

# STATE OF THE 2020 INDUSTRY

A LOCKSMITHS' PERSPECTIVE

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## A LOCKSMITHS' PERSPECTIVE

### Mission Statement & Introduction

The purpose of this comprehensive Locksmith Ledger research report is to paint a picture of the forces affecting North American locksmiths and security professionals and attempt to quantify those effects on market performance.

The results of our survey, which we hope will become an annual endeavor, are a detailed overview of the current state of affairs in the North American security market, providing vendors, consultants and security pros with the most up-to-date assessment of useful business data and trends.

This report also seeks to arm end users with enough intelligence to anticipate the security industry roadmap for 2021 and beyond.

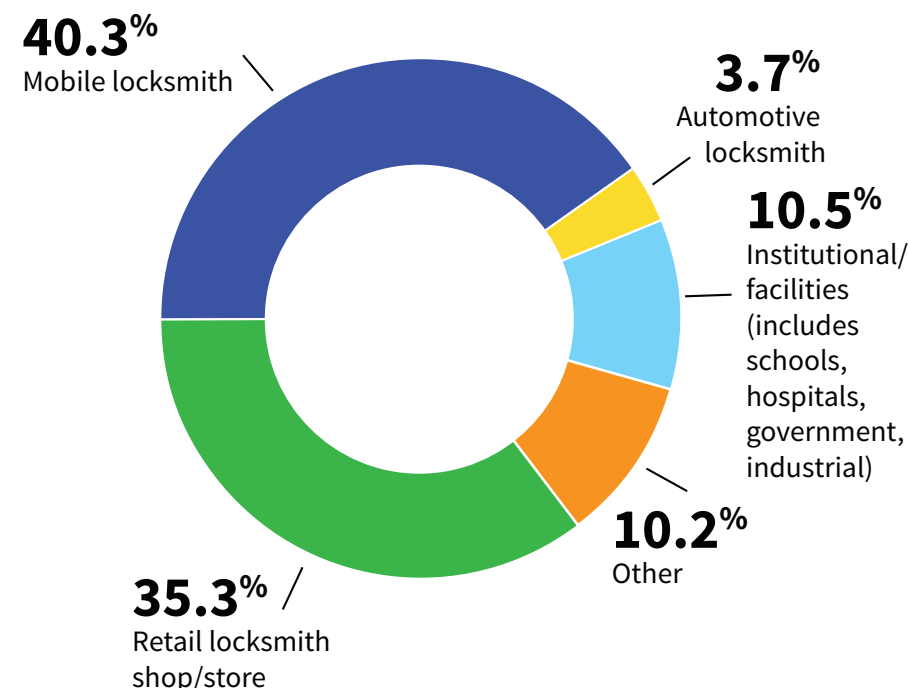
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### Respondent Business Profile

Respondents were asked to provide a primary description of their business.



“I want to get into automotive, but the upfront cost and training are making it difficult.”

— Alex Stewart, Stewart & Bergen Co.

### Locksmiths Still Going Mobile

To produce this report, we invited qualified individuals who subscribe to Locksmith Ledger to participate by filling out a survey. We tabulated the responses from 295 qualified respondents who participated in this survey.

The largest percentage of the 295 responding locksmiths were those who self-identify as mobile locksmiths (40.3 percent), followed by the 35.3 percent who self-identify as owning a retail shop. In all, 84.7 percent of respondents describe themselves as working in a private business. The remainder are employed by institutions or in the supply chain.

As one might suspect, there is a fair amount of crossover. More than half of the respondents who chose the “Other” category list some combination of retail, mobile, auto and institutional. Most of the rest work for distributors or manufacturers.

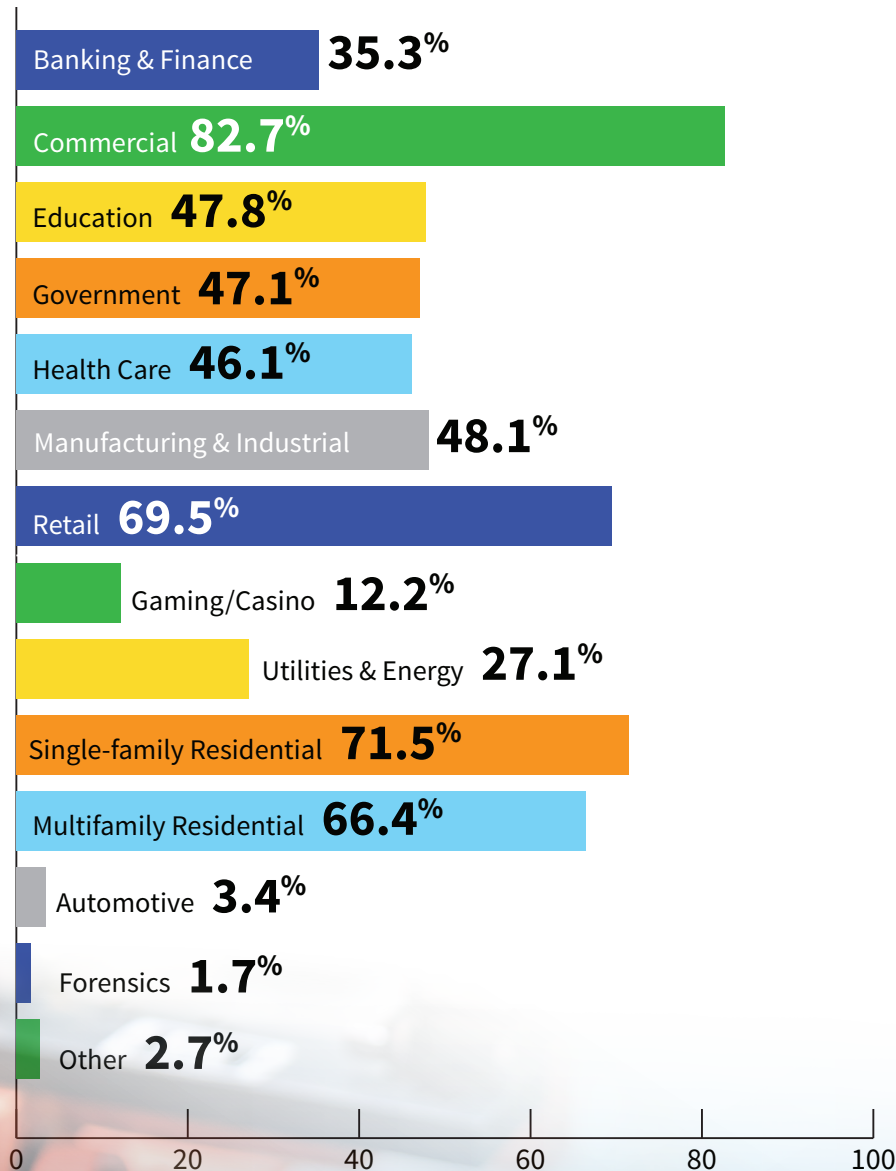
“I want to get into automotive, but the upfront cost and training are making it difficult,” says Alex Stewart, of Stewart & Bergen Co. in Johnstown, New York.

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## Vertical Market Presence

Respondents were asked to name the vertical markets in which they do business. They were asked to select all that apply, so the sum of the choices won't add up to 100 percent.



## Wide Range of Work

Perhaps a phrase that categorizes today's locksmith is "jack of all trades." More than half of our respondents (55.3 percent) say they work in at least five of the listed markets; 40.7 percent say they work in at least seven. And 4.1 percent list all or all but forensics.

It isn't a surprise that commercial, residential and retail work make up the backbone of the markets that locksmiths work in; the surprise is that multifamily housing is nearly as important a market. Of course, multifamily housing has great retrofit potential as older apartment complexes look to upgrade to more modern equipment.

The relative lack of presence in the automotive sector likely has more to do with a survey oversight than a dwindling demand for locksmithing services. Enough respondents note it in "Other" to break it out as its own category, and we'll include it as a market in the future.

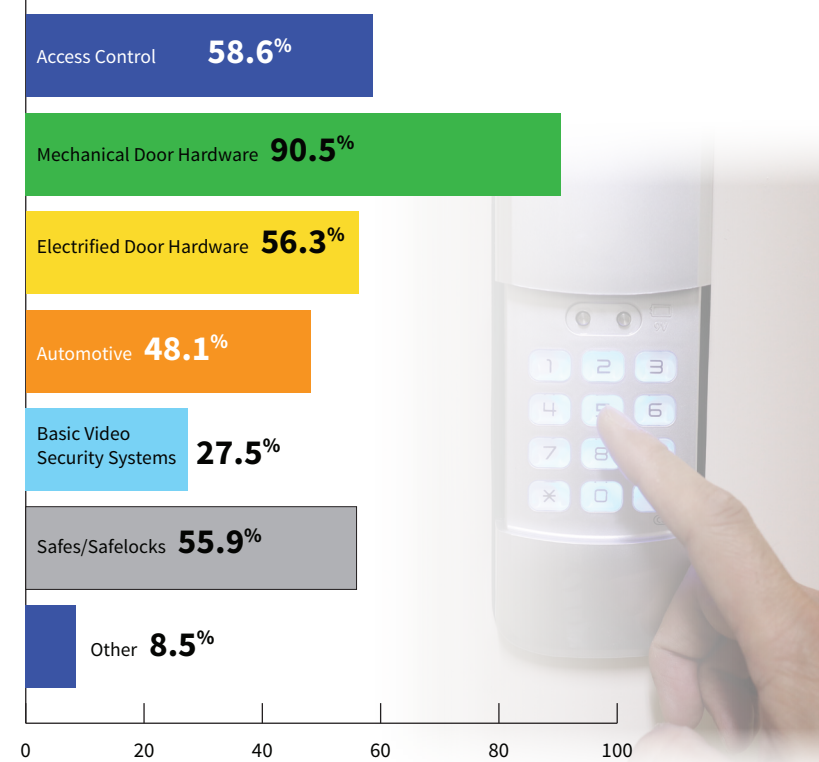
One other notable result was an almost complete lack of business by our respondents in the cannabis market. Only one respondent under "Other" says they work in cannabis, which, as of this writing, is legal recreationally in 11 states plus District of Columbia and medically in 25 additional states. A similar survey by sister publication Security Business last year found that 18 percent of security integrators were in cannabis, a signal that locksmiths might be in danger of missing out on this burgeoning market.

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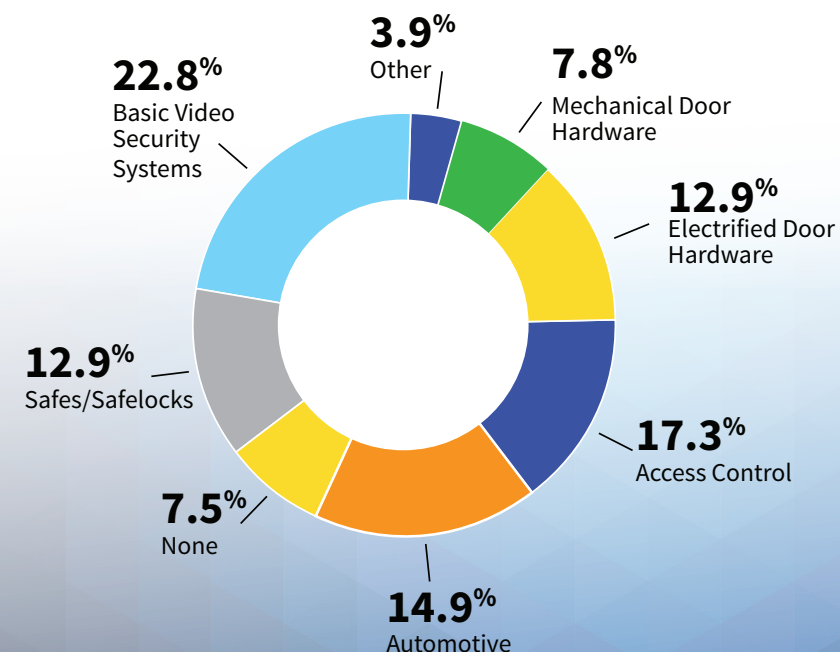
## Business Product Segments & Selection

Respondents were asked the following questions about their product lineup. In the first question, they were asked to select all that apply, so the sum of the choices won't add up to 100 percent.

What product segments does your company sell?



What product category do you most want to add?



## Mechanical to Electronic? Not Quite

It has reached the point where we barely can get through the day without reading about some new development in electrified door hardware or access control. This report is a first for Locksmith Ledger, and it's expected that, over time, the percentages for those two product categories will close the gap on mechanical door hardware, but in 2020, it isn't even close.

Mechanical door hardware continues to dominate the locksmith's product offerings, and not unreasonably so. As one respondent notes sagely: "There are still a billion locks out there that need keys. Keys! Remember them?" We do, and we expect them to stick around for a while longer.

Of our product categories, the one that garnered the smallest share of respondents was video security systems. Conversely, that category is ranked by respondents as the top category that they most wanted to add to their business. Combining that result with the respondents who were most interested in adding access control or electrified door hardware (52.9 percent total) is another indication that even though keys aren't going away, electronics will continue to gain ground.

"I want more cloud-based, stand-alone wireless residential units that we can sell, service and install at a price point closer to the internet sources," says Larry Nicholas CPL, president of Accurate Lock & Security of Bellingham, Washington.

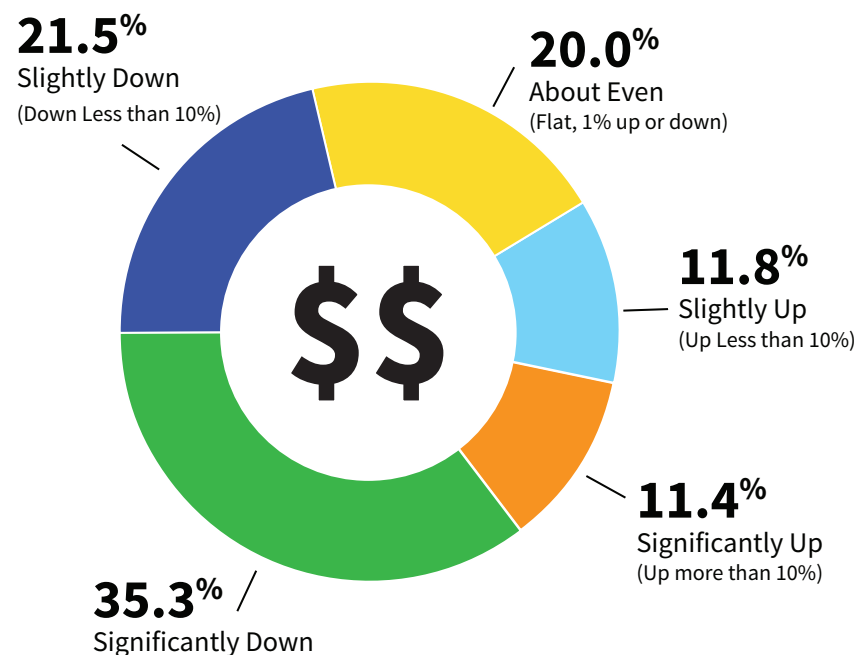
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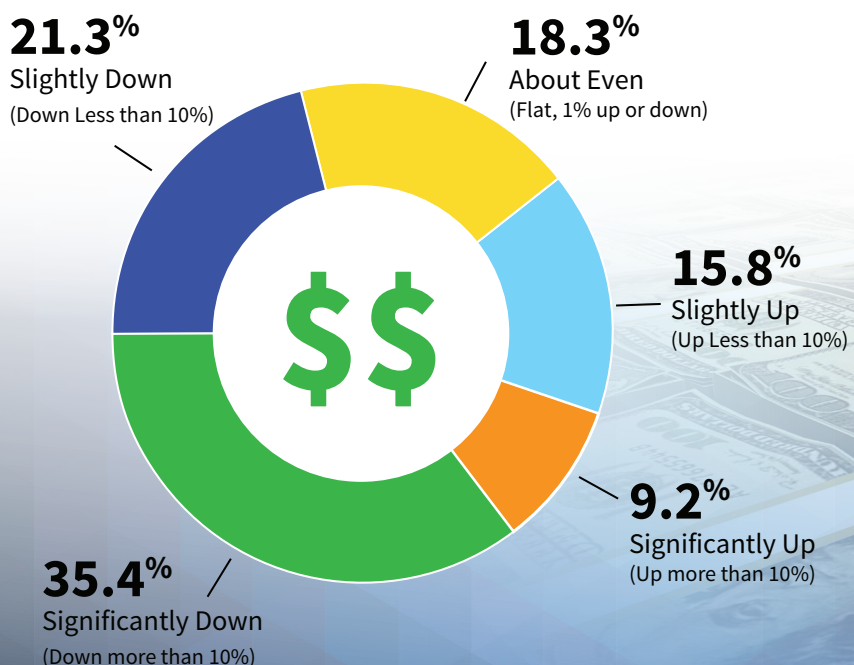
## Revenue & Profit Trends

Respondents were asked how 2020 revenue was trending compared with 2019 numbers, as well as how profit was trending during the same period.

Revenue: 2020 vs. 2019



Profit: 2020 vs. 2019



## Bad Year for Business

**A**lthough it wasn't universal, it's clear that 2020 was a bad year financially for the security industry overall. Only 23.2 percent of respondents expect their revenues for the year to be up more than 1 percent over 2019 results, whereas more than one-third expect their revenues to be down more than 10 percent. The result isn't surprising, but it's unfortunate.

Naturally, when revenues are off so much, it makes sense that profits would follow. Again, only one-quarter of respondents expect their 2020 profits to surpass their 2019 marks by more than 1 percent, while more than one-third expect their bottom line to be off by more than 10 percent.

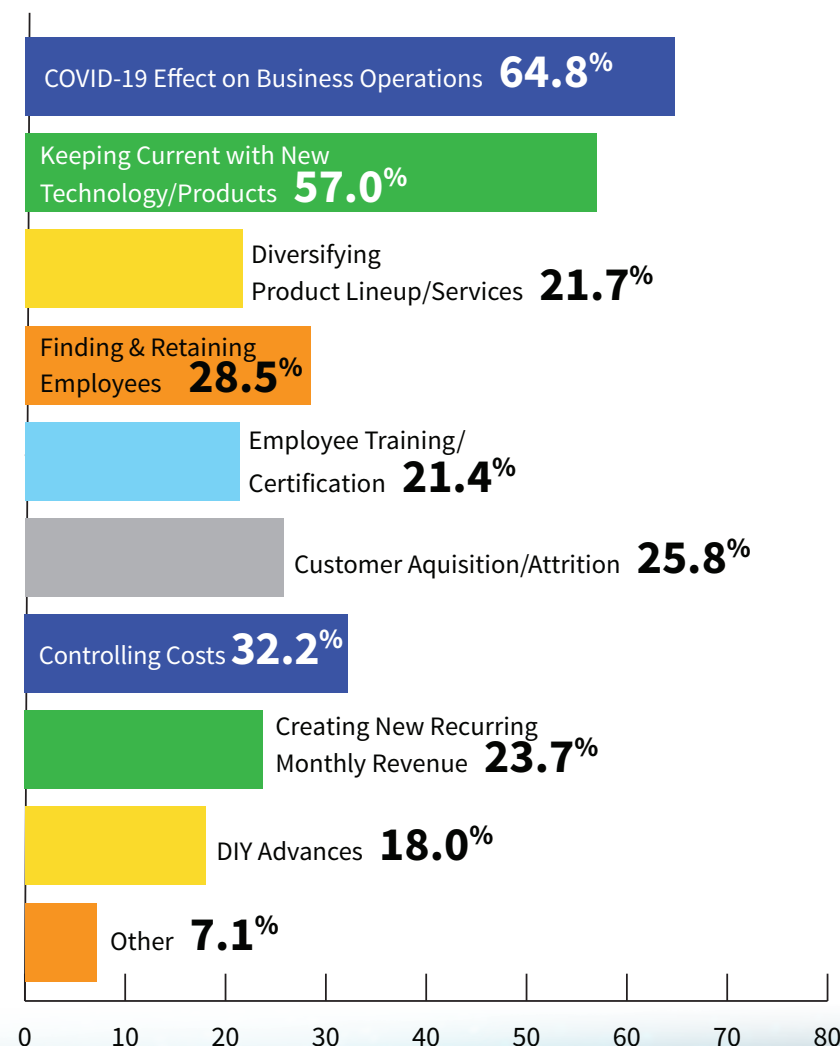
The circumstances that affected business in 2020 (more on that later) aren't permanent, but the effects very well could be. Several respondents report they closed shop, expected to or weren't certain how long they'd be able to hold on.

"It is my hope and expectation that 2020 will not be a year to base trends, forecasts or expectations on, that a decade from now, looking back, it will be seen as a sick day in humanity's long and otherwise productive career," says Gabriel Kanes, owner of Exelkey Locksmith Services Co. of Spring City, Pennsylvania. Ours, too.

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## Business Challenges for Locksmiths

Respondents were asked about the biggest challenges to their business in 2020. They were asked to select their top three challenges, so the sum of the choices won't add up to 100 percent.



"Customers purchasing products on the internet and then wanting us to install, program, etc., instead of purchasing through us."

— Larry Nicholas CPL, president of Accurate Lock & Security

## COVID-19 The Big Story

**T**here's no question that when history writes the story of 2020, the headline will note the pandemic that, as of this writing, was responsible for more than 1 million deaths worldwide. So, it's no surprise that locksmiths and security pros would see COVID-19 as the No. 1 challenge to their business during the year. Nearly two-thirds of our respondents include it among their top three.

What's a bit of an eye-opener is that COVID-19 wasn't the runaway leader. Nearly as many of our respondents indicate that keeping up with new technology and products ranks as one of their top business challenges in 2020. Those two finished head and shoulders above the field, with no other category garnering even as many as one-third of our respondent's votes.

As perhaps an indication of the many challenges locksmiths face, the question of challenges facing locksmith businesses led to the widest range of responses. Even though we had nine categories, under "Other," respondents added another eight legitimate challenges that could appear as categories in future reports.

Larry Nicholas CPL, president of Accurate Lock & Security of Bellingham, Washington, notes one such challenge: "Customers purchasing products — hardware, transponder keys, etc. — on the internet and then wanting us to install, program, etc., instead of purchasing through us."

The ability of customers to "price shop" the internet has been a problem for years, and it's one that affects businesses far beyond the security industry. We expect that this will continue to be a challenge.

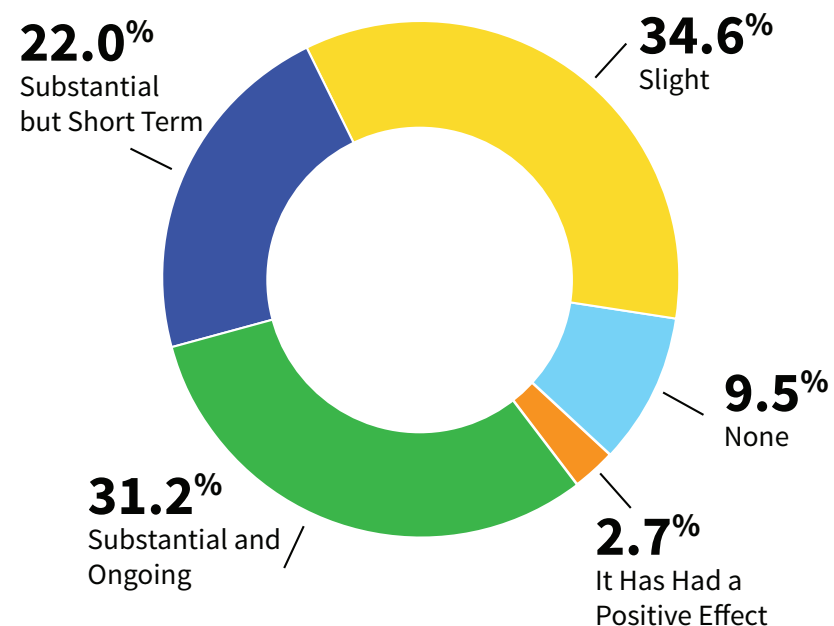
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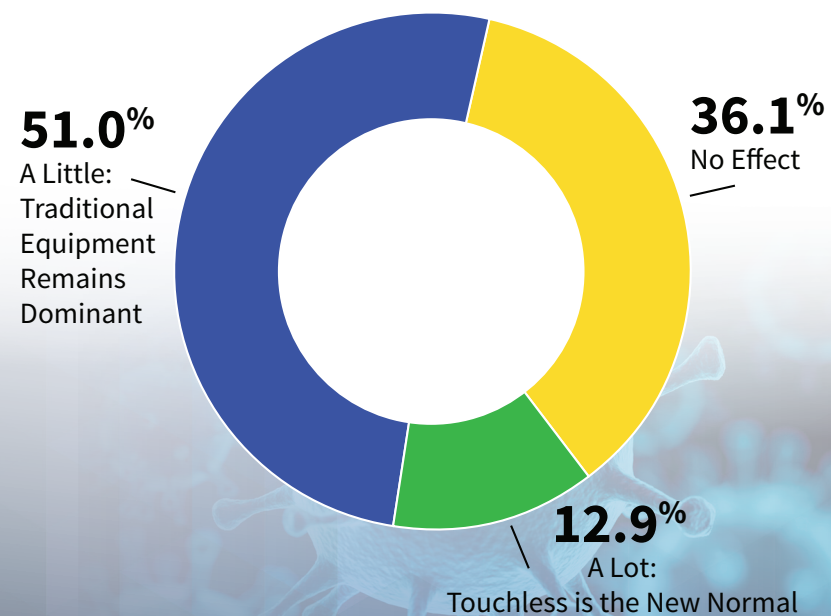
## COVID-19's Effects on Business

Respondents were asked the following questions about their business with respect to COVID-19:

How much has COVID-19 affected your business?



How much has COVID-19 affected your product selection?



## The Present & Future

The COVID-19 pandemic affected everything in 2020, and the security industry wasn't immune. Although locksmiths and security pros are considered to be essential businesses, thus allowed to stay open while other businesses of all sizes were forced to close, remaining in business didn't necessarily mean retaining business.

As we saw play out in terms of revenue and profit, the ramifications of the pandemic were felt almost universally by our respondents. Nearly 88 percent say the effects of COVID-19 had at least some negative effect on their business, with at least one respondent saying it was the reason behind his business's failure.

The circumstances weren't dire for everyone. A couple respondents even note that their business is up more than 20 percent as a result. How could something like that be the case? As one respondent who has seen an increase puts it: "People who are home are spending more."

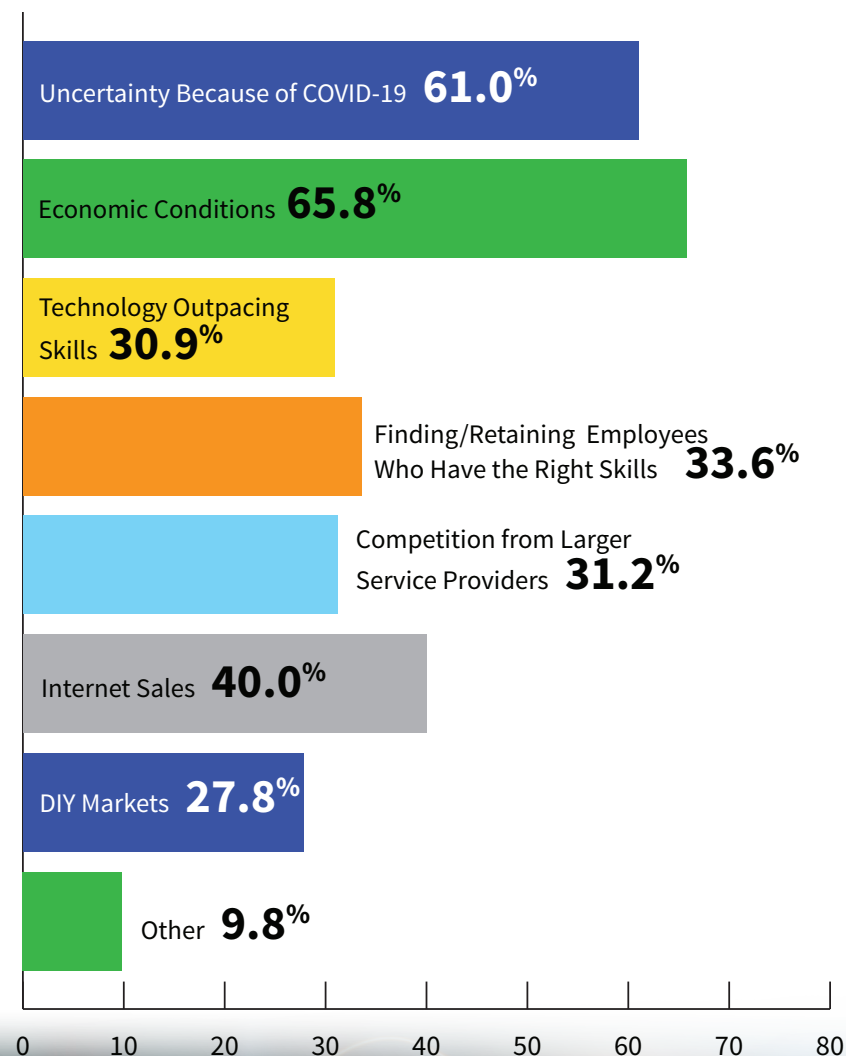
The flipside to that is that the fall-out from the pandemic is expected to lead to significant change in the security business, because no one will want to touch doors for fear of catching or spreading germs.

If so, COVID-19 hasn't had much of an effect among our respondents when it comes to putting their money towards the purchase of new products, at least in 2020. Only 12.9 percent say it affected their product decision making "a lot."

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## Threats to the Security Market

Respondents were asked about the biggest threats to their business. They were asked to select their top three threats, so the sum of the choices won't add up to 100 percent.



"The biggest detriment to the locksmith industry has been and continues to be the illegitimate and nonreputable scammer locksmiths, and the companies that allow them to continue to operate."

— Darren Essen, owner of Darren Essen Locksmith

## An Ongoing Concern

The flipside to challenges in the industry (looking back) are threats (looking forward). Perhaps the biggest problem with COVID-19 is that, as of this writing, it doesn't appear that the pandemic will end anytime soon.

Naturally, uncertainty over this ongoing problem ranks high among our respondents as a potential threat to their business, but it wasn't the top response. Instead, it was economic conditions, although a fair amount of concern over that likely is because of the ongoing fall-out from COVID-19.

After you clear the plate of threats unforeseen at the start of 2020, the top threat facing locksmiths and security pros, at least according to our respondents, is internet sales.

"The effect of Amazon and eBay in our environment has been a very large disrupter," says Larry Schwalb, who owns Houdini Lock & Sale in Philadelphia.

But another threat that topped the list among the "Others" is second to none when raising the ire of respondents — scammers.

"By far, the biggest detriment to the locksmith industry has been and continues to be the illegitimate and nonreputable scammer locksmiths, and the companies that allow them to continue to operate," says Darren Essen, owner of Darren Essen Locksmith in Philadelphia. "When I started my business in 1982 and through the 1980s, the Yellow Pages allowed the scammer companies to have multiple fake listings and phone numbers. And now, Google is allowing the same practices on the internet. This is an ongoing cycle. Something needs to be done once and for all!"

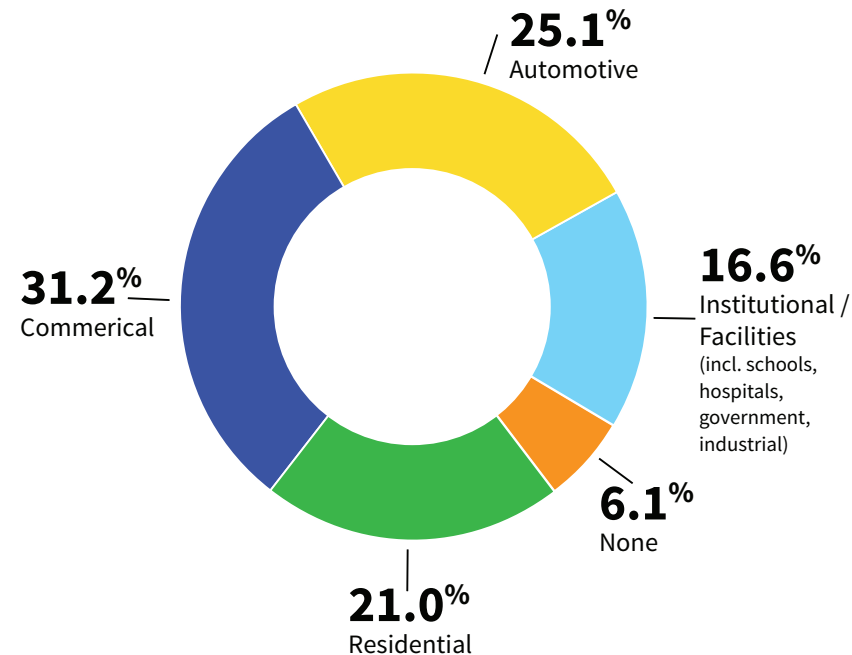
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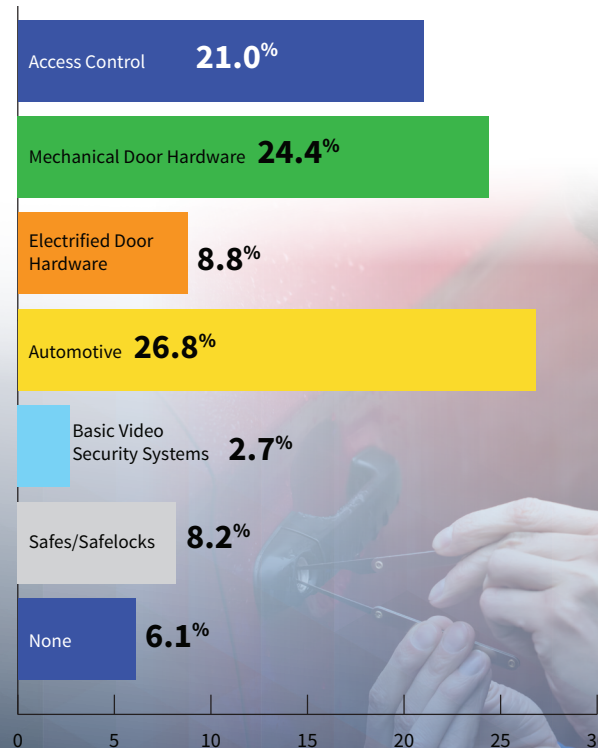
## 2020 Market & Product Segment Gains

Respondents were asked the following questions about their business with respect to 2020:

Which market segment increased the most for your business in 2020?



Which product segment showed the most growth for your business in 2020?



## Commercial, Automotive Lead the Way

**C**orporations are on the leading edge of security innovations, whether they have offices that have valuable property to protect or retail shops. The pandemic and the desire to make conditions safe for workers and customers would seem to make more corporations want to add security measures, such as touchless access control, and it would appear that the survey results confirm that.

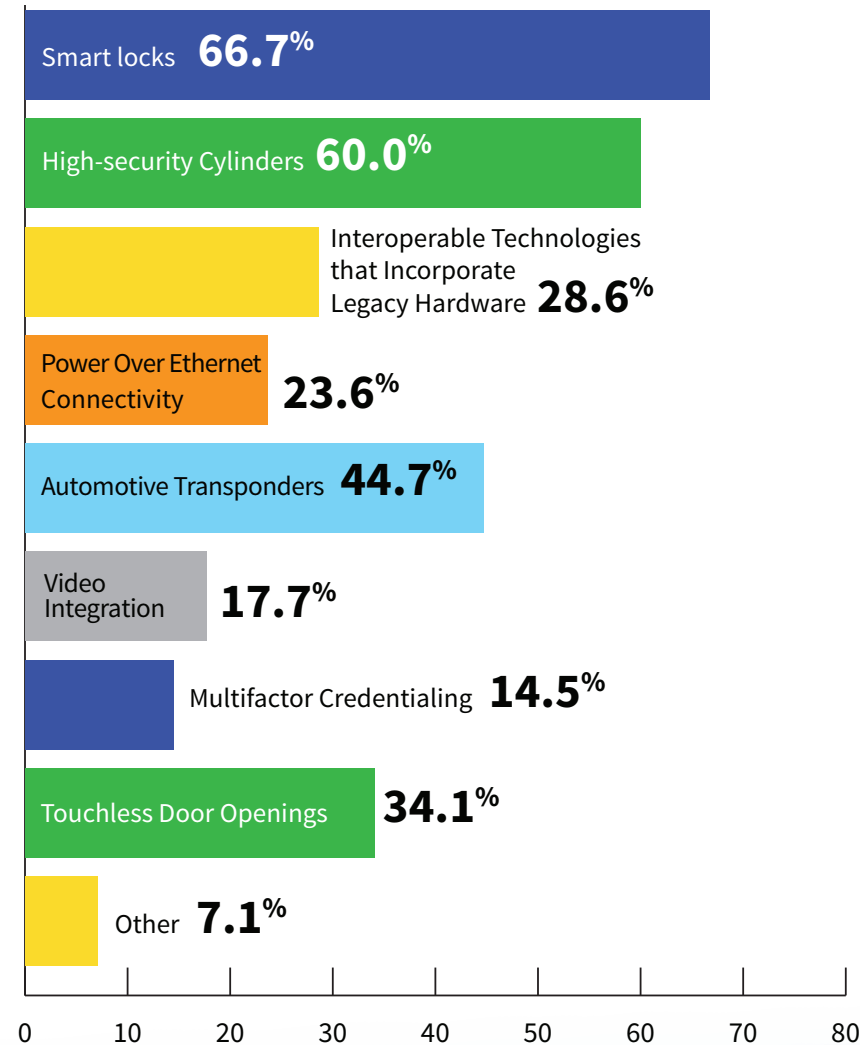
More of a surprise was how schools and hospitals fared. Schools, of course, have been shut for the most part since the spring, not only because of traditional summer vacation but also because of COVID-19, and the thought early on was that schools would use that down time to improve security measures for when they reopened. They didn't. Hospitals, of course, have been very busy in 2020, but security hasn't been at the forefront.

"A tremendous amount of locksmiths — they not only work in these markets, but also independent locksmiths who do work for hospitals and schools — certainly are not being called out to do as much work as they were in the past," says Bill Sporre, senior vice president of sales for Alarm Lock and Marks USA.

As far as automotive finishing as the top product segment for growth in 2020 among our respondents, the result is unsurprising and surprising. It's unsurprising because the category also fared well in the market-segment data but surprising because one might believe that more people working from home should equate to fewer people driving and less demand for locksmithing services or products.

## Importance of Technology Advances

Respondents were asked to select the technology or service advancements that were most important to their business. They were asked to select their top three choices, so the sum won't add up to 100 percent.



**"The new technology of keyless and remoteless cars that work with a cellphone, like the Tesla, is important."**

— Jaswant Kamboj, locksmith-manager of Kent's Car Keys & Remotes

## Get Smart & Secure

**T**he locksmith industry always has responded to technology advancements. Witness, for example, the move from simple flat keys to higher security keys that can't be recut easily. Of course, manufacturers these days are putting more of their advancements toward electronic products.

Smart locks that users not only can open through cards, fobs or even their cellphone, but also can manage and track access from thousands of miles away continue to gain acceptance and market share. Naturally, this technology would be important to today's locksmiths and security pros. Besides, smart locks can be easy to retrofit and set up.

Two-thirds of our respondents name smart locks among their top three most important technology advancements, and, if anything, we're surprised the number isn't higher, because we expect that the interest only will increase — even among automotive locksmiths.

"The new technology of keyless and remoteless cars that work with a cellphone, like the Tesla, is important to our business," says Jaswant Kamboj, locksmith-manager of Kent's Car Keys & Remotes in Toronto.

Speaking of higher security keys, high-security cylinders remain of high importance among our respondents. That's reasonable. From an end-user standpoint, it's one thing to have a lock that's hip and cool, but it's quite another to have a door that's secure.

As for touchless door openings, it will be interesting to see in future reports where that technology ranks in terms of importance.

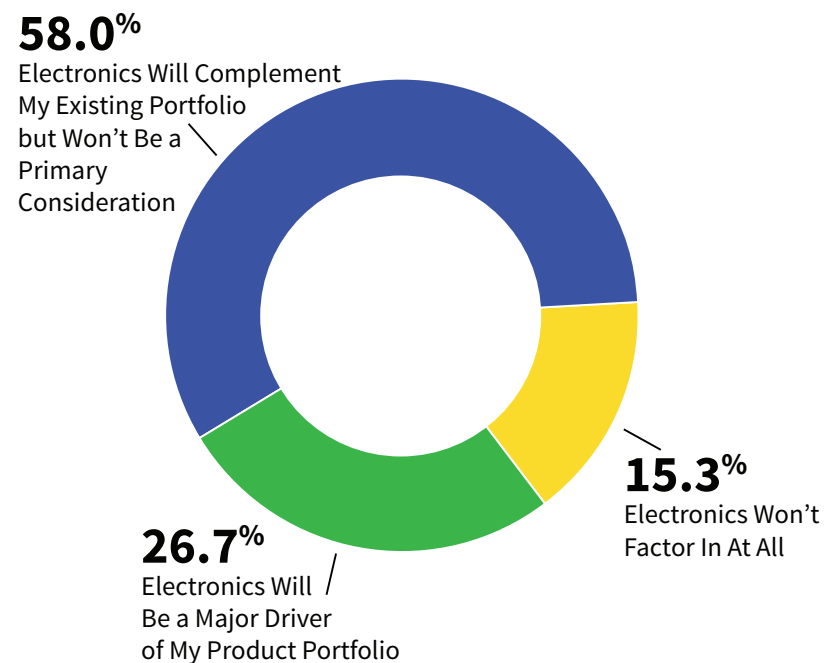
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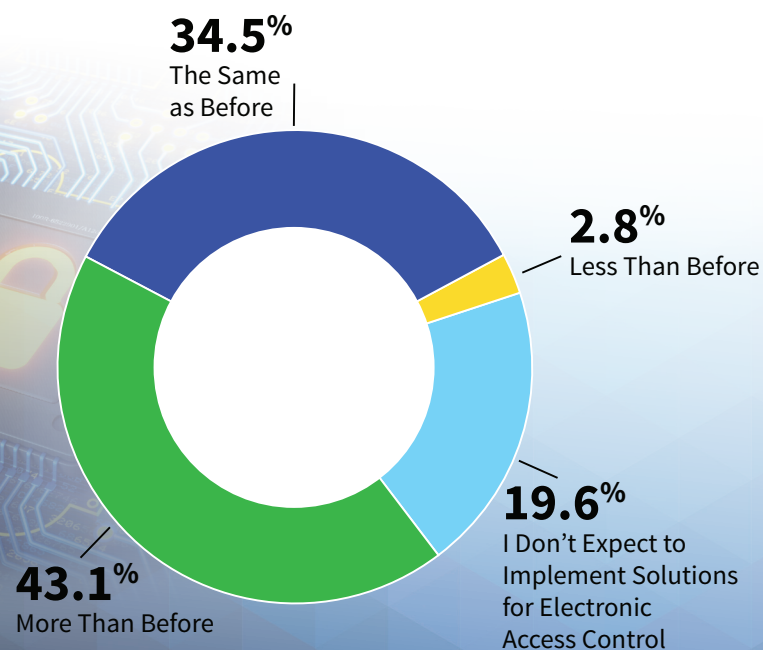
## Electronics & Access Control

Respondents were asked the following questions about their business with respect to electronics and access control:

What effect will electronics have on your locking solutions within the next 3 years?



How much does your business expect to implement with respect to solutions for electronic access control?



## A Charge to Business

There's no question that electronics can be a touchy subject for locksmiths, particularly those who have spent decades picking and rekeying mechanical cylinders, only to see the industry consider them increasingly obsolete. There also is no question that electronics are the future of the security industry.

It seems that our respondents agree. By 2023, electronics are expected to make up at least a part of the lock offerings of 84.7 percent of our respondents, although most of that number believe that electronics won't be a primary consideration.

Electronic access control (EAC), of course, is a step beyond an electronic lock. Besides working with electricity (as opposed to perhaps a battery in an electronic lock), the security pro has to be well-versed in, or at least comfortable working with, computers and computer-like peripherals, such as gateways and card readers.

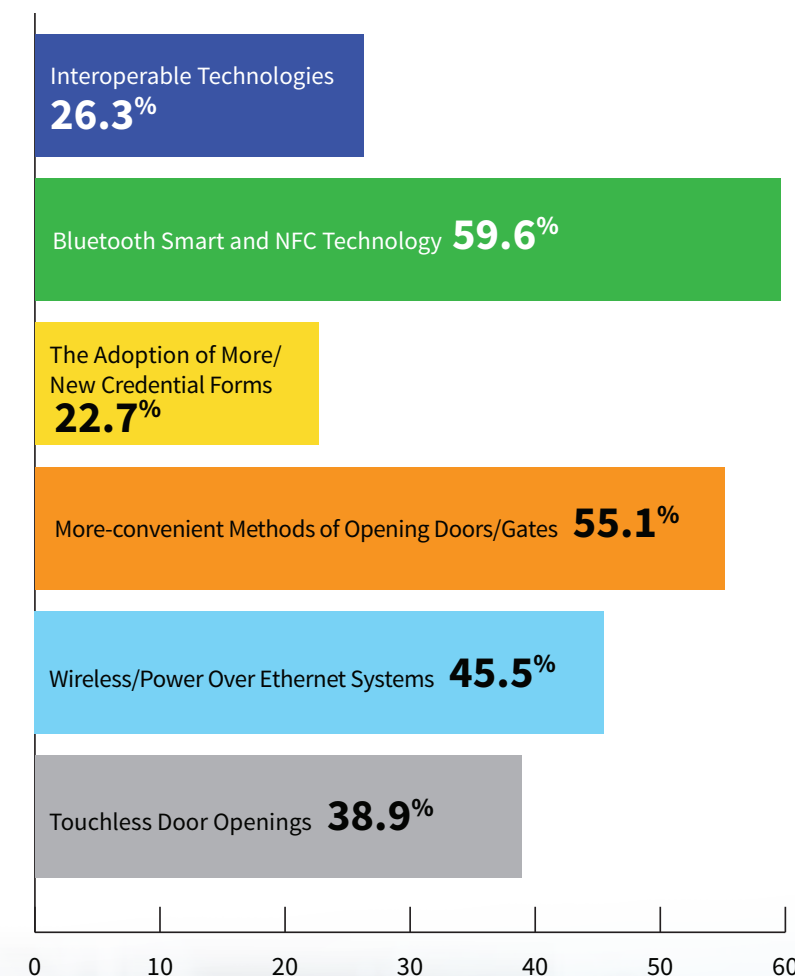
Then there's the software that powers everything, ranging from smartphone apps that are a part of the actual installation of EAC hardware in some cases to newer concepts, such as cloud computing.

Roughly the same percentage as those who eschew electronic locks also say they don't expect to work in electronic access control (EAC), about a fifth of our respondents. However, of the 80.4 who do, all but seven (96.6 percent) say they expect to implement at least the same amount of EAC solutions as before, and more than half expect to implement more EAC than before.

"When we got into [EAC], I was a computer science major, so I kind of understood and understand a lot of these things immediately," says Jacob Myers, president of CM Security Solutions in San Antonio.

## Importance of Access Control Technology

Respondents were asked to select the electronic access control technologies or service advancements that were most important to their business. They were asked to select their top three choices, so the sum won't add up to 100 percent. NOTE: Fifty-seven respondents say their business doesn't handle electronic access control, so the percentages reflect those that do.



**"Multiple credential formats provide a wider range of choices and less 'extra' things to have to manage!"**

— Anonymous respondent

## Dialing Up the Right Technology

The future of the security industry is undeniably electronic, and more than one person has suggested to us this year that the pandemic only sped up the future by increasing awareness and demand for electronic access control. Perhaps, but we believe that a device that predated COVID-19 by more than a decade might have more to do with it.

Simply, smartphones are everywhere. The latest data available shows that nearly 80 percent of Americans have at least one in their possession. With that large of a market penetration, it's perfectly reasonable for end users to ask for and manufacturers to deliver ways to bring that nearly ubiquitous device into the access control environment.

The top two most important categories with respect to access control technology as far as our respondents are concerned — and the only two above 50 percent — speak to smartphone use. Bluetooth and near field communication, which nearly all smartphones have, allow smart locks to communicate with access control software, whether it's in the cloud or on site. And what could be a more convenient and easy way to open a door or a gate than by holding your phone up to a lock or reader?

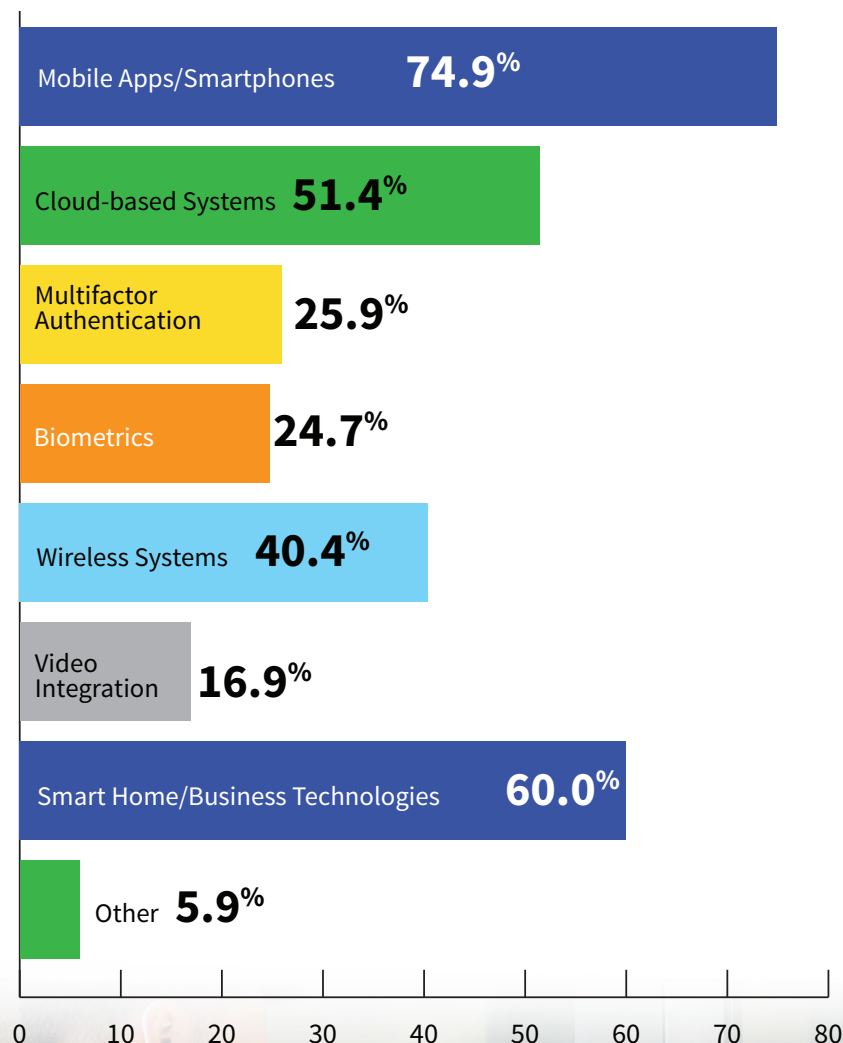
Interestingly, the adoption of more and new credential form factors didn't fare as well, finishing at the bottom of important access control technologies, although at least one respondent notes how that development helps their business: "Multiple credential formats provide a wider range of choices and less 'extra' things to have to manage!"

© Getty Images/By SasinParaksa



## Major Security Disrupters

Respondents were asked to select the biggest disrupters to the security industry. They were asked to select their top three choices, so the sum won't add up to 100 percent.



“These are not disrupters; they are revenue opportunities.”

— Scott Warren, president of Roadrunner Lock & Safe

## Automation Starts at Home

The idea of making homes and businesses “smart,” where all one has to do is voice a command to control some facet — or, better, have a computer sense and automatically take care of it for them — has been in the public mind for more than a half-century.

The push to make the idea real is nearly two decades old. It started with environmental concepts, such as controlling heating and cooling and making lights turn on and off upon command, but it moved swiftly and perhaps more forcefully into the security market. Suddenly, it seems, the residential market is flooded with DIY smart locks and video doorbells that take home surveillance out of the exclusive domain of high-end customers while taking business from locksmiths and security pros.

Locksmiths noticed. Sixty percent of our respondents include smart-home and smart-business technologies among their top three security disrupters, and we expect that percentage will remain high in coming years.

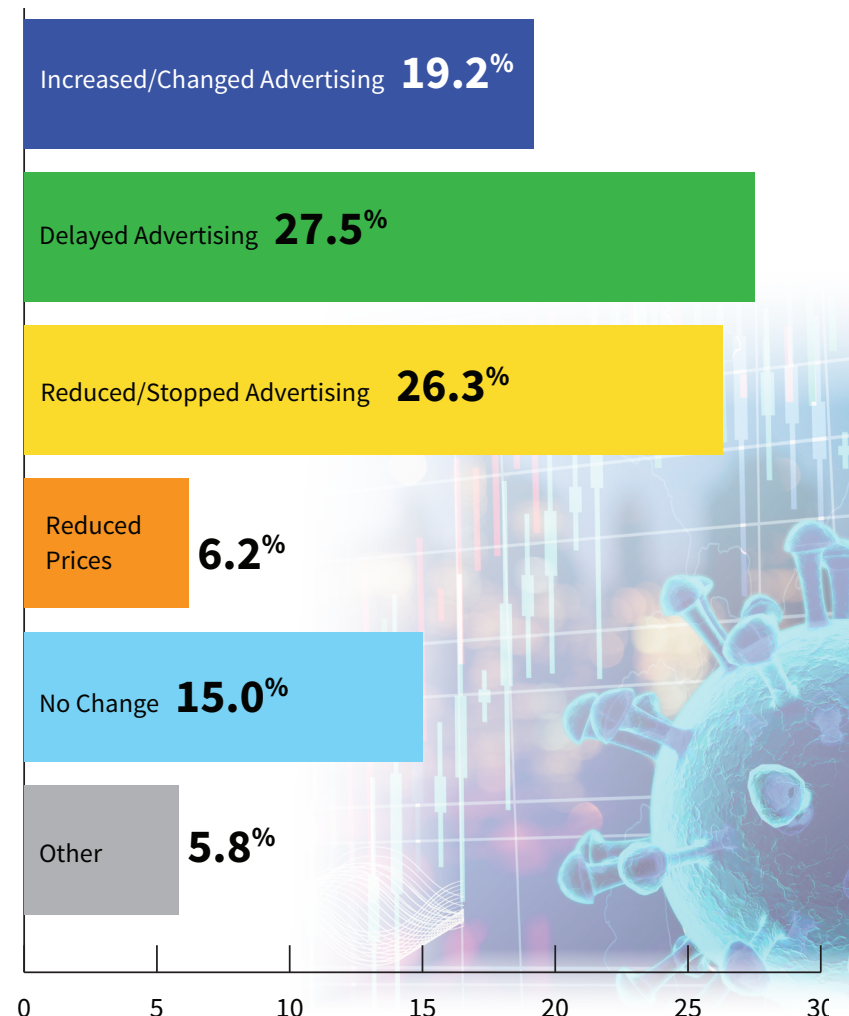
The move away not only from a physical key that unlocks a door, but also from a dedicated physical anything (card, fob, sticker) to credentials delivered through a mobile app has upended the industry and will continue to shake it up for some time. Our respondents agree. Nearly three-fourths include it among their top disrupters to the security industry.

That said, disruption doesn't have to be a bad thing. As Scott Warren, president of Roadrunner Lock & Safe in Tucson, Arizona, puts it: “These are not disrupters; they are revenue opportunities.”

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## 2020 Marketing Strategies

Respondents were asked about how the current business climate has affected the marketing of their business.



## Getting the Word Out

Marketing can be another of those touchy subjects among locksmiths. Many locksmiths don't even bother with it outside of word of mouth, which, of course, can be a low-cost, high-reward form of marketing. Of the 15 percent of respondents who say they have made no marketing changes this year, roughly a third say they never advertise outside of personal recommendations anyway.

Perhaps unsurprisingly during these challenging times, advertising has taken a hit. More than half of our respondents (53.8 percent) say they delayed, reduced or stopped advertising. A few of those who increased advertising did so in a new, more targeted way.

“We increased our online advertising and eliminated our print advertising,” says John Cameron, vice president of Coast Safe & Lock in Santa Cruz, California.

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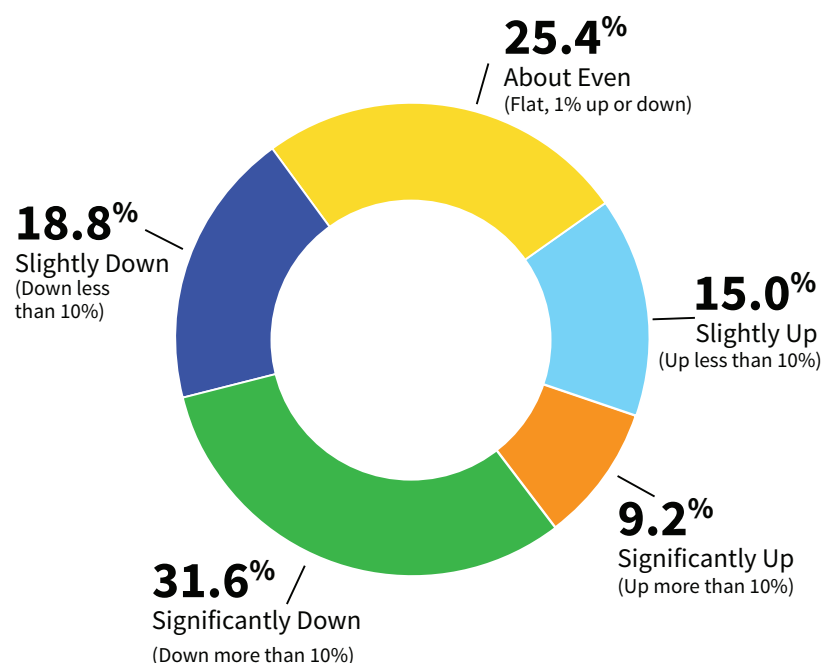
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www.locksmithledger.com/10174183



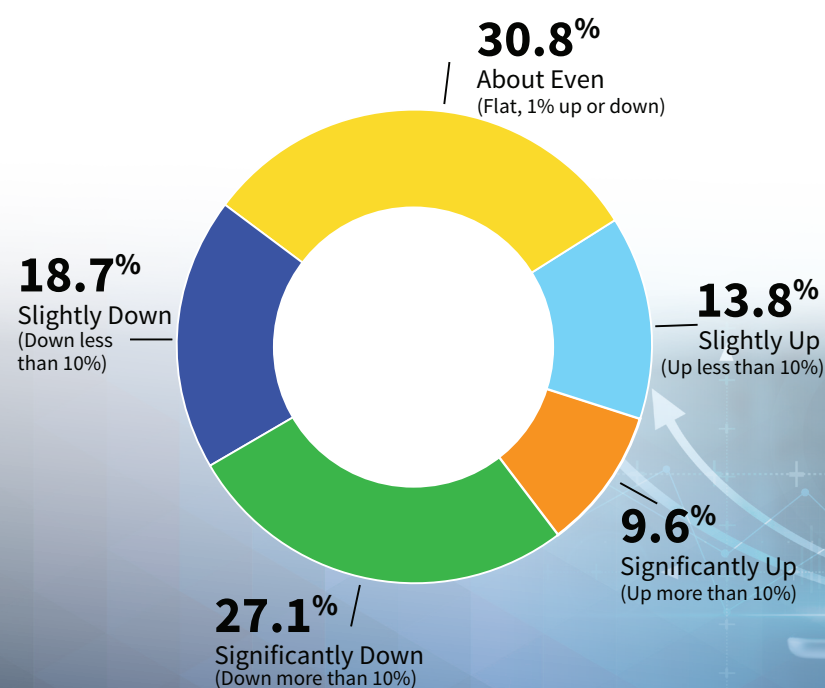
## Work Trends & Sales Projections

Respondents were asked how 2020 scheduled work was trending compared with 2019 numbers, as well as their expectations for future sales.

Weekly Scheduled Work: 2020 vs. 2019



Sales: 2021 vs. 2020



## Difficulty Still Ahead

As we said, there's no disputing that 2020 has been a tough year for the security industry as well as many others. Because of the nature of the problem, there also seems to be no clear indication as to when things will get better.

Unfortunately, that uncertainty seems to be reflected in our respondents' workload and sales projections. Although the survey asked about respondents' weekly schedule of projects compared with the previous year, scheduled work on the books reflects incoming revenues ahead.

More than half of our respondents (50.4 percent) say scheduled work for 2020 is down more than 1 percent compared with 2019, and nearly one-third say it's down more than 10 percent. Only 24.2 percent say scheduled projects are up more than 1 percent.

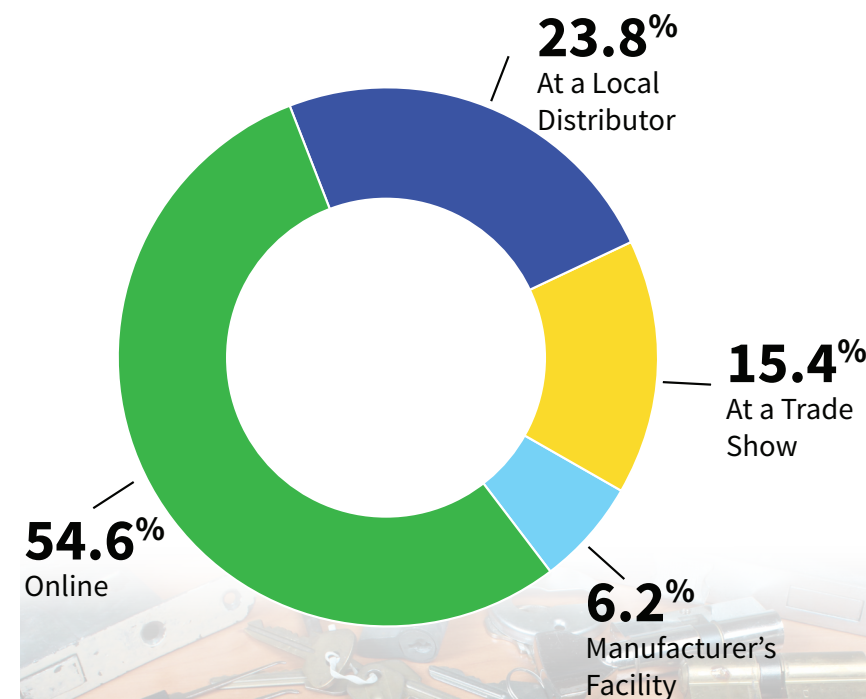
Sales forecasts fared a little better. The largest group among respondents is the one that expects business sales to be relatively flat. Perhaps that indicates that the services charged and products sold are bringing in higher dollar amounts per customer than before.

Unfortunately, again, the overall news isn't good: Nearly 46 percent expect sales to be off more than 1 percent, and less than 24 percent see blue skies immediately ahead.

© Getty Images/By ipopba

## Preferred Training Delivery Methods

Respondents were asked to select their preferred method for receiving training.



**"We have been working to deliver continuing education in house."**

— Chris Lowery, managing partner of Loc-Doc Security

## The Future Is Now

One notable ramification of the COVID-19 pandemic was that trade shows and instruction went virtual in 2020. It isn't known how much of an effect that situation had on our respondents. What's clear is the desire for online training dwarfed the response for all other delivery methods, beating them 54.6 percent to a combined 45.4 percent.

Of course, the advantages for online learning extend beyond safety to cost (typically free, with no travel expenses involved) and even time in the case of tutorials that aren't at a set schedule. It will be interesting to see in future reports whether this was a hiccup or a harbinger.

"We have been working to deliver continuing education in house," says Chris Lowery, managing partner of Loc-Doc Security in Charlotte, N.C. "We moved someone into an education director position as their sole responsibility."

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## THE KEYINCODE WIFI SMARTLOCK FAMILY

KIC4510 > KIC6510 > KIC5510



## REMOTE ACCESS CONTROL MANAGEMENT & MONITORING



**Eliminate Premise Hardware**  
No Local PC, Software  
or Gateways required



**Leverage Existing WiFi**  
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locally or remotely, all from the  
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**Robust API**  
Allow our platform to be "Hardware  
Agnostic" to integrate with a wide  
range of 3rd parties

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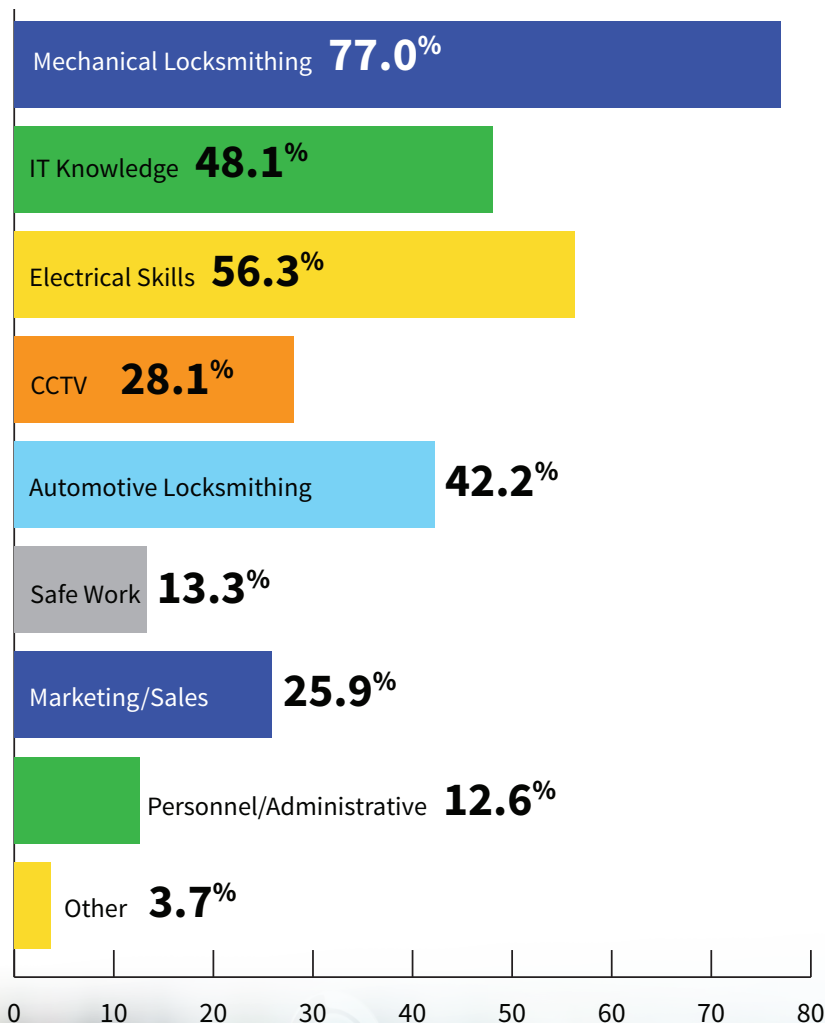
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## Preferred Applicant Job Qualifications

Respondents were asked to select the characteristics that were most important to them when seeking future employees. They were asked to select up to three choices, so the sum won't add up to 100 percent.

NOTE: One hundred and four respondents said they don't expect to make any future hires, so the percentages reflect those who do.



“It’s very seldom that you have candidates who have technical expertise in this field.”

— Kara Peifer, partner of Peifer Security Solutions



## Wanted: Locksmiths

A career in the locksmith business can be a solitary pursuit. Further, there’s no reason why a one-person operation can’t be lucrative.

With respect to our survey, the response “I don’t plan to hire any employees” tied as the No. 1 category seeking input about job qualifications in future hires. Although we suspect that the current economic conditions play a part in that response, perhaps even a major role, more than a few respondents indicate that they’re sole practitioners not looking to hire regardless of the conditions.

However, among those who might want to increase their payroll, the overwhelming leader was mechanical locksmithing skills, unsurprising considering that at the heart of just about every access control solution, there’s a door and a lock.

“Mechanical locksmithing is the hardest hire, because it’s very seldom that you have candidates who have technical expertise in this field,” says Kara Peifer, partner of Peifer Security Solutions in Memphis, Tennessee. “In most cases, we have to hire and train, spending 4–6 months on training before the new hire begins to pay his way and start generating profits for the business.”

Nevertheless, given the direction the market is heading, it isn’t a surprise that the next two skills that our respondents seek in job candidates are electrical skills and IT, or computer, knowledge.

Among the “Other” category, Larry Friedrichs of Bloomington Security Solutions in Minneapolis notes preferred qualities that are in high demand in any industry: “hard worker, good personality.”

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