

Pest Control in Canada

Revenue \$2.2bn	'18-'23 ↑ 6.2 % '23-'28 ↑ 1.7 %	Employees 14,452	'18-'23 ↑ 1.9 % '23-'28 ↑ 2.0 %	Businesses 1,364	'18-'23 ↑ 4.1 % '23-'28 ↑ 2.5 %
Profit \$401.3m	'18-'23 ↑ 6.3 %	Profit Margin 18.1%	'18-'23 ↑ 0.1 pp	Wages \$1.2bn	'18-'23 ↑ 4.7 % '23-'28 ↑ 1.9 %

Five-year growth rates display historic and forecast CAGRs

➔ Major Players

Company	Revenue	Market Share
Orkin Canada	\$142.8m	6.4%
Rentokil Steritech	\$83.0m	3.7%
Abell Pest Control Inc.	\$30.4m	1.4%
Maheu&Maheu Inc.	\$20.2m	0.9%
Other Companies	\$1.9bn	87.5%

⊕ Products and Services

Item	Revenue	Market Share
Bed bug extermination	\$1.1bn	49.3%
Rodent containment and extermination services	\$538.7m	24.3%
Ant extermination	\$392.4m	17.7%
Other	\$192.9m	8.7%

🗉 Key External Drivers

Key External Drivers	Impact
Corporate profit	Positive
Per capita disposable income	Positive
Housing starts	Positive
Demand from manufacturing	Positive
Demand from accommodation and food services	Positive

Key Takeaways

Performance

- The residential pest control market is expected to grow faster than the commercial pest control market. This is because of the fact that residential homes are more likely to experience pest infestations than commercial businesses.
- The integration of technology into pest control operations is expected to grow. This includes the use of digital management platforms, smart devices, remote monitoring systems, and data analytics to enhance service quality and efficiency.

External Environment

- Pest control companies must be licensed by the provincial government. Pest control companies must use pesticides that are registered with the Pest Management Regulatory Agency (PMRA).
- Regulation helps to ensure that all pest control companies are following the same rules and regulations. This helps to promote fair competition and prevents companies from cutting corners on safety or quality.

SWOT

Strengths	Growth Life Cycle Stage
	Low Imports
	High Profit vs. Sector Average
	Low Customer Class Concentration
	High Revenue per Employee
	Low Capital Requirements
Weaknesses	Low & Steady Level of Assistance
	High Product/Service Concentration
Opportunities	High Revenue Growth (2005-2023)
	High Revenue Growth (2018-2023)
	Per capita disposable income
Threats	Low Outlier Growth
	Low Revenue Growth (2023-2028)
	Low Performance Drivers
	Housing starts

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Moderate	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Growth	
Revenue Volatility	Moderate	
Assistance	Low	Steady
Competition	Moderate	Increasing
Innovation	Moderate	

Executive Summary

Buzz about town: Demand for pest extermination will be bolstered as infestations become increasingly prevalent

While the rise of bed bugs across Canada has left homeowners and business owners frustrated, it has been a boon for the Pest Control industry in Canada. The increasing ubiquity of these nighttime pests has fuelled demand for pest extermination professionals, underpinning robust revenue growth. COVID-19 contributed to a temporary decline in demand for bed bug removal services, though it led to increased demand for rodent control as rats and mice sought new food sources as restaurants closed. As a result of heightened demand for extermination and prevention services, industry revenue is expected to grow, increasing an annualized 6.2% to \$2.2 billion over the five years to 2023, despite a decrease of 2.2% in 2023 alone.

While bed bugs were typically confined to hotels and some residences in the past, the pests have begun to pop up in more unlikely spots like movie theatres, offices, and clothing stores. The increased occurrence of these pests has thus led to substantial demand for pest exterminators and rising service prices. Heightened demand for bed bug extermination has caused the number of companies in the industry to grow, increasing an annualized 4.1% to 1,364 enterprises over the five years to 2023. The increased prevalence of bed bugs has lifted profit for pest control service providers, as bed bugs are among the most lucrative sources of revenue because of the speed of their removal.

Conditions are expected to remain positive moving forward, with industry revenue forecast to increase an annualized 1.7% to \$2.4 billion over the five years to 2028. Bed bugs and other insect infestations are expected to become an increasingly prevalent concern in homes and commercial establishments, resulting in strong demand for pest extermination professionals, particularly in urban areas. This is likely to foster strong product development over the next five years. Given the public's growing concern over the potentially harmful effects of pesticides and other chemicals, environmentally friendly solutions will likely remain a growing development area.

Call Preparation Questions

Role Specific

Sales & Marketing

How dependent are you on the public sector?

- The industry is not very dependent on the public sector, with most business coming from commercial or residential clients.

Has competition from low-wage countries hurt your business?

- Competition has had no impact on business, as the industry is characterized by little globalization.

Strategy & Operations

Does your business need to be located near key consumer or client markets?

- Location is a key demand determinant for businesses, as pest control companies must be located in close proximity to respond to demand in a timely manner.

Does your company target a particular market segment or provide for a broad range of markets?

- Companies rely mainly on the commercial business segment, including hotels, followed by residential customers.

Technology

Have you been able to reduce costs through automation?

- The industry is highly labour intensive, so automation has not reduced waged costs.

Are web-based technologies, such as online document storage and video conferencing, hurting your business?

- As no services can be replicated via the web, technology such as cloud storage has had no impact on the industry.

Compliance

Have energy-efficiency regulations positively impacted your business?

- Energy efficiency regulations have had little to no impact for companies.

Is obtaining state certification or licensing necessary for your business?

- Regulatory requirements are moderate, with the main regulations pertaining to toxic substance use and storage and their effect on occupational health and safety.

Finance

How does your company compensate for seasonality of cash flow?

- Companies may choose to focus on different pests based on weather or time of year. For example, ants are more prevalent in the summer.

How dependent is your company on borrowed finances?

- Companies are not dependent on borrowed finances.

External Impacts

Corporate profit

In which industries do your clients typically operate? How do you monitor and respond to revenue and profit trends in these industries?

- A majority of industry revenue is generated from commercial clients. Food manufacturing and processing companies, for example, hire operators to control and prevent pest infestations. Demand from these markets is determined by corporate profit, as businesses with ample cash on hand are more likely to spend on pest control services.

Housing starts

How much of your company's revenue depends on servicing newly constructed houses? How do you plan to mitigate the threat of decreasing housing starts?

- Companies in the industry provide fumigation and other preliminary pest extermination services for newly constructed homes. As the number of housing starts declines, demand for pest control services is negatively affected.

Per capita disposable income

Is your business sensitive to fluctuations in per capita disposable income? How do you remain competitive during times of low disposable income?

- When per capita disposable income rises, consumers will increasingly opt for professional pest control services as opposed to general pest control products from home and garden stores.

Internal Issues

Ability to quickly adopt new technology

What is your company's budget for research and development? How easily can you learn and adopt new technology?

- Although pest control products are highly regulated, the ability to offer effective and environmentally friendly products is increasingly important to a company's success.

Proximity to key markets

Where are your key businesses located? Are your operations located in areas with a large customer base?

- Proximity to key markets benefits industry players, since they can reduce transportation costs and deliver pest control services more efficiently.

Understanding government policies and their implications

How thorough is your understanding of all safety regulations relevant to this industry? Do you keep track of new regulations?

- Companies must comply with and be up to date on federal, provincial and local environmental regulations for pest control chemicals.