



June 2021

A monthly tracker of UK builders' merchants' sales expectations & business prospects

Overview

2

It's a boom, but supply shortages are a growing concern for merchants

Confidence in the market and in their business, and sales expectations are all at exceptional levels.

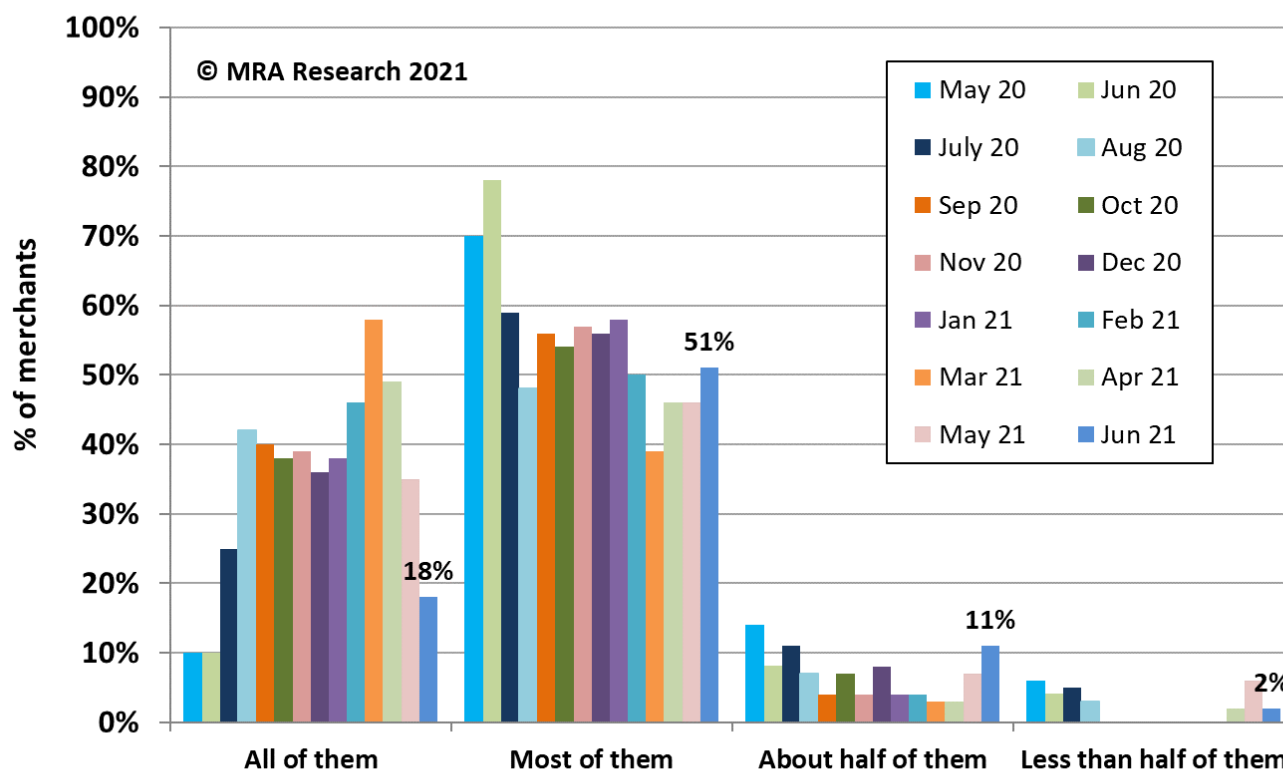
However, 42% of merchants were hit by supply problems in June - 15% of them badly or very badly affected.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 4th June 2021.

Impact of COVID-19 on Material Supply

3

**What proportion of your suppliers are
CURRENTLY able to supply you?**



Almost seven out of 10 merchants say all or most of their suppliers are currently able to supply them, but merchants are experiencing more widespread supply problems.

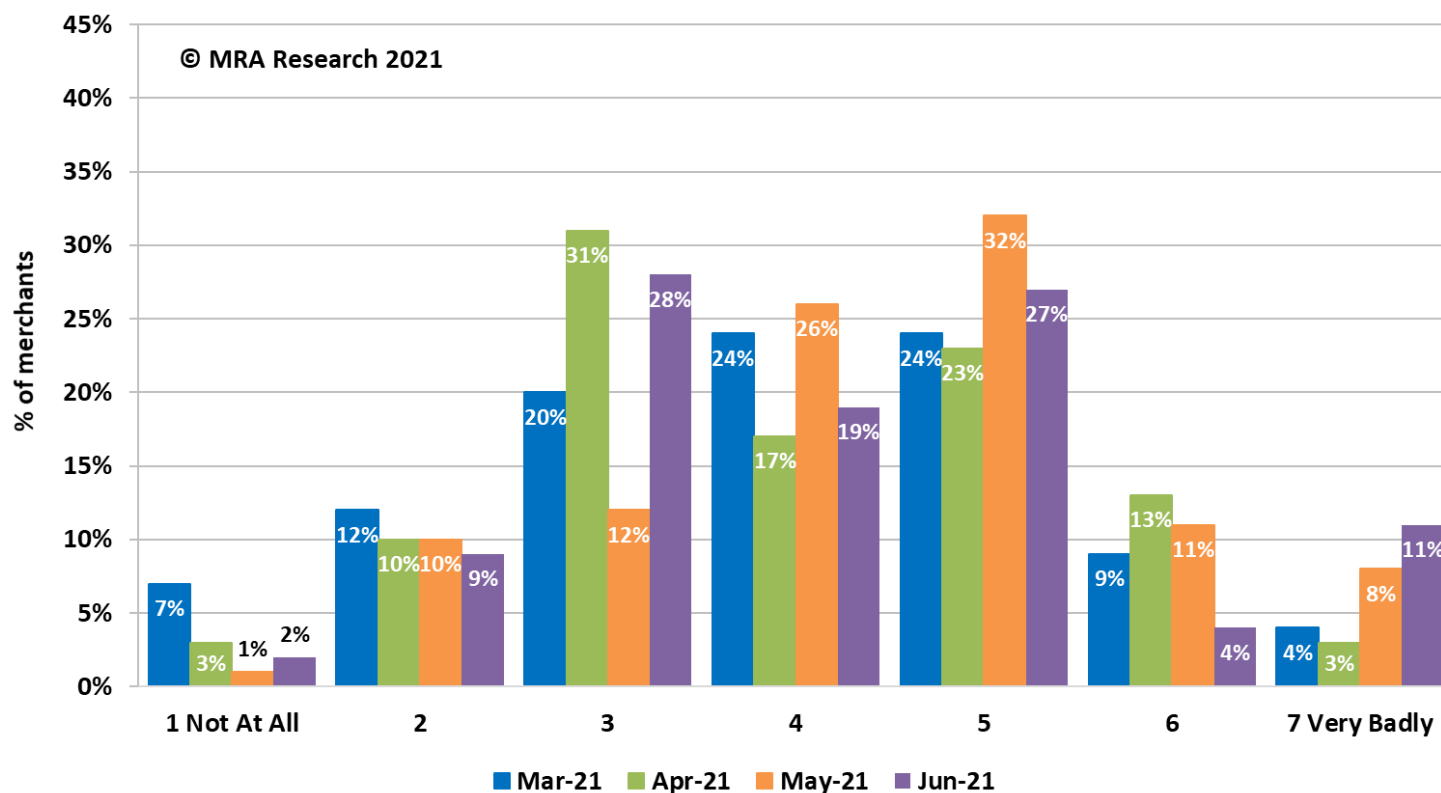
National merchants are more affected, with only 57% saying all or most of their suppliers are currently able to supply them.

Extent of Supply Problems... 1

4

To what extent has your business and your customers been affected by supply problems?

Rating score: 1 Not At All to 7 Very Badly



In June, 42% of merchants were hit by supply problems

15% of them badly or very badly affected.

Extent of Supply Problems... 2

5

In what way has your business and customers been affected by supply problems?

All still supplying just with really long wait times

Just cant get the stock

Lead times

Lead times and price increases

Lead times are 2 weeks at best, up to 3 months.

Suppliers are not telling us the truth about delivery times. It's a nightmare

Lead times have extended from 2 weeks to 10 weeks

Lead times have increased from 7/10 days to 6/7 weeks. Prices have increased by 15% and lots of products are on reduced allocation

Long delays price increases

Placing orders in November, only just come

Shortage of stock and delays.

Supply shortages

The lead time on getting stock is so much longer. Instead of a week, it's now 6 weeks .

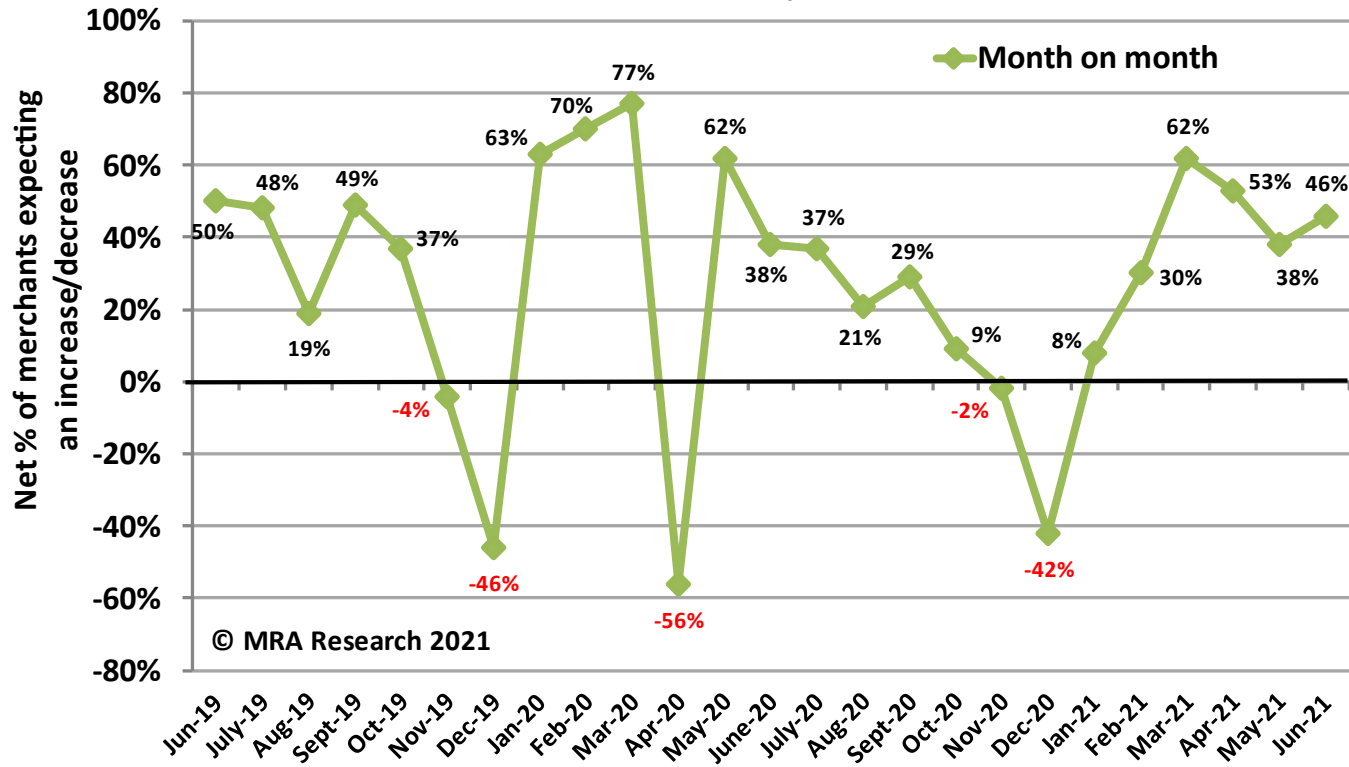
There is no quantity of stock and prices are going through the roof.

Wait times

Sales Expectations: Month-on-month...1

6

Sales Expectations
Jun 2021 v May 2021



Sales expectations for June improved.

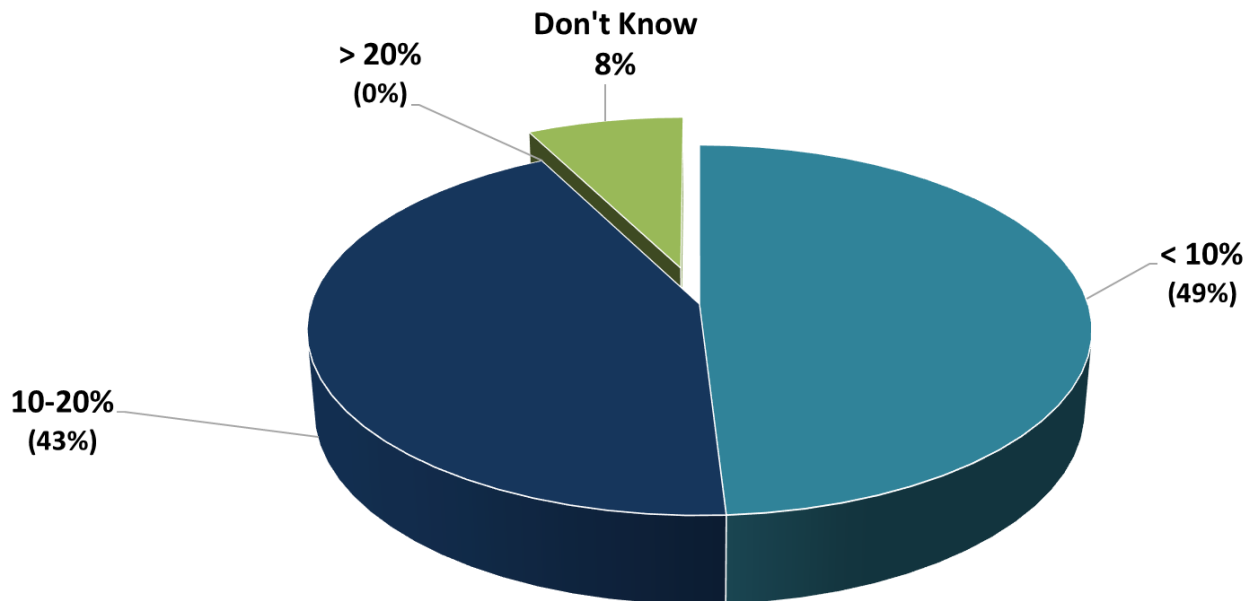
Merchants in Scotland (net +63%) and in the North (+59%) have the strongest expectations.

National merchants have higher expectations (+57%) than Regional merchants (+33%).

Sales Expectations: Month-on-month...2

7

**% Increase
June 2021 v May 2021**

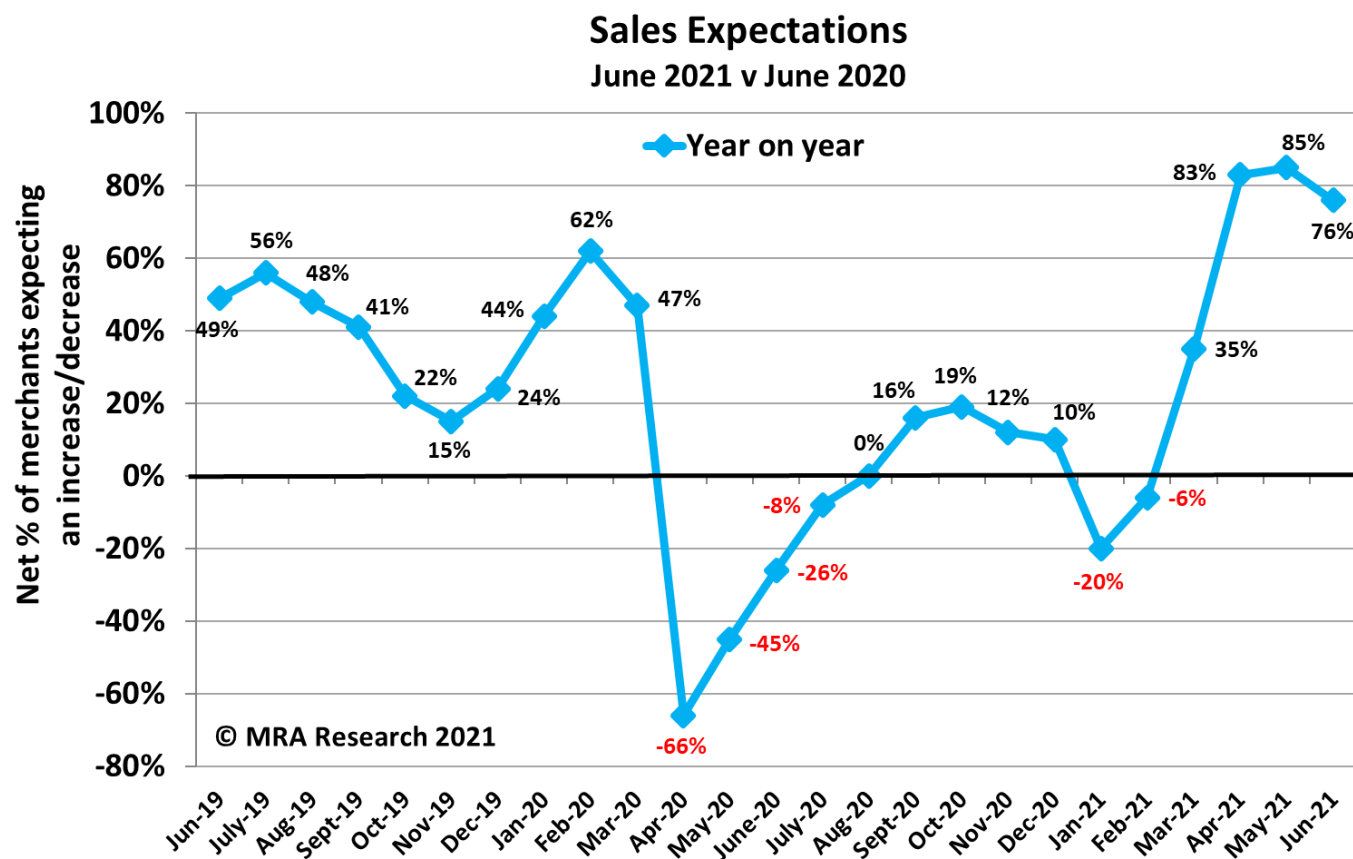


43% of merchants predicting sales growth in June, expected an increase of 10% to 20% compared to May.

Nearly half (49%) expected an increase of up to 10%.

Sales Expectations: Year-on-year...1

8



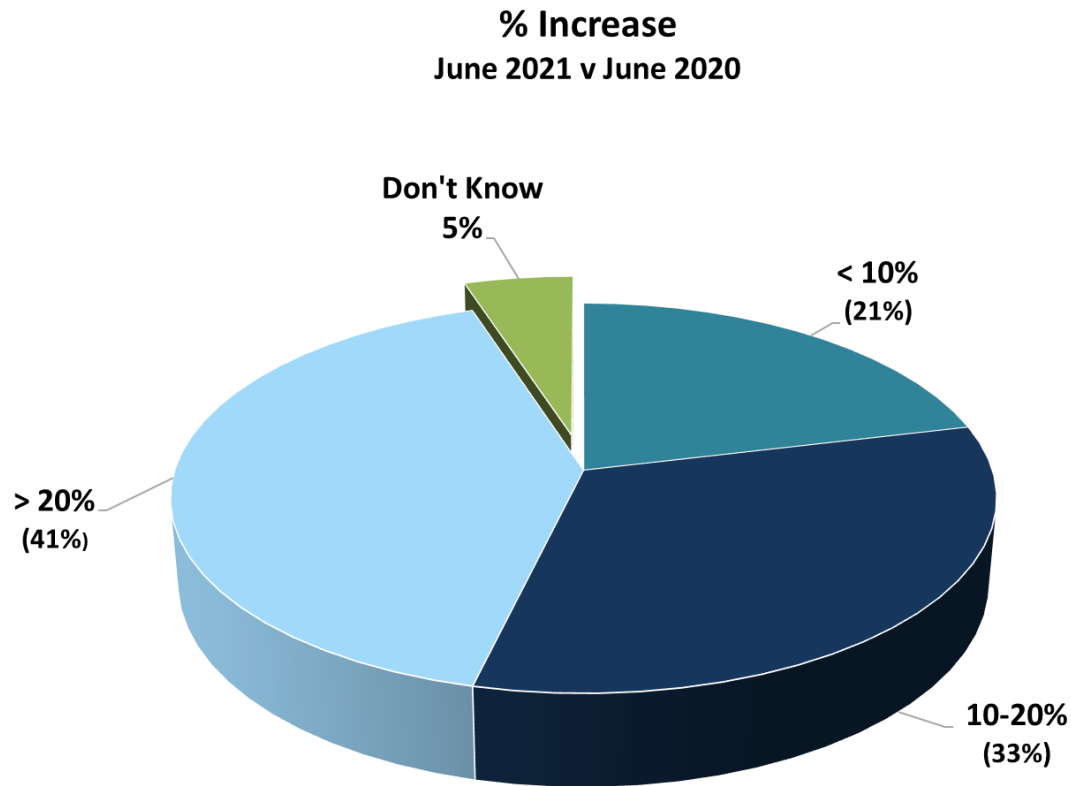
The percentage of merchants expecting a sales increase year-on-year eased for the first time since January. However, sales expectations remained strong (net +76%).

Merchants in the Midlands (+83%) and North (+82%) had the strongest expectations.

More National and Regional merchants (+89% and +72% respectively), expected higher sales than Independent outlets (+63%).

Sales Expectations: Year-on-year...2

9



Approximately four out of 10 merchants expecting to sell more expect growth of over 20%.

A further third anticipate growth of between 10% and 20%.

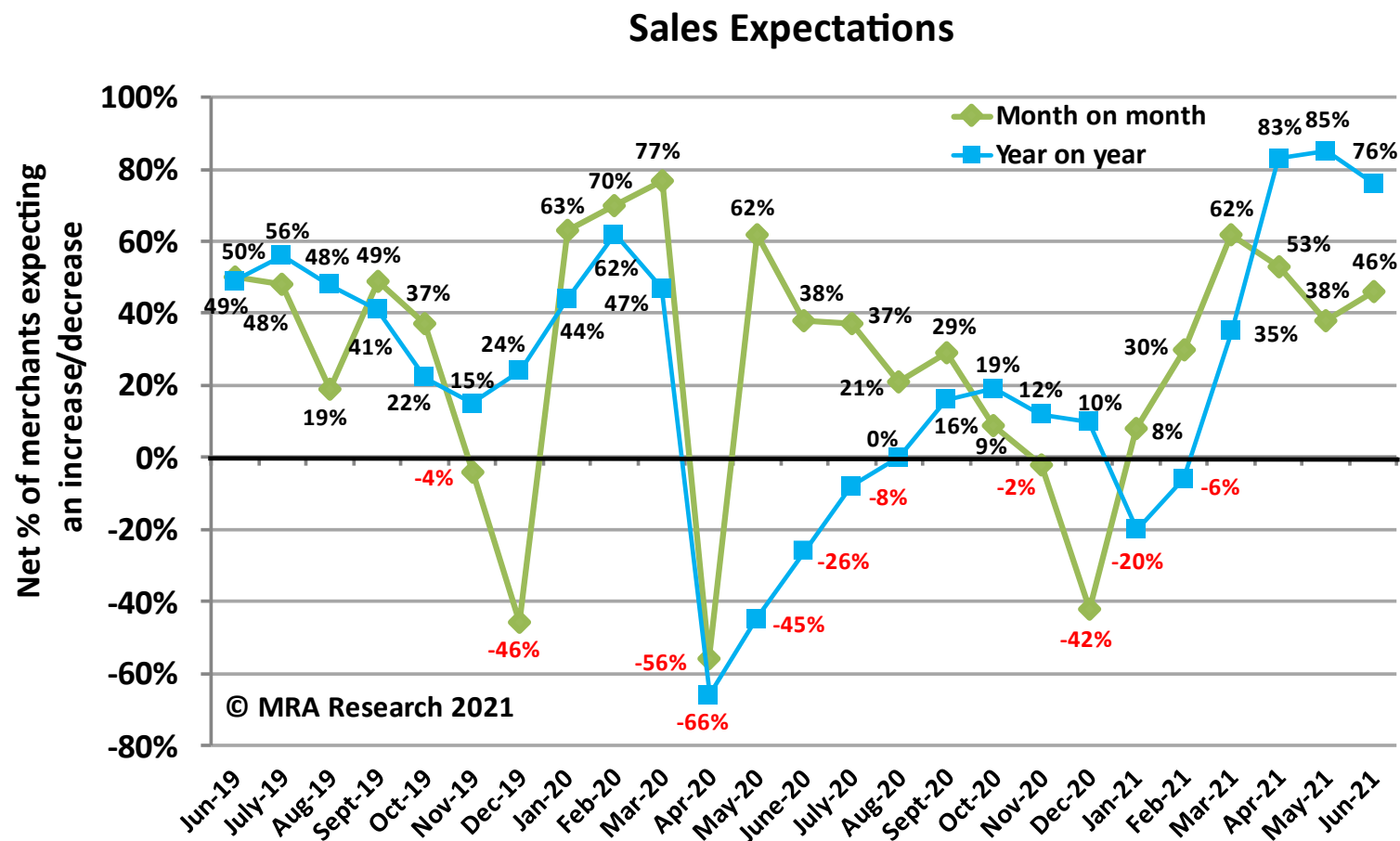
© MRA Research 2021

Base: 80

Sales Expectations

Month-on-month v Year-on-Year

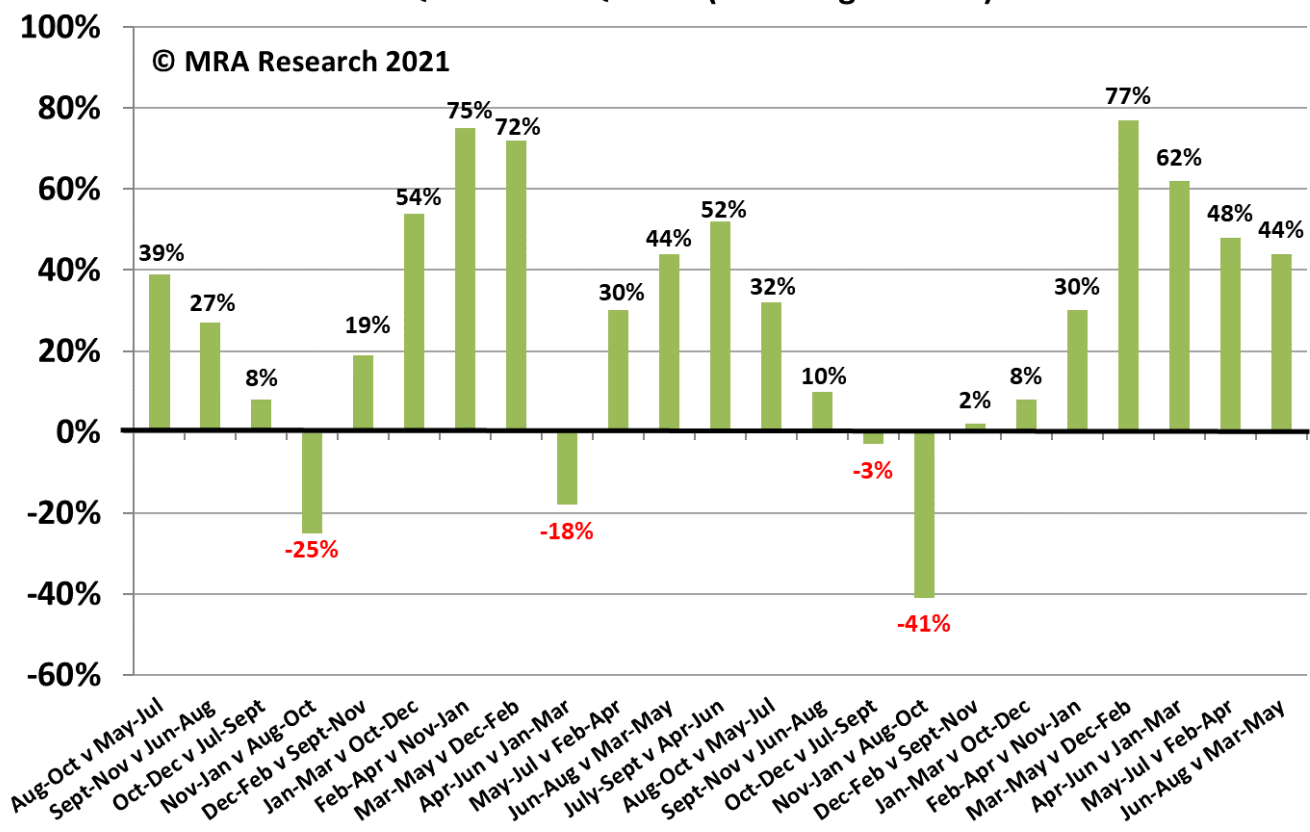
10



Sales Expectations: Quarter-on-quarter...1

11

Sales Expectations
Quarter-on-Quarter (from August 2019)



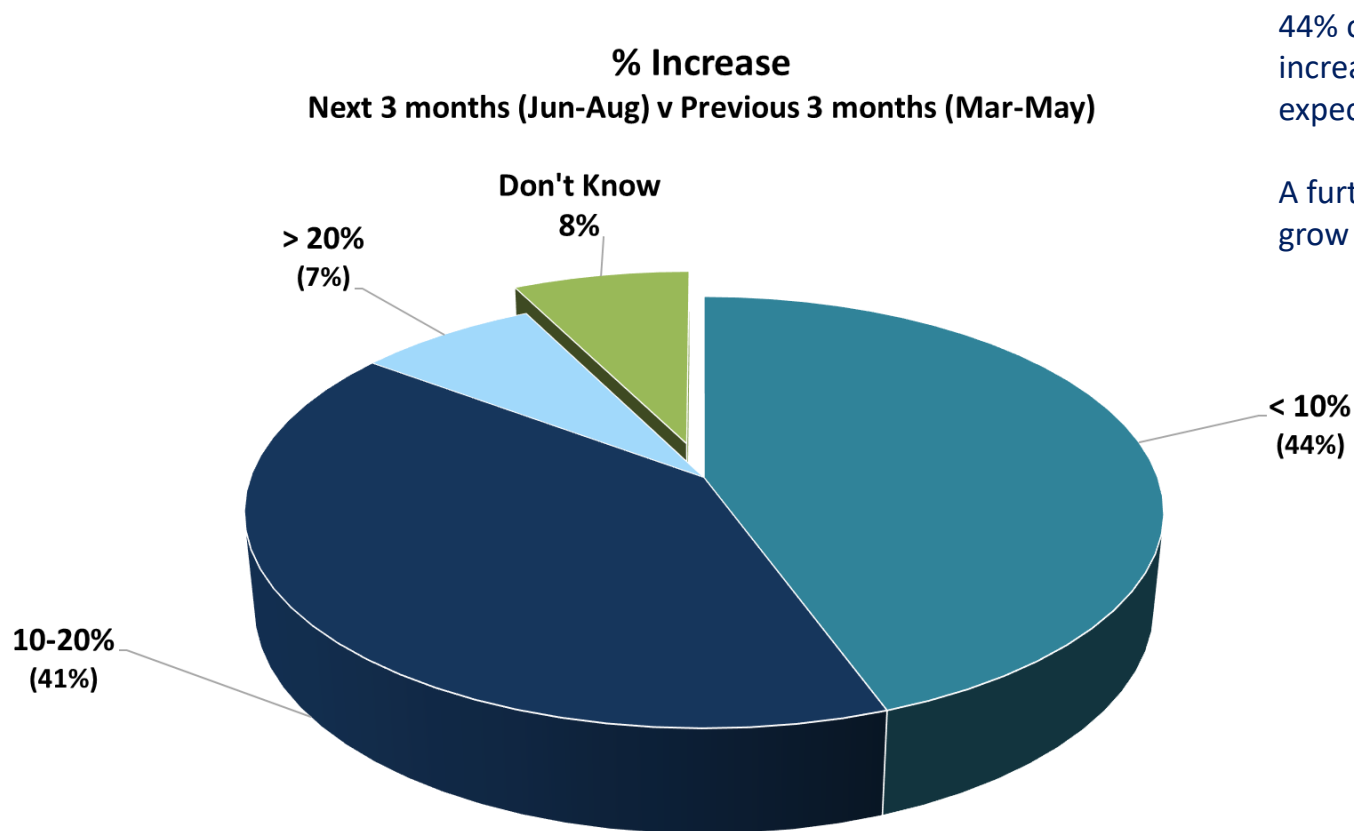
Sales expectations for the next three months (June to August) have eased marginally but remain strong.

More National merchants (net +54%) expect higher sales than Regionals (+36%).

Outlets in Scotland had the highest expectations of all the regions (+69%).

Sales Expectations: Quarter-on-quarter...2

12



44% of those expecting sales to increase quarter-on-quarter expect growth of up to 10%.

A further 41% expect sales to grow by as much as 20%.

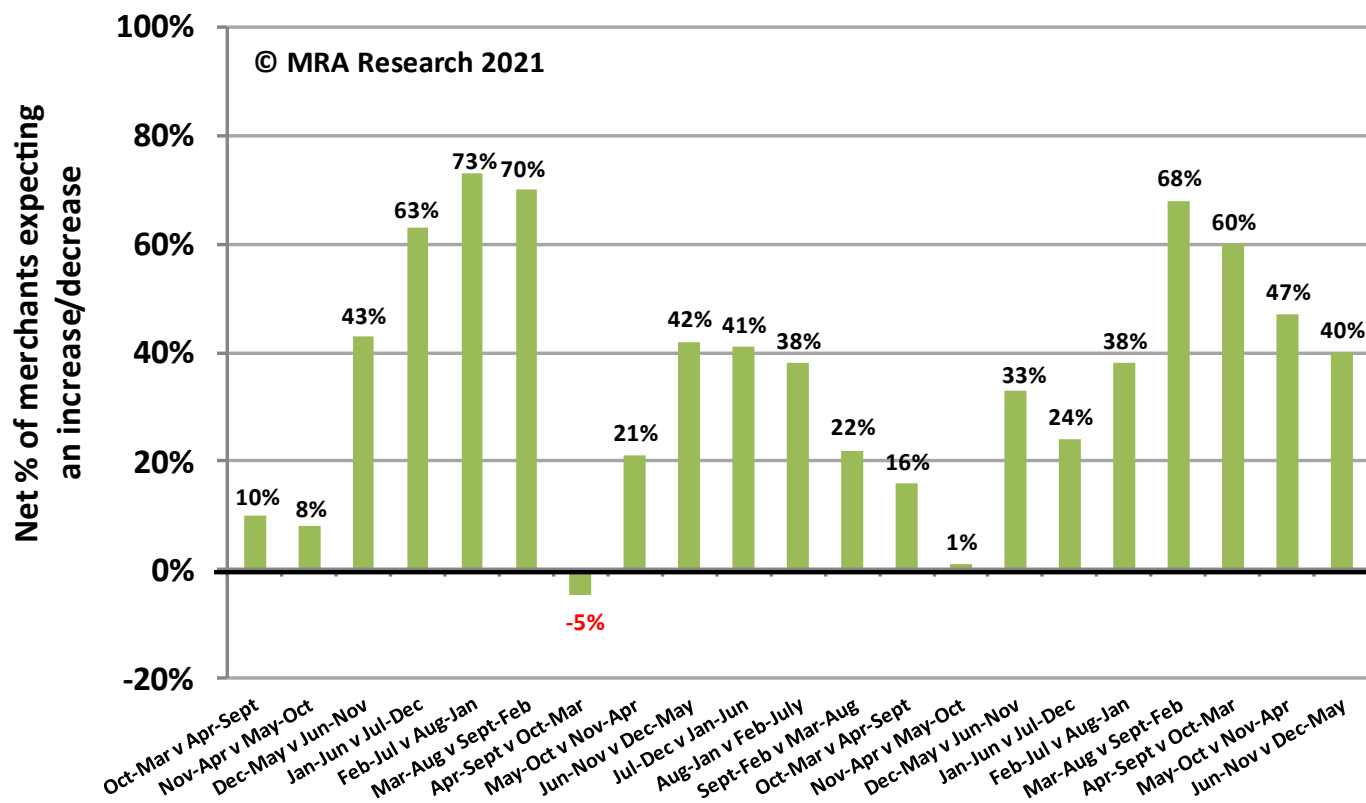
© MRA Research 2021

Base: 54

Sales Expectations: Next six months...1

13

Sales Expectations
Next 6 months v previous 6 months (from October 2019)



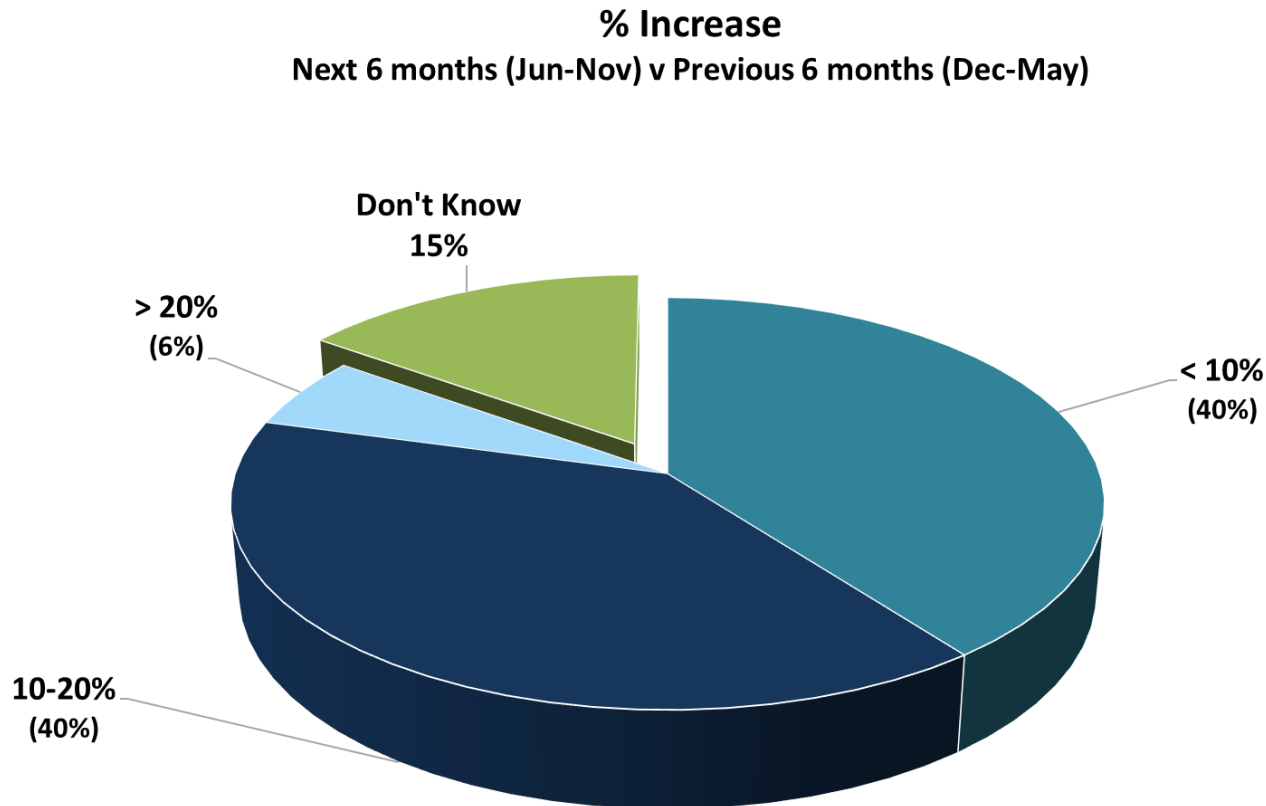
Sales expectations for the next six months are easing but holding well.

Those in the North and Midlands are most confident (net +50%).

Nationals (+54%) are more positive than Regional merchants (+26%).

Sales Expectations: Next six months...2

14



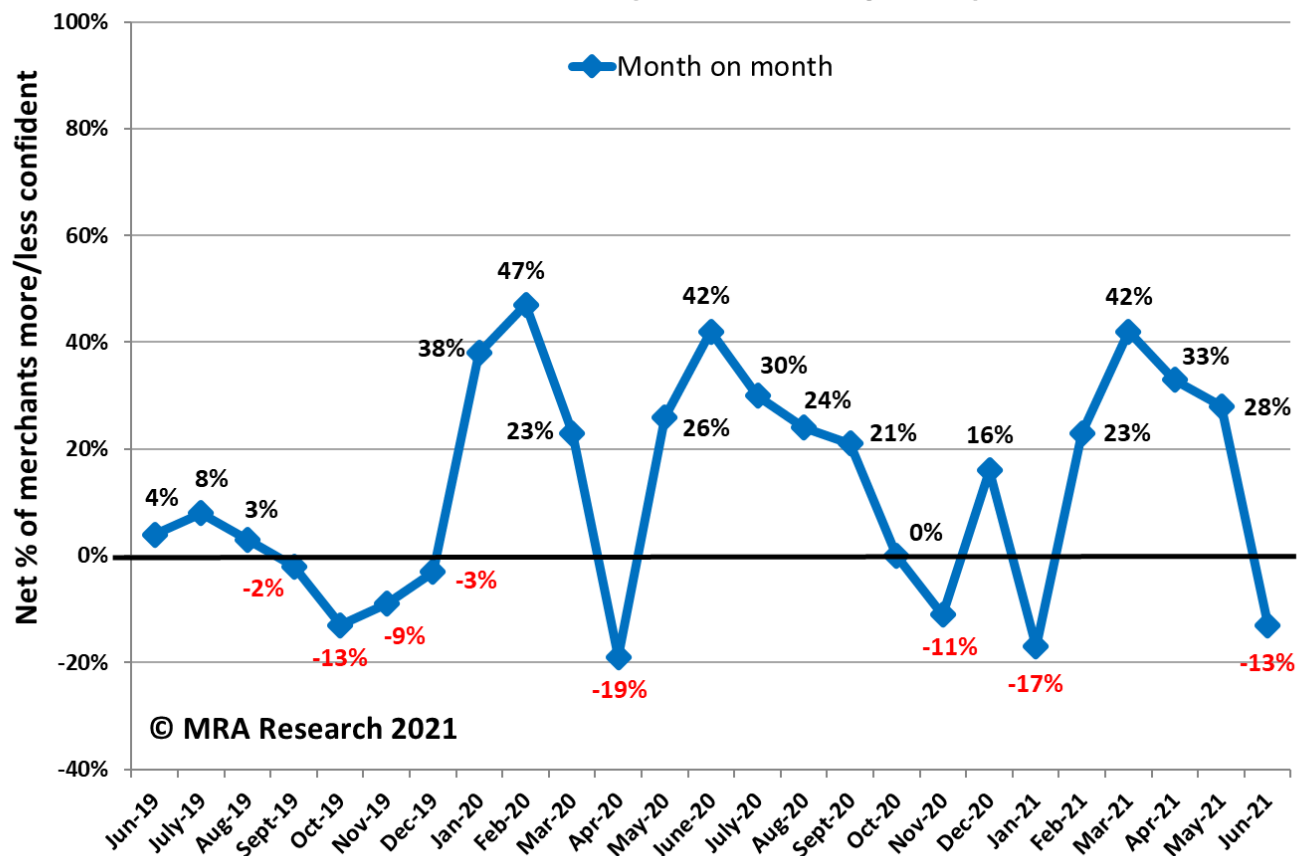
40% of those forecasting improved sales in the next six months predict growth of up to 10%.

A further 40% expect growth of 10% to 20%.

Confidence in the market: Month-on-month

15

Confidence in the market
Month-on-month (Jun 2021 v May 2021)



Compared with strong confidence levels in March, April and May, confidence in the market declined in June, and for the first time since January 2021.

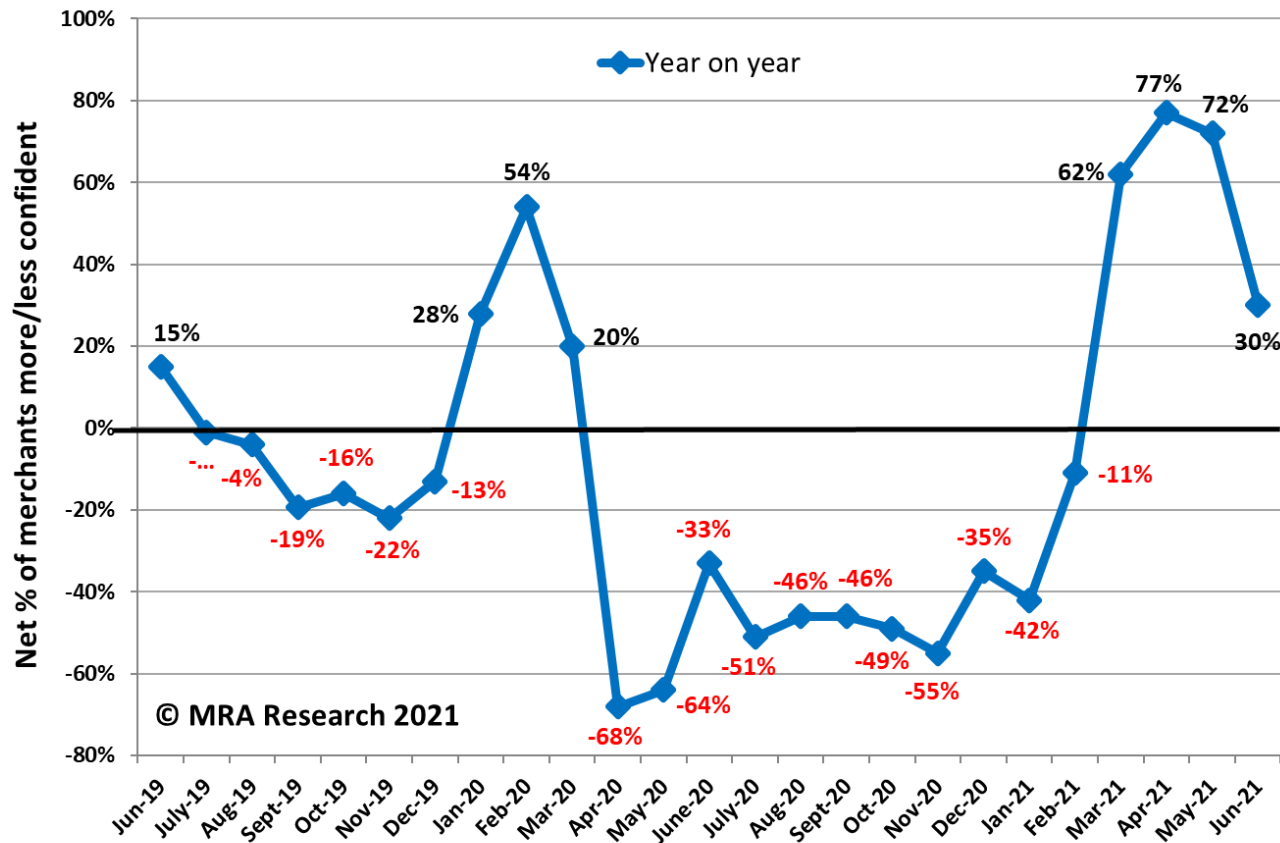
Merchants in the Midlands (net -46%), and small outlets (-25%) were least confident compared to May.

Merchants in the North (+32%) were the only ones more confident in the market compared to May.

Confidence in the market: Year-on-year

16

Confidence in the market
Year-on-Year (June 2021 v June 2020)



Confidence in the market year-on-year dropped sharply compared to the previous month's survey but remains positive.

The North was the most confident region with a net +64%.

Independent merchants were more confident (+46%) than the Nationals (+19%).

Confidence in the market:

Why MORE confident about the market than this time last year? (Base 54)

17

Of the **54** merchants who were **MORE confident** about the market, comments included:

A lot of our suppliers were shut (then).

Can see what's happening now. Last year we didn't really know what was going on.

Despite stock shortages we are in a period of relative normality.

Footfall has increased and demand has increased massively.

Market has taken off and we have taken on more staff to cope with the demand.

More knowledge and able to work with covid going on.

More knowledge. We're getting used to things now. It's just lead times that are holding up suppliers.

Our customers seem so desperate for stock that they are prepared to pay crazy prices to get their hands on it.

Sales have picked up last 6 months or so.

Since June last year and after the second lockdown, we were really busy and then I thought it would tail off but it hasn't. It's manic. However, once people are able to spend money on foreign holidays, then sales will tail off.

The economy has opened up now, so we know what to expect.

Things are getting back to normal with customers now able to venture out.

Things are moving forward.

Things are really booming compared to June last year and have been for some time.

This time last year I was really depressed about the outlook. But to my surprise things have taken off and the market has gone crazy.

This time last year shops were closed. Now things are getting back to normal.

This time last year we did not know whether we would have a branch at all this year. Now we are really buzzing with demand as customers are upgrading their homes.

We are in a boom period.

We are now getting back to normal.

We are now in a boom period before the crash in maybe two years time.

Confidence in the market:

Why LESS confident about the market than this time last year? (Base 24)

18

Of the **24** merchants who were **LESS confident** about the market than this time last year (June 2020), comments included:

Market has just got worse lead times prices etc.

Stock issues with extended lead times and price increases means I am less confident.

The current situation of reduced quantity of stock and price hikes are not sustainable. I am worried as to what is going to happen.

This time last year we had no supply issues. Now lack of stock is a major problem.

Because there is a shortage of stock, suppliers are not wanting to deliver to the Scottish Islands and they have ripped up their contracts and will only deliver by imposing a hefty price increases.

Getting hold of raw materials

Nothing is normal at the moment. Delivery times have been extended and reduced allocation has meant one has less to sell. Last year we were just out of lockdown and knew what to expect. Today's market is unknown. Just no comparison.

Stock isn't good long wait times.

Nothing is normal at the moment. Delivery times have been extended and reduced allocation has meant one has less to sell. Last year we were just out of lockdown and knew what to expect. Today's market is unknown. Just no comparison.

Price rises are changing profit margins. Add that to long waits.

This time last year we did not have any supply of stock issues. Now suppliers are giving us delivery dates and then not meeting them. It's a real problem.

Prices are going up across a broad range of products and we do not know what is going to happen from one month to the next. It just can't go on. So I am less confident about the market.

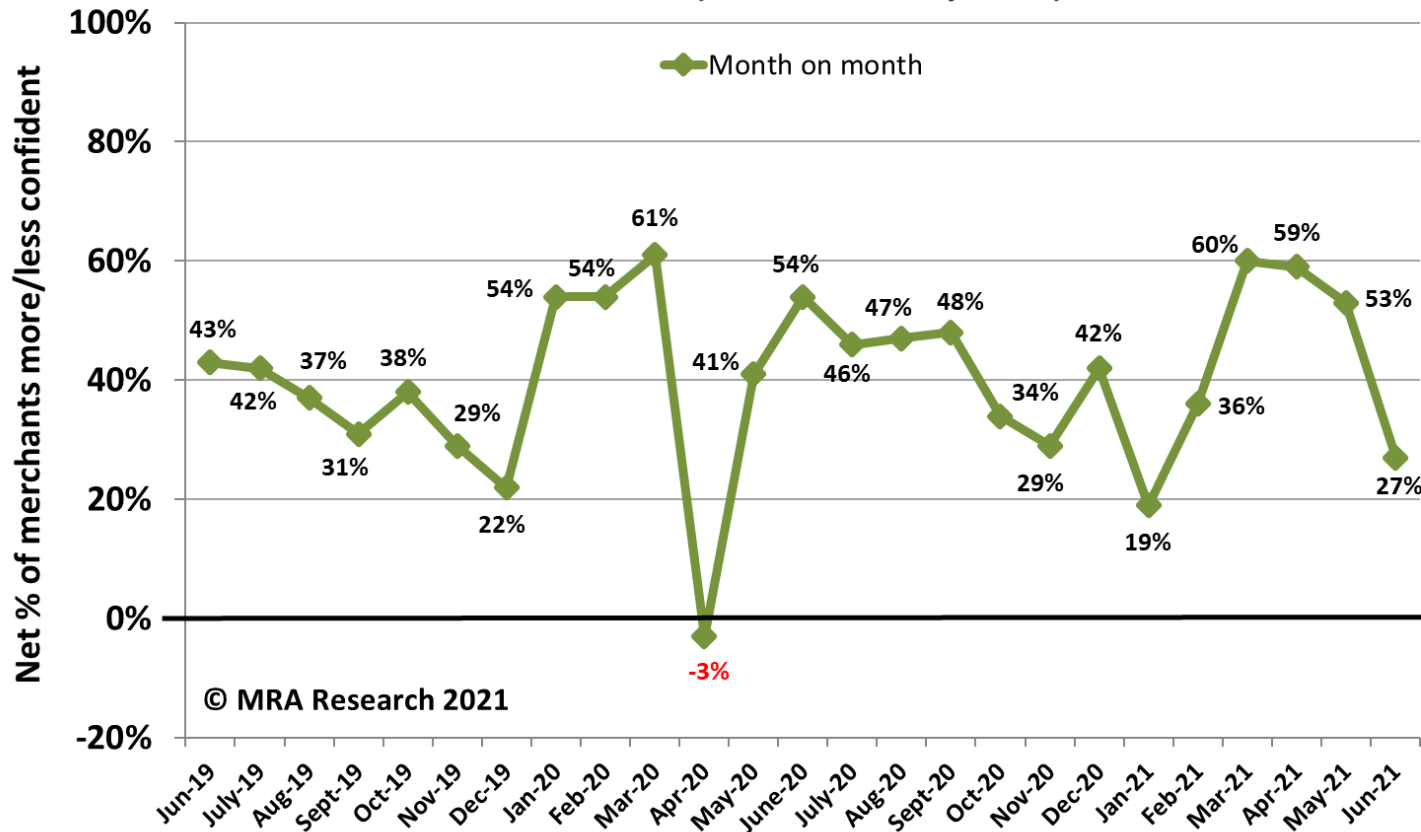
Now we have shortages of stock and the price of raw materials rising. Far less confident about the market as we were really busy this time last year' despite the effects of lockdown.

Stock shortages are the real problem now, and with prices going sky high, I am worried about the future. The demand in the market could suddenly stop.

Confidence in their own business: Month-on-month

19

Confidence in their own business
Month-on-month (June 2021 v May 2021)



Merchants' confidence in the prospects for their own business dropped in June compared to May but remained positive.

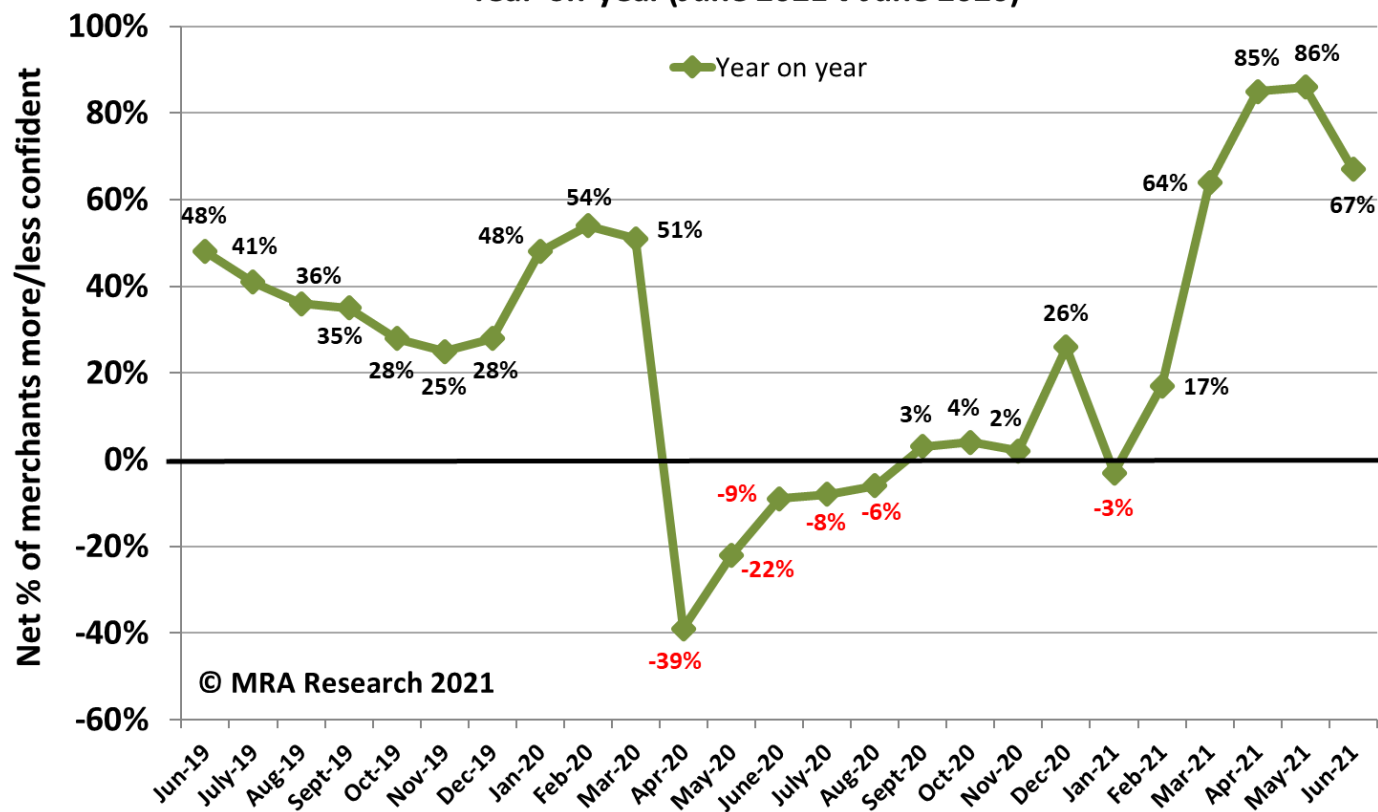
Merchants in the South (net +13%) were the least confident regionally.

Nationals (+41%) were more confident than Regionals (+15%).

Confidence in their own business: Year-on-year

20

Confidence in their own business
Year-on-year (June 2021 v June 2020)



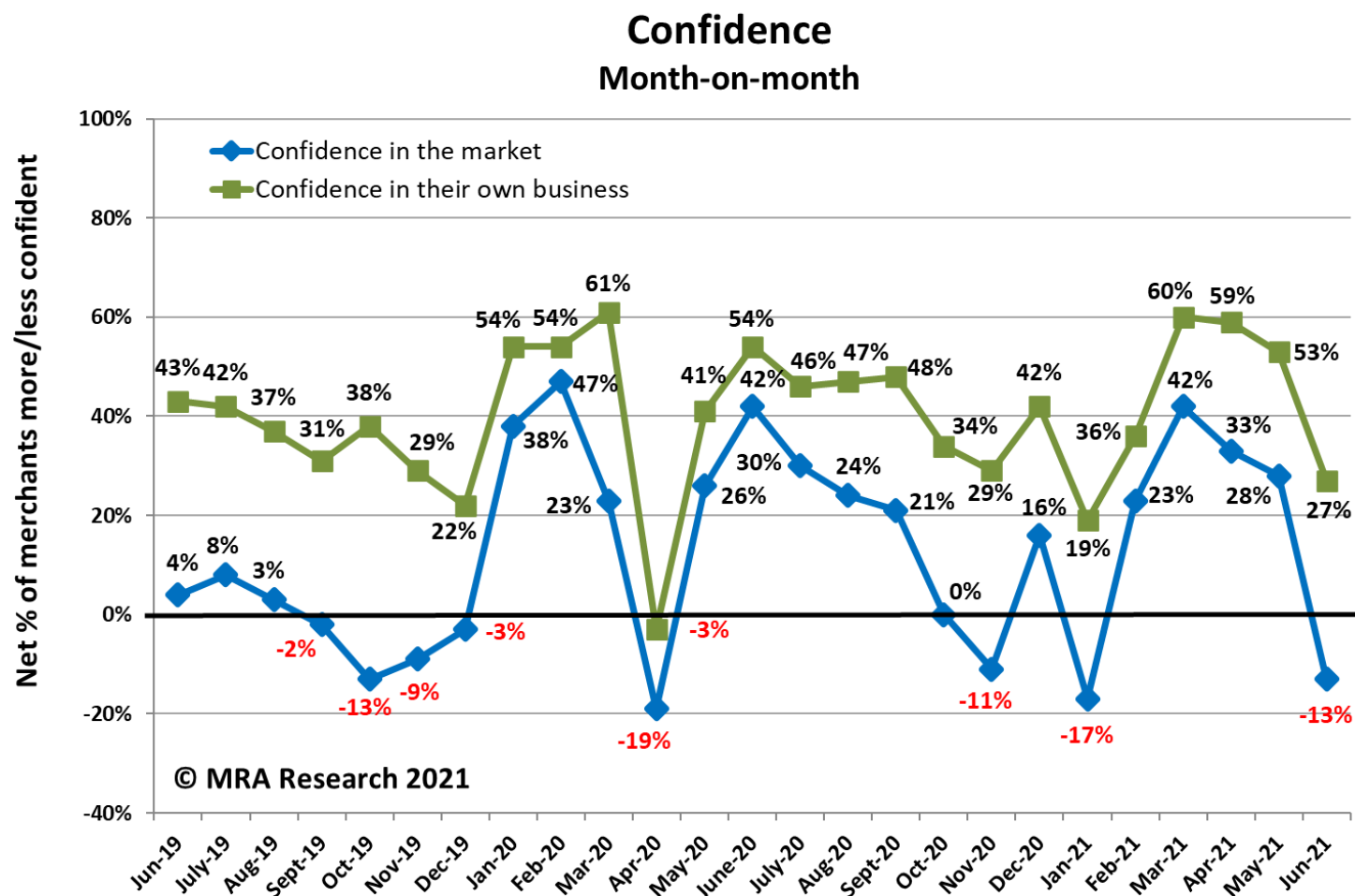
Merchants' year-on-year confidence in their own business eased slightly compared to the previous month's survey but still strong at a net +67%.

Merchants in the Midlands (net +75%) and Nationals (+73%) were most confident.

Confidence in the market v own business

Month-on-Month

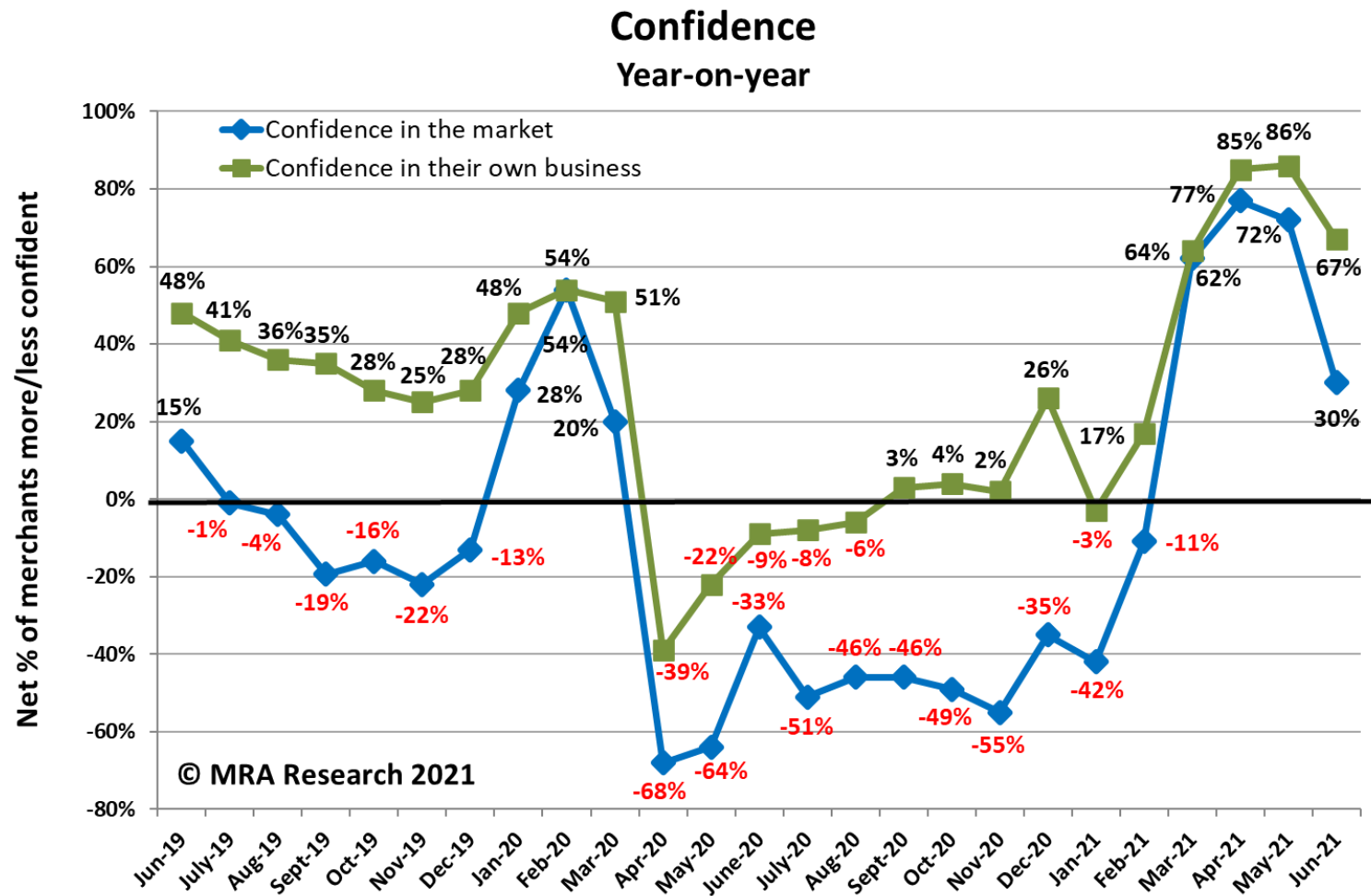
21



Confidence in the market v own business

Year-on-Year

22



About The Pulse

23

The Pulse is a monthly trends survey tracking builders' merchants' confidence and prospects over time. Produced by MRA Research, it captures merchants' views of sales expectations, confidence in their business, confidence in the market, and the key issues and problems they experience.



This report is the 26th in the series, with interviews conducted by MRA Research between 1st and 4th June 2021. Each month a representative sample of 100 merchants is interviewed. The sample is balanced by region, size and type of merchant, including nationals, regional multi-branch independents, and smaller independent merchants.

The report can be downloaded from www.mra-research.co.uk/the-pulse or call Ralph Sutcliffe at MRA Research on 01453 521621.

Net figure: The difference between the percentage of merchants expecting growth and those expecting a decrease is the net figure, expressed as a percentage. A positive net percentage indicates growth, a negative indicates decline. Net zero implies no change.

About MRA

24

MRA Research

MRA Research is one of the UK's longest standing research and insight companies solely serving construction, building materials and home improvement markets. Services include customer satisfaction surveys, brand mapping & positioning, competitive advantage surveys & competitor reviews, new product development & concept testing, advertising & messaging research, product usage surveys, decision maker research and market tracking.



MRA Marketing

MRA Marketing helps companies grow in the construction, building materials and home improvement markets – and has done so for nearly 30 years. A full-service agency, MRA uses strategic PR, creative design (digital and print), social media management, video, research & insight, marketing audits and strategy development to help its customers consistently achieve ambitious goals. www.mra-marketing.com



In 2015, MRA set up the award-winning **Builders Merchant Building Index (BMBI)** in partnership with GfK and the Builders Merchants Federation. Monthly reports plus full quarterly reports with commentary by BMBI Experts – explanation and comments by industry leading brands speaking for their markets – are produced by MRA Marketing. Annual Round Tables, organised and produced by MRA Marketing, debate key industry issues, opportunities and trends. For the latest reports, Expert comments and Round Table videos, visit www.bmbi.co.uk.



Winners 20 times 2002-2020
No.2 in the CMA Agency League
Agency of the Year 2017



“It’s great what you are doing with The Pulse. It is an outstanding, must read, for all in the building materials market from a first class research & marketing agency. I’ve always been a fan of top quality market research and currently it’s moved beyond vital to critical. It’s £000s of great value for free.”

Paul Hetherington, Hetherington International Services Ltd



MRA Research is the Research division
of Michael Rigby Associates

© copyright MRA Research 2021

Old Crown House, 18 Market Street, Wotton-under-Edge, Gloucestershire GL12 7AE

t: 01453 521621 • e: hello@mra-research.co.uk • w: www.mra-research.co.uk