

Earnings Index Benchmarking report

In December 2021, PGA Labs – the business research & market intelligence unit of consulting firm Praxis Global Alliance - partnered with Urban Company, to conduct an in-depth, on-ground study of 100 UC partners and offline competitors in the salon & appliance repair businesses, for the OND quarter. This was done in order to achieve the following objectives:

- To benchmark earnings of salon & appliance repair professionals in the offline world.
- To learn how life has changed for Urban Company partners & whether offline workers enjoy the kind of security net that UC provides to its partners.

As per the study, it was found that UC salon service partners earn hourly net average earnings of ~INR 320, which is 4 times the net hourly earnings (~INR 80) of offline beauticians (those working in a salon/parlour or providing at-home services).

UC salon service partners were found to have reportedly served 35-40 clients per month, working for ~90 hours in a month (including travel), which is ~60% less than the ~220 hours worked by offline beauticians.

Hence, the net monthly earnings for UC salon service partners were reported to be ~INR 29,000, which is ~60% higher than that of offline beauticians (~INR 18,000).

Earnings Index: Salon for women				
	UC service partners		Offline beauticians	
	Particulars	UC	Particulars	Offline
	# of conversations	28	# of conversations	22
A	# of jobs in a month	~38	# of working days in a month	~26
B	# of hours per job	~2.5	# of working hours per day	~8.4
C = A*B	Total working hours in a month	~92	Total working hours in a month	~220
D	Gross earnings per month (INR)	61,071	Gross earnings per month (INR)	26,643
E	UC commission & fees (INR)	13,634	Business expenses like rent, electricity etc. (INR)	4,024
F	Product cost (INR)	13,536	Product cost (INR)	3,310
G	Travel cost (INR)	4,738	Travel cost (INR)	1,238
H = D - (E+F+G)	Net earnings per month (INR)	29,164	Net earnings per month (INR)	18,071
I = H/C	Net earnings per hour (INR)	318	Net earnings per hour (INR)	82

Notes: Data collected from primary conversations conducted by PGA Labs team in Delhi NCR, Bangalore, Chandigarh & Lucknow. For demographics split - please refer to Appendix. Split of 22 offline beauticians – 11 salaried employees, 7 owners and 4 freelancers.

In the case of appliance repair technicians, UC partners were found to have earned hourly net average earnings of ~INR 470, which is ~4.7 times the net hourly earnings (~INR 100) of offline technicians (those working in a shop or providing at-home services).

During the OND quarter, which is considered as off-season by technicians, UC technicians reportedly served 40-45 clients per month, working for ~80 hours in a month (including travel), which is ~65% less than the ~240 hours worked by offline technicians.

Hence, the net monthly earnings for UC technicians were reported to be ~INR 38,000, which is ~65% higher than that of offline technicians (~INR 24,000).

Earnings Index: Appliance repair technician (RO & washing machine)				
	UC service partners		Offline technicians	
	Particulars	UC	Particulars	Offline
	# of conversations	28	# of conversations	22
A	# of jobs in a month	~45	# of working days in a month	~27
B	# of hours per job	~1.8	# of working hours per day	~8.8
C = A*B	Total working hours in a month	~82	Total working hours in a month	~238
D	Gross earnings per month (INR)	79,286	Gross earnings per month (INR)	51,114
E	UC commission & fees (INR)	17,778	Business expenses like rent, electricity etc. (INR)	12,748
F	Product cost (INR)	18,175	Product cost (INR)	11,023
G	Travel cost (INR)	4,916	Travel cost (INR)	3,784
H = D - (E+F+G)	Net earnings per month (INR)	38,417	Net earnings per month (INR)	23,559
I = H/C	Net earnings per hour (INR)	470	Net earnings per hour (INR)	99

Notes: Data collected from primary conversations conducted by PGA Labs team in Delhi NCR, Bangalore, Chandigarh & Lucknow. For demographics split - please refer to Appendix. Split of 22 offline appliance technicians – 7 salaried employees, 7 owners and 8 freelancers.

Impact of Urban Company: Salon for women

~90% of UC beauticians reported that they have observed an increase in their net monthly earnings owing to high earnings per job and the number of jobs that are provided by UC. The major proportion of billing is credited to the partner's account after deducting commission & fees (~20-25%) whereas, in offline salon/parlor, beauticians generally get a fixed salary irrespective of the number of jobs done, and only a small proportion of incentive above fixed salary.

UC salon partners feel empowered as they get to act like owners of their work and get rewarded likewise, unlike offline salon beauticians where they were only entitled to fixed compensation. ~55% of UC salon partners reported growth in their earnings per job owing to high order value for all the services. Order value is pre-determined - leading to no scope for negotiations with the customer which ensures complete clarity and assurance of payments by Urban Company.

After joining UC, ~80% of respondents believe their hourly utilization has improved owing to the flexible working hours leading to a desired work-life balance. Partners also believe that their quality of job and well-being has improved due to several initiatives run by Urban Company like recognition of work (Gold / Silver partners), etc. UC salon partners believe that UC has helped them in bridging the earnings gap between men and women to some extent. This boosts their confidence and encourages them to work more diligently.

Earnings Index: Salon for women (Urban Company data)

Earnings Index: Salon for women (Urban Company data)		
UC service partners		
	Particulars	UC partners
	# of salon partners	9,744
A	Total working hours in a month	72
B	Gross earnings per month (INR)	39,510
C	UC commission & fees (INR)	9,121
D	Product cost (INR)	7,116
E	Travel cost (INR)	3,086
F = B - (C+D+E)	Net earnings per month (INR)	20,187
G = B/A	Net earnings per hour (INR)	281

Notes: Urban Company data

Impact of Urban Company: Appliance repair technician (RO & washing machine repair)

~55% of UC technicians reported an increase in their net monthly earnings after joining Urban Company. But, in the OND quarter, ~40% of UC technicians reported a drop in their monthly earnings owing to the off-season and reduced margin. Margin has been reduced due to higher discounts given to customers, fixed-rate cards, and a gradual increase in commission/subscription charges for technicians.

Pre-determined order values ensure complete visibility of payments as they are credited to the partner’s account three times a week and can be always tracked from their mobile application. ~80% of UC technicians reported that they can utilize their time better when working with Urban Company as it offers the flexibility of working hours and the partners can modify their availability for services. UC technicians experienced enhanced quality of jobs owing to wide learning exposure, frequent training, and standardized code of conduct (SOPs).

Earnings Index: Appliance repair technician (Urban Company data)

Earnings Index: Appliance repair technician (Urban Company data)		
UC service partners		
	Particulars	UC partners
	# of technicians	1,191
A	Total working hours in a month	72
B	Gross earnings per month (INR)	61,469
C	UC commission & fees (INR)	12,327
D	Product cost (INR)	15,672
E	Travel cost (INR)	1,292
F = B - (C+D+E)	Net earnings per month (INR)	32,180
G = B/A	Net earnings per hour (INR)	457

Notes: Urban Company data

Value added offerings by Urban Company

- **Monetary advances facilitated by UC via NBFCs:**

Urban Company offers monetary advances (via NBFCs) for ~INR 10,000 to all the gold partners and INR 5K to all the silver partners. Service partners (if eligible) can easily apply for these monetary advances via their mobile application and repayment of the principal amount is done in the form of small amounts being deducted from the partner's pay-outs. During COVID, Urban Company offered interest-free monetary support of INR 10,000 to all salon partners. More than 60% of UC beauticians and appliance repair technicians have taken these advances from Urban Company at least once during their tenure.

- **Training:**

Urban Company offers free training and upskilling sessions for all the service partners. Training is provided at the time of joining, at the time of launch of new product/service/technology, or if the service partners face difficulty in maintaining a healthy rating. Both offline and online training is provided that ensures uniformity and consistency of services. Partner mobile application has a section for training named 'Training Centre' for smooth accessibility. Offline workers are expected to mainly learn on the job.

- **Insurance:**

All the active partners (minimum one service required in the last 30 days to be called as an active partner) of Urban Company are covered under life and accidental insurance. The company plays an instrumental role in providing insurance facilities to partners as many of them admit that they would not be able to afford insurance if not offered by Urban Company.

- **Health and safety measures:**

All the service partners are provided free PPE kits for each client by Urban Company delivered directly to the partner's doorstep. Since UC service partners come in direct contact with clients when they visit their homes, they require extra precautions and care against COVID. Partners also appreciate the SOS/emergency helpline facilities and various health & safety measures taken by Urban Company.

Appendix

Earnings Index: Salon for women

Earnings Index: UC salon service partners						
	Particulars	Overall	Delhi	Bangalore	Chandigarh	Lucknow
	# of conversations	28	8	8	6	6
<i>A</i>	# of jobs in a month	38	42	36	38	33
<i>B</i>	# of hours per job	2	2	2	3	3
$C = A * B$	Total working hours in a month	92	89	84	96	97
<i>D</i>	Gross earnings per month	61,071	71,875	66,250	43,333	57,500
<i>E</i>	UC commission & fees	13,634	16,063	15,656	9,333	12,000
<i>F</i>	Product cost	13,536	17,125	12,875	8,167	15,000
<i>G</i>	Travel cost	4,738	4,894	5,063	3,333	5,500
$H = D - (E + F + G)$	Net earnings per month	29,164	33,794	32,656	22,500	25,000
$I = H / C$	Net earnings per hour (INR)	318	381	388	234	257

Earnings Index: Offline beauticians						
	Particulars	Overall	Delhi	Bangalore	Chandigarh	Lucknow
	# of conversations	22	7	7	4	4
<i>A</i>	# of working hours per day	8	9	9	7	8
<i>B</i>	# of working days in a month	26	25	25	27	28
$C = A * B$	Total working hours in a month	220	225	229	176	235
<i>D</i>	Gross earnings per month	26,643	29,083	25,857	23,750	27,250
<i>E</i>	Business expenses like rent, electricity etc.	4,024	2,083	1,714	4,000	11,000
<i>F</i>	Product cost	3,310	4,250	2,571	3,000	3,500
<i>G</i>	Travel cost	1,238	1,733	1,286	1,500	150
$H = D - (E + F + G)$	Net earnings per month	18,071	21,017	20,286	15,250	12,600
$I = H / C$	Net earnings per hour (INR)	82	93	89	86	54

Earnings Index: Appliance repair technician

Earnings Index: UC technicians						
	Particulars	Overall	Delhi	Bangalore	Chandigarh	Lucknow
	# of conversations	28	8	8	6	6
A	# of jobs in a month	45	43	60	34	37
B	# of hours per job	2	2	2	2	2
$C = A*B$	Total working hours in a month	82	86	92	66	70
D	Gross earnings per month	79,286	78,750	1,00,625	65,833	65,000
E	UC commission & fees	17,778	16,863	23,472	15,100	14,083
F	Product cost	18,175	16,324	24,650	15,806	14,378
G	Travel cost	4,916	3,013	5,944	4,583	6,417
$H = D - (E+F+G)$	Net earnings per month	38,417	42,551	46,560	30,344	30,122
$I = H/C$	Net earnings per hour (INR)	470	494	505	458	430

Earnings Index: Offline technicians						
	Particulars	Overall	Delhi	Bangalore	Chandigarh	Lucknow
	# of conversations	22	7	7	4	4
A	# of working hours per day	9	9	9	10	7
B	# of working days in a month	27	26	28	28	26
$C = A*B$	Total working hours in a month	238	230	247	290	187
D	Total gross earnings per month	51,114	42,357	47,571	77,375	46,375
E	Business expenses like rent, electricity etc.	12,748	8,686	13,571	16,250	14,913
F	Product cost	11,023	7,357	3,357	27,500	14,375
G	Travel cost	3,784	2,893	3,286	6,000	4,000
$H = D - (E+F+G)$	Net earnings received per month	23,559	23,421	27,357	27,625	13,088
$I = H/C$	Net earnings per hour (INR)	99	102	111	95	70