

State of the Contractor in 2022

How Contractors can Solve
their Biggest Challenges



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Biggest Challenges in 2022

At the start of 2020, the home improvement industry was booming. But then the Covid-19 pandemic changed everything. As expected, the U.S economy struggled. But unlike the broader economy, the market for home remodeling and repairs unexpectedly grew 3% in 2020, ballooning the total market spending in 2021 to a whopping \$433 billion.

But should the industry's apparent resilience mean we should be confident about our industry in 2022? We wanted to find out. So, we conducted a survey to check in and see what challenges contractors are dealing with this year.

These challenges leave contractors with many questions:

How long will the shortages last?

Why are good workers so hard to find and keep?

Marketing costs are skyrocketing. How can I keep those down?

What mistakes am I making in my digital marketing strategy?

Covid-19 combined with high inflation rates, weaknesses in the supply chain, and the industry's already declining workforce, created a perfect pandemic-fueled storm. There are many unknowns, and your success depends on preparing for these challenges.



Supply Chain Crisis

Unfortunately, there's no clear answer on how long the supply shortages will last. Some experts suggest the supply chain will be good as new by the end of 2022. Others suggest it won't improve for another few years. While there are many uncertainties, there are a few things you can do to mitigate the supply chain's effects on your business.

What You Can Do

Communicate with your suppliers

Know lead times and price increases. It's common for building materials to increase monthly. Get new price sheets monthly from your supplier to adjust your pricing to keep profit margins. Ask about lead times on the popular items and call around to different supply stores to check availability.

Communicate with your customers

Talk about the supply shortage. After you get a list of supplies that are in stock, share with the customer. Many of the most popular materials are unavailable and have longer than usual lead times, so be prepared with close alternatives to offer the homeowner.



Navigating Through a Labor Shortage

Attracting and retaining skilled workers has been a glaring problem in this industry for the last several decades. Younger generations are entering sectors of the workforce that did not exist thirty years ago. Baby boomers, who make up a large part of the workers in this industry, are retiring. And, of course, the pandemic made the labor shortage even worse.

Solutions

Ask for referrals

Set up an employee referral program to incentivize workers to refer your company to their friends and family.

Use social media

Use social media for advertising job opportunities to potential employees. This helps to widen your search radius so you can reach new applicants. Cross-post your job postings on your social media accounts, national and local job search sites, and other industry-specific platforms for the best results.



Rising Marketing Costs

Inflation is the highest it's been in 40 years. However, you can't stop marketing your business. But you can avoid common mistakes to get the most out of your digital marketing strategy.

What You Can Do

Word of mouth

Pro tip: Give the homeowner a call to check in within a month of finishing the job. Use this opportunity to remind them to refer your business.

Get reviews

Pro-tip: Reduce friction by making the review yourself. Show the homeowner and ask permission to attach their name to it.

Digital Marketing

Every contractor with the desire to grow and expand needs to know the best digital marketing strategies. Here are some cost-effective strategies to shore up your digital marketing plan.

A/B test

Show two or more variants of your landing page to random users. Then review the analytics to see which version performed better. Think of all possible design, wording, and layout alternatives and test to see what converts more.

Social Media

Use channels like Facebook or Instagram to share content. Highlight real customer testimonials, post blog posts, and showcase before and after photos. Engagement is not the only goal of social media. Use it primarily to prove you are a trustworthy contractor to future clients.

SEO strategy

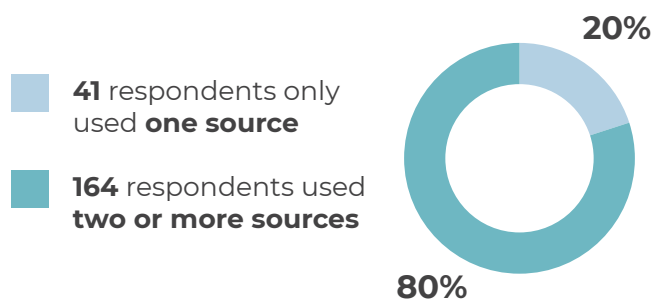
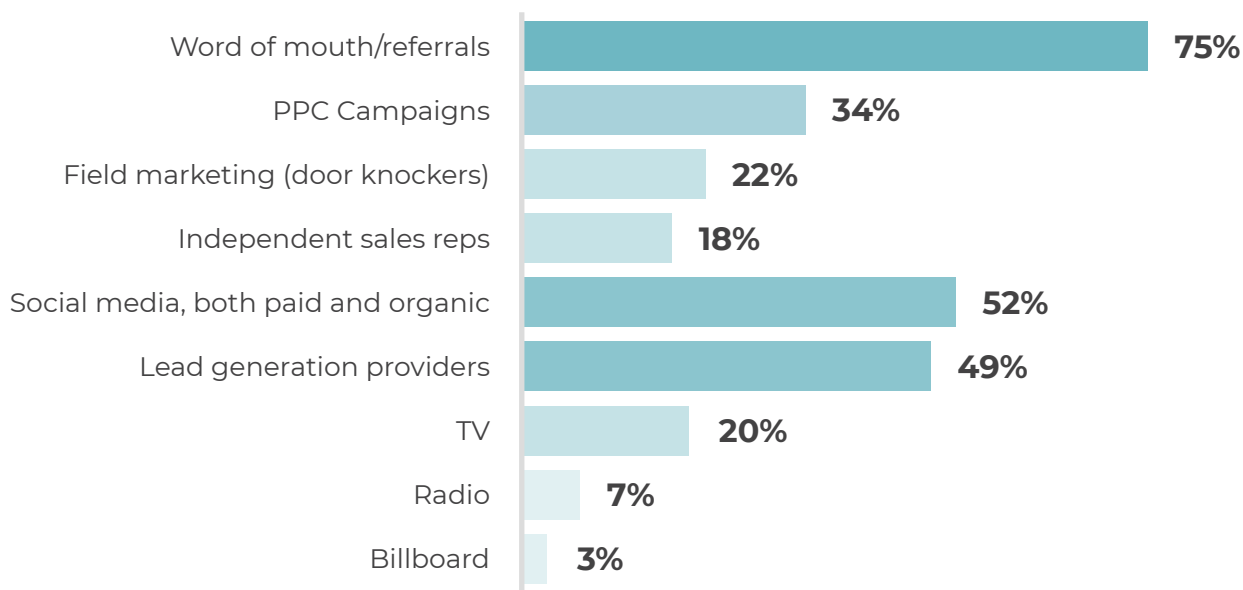
Optimizing your SEO (search engine optimization) increases your chances of being at the top of search engine results pages. The better SEO you have, the more organic traffic you will get. Prioritize this to reduce your reliance on ads.

2022 State of the Contractor Survey Data

205 total respondents, specializing in 10 different trades

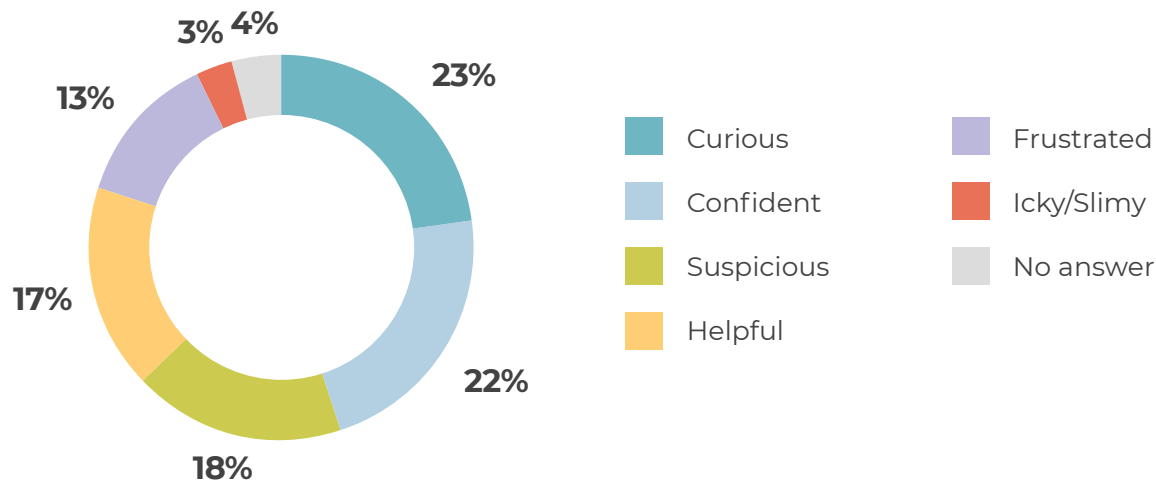
- 96 respondents –**47%**– only catered to **one trade**
- 109 respondents –**53%**– catered to **two or more trades**

What are your top sources for generating leads for your business?*

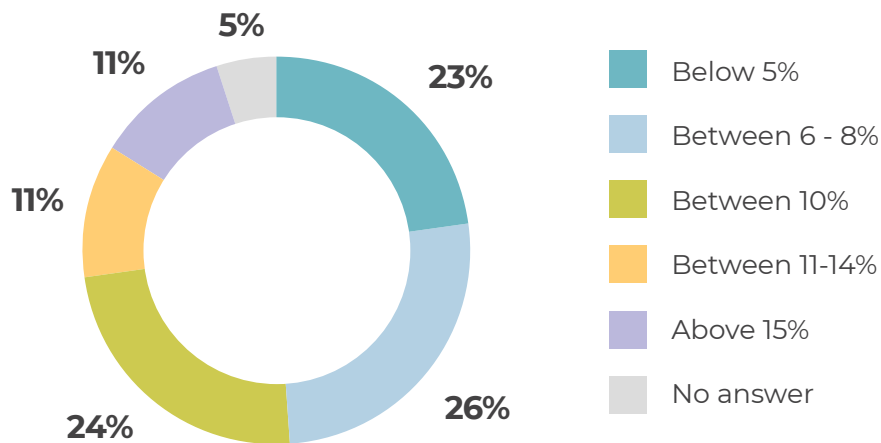


* Multiple choice question

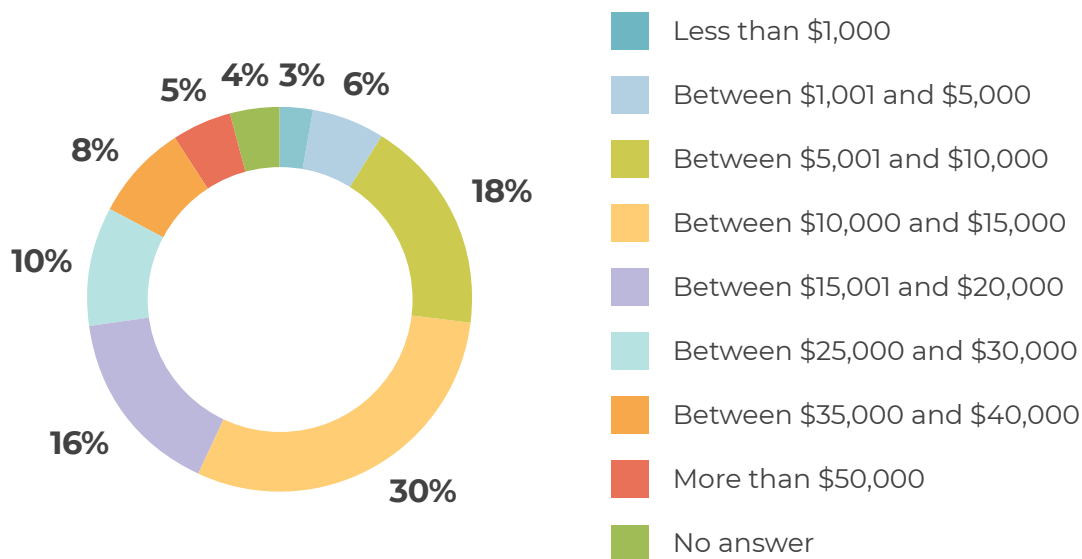
Word Association: How do you feel at the mention of “lead generation?”



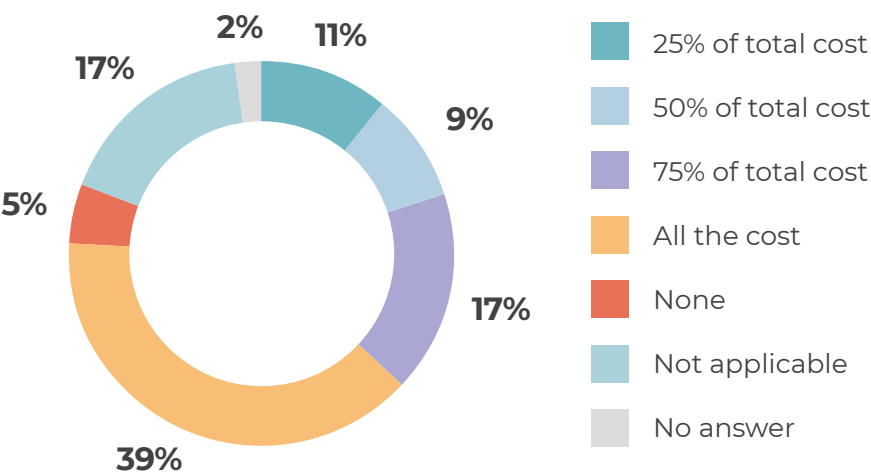
What is the average target marketing cost for your business?



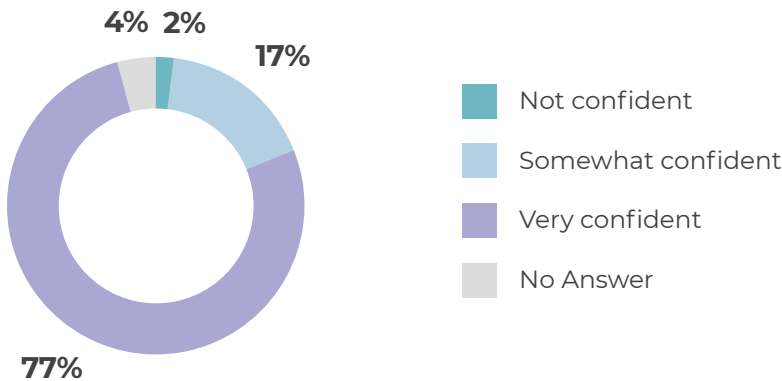
What is the average job size/project cost for your business?



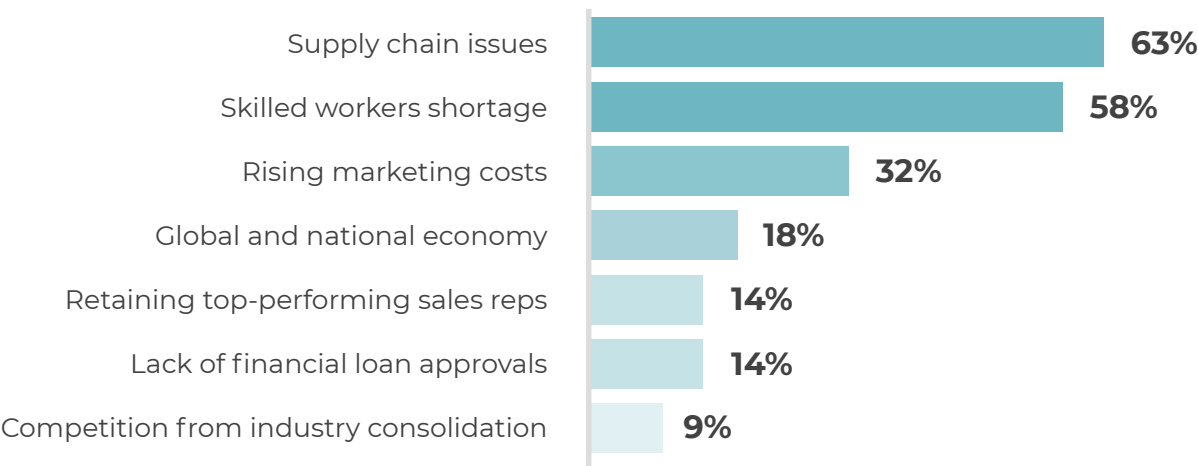
Many homeowners seek financing for projects.
 What is the average loan size for your homeowners?



What is your confidence level with your company/industry for the next 5 years?

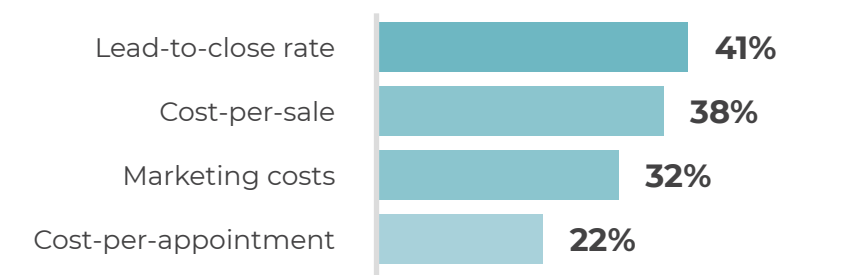


In addition to the global pandemic, what hardships is your business facing?*

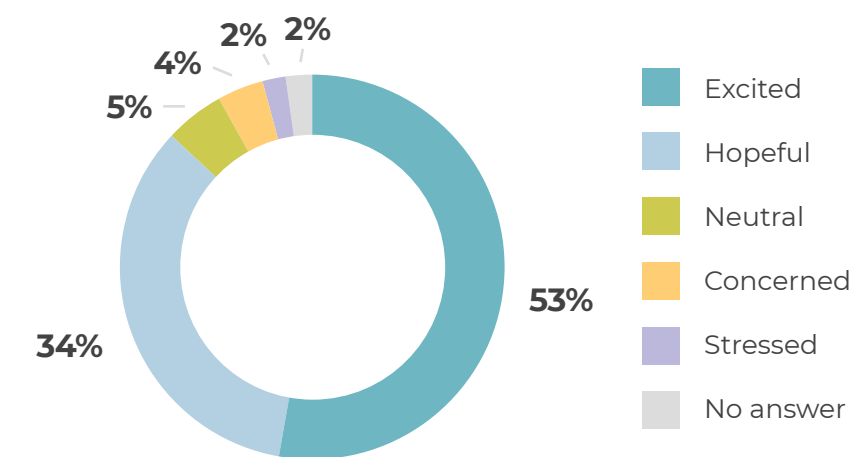


* Multiple choice question

Which is the most important to your business in 2022?*



How are you feeling going into 2022?



* Multiple choice question

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For contractors and remodelers from Modernize.

 Explore our data-filled eBooks:



A Contractor's Guide to Following Up with Homeowners

An Essential Contractor's Guide

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Modernize Homeowner Survey Results

The latest findings of customer plans and preferences

bit.ly/ModEbook-Fall2021



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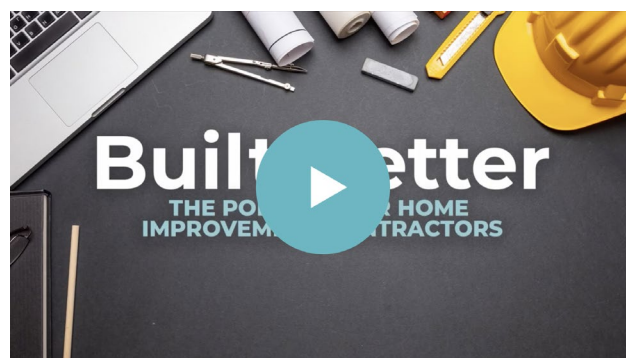
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About Modernize

For more than 15 years, Modernize has been a leader in the home improvement and services industry, connecting homeowners with contractors and other home services professionals.



Modernize operates in more than 15 high-value, high-consideration home segments, including new and replacement windows, solar installation, roofing, heating and air conditioning, siding, bathrooms and kitchens, new and replacement gutters, home security, and others.

The business brings a network of more than 1,000 contractors and professionals across all segments, offering broad geographical coverage and choice for homeowners.

Modernize is owned and operated by QuinStreet, Inc. (Nasdaq: QNST), a leader in providing performance marketplace technologies and services to the FinTech, financial services and home services industries.

QuinStreet is a pioneer in delivering online marketplace solutions to match searchers with brands in digital media.

The company is committed to providing consumers with the information and tools they need to research, find and select the products and brands that meet their needs. Modernize is a member of QuinStreet's expert research and publishing division.

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