

HOUZZ UK

2020 State of The Industry



Big Ideas



TAKING ACTION TO SUPPORT GROWTH

The majority of businesses across the industry plan to increase marketing and sales efforts and bring in larger budget projects to bolster revenue growth over the coming year (59% and 56%, respectively). Interior designers are also likely to improve customer experience (35 percent), while both design and build firms, as well as architects, will increase prices, mark-ups, or margins (57% and 39%, respectively).

RISING BUSINESS COSTS

Over three in five of businesses reported an increase in the costs of doing business, such as products and materials and employee wages (62%). Design and build firms experienced the greatest impact (67%), compared with interior designers and architects (54% and 49%, respectively). On a related note, more than a third of businesses reported that managing customer concerns over cost was a top business challenge (35%).

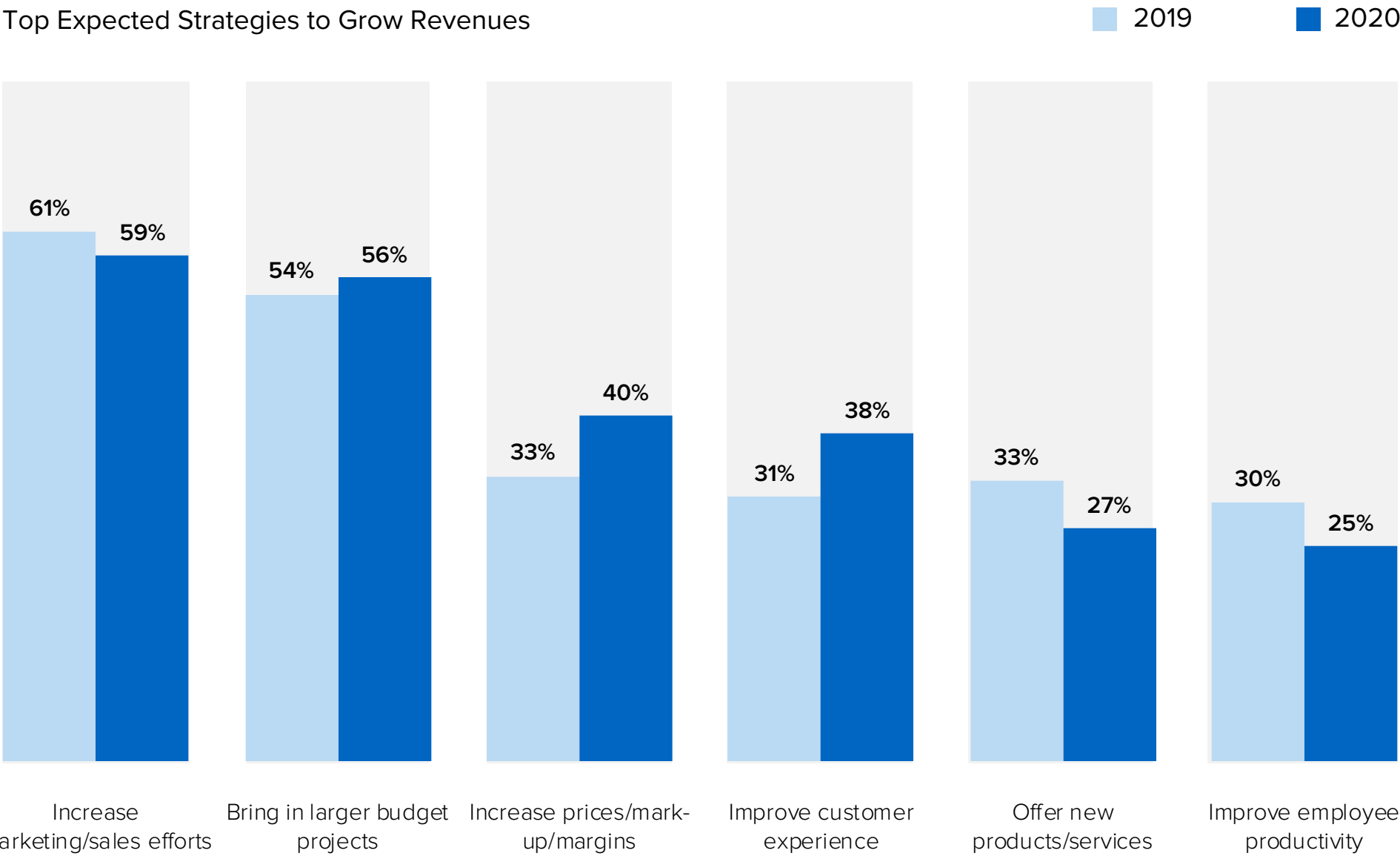
REVENUE GROWTH WAS LESS WIDESPREAD IN 2019

While revenue continued to increase in 2019, there was a slight reduction in the number of businesses reporting an increase (59% in 2018 versus 54% in 2019). That said, a majority of businesses met or exceeded expectations in 2019 (62%), including five percent of businesses who saw results that were significantly higher than their expectations.

Top Growth Strategies in 2020

Charts show the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2020 (vs. 2019)

Top Expected Strategies to Grow Revenues

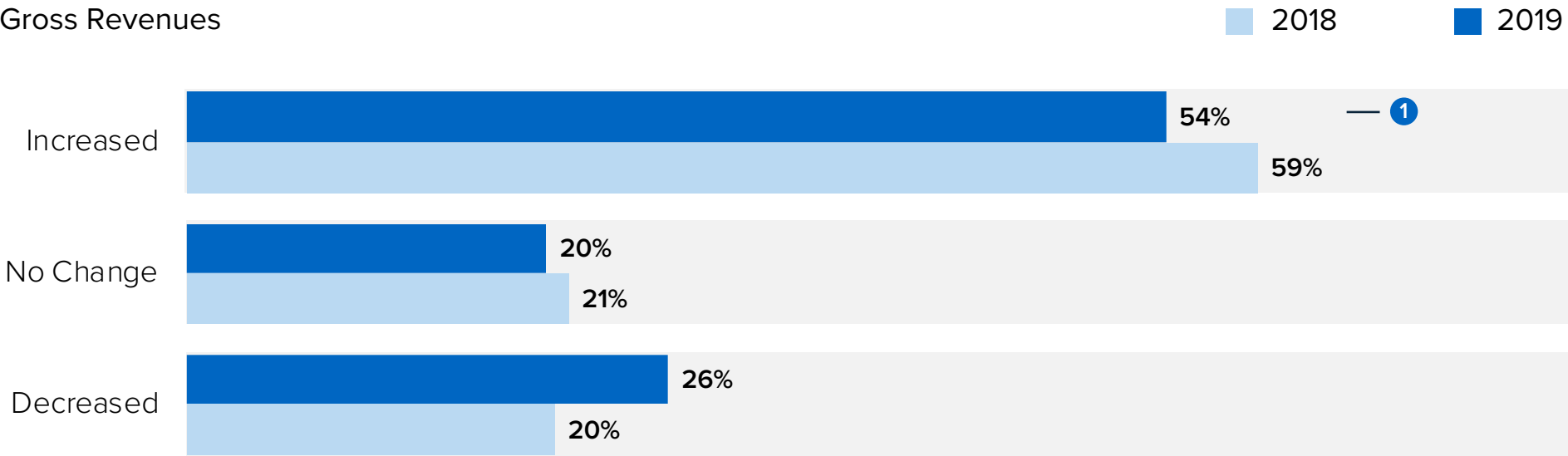


Top Two Expected Strategies to Grow Revenues in 2020

Architect		
1	Bring in larger budget projects	67%
2	Increase marketing/sales efforts	54%
Interior Designer		
1	Bring in larger budget projects	57%
2	Increase marketing/sales efforts	57%
Design and Build Firm		
1	Bring in larger budget projects	67%
2	Increase marketing/sales efforts	67%

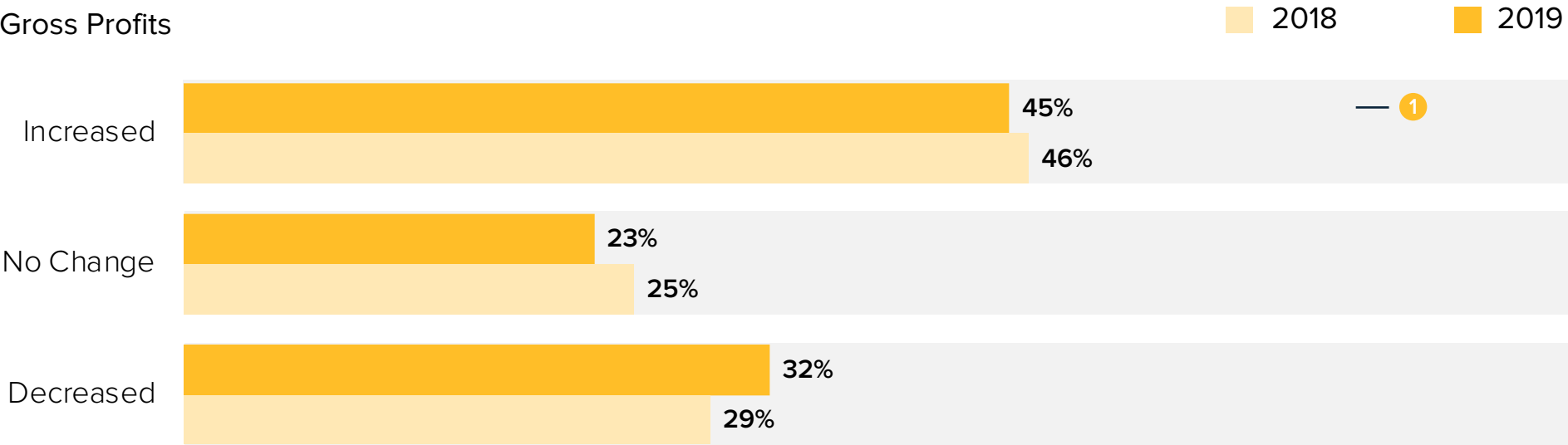
Revenues & Profits in 2019

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2019 (vs. 2018).



1 Increase in 2019 Gross Revenues

Architect	44%
Interior designer	65%
Design and build firm	44%



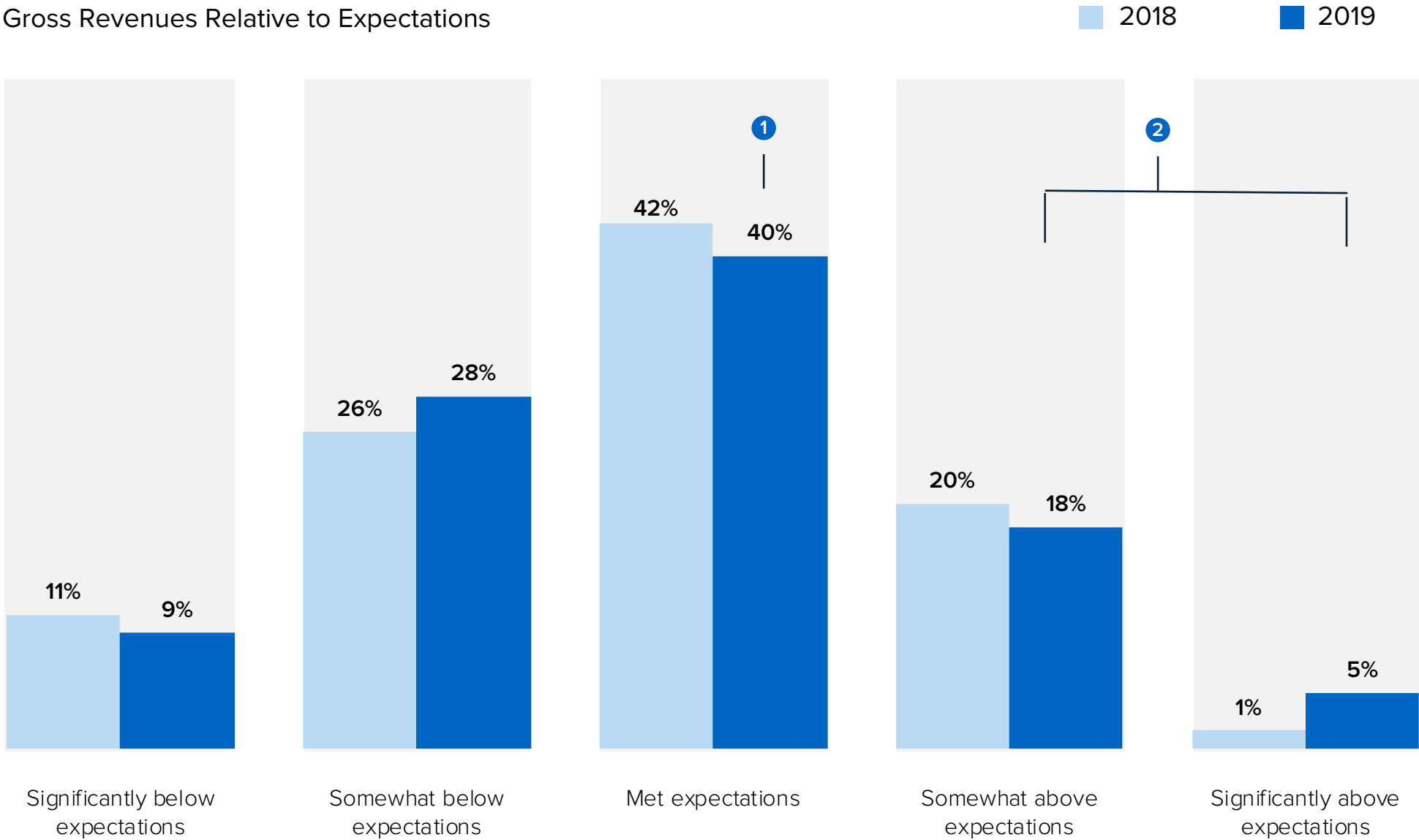
1 Increase in 2019 Gross Profits

Architect	32%
Interior designer	58%
Design and build firm	44%

2019 Comparison to The Initial Expectations

Charts show the percentage of surveyed businesses on Houzz UK reporting how 2019 business performance compared to the initial expectations for 2019 (vs. 2018).

Gross Revenues Relative to Expectations

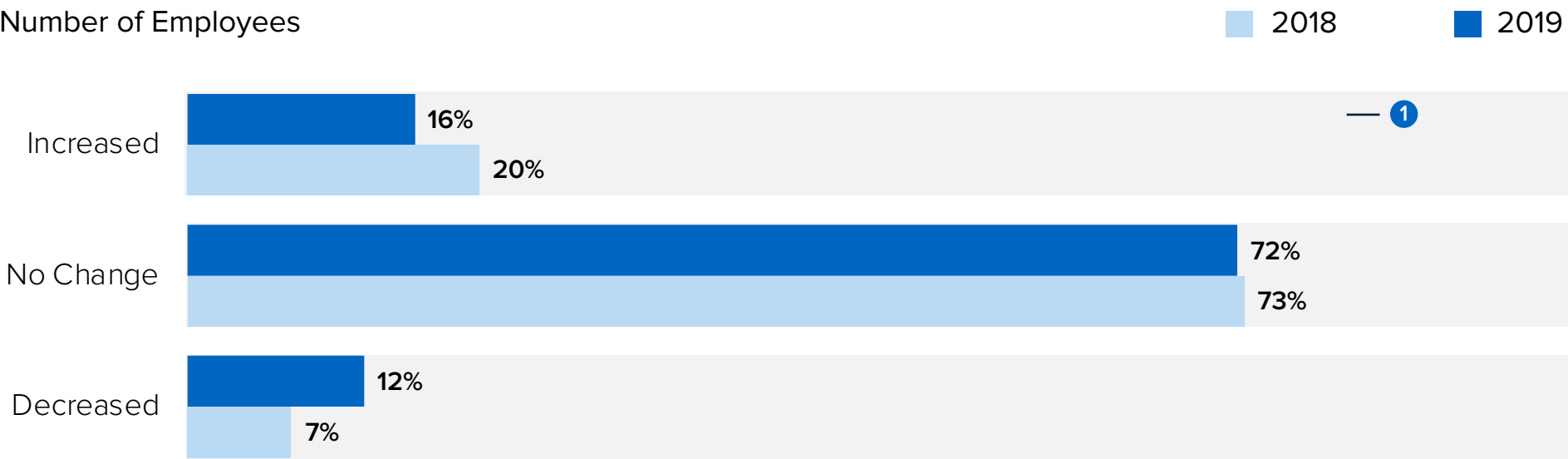


2019 Comparison to The Initial Expectations

Architect		
1	Met expectations	43%
2	Above expectations	20%
Interior Designer		
1	Met expectations	42%
2	Above expectations	21%
Design and Build Firm		
1	Met expectations	44%
2	Above expectations	21%

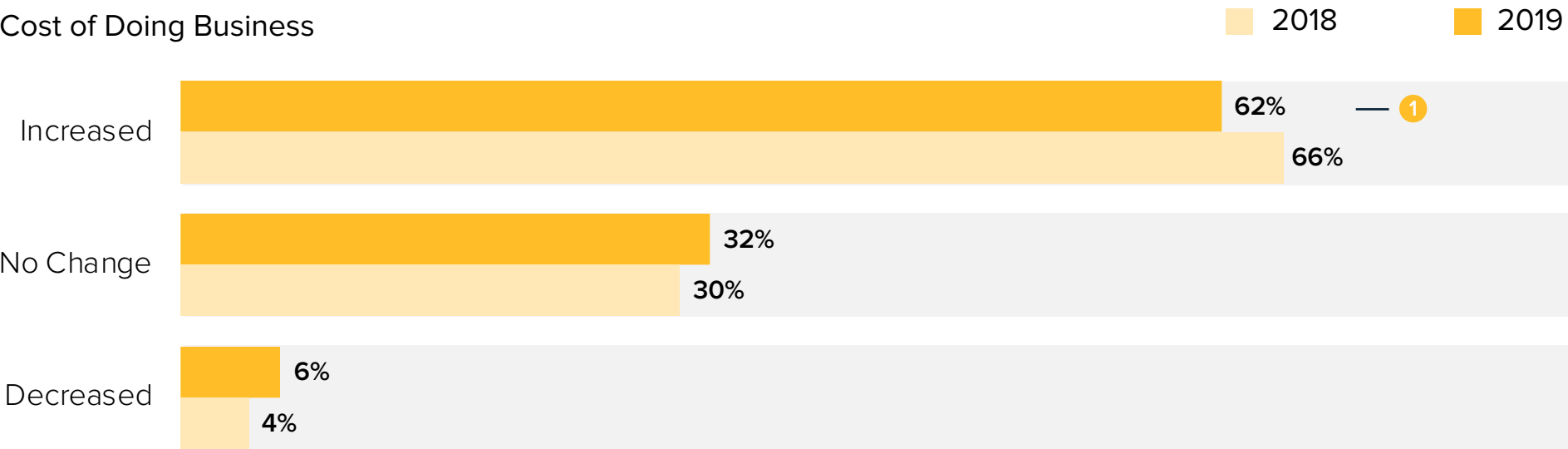
Staffing & Business Costs in 2019

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2019 (vs. 2018).



1 Increase in Number of Employees in 2019

Architect	9%
Interior designer	13%
Design and build firm	26%



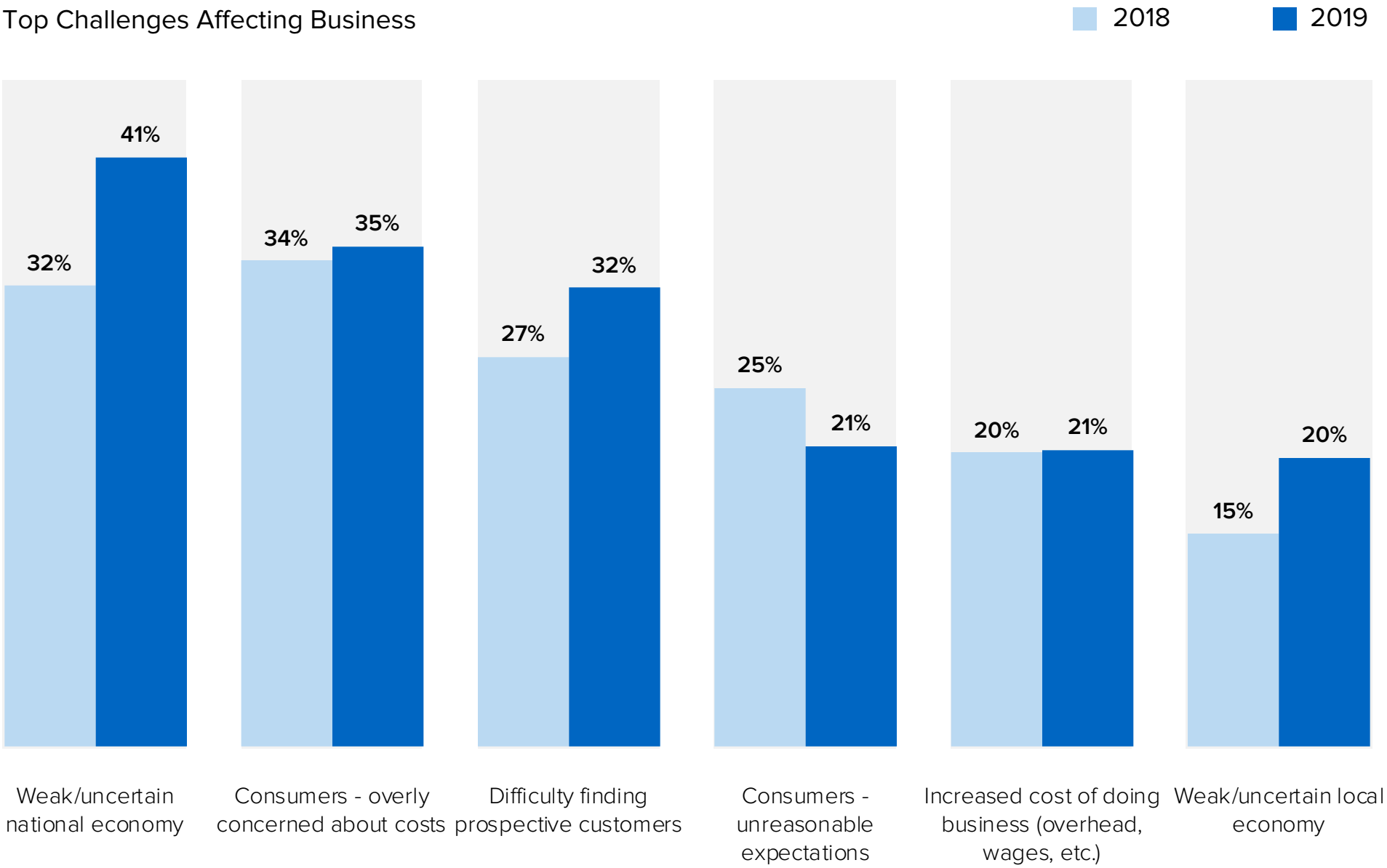
1 Increase in Cost of Doing Business in 2019

Architect	49%
Interior designer	54%
Design and build firm	67%

Top Business Challenges in 2019

Charts show the percentage of surveyed businesses on Houzz UK reporting challenges in 2019 (vs 2018).

Top Challenges Affecting Business



2019 Top Challenges

Architect		
1	Weak/uncertain national economy	49%
2	Consumers - overly concerned about costs	36%
Interior Designer		
1	Difficulty finding prospective customers	47%
2	Consumers - overly concerned about costs	34%
Design and Build Firm		
1	Difficulty finding prospective customers	39%
2	Weak/uncertain national economy	31%

Description of Businesses

The percentage of surveyed businesses on Houzz UK with the specific characteristics in 2019

Share of Businesses by 2019 Business Characteristics

More Than £100K In Gross Revenues
(Up to £2M or more) **40%**

One Or More Employees
(Up to 500 or more) **68%**

Ten Or More Years In Business
*Up to 30 or more years in existence **46%**

Sole Owner Responding To Survey **65%**



Methodology



The survey was sent to businesses with profiles on Houzz UK and fielded between 4th December, 2019 – 14th January, 2020. N=375.

Description of Business Groups by Core Services*

Pro Categories in Survey (Sample N)

Architect/Designer (N=183)

Builder/Installer (N=44)

Design and Build (N=59)

Speciality - Building & Renovation (N=26)

Speciality - Decorating (N=38)

Speciality - Landscaping & Outdoor (N=25)

Top Pro Types in Survey (Sample N)

Architect (N=92)

Interior designer (N=73)

Design and build firm (N=36)

Business groups were defined based on services that contributed to the largest share of business gross revenues in 2019, as identified by respondents in the survey.