



2023 **JANITORIAL BUSINESS GROWTH** TRENDS REPORT

It's no secret that professional cleaning services have entered the spotlight with the onset of the pandemic. Since 2020, janitorial demand has been on a steep incline, according to **reports by ServiceChannel**:

LUXURY RETAILERS - 84% INCREASE

in professional cleaning

BIG-BOX RETAILERS - 35% INCREASE

in professional cleaning

RESTAURANTS - 53% INCREASE

in professional cleaning

GROCERY STORES - 18% INCREASE in professional cleaning

HEALTHCARE OFFICES - 66% INCREASE

in janitorial cleaning

From commercial to residential including specialized services, janitorial markets are currently on a consistent growth streak. Over the past five years, many businesses have cashed in on this rising demand to fuel their growth and establish their presence in the janitorial industry. Many more used this growth opportunity to launch their own janitorial businesses.

If your janitorial business's growth trajectory isn't in line with this industry boom, you may be battling against the challenges of increasing costs, specific customer demands, or general saturation in competition.

The number of businesses in the Janitorial Services industry in the US has **grown 3.6% per year** on average over the five years between 2018 - 2023.

The most saturated states for janitorial companies include:

Florida 116,864 businesses California
114,334 businesses

Texas 72,647 businesses

While industry growth is a strong indicator of demand, it neglects to represent the growing challenges of thriving in a booming industry.

That's why it's crucial not only to understand what impact areas are contributing most to the industry's growth, but to understand what opportunities there are to expand your business and stand out.

Aspire's latest whitepaper report is a compilation of:

- » Services currently picking up the most traction in the industry
- » Solutions janitorial businesses are investing in to meet customer demand
- » Opportunities to invest in to keep up with the pace of the industry

Residential Market Trends

The global cleaning industry has grown since the pandemic arrived in 2019.

A survey conducted with consumers post-COVID-19 found that <u>91% of people have</u> become more aware of cleaning measures and sanitation in general.

This growth has been met with a rise in density in the U.S. cleaning sector as well.

Since surpassing the 1 million mark in 2019, the <u>number of janitorial service businesses</u> in the U.S. has increased 20%, reaching over 1.2 million registered businesses in 2023.

With demand on the rise and an even steeper rise in competition, the crowded space of the janitorial industry is becoming a battleground for growth. Many cleaning service providers gain market share and establish a name in the industry, but they can also plateau due to marketing saturation, a lack of growth opportunities, and fewer office spaces to service with the rise in remote work.

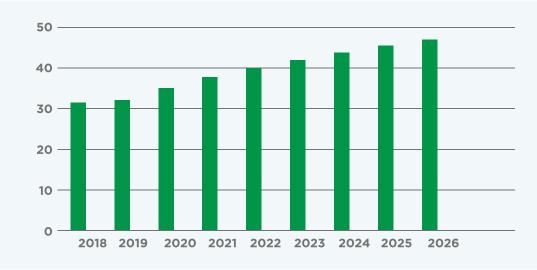
Growth opportunities in the residential cleaning sector

In 2022, almost 10% of U.S. households paid for professional house cleaning services.

A growing awareness of their cleaning needs is causing consumers to seek professional services for not just homes, but office buildings and retail stores. House cleaning services are becoming a high-value opportunity for commercial cleaning companies in need of new avenues of growth. The growth rate in the residential sector shows what kind of opportunity is available for commercial small businesses.

GLOBAL RESIDENTIAL CLEANING MARKET VALUE

• USD (Billions)



In 2018, the global home cleaning services market was valued at 31.45 billion U.S. dollars. That value rose to 31.99 billion in 2019, resulting in a slim growth rate of just under 2%.

In 2020, that market value skyrocketed to over 34 billion, creating a growth rate increase of 8%. That trend continued in 2021 with a 9% in growth to market value for U.S. house cleaners.

Since the pandemic era, the yearly growth rate for residential cleaning services has hovered around 6%.

The value of the residential market and its trending growth is **estimated to reach roughly 46.9 billion U.S. dollars in value by 2026.**

Residential demand trends

While COVID-19 did a lot for the public's awareness of professional cleaning services, more variables have played into the growing value of residential services.

The highest-growing residential cleaning companies experienced a **growth rate of more than 20% per year before the pandemic.**

Since the pandemic, high-growth residential cleaning services have only surged in their growth. Over the past five years, U.S. consumers have found tremendous value in hiring professional cleaning technicians for their homes.

As highlighted in a survey conducted by the **American Cleaning Institute,** U.S. consumers claimed to prefer spending an average of 6 hours every week cleaning their homes. A third of the survey respondents also claimed to have concerns about whether they were cleaning their homes correctly.

The top 4 most worried over cleaning tasks among respondents were:



Other top services that consumers prefer to trust professional services with include:

- » Carpet cleaning
- » Upholstery cleaning
- » Sanitation
- » Window cleaning
- » Move-in/move-out cleaning
- » Chimney cleaning
- » Office cleaning
- » Deep cleaning
- » Laundry



Overall, U.S. households reported spending an average of \$645 per year on cleaning services in 2019, with the <u>average residential</u> cleaning job running \$130 per visit.

One of the top reasons residential customers seek out professional services for their cleaning needs is due to the "**time-savings.**" Other reasons included lacking knowledge and cleaning skills, lacking equipment or cleaning products, and worrying that cleaning isn't being done properly.

One-off residential janitorial services make up <u>61% of the market, with</u> repeat cleaning contracts accounting for 39%.

That's a 3:2 ratio of one-off and short-term jobs vs. repeat business. Those are inspiring numbers for high-growth commercial cleaners looking to build a loyal base of returning customers in 2023. And with gross profit margins ranging between 15%-30% in residential services, that's a huge opportunity for revenue growth as well.

Tapping into residential growth trends

With the right **management software**, tapping into the growing opportunities of the residential cleaning industry is simple.

Whether you're an established janitorial business or new to **commercial cleaning services** all around, the residential sector is a viable strategy for becoming a hyper-growth property management business.

99% of operating residential cleaners employ fewer than 100 people. (Gitnux)

You don't need to hire or train a large team of cleaners to tap into the residential sectional. With proper management tools, you can deploy team members with commercial experience into the residential sector or branch out by hiring high-quality subcontractors. One small acquisition may be all it takes to get your business through the door.

Aspire's cloud-based janitorial business software provides the features that guide business owners as they expand into new cleaning and disinfecting service verticals, such as residential, green cleaning, power washing, and more.

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Cost and Supply Trends

Since COVID-19, the cleaning and disinfection services industry has stretched far beyond commercial cleaning businesses. The residential cleaning sector has grown immensely due to the increased awareness of personal cleaning habits. Yet, the public's growing interest in the hygiene industry hasn't all come as a complete benefit to the cleaning services industry.

A survey conducted with consumers post COVID-19 found that <u>47% of respondents felt they</u> <u>had to supply themselves with additional cleaning products</u> for their work environment.

The survey discovered that <u>73% of respondents with physical location jobs have had to take on additional office cleaning responsibilities</u> in the workplace in one way or another.

Additional insights into cleaning trends in office buildings from the survey found that:

- » 57% of people have been entrusted with cleaning and sanitizing their own workspace
- » 27% have been tasked with sanitizing a shared workspace
- » 17% have been asked to sanitize an area where the general public may be

What this means for the growth of janitorial companies is two-fold:

- » 1st Demand for proper and professional sanitation services is growing immensely.
- 2nd The janitorial industry is now, more than ever, competing with their own customers for proper cleaning supplies.

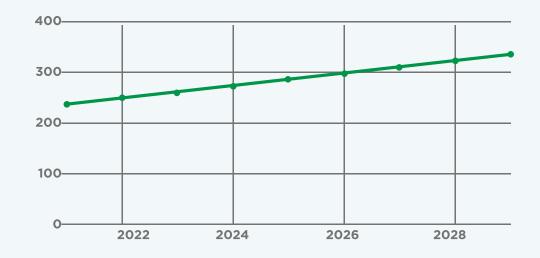
Demand vs. supply trends

The global market for household cleaning products is projected to grow to \$334.16 billion in 2029.

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HOUSEHOLD SANITATION PRODUCT MARKET SIZE

• USD (Billions)



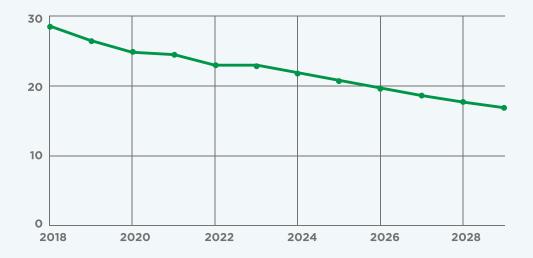
In 2021, the value of the market was just at 235.76 billion, rising 5% in 2022. That sharp incline in revenue growth is a trend that could see the momentum continue in 2023 and beyond. This demand is a promising trend for those hoping to tap into the value of cleaning jobs in the residential

markets, but it doesn't reflect the full weight of an increasing challenge.

The market size, measured by revenue, of the Janitorial Equipment Supply Wholesaling industry is **predicted to decline -0.4% in 2023.**

JANITORIAL WHOLESALE SUPPLY MARKET

• USD (Billions)



This lines up with the ongoing decline in growth in the wholesale sector of commercial cleaner supply businesses. While this may not signify a further reduction in resources, it does emphasize a lack of confidence by key players in the cleaning industry in wholesale purchase orders.

But before 2019, the market was in line with a steady yearly growth average of around 3%.

This does raise concerns about the effects the COVID-19 pandemic had on the industry of janitorial supply chains and vendors. Even though the pandemic's impact on global supply chains has begun to loosen in most industries, janitorial wholesale suppliers remain in a downward slump.

By 2029, the **janitorial wholesale supply** market is forecasted to reach a decade-low value of just under \$17 billion, a whopping 40% decrease in growth rate from its decade-high value of \$28 billion just five years ago.

The steep decline in wholesale supply is a challenge that all growing **commercial cleaning service** companies must prepare for in 2023 and beyond-but it should not deter growth goals.

According to a research report by ISSA, the demand for janitorial equipment is expected to **rise 15% annually by 2023.**

The number of janitorial service businesses in North America has **increased 20% since 2019.** With high demand and a skyrocketing growth rate from household consumers and commercial companies, it makes sense that demand would rise at a challenging pace. While that does affect costs and overall expenses for janitorial services, it also provides an opportunity for strategic companies to get ahead of competition.

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Green cleaning solution trends

With supply chain issues arising and demand on the steady uptick, many businesses and consumers alike have shifted their focus to sustainability. Sustainability offers solutions to rising expenses for commercial cleaning companies. More sustainable products mean fewer restocks, orders, and risks of counting on supply chain stability.

For modern consumers, sustainability also avoids the risk of paying extra in costs during supply shortages, offering a degree of comfort in the quality of their cleaning solutions.

Market research shows about 40% of U.S. shoppers prioritized purchasing eco-friendly cleaning solutions in 2021.





Shoppers who prioritized eco-friendly products in 2021, by product type (based on respondents from Statista survey):

- Food (50%)
- » Cleaning supplies (39%)
- » Clothing (33%)
- » Water bottles (33%)
- » Kitchen products (24%)
- Makeup (23%)
- » Home appliances (21%)
- Shoes, handbags, and jewelry (19%)

The increased awareness of sanitation in the public and private sectors has also led consumers to invest in the quality of the disinfectant supplies they use. Lacking knowledge and skills about proper sanitation, many consumers trust green cleaning supplies as their go-to household cleaning solution.

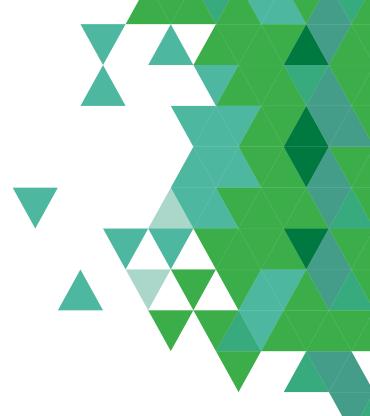
For a growth-focused janitorial company, the use of green cleaning solutions doesn't just save costs but represents a consumer-trend opportunity that can help win over more clients.

The Global Household Green Cleaning Products Market was recorded at \$278.52 billion in 2022.

At a **growth rate of around 7%**, the green cleaning supply market for house cleaning is expected to reach \$494.96 billion in value within the forecast period from 2020 to 2030. This starkly contrasts with the current growth of the wholesale supply market for janitorial services.

Key companies making strides in the green cleaning supply industry include:

- » 3M Company
- » Reckitt Benckiser
- » Seventh Generation Inc
- » Palmolive
- » Ecover
- » The Clorox Company
- » Earth Friendly Products Inc
- » Henkel
- » Unilever
- » SC Johnson and Sons Inc
- Core Products Company Inc
- » Method Products Ltd
- » Ecolab, Inc



Tapping into cost-saving growth trends

Proper management of costs and expenses is quickly becoming one of the primary game changers of the janitorial industry in 2023. Companies that are unable to follow industry trends and properly track, manage, and cut down on costs will lose momentum fueled by the industry's surging growth rate.

Business management software dramatically helps businesses track and evaluate their costs.

One out of every four facility managers in the commercial building space was **outsourcing their cleaning services in 2019.**

Similarly, since 2018, <u>14% more facility managers are claiming to outsource their cleaning service needs</u>, lining up with a year-to-year trend of 3% fewer businesses claiming outsourcing is not an option.

With access to management tools that allow you to streamline, scale, and manage your growing operations, any janitorial business owner can quickly tap into this rise in outsourcing. Subcontractor hiring has increased in popularity throughout the commercial cleaning industry and is a viable strategy for quickly expanding serviceable regions for your business.

Around 37% of all private-sector janitors in 2022 were subcontractor hires.

<u>Aspire's</u> cloud-based <u>janitorial business software</u> provides a suite of automation and efficiency-driven features to enable property management businesses to expand their market share in various cleaning services.

Niche Verticals & Service Trends

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The pandemic era brought an economic resurgence for cleaning services worldwide. The global market for commercial cleaning is expected to experience a **compound** annual growth rate (CAGR) of 6.3% from 2023 to 2030.

This growth increase isn't limited to one sector of the cleaning industry either. The growth is widespread, bringing life to niche and specialized services across the board. That's good news for medium and slow-growing janitorial businesses in North America that are worried about competition.

IBIS World janitorial services market report shows the number of commercial cleaning businesses in the U.S. has increased 20% since 2019.

For some, that signifies an exciting shift in the industry. But only a portion of businesses will thrive in this new economic environment. With the density of the industry becoming a concern, niche and specialized janitorial services offer new avenues for janitorial businesses seeking to keep growth momentum alive and increase their market share.

Growing cleaning service trends

Back in 2013, a survey was conducted with consumers about their top priorities during spring cleaning.

The top tasks in the house cleaning services industry were listed as:

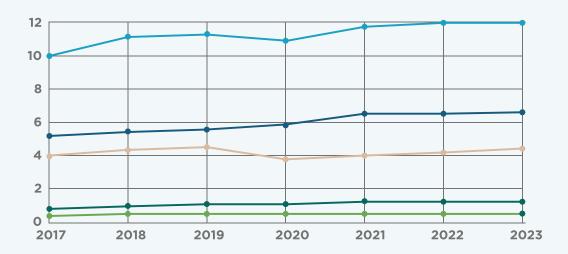
- » Window cleaning (80%)
- » Cleaning around furniture (80%)
- » Cleaning appliances (72%)
- » Floor care and vacuuming (70%)
- Washing linens (64%)

- Washing curtains (59%)
- » Upholstery (55%)
- » Cleaning the garage (44%)
- » Cleaning the basement (28%)

These cleaning tasks represent many of the cleaning services most commercial cleaning companies already offer. Since the increased awareness of hygiene post-COVID-19 and a growing concern over proper disinfectant cleaning procedures, many residential customers have sought out professional service providers for their cleaning needs.

GROWTH OF **SERVICES TYPES**

- Exterior Cleaners
- Carpet Cleaning
- Restoration Cleaning
- Pressure Washing • Chimney Cleaning





In the past five years, speciality cleaning services for both commercial and residential buildings are experiencing market growth, including:

- » Pressure washing
- » Carpet cleaning
- » Restoration cleaning

- » Chimney cleaning
- » Exterior cleaning

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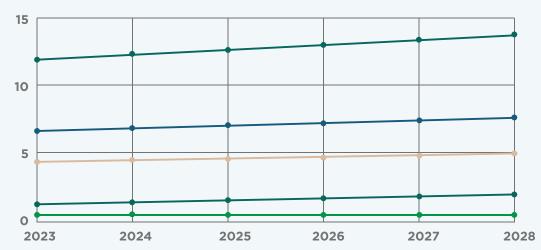
On average, the combined growth of these industries has resulted in a 25% growth rate over the past five years.

While the **Exterior Cleaning Market stands out as one of the largest market values, at \$11.9 billion**, pressure washing has experienced the fastest growth over the past five years, **with a staggering 60% growth rate on average.**

Even though some markets took a dip in 2020, likely due to the overall decline in the economy that year, every market returned to a growth uptick post-pandemic era, with an upward market trend in the coming years.



- Exterior Cleaners
- Carpet Cleaning
- Restoration Cleaning
- Pressure Washing
- Chimney Cleaning



Accounting for declines, market research reports show year-to-year upward industry trends for cleaning services, inspiring janitorial businesses seeking to diversify their offerings or expand in 2023 or beyond.



Market	Forecasted Five-Year Increase in Value (USD)
Pressure Washing	\$600 Million
Carpet Cleaning	\$1 Billion
Restoration Cleaning	\$450 Million
Chimney Cleaning	\$54 Million
Exterior Cleaners	\$2 Billion

Other highly specific service product types are also aligning with these growth trends.

Revenue for the window-washing industry is rising at a year-to-year rate of 2.2%.

Over the five years leading up to 2021, market insights show the industry **revenue increased to \$1.9 billion,** including an increase of 6.9% in 2021 alone.

The same is being discovered in the pet cleaning industry as well.

A survey of 2,000 respondents found that pet owners spend over 800 hours each year cleaning up after their pets.

That's 800 possible cleaning jobs janitorial businesses could expand into.

Audience segment trends

While an increase in vacant office buildings affected the commercial cleaning industry, the return from at-home work has aided in the industry's steady climb in value. But many janitorial businesses' top commercial properties aren't office work or corporate buildings.

Janitors and building cleaners held about 2.3 million jobs in 2021.



Of those jobs, the cleaning services market size for top employers of janitors and commercial cleaners ranked as follows:

- » Services to buildings and dwellings (36%)
- » Elementary and secondary schools; state, local, and private (13%)
- » Healthcare and social assistance (7%)
- » Government (5%)
- » Religious, grantmaking, civic, professional, and similar organizations (4%)
- The need to maintain sanitized and hygienic public spaces has only increased due to the heightened awareness brought on by COVID-19.



A market analysis on facility mopping found that:

- » 90% of hospitals
- » 85% of colleges/universities
- » 80% of K-12 schools
- » 65% of multi-tenant offices

Require floors to be mopped daily, if not multiple times a day.

The hospital cleaning market alone was nearly \$18 billion in value by 2021.

This growth comes in conjunction with the increased investment in technology in hospital sanitation as well.



The global hospital cleaning technologies market was valued at \$389.4 million in 2021, with a growth rate of 9.3%. That's an estimated projected value of \$948.1 million for the forecast period of 2021 to 2031.

Each of these niche markets provide huge impact areas for growing janitorial services to invest in. While the market dynamics for every sector have unique requirements and policies, translating your commercial services or investing in subcontractors is a viable pivot to quickly tap into these verticals.

Even the government recognizes the value of contracting out cleaning. About <u>38% of cleaning</u> services are contracted out by the government.

Tapping into market expansion trends

The strategic pivot is becoming a clear move for property management companies across

various maintenance services. Key players in the commercial cleaning industry are following suit, investing in market segmentation research to develop diversified offerings, and targeting new audience segments to expand their growth in a competitive landscape. While there are challenges in skill set variety, experience, and overall management of unique service types, the right tools can help streamline the process.

Business management software can help companies streamline and manage their growing operations to become major players in their market. Without automating processes, standardizing workflows, and creating new efficiencies, a service expansion can often be more risk than reward.

With access to management tools that allow you to streamline, scale, and manage your growing operations, any janitorial business can quickly tap into this rise in service diversity.

<u>Aspire's</u> cloud-based <u>janitorial business software</u> provides a suite of features that enable property management businesses to expand in a variety of cleaning services.

Invest in a Solution to Help You Scale with the Growth of Demand

High-growth janitorial businesses looking to expand are investing in business management software to fuel their growth.

Business management software has enabled companies to expand without the traditional sacrifices in quality, cost, and speed. Management software empowers streamlined efficiencies that support service expansion and business sector growth.

Bolstered capacity

Many companies rely on subcontractors and outsourcing to increase their workload capacities to meet demand. Managing contractors is easy with a platform that enables you to onboard and deploy new employees quickly, whether they're hired on a short-term or long-term basis.

A business management software offers a suite of features to transition new employees in and out quickly feature tools to manage:

- » Scheduling
- » Time-tracking
- » Accounting & payroll
- » Seamless communication
- » Onboarding features



Insightful job-costing

Beyond employment to increase capacity, **job-costing** is another crucial aspect of business expansion.

Commercial cleaning businesses invest in management software to stay on top of every expense and **performance factor** of their work. Making strategic financial decisions about which supplies or vendors to use is a much simpler task with automated reporting. Blindly shuffling through different vendors will only cost your business more in the long run.

Aspire's management software helps account managers keep track of all the expenses that go into jobs and provide crystal clear **estimates** based on those costs. Aspire does many calculations for you, making it easy to see where you're losing on costs and where you could be making more savings. Combining that with Aspire's historical data provides at-a-glance insights to determine if more sustainable supplies pay off in the long run.

Seamless expansions

While different service types can be challenging to tap into, they don't require one-to-one experience to be done successfully. One of the biggest growth strategies janitorial businesses deploy is business acquisition. Acquiring a smaller business with a specialty in the service you're looking to tap into is a quick way to buy expertise while maintaining your overall business structure.

With business management software, the **onboarding process** of acquisitions is much smoother. Your current management team can take on monitoring the new business from one centralized hub and ensure your level of quality standards are being met without needing additional oversight.

According to The Herring Group's 2022 Landscape Industry Benchmark Report, Aspire business management software companies are 34% more profitable than non-Aspire users.*

If your business is reaching a growth plateau and you're ready to invest in new business opportunities, then Aspire is the management growth tool you need. The Aspire platform is built to help janitorial businesses of any service typetype surpass past their growth blockers and reach the next growth stage.

Fill out our form to get started with a personalized demo of how Aspire's software can accelerate your team's growth today.





FOOTNOTE:

*based on an independent analysis by the Herring Group for businesses using Aspire for at least one year v. non-Aspire customers over the same 12 month period.

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