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State of the **NATURALS** MARKET

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Natural Phenomenon

A desire to protect people and planet has been sweeping the U.S. and other countries for some time. Products aimed toward supporting those protective instincts, whether labeled “organic,” “natural” or “environmentally friendly,” are becoming increasingly popular — so popular, in fact, that sales of food, beverage, household and personal care items under the “natural” umbrella are expected to surpass \$300 billion by 2023 and \$400 billion by 2030, according to New Hope Network.

Pest management solutions are no exception. PMPs across the nation tell us that demand for green pest management products and services continues to climb as customers become more concerned about the environment and the health of themselves, their families and their neighbors. These highlights from the 2022 PCT State of the Naturals Market

study offer insight into some of the issues pest management company leaders are taking into account as they address this growing demand:

A CONSCIOUS DECISION

The vast majority (87 percent) of PMPs who participated in the 2022 PCT State of the Naturals Market study reported that they are operating in markets where customers are very or somewhat environmentally conscious. It makes sense that their companies would be stepping up their natural product and service offerings.

“Austin is one of the most environmentally conscious cities in Texas,” says Joe Cantu of The Bug Master. “Our company has been around for 40 years, and we’ve focused on natural solutions for at least the past 20. As people spend more time on the internet and in social

media discussions, their awareness about green pest management options grows. We get more and more requests for it all the time.”

Noah Gunter Besheer of Gunter Pest & Lawn sees a similar trend in Missouri. “Demand for green products is absolutely growing in the Kansas City market,” he says. “Consumers are becoming more aware of the ingredients in their food,

87%

of pest control companies say they operate in markets where customers are environmentally conscious

*Source: Readex Research;
Number of Respondents: 244*

soaps, shampoos and cleaning supplies. Many of these health-conscious consumers also care about the chemicals being used in their pest prevention treatments.”

Changing demographics often play a part in demand as well. Take Martinsburg, W.Va., for example, where a wave of industrial growth is bringing more young people and families to the area. “Late last fall, we started seeing a surge of new customers — primarily people 25 to 40 years old with a higher level of education than we typically see in this market,” says Brian Fausey of American Pest Control. “They want a green product that protects their children, pets and the environment.”

Fausey’s team is prepared to deliver. “When I opened my business in 2012, one of my priorities was to offer a green solution. I had seen a lot of unmet demand when I worked at other companies, and I was determined to meet the needs of every type of customer. If you want to survive in this industry, you have to cover the entire spectrum of needs.”

HOW WE GOT HERE

Even “old-school” companies have come around to appreciate natural products. Warren Remmey, who describes his San Antonio company Spider Man Pest Control in just that way, says his green business grows about 10 percent each year. “I was taught by the old generation of exterminators. We worked with products back then that were really toxic and demanded we do very precise treatments. I had the advantage of learning that old way and then of seeing the market transition to less toxic products,” he says. “I was skeptical about them at first, but as I tried them, I saw how effective they could be. Today, we give customers the opportunity to choose which type of program they prefer.”

Rebecca Coleman of Norris Environmental Solutions in Washoe Valley, Nev., says her dad, Lang Norris, learned old-school methods as well. Recognizing the risks, he was always trying to find a better way. “The industry was using

chemicals in the ’70s that have since been banned. And even though IPM practices were being introduced then, a lot of pest control operators continued to live by the glug method: If one glug was good, two must be better,” Coleman says. “My dad

was always trying to do things differently, using less chemistry while getting great results. Our company was built on his commitment; we’ve been offering our customers effective organic solutions for 30 years.”

By the Numbers

42%

of PMPs report increasing their investment in green operations in 2021 – in natural products and equipment to apply them, education, marketing and staffing.

40%

say it’s important or very important to them that the public perceives them as environmentally friendly.

36%

of those who offer green products charge more for them than traditional products.

34%

think that green pest control options are more top-of-mind with their residential customers than they were five years ago; 21 percent say the same of their commercial customers.

21%

have created a separate brand for their green services, while others are integrating natural solutions into their existing brands.

20%

plan to make green products a more important part of their product mix in the coming year.

Source: Readex Research; Number of Respondents: Varies from 202-244



Personal Commitment Is Part of the Why

Sure, the market is there for natural pest management. There are customers to satisfy and there's money to be made. But more often than not, the companies that commit wholeheartedly to providing outstanding green solutions are led by individuals who are themselves personally committed to protecting the planet and its people.

Take Brian Metzger. Before he established GP Home Defense, he was a full-time landlord for 20-some years. When

some of his tenants reported bed bugs, he committed to getting rid of them ASAP. "I was a hands-on landlord and became obsessed with learning all I could about bed bugs so I could help my tenants," says Metzger. "I started treating them with chemicals and heat, but then as I learned more and more, I saw that there were safer options. I also realized I could help the community at large and not just my own rentals if I moved into pest management, and so that's what I did. My son manages

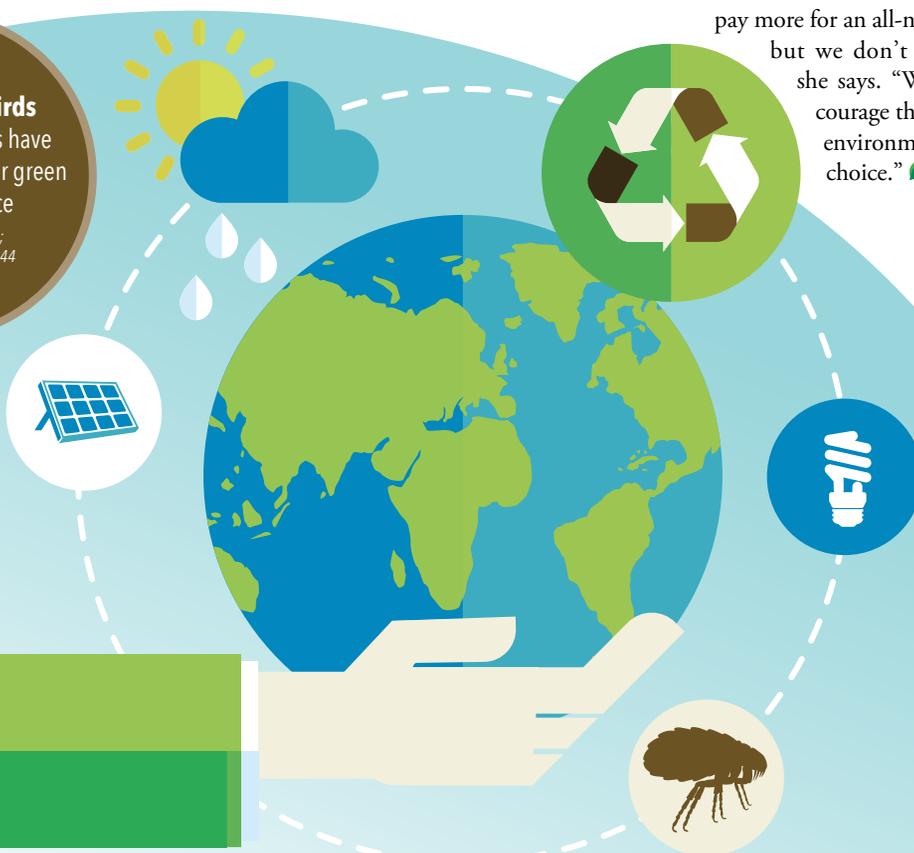
the rentals now, and I provide natural bed bug control services."

Metzger says he is driven by the knowledge that he can gain complete control over bed bugs without exposing his customers, himself or his team to toxic chemicals. Incorporating biopesticides into his protocol has offered him "phenomenal effectiveness." In fact, he uses biopesticides at home in his greenhouse garden. "I don't want to be eating pesticides, and I don't want to expose my customers to them either," he says.

In New York, Dawn Tennenbaum likes that customers perceive Mosquito Hunters as an environmentally conscious company; it's good for business and positions the company as forward-thinking. But there's more to it for Tennenbaum: She's personally concerned about the environment for her children and the generations to come. That's why she prices her green services the same as traditional services, even though the green products cost her business more. "Customers will pay more for an all-natural program, but we don't charge more," she says. "We want to encourage them to make the environmentally friendly choice." 🌿

More than **two-thirds**
(69 percent) of PMPs have
taken action to up their green
game at the office

Source: Readex Research;
Number of Respondents: 244

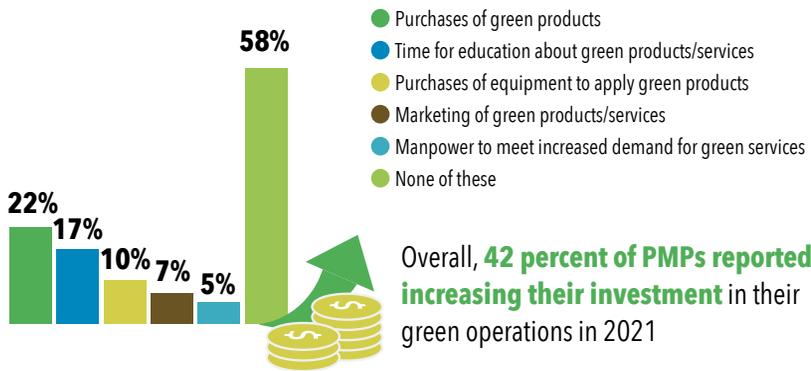


50% of PMPs will choose a green product over a traditional pesticide if it's equally effective

Source: Readex Research; Number of Respondents: 244

GROWING INVESTMENTS IN GREEN OPERATIONS

Which of the following has your location increased in the past year?



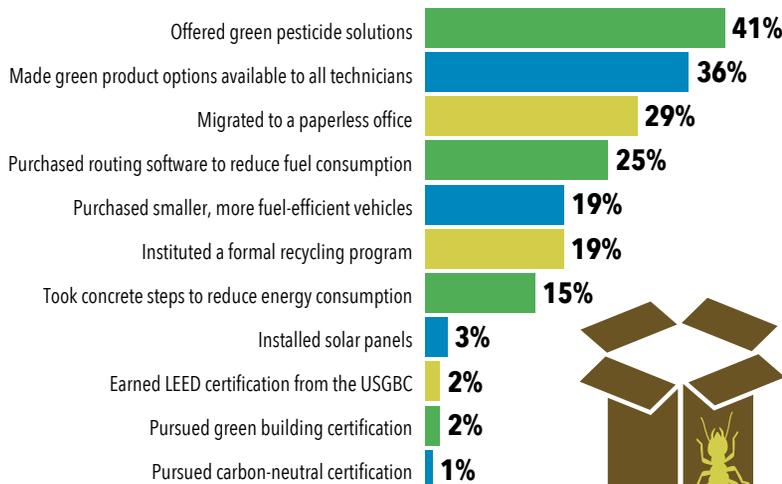
Source: Readex Research; Number of Respondents: 202

38% say that their employees are interested in green product usage

Source: Readex Research; Number of Respondents: 244

GOING GREEN AT THE OFFICE

What has your location done to go green?



Source: Readex Research; Number of Respondents: 244

FIRST PERSON

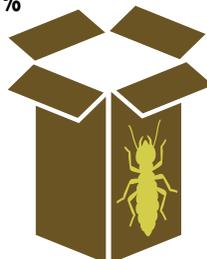
Beyond Products and Services: How PMPs Are Going Green

Jim Harmon, California Pest Management, La Verne, Calif.: We were the first pest management company to join the U.S. Green Building Council and the first to recognize the importance of being LEED-certified and obtain that certification. We have also been paperless for years – much less to store! We also use smaller trucks for a smaller carbon footprint (I drive a Ford F-150 hybrid myself), and all of our vehicles must get at least 25 miles per gallon.

Noah Gunter Besheer, Gunter Pest & Lawn, Kansas City, Mo.: Our home office and service garage have solar roofs. In 2020, we started driving Tesla fleet vehicles, which we charge via solar energy in the garage (we love to say we drive solar-powered Teslas!). By 2024, our entire vehicle fleet will be electric. We also use a paperless billing, invoicing and routing system. And our company tag line is "Go Gunter, Go Green," which is a nod to not only our brand color, but also our commitment to the environment.

Matt Livingston, Remedy Pest Control, Charlotte, N.C.: Green practices are part of our ethos and our go-to-market strategy. We are personally committed to environmentally sound practices and we incorporate them throughout our operations. Route optimization and fuel efficiency are super important to us; the second Ford introduces its electric vans, we will convert to those. I personally drive an electric vehicle and I look forward to updating our company vehicles.

Joe Cantu, The Bug Master, Austin, Tex.: We've done it all – recycling, routing software, paperless operations and more fuel-efficient vehicles. We have recycle bins at every workstation and a recycle dumpster outside. We've replaced paper contracts with digital and have purchased more fuel-efficient vehicles.



EVOLUTION OF THE

Natural

PEST CONTROL MARKET



From as early as ancient times, plants have developed natural defenses against insects. And just like everything else in the world, plants have evolved with time. This evolution has sparked the emergence of the Natural Pest Control Market, which is predicated on developing more environmentally-friendly insect control solutions. This timeline chronicles the history of the Natural Pest Control Market and provides a glance at what's to come.

Ancient TIMES - Middle AGES

Early hunters and gatherers realized that certain plants could provide relief from biting insects that often spread illnesses. They used this knowledge to their advantage, hanging bruised plants in homes and burning plants in areas to protect themselves and their dwellings. Over time, they began extracting what we know as essential oils that acted as insecticides and repellents.



THE 19th AND Early 20th CENTURIES

As society advanced, it began to better embrace disciplines like chemistry and biology. The beginning of the 19th century marked the dawn of manufactured chemical pesticides, as chemicals were extracted from botanical sources.

Scientific methods were refined and completely reborn during World War II, as the first synthetic organic chemicals gave rise to the first modern synthetic pesticides.

Millennials make up
44% of the consumers
who are responsive
to green marketing



2015: THE START OF A Greener Day

Environmental awareness becomes of greater importance to consumers in a variety of industries, including insect control. The millennial population (born between 1981-96) emerges as one of the largest consumer demographics, and the environment is one of their primary concerns. 56% of millennials surveyed in a 2014 Tork Green Business Survey said they are willing to pay more for products they perceive as being ethically and responsibly manufactured.

Now more than ever, pest control operators must place a greater emphasis on greener pest control products. And Zoëcon® can help you meet these changing customer expectations. Our Essentria® products offer natural pest control for the environmentally conscious consumer. They're formulated with naturally derived plant-based active ingredients — including rosemary oil, peppermint oil, geraniol, clove oil and thyme oil.

2021: NATURAL PEST CONTROL Arrives

Millennials continue to place a greater emphasis on environmental responsibility and now make up 44% of the consumers who are responsive to green marketing. Pest control operators have taken notice. 42% of pest control professionals believe green pest control products are more top of mind among residential consumers. 83% of pest control operators said they are most likely to use green products at customers' homes, further emphasizing the importance younger consumers place on being eco-friendly.





Where Natural Products Fit

As they stack up successes with green products and services, PMPs are becoming more comfortable using them in diverse locations and circumstances. “Using a less toxic product to achieve results similar to those of a traditional pesticide is nothing new to us at California Pest Management; we have always provided green services and practiced real-world IPM for our clients,” says Jim Harmon. “Over the years, we have expanded and evolved what we offer

to include more environmentally friendly products. For example, we now offer sanitizing services using green products.”

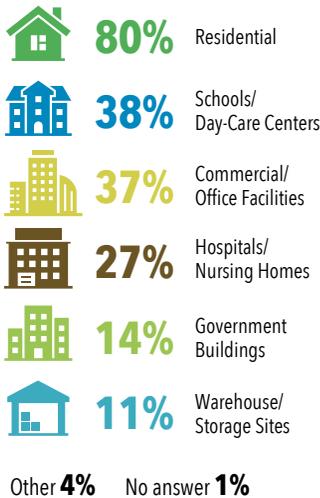
Understanding what will work for particular pests in particular circumstances is key. “The products we use may be labeled for ants, bed bugs, roaches, spiders or flying insects on the label, but there’s more to take into account,” says Matt Livingston of Remedy Pest Control. “Some products break down more quickly in sunlight or with exposure to water or

other outdoor elements. In those cases, if a customer has a substantial infestation, they might not be a candidate for a botanical application until we get control. So we may use a pyrethroid-based product for knockdown and then use the green product for maintenance.”

Warren Remyey of Spider Man Pest Control agrees. “North of San Antonio, customers can have tremendous scorpion issues. When they call and tell us they’ve had 25 scorpions in the past three days, we’re not going in there with some rosemary oil; it won’t knock those scorpions back. So we apply a synthetic pyrethroid the right way in the right place and eliminate the food source (spiders and crickets). Once those scorpions back off and we gain control, we can switch to the botanical and do a fine job with it.”

WHERE PMPs USE GREEN PRODUCTS

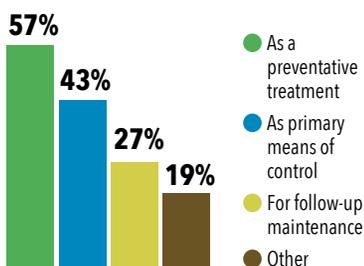
In what types of application sites is your location most likely to use green pest control products?



Source: Readex Research; Number of Respondents: 202 (multiple answers)

TYPICAL USES FOR GREEN PRODUCTS

How does your location typically use green products in its pest control efforts?



Source: Readex Research; Number of Respondents: 202 (multiple answers)

Which Pests Respond Best?

Many PMPs will say that it's not so much the pest but rather customer preference and the level of infestation that help them determine whether to treat with a natural or traditional product. Others have succeeded with specific pests and built their protocols accordingly.

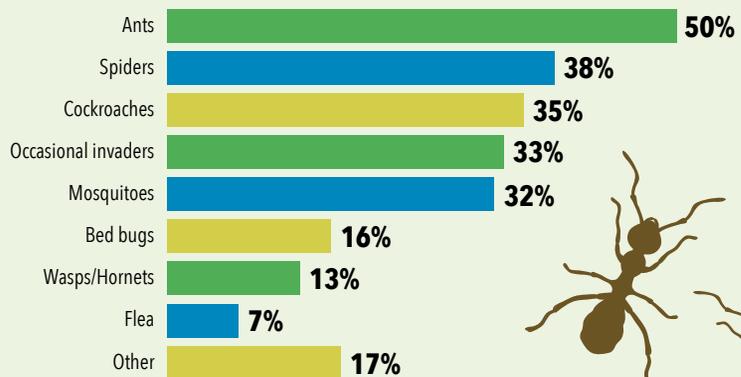
Brian Metzger of GP Home Defense, for example, treats more bed bugs than anything else. He gets a few calls for cockroaches, fleas, ants and other general pests now and then, but bed bugs are his bread and butter. His go-to treatment is a biopesticide, silica dust, encasements and vacuuming. "With bed bugs, the only acceptable threshold is zero, and this treatment protocol achieves that," Metzger says. "The battle may be a little tougher when the customer is a hoarder, but we always win in the end."

Among the pests Gunter Pest & Lawn treats with natural products are mosquitoes. "We offer an all-natural mosquito control service," says Noah Gunter Besheer. "The product we use is made with botanicals and essential oils, and there are independent studies that prove its effectiveness. This is also a great option because many of our customers grow fruits and vegetables right next to the shrubs that harbor mosquitoes. The all-natural option eases their concerns about cross-contamination."

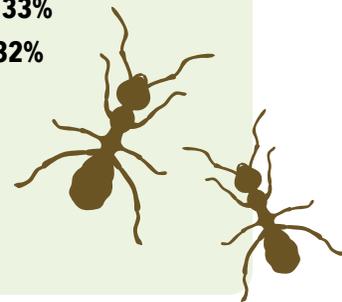
Dawn Tennenbaum of Mosquito Hunters of Northern Nassau County has had great success treating mosquitoes and ticks with green products. "New York is very strict in terms of chemicals, because our water tables have been badly compromised. Residents here in the Manhasset Bay area tend to be environmentally conscious, and every year we see more of them opting for our all-natural program," Tennenbaum shares. "We use a cedar oil product that used to only repel the mosquitoes. It has since been improved, and the residual is very good. It rivals synthetic products."

PESTS MOST OFTEN CONTROLLED WITH GREEN PRODUCTS

Percentage of PMPs who named these pests among their top three to treat with green products



Source: Readex Research; Number of Respondents: 202 (multiple answers)



ABOUT THE SURVEY

The PCT 2022 State of the Naturals Market survey was sponsored by Zoëcon/Central Life Sciences and compiled by Readex Research, a privately held research firm in Stillwater, Minn. A sample of 4,363 pest control company owners, operators, executives and technical directors was systematically selected from the PCT database. Data was collected from 244 respondents – a 6 percent response rate – via online survey from

Dec. 29, 2021-Jan. 10, 2022. To best represent the audience of interest, the majority of results are based on the 202 respondents whose company location has used green pest control products for its services in the past year. The margin of error for percentages based on 202 responses is plus or minus 6.8 percentage points at the 95% confidence level. Charts may not add up to 100 percent due to rounding.

Who Leans Toward Green — and How Are You Talking to Them?

It's not surprising that millennials would be most interested when it comes to natural pest management. At 26 to 41 years old, they are more likely to have children in the house than other generations, and they are among those most concerned about the health of our planet. In May 2021, Pew Research reported that 71 percent of millennials (compared with 67 percent of Gen Zers, 63 percent of Gen

Xers and 57 percent of older adults) say that climate should be a top priority to ensure a sustainable planet for future generations.

Millennials are moving into their peak earning years, too, which aligns with how many PMPs see the market for green pest control. "Those who choose natural products and services are generally higher-net-worth customers with a higher median household income and home value," says

Matt Livingston of Remedy Pest Control. "We look at the intersection of this financial profile with the Whole Foods customer: People who are willing to pay more for organic milk and eggs are likely to view green pest management as worth the price, too. That is the demographic we market this solution to."

Spider Man Pest Control's green customers have included historical prop-

35% of technicians

have a good understanding of what makes the pesticides you apply green

Source: Readex Research;
Number of Respondents: 202

26% of customers

have a good understanding of what makes the pesticides you apply green

Source: Readex Research;
Number of Respondents: 202



erties including the Alamo and multimillion-dollar residences whose owners are tuned in to climate change and the effects of toxins on the environment. “We’re seeing a growing market for green, especially with people in the 30- to 55-year-old category,” explains Warren Remyey. “They tend to be more environmentally conscious and want us to go with low-impact solutions.”

Environmental consciousness spans generations in New York’s Nassau County, according to Dawn Tennenbaum of Mosquito Hunters. “We’re on Long Island Sound, where it’s very marshy and mosquitoes thrive. It’s hard to go out into your backyard if you don’t spray, so we have customers of all ages. We probably get the most requests for natural pest management from people who are 35 to 40, but plenty of older people ask for it, too.”

COMMUNICATE CLEARLY

Most PMPs (91 percent) agree that it is important to communicate with your customers about your green program. In fact, more than a third (34 percent) believe that this communication is even

more important than if you were treating with traditional products. “People are more aware of the availability of natural solutions because of the internet, but they may not fully grasp what those products are,” says Joe Cantu of The Bug Master. “We train our technicians extensively before they go out into the field so they understand every product and how it works. We want them to be able to explain why they are doing what they’re doing and answer customer questions.”

GET CREATIVE WITH MARKETING

Jim Harmon is having success marketing his green services through social media, targeted direct mail (selected ZIP codes and income levels) and email. His messages explain how California Pest Management excels in quality as well as environmental commitment. Warren Remyey has a radio talk show that airs on Saturdays and Sundays as part of a popular landscape program. He shares his pest management expertise and answers customer questions. Matt Livingston swears by getting involved in local events in addition to communicating with

customers and prospects through social media and his company blog.

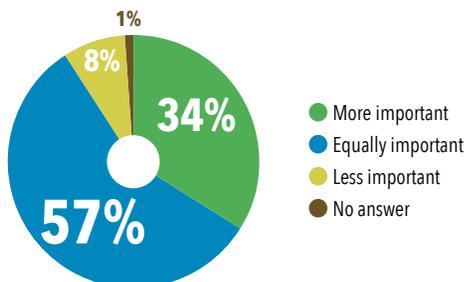
There are countless ways to get the word out through marketing. The key is to do it consistently and know where your customers are most likely to receive your message. Brian Metzger, who markets GP Home Defense through print, broadcast and online ads, says the key to successful marketing is as basic as making it easy to find your business when people go looking. Whether you do that through strategic SEO efforts, advertising, social media, a strong website presence or some combination of these, letting people know you offer green pest management services is job one.

WATCH YOUR LANGUAGE

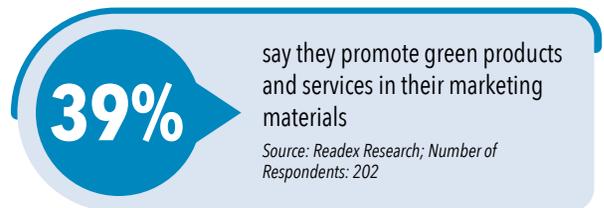
Make sure your marketing is up to date in how you refer to your natural program. This year’s most-used term, “eco-friendly,” is being used by two-thirds (67 percent) of pest management companies. That’s nearly double its usage of just three years ago. Take a look at the accompanying chart to see just how much the language has evolved since 2019. 🌱

COMMUNICATION IS CRITICAL

Is communicating with customers about their green program more or less important than with a traditional insecticide application account?

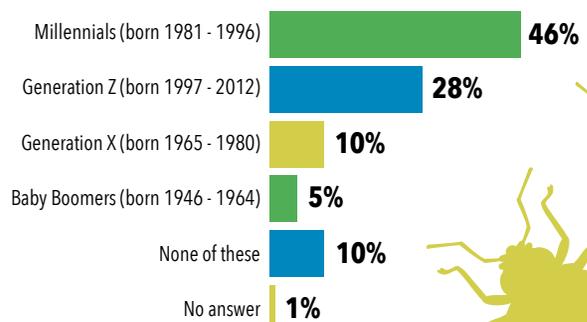


Source: Readex Research; Number of Respondents: 202



WHO RESPONDS TO MARKETING

Which demographic group do you think is the most responsive to a green sales and marketing message?



Source: Readex Research; Number of Respondents: 244



GO NATURAL. GONE NATURALLY.

STRONG INSECT CONTROL WITH A SOFT IMPACT.



ESSENTRIA® PRODUCTS FEATURES AND BENEFITS

- FIFRA 25(b) exempt botanical insecticides
- Formulated with naturally derived essential plant oils
- Control bed bugs, flies, fleas, cockroaches, occasional invaders, spiders, ticks, wasps, and 30 other listed pests
- Apply to sensitive sites (schools, day cares, health care and government facilities)
- Multiple versatile formulations
- Safe when used as directed

A LEGACY OF CONTROL.

