

# 2018

---

## STATE OF THE INDUSTRY HOZZ UK

# Big Ideas

## REPORTED INCREASE IN GROSS REVENUE FOR 2017

More than two-thirds of businesses reported an increase in gross revenue in 2017 relative to 2016 (67 percent), with half of those reporting that revenues increased by more than 10 percent (50 percent). Design and build firms were most likely to have seen revenue gains relative to 2016 (68 percent), followed by architects and interior designers (60 and 59 percent, respectively).

## CONTINUED GROSS REVENUE GROWTH EXPECTED IN 2018

The majority of businesses are optimistic about continued gross revenue growth (75 percent). Design and build firms and interior designers are most bullish in their expectations for increased gross revenue in 2018 (91 percent and 83 percent, respectively), followed by architects (63 percent). To support that growth, firms plan to invest in more marketing (61 percent) and bring in larger budget projects (54 percent).

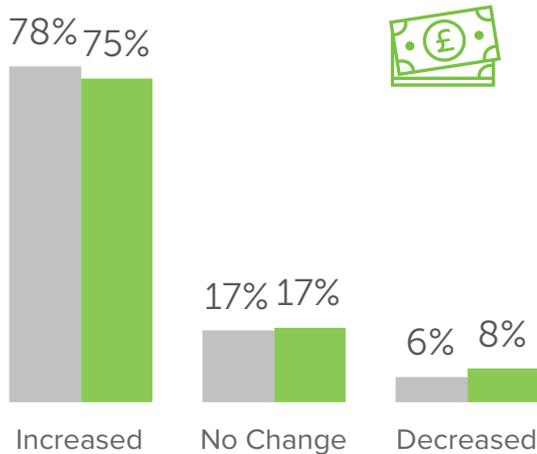
## INCREASE IN REVENUES IS NOT WITHOUT CHALLENGES

Over a quarter of businesses reported they had difficulty in finding prospective customers in 2017 (30 percent), along with a surge in the cost of doing business and concerns over a weak national economy (27 percent each). While managing customer concern over cost continues to be a challenge (37 percent), the report shows a two percent point increase from the previous year (35 percent). Additional costs of doing business were felt most significantly by design and build firms (43 percent), whereas architects were most concerned about a weak national economy (37 percent).

# Expected Revenues & Profits in 2018

Charts below show the percentage of surveyed businesses on Houzz UK reporting expectations for 2018 (vs. 2017).

## EXPECTED GROSS REVENUES

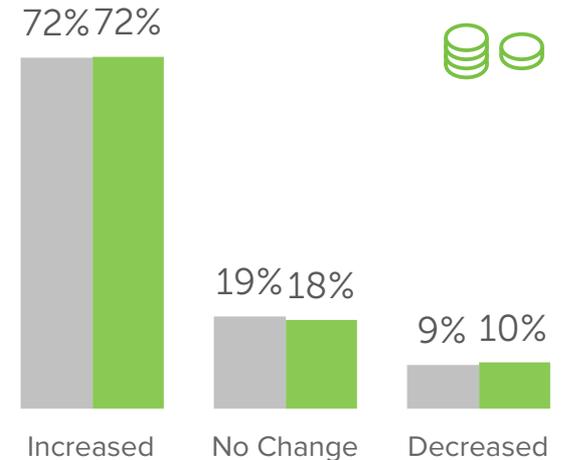


■ Expected changes in 2018  
■ Expected changes in 2017

### 10%+ Rev. Growth

Expected by 57%  
 of Businesses in 2018  
 (vs. 57% in 2017)

## EXPECTED PROFITS



### ARCHITECT

Expected Increases in 2018

Gross revenue 63%

Profit (net income) 61%

### INTERIOR DESIGNER

Expected Increases in 2018

Gross revenue 83%

Profit (net income) 82%

### DESIGN AND BUILD FIRM

Expected Increases in 2018

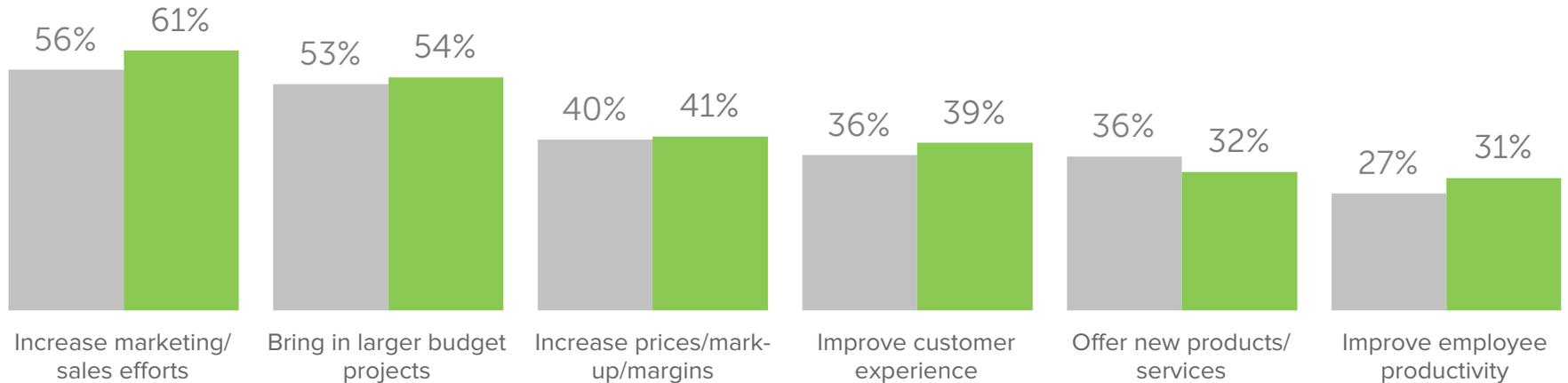
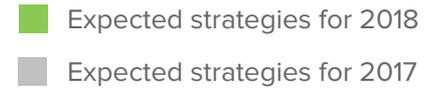
Gross revenue 91%

Profit (net income) 86%

# Top Growth Strategies in 2018

Charts below show the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2018 (vs. 2017).

## TOP EXPECTED STRATEGIES TO GROW REVENUES



### ARCHITECT

#### Top Growth Strategies for 2018

Bring in larger budget projects 65%

Increase prices/mark-up/margins 54%

### INTERIOR DESIGNER

#### Top Growth Strategies for 2018

Bring in larger budget projects 59%

Increase marketing/sales efforts 59%

### DESIGN AND BUILD FIRM

#### Top Growth Strategies for 2018

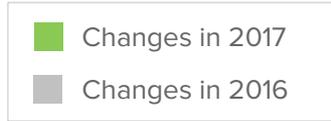
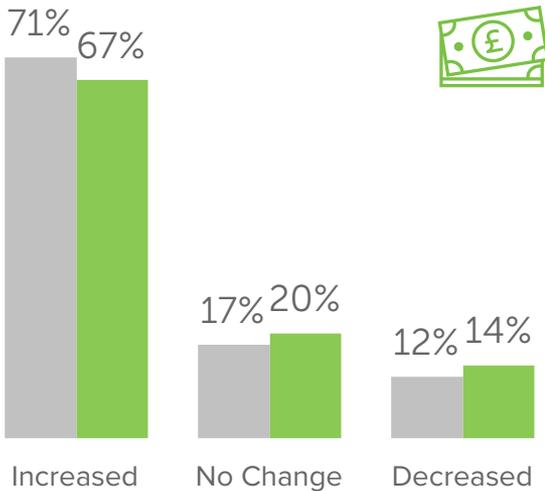
Increase marketing/sales efforts 70%

Bring in larger budget projects 68%

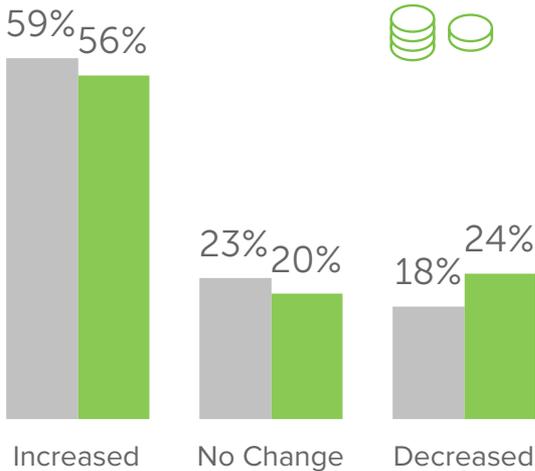
# Revenues & Profits in 2017

Charts below show the percentage of surveyed businesses on Houzz UK reporting performance in 2017 (vs. 2016).

## GROSS REVENUES



## GROSS PROFITS



**10%+ Rev. Growth**  
 Reported by 50% of Businesses in 2017 (vs. 55% in 2016)

ARCHITECT	
Reported Increases in 2017	
Gross revenue	60%
Profit (net income)	48%

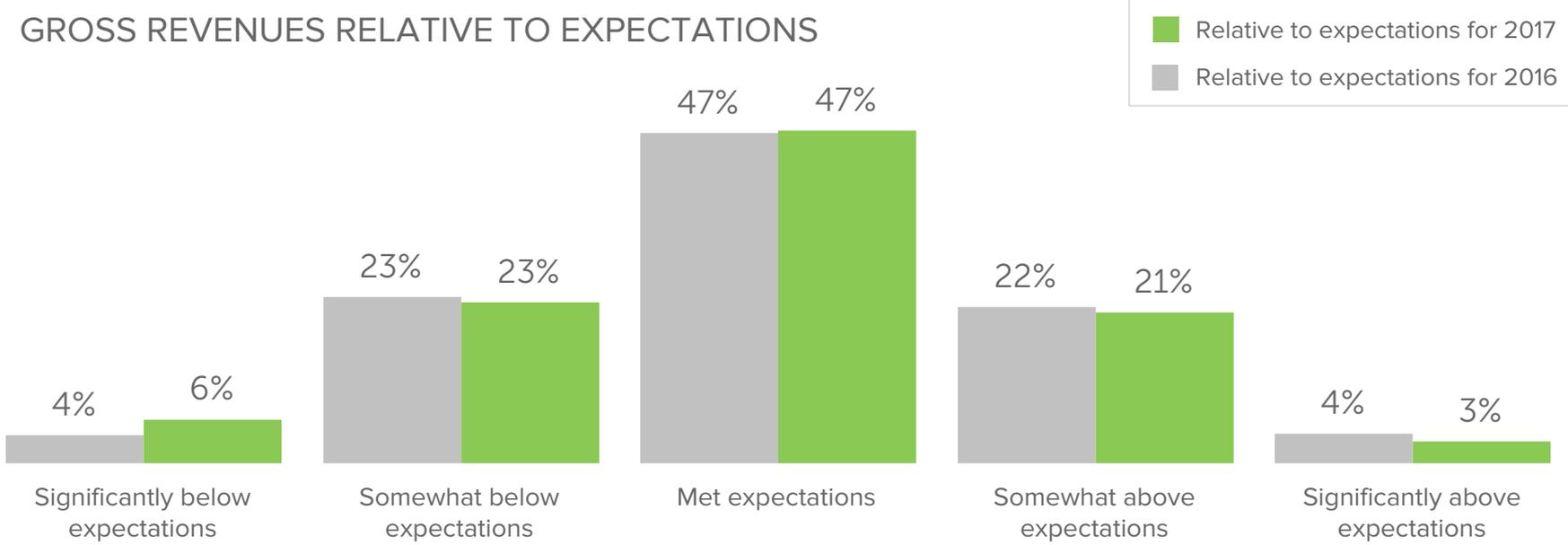
INTERIOR DESIGNER	
Reported Increases in 2017	
Gross revenue	59%
Profit (net income)	60%

DESIGN AND BUILD FIRM	
Reported Increases in 2017	
Gross revenue	68%
Profit (net income)	59%

# 2017 Comparison to The Initial Expectations

Charts below show the percentage of surveyed businesses on Houzz UK reporting how 2017 business performance compared to the initial expectations for 2017 (vs. 2016).

## GROSS REVENUES RELATIVE TO EXPECTATIONS

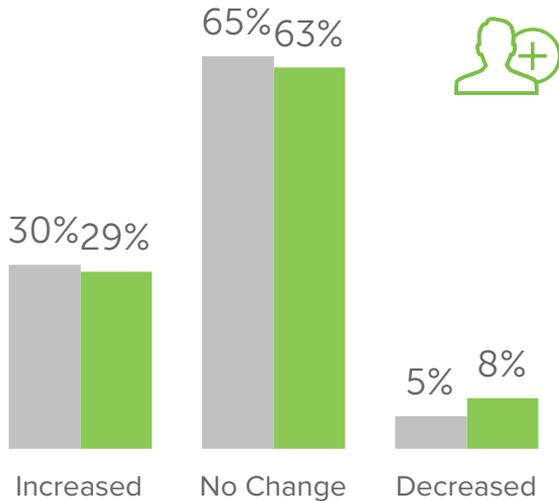
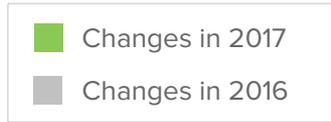


Profession	Met expectations	Above expectations
ARCHITECT 2017 Comparison	49%	17%
INTERIOR DESIGNER 2017 Comparison	38%	24%
DESIGN AND BUILD FIRM 2017 Comparison	50%	31%

# Staffing & Business Costs in 2017

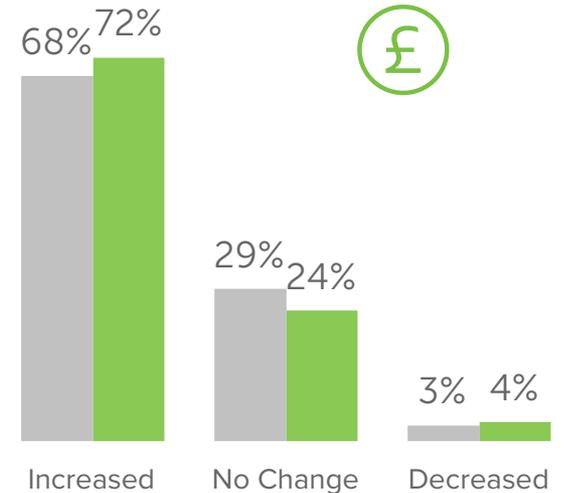
Charts below show the percentage of surveyed businesses on Houzz UK reporting performance in 2017 (vs. 2016).

## NUMBER OF EMPLOYEES



**1-2 Employees**  
 Hired by 19%  
 of Businesses in 2017  
 (vs. 20% in 2016)

## COST OF DOING BUSINESS



### ARCHITECT

Reported Increases in 2017

Number of employees 19%

Costs of doing business 63%

### INTERIOR DESIGNER

Reported Increases in 2017

Number of employees 23%

Costs of doing business 62%

### DESIGN AND BUILD FIRM

Reported Increases in 2017

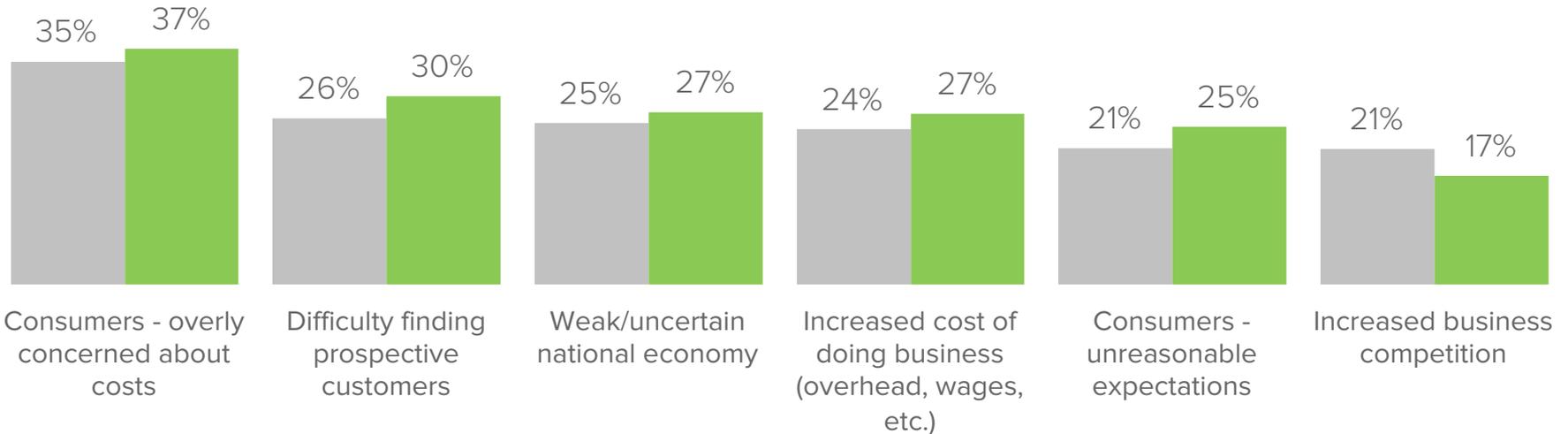
Number of employees 45%

Costs of doing business 87%

# Top Business Challenges in 2017

Charts below show the percentage of surveyed businesses on Houzz UK reporting challenges in 2017 (vs 2016).

## TOP CHALLENGES AFFECTING BUSINESS



### ARCHITECT

#### Top Challenges in 2017

Consumers - overly concerned about costs 38%

Weak/uncertain national economy 37%

### INTERIOR DESIGNER

#### Top Challenges in 2017

Difficulty finding prospective customers 44%

Consumers - overly concerned about costs 33%

### DESIGN AND BUILD FIRM

#### Top Challenges in 2017

Consumers - overly concerned about costs 43%

Increased cost of doing business (overhead, wages, etc.) 43%

# Description of Businesses

Charts below show the percentage of surveyed businesses on Houzz UK with the specific characteristics in 2017.

## MORE THAN £100,000 IN GROSS REVENUES\*



50% of Businesses

\*Up to £2,000,000 or more in revenues

## ONE OR MORE EMPLOYEES\*



72% of Businesses

\*Up to 500 or more employees

## TEN OR MORE YEARS IN BUSINESS\*



47% of Businesses

\*Up to 30 or more years in existence

## SOLE OWNER RESPONDING TO SURVEY



54% of Businesses

# Methodology

The survey was sent to businesses with profiles on Houzz UK and fielded from 6th December, 2017 – 22nd January, 2018. N=514.

## Description of Business Groups by Core Services\*

### Pro Categories in Survey (Sample N)

Architect/Designer (N=217)

Design and Build (N=96)

Builder/Installer (N=62)

Speciality - Decorating (N=58)

Speciality - Building & Renovation (N=49)

Speciality - Landscaping & Outdoor (N=32)

### Top Pro Types in Survey (Sample N)

Architect (N=102)

Interior designer (N=75)

Design and build firm (N=54)

\*Business groups were defined based on services that contributed to the largest share of business gross revenues in 2017, as identified by respondents in the survey.

# Links to Pros on Houzz UK

Houzz is the easiest way for people to find inspiration, get advice, buy products and hire the professionals they need to help turn their ideas into reality.

Design, Renovation & Building		Products for the Home		Renovation Services & Supplies		Outside the Home	
Architects & Building Designers		Appliances		Basement Designers		Landscape Contractors & Gardening Services	
Design & Build		Bedding, Towels & Bathroom Accessories		Building Supplies		Garden & Landscape Supplies	
Home Builders		Carpet & Flooring		Cabinet Makers		Conservatory & Garden Room Specialists	
Interior Designers		Curtains, Blinds & Shutters		Carpenters & Joiners		Decking, Patios, Sheds & Summerhouses	
Kitchen Designers & Fitters		Fireplaces		Home Storage Designers & Professional Organisers		Driveways	
Bathroom Designers & Fitters		Furniture & Home Accessories		Kitchen & Bathroom Fixtures		Fencing & Gates	
Landscape Architects & Garden Designers		Lighting		Loft Conversion Specialists		Lawn & Sprinklers	
Stone, Paving & Concrete		Upholstery & Furniture Restoration		Paint & Wall Coverings		Tree Services	
Tiles & Worktops				Period Property & Restoration Specialists		Swimming Pools & Hot Tubs	
				Skip Hire & Rubbish Removal		Sports Courts & Outdoor Play	
				Specialist Contractors			
Windows, Doors, Roofing & Cladding		Other Contractors & Services		Home Service & Tradesmen			
Cladding & Exterior Contractors		Artists & Craftsmen		Electricians			
Doors		Estate Agents & Lettings Agents		Environmental Services			
Garage Doors		Events, Media & Bloggers		Heating & Air Conditioning			
Roofing & Gutters		Kids & Nursery		Plumbers			
Windows & Glazing		Home Cinema & Technology Design		Removal Companies			
		Home Stagers		Septic Tanks & Waste Management			
		Interior Stylists		Solar Panel Installation			
		Photographers					
		Schools, Organisations & Associations					
		Staircases & Balustrades					
		Wine Cellars					
		Wrought Iron Workers					