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# The Business Impact of Pests

**Rentokil  
Steritech**

The Experts in Pest Control

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Commissioned by Rentokil Initial, Cebr (Centre for Economics and Business Research) surveyed decision-makers in over 1000 companies across the USA and four developed economies (UK, France, Australia and Italy) globally to gain a US perspective on the business and economic impacts of pest infestations.

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## The true business impact

# Introduction

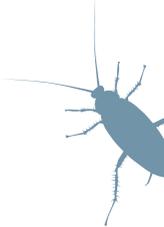
Every year there are dozens of reported cases of businesses suffering the indignity and embarrassment – and the costly economic impacts – of pest infestation. From the restaurants in South Florida shut down in March 2015 due to rats and roaches, to the food manufacturer in New York – forced to close in 2013 for a period due to rat infestation, businesses dealing with food have to be constantly on their guard.

Those for whom food is not a core part of their business should also be wary – witness the New York City asset management company whose offices had to be fumigated due to the presence of bedbugs in August 2014, causing staff to work remotely, disrupting the working day and affecting productivity.

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**It can happen to the largest and the smallest – and to the ones that least expect it, too.**

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The true business impact

# An international perspective

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**Pest infestations resulted in an estimated increase of \$9.6 billion across the countries surveyed.**

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In order to gain insight into the challenges and issues pest infestations can present, including the economic impact, Rentokil Steritech commissioned independent research agency Opinion Matters and the Centre for Economics and Business Research (Cebr) to identify key trends impacting businesses and pest control. Cebr has estimated that in 2014 alone, disruptions caused by pest infestations resulted in an increase of **\$9.6 billion\*** in operating costs in the countries surveyed. In the same year, revenues declined by an estimated **\$19.5 billion\*** because of pest incidences. The magnitudes of these impacts in the European countries studied can also provide useful guidance on the likely magnitude of those impacts across the rest of Europe.

It is true that humans have unwittingly helped the spread of pest infestations. Modern buildings, for example, with their internal ducts, voids, false floors and ceilings, provide a perfect setting for pests. As evidence from Cebr suggests that the main problem with infestations in Europe is presented by rodents, let's take mice as an example.

To indulge in their natural curiosity and share our living and working space as they forage for food, they gain entry to buildings via so called "mouse motorways" – the underground cable and pipe tunnels we have built beneath our feet. They are also often "delivered" on pallets of foodstuff from a manufacturer to a customer.

\* Estimate Based on 1053 businesses surveyed across 5 countries. \$19.5 billion represents a gross loss and not a net loss.

Figures in this report were converted from pound sterling (as reported in the research) into USD using the average 2014 Sterling to US Dollar exchange rate. 2014 average exchange rate £1 = \$1.65

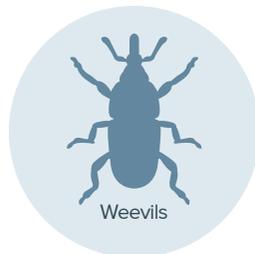
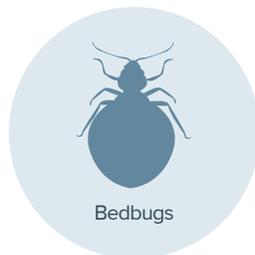
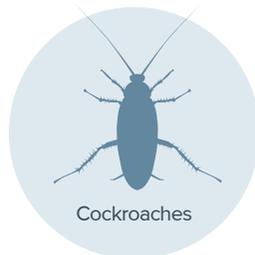
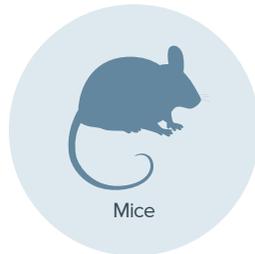
**\$19.5**  
In lost revenue **bn**

Once inside, mice can squeeze through gaps .4 inch high, and require a relatively small amount of food to survive – only .1 ounce per day. When settled, they can reproduce frequently, with a gestation period of just three weeks, and litters of up to 16 pups. In perfect conditions, a pair of mice can produce as many as two thousand offspring in a single year, and pups will only take up to 12 weeks to mature and also start breeding.

It doesn't take much imagination therefore to see how a mouse infestation can, if left unchecked, get out of hand very quickly. 42% of US businesses surveyed reported losing at least one working day per year as a result of infestation, and over a third of all infestations (36%) last for more than two weeks – which is enough time for a rodent problem to multiply. The key to

combating such infestations lies in understanding pest behavior and proactively managing pest control measures.

Mice and other rodents, alongside cockroaches, bedbugs and stored product insects such as weevils and flour beetles, are consistently recognized as being common pests in the developed world. These are extraordinarily well suited to taking advantage of the conditions that humans create, whether that's a warm, damp kitchen, snacks and food remnants in employee desks, or a mouse highway in an office block. Each of these pests display specific behavior and preferences that see them thrive in their environment of choice. It is important to consider these when designing and implementing measures to prevent or eradicate an infestation.



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# The true business impact

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**Yet, the reality of pest infestation is not just a loss of earnings, serious though that might be.**

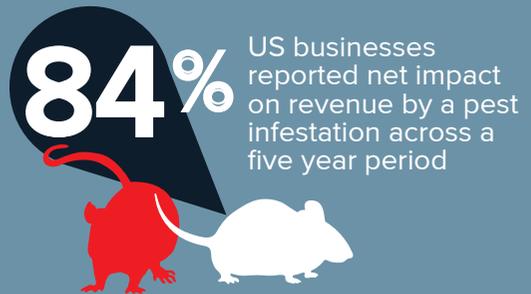
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Businesses also reported on the legal, social and operational concerns that an infestation can cause. The damage to reputation, the impact on staff morale and health, the damage to electrical equipment, and the threat of compensation claims are all serious business worries, although the level and nature of concern varies from state to state. For example, businesses in the Midwest were much less likely to be concerned about compensation claims than their counterparts in the West with 15 percentage points between them. Three quarters of Western US businesses cited compensation as a high or moderate concern – by far the highest of the entire group. Midwestern businesses are mostly concerned with loss of reputation with 55% citing this as a high or moderate concern.

Overall, the Western states, including the Midwest and Southwest were found by far to be the least likely to be proactive in their approach to pest control. For the Southwest in particular, concern about damage to reputation was the highest, with 74% citing this as a high or moderate worry compared to a 64% average across the United States. The fear of reputational damage also does not align with what the same businesses reported as the actual negative impacts that have been experienced. One of the biggest negative impacts suffered specifically were business costs, which were reported to have increased after pest infestations. This was primarily due to negative impact on staff morale and increased maintenance and repair costs rather than a loss of reputation. This suggests that there is at least some misalignment of the perceived risks and the real impacts of pest infestations. And of course, to report concern about pest infestation, yet leave the risk of infestation and its potential steep costs to chance also seems to be a contradiction.

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While less than one in five (16%) of US businesses reported no net impact on revenue caused by a pest infestation, it seems that one infestation can often lead to another: on average, US businesses reported almost three incidents (2.8) across a five year period.



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Disruption can last for weeks. In fact 36% of businesses in the US that have suffered from an incident of infestation reported that it took more than two weeks for the disruptive period to be over, and to be able to get back to a normal routine.



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# The true business impact

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**It is important that all pest control solutions are tailored to different environments and individual businesses.**

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A key factor to consider in the response to pest infestation is whether or not a business operates in an industry that is subject to food safety and hygiene legislation, which defines the need for pest control. Where food is a core part of the business (retailing, manufacturing, distributing food and beverages) and where the business is public-facing, the need for proactive pest control measures is a higher priority, and is subject to food safety and hygiene legislation, regulated by national governments and auditing bodies linked to the industries themselves. The risks of damage to business income and reputation are consequently much greater here than to an office for example, that is not dealing with food as a core part of its operation, nor dealing face-to-face with the public. That certainly does not mean that businesses in these sectors can relax. As we saw with the example of the New York asset management firm, pests are not choosy about who they share premises with - all businesses must be vigilant.

Regardless whether pest control is a legal necessity that is deemed important enough to warrant a contract relationship with a supplier, or whether it is only seriously considered in response to actual incidences of infestation, it is important that all pest control solutions are tailored to different environments and individual businesses.

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## Businesses at risk

# Cause and Effect: the real impact of infestation

Experiences such as that suffered by the New York asset management firm, described at the start of this report, can be traumatic for businesses which are not subject to food safety legislation. To businesses that are not manufacturing, distributing or selling food, the risk of pest infestation can seem remote, especially if their operations are not in the public eye.

According to the Cebr research, just 19% of non-food, non-public facing firms in the US are highly concerned about the loss of reputation that may follow a pest infestation. 31% state it is not a concern at all. When compared to the average US business, of which only 17% state that a loss of reputation is not a concern, this is telling.

Their guard is down, despite the likelihood that their premises contain areas where staff might store and eat food, and the likelihood that their buildings are a warren of underfloor and over-ceiling tunnels for cabling and communications, where pests can travel and nest – away from the eyes of humans.

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The risk of pest infestation can seem remote.

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**28%**  
of businesses are concerned about a loss of reputation

**CLOSED**

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# Businesses at risk

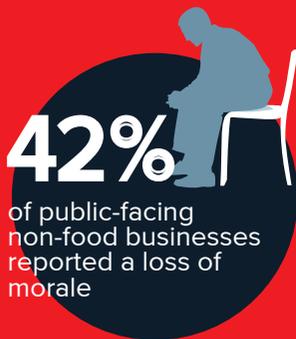
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**Research found that, overwhelmingly, staff morale had been the most affected.**

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The necessity of taking pest control measures is a lower priority than it is with a business subject to food safety legislation, but that can just make the shock and distress that comes with the discovery of a problem even greater for a business, its staff and potentially its customers. There can be serious financial costs – missed deadlines caused by disruption leading to loss of contracts, having to replace damaged equipment – as well as personnel costs, with staff becoming demoralized and perhaps even hysterical, refusing to work in a “dirty” or “unsafe” environment.

Looking at the areas where business costs had been most impacted by pest infestation, the independent research found that, overwhelmingly, staff morale had been the most affected in all five regions in the US (Northeast, Southeast, Midwest, Southwest, West) particularly for public-facing non-food businesses, where day to day contact with consumers may be more of a consideration. In these businesses, a drop in staff morale was cited by 42% of those that were public-facing, and 36% of those that were not public-facing\*. On average, finished goods damage and increased repair costs had caused the next biggest cost impact in the US, with between 18-25% of US businesses stating that their costs had been impacted in these areas.

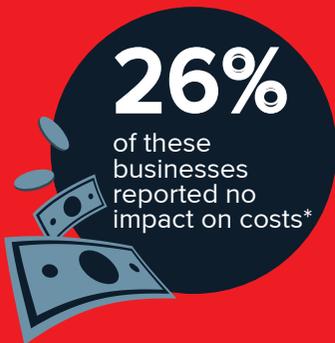


Such businesses might have areas that customers can access or are brought to: the reception area, meeting rooms, toilets, cafeterias. A pest infestation revealing itself in any of these areas can have a serious impact on a professional reputation. There may be a kitchen where staff store and prepare food – a magnet to pests – but how many staff members also keep food in their drawers or lockers? This is hard to track and to prevent, but could turn into a boon for unwanted resident rodents.

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**A kitchen where staff store and prepare food is a magnet to pests.**

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\* Source: NBU/ Rentokil calculations using Opinion Matters online survey 2015 for Cebr Report

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# Businesses at risk

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A business can still be closed down if a pest infestation gets out of hand. They can also suffer the humiliation of negative social media ‘buzz’.

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Covered ducts and underfloor cabling and wiring installed in offices are attractive to pests because they are often warm and undisturbed, allowing them to move around a building foraging for food without being seen. Here there is the risk of damage to business-critical communication equipment – if phone lines are down and servers and computers are out of action, it will cause huge operational disruption.

Some businesses – car garages, for example, or sites with large loading docks – have to keep doors open during their hours of business, making it possible for pests to walk right in and find a suitable place to nest.

We can see therefore, that even if a business does not have food at the core of its operation, there are still many ways in which a pest infestation can take hold.

Even though there may not be strict legislative demands for pest control, there may be public areas, and a business can still be closed down if a pest infestation gets out of hand. They can suffer the humiliation of negative social media ‘buzz’. They can also lose business and goodwill – 11% of businesses across the US suffered an impact on their revenue due to a loss of customer trust and reputational damage.



The question is then: how seriously should a business take the issue of pest control, if it is in an industry where legislation does not make pest control a necessity? Should it give itself peace of mind and take a proactive, preventative approach against pest infestation by engaging a professional pest control supplier on a regular contractual basis, gaining ongoing advice and assistance to ensure that the risk is managed and situations are caught early? Or should they continue – going about their business and then paying the price when pests get comfortable in their business? Considering the fact that for a third of businesses, the period of disruption tends to last for at least as long as the period of infestation itself, a proactive approach to dealing with infestation would appear to be wise.

**31%**

number of cases where disruption is at least as long as the infestation



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A proactive approach to dealing with infestation would appear to be wise.

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**11%**

of businesses lost revenue due to loss of customer trust



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# Businesses at risk

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**Pest controllers need to do more than simply eliminate pests.**

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Businesses have a choice. When they decide to seek the services of a pest control supplier however, they need to find one with proven expertise and knowledge, gained and developed over decades of studying and eradicating pests. They need to find one that understands their business, assesses the risks to their business and has access to the best-in-class products and services, including the latest technological advances as well as non-toxic solutions. Ongoing attention and support is vital, as every situation is different and requires a considered, targeted solution.

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A trusted partnership

# Call in the industry experts

The research Rentokil Steritech commissioned found that there is a direct correlation between having a proactive approach to pest control and reducing the disruption to business. France and the UK were the two countries in our study where businesses were the least proactive on pest control, with 65% and 68% respectively claiming only to respond to problems when infestations actually occur. These two countries also reported some of the highest number of working days disrupted due to pest infestation per year – an average of six days.

In contrast, 82% of US businesses said they were proactive about pest control, and the number of working days lost on average per year was the lowest of the five countries: around 4.5 days. It is clear that the potential detrimental impact of pest infestation makes effective and proactive management of pests a business-critical issue, to protect revenue and reputation, as well as minimizing additional costs.

It follows, therefore, that choosing a pest control supplier is an important decision - expertise is an expected given, but not every pest control supplier can claim to have been studying and researching the behavior and biology of common pests around the world for over 90 years, and applying this fund of knowledge to staff training and bespoke solutions puts it in the field. Rentokil Steritech can.

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The US is proactive on pest control, and as a result sees fewer days disrupted due to pest infestation when compared to other European countries and Australia.

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## A trusted partnership

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**Businesses appreciate the trusted relationship that comes from engaging in a pest control contract.**

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Beyond expertise, companies need to know that their pest control supplier understands their business, understands the market they operate in, and the issues that affect it; that it will be proactive in giving preventative advice and scheduling site visits; that it understands what is at stake for a customer if there is a pest infestation<sup>1</sup>.



Allied to these, businesses also appreciate the trusted relationship that comes from engaging in a pest control contract, as opposed to a less personal and ad hoc pest control service that is only called upon when problems are already arising. A regular service technician is able to build cumulative knowledge not just of each business, but also of the local neighborhood, making for a much stronger service provision.

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## A trusted partnership

# Protect your business

Protecting businesses from pest infestation is critical, even if the perceived threat appears to be low, it can still impact a company's reputation and/or income. Professional pest controllers – such as those from Rentokil Steritech Pest Control - understand how a business may be impacted and demonstrate knowledge of the issues that a customer faces and the potential impact of a pest infestation on their business.

It is key to act quickly and efficiently, and provide reassurance through knowledge and expertise, that a situation will be controlled and resolved. Pest control may initially be sought due to a current infestation, however an ongoing relationship with a professional pest control technician, who gets to know a business and its needs, can offer long term effective, professional protection against pest infestations, keeping future costs and disruption to a minimum.

A trusted relationship, and effective, professional pest control prevention protects and supports businesses.

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**It is key to act quickly and efficiently, and provide reassurance through knowledge and expertise.**

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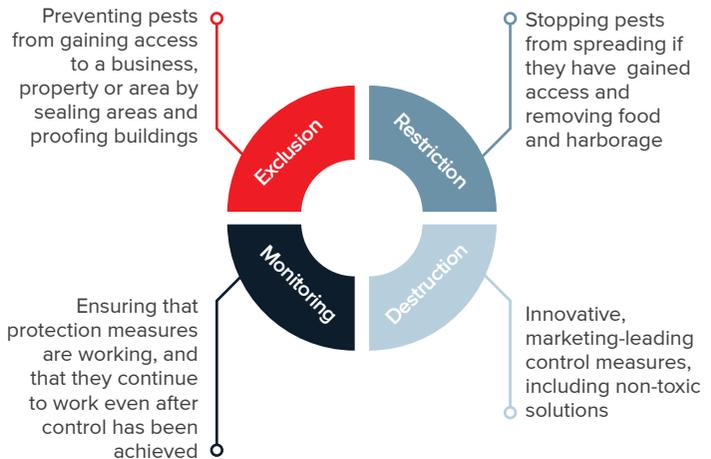
# In summary

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**We've created  
a tailored  
approach,  
based on all the  
factors at play.**

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Rentokil Steritech has developed its knowledge and expertise over 90 years and in over 60 countries worldwide to offer effective pest management solutions, through a global team of over 12,000 professionally trained experts. Our Integrated Pest Management approach is based on four principles that together we call ERDM:



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Customers the world over tend to have clear and universal requirements for a pest control supplier. They want to work with a company that:

Has professional expertise applied over many years in pest control

Is reliable and responds quickly to their needs

Offers technologically advanced solutions supported through R&D

Offers where possible non-toxic solutions

Is proactive in helping customers keep on top of pest management

Understands its customer's business and the implications of pest infestation

Has an in-depth knowledge of the legal framework for pest control

Can bring a personal touch to its customer relationships, making the partnership even stronger

In all of these, they will find a perfect partner in Rentokil Steritech

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Rentokil Steritech is the North American brand of Rentokil Initial, the world's largest commercial pest control company, operating in more than 60 countries globally. In the United States, the Rentokil Steritech's three regional brands, Ehrlich, Presto-X, and Western Exterminator, have served pest control customers for over 90 years. By utilizing Integrated Pest Management (IPM) practices and proven methods, we are able to guarantee early detection, accurate monitoring and precise product application to get eliminate and prevent your pest problems. Our team of professionally trained experts provides a full range of pest management solutions to our customers, delivered with world class service. Rentokil Steritech works constantly on introducing innovations and effective solutions for pest control, with specific emphasis placed on health, safety and protection of the environment.

For more information,  
please contact 800.488.9495

# Rentokil Steritech

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