



New On-Demand Tradie Economy Switches on in Australia

- *Tech-savvy tradies and young consumers driving major changes in residential trade sector*
- *Digital disruption transforming traditionally arduous tradie-consumer engagements*
- *One quarter of Australian tradies are passing up work due to laborious admin*

Sydney, September 2018. New research studies by EY Sweeney and L.E.K reveal the potential for growth in the residential trade sector as tradies and consumers seek smarter ways to engage. Commissioned by [hipages](#), the research reveals that digitisation of the trade sector is fuelling an 'On-Demand Tradie Economy' in Australia.

The On-Demand Tradie Economy represents an emerging digital revolution of the residential trade sector, which is fully optimised through technologies that streamline consumer-tradie connections, communications and job coordination. Set to help 250,000 Australian trade businesses* grow by easing their daily administration and helping them win more work, this new economy is equally driven by services that offer substantial relief to nine million households* who need help managing tradies.

The On-Demand Tradie Economy is tapping into a lucrative market, with Australian households spending over \$73 billion* each year on trades. An estimated 70 million paid residential jobs* were completed in the past year by Australian tradies, with an average of seven jobs completed by Australian households.

"Driven by millennials and younger Australians, innovative technologies are beginning to powerfully transform the way tradies and consumers conduct business. This research showed market demand for digital services that optimise their engagements for a better, smoother experience. Like the on-demand nature of food delivery and ride-sharing sectors, we're seeing a similar movement in the tradie sector," said David Vitek, co-founder and CEO of hipages.

"The residential trades sector is a significant economic driver in Australia, with this research indicating the emergence of a new On-Demand Tradie Economy set to hyper accelerate sector growth over the coming years," said Mr Vitek.

43% of Australians struggle to find quality, available tradies

Many Australians find it difficult to source reliable tradies, with almost half of the nation (43 per cent) claiming tradies are never available when you need them. Three in five consumers said they would find it useful to have a trusted third party that could connect them with tradies, indicating a strong market opportunity.

Tradies are bogged down in admin, sacrificing six figures per year

Time spent on administrative tasks has resulted in our tradies passing up work. One in four tradies have given up jobs due to being too busy with admin; an estimated approximate annual value of \$120,000 (total values vary by trade) in missed work. Tradies surveyed spend an average of 14 hours a week on quoting and general admin. Nearly 70 per cent of tradies agree that technological assistance can free up work time, including assisting with schedule management and reducing travel time between jobs (60 per cent).

Tradies are increasingly converting work online

Tradies indicate that more of their work is coming from online channels, in particular amongst younger Australians (under 45 years). Many expect this trend will only grow, anticipating that more of their work will come from third party providers such as hipages. Australian consumers echo similar sentiments, with 50 per cent saying they're more likely to hire tradies online now compared to five years ago.

The rise of electronic word-of-mouth (eWOM) in tradie sector

Australians continue to base their tradie selection on trust, with word-of-mouth considered important as consumers rely on their personal networks (47 per cent). The majority of Australians (77 per cent) say they would like to see recommendations of tradies before hiring them, and tradies agree that standardisation of online feedback would be positive for the sector overall.



“Word-of-mouth (WOM) has always been the traditional form of sourcing a tradie, trusting recommendations from friends and family, but the process can be slow and limited. The same concept is now being adapted digitally to fasten the process, with online services such as hipages aggregating consumer recommendations, allowing tradies to build their online reputation,” said Mr Vitek.

Aussies seek ways to easily manage the tradie process, from start to finish

There is growing appeal for services that optimise the customer-tradie interaction across multiple stages of the job, from job coordination to secure payments. The majority of consumers (51 per cent) have had experiences where tradies did not show up when expected to.

“Four in five Aussies feel stressed thinking about a repair or renovation** that needs attending to. Consumers want to be given control when finding, hiring and organising a tradie, and there are many ways technology can bring confidence to the process,” said Mr Vitek.

Tradies seek administrative support from digital third parties

Similarly, tradies indicate that getting paid by customers and organising payroll and taxes are amongst their biggest sources of frustration. Almost seven in ten tradies agree that there are major administrative efficiencies to be gained through technology.

“With ‘getting paid’ deemed the most frustrating part of their working life, utilising a third-party website for this task is an appealing proposition. For tradies, the On-Demand Tradie Economy represents greater efficiencies across all facets of the working day, while eliminating their time spent seeking more work,” said Mr Vitek.

“At hipages, we are leading the way in the On-Demand Tradie Economy, with one job currently posted every 26 seconds on the platform. Tradies are reaping many benefits in the changing digitised landscape, gaining an average \$23 return-on-investment with every \$1 spent on our platform*, while also enjoying greater work-life balance,” continued Mr Vitek.

With a directory of more than 130,000 trade and building professionals nationwide, and the option to see consumer recommendations and get quotes within minutes, hipages is on a mission to make home improvement effortlessly efficient.

Please access a whitepaper detailing the new research studies by EY Sweeney and L.E.K, ‘The On-Demand Tradie Economy – Reimagining Australia’s residential trade sector,’ as well as a video showcasing one of Australia’s connected tradies, via this link: hipages.com.au/odte.

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Notes to Editors

EY Sweeney Research

EY Sweeney assisted in a joint project with hipages to conduct trade and consumer research to provide an overview of the residential trade industry and the breadth of opportunities associated with the adoption of technology in this sector. A total of 518 consumers and 500 tradies were surveyed in June and July 2018. The research captures insights into the digitalisation of the tradie industry as a powerful creator of opportunities for both consumers and tradespeople. It highlights the current pain points on both sides and reveals the enormous potential for industry growth as both tradies and consumers embrace the benefits offered by an optimised on-demand tradie economy. The report that accompanies this press release, as well as this press release itself and all of its content, are the responsibility of the management of hipages.

***LEK Research**

Hipages also commissioned LEK Consulting to research the size and shape of the residential trade economy and the value of the associated trade marketing vertical. LEK surveyed 395 tradespeople and 1004 consumers in Australia, as well as making use of third-party data and statistics, such as the Australian Bureau of Statistics, and hipages internal data. These findings are denoted with an asterisk throughout the report. The research was designed to gather information relating to the population of tradies and trade businesses by segment, the quantity and value of residential jobs completed



in a year and the proportion of those jobs that are contestable. Household behaviours around how people go about sourcing suppliers, how tradies market their businesses, how these behaviours are evolving, and how the trade economy is likely to grow, were also researched and analysed as part of this report.

****Galaxy Research**

In November 2017, hipages and NewsCorp partnered with Galaxy Research to survey Australian homeowners (18 years and older) and better understand their experiences relating to home improvement and home renovation. In total, 1,111 consumers responded with the representative sample spanning the nation.

About hipages

hipages provides a better, smarter way to connect tradies and consumers and get the job done well. We are on a mission to make home improvement effortlessly efficient. Our aim is to create a seamless experience for tradies and homeowners in place of the current unreliable - and unproductive - process that makes it a feat of mutual endurance.

We build technology that solves the frictions of an industry ready for optimisation, by redesigning the tradie/client relationship and transforming the way trade businesses operate.

To date, over two million Australians have changed the way they find, hire and manage trusted tradies to get a job done around their home.

hipages. Change the way you tradie.

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