

2017 State of the **BED BUG** **MARKET REPORT**



INSIDE:

- » Types of Accounts Served by PMPs
- » Year-Round Business Opportunity
- » 5 Ways to Cut Bed Bug Callbacks
- » Future Market Expectations

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2017 State of the **BED BUG** **MARKET REPORT**

When bed bugs, which had remained relatively quiet in the United States for roughly half a century, reappeared on the scene in the late 1990s, few anticipated that their management would become a half-billion-dollar industry, let alone one headed toward the billion-dollar mark. Yet here we are: *A Strategic Analysis of the U.S. Structural Pest Control Industry*, a recent report published by Specialty Consultants LLC, put 2016 bed bug revenues at \$611.2 million — a figure reflecting 6.6 percent growth over 2015.

As this momentum continues, PCT has teamed up with Readex Research to give you a deeper look into the bed bug market and its business potential. We asked PMPs across the country to share insights into their markets, pricing, treatment programs and more. The articles that follow share highlights of what we uncovered.

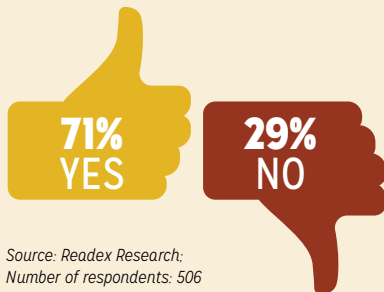


ABOUT THIS SURVEY

The survey sample was randomly selected from PCT magazine's e-mail list of PMP owners/operators, executives, partners, and presidents. The survey was conducted by Readex Research, a third-party research firm, from March 21 through April 3, 2017, with 506 total responses — an 11 percent response rate. To best represent the audience of interest, 145 respondents were terminated from the survey after indicating in the first question that their company location does not offer bed bug control services. The margin of error for percentages based on 361 respondents whose company locations offer bed bug control services is plus or minus 5.0 percent at the 95 percent confidence level. Results may not add up to 100 percent due to rounding.

PROPORTION OFFERING BED BUG CONTROL SERVICES

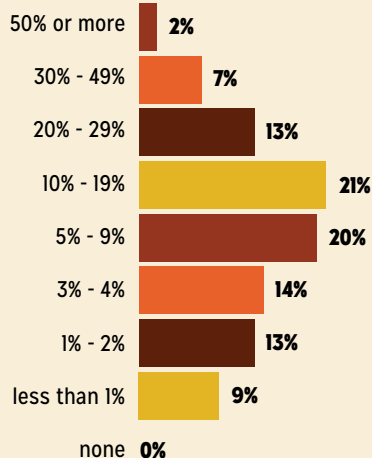
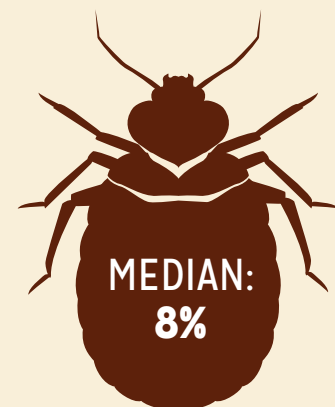
Does your company location offer bed bug control services?



Source: Readex Research:
Number of respondents: 506

PROPORTION OF REVENUE GENERATED BY BED BUG CONTROL SERVICES

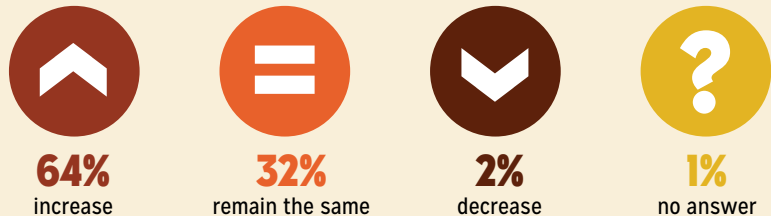
What percentage of your location's overall 2016 revenue was generated by bed bug control services?



Source: Readex Research: Number of respondents: 361

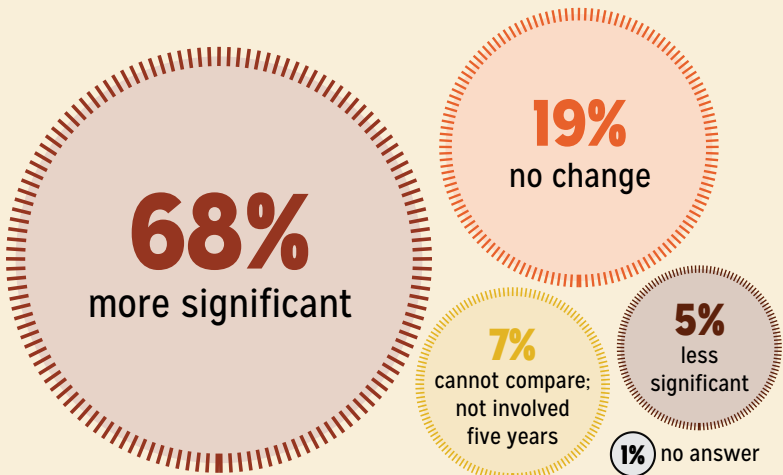
EXPECTED CHANGES IN BED BUG CONTROL SERVICE REVENUE

How do you expect the percentage of revenue generated by your location's bed bug control services to change in the next year?



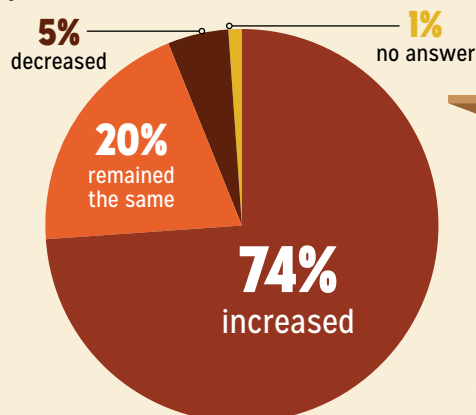
AN INCREASINGLY IMPORTANT MARKET FOR PMPS

In the past five years, have bed bug control services become a more or less significant portion of your location's business?



CHANGE IN NUMBER OF BED BUG JOBS

Compared with 2015, how did the number of bed bug jobs change in 2016 in your market area?



Source: Readex Research: Number of respondents: 361

UNDENIABLE MOMENTUM

Starting with the basics, 71 percent of PMPs surveyed said they offer bed bug services. This percentage is higher in the Midwest (77 percent) and Northeast (74 percent), lower in the West (69 percent) and South (68 percent).

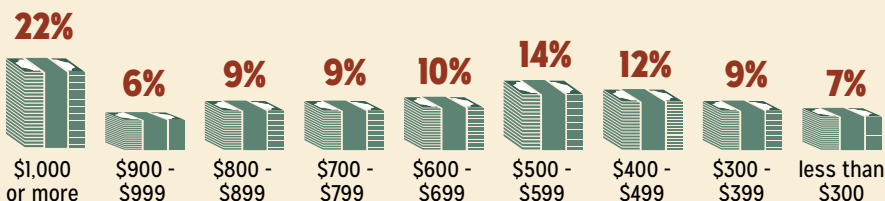
These PMPs are responding to steady or growing markets for bed bug services. Overall, 74 percent of respondents reported an uptick in bed bug jobs in their respective markets in 2016 as compared to 2015. Another 20 percent said the number of jobs held steady; only 5 percent reported a downturn. This trend holds true across geographies, as 91 to 94 percent of PMPs in each region reported an increasing or steady number of bed bug jobs.

It's not surprising then that 96 percent of PMPs expect the percentage of their revenue generated by bed bug services — a number that currently hovers around 12.8 percent of total revenue — to increase or remain the same over the next year. This percentage runs higher in the Northeast, at 15.1 percent, and lower in the South, at 10.6 percent, but overall, 77 percent of respondents reported bed bug revenues at less than 20 percent of total revenue.

Over the past five years, bed bug work has become a more significant portion of

TYPICAL CHARGE FOR RESIDENTIAL BED BUG TREATMENTS

What does your company location charge for a typical residential bed bug treatment?



**Due to the significant proportion of respondents answering in the top category, the sample statistic may understate the true population mean. Source: Readex Research; Number of respondents: 361*

business for 68 percent of respondents, while 19 percent report no change. Only 5 percent said it has become less significant to their business. (Seven percent are new to the bed bug market.)

Most survey respondents — 72 percent — expect the bed bug market to continue growing over the next five years, while 25 percent look for it to stabilize. Only 2 percent expect to see a decrease in market activity.

WHAT'S THE GOING RATE?

If you're looking to price your bed bug services competitively, it may help to know that the national average for a bed bug treatment is \$683. It's also important to note, however, that 22 percent of PMPs charge \$1,000 or more. Seventy percent charge \$500 or more.

Your geographic market makes a dif-

ference, too. In the Northeast, 28 percent charge \$1,000 or more, with an average price of \$733. In the Midwest, prices average \$656, South \$705 and West \$629.

These price points have, in many markets, risen over the past three years. Forty-five percent of total respondents reported price increases in their respective markets; in the West, that number is 50 percent. Forty percent said prices have remained steady, while 13 percent said they have decreased. The latter percentage is a bit misleading, though, because it varies widely based on location. In the Northeast, 23 percent of PMPs said pricing has decreased in the past three years; in the Midwest, 17 percent; South, 8 percent; and West, 9 percent.

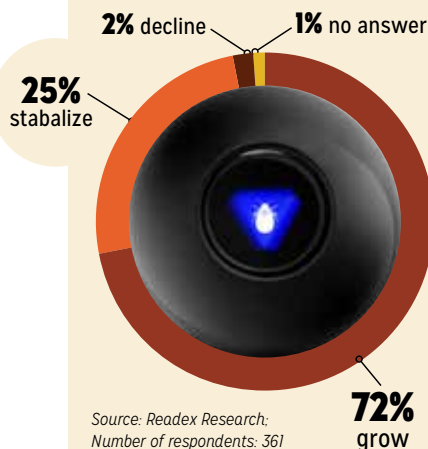
KEY BUSINESS OPPORTUNITIES

The great majority of PMPs who offer bed bug services serve single-family homes (94 percent), as well as apartments and other multi-family housing units (88 percent). Other locations with substantial bed bug business potential include transitional housing, where 39 percent of respondents say they offer services; the hospitality industry, 32 percent; schools, colleges and universities, 30 percent; hospitals and other healthcare facilities, 29 percent; and movie theaters, 11 percent. (Opportunities in transitional housing and the hospitality industry are notably greater in the West, where 50 percent of PMPs serve transitional residences and 41 percent serve hospitality venues.)

From a dollars-and-cents standpoint, multi-family housing and single-family homes account for the bulk of revenue, as 45 percent of pest management professionals said that apartments and other multi-family housing represent the largest portion of their bed bug revenue, while 42 percent said single-family homes do. The hospitality industry ranked a distant third place, at 7 percent.

FUTURE EXPECTATIONS OF THE BED BUG MARKET

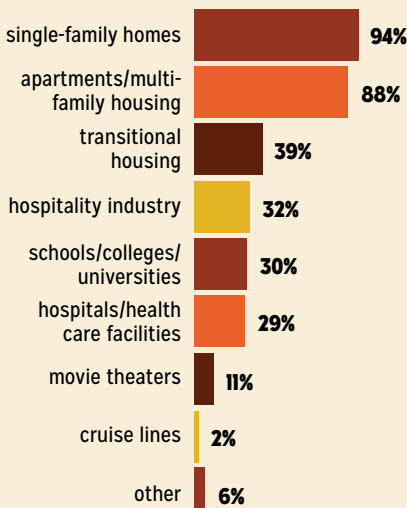
Do you think the bed bug market will grow, decline, or stabilize over the next five years?



Source: Readex Research;
Number of respondents: 361

BED BUG MARKETS SERVED

What bed bug markets does your location serve?



Four bed bugs are shown on a white, quilted mattress. One is at the top center, one is at the top right, one is on the left side, and one is at the bottom center. The title 'TREAT THEM RIGHT!' is overlaid in large, bold, brown letters.

TREAT THEM RIGHT!

Although bed bugs continue to be the most challenging pest to treat, according to PMPs who participated in the biennial Bugs Without Borders Survey, conducted by NPMA and the University of Kentucky in 2015, they're not as intimidating as in the past. In 2015, only 68 percent of survey respondents said that bed bugs are the most challenging pest, compared to 76 percent of PMPs in 2013. We can gather from this that treatment protocols are improving or being implemented more effectively.

What are your peers using? Typically a multi-pronged approach, often anchored by insecticides. *(Continued on page 8)*

3 TIPS

to Overcoming Common Bed Bug Control Challenges

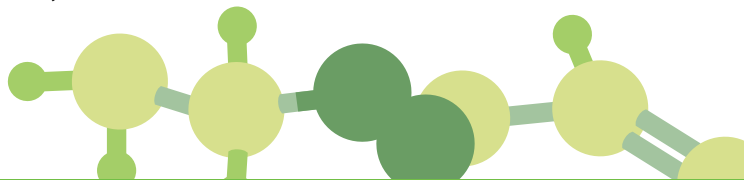
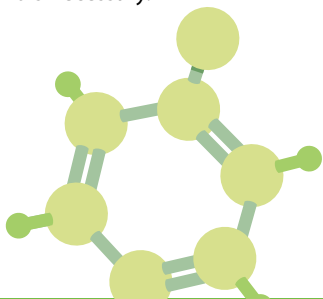
The industry has spoken, and bed bug control services have grown as a source of revenue (68% of respondents) and will continue to grow for pest management professionals (as predicted by 72% of respondents). To maintain bed bug control as a profitable offering, PMPs will need to deliver effective treatments in the face of some growing challenges associated with the tiny pests including product resistance and public misinformation.

For the most effective control of bed bugs, the experts at Zoëcon Professional Products suggest three tips for a successful protocol: Alternate, Integrate and Educate.

1 | Alternate

One of the long held tenets of bed bug control is the importance of product rotation. This is truer than ever as we continue to learn of new cases of resistance developing among the pests, a concern cited by the majority of survey respondents. To ensure the effectiveness of product applications, it is important to continually rotate the products and active ingredients being administered when retreatment is necessary.

For adulticides, consider liquid or aerosol solutions—such as those available in the Zenprox® line from Zoëcon for the immediate knockdown of bed bug populations. To prevent reinfestation, include a rotation of IGRs into your protocol as well. An initial application of Zenprox® EC insecticide tank mixed with Gentrol® IGR Concentrate will provide an ideal combination to treat entry points, hidden areas, cracks and crevices, surfaces, bed frames and box spring seams. To enhance the flushing power of an adulticide and help prevent resistance, consider incorporating a synergist like ExciteR™ insecticide into your tank mix.



2 | Integrate

Product applications form the foundation of effective bed bug control, but they can't be relied on as the single solution. Complete control requires a comprehensive Integrated Pest Management (IPM) program comprised of multiple management and prevention efforts. A thorough vacuuming of the mattress and surrounding room can collect eggs left behind. Professional heating – from a licensed service provider – has proven to effectively kill adult bed bugs and eggs. Customers can even use a home clothes dryer to treat bedding and clothes that may have been in the infected room. Other preventative efforts, such as the use of mattress encasements, can help limit reinfestation in the future.

It is clear that bed bug services provide an important source of revenue for pest control professionals. The average charge for the service is nearly \$700, with revenues accounting for an average of 13% of total company earnings among those surveyed. By alternating your product mix, implementing an integrated approach to control and educating customers about prevention, you can help ensure your bed bug control services will remain successful and profitable.

3 | Educate

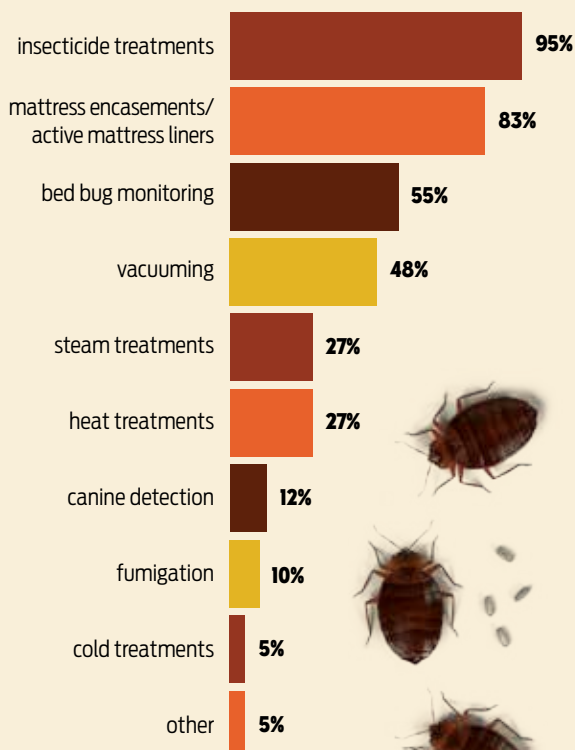
As with any pest control effort, education is an essential component to prevent the return of a bed bug infestation. One of the recurring themes among responses provided by the PMPs taking the bed bug survey was how little the general public knows about bed bugs. A lack of good information – or in some cases, too much misinformation – can interfere with a customer's ability to correctly spot an infestation or take proper precautionary steps in the future.

Ensure that customer education is a staple with any bed bug treatment. Walk them through your process and steps they can take after your visit to keep the residence bed bug free. If available, provide them with educational literature that addresses frequently asked questions while offering some best practices.



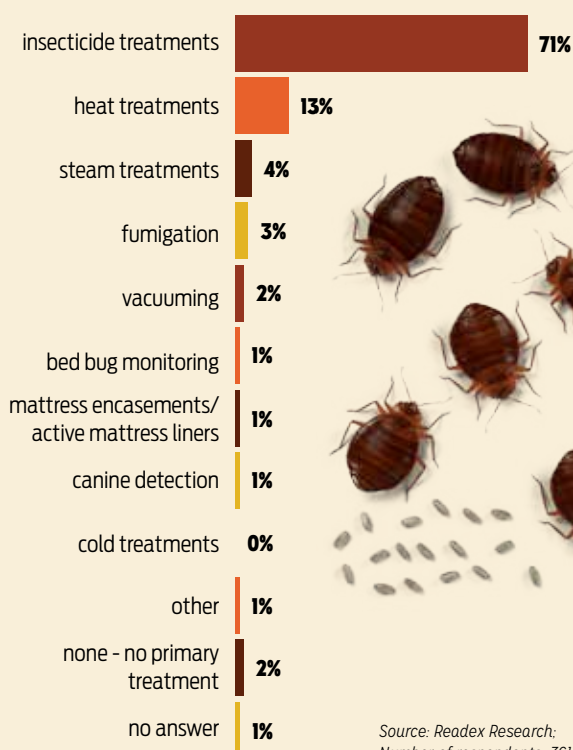
BED BUG TREATMENTS OFFERED

What types of bed bug treatments does your location offer?



PRIMARY BED BUG TREATMENT OFFERED

What is the primary bed bug treatment offered by your location?



Source: Readex Research;
Number of respondents: 361

The 2017 PCT State of the Bed Bug Market Report reveals that nearly all PMPs who treat bed bugs use some type of insecticide: 95 percent of respondents said they incorporate insecticides into their treatment programs. A great majority (83 percent) use mattress encasements or active mattress liners as well. Other treatments include monitors (55 percent), vacuuming (48 percent), steam (27 percent), canine detection (12 percent), fumigation (10 percent) and cold treatments (5 percent).

In terms of the *primary* treatment choice, 71 percent choose insecticides. Heat treatments hold a distant second place, at 13 percent, with steam, fumigation, vacuuming and other treatments serving more as supplemental tools than a primary means of control.

That's not to say secondary tools aren't important, though. Norman Connolly of Connolly Pest Management says that vacuuming can be integral to treatment success. "People say vacuuming takes for-

ever and a day, and it does! But you get rid of bugs *and* eggs," Connolly says. "On the initial call, I might spend half of my time vacuuming, because I can eliminate 80 percent or more of the infestation. This clears the way for insecticides, heat or other treatments to work."

Joshua Sheppard of Sentry Pest Control, uses three or four different products depending on the severity of the infestation. He also relies on vacuuming to knock down populations in active areas. "Vacuuming is wonderful, especially if there are a lot of eggs," he says. "The more you take with you, the fewer you'll have to kill later."

It's all about being thorough, Sheppard adds, sharing, "We work counterclockwise around each room, treating the cracks and crevices between the floor and baseboards, pulling wall plates off to inspect behind them, removing pictures and treating the backs of their frames, inspecting and treating nightstands, dressers, bed frames — every piece of furniture

in the room. After we treat the box spring voids, mattresses and bed frames, we encase the mattresses and place pitfall traps under the feet of the frame. In heavy infestations, we also treat carpets, and wall and ceiling junctions, and spot treat the walls and ceilings."

In most cases, PMPs report getting great results from insecticides in two or three visits.

"Back in 2006, when my brother and I started treating bed bugs, we did heat treatments because there were so few chemicals labeled for bed bugs that were actually effective," says Roger Meitler of World Pest Control. "But today, there's a wide range of good products, so, with the exception of customers who absolutely want heat, we've transitioned to insecticide applications. When we do heat, we do it right, spending 12 to 14 hours treating a house. That's needlessly taxing and expensive work when we have such great chemical alternatives." 🐛



5 WAYS TO CUT BED BUG CALLBACKS

PMP confidence is one way to gauge the growing success of bed bug treatments; callback rates are another. According to data collected through the 2017 PCT State of the Bed Bug Market Survey, the national average for bed bug callbacks is about 4.6 percent. More than half (54 percent) of PMP respondents reported a callback rate of less than 2 percent.

How can we drive callback rates down ever further? By sharing and implementing strategies that are working across the industry. Here are five to get you started:

1 COMMUNICATE. Educating customers is key to holding bed bugs at bay. But effective communication encompasses more than education; honest, open dialogue is also critical to the elimination and ongoing prevention of bed bug infestations.

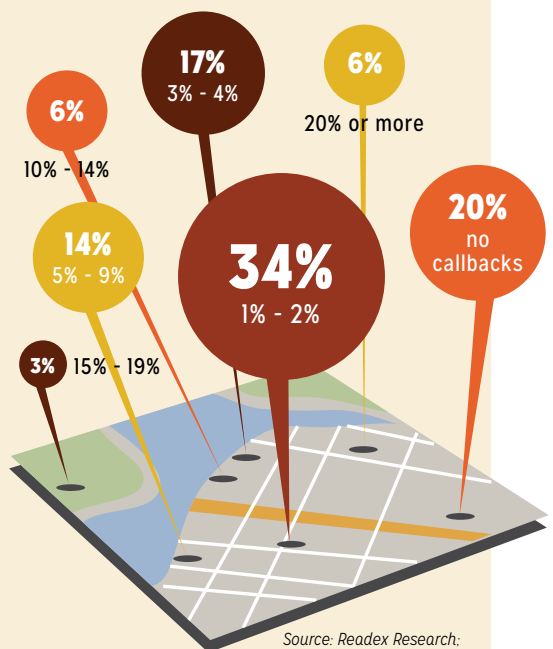
“You need to ask what activities go on throughout the house,” says John Shively of Keystone Pest Management. “Where does the family hang out at night? Are they sitting on a particular piece of furniture playing video games? Where do they sleep? This information helps you develop a treatment plan and identify which pieces of furniture may need to go. You also need to be open in helping customers understand that they have to follow through on preventive measures if they want these treatments to work.”

Joshua Sheppard of Sentry Pest Control believes in the power of open dialogue, too, but recognizes that sometimes customers are too embarrassed to talk about their bed bug issues. He breaks the ice by telling them stories and showing them photos of other infestations to help them see that they’re not alone.

“Talking openly with customers puts them at ease to share what’s really happening in their homes. Just like being able to talk with your doctor about things you’d never tell anyone else, you have to feel free to have an open dialogue with your bug man,” says Sheppard.

TYPICAL CALLBACK RATE FOR BED BUG CONTROL JOBS

What is your location's typical callback rate for bed bug control jobs?



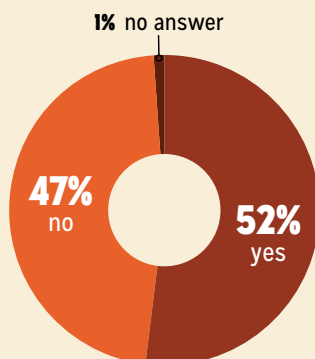
Source: Readex Research:
Number of respondents: 361

2 GET TO THE ROOT ISSUE.

Identifying the source of an infestation, and of reinfestations, is necessary but not always easy. “I had a customer who kept getting bed bugs,” recounts Sheppard. “We’d get rid of them, but

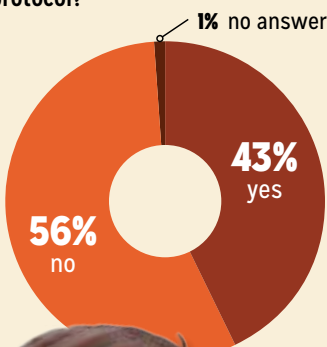
PROPORTION OF PMPS WHO THINK BED BUG RESISTANCE IS A CONCERN

Do you think bed bug resistance is a concern in your market area?



PROPORTION OF PMPS WHO HAVE IMPLEMENTED A BED BUG RESISTANCE TREATMENT PROTOCOL

Has your location implemented a bed bug resistance treatment protocol?



Source: Readex Research.
Number of respondents: 361

then on a follow-up call, we’d find more. On every call, I would ask the customer what was going on — specifically, who had been visiting, because I had a suspicion that the bugs were coming in on someone. For six months we went back and forth. When one day the bugs were suddenly gone, I asked him what he had done differently. He said he had asked his friend to stop coming over. He knew that this person was the issue all along, but he didn’t want to hurt his feelings.”

Shively, who often gets called to homes where his competitors have been unsuccessful in quashing unrelenting infestations, adds, “Sometimes it’s a mystery you have to unravel on subsequent calls. Is it customer behaviors? A piece of furniture that needs to be discarded? Until you identify the issues that are involved, you’re not going to solve the customer’s problem.”

3 HOLD YOUR GROUND ON PREP.

If you treat bed bugs, then you have no doubt established a prep protocol. The PCT survey found that 38 percent of companies offer a low-prep service, while 60 percent do not. Whether your bed bug program involves extensive or minimal participation by your customer, be true to what works best for you.

Roger Meitler of World Pest Control, who has had only one callback in three years (due to reintroduction by a visitor), is adamant about prep. “On my first visit, I explain to the customer what needs to be done before I come back to treat,” he says. “If they haven’t done their part when we arrive for the appointment, we won’t do the treatment. I won’t take a customer’s money unless I know I can treat successfully.”

The issue for Meitler is that many of his bed bug customers are hoarders. Most of his competitors won’t even take these calls, but Meitler gives them the chance to clear up their problem, as long as they either follow his instructions for prep or pay his team to do it.

“I explain that if we do the prep, they will lose stuff, because we’ll throw things away. I explain how every piece of clutter is a hiding place for bed bugs, so if they haven’t used an item in two years, they should toss it. Sometimes it takes them a month or two to be ready for us,” he says.

Shively points out the importance, too, of educating customers about not leaving infested furniture on the curb where someone might take it, and not picking up used furniture themselves. He insists on removing infested beds, box springs and other items to prevent the spread.

“We don’t want customers dragging furniture out, dropping bed bugs everywhere on their way, and becoming an infestation risk for others,” he says. “We carefully bag the items up, tape the bags shut, label them and dispose of them where we know trash collectors will take them right away.”

4 PREVENT RESISTANCE.

For the most part, PMPs say that they rarely encounter bed bug resistance. While just over half say that resistance is a concern in their markets, only 2 percent consider it a serious, difficult-to-manage issue; a quarter say it’s a manageable problem; and nearly three-quarters (72 percent) say that they seldom or never encounter bed bug resistance.

In part, this low incidence of resistance can be attributed to proactivity. Many PMPs (43 percent) implement bed bug resistance treatment protocols. Among these proactive PMPs, 89 percent incorporate product rotation.

Using a rotation protocol common to many PMPs, Norman Connolly says that Connolly Pest Management rotates products on the follow-up calls that are a standard part of his treatment program. “I might use the same chemical on the first and third visits, but I always use something different on the second visit. I’ve never experienced a resistance issue using this protocol.”

5 EQUIP CUSTOMERS TO STAY BED BUG-FREE.

Connolly and others also provide customers with the opportunity to purchase mattress encasements, monitors and traps to ensure they remain bed bug free once their treatments have been completed.

“I offer a 90-day ‘no bugs, no bites’ guarantee, but only to customers who agree to take measures that include mattress encasements and pitfall traps,” Connolly says. “Their diligence and participation in the process help ensure lasting success.”

YEAR-ROUND NUISANCE OR BUSINESS OPPORTUNITY?



It's not unusual to hear PMPs call bed bug work a "necessary evil." It is time-consuming, labor-intensive and sometimes frustrating work. But here's one of the great things about it: Bed bugs know no season. They represent steady opportunities for business. In the PCT survey, more than half of respondents said they don't have a particular busy season; instead, they get bed bug calls year-round.

"I would do termite work all day, every day if I could, but seasonality prevents that," says Roger Meitler of World Pest Control in Plainville, Kan. "Bed bugs help keep our technicians busy through the winter months. It's easier to do this

kind of work in the winter, too, because we tend to have more technicians available to go on calls. We can have one tech in each bedroom and get the job done more efficiently."

Meitler does see an increase in bed bug calls in summer, with a second mini-surge during the winter holidays — hitchhikers who come in on luggage or other visitor belongings. Other PMPs in the Midwest and Northeast, including John Shively of Keystone Pest in Bloomsburg, Pa., report similar patterns.

"Here in the Northeast, where summers tend to be hot and humid, we see a lot of activity from the end of June

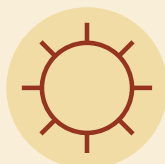
through August," Shively says. "Things calm down for a month or two, but then peak again during the holidays, when the indoor heat comes on and people do a lot of traveling."

PMPs in the West are more likely than those in other regions to see a summer surge, with 38 percent identifying summer as their busiest bed bug season — 11 percent higher than the national score. Pest management professionals in the South are less likely than those in other regions to see fluctuations, with 65 percent reporting no seasonal difference, as compared to 53 percent of the national audience. 🐛

BUSIEST SEASON PROVIDING BED BUG CONTROL SERVICES

What season tends to be the busiest for your location providing bed bug control services?

Source: Readex Research;
Number of respondents: 361



27%

summer



7%

fall



7%

winter



5%

spring



53%

no seasonal difference



1%

no answer



A Network of Integrated Control

BREAK THE BED BUG LIFE CYCLE

To knock bed bugs out for good, opt for an integrated approach that addresses every stage of insect development. Zoëcon offers several lines of IGR containing products, including the Gentrol® family, which thwarts the life cycle with IGR technology, as well as the Zenprox® family, which provides a quick knockdown for immediate relief. Our IGR and insecticidal concentrates are also ideal tank-mix partners. The Zoëcon® lineup of bed bug control products is sensitive enough to use in homes, hospitals and daycare centers, making it easy to put bed bugs to rest.

Learn more at Zoecon.com

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