



May 2021

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

Overview

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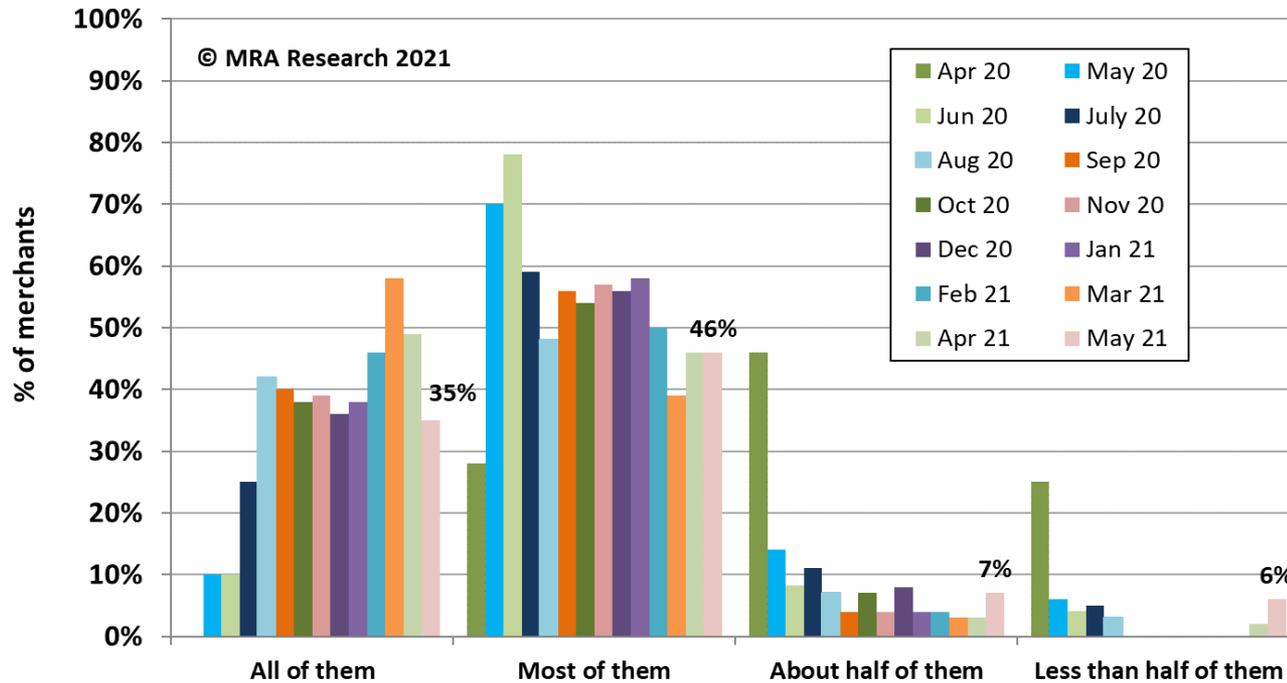
Supply shortages growing concern for merchants

Confidence in the market and sales expectations in May compared to April remained strong. However, merchants' concerns have shifted from Brexit and Covid/lockdowns to supply shortages, which are worsening.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 5th and 10th May 2021.

Impact of COVID-19 on Material Supply

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



Although 8 out of 10 merchants say all or most of their suppliers are currently able to supply them, the number of merchants saying ‘all’ reduced again in May.

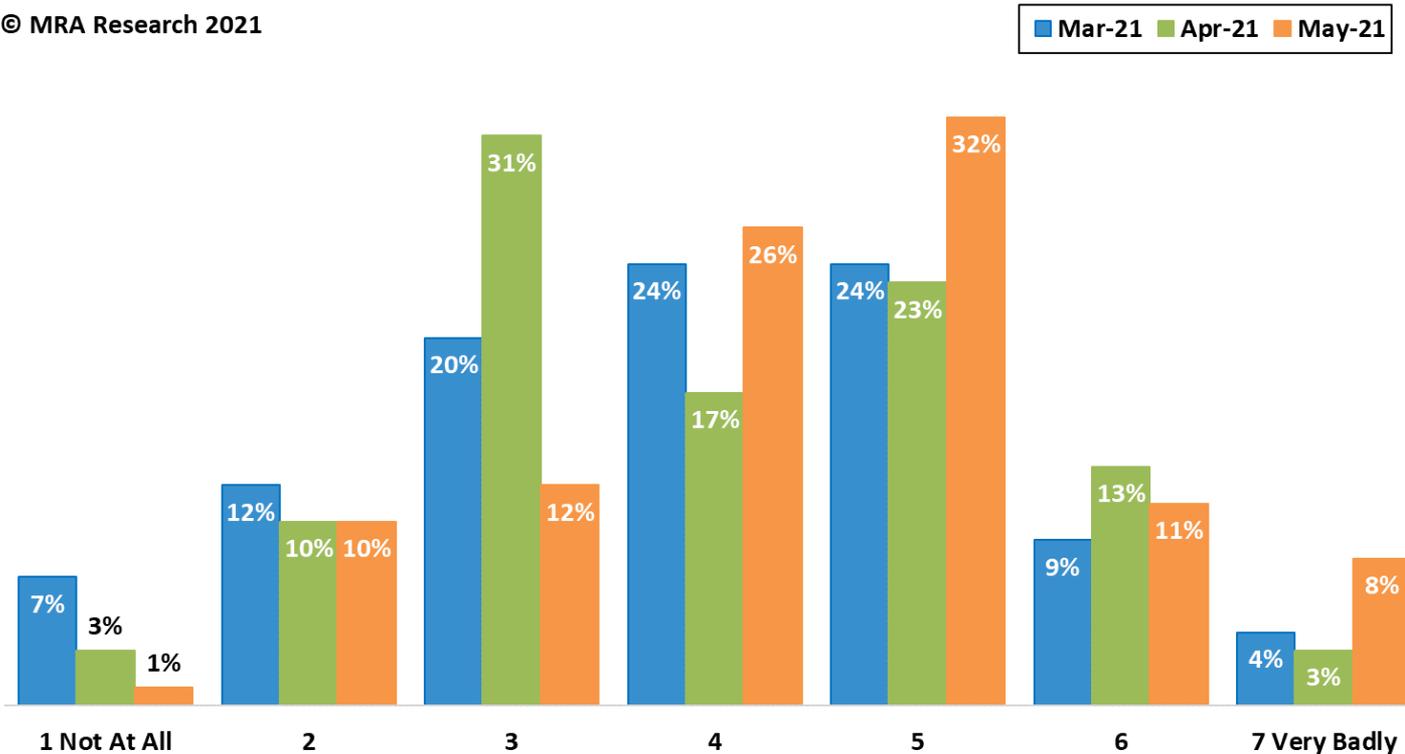
“We can get supplies, but it's the lack of quantity that is the problem.”

Extent of Supply Problems... 1

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

Rating score: 1 Not At All to 7 Very Badly

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Demand is exceeding supply and increasingly, merchants are being hit by supply problems.

The average score has increased from 3.89 in March, to 3.96 in April, and 4.43 in May.

Extent of Supply Problems... 2

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

Availability

Availability, timescales, machinery and raw materials

Can't get stock, negative effect

Delay in installations

Delays in receiving materials

Delays to the job, costs

It's a nightmare. Demand is outstripping supply.

It's just so hard to get stock. If we are lucky there is a two week delay at best.

Just all the supply problems and having to put off work.

Just getting hold of materials taking a lot longer

Lack of supply, delays, builders aren't organized, think they can get everything tomorrow when in reality its weeks for most products.

Lack of timber has been an issue for 6 months and products which contain cement, now are becoming a problem, such as cement posts.

Long lead times

Massively, we cant get what we need

Product demand and availability

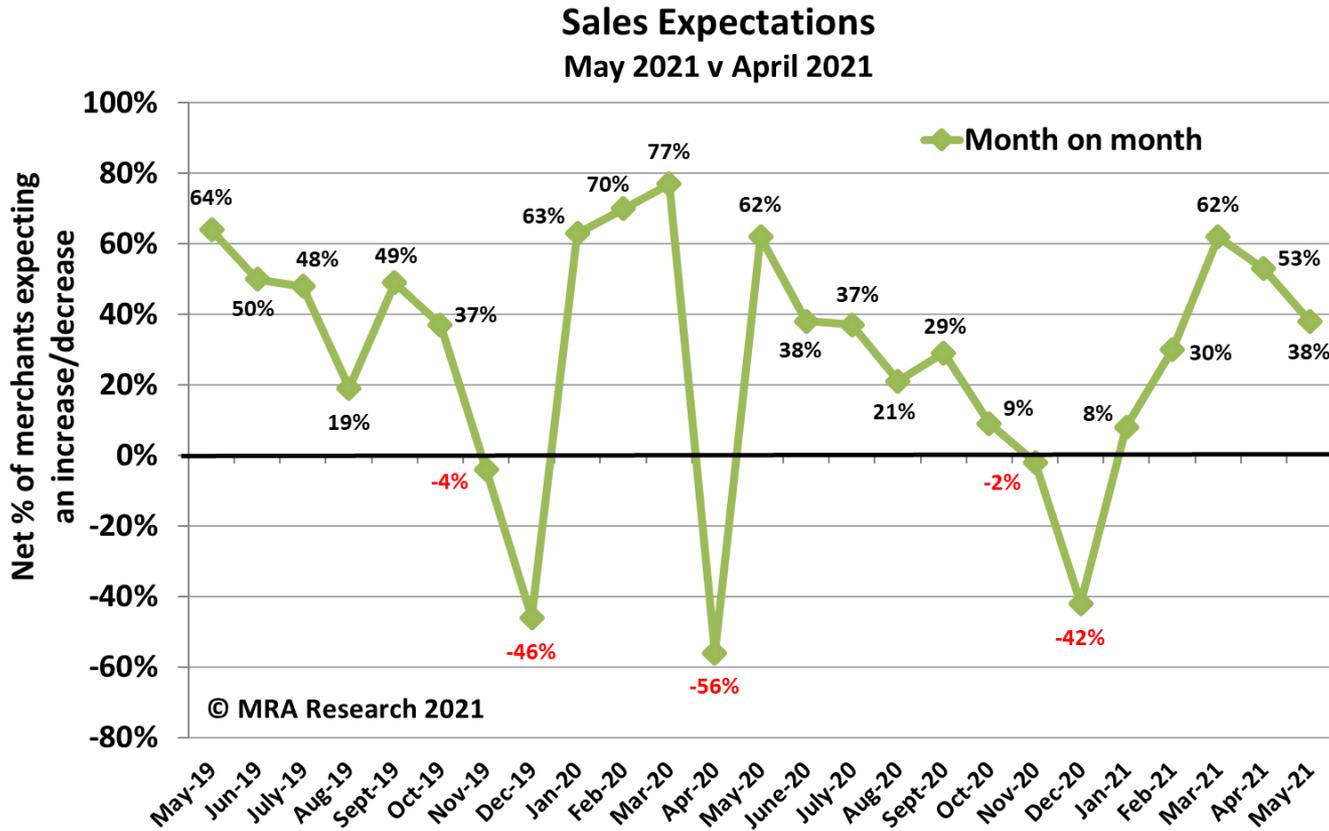
Short of cement, gravel, concrete blocks. Just can not get hold of the stuff.

Shortage of plaster, cement and lots of other products.

Shortages of stock which could be because manufactures have not geared up production

We just cannot get hold of enough product. So we can supply our customers.

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

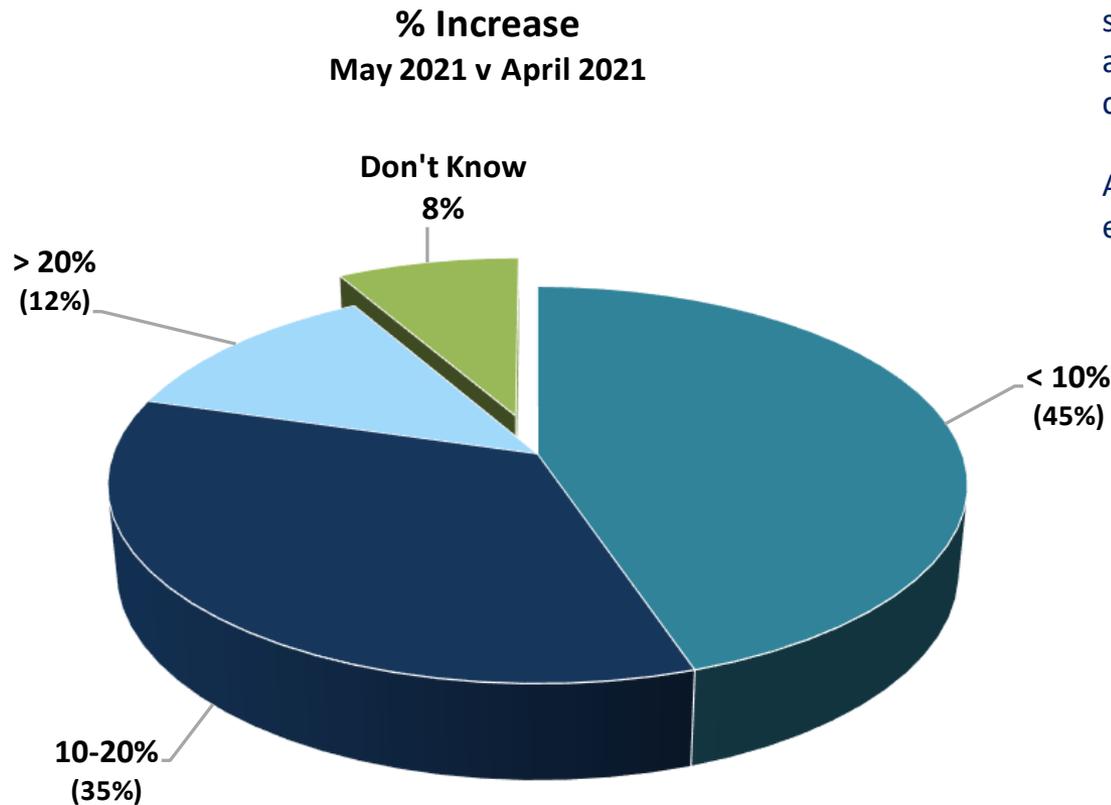


Sales expectations eased again in May but remain high.

Merchants in Scotland (net +56%) and in the North (+52%) have the strongest expectations.

Significantly more small merchants (+54%) expect better sales than mid-sized outlets (+18%).

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

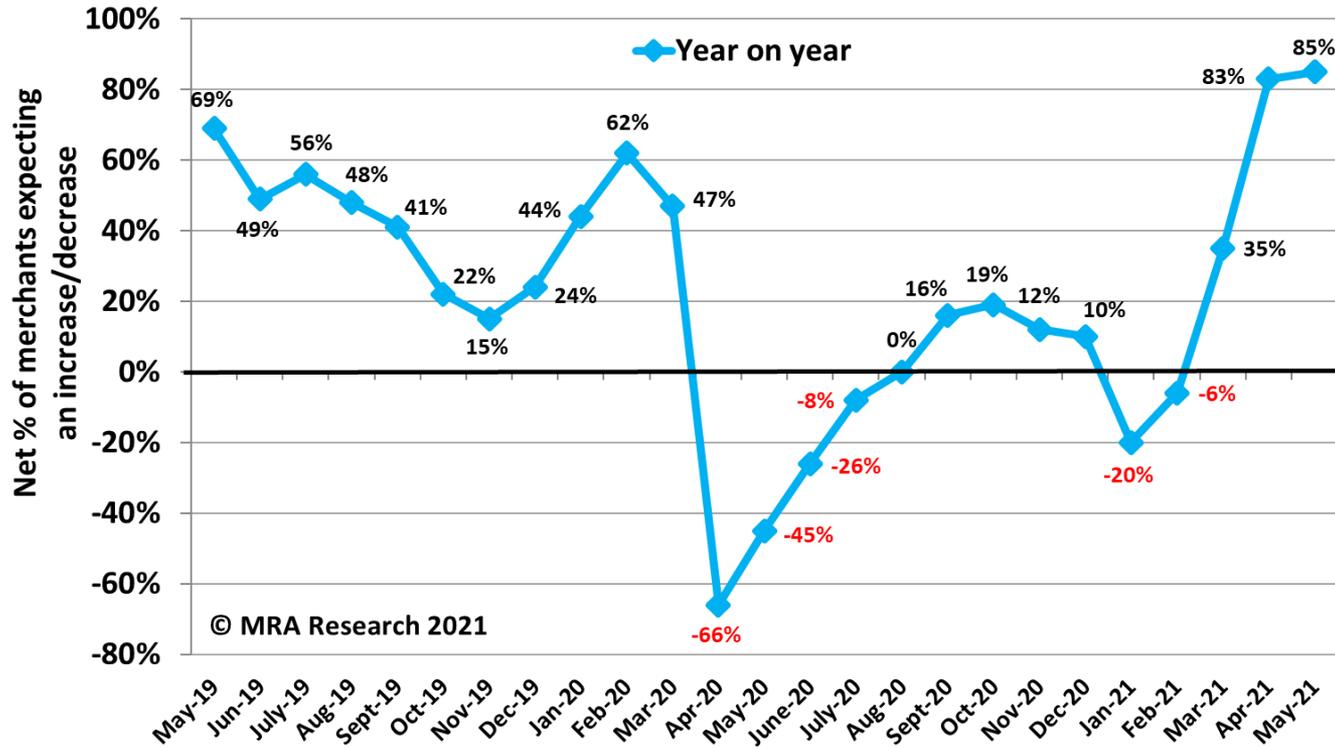


80% of merchants predicting sales growth in May, expected an increase of up to 20% compared to April.

A further 1 in 8 merchants expected even stronger growth.

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

Sales Expectations May 2021 v May 2020

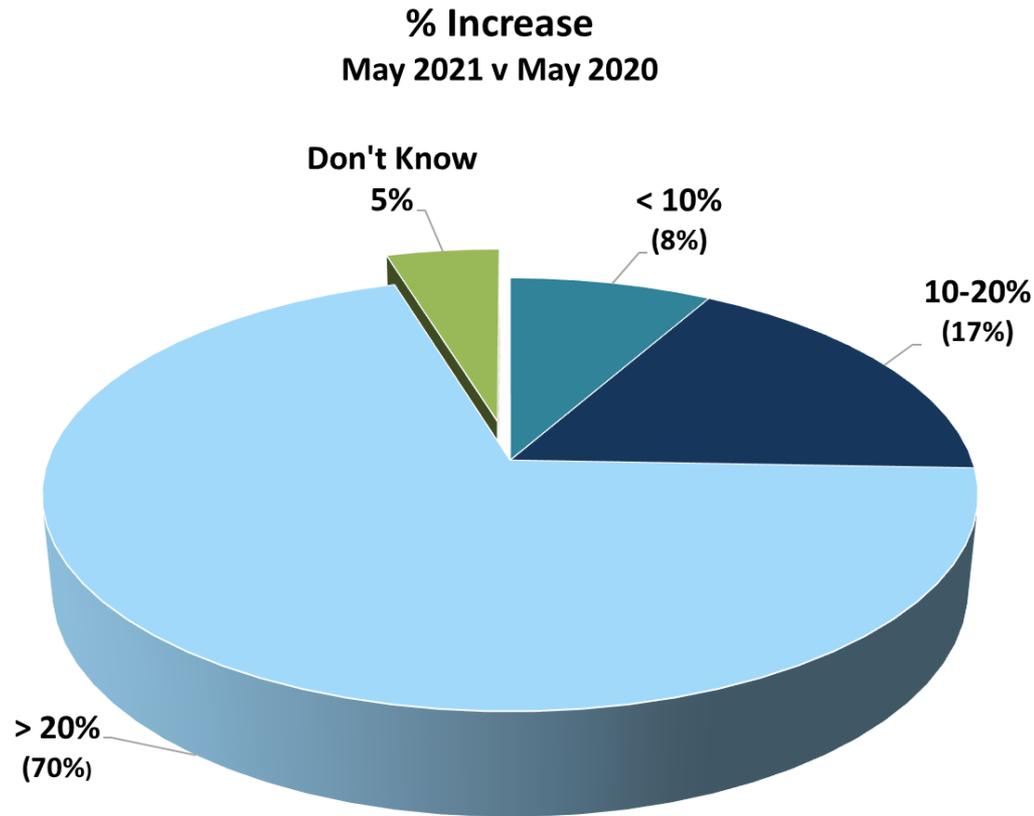


Sales expectations year-on-year edged up to the highest since the survey began.

Merchants in the North (net +95%) and in Scotland (+94%) had the strongest expectations.

More Regional and National merchants (+89% and +86% respectively), expected higher sales than Independent outlets (+69%).

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

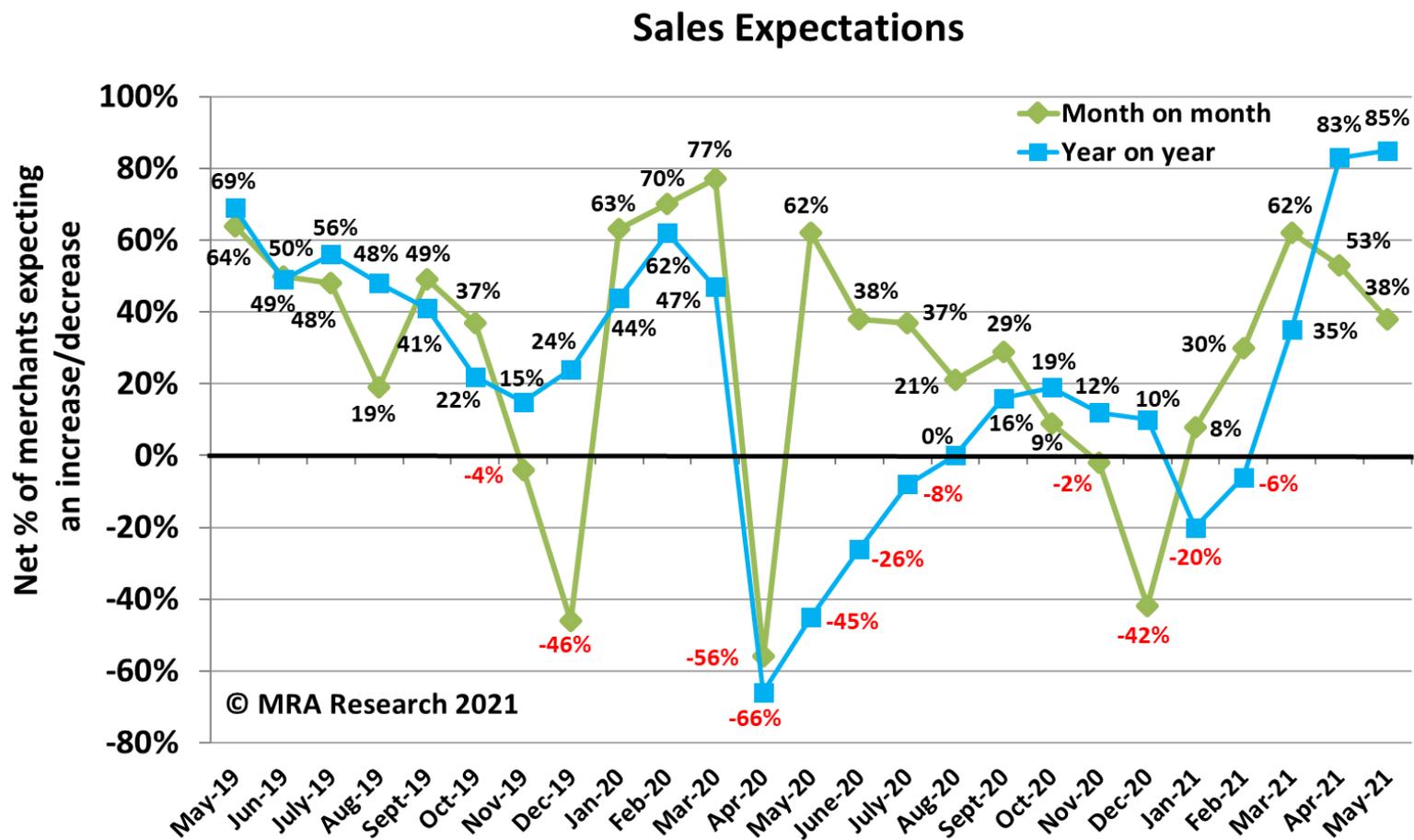


Seven out of 10 of those expecting to sell more expect growth to be more than 20%.

A further quarter, anticipate growth of up to 20%.

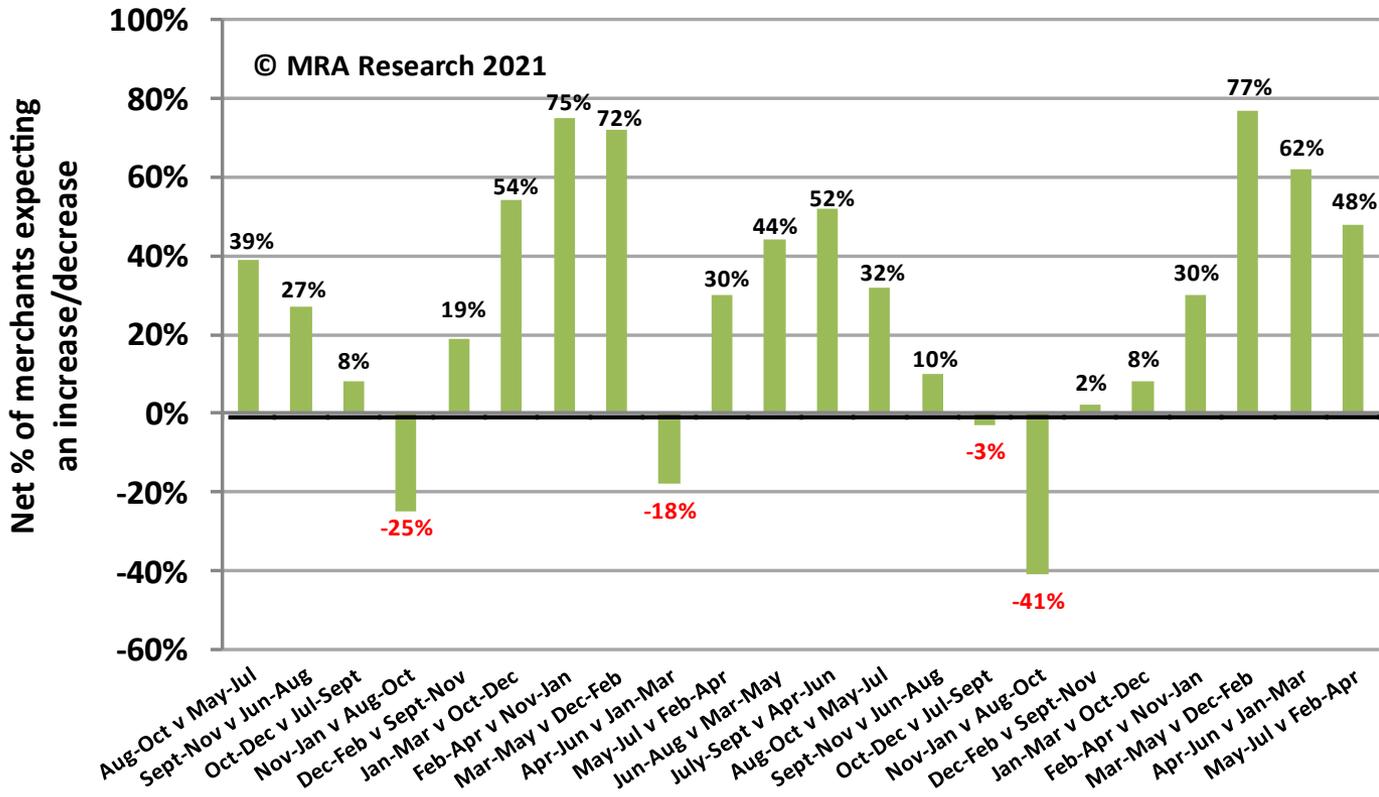
Sales Expectations

Month-on-month v Year-on-Year



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

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



Sales expectations for the next three months (May to July) are moderating but remain very strong.

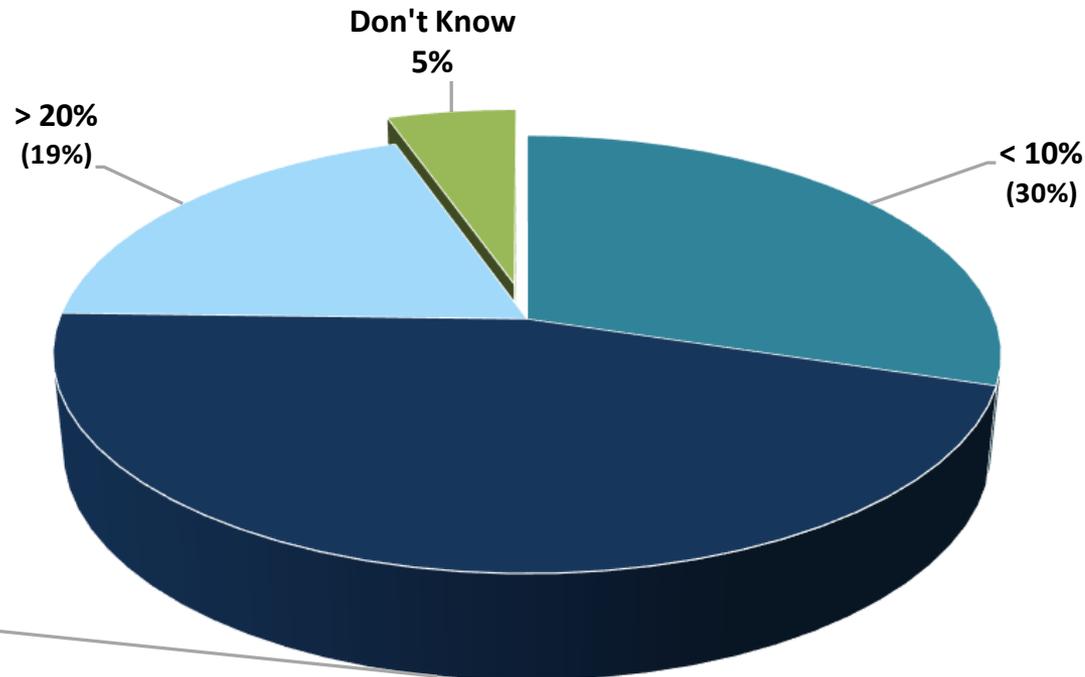
More Independent merchants (net +63%) expect even higher sales than Regionals (+40%).

Small outlets (net +61%) are more positive than mid-sized branches (+38%).

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

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% Increase
Next 3 months (May-Jul) v Previous 3 months (Feb-Apr)



Almost 1 in 5 of those expecting sales to increase expect sales to grow by more than 20%.

46% expect growth of 10-20%.

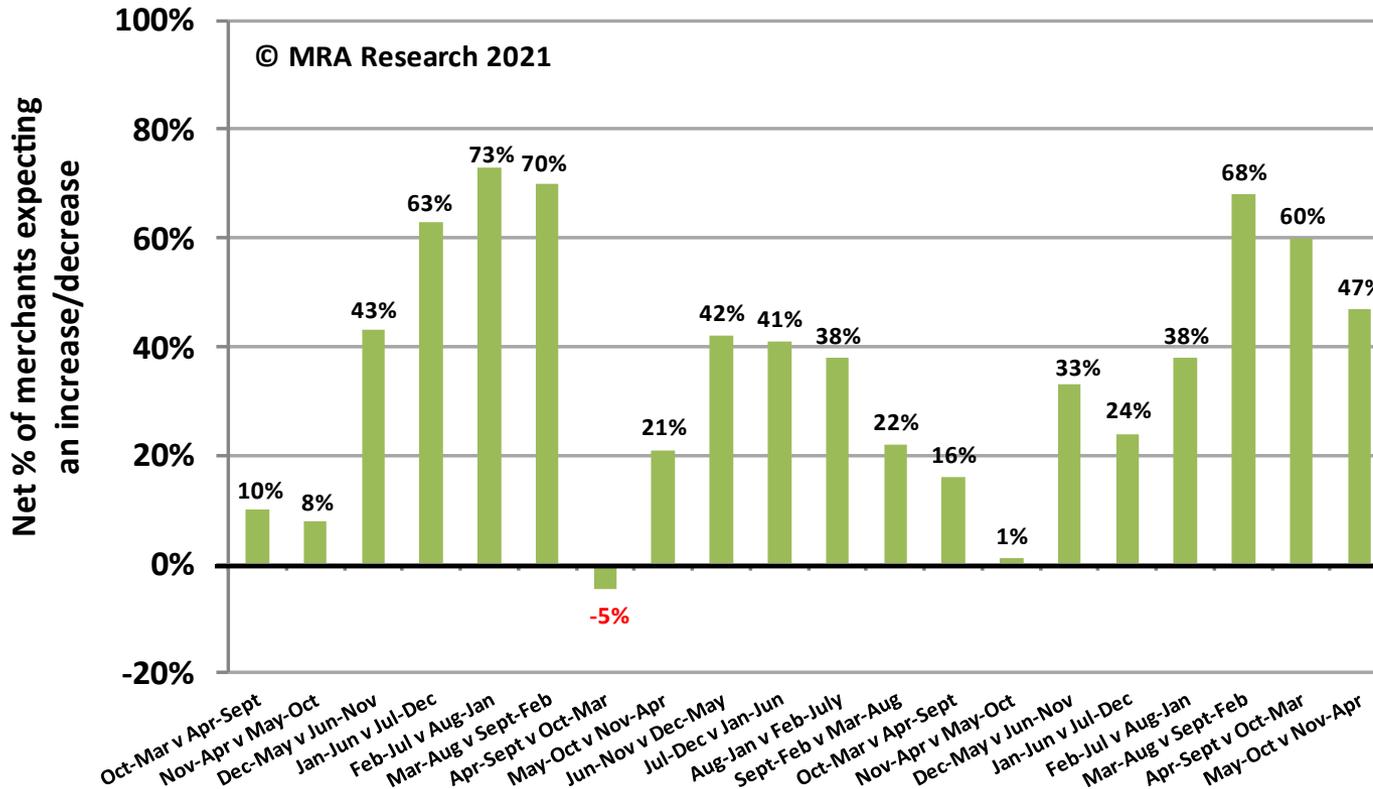
And a further 30% expect growth of up to 10%.

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Base: 57

Sales Expectations: Next six months...1

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



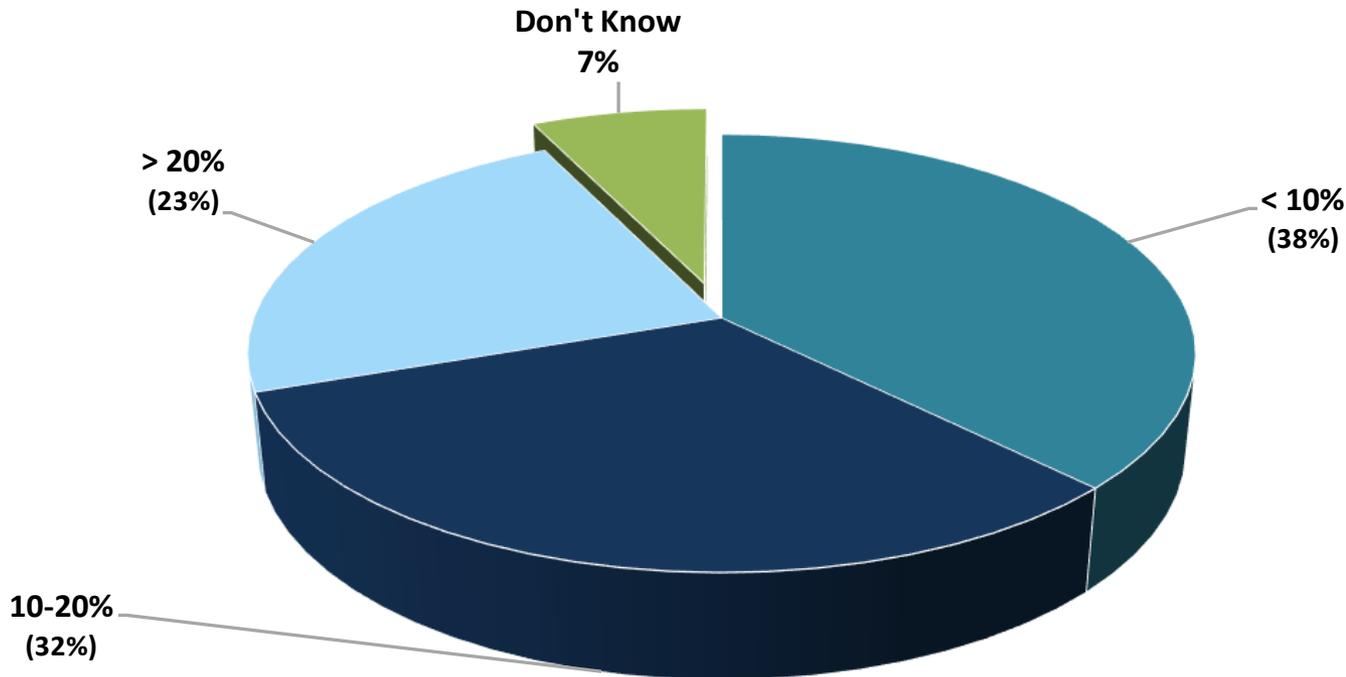
Sales expectations for the next six months are easing but continue to be strong.

Those in Scotland (net +63%) are markedly more positive than those in the Midlands (+28%).

Small outlets (+59%) and Independents (+56%) are also upbeat.

Sales Expectations: Next six months...2

% Increase
Next 6 months (May-Oct) v Previous 6 months (Nov-Apr)

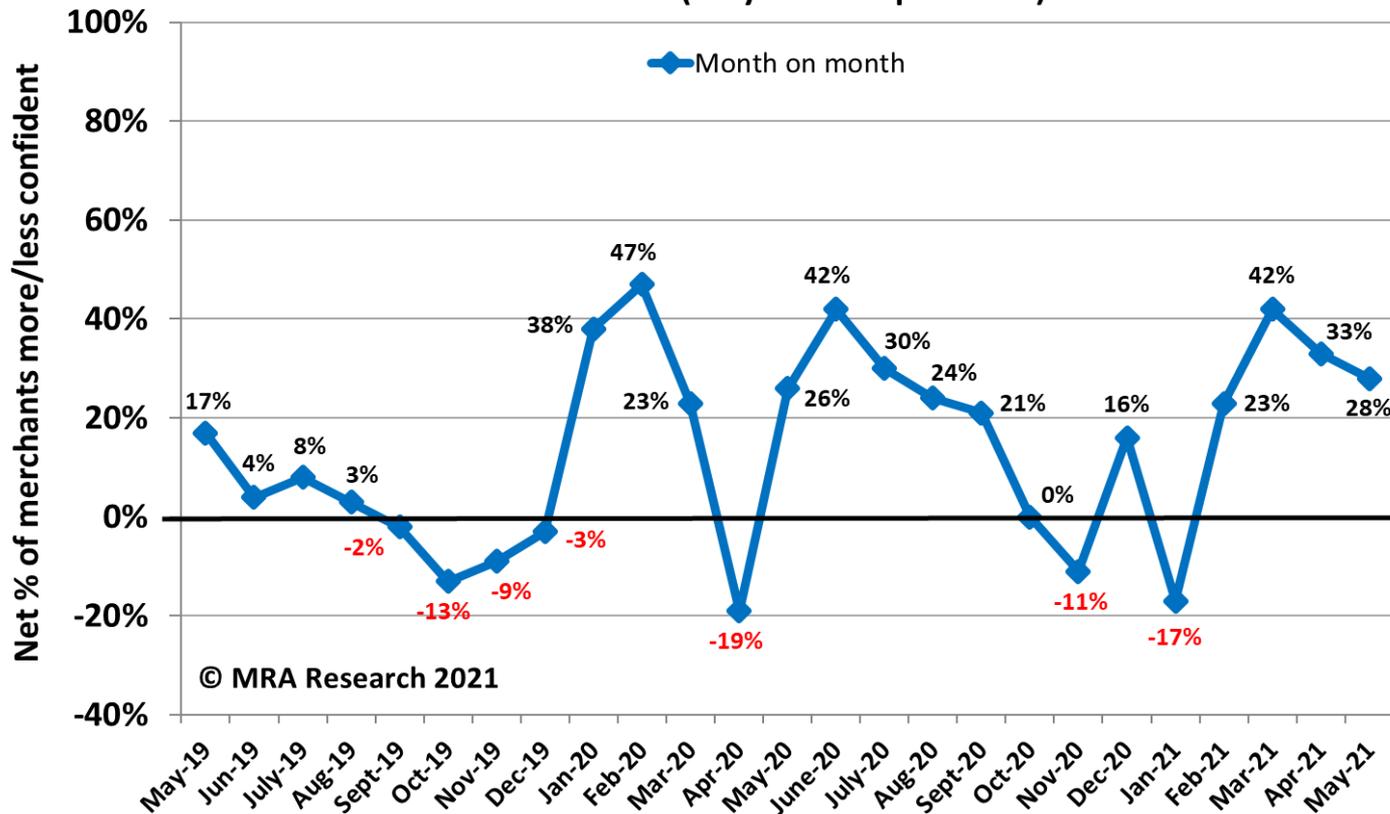


Almost a quarter of those forecasting improved sales in the next six months predict growth of over 20%.

7 in 10 expect growth of up to 20%.

Confidence in the market: Month-on-month

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



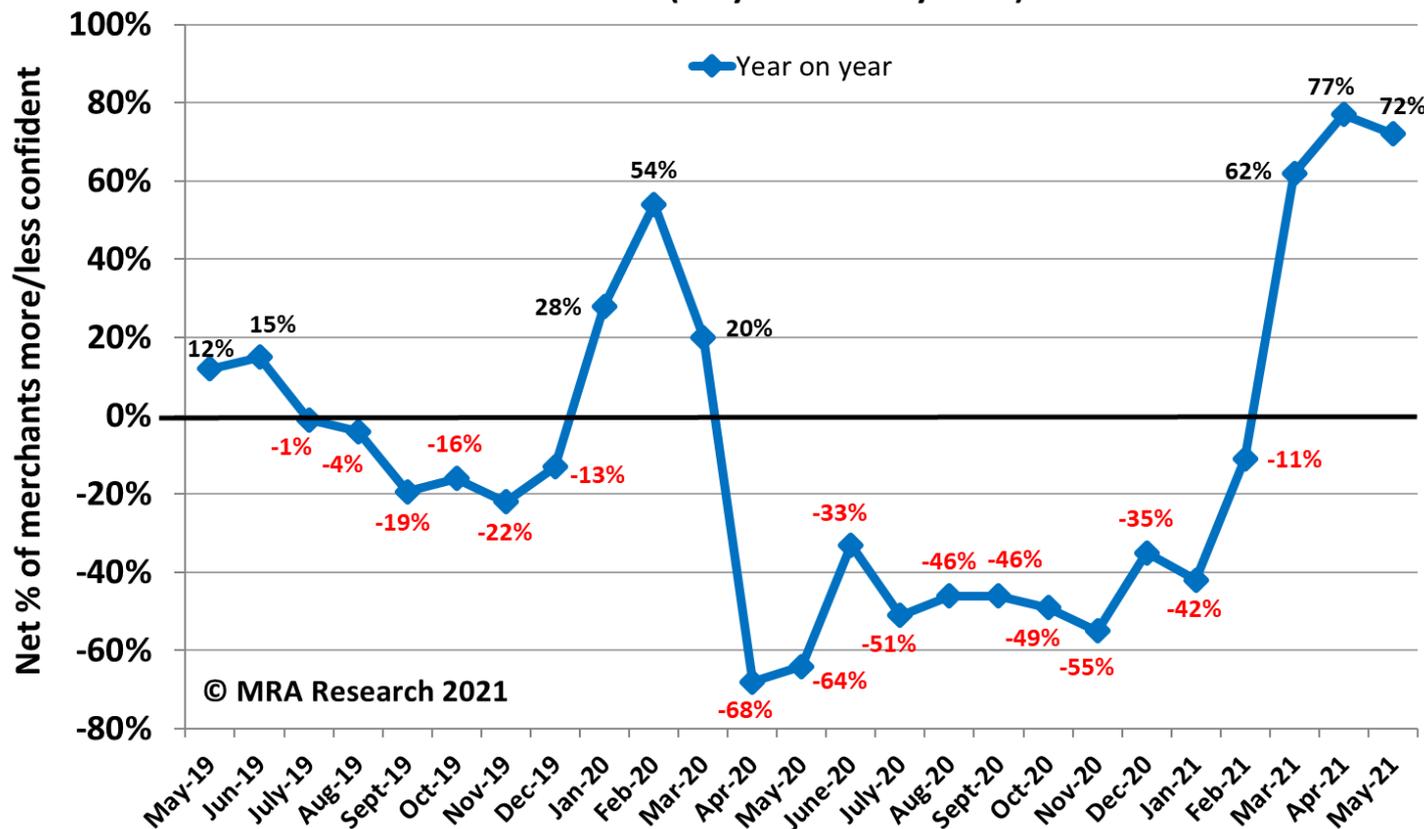
Merchants' confidence in the market eased a little compared to April.

Those in Scotland (net +44%), Nationals (+41%) and small outlets (+39%) were most confident.

Mid-sized branches (+18%), Regionals (+17%) and those in the Midlands (+12%) were less confident.

Confidence in the market: Year-on-year

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



Merchants' confidence in the market for May compared to May last year remained extremely high.

Nationals (net +95%) were much more bullish than Regionals (+57%).

Confidence in the market:

Why **MORE** confident about the market than this time last year? (Base 83)

17

Of the **83** merchants who were **MORE confident** about the market, comments included:

Although there are supply problems and shortages, things are looking up

Back to normal

Coming out of Lockdown will boost the market

Everything getting back to some kind of normality

Got stuff coming into the country now

Just because of the volume of sales that we've had, our customers are busy, booked a month in advance

Just the economic situation is a bit more see through and a little less volatile than it was last year

Orders in backlog to work through

People are building rather than going away

People have more disposable income, which they are spending.

People have saved money during lockdown, so they are going to spend it now on their homes as they cannot spend it on foreign holidays

Supply and demand, because people can't spend money elsewhere they are spending on their homes

Confidence in the market:

Why LESS confident about the market than this time last year? (Base 10)

18

Only **10** merchants were **LESS confident** about the market than this time last year (May 2020).

Having a lot of issues with the supply chain they can't see being sorted any time soon

It is now much more difficult to get supply's and they have much longer lead times

Last year no difficulty in getting stock. Now it's difficult to get timber as the US is buying it all. As well, heard yesterday of a 30/35% increase in prices on certain lines.

Last year we didn't know what was going to happen, now we know, stock issues, cement's a real issue, if you can't get cement you can't build

Last year we were open and did not have any supply issues. Now getting hold of stock is the big problem.

Purely the uncertainty and price hikes

Stock issues, long lead times

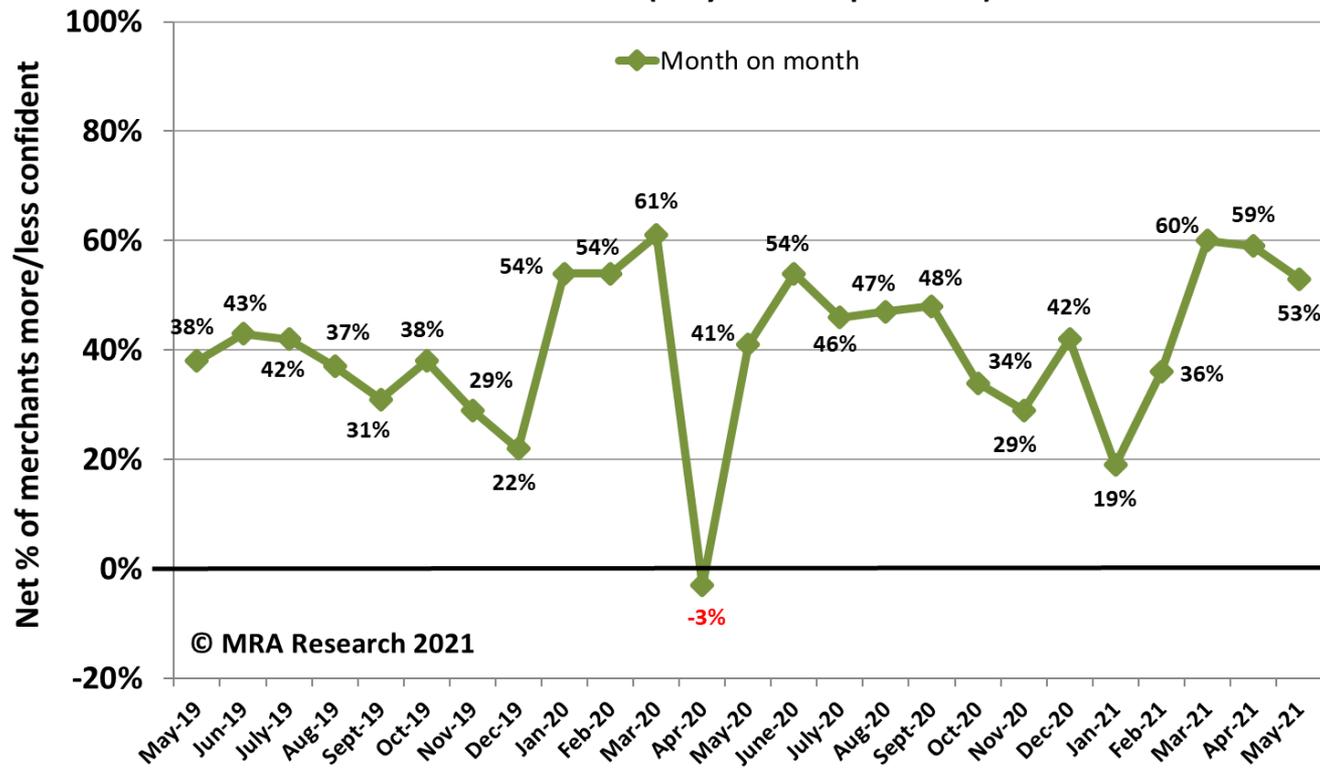
Supply chain issues, we have loads of work, if we could get the materials then our sales would increase massively. If we can't get hold of them, then our sales are going to decline.

We were one of the few outlets open this time last year, so we did very well. If people are able to fly and spend their money abroad, this will have an adverse affect on our business.

We were one of the few places open last year, so we did really well in May 2020, so not expecting any increase this May.

Confidence in their own business: Month-on-month

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



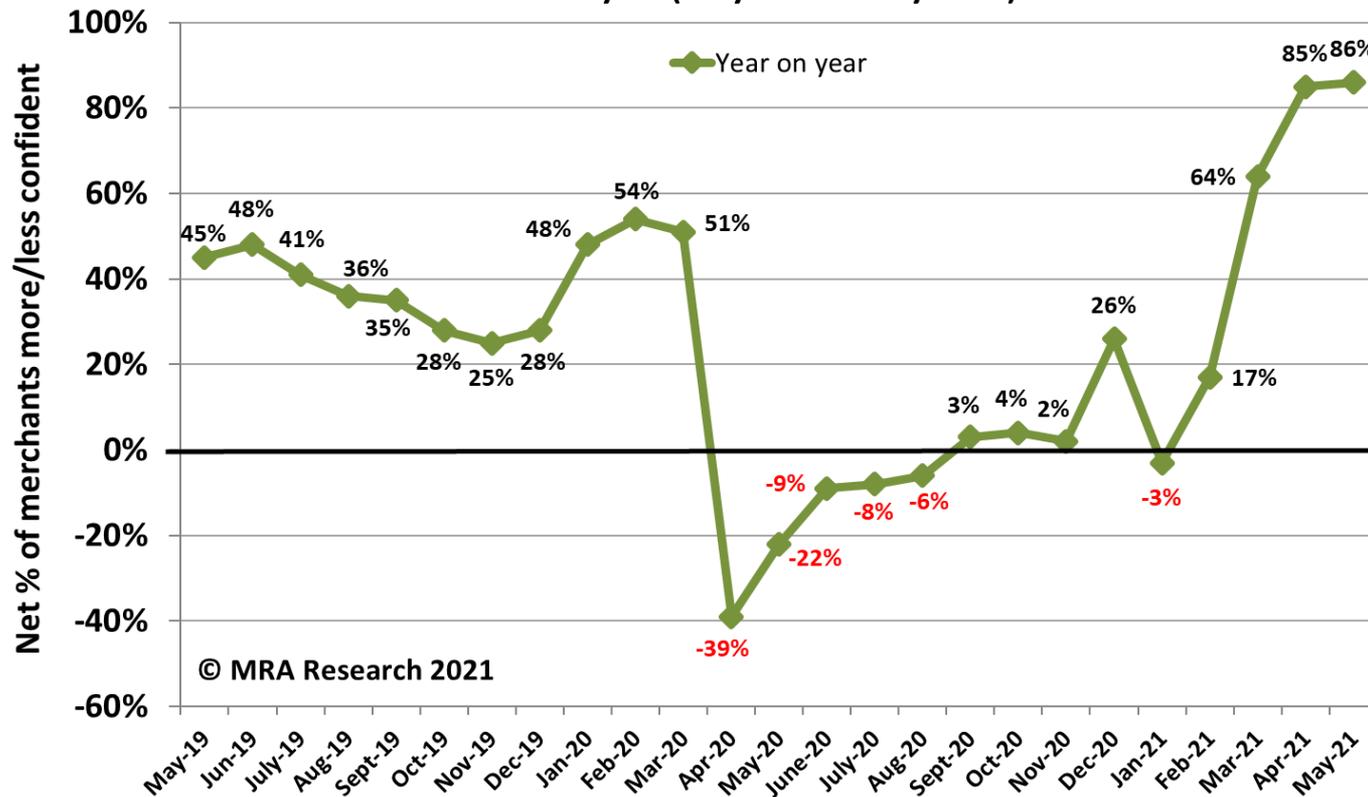
Merchants' confidence in the prospects for their own business moderated slightly but remained strong in May compared to April.

Merchants in the Midlands and in Scotland (net +44%) were less confident than those in the South (+61%) and North (+57%).

Nationals (+59%) were more confident than Independents (+44%).

Confidence in their own business: Year-on-year

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



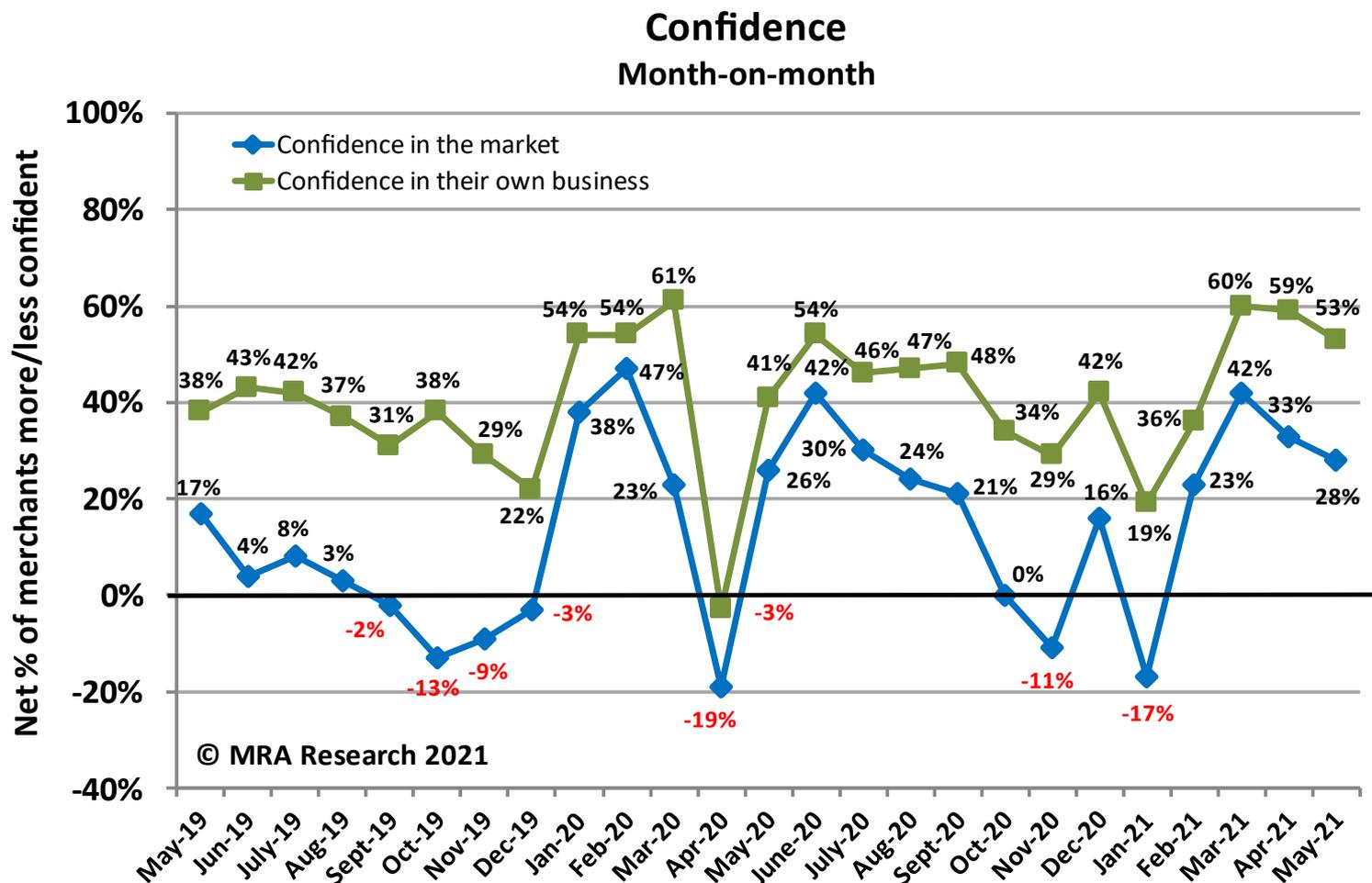
For the third month in a row, merchants' year-on-year confidence in their own business rose to the highest level recorded.

Merchants in the South and Nationals (net +92%) were most confident.

Confidence in the market v own business

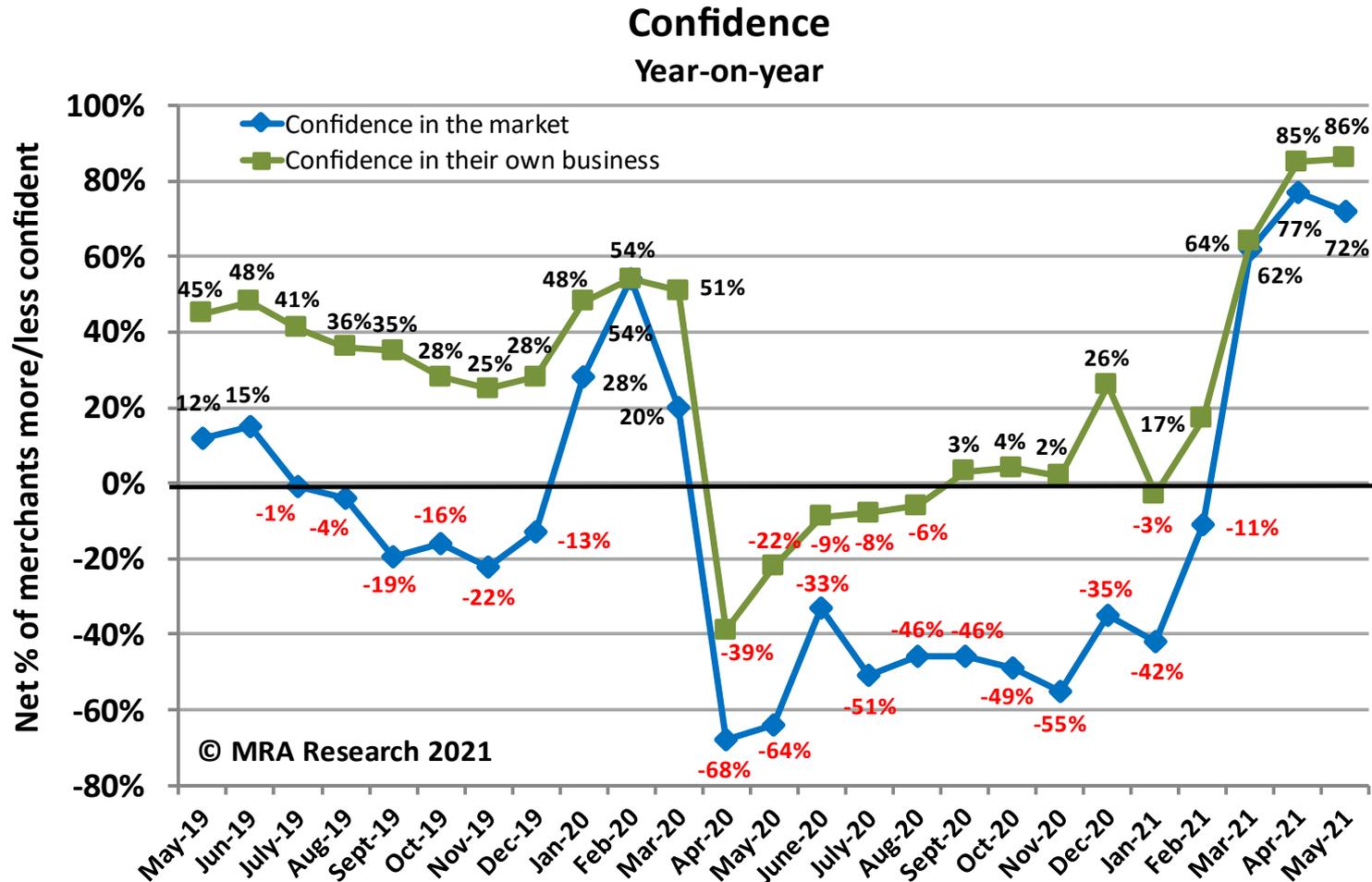
Month-on-Month

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Confidence in the market v own business

Year-on-Year



About The Pulse

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



This report is the 25th in the series, with interviews conducted by MRA Research between 5th and 10th May 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

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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.



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