbers, shortages are expected to get worse.¹⁰
- **What it means for home services:** First and foremost, labor shortages challenge home service providers by making it difficult for them to satisfy consumer demand for their services. Also, fewer skilled workers means higher construction costs, which could depress said demand. The home services industry must play a proactive role in finding and implementing creative solutions. That includes recruiting and training more young people, minorities, veterans and women into the skilled trades; designing jobs in ways that will appeal to those workers; and investing in technology — from cloud-based project management solutions to automation — that can help service providers be more productive with fewer workers.

⁹ Alison Dixon, et al. “Women and Child Care in Illinois: A Survey of Working Mothers During the COVID-19 Pandemic.” Illinois Economic Policy Institute. May 2021. <http://publish.illinois.edu/projectformiddleclassrenewal/files/2021/05/PMCR-ILEPI-Women-and-Child-Care-in-Illinois-COVID-19-Impacts-FINAL-2.pdf>.

¹⁰ “The HBI Construction Labor Market Report.” Home Builders Institute. Spring 2021. <https://hbi.org/wp-content/uploads/HBI-Construction-Labor-Market-Report4.pdf>.

What's happening: Career pathways are changing.

- **Inside the trend:** The shortage of talent across multiple sectors has employers in many industries creating new on-ramps for prospective employees. CompTIA, for example, reports that 57% of employers expect a continued trend toward de-prioritizing four-year degrees. Instead of specific credentials and education, it says, employers increasingly are looking for specific skills. And in case employees lack needed skills, they're embracing new approaches to professional development and training. Specifically, CompTIA observes a move toward "continuous learning," wherein education is no longer a "check-the-box" endeavor and instead becomes ingrained, integrated and operationalized within the company's culture. What's more, it says, education is becoming personalized instead of prescriptive — i.e., instead of attending moment-in-time trainings, employees can choose when, where and how they want to learn.¹¹
- **What it means for home services:** If other sectors are de-emphasizing four-year degrees, the home services industry might soon face increased competition for workers who don't have them. The tech industry, for example, increasingly is embracing the idea of apprenticeships, which has long been the preferred method of onboarding talent into the building trades. As a result, individuals who don't want to go to college can now choose between trades and tech companies — a choice they previously lacked. **The home services industry must therefore devise new ways to attract talent, from integrating technology in order to make jobs more engaging for digital natives to offering creative benefits that mirror and perhaps even rival those in competing sectors.**

What's happening: Workforce automation is arriving.

- **Inside the trend:** For decades, science fiction writers have been describing a dystopian world in which robots will displace human workers. As automation and artificial intelligence (AI) mature, however, what's emerging is a different world wherein AI augments instead of replaces humans. The result is human-machine pairings that Deloitte calls "superteams." Superteams, it says, are

¹¹ "Workforce and Learning Trends 2021: Accelerating Through the Curve." CompTIA. April 2021. <https://comptiacdn.azureedge.net/webcontent/docs/default-source/research-reports/comptia-workforce-and-learning-trends-2021.pdf>.

“combinations of people and technology leveraging their complementary capabilities to pursue outcomes at a speed and scale not otherwise possible.”¹²

- **What it means for home services:** Home service providers can leverage technology to create superteams of their own that combine the diagnostic and analytic powers of AI with the expertise and dexterity of skilled tradespeople. The former can exploit data to find and scope problems and opportunities in the home while the latter can apply their knowledge and skills to execute services and solutions. The challenge is determining the right use cases that can add value without an outsized investment.

¹² Erica Volini, et al. “Diving deeper: Five workforce trends to watch in 2021.” Deloitte. December 2020. <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2021/workforce-trends-2020.html>.

Market Intelligence

Real Estate Trends and Opportunities

Naturally, the best place for the home services sector to look for business opportunities is in the home itself. From migration patterns to affordability to housing preferences, real estate can lead the way forward. Here are important real estate trends worth tracking:

What's happening: Homeownership is declining.

- **Inside the trend:** Although it remains an attractive tool for wealth-building, fewer Americans are becoming homeowners due to factors that range from low homebuying literacy and high home prices to lack of financing options. In fact, the homeownership rate for each age group younger than 75 will decline over the next two decades, according to the Urban Institute, which predicts that overall homeownership will fall from 65% of Americans in 2020 to 62% by 2040. The homebuying rate for Americans in their prime homebuying years — ages 25 to 44 — will be up to 9 percentage points lower for younger generations compared to what it was for baby boomer, it says.¹³ As a result, there will be 9.3 million net new renter households in the United States by 2040. And yet, there still will manage to be 6.9 million net new homeowner households in the same time period thanks entirely to people of color. Hispanic homeowners will grow by 4.8 million, according to the Urban Institute, while Black homeowners will grow by 1.2 million. The total number of white homeowners will decline by 1.8 million.¹⁴
- **What it means for home services:** The home services sector can positively impact homeownership rates — and in so doing, grow the market for their services — by offering homeownership education and preparation to prospective homeowners, by advocating for policies and programs that make homeownership more accessible to young people and minorities, and by developing products and services that make owning a home easier and more affordable. Furthermore, home services providers can grow their businesses by creating services that are tailored to renters and landlords, as well as people of color.

¹³ Laurie Goodman and Jun Zhu. “By 2040, the US Will Experience Modest Homeownership Declines. But for Black Households, the Impact Will Be Dramatic.” Urban Institute. January 2021. <https://www.urban.org/urban-wire/2040-us-will-experience-modest-homeownership-declines-black-households-impact-will-be-dramatic>.

¹⁴ Laurie Goodman and Jun Zhu. “The Future of Headship and Homeownership.” Urban Institute. January 2021. <https://www.urban.org/research/publication/future-headship-and-homeownership>.

What's happening: Home prices are high, and home inventory low.

- **Inside the trend:** Among all home buyers, the share of first-time buyers has fallen to its lowest level since 1987, dropping to 31% in 2020 from 33% in 2019, according to the National Association of REALTORS®, which blames a housing environment that has scarce inventory and rising home prices — both of which are impacting buyers and sellers across the board. Because of high prices, for example, sellers' average tenure in their home is now 10 years compared to the historic norm of six to seven years.¹⁵
- **What it means for home services:** The likely effect of high prices and low inventory is that more home buyers will purchase homes that need work — either because they're more affordable or because sellers no longer feel compelled to make home improvements prior to listing — and many sellers will forego moving despite higher sales prices, since finding a new home to move into is difficult. In both cases, circumstances might stimulate increased demand for renovations and repairs that home services companies can exploit.

What's happening: Cost of ownership is top-of-mind.

- **Inside the trend:** The National Association of REALTORS® asked recent home buyers about homes' environmental features and found that their most important environmental consideration — rated as at least somewhat important by 83% of recent home buyers — is heating and cooling costs.¹⁶ Separately, it asked homebuyers to rank potential remodeling projects according to their appeal, and HVAC replacement ranked third.¹⁷
- **What it means for home services:** While the cost of buying a home weighs heavily on the minds of home buyers, the cost of owning one looms large for prospective and existing homeowners alike. Conceiving and promoting services that help homeowners reduce the cost of

¹⁵ “2020 Profile of Home Buyers and Sellers.” National Association of REALTORS®. November 2020. <https://cdn.nar.realtor/sites/default/files/documents/2020-profile-of-home-buyers-and-sellers-11-11-2020.pdf>.

¹⁶ Ibid.

¹⁷ “2019 Remodeling Impact Report.” National Association of REALTORS®. 2019. <https://cdn.nar.realtor/sites/default/files/documents/2019-remodeling-impact-10-03-2019.pdf>.

ownership can help home services companies add tangible value in pursuit of long-term customer loyalty.

What's happening: The suburbs are soaring.

- **Inside the trend:** Just a few years ago, cities — downtown urban centers, in particular — were attracting residents like flowers attract bees. But the COVID-19 pandemic has changed things, according to PwC and the Urban Land Institute, which predict a shift to suburban living over the next five to 10 years as health-conscious home buyers seek homes with more space in communities with less density. It's part of a larger trend that they have dubbed "the Great American Move." "People (and businesses) are moving in all sorts of ways — to different geographies, from denser cities to the suburbs, from an apartment to a home and, for some, back 'home' to live with family members," observe PwC and the Urban Land Institute, which say the most compelling evidence for the Great American Move is flourishing single-family-housing markets.¹⁸
- **What it means for home services:** Because detached homes typically are larger and often require more maintenance relative to attached homes, and because suburban homeowners tend to be more affluent than urban homeowners, **migration to single-family homes in the suburbs represents an opportunity for home service providers**, who can capitalize on business prospects by understanding the depth and breadth of services that suburban homeowners need, and the ways in which they want to access and receive those services.

What's happening: Homeowners are skeptical of remodeling, but satisfied by it.

- **Inside the trend:** The National Association of REALTORS® says that most recent home buyers want to avoid renovations,¹⁹ and that over a third (35%) of all homeowners would rather move to

¹⁸ "Emerging Trends in Real Estate 2021." PwC and the Urban Land Institute. October 2020. <https://www.pwc.com/us/en/asset-management/real-estate/assets/pwc-emerging-trends-in-real-estate-2021.pdf>.

¹⁹ "2020 Profile of Home Buyers and Sellers." National Association of REALTORS®. November 2020. <https://cdn.nar.realtor/sites/default/files/documents/2020-profile-of-home-buyers-and-sellers-11-11-2020.pdf>.

another home than remodel their current one.²⁰ And yet, those who do remodel their homes typically are glad they did; 74% say they have a greater desire to be in their home, 65% that they have increased enjoyment in their home, 58% that they feel happy and 38% that they feel satisfied when they see their completed project.²¹

- **What it means for home services:** Home service providers can expand the market for their services by improving what homeowners dislike about remodeling and doubling down on what they love about it. Technology might be one solution. **Using digital tools, for example, home service providers can make the process of finding, hiring and paying contractors more streamlined and more transparent.** Technology might also help home service providers and contractors realize greater efficiencies so that remodeling projects go faster and more smoothly. And on the front end, technology like virtual and augmented reality can help homeowners get as excited about their remodeled space before the project is started as they are after the project is completed.

²⁰ “2019 Remodeling Impact Report.” National Association of REALTORS®. 2019.
<https://cdn.nar.realtor/sites/default/files/documents/2019-remodeling-impact-10-03-2019.pdf>.

²¹ Ibid.

Market Intelligence

Demographic Trends and Opportunities

America is a nation in flux. It always has been. Like a river that's slowly altering its course, its population is constantly changing in ways that are profound and impactful, if sometimes imperceptible. By understanding those changes, the home services industry can keep its finger on the pulse of the nation — and the homeowners who need its help so badly. Here are important demographic trends worth tracking:

What's happening: Millennials are maturing.

- **Inside the trend:** At 72.1 million people strong, millennials — those born between roughly 1981 and 1996 — are now the largest age cohort in the United States. And they're no longer kids, or even young professionals. Instead, older millennials are now entering middle age, and younger millennials aren't far behind.²² Although millennials historically have avoided homeownership, their preferences could swing from renting to buying as they age. And speaking of preferences, millennials have plenty of them: As digital natives, what matters most to them when they're shopping for products and services isn't brand, but rather online reputation, price, quality and convenience.²³ Just look at the growth of "off-brand" retailers like Aldi and Lidi, which saw a 10% increase in sales from 2019 to 2020.²⁴
- **What it means for home services:** Typically, increased age means increased wealth and responsibility. **The home services sector should therefore be prepared for more millennial homeowners and heads of household. To capture their business, it will need to understand what matters to them, and adjust its services and business models to match.**

What's happening: America is getting older.

- **Inside the trend:** Between 2010 and 2020, the number of people over age 55 grew by 27%.

²² Fry, Richard. "Millennials Overtake Baby Boomers as America's Largest Generation." Pew Research Center. April 2020. <https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation>.

²³ "Millennials Coming of Age." Goldman Sachs. Accessed July 27, 2021. <https://www.goldmansachs.com/insights/archive/millennials>.

²⁴ Westbrook, Gina and Alison Angus. "Top 10 Global Consumer Trends 2021." Euromonitor International. January 2021. <https://go.euromonitor.com/white-paper-EC-2021-Top-10-Global-Consumer-Trends.html>.

That's 20 times the growth rate of the population under 55, which grew just 1.3% during the same period. Most growth came from baby boomers who surpassed retirement age during the past decade, increasing the size of the 65- to 74-year-old age group by half.²⁵ On a related note, also rising is the number of Americans living in multigenerational households, which has increased from 7% in 2011 to 26% — one in four Americans — in 2021.²⁶

- **What it means for home services:** The home services industry must be prepared for the labor shocks that building trades will continue to experience as even more baby boomers leave the workforce, and must act now to cultivate a new generation of skilled labor. Simultaneously, the industry has an unprecedented opportunity to help Americans age safely and happily in their own homes, or in homes that belong to their children and grandchildren. **Designing services and programs around aging in place and home modification should be a major priority.**

What's happening: America continues to become more diverse.

- **Inside the trend:** According to the U.S. Census Bureau, America's white population declined every year from 2016 to 2020. That means that U.S. population growth during that period came entirely from people of color. From 2010 to 2020, the population of Hispanic Americans, Asian Americans and African Americans grew by an average of 1.05 million people per year, 471,000 people per year and 341,000 people per year, respectively.²⁷
- **What it means for home services:** Although people of color historically have lagged whites in homeownership, America's changing composition suggests that the scales might be tipping. The home services industry should be prepared to respond by investigating the priorities and behaviors of growing populations, and developing services that complement the way they live and the way they purchase.

²⁵ Frey, William H. "What the 2020 Census Will Reveal About America: Stagnating Growth, an Aging Population and Youthful Diversity." Brookings. January 2021. <https://www.brookings.edu/research/what-the-2020-census-will-reveal-about-america-stagnating-growth-an-aging-population-and-youthful-diversity>.

²⁶ "Family Matters: Multigenerational Living Is on the Rise and Here to Stay." Generations United. April 2021. <https://www.gu.org/app/uploads/2021/04/21-MG-Family-Report-WEB.pdf>.

²⁷ Frey, William H. "All Recent US Population Growth Comes from People of Color, New Census Estimates Show." Brookings. June 2021. <https://www.brookings.edu/research/all-recent-us-population-growth-comes-from-people-of-color-new-census-estimates-show>.

What's happening: Americans are moving.

- **Inside the trend:** More and more Americans are moving to the South and to the West, according to the U.S. Census Bureau. Of the U.S. counties that are experiencing the most population growth, it says, most are located in southern and western states, including Texas, Florida and Utah.²⁸ Population gains are thanks not only to immigration and births, but also domestic migration as Americans seek warmer weather, more affordable housing and better jobs in high-growth, high-pay industries like tech.²⁹
- **What it means for home services:** The home services sector should grow its presence and expand services in high-potential markets in the South and West. More than that, though, it should develop new and improved services and solutions that are tailored to the unique needs of homeowners in those markets — for example, flood protection and remediation in Florida, or air-conditioning maintenance in Texas.

²⁸ “New Census Bureau Estimates Show Counties in South and West Lead Nation in Population Growth.” U.S. Census Bureau. April 2019. <https://www.census.gov/newsroom/press-releases/2019/estimates-county-metro.html>.

²⁹ Zuckerman, Arthur. “7 Top Demographic Trends: 2021/2022 Economic, Social & Political Shifts.” CompareCamp. May 2020. <https://comparecamp.com/demographic-trends>.

Market Intelligence

Consumer Trends and Opportunities

The U.S. economy is more than an erudite abstraction. It's a living, breathing thing. And consumers are its beating heart. To predict in what direction it's going, and where it might eventually end up, the home services industry must follow them like breadcrumbs through a forest, analyzing their values, priorities, expectations and behaviors in order to find and subsequently travel the right path forward. Here are important consumer trends worth tracking:

What's happening: Health and safety are taking center stage.

- **Inside the trend:** COVID-19 forced consumers to rethink their priorities. And for many of them, health and safety now top the list. In fact, 71% of consumers say it's crucial that companies prioritize health considerations for consumers and employees in their operations.³⁰ In July 2021, 54% of consumers likewise said they're concerned about the health of their family and others in their immediate circle, and 47% that they're concerned about their own physical well-being. Although that's down from 64% and 52.2%, respectively, in April 2020, consumers who lived through the pandemic will likely retain a new consciousness about personal and public health for years if not decades to come.³¹ And not just physical health, but also mental health, as nearly two-thirds of consumers (64%) say that "being healthy" to them means "mental wellbeing."³²
- **What it means for home services:** Henceforth, home service providers who are used to competing on the basis of cost and quality will have to compete on the basis of cleanliness, too. That might mean new marketing messages, or new safety protocols. Equally, however, it could mean new service offerings. Contractors who are used to doing kitchen and bath remodels, for example, might expand their services to include home gym buildouts or sauna installations. In that way, the home services sector would do well to reorient itself around "home improvement" instead of "home maintenance." Consider windows, for example. Even if a homeowner doesn't need *new* windows, the health benefits of natural light might make them open to installing *more*

³⁰ Curtis, Mark, et al. "Life Reimagined: Mapping the Motivations That Matter for Today's Consumers." Accenture. June 2021. <https://www.accenture.com/us-en/insights/strategy/reimagined-consumer-expectations>.

³¹ Akrur, Barua and David Levin. "State of the US Consumer: July 2021." Deloitte. July 2021. <https://www2.deloitte.com/za/en/insights/economy/consumer-pulse/state-of-the-us-consumer.html>.

³² Westbrook, Gina and Alison Angus. "Top 10 Global Consumer Trends 2021." Euromonitor International. January 2021. <https://go.euromonitor.com/white-paper-EC-2021-Top-10-Global-Consumer-Trends.html>.

windows, or even skylights. And then there are employees. Because health matters to them, too, preventative health benefits like gym memberships or paid “mental health” days might help home services companies attract and retain talent.

What’s happening: Consumers expect diversity and inclusion.

- **Inside the trend:** In the wake of George Floyd’s murder in 2020, and the international movement for racial justice that followed, racial equity has become an enduring priority for consumers, the majority of whom say they prefer to do business with brands that align with their beliefs and values.³³ And those values include diversity and inclusion, which is an important topic according to 60% of consumers — especially Gen Z and millennial consumers, 76% and 72% of whom, respectively, say diversity and inclusion is an important subject.³⁴
- **What it means for home services:** Diversity and inclusion efforts traditionally have been reserved for white-collar workplaces. When it comes to home services, companies often get a “pass” because needs are urgent and labor is scarce. When a mother of three is shopping, for example, she can avoid retailers that don’t share her values; when her basement is flooding, however, she doesn’t have that luxury. But what if she did? The home services sector might be able to differentiate itself by embracing diversity and inclusion in meaningful ways — recruiting more women into male-dominated trades, for example, or creating more apprenticeships for young people of color. And what of diverse customers? Home services companies that wish to safeguard their reputations must ensure a bias-free workforce that treats all homeowners with dignity and respect regardless of race, ethnicity, creed, gender identity or sexual orientation.

What’s happening: Consumers are concerned about climate change.

- **Inside the trend:** Globally, most consumers (69%) say addressing climate change is very or extremely important to them, and over half (55%) say sustainability is very or extremely important

³³ “5WPR 2020 Consumer Culture Report.” 5WPR. 2020. https://www.5wpr.com/new/wp-content/uploads/pdf/5W_consumer_culture_report_2020final.pdf.

³⁴ “What Do Consumers Expect From Brands in 2021 Around Diversity & Inclusion?” Quantilope. January 2021. <https://www.quantilope.com/en-us/blog/insight-studies-consumers-expectations-around-diversity>.

to them when choosing brands to buy from. What's more, 62% of global consumers say they're willing to change their purchasing behavior to help reduce negative impact on the environment, and over half say they would pay a premium for brands that are environmentally responsible.³⁵

- **What it means for home services:** Home services companies must take sustainability seriously in order to appeal to today's consumers — especially younger ones. **That means making environmentally-friendly changes to their business, like replacing paper with digital workflows, investing in electric-vehicle fleets and purchasing carbon offsets to mitigate their carbon footprint.**

Also, there might also be opportunities to provide new climate-aware and climate-responsive service offerings. Not just standard “green” services like installing smart thermostats, energy-efficient HVAC systems or solar panels, but also disaster clean-up services that help homeowners recover from extreme weather events that are more common as a result of climate change. Or even better, disaster mitigation services that help them make their homes more resilient to such events in the first place.

What's happening: **Customer care and convenience matter more than ever.**

- **Inside the trend:** The pandemic made even the simplest tasks — like grocery shopping, traveling and going to the doctor — more difficult and complex. When it's over, consumers will therefore flock to companies that make it easy and enjoyable to do business with them, suggests Accenture, which says more than half of consumers are willing to abandon brands that don't create clear and easy options for contacting customer service. Or, in the case of retailers, brands that don't offer “new fast and flexible delivery options of goods such as click-and-collect and curbside pickup.”³⁶ Even before the pandemic, customer preferences were driving toward what Euromonitor International calls a “24-hour service culture” thanks to always-available virtual services like on-demand workouts and entertainment that offer consumers “experiences in their

³⁵ “Sustainability at a Turning Point.” IBM Institute for Business Value. May 2021. <https://www.ibm.com/downloads/cas/WLJ7LVP4>.

³⁶ Curtis, Mark, et al. “Life Reimagined: Mapping the Motivations That Matter for Today's Consumers.” Accenture. June 2021. <https://www.accenture.com/us-en/insights/strategy/reimagined-consumer-expectations>.

own homes on their own time.”³⁷

- **What it means for home services:** Like other sectors before it, the home services industry must search for customer pain points, then actively work to address them. Ridesharing offers a perfect example to follow. Before companies like Uber and Lyft, consumers who needed transportation struggled to find and pay for taxis when and where they needed them. Technology solved the problem by making it possible to instantly hail a ride and pay for it using one’s smartphone. Consumers crave that kind “on-demand” convenience in every service they receive. **if they can order a pizza with a text message, they wonder, why can’t they order a plumber that way? If they can pay for groceries with Apple Pay, why do they still have to write a personal check to their handyman?** If they can buy a birthday gift online at 10 p.m., and have it delivered the next day, why do they have to call house painters on the phone during business hours, and wait a month for them to start the job? **To remain relevant, the home services sector must embrace technology and “design thinking” in order to surface and solve customers’ biggest complaints.**

What’s happening: **Trust and transparency are becoming differentiators.**

- **Inside the trend:** America is experiencing a “crisis of confidence” thanks to an increase in partisan politics and political cynicism, growing appetite for conspiracy theories, and the spread of mis- and disinformation online.³⁸ And things are only getting worse: Consumer engagement with unreliable news sources on social media doubled in 2020, increasing to 17% of engagements from approximately 8% in 2019.³⁹ Unfortunately, distrust is now spreading from media to commerce, exacerbated by corporate data breaches, anxiety about digital privacy and other similar concerns, with 88% of consumers declaring that trust is important to them when choosing what brands to buy from, and 32% describing trust as a “critical deal-breaker.”⁴⁰

³⁷ Westbrook, Gina and Alison Angus. “Top 10 Global Consumer Trends 2021.” Euromonitor International. January 2021. <https://go.euromonitor.com/white-paper-EC-2021-Top-10-Global-Consumer-Trends.html>.

³⁸ Ibid.

³⁹ McDonald, Kendrick. “Special Report: 2020 Engagement Analysis.” NewsGuard. 2020. <https://www.newsguardtech.com/special-report-2020-engagement-analysis>.

⁴⁰ Edelman, Richard. “Trust, the New Brand Equity.” Edelman. June 2021. <https://www.edelman.com/trust/2021-brand-trust/brand-equity>.

What it means for home services: If customer satisfaction hinges on trustworthiness and transparency, then many home service companies are falling short. That's because pricing in many home service

categories often is opaque, and so is the scope of work that professionals are hired to do. Until consumers have a basic understanding of what work needs to be done, why and what it will cost, their trust in the home services sector will wane. Other “untrusted” industries — for example, cable TV providers and car dealerships — have made progress by creating new, more transparent prices and pricing structures; integrating more technology into the customer experience; expanding and diversifying their customer service and communications channels; strengthening warranties and service guarantees; and offering more choice and flexibility. The home services sector has ample opportunity to make similar reforms.

What's happening: Escapism is becoming essential.

- **Inside the trend:** Thanks to COVID-related lockdowns and restrictions, Americans during the pandemic felt trapped. Now, they're ready to escape, which has some predicting that the 2020s — like the 1920s — will become the “Roaring Twenties.”⁴¹ Whether it will or not remains to be seen, but what's certain is that Americans have an increasing appetite for escapism and experiences, which is evident in increased demand for outdoor recreation and for travel. In 2020, 53% of Americans over the age of 6 participated in outdoor recreation at least once, which is the highest participation rate on record, according to the Outdoor Industry Association, which says 7.1 million more Americans participated in outdoor recreation in 2020 than in 2019.⁴² Meanwhile, 78% of consumers say they want to travel this year, and most say that travel makes them feel excited (63%), happy (53%) and hopeful (53%).⁴³
- **What it means for home services:** Consumers are ready to escape — but that doesn't mean they have to leave home to do it. Home service providers are in a unique position to help

⁴¹ Mounk, Yascha. “Prepare for the Roaring Twenties.” The Atlantic. May 2020. <https://www.theatlantic.com/ideas/archive/2020/05/i-predict-your-predictions-are-wrong/611896>.

⁴² “2021 Outdoor Participation Trends Report.” Outdoor Industry Association. June 2021. <https://outdoorindustry.org/resource/2021-outdoor-participation-trends-report>.

⁴³ “Global Travel Trends Report.” American Express Travel. March 2021. <https://www.americanexpress.com/en-us/travel/discover/get-inspired/global-travel-trends>.

homeowners satiate their post-pandemic appetite for leisure and entertainment. Indoors, that might mean projects like home theaters, game rooms and home bars. Outdoors it might mean projects like swimming pools, gardens, fire pits and pergolas. It's all about expanding to supply not only services that homeowners need — lawn care or drywall repair, for example — but also services that homeowners want.

What's happening: Consumers are embracing a "DIY" mindset.

- **Inside the trend:** Because consumers had more free time during COVID-19, and spent more time at home, many of them tackled various kinds of DIY projects, from baking their own bread and styling their own hair to doing their own home improvements. In fact, from March 2020 through June 2021, an average of 66% of consumers every month said they started a DIY project.⁴⁴ If time allows — and with more workers working from home with flexible work schedules, it just might — it's likely that consumers' interest in DIY projects will continue and perhaps even grow. Lawmakers are in on the trend, too: In July 2021, President Joe Biden issued an executive order encouraging the Federal Trade Commission (FTC) to enact regulations that would require manufacturers to allow the repair of equipment and devices by individuals and independent repair shops; since 2014, legislators in at least 32 states have introduced "right to repair" bills.⁴⁵
- **What it means for home services:** Although they might be inclined to resist the DIY trend for fear that it will cannibalize their business, there are opportunities for home service companies that embrace it, instead. Consider the growth of home meal kit services, for example. Although they compete with them, many restaurants and grocery stores have decided to capitalize on the trend by creating meal kits of their own. Consumers want to do the cooking themselves, but they need expert help coming up with ideas, acquiring and preparing ingredients, and executing a recipe. In

⁴⁴ "Percentage of consumers who started a DIY project during COVID-19 in the United States from March 23, 2020 to May 2021." Statista. July 2021. <https://www.statista.com/statistics/1245741/us-shoppers-who-started-a-diy-project-during-covid>.

⁴⁵ Seddon, James and Darrell M. West. "President Biden's right to repair order needs strengthening to aid consumers." Brookings. July 2021. <https://www.brookings.edu/blog/techtank/2021/07/14/president-bidens-right-to-repair-order-needs-strengthening-to-aid-consumers>.

the home services sector, it's worth asking if professionals can lend their expertise in similar ways to facilitate and assist with DIY projects instead of discouraging homeowners from doing them — if they can be coaches who support, enable and educate homeowners instead of discouraging and competing with them.

Market Intelligence

Technology Trends and Opportunities

If there's one single biggest driver of radical change and economic disruption in the 21st century, it's probably technology. From artificial intelligence and augmented reality to drones and 3D printing, new and emerging technology promises to change the way people live in their homes — and, as a result, the way they service their homes, too. In some cases, technology will be a slow burn. In others, it will be a flashpoint. Across the board, however, the impact will be broad and deep. With that in mind, here are important technology trends worth tracking:

What's happening: Artificial intelligence (AI) is making automation a reality.

- **Inside the trend:** Thanks to AI, machine learning and computer vision — the combination of which makes it possible to automate routine tasks and extract deep insights from complex datasets — robots are no longer the stuff of science fiction. During the pandemic, businesses embraced robots in industries such as manufacturing, where robots were added to assembly lines⁴⁶; aviation, where robots were used for disinfecting airports⁴⁷; and healthcare, where robots can provide therapy and social stimulation for isolated patients.⁴⁸ AI isn't just restricted to robots, though. In autonomous vehicles, for example, it helps cars understand their surroundings and plan efficient routes. And in smart homes, it helps everything from lights to HVAC systems adapt to homeowners' routines. Because of its potential, 25% of companies say they're already using AI at scale, and another 33% say they've started implementing limited AI use cases.⁴⁹
- **What it means for home services:** AI is poised to impact homes, and therefore home services, in myriad ways. The first frontier is data. AI-powered devices inside smart homes already can ingest data about their users, then learn and then anticipate their routines and habits. Soon, algorithms will be able to analyze homes in a similar fashion in order to anticipate and analyze maintenance needs. A home equipped with AI-powered sensors, for example, could continuously

⁴⁶ Lee, Don. "As COVID-19 wanes, employers are accelerating the use of robots. Where does that leave workers?" Los Angeles Times. May 2021. <https://www.latimes.com/politics/story/2021-05-04/covid-automation-robots-trends-effects-on-workers>.

⁴⁷ Ibid.

⁴⁸ Hennessy, Michelle. "Makers of Sophia the robot plan mass rollout amid pandemic." Reuters. January 2021. <https://www.reuters.com/article/us-hongkong-robot/makers-of-sophia-the-robot-plan-mass-rollout-amid-pandemic-idUSKBN29U03X>.

⁴⁹ "AI Predictions 2021." PwC. January 2021. <https://www.pwc.com/us/en/tech-effect/ai-analytics/ai-predictions.html>.

monitor conditions in a home and use readings to predict problems like mold, frozen pipes or HVAC failure. Armed with that knowledge, homeowners can conduct preventive maintenance to mitigate potential disasters before they occur. AI-literate home services companies are in a position to help homeowners create, manage, analyze and respond to those new home-savvy data streams. Robotics and automation are another opportunity. There already are robots, for example, that can weed gardens, clean gutters and wash windows. It's only a matter of time before more even robots enter the home services fray. While some of them might displace home service providers, others could empower them. In commercial spaces, for example, some businesses are using cleaning robots for janitorial services. But they aren't buying their own machines. Instead, they're contracting with companies that own the robots and deploy them as part of a service contract. Home service companies could approach robotics with a similar mindset. Homeowners might not want to own an expensive robot that cleans their swimming pool, for instance, but perhaps they'll pay home service providers for the privilege of using theirs.

What's happening: The Internet of Things (IoT) is becoming ubiquitous.

- **Inside the trend:** It's been promised for years, but the IoT has finally reached a tipping point thanks to the advent of 5G and advanced Wi-Fi technologies, which make it easier than ever for devices of all sorts — from streetlights and security cameras to thermostats and refrigerators — to connect to the internet for the purpose of collecting data and delivering services, including location-based services that utilize location data to tailor the customer experience to consumers' coordinates (i.e., where they are on the map) and context (e.g., whether the customer is at work or at home).⁵⁰ As of 2020, there were 12.4 billion IoT-connected devices around the world, and by 2026 there are expected to be more than double that — 26.4 billion IoT-connected devices.⁵¹
- **What it means for home services:** IoT devices will work in concert with AI to deliver on the promise of predictive and preventive maintenance. As part of that transformation, it's possible that

⁵⁰ Pelino, Michele. "Predictions 2021: Technology Diversity Drives IoT Growth." Forrester. October 2020. <https://go.forrester.com/blogs/predictions-2021-technology-diversity-drives-iot-growth>.

⁵¹ "IoT Connections Outlook." Ericsson. June 2021. <https://www.ericsson.com/en/mobility-report/dataforecasts/iot-connections-outlook>.

they'll unlock new business models that can bolster home services companies. Imagine an IoT-enabled washing machine, for example. A smart device like that could self-monitor its performance and self-diagnose problems when they arise. But then what? A homeowner might not know what to do — but they could find out by agreeing to share the appliance's data with a home services company. As part of a subscription service, that company could remotely monitor the washing machine and other IoT-connected appliances for issues, virtually instruct homeowners to perform DIY fixes if appropriate and respond immediately to repair problems that require professional attention. That's just one example of many that illustrates how home services companies might capitalize on IoT to improve and expand their offerings.

What's happening: Drones are reaching new heights.

- **Inside the trend:** Commercial unmanned aerial vehicles (UAVs), otherwise known as drones, have been on the rise — literally and figuratively — for over a decade. At the end of 2016, for example, there were just 6,683 commercial drones registered with the Federal Aviation Administration (FAA)⁵²; as of July 2021, there were 351,224.⁵³ Those machines already are performing incredible and exciting tasks, including aerial photography for entertainment, journalism and real estate; reconnaissance during natural disasters and search-and-rescue operations; damage surveys for the insurance industry; inspections of buildings, bridges, utilities and dams; storm tracking for weather forecasting; and crop analysis for agriculture.⁵⁴ But drones are about to reach a new level of ubiquity thanks to two new use cases, in particular: delivery drones and air taxis. The FAA granted Amazon permission to use drones for package deliveries in August 2020,⁵⁵ and German startup Volocopter in January 2021 applied to become the first

⁵² Gendreau, Henri and Alan Levin. “Lady Gaga Halftime Drone Swarm Was Pretaped to Shield Crowd.” Bloomberg. February 2017. <https://www.bloomberg.com/news/articles/2017-02-07/lady-gaga-s-halftime-drone-swarm-was-pretaped-to-shield-crowd>.

⁵³ “UAS By the Numbers.” Federal Aviation Administration. Accessed July 28, 2021. https://www.faa.gov/uas/resources/by_the_numbers.

⁵⁴ “Drone technology uses and applications for commercial, industrial and military drones in 2021 and the future.” Business Insider. January 2021. <https://www.businessinsider.com/drone-technology-uses-applications>.

⁵⁵ Palmer, Annie. “Amazon wins FAA approval for Prime Air drone delivery fleet.” CNBC. August 2020. <https://www.cnbc.com/2020/08/31/amazon-prime-now-drone-delivery-fleet-gets-faa-approval.html>.

FAA-approved operator of autonomous urban air taxis in the United States.⁵⁶

- **What it means for home services:** What IoT devices can achieve inside the home, drones will be able to achieve outside it. If insurance companies can use commercial drones to inspect roofs after a storm, for example, why can't a home services company do the same? They can. Or at least, they will. As the cost of drones and drone-mounted sensors comes down, and as regulators open more air space, UAVs will become more accessible to home service providers for use in inspecting homes and yards for maintenance needs. In many industries, like agriculture, customers subscribe to third-party drone services and receive regular aerial inspections, complete with actionable data summaries. Home services companies could create a similar business model, offering service agreements wherein they inspect homes for exterior damage once a year, or after major weather events. And then there are drone deliveries. As labor and materials become more expensive, cost and time savings will be key. Using drones to deliver supplies to service professionals in the field could make service calls a lot more efficient.

What's happening: Augmented reality (AR) and virtual reality (VR) are ready for prime time.

- **Inside the trend:** In industries as diverse as travel, sports, entertainment, education, healthcare, manufacturing and construction, early adopters continue to innovate new use cases for AR and VR. For example, they can be used for real-time remote collaboration, wherein workers meet "face-to-face" in a virtual environment; for guided maintenance and operations, wherein remote experts can see what a consumer or worker sees and walk them through complex repairs or workflows; for training, wherein new employees can get "hands-on" experience with their job in a realistic virtual setting; and for sales, where consumers can experience products and services that would otherwise be too difficult or expensive to preview.⁵⁷ As the size, weight and cost of AR

⁵⁶ "Volocopter Launches Campaign to Bring Electric Air Taxi Services to U.S. Cities." Volocopter. January 2021. <https://www.volocopter.com/newsroom/volocopter-launches-campaign-to-bring-electric-air-taxi-services-to-u-s-cities>.

⁵⁷ "How 5G and edge computing will transform AR & VR use cases." STL Partners. Accessed July 28, 2021. https://stlpartners.com/edge_computing/how-5g-and-edge-computing-will-transform-ar-vr-use-cases.

and VR headsets come down, adoption will increase.⁵⁸ In fact, spending on AR and VR headsets, software and services reached \$12 billion globally in 2020, up 50% from 2019. By 2024, annual sales are expected to reach \$73 billion, with an annual growth rate of 54%.⁵⁹

- **What it means for home services:** AR and VR have tremendous potential within the home services sector. Residential remodelers, for example, can use VR as a sales tool to give homeowners virtual tours of what their remodeled homes might look like. **AR, meanwhile, is poised to be a boom for DIY home maintenance**, as homeowners wearing AR goggles will be able to engage in interactive tutorials that walk them step-by-step through complex repairs. In some cases, those tutorials might be pre-recorded or automated. In other cases, they might be conducted live by a remote technician. In both instances, home services companies can own the experience by creating, hosting and distributing the content and/or service. It's not just DIY maintenance that will benefit, however. Consider, for example, a home that's outfitted with a vintage appliance, or a high-tech toilet from Japan. Using VR or AR, service professionals who are equipped to repair rare items can connect across long distances with those who aren't in order to share their expertise. In so doing, home services companies can offer more services to more customers, and generate more value.

What's happening: Digital twins are "hacking" the physical world.

- **Inside the trend:** Digital twins — realistic 3D models of cities, buildings and objects that can be dissected using AI and other analytic tools — allow governments and businesses to embrace the principle of "practice makes perfect." For example, engineers in the manufacturing, automotive and aerospace industries can use digital twins to test the feasibility of their designs before they actually build them. In healthcare, doctors and pharmaceutical companies can create digital twins of organs or DNA to customize drugs and care to patients' genetics. And in construction, digital

⁵⁸ Marr, Bernard. "Future Predictions Of How Virtual Reality And Augmented Reality Will Reshape Our Lives." Forbes. June 2021. <https://www.forbes.com/sites/bernardmarr/2021/06/04/future-predictions-of-how-virtual-reality-and-augmented-reality-will-reshape-our-lives>.

⁵⁹ Stewart, Duncan, et al. "From virtual to reality: Digital reality headsets in enterprise and education." Deloitte. December 2020. <https://www2.deloitte.com/za/en/insights/industry/technology/technology-media-and-telecom-predictions/2021/vr-immersive-technologies.html>.

twins can help builders understand assets so they optimize building performance.⁶⁰ So great is the potential for increasing efficiencies and effectiveness that 65% of business leaders expect their companies to increase investment in digital twins in the next three years.⁶¹

- **What it means for home services:** Digital twins could be a game-changer for the home services industry, which is poised to help homeowners create and exploit digital twins of their homes.

Working in tandem with AI and IoT devices, digital twins can analyze real-time data about a home and model it in ways that yield actionable intelligence for the homeowner.

For example, imagine a homeowner who likes her bedroom to be warm, but finds that it's always cold. Her thermostat as well as various in-home sensors might collect data about her bedroom temperature and feed it into a digital twin of her home in order to determine why the bedroom isn't heating up — air leaks, for instance, poor insulation or an underperforming HVAC system. Armed with that knowledge, she can make home improvements that make her bedroom more comfortable. Home services companies will be the beneficiaries of countless scenarios just like that one, and can create new revenue streams by positioning themselves as digital twin stewards who can help homeowners capture, interpret and act on in-home data.

What's happening: Wearables are migrating beyond the wrist.

- **Inside the trend:** Fueled in large part by fitness trackers, the global smart watch market is expected to grow from \$49.74 billion in 2020 to \$59.02 billion in 2021.⁶² But wearable technology won't be relegated to the wrist for much longer. By 2024, miniaturizing capabilities will become so advanced that 10% of all wearable technology will be unobtrusive to the user.⁶³ As it becomes

⁶⁰ Mussomelli, Adam, et al. "Digital twins: Bridging the physical and digital." Deloitte. January 2020. <https://www2.deloitte.com/us/en/insights/focus/tech-trends/2020/digital-twin-applications-bridging-the-physical-and-digital.html>.

⁶¹ "Technology Vision 2021." Accenture. 2021. https://www.accenture.com/us-en/insights/technology/_acnmedia/Thought-Leadership-Assets/PDF-4/Accenture-Tech-Vision-2021-Full-Report.pdf.

⁶² "Outlook on the \$49 Billion Smart Watch Global Market to 2030 - Identify Growth Segments for Investment." Research and Markets. May 2021. <https://www.globenewswire.com/en/news-release/2021/05/28/2238056/28124/en/Outlook-on-the-49-Billion-Smart-Watch-Global-Market-to-2030-Identify-Growth-Segments-for-Investment.html>.

⁶³ "Gartner Forecasts Global Spending on Wearable Devices to Total \$81.5 Billion in 2021." Gartner. January 2021. <https://www.gartner.com/en/newsroom/press-releases/2021-01-11-gartner-forecasts-global-spending-on-wearable-devices-to-total-81-5-billion-in-2021>.

cheaper, lighter and more powerful, wearable tech will increasingly be found in headwear, footwear and clothing, too.⁶⁴ When you consider all wearables — not just watches and fitness trackers — global spending on devices is expected to reach \$81.5 billion in 2021, up 18.1% from \$69 billion in 2020.⁶⁵

- **What it means for home services:** Wearable technology so far is oriented mostly toward health and wellness. In the future, however, it might become an important interface through which humans interact with their homes. Instead of desktop speakers, for example, home assistants like Amazon Echo and Google Home might live inside ear- or wrist-worn wearables. There, they'll be able to receive voice commands, or respond to body gestures and hand movements. And because they'll have environmental sensors inside them, they'll be able to alert users to problems in their home — like poor indoor air quality, the detection of which might prompt users to call an HVAC technician, or even initiate an automatic service request. Other wearables, like smart glasses, might utilize AR to help homeowners visualize home maintenance needs. For example, imagine being able to look at your ceiling and have your smart glasses alert you to a potential leak when they notice a water spot. And then, imagine having the same smart glasses ask if you want to call a plumber to take a look, and then immediately connecting you with a top-rated professional in your area who can remotely look at the water spot through the camera on your glasses to make a diagnosis. In the not-so-distant future, that could happen. And home services companies are poised to receive the call.

What's happening: Blockchain is redefining data sharing, payments.

- **Inside the trend:** Blockchains are distributed ledgers that store data in a fashion that is secure, decentralized, transparent and immutable. To date, their largest use case has been for cryptocurrencies like Bitcoin, Dogecoin and Ethereum, which are generally cheaper and faster to transact with than fiat currencies — especially across international borders. Currently nearly half

⁶⁴ Marr, Bernard. "The Biggest Wearable Technology Trends in 2021." Forbes. March 2021.

<https://www.forbes.com/sites/bernardmarr/2021/03/05/the-biggest-wearable-technology-trends-in-2021>.

⁶⁵ "Gartner Forecasts Global Spending on Wearable Devices to Total \$81.5 Billion in 2021." Gartner. January 2021. <https://www.gartner.com/en/newsroom/press-releases/2021-01-11-gartner-forecasts-global-spending-on-wearable-devices-to-total-81-5-billion-in-2021>.

of Americans say they're at least somewhat familiar with cryptocurrencies. And of those, nearly a third (31%) already own cryptocurrency, according to Security.org, which estimates that 37.5 million Americans currently own cryptocurrency, and that an additional 14.7 million will purchase it within the next year.⁶⁶ But cryptocurrency is just one use case among many for blockchain technology. Blockchains also can be used for supply chain management (e.g., for real time tracking of goods as they change hands), healthcare (e.g., for sharing and securing electronic medical records) and real estate (e.g., for expediting home sales).⁶⁷

- **What it means for home services:** For many homeowners, one of the worst parts about hiring a home services professional is paying them. Some only accept cash or check. Some don't issue receipts. And the worst of the bunch take payment — but never finish the work. Because cryptocurrencies are digital, secure and recorded in a permanent, immutable public ledger, they can mitigate many of the payment-related risks and headaches about which homeowners complain. Home services companies that want to demonstrate a commitment to convenience and security can therefore differentiate themselves by becoming early adopters of crypto payments. Outside of payments, blockchains have even greater transformative potential. That's because they're designed to record — over time and across multiple parties — all of the transactions related to a single commodity. Imagine that commodity is a home. If home maintenance were recorded on a blockchain, homeowners would have a comprehensive public record of all the work that was done on their property dating back to its construction. If the basement flooded 20 years ago, they'll know it, even if they've only owned the home for five years. Home services companies that lean into blockchain could become not only beneficiaries of that information, but also brokers of it, creating the infrastructure on which to build a new public service for homeowners.

What's happening: 3D printing is enabling faster, better design.

- **Inside the trend:** The case for 3D printing, also known as additive manufacturing, is strong.

⁶⁶ Vigderman, Aliza. "Cryptocurrency: Adoption and Consumer Sentiment, 2021." Security.org. May 2021. <https://www.security.org/digital-security/cryptocurrency-annual-consumer-report>.

⁶⁷ "The growing list of applications and use cases of blockchain technology in business and life." Business Insider. March 2020. <https://www.businessinsider.com/blockchain-technology-applications-use-cases>.

Compared to traditional manufacturing, its benefits include rapid prototyping, faster time-to-market, reduced waste, mass personalization and customization of goods, increased design complexity, and lower production costs.⁶⁸ Among the many things that already are being 3D printed are medical devices, foods, shoes, auto parts and even houses.⁶⁹ As 3D printers evolve and 3D printing materials become cheaper, more diverse and more available — a growing use case, for example, is 3D printing with metals and metal alloys — use cases will continue to expand and scale. So much so that the global 3D printing market is expected to grow from \$12.6 billion 2020 to \$37.2 billion in 2026.⁷⁰

- **What it means for home services:** Once building codes catch up to technology, 3D printing will begin to scale, transforming housing and construction in permanent and profound ways. Home services companies might feel the transformation in a number of ways. **First, 3D printing can be a quick, efficient and affordable way to create replacement parts — including discontinued parts and components — which might help home service professionals complete maintenance and repair jobs faster.** More than that, though, 3D printing eventually will give way to new building forms and new building materials that may have new or unique maintenance challenges. Although it's impossible to predict what those might be, home service companies should watch the space closely so they can anticipate service needs and opportunities as they emerge.

⁶⁸ “10 Advantages of 3D Printing.” MakerBot. Accessed July 28, 2021.
<https://www.makerbot.com/stories/engineering/advantages-of-3d-printing>.

⁶⁹ Alexander, Donovan. “7 Exciting Ways 3D Printing Is Changing the World Around Us in 2020.” Interesting Engineering. March 2020. <https://interestingengineering.com/7-exciting-ways-3d-printing-is-changing-the-world-around-us-in-2020>.

⁷⁰ “Global 3D printing products and services market size from 2020 to 2026.” Statista. June 2021.
<https://www.statista.com/statistics/315386/global-market-for-3d-printers>.

Conclusion

A Whole New World, a Whole New Industry

For home services, 'transformation' isn't a buzzword; it's an imperative.

Taken individually, the observations in this document read like a menu, or a choose-your-own-adventure novel. As the future unfolds, they seem to suggest that companies in the home services industry will be able to hitch themselves to an emerging trend, then ride off into a successful sunset on its back. Taken collectively, however, it's clear that the opposite is true: It's not companies or industries that choose which trends to follow; rather, it's the trends that choose them. And because the home is at the center of practically everything, almost all trends in the modern era lead in some way, shape or form to home services.

From changes in the workforce and the population at large to changes in real estate, consumer behavior and technology, the home services industry sits at the nexus of a rapidly evolving world. It's an overwhelming place to be. But also, an exciting one. Will Frontdoor buckle under the pressure, or will it rise to the occasion in ways that make homes stronger, safer, happier and healthier?

The choices are transformation or extinction, leadership or Luddism. We choose transformation and leadership — and the journey begins with long-term strategic planning that's informed by the manifold threats and opportunities we'll face along the way.