

The Impact of Financing

A study on how offering financing can
help home services businesses

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Key findings

01

Businesses who offered financing won, on average, one extra job per week.¹

02

Jobs paid for through financing were 4.5 times the size of other jobs.²

03

21 home services jobs are completed every second in America.³

04

56% of Americans couldn't cover a \$1,000 emergency with just savings,⁴ yet the average yearly home emergency spending is \$2,300.⁵

05

The top BNPL companies issued 180 million loans in 2021, compared to 16.8 million in 2019 — more than a 10x growth in two years.⁶

06

88% of customers who used financing were happy and relieved it was offered to them.⁷

Executive summary

Our homes are our safe havens, so we cherish them. We want to keep them in good shape, fix any issue that threatens our comfort or safety, and make upgrades when we can. This is why home service professionals are so important. In fact, over 665 million home services jobs are completed every year.⁸

Yet, pros can deal with a variety of issues, from overly tedious administrative work to supply chain issues. But one problem we consistently hear from businesses is that **they lose out on too many jobs, especially after providing customers a quote.** This, of course, is a big deal as it directly impacts the bottom line and survival of a business.

Why does it happen? Two key reasons: either the customer chose to work with a competitor or they decided to forgo/postpone the job altogether. Effectively addressing those two reasons is a lot of work, but **a good starting point is to offer customer-friendly financing.**

Consumer financing, sometimes known as “buy now, pay later” (BNPL), is an increasingly popular form of payment. From 2019 to 2021, the number of loans issued by the top BNPL lenders went from 16.8 million to 180 million.⁹ Furthermore, the home services businesses we polled reported that **88% of their customers who used financing were happy and relieved it was offered to them.**¹⁰

We also found that, by offering customer-friendly financing, businesses usually won more jobs — and bigger jobs. **Businesses who offered financing were able to land, on average, one more job per week, and those jobs were 4.5 times the size of other jobs.**¹¹

Of course, not all financing providers are created equal, and finding the right one will deliver businesses the biggest benefits. Important elements include: low fees and easy implementation for businesses, and low interest rates and speed of approval for customers — all things that Wisetack can offer.



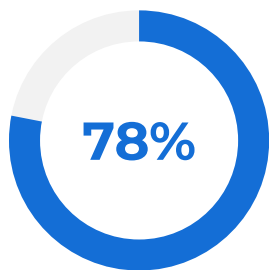
Section 1

What home services pros are up against

A vital but challenging profession

The home services industry is vital to our society. In the US alone, **21 home services jobs are completed every second**. On a yearly basis, this comes out to over 665 million jobs, with customers spending more than \$657 billion — more than the total GDP of Sweden.¹²

Homeowners are also more reliant on pros than ever, with 74% seeing home improvement projects as an opportunity to improve the value of their home.¹³ This has resulted in increased spending, but also in a greater appreciation for pros: 78% of homeowners say pros deserve more respect.¹⁴



78% of homeowners say pros deserve more respect.

For pros, this increased consumer appreciation (and spending) is welcome, as they're in a tough line of work.

Whether they're an independent HVAC contractor or the owner of a small landscaping business, pros are faced with numerous challenges — big and small — every day.

Not to mention, the “other” part of the job is often a constant challenge. Things like meeting project deadlines, time management, hiring, and other administrative tasks like operations and finances are necessary, but tedious and time-consuming.¹⁵

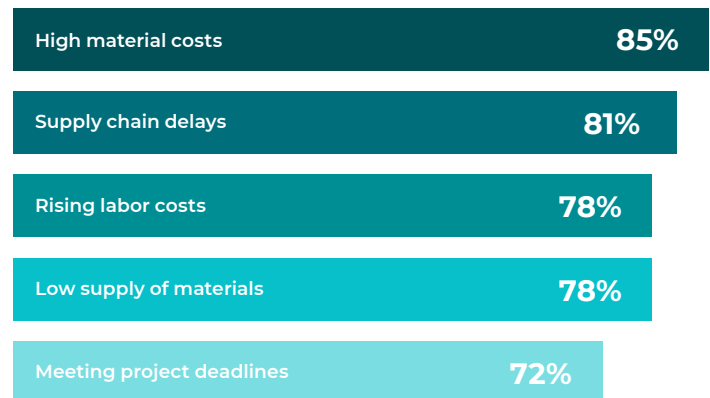
The pandemic hasn't helped things either. In recent times, many businesses have faced high material costs, low supply of materials, and supply chain delays — and have had to persevere through those challenges.

“

Through the pandemic and continuing today, businesses in the home service space are showing incredible strength and resilience.¹⁶

Sam Pillar
CEO, Jobber

Top challenges for pros



Lowe's 2022 State of the Pro Annual Report, n=1,000

Closing the deal with customers can be tough

In addition to facing all of those issues, businesses still need to excel at winning jobs and customers, which is no easy task.

Specifically, **closing the deal with customers can be a challenge for many pros.** Customers can be hard to read, and there's nothing more frustrating than not winning a job after you seemingly did everything right.

Think about it: how many times have you given a customer a quote (in person or over the phone) only for them to ghost you shortly thereafter? Every time that happens, you lose a job and a opportunity to gain revenue.

As a result, closing on those leads more often is a continual challenge for small businesses, especially considering how expensive those leads can be.

For example, when it comes to Google ads, a single lead frequently costs over \$100 —, sometimes much more than that depending on the industry. The HVAC industry can vouch for that, with **an average cost per lead estimated at a whopping \$275.**¹⁷

If you're paying that much for leads, you want to ensure they turn into customers and jobs as much as possible, right? Fortunately, we've got some solutions for you. But first, to provide more context to those solutions, let's get into the reasons customers walk away from bids.

Customers often don't follow through after getting a quote

In a way, it's part of the game. You can't win every job. But you can increase your odds by actually understanding *why* a customer didn't say "yes." Let's go over two of the most common scenarios.

1. After obtaining bids from various companies, a customer went with a competitor.

Ah, this one stings. There's no easy way to track exactly how often this situation happens, but if your customers aren't getting back to you on a regular basis, it's a good sign they might be going to your competitors. And often, price is the deciding factor.

“

We hear many stories about losing those jobs to less qualified (or even unlicensed) service providers who were just a bit cheaper. It's hard for pros to compete for jobs on price alone.

Iris

Head of Growth and Partnerships, Wisetack

2. They are canceling or postponing the job because they simply can't afford it.

As we mentioned earlier, homeowners need services — and those aren't always cheap. But finances are tight for many customers. In fact, 56% of Americans couldn't cover a \$1,000 emergency with just savings.¹⁸ On the other hand, the average yearly home emergency spending is \$2,300.¹⁹ For a lot of customers, the math just doesn't work out, and they are priced out of necessary repairs.

\$2,300

Average yearly spending for emergency home repairs

\$1,000

56% couldn't pay for a \$1,000 emergency with just savings

What can you do?

So what can you do to close more deals? Clearly, cost is a common issue for customers, whether it's causing them to go with a cheaper competitor or forgoing a job altogether. But provided you're already offering competitive pricing, lowering your prices probably isn't the answer — and besides, really large jobs would still be out of reach for some customers.

One of the most effective ways you can close more jobs — and stand out more among your competitors —

is by offering financing, also known as flexible payment options or “buy now, pay later” (BNPL) plans. These options give your customers a way to pay for a purchase over time, and to avoid a dreaded large lump-sum payment.

(See a case study on how Landworks Enterprises gained a competitive edge with financing [here](#).)

“

One of the big things customers often ask us is if we offer financing because it's the only way they can get a project done.”

Caitlin

Finance manager, Landworks



Section 2

Consumer financing: a win-win for businesses and customers

As we previously mentioned, offering financing is mutually beneficial to you and your customers. But how? And by how much exactly? In this section, we'll share some stories and research (some of it conducted by us exclusively for this report) to show you just how much of an impact financing can have on your business.

BNPL: a rapidly rising payment option for consumers

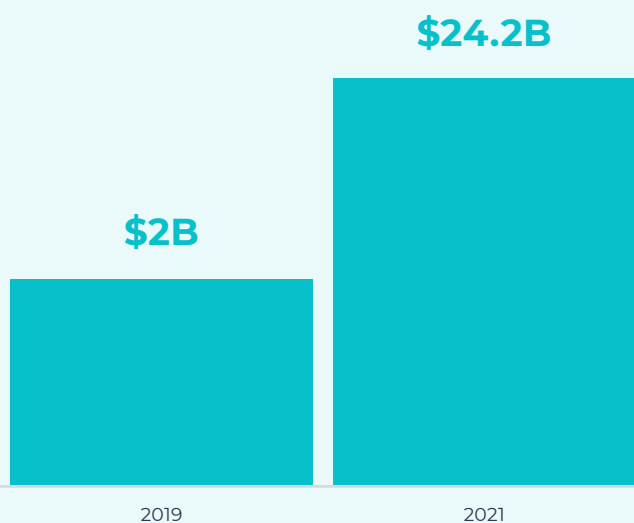
We'll get to the impact of offering financing on your business soon. But first, let's talk about why customers love it — something that matters just as much.

When it comes to paying for a big project, customers have a variety of borrowing options. Traditional methods like credit cards, personal loans, and payday loans come to mind. But a certain form of borrowing — buy now, pay later (BNPL) — has taken America by storm.

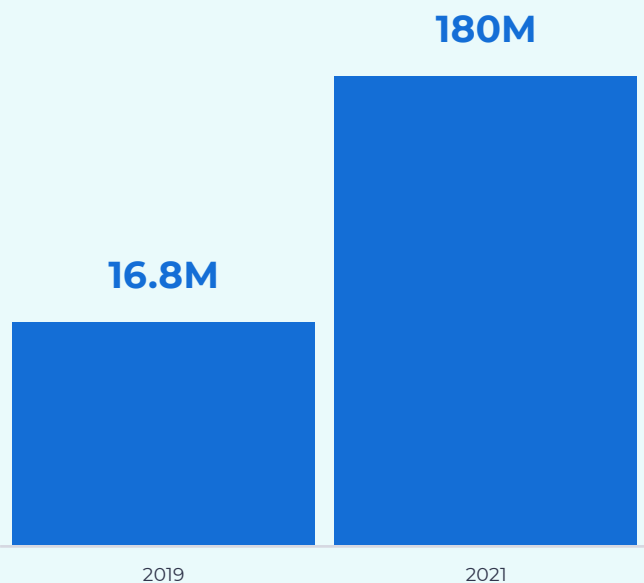
Recently, the Consumer Financial Protection Bureau (CFPB) examined five of the top BNPL lenders in the US. They found that from 2019 to 2021, the number of loans issued by those companies grew by **970%** (from 16.8 million to 180 million) while the total loan volume grew by **1,092%** (from \$2 billion to \$24.2 billion).²⁰ And this growth isn't forecasted to slow down anytime soon.²¹

Growth of top BNPL companies, 2019-2021

Total loan volume



Number of loans

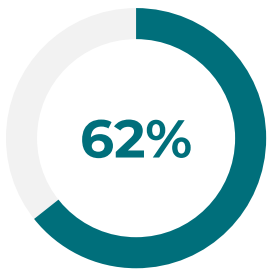


Consumer Financial Protection Bureau, 2022

The BNPL explosion can be attributed to the general convenience and flexibility of BNPL loans — something traditional lenders haven't always offered in the past. Nowadays, some financing providers offer low interest rates (even as far as 0% APR), don't charge any hidden fees, and have an application process that takes minutes — even seconds.

Although consumer financing has been particularly successful in e-commerce, innovative companies like Wisetack are seeking to bring its convenience and benefits to home services. It's an exciting shift, considering that customers seeking these services are often dealing with important problems — and not just making discretionary purchases.

With home services being such a vital component of homeownership, it is just as crucial that homeowners always get the services they need — regardless of price. That is why 62% of customers consider financing options an important element when hiring a pro.²²



62% of customers consider financing options an important element when hiring a pro.

When homeowners are confronted with urgent repairs, they need immediate funds. Nowadays, some BNPL solutions (like Wisetack) offer immediate loans that customers can get without incurring unfair terms or fees — something customers appreciate:

“

A storm damaged our roof which needed immediate attention. Another storm was due within days. This was extremely unexpected both personally and financially. Financing with Wisetack made it available for us to have those repairs done.

Mark
Wisetack borrower

Consumer financing isn't just for people who can't afford a service either. A customer who is able to make a large lump-sum payment but wants to use those funds elsewhere can still benefit from paying in monthly installments — especially if they can qualify for a 0% APR with no credit impact.

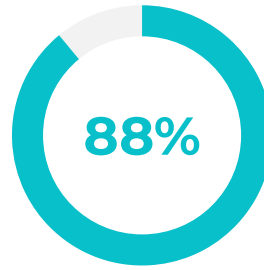


“

We frequently hear comments from Wisetack borrowers saying, “Wait, literally no interest and I can pay this over 6 months? I was planning to pay out of pocket, but why WOULDN’T I choose this?!”

Iris

Head of Growth and Partnerships, Wisetack



88% of customers who used financing were happy and relieved it was an option.

Those numbers match up with some of the borrower reviews we’ve seen here at Wisetack. We like to ask feedback from customers about their financing experience, and when we receive a good review, it is also often accompanied by a positive note about the business. In other words, offering a good payment experience is integral to creating a good customer experience — which in turn boosts your business’s reputation.

A boost to your business’s reputation

When surveying merchants that use Wisetack, we discovered that **88% of their customers who financed a job felt happy and relieved when it was offered to them.**²³ And when a customer is happy, they are likely to advocate for you, in the form of a positive online review or a personal referral. Both of those things are crucial to your business.

Why? For starters, 98% of consumers read reviews about local businesses on a recurring basis.²⁴ And 94% of consumers have avoided a business after reading a bad review about them.²⁵ That’s how important your digital reputation is. And just as important is how you build and grow your referral network: **84% of customers either follow a personal recommendation or their own experience to hire a pro.**²⁶

Customers who are able to pay for a service thanks to financing you offered are likely to be extra grateful to you, especially if the service was exceptional as well.

The ability to receive financing often leads customers to having a better overall experience with your business, which can result in reviews like this:

“

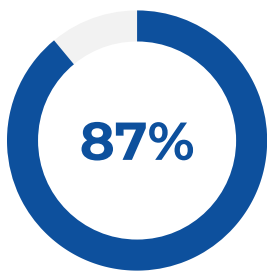
Not only did Griswold Plumbing fix my water system, they also fixed a shower problem I had had for 47 years! I am very appreciative of them and of Wisetack. You both truly made a big difference in my life.

Susan

Wisetack borrower

Losing out on fewer jobs

Making customers happy and improving your business's reputation is great, and offering financing helps you do just that. But ultimately, it's all for naught if it doesn't help you make more revenue. Fortunately, offering customer-friendly financing has also proven to help businesses earn extra cash by enabling them to win more jobs.



87% of merchants have won a job just by offering financing.

Responding to our survey, 87% of home services merchants reported that they had won at least one job through financing.²⁷ Furthermore, respondents estimated that their customers used financing to pay for 1 out of every 5.8 jobs.²⁸ Considering that the average home services business completes 266 jobs per year,²⁹ this means **financing allows such businesses to secure one more job a week on average** — a consistent, noticeable impact.

For many companies, an extra job per week is a big deal. Take the example of Fuse, an HVAC company out of San Jose, CA. Fuse estimates that they win [at least one more job per week](#) thanks to Wisetack financing, an impact right in line with the average — as per our research. **For them, during high-season, this means keeping an entire crew busy just with the additional jobs coming in from financing.**

Persistence and consistency equals better results

Although we measured the average impact of financing to be, on average, one extra job per week, we found that many businesses reaped even greater benefits.

The more you offer it, the more you'll want to offer it.

According to our data, businesses who have success with Wisetack and issue a lot of loans aren't always bigger businesses; they also win a higher percentage of their total jobs with financing.



Businesses win 1 extra job per week on average.

Earlier on, we mentioned that home services customers, on average, financed 1 out of every 5.8 jobs.³⁰ That number jumped to **1 out of 4** for businesses who had issued at least 11 loans through Wisetack.³¹ **The longer a business stuck with financing, the more they were likely to offer it — meaning it was a good experience for them and their customers.**

Being proactive makes financing more effective.

Through some qualitative research, we also found another thing that businesses who ran a well-oiled financing program had in common: they made sure to offer it on every job.

For instance, Stan, the cofounder of [Fuse](#), has trained his team to systematically introduce financing first

thing when presenting a proposal — with just a quick mention. At that point, they gauge the customer's interest in it and give more details if the customer seems intrigued.

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We usually introduce financing when we present our proposal — right away, first thing in the proposal.

Stan
Cofounder, Fuse

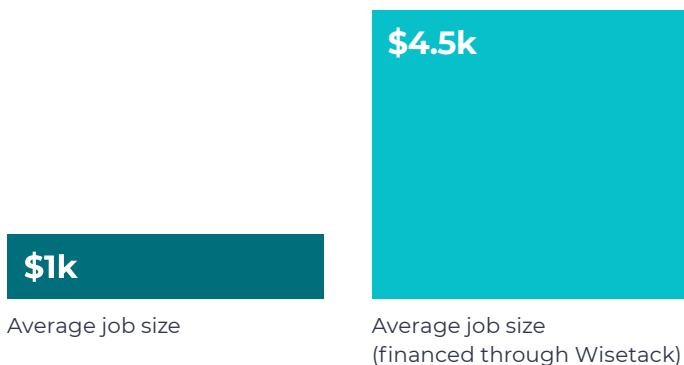


Landing bigger jobs and upselling

It's not a secret that financing can be an attractive payment option to customers when it comes to more expensive repairs. But does the data back that up?

Using Angi's 2022 project volume (665 million jobs) and total market size (\$657 billion) data, we can estimate that, on average, a home project costs around \$1,000.³² Wisetack's average home-services loan size in 2022 was just over \$4,500, or **4.5 times the cost of an average project**.³³ This discrepancy shows that financing is a highly useful — necessary even — tool when it comes to closing larger jobs.

Home services job size, regular vs financed



Jobs financed through Wisetack are 4.5 times bigger than average jobs.

In addition to winning larger jobs outright, many businesses who offer financing also use it as an upsell opportunity. Fuse, who estimates that 80% of their jobs over \$10,000 are financed with Wisetack, does just that, adding that it allows them to simply offer better products for better payment terms.

[Seal Pro Painting](#), based out of Orlando FL, is another Wisetack rock-star business that uses financing to upsell jobs. In one instance, the owner Branden

recalls a couple who had just moved in to a new house and wanted to repaint the entire exterior — an expensive task. Upon receiving a quote from him, they decided to just paint the downstairs area for the time being.

That's when Branden brought up financing options with Wisetack. And sure enough, after the couple stepped away for a few minutes to check their loan options, they came back and said, "Let's do it."

Branden Sewell, owner of Seal Pro Painting, uses financing as an upsell tool. On one occasion, he was able to help new homeowners repaint their entire interior before moving in.

“

I told them it would enable them to get it all done at once and get super comfortable before moving in to their own home. With his wife, and within minutes they came back out and said, “Let’s do the whole thing now.”

Branden
Owner of Seal Pro Painting

[On Time Heating and Cooling](#), based out of Hartland, WI, also uses financing as an upsell tool. Shane, the owner, shared with us a specific technique his team is trained to use. When a tech is called in to work on a repair, they will tell the customer that they can finance a new unit for less per month than what they would pay for a repair — a better long-term option. And often, the customer will choose the new unit over the repair.

Section 3

Choosing the right financing partner

For businesses to reap the most benefits from offering financing, it's essential that they — and their customers — have a great experience with the financing provider. Unfortunately, many things can sour this experience, like a customer incurring unexpected fees or a merchant not being paid in a timely manner when a job is financed. Here are 10 questions to ask when evaluating financing providers, and what Wisetack tries to do to delight businesses and customers alike.

For your business

Q: How much do they charge in merchant fees?

Incurring high fees reduces profitability of your financing program. Do your homework to see how much you would be charged, and how the fees are structured — a flat rate is more predictable and can be easier to account for.

Q: How fast do they pay you when a customer finances a job?

Consistently getting paid fast — and directly — helps with your cash flow and reduces the headache of having to keep track of payments.

Q: Do they integrate well with your field service software?

Being able to offer financing directly from your current field service app means you won't lose any precious time learning a new tool or adding steps to your workflow.

Q: Are their customer support team helpful?

Working with a helpful and responsive customer support team will give you the confidence of knowing that any questions you might have will be answered quickly and accurately.

Q: Do they provide marketing and onboarding materials?

There are several steps you can take to make your new financing tool even more effective. A partner who provides the right materials and content at the right time can educate you on how to get the most out of your financing offering.

For your customers

Q: How high are their interest rates?

Offering loans with interest rates that are too high can harm your customers more than it helps them, and can also reflect poorly on your business. Also, be on the lookout for “[No interest if paid in full](#)” plans, which aren’t truly “0%” and can confuse customers.”

Q: Do they charge any hidden (or less obvious) fees?

Fees like prepayment fees, late fees, and compounding interest aren’t always obviously disclosed. Ideally, your financing provider won’t charge those, but if they do, make sure you understand them so you can educate your customers: unexpected fees can quickly sour a customer’s mood.

Q: Do they run a soft or hard credit check to check a customer’s credit?

Hard credit checks will temporarily lower a customer’s credit score, so it’s best to avoid them if possible.

Q: How fast can a customer complete an application?

An application that takes a long time to complete can frustrate a customer and worsen their experience with your business.

Q: Can a customer get an approval immediately after applying?

When you give a customer a quote, you want to close the deal right there and then. If they have to go home and wait to get approved, it gives them time to change their mind — which is the last thing you want.

*All financing is subject to credit approval. Your terms may vary. Payment options through Wisetack are provided by our [lending partners](#). For example, a \$1,200 purchase could cost \$104.89 a month for 12 months, based on an 8.9% APR, or \$400 a month for 3 months, based on a 0% APR. Offers range from 0-35.9% APR based on creditworthiness. No other financing charges or participation fees. See additional terms at <http://wisetack.com/faqs>.

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