



the Pulse
Expectations. Prospects. Confidence.

July 2021

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

Overview

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Supply shortages are easing but still restricting sales for merchants

Merchants' confidence in the market and in their business is very strong. Sales expectations are high.

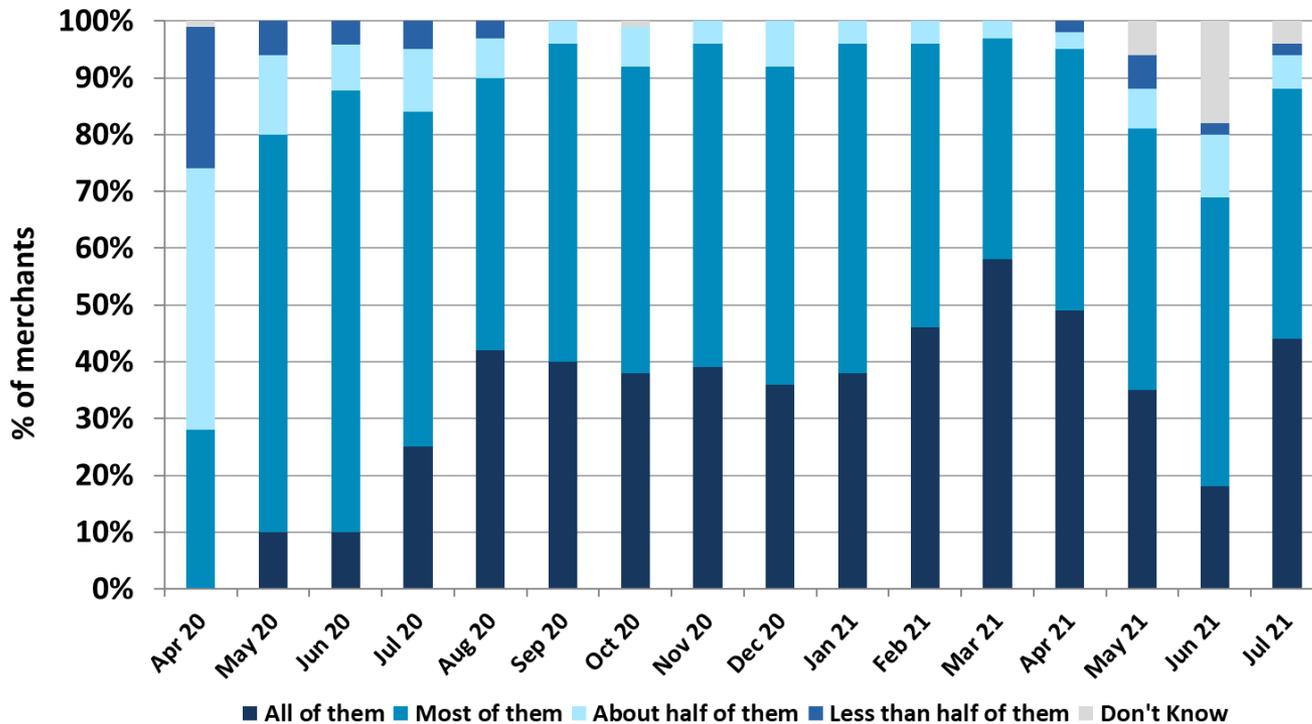
Material supply problems are easing slightly, with 88% of merchants saying 'All' or 'Most' of their suppliers can supply them. Concerns about shortages of drivers though are compounding the problem.

Prices are continuing to rise.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 5th July 2021.

Material Supply

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



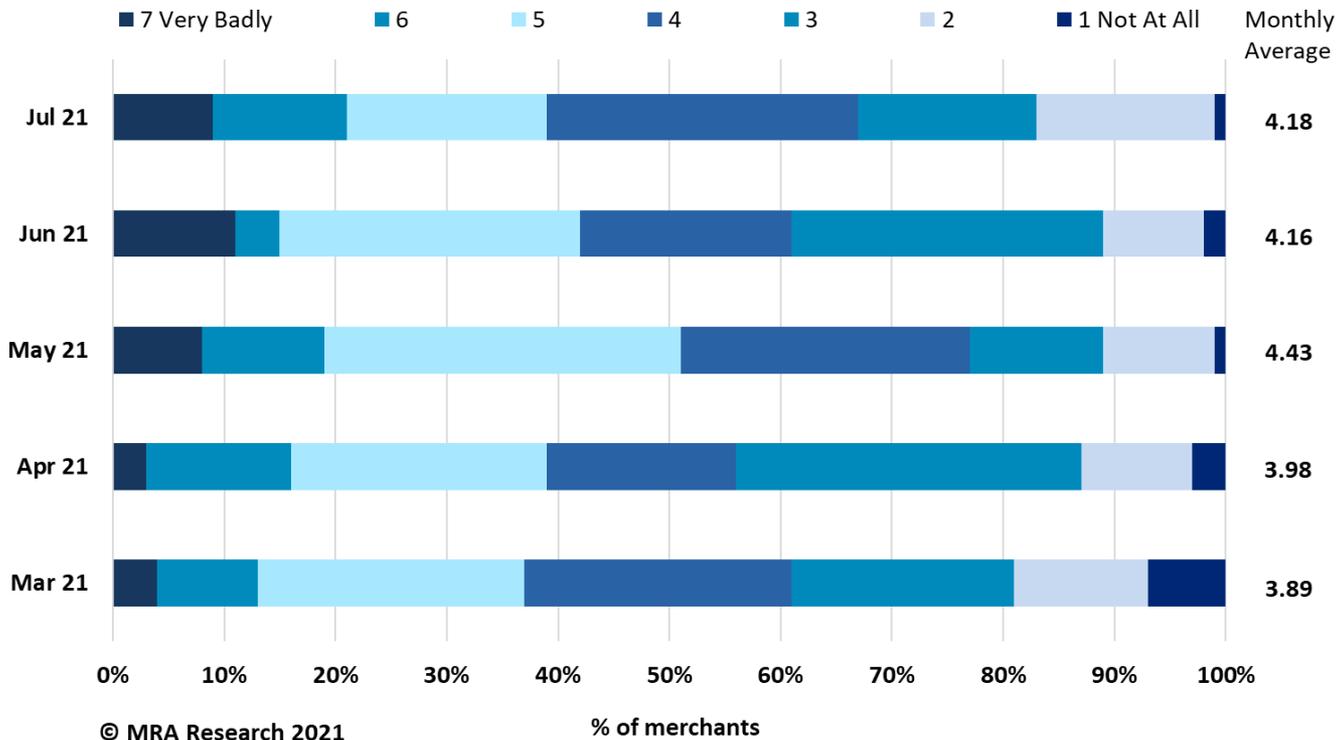
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Almost nine out of 10 merchants say 'All' or 'Most' of their suppliers are currently able to supply them. The proportion of merchants saying 'All' improved significantly in July compared to June.

Regional merchants and branches in the North and Scotland are most affected.

Supply Problems... 1

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



Asked on a scale of 1 (not at all) to 7 (very badly) to what extent business and customers have been affected by supply problems, merchants returned an average score of 4.18.

This was marginally higher than June's average, suggesting little change in supply concerns month on month.

Supply Problems... 2

5

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

Can't get hold of materials, can't keep up with supply and demand.

Can't get materials and price increases.

Can't get products to make the end product, can't complete on orders.

Can't get stock.

Customers going elsewhere, driving round the country looking for stock.

High demand of product and very low supply.

Just long lead times and price increases.

Just unable to get stock.

Just unable to obtain materials.

Knock on effect, can't get stock, everything stops.

Lack of stock, lack of transport to deliver, shipment, boats not being able to dock, chemicals not being able to get in to make products, other countries paying more for timber and it not getting to us.

Long lead times, prices been hiked all over the place, lead times for delivery, huge demand out there, can't get the stock. Builders don't know what the next problem is going to be, starting to work differently – stock piling on site, now might take 5 sand bags to go at once, works better for us with deliveries.

Long lead times, rubbish manufacturing and increased prices.

Most manufacturers can't get parts, steel being affected the worst.

Not just covid, Brexit had major issues for us. Shortage of drivers, distribution costs. We have lot of products imported, we get all our sand from India, which has all been closed down, had a big effect on us.

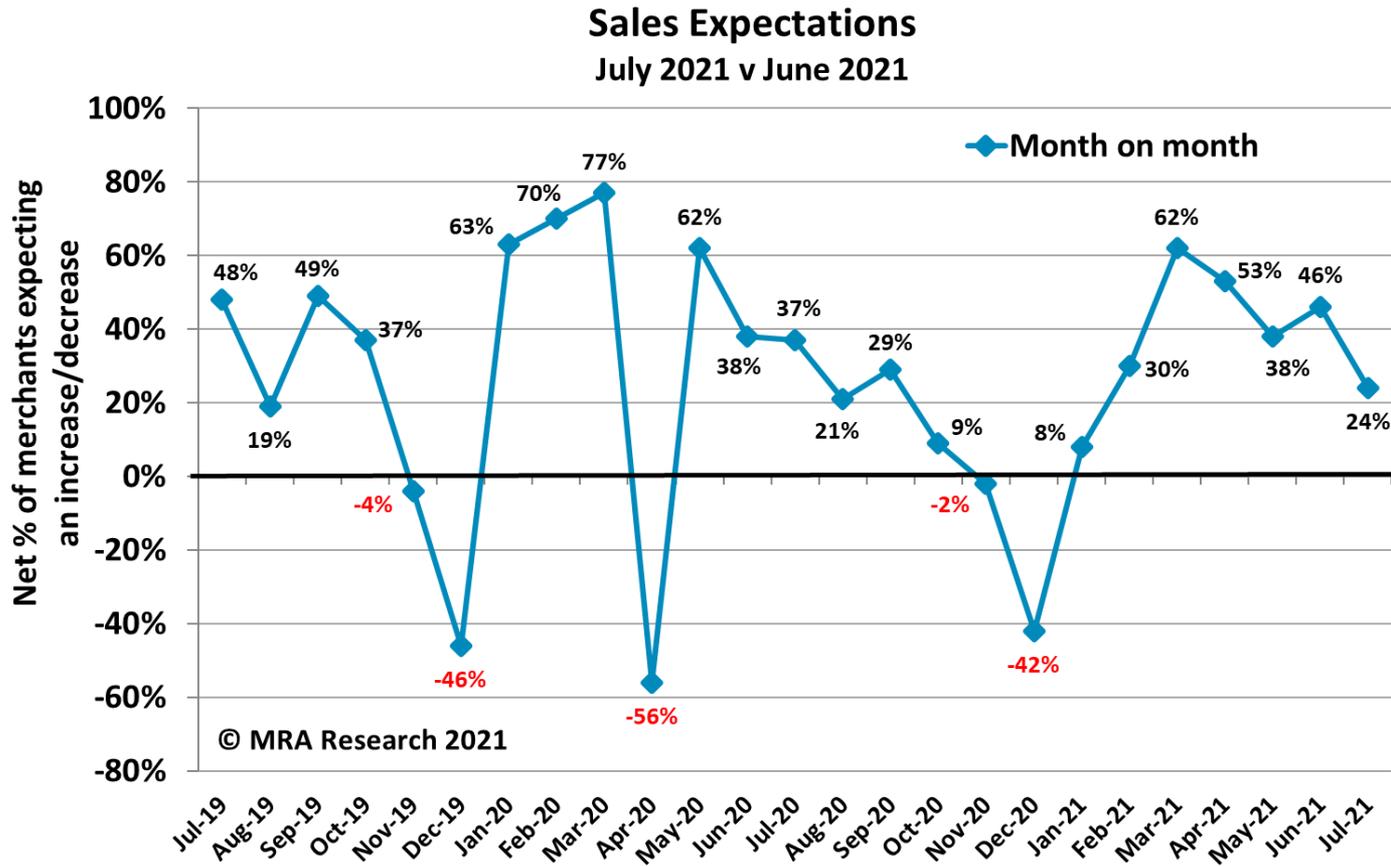
Price increases every single month and product shortages.

Price increases, availability absolute nightmare, stock gets allocated and shared round branches.

Shortage of materials.

Supply and demand, have to give a months' notice on some items.

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



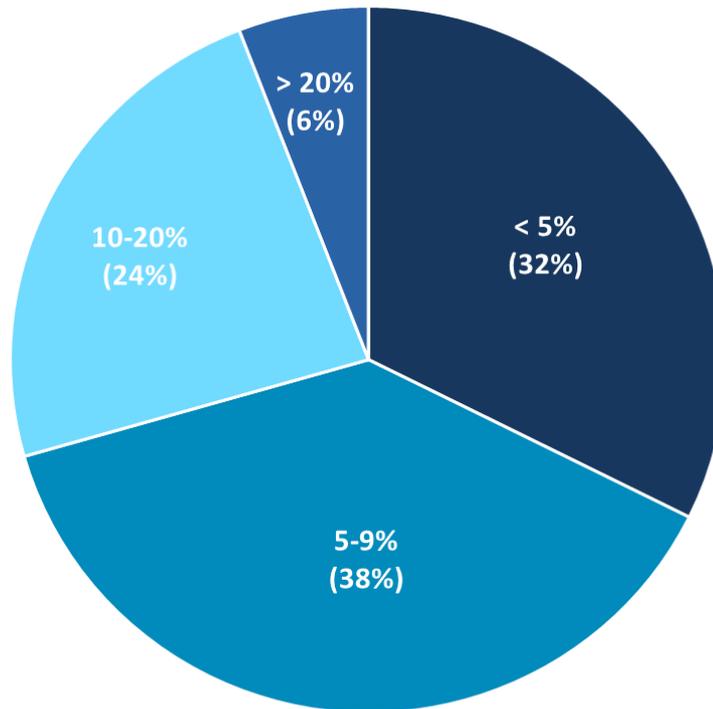
July's sales expectations eased compared to June but stay positive.

Expectations were strongest among National branches (net +43%).

Merchants in Scotland (+38%) and the North (+36%) were more bullish than other regions.

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

**% Increase
July 2021 v June 2021**



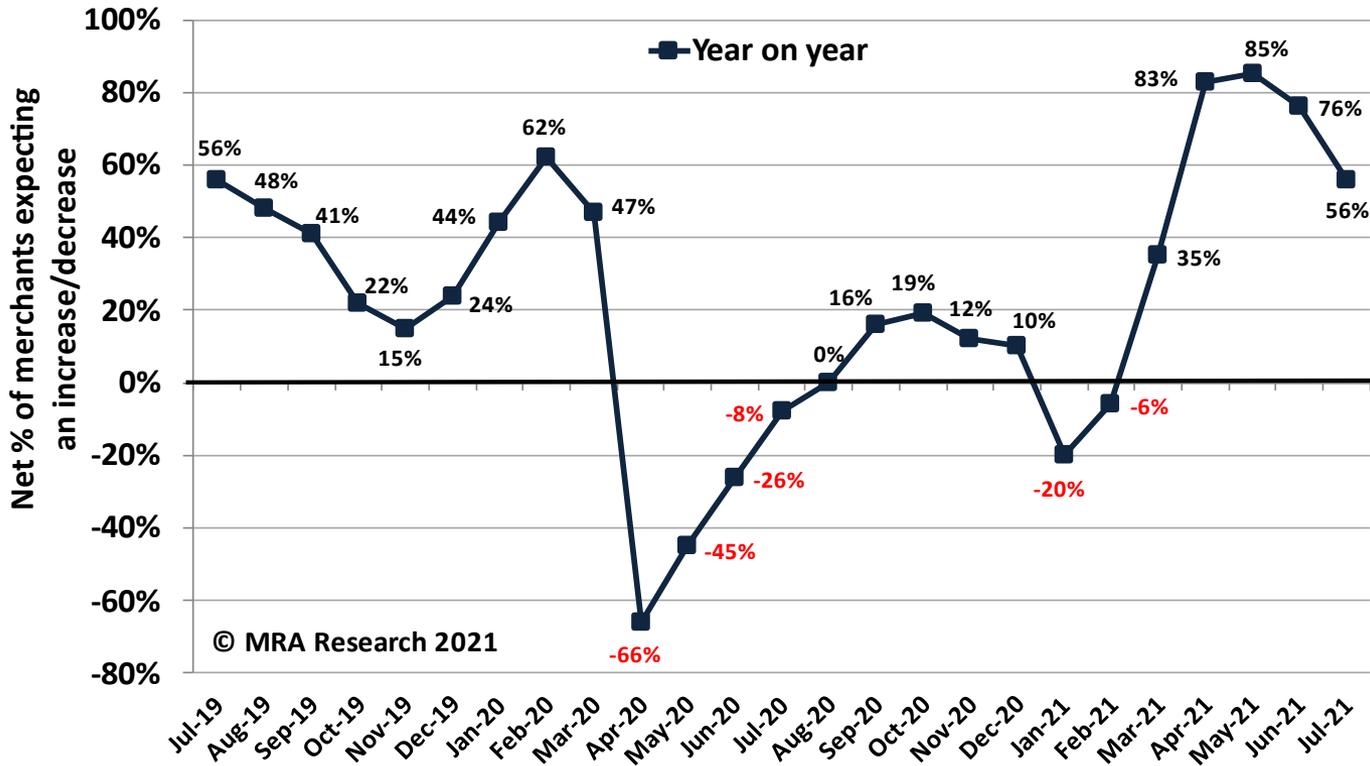
Of the merchants anticipating sales growth in July, 30% expected sales to grow over 10% compared to June – 6% expected to grow by more than 20%.

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Base: 34

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

Sales Expectations
July 2021 v July 2020



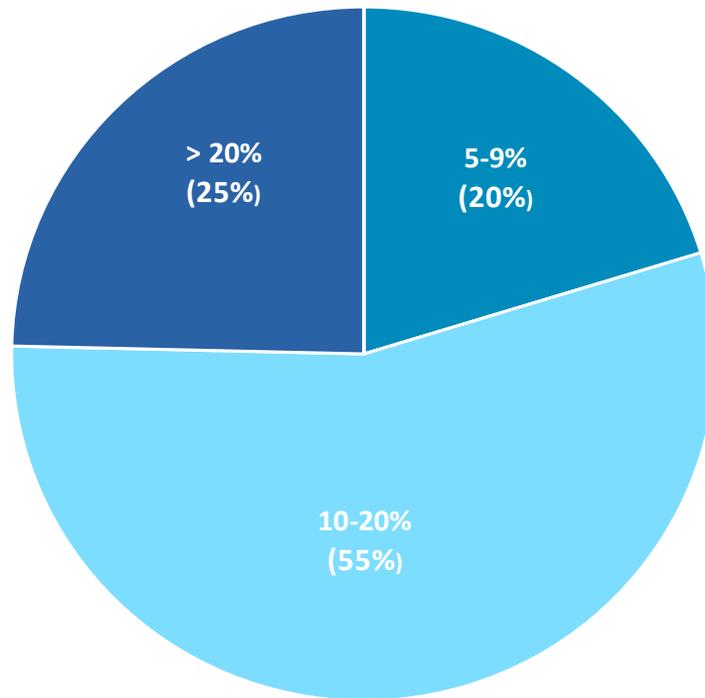
Year on year, merchants' high expectations have eased but remain strong (net +56%).

Merchants in the North (+91%) and Scotland (+88%) were most positive.

More National and Regional merchants (+68% and +58% respectively), expected higher sales than Independent outlets (+35%).

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

**% Increase
July 2021 v July 2020**



All those who expected an increase, anticipated sales growth of 5% or more.

Over half forecasted year-on-year sales growth of 10-20%, with a further 1 in 4 predicting growth of over 20%.

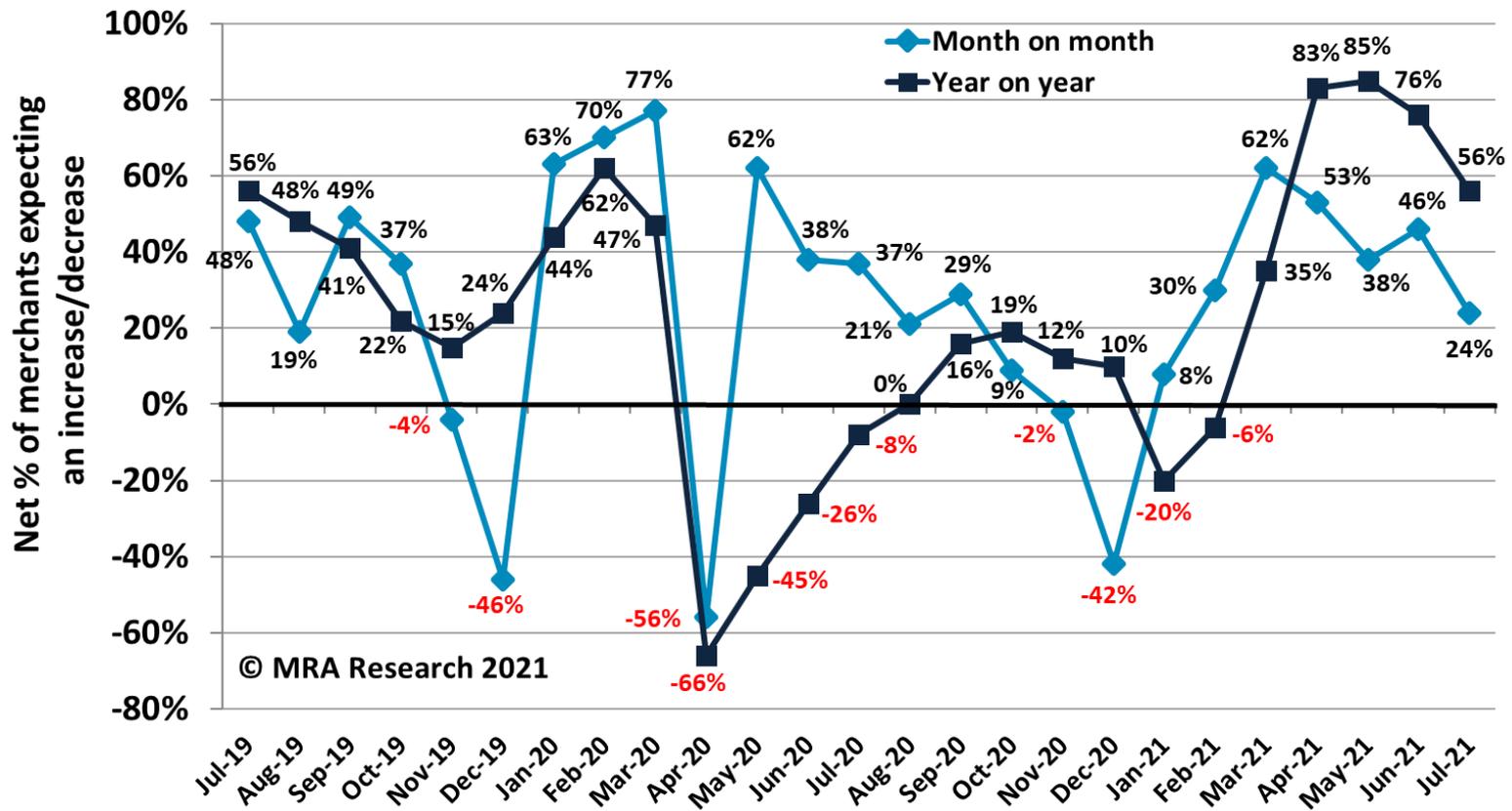
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Base: 69

Sales Expectations

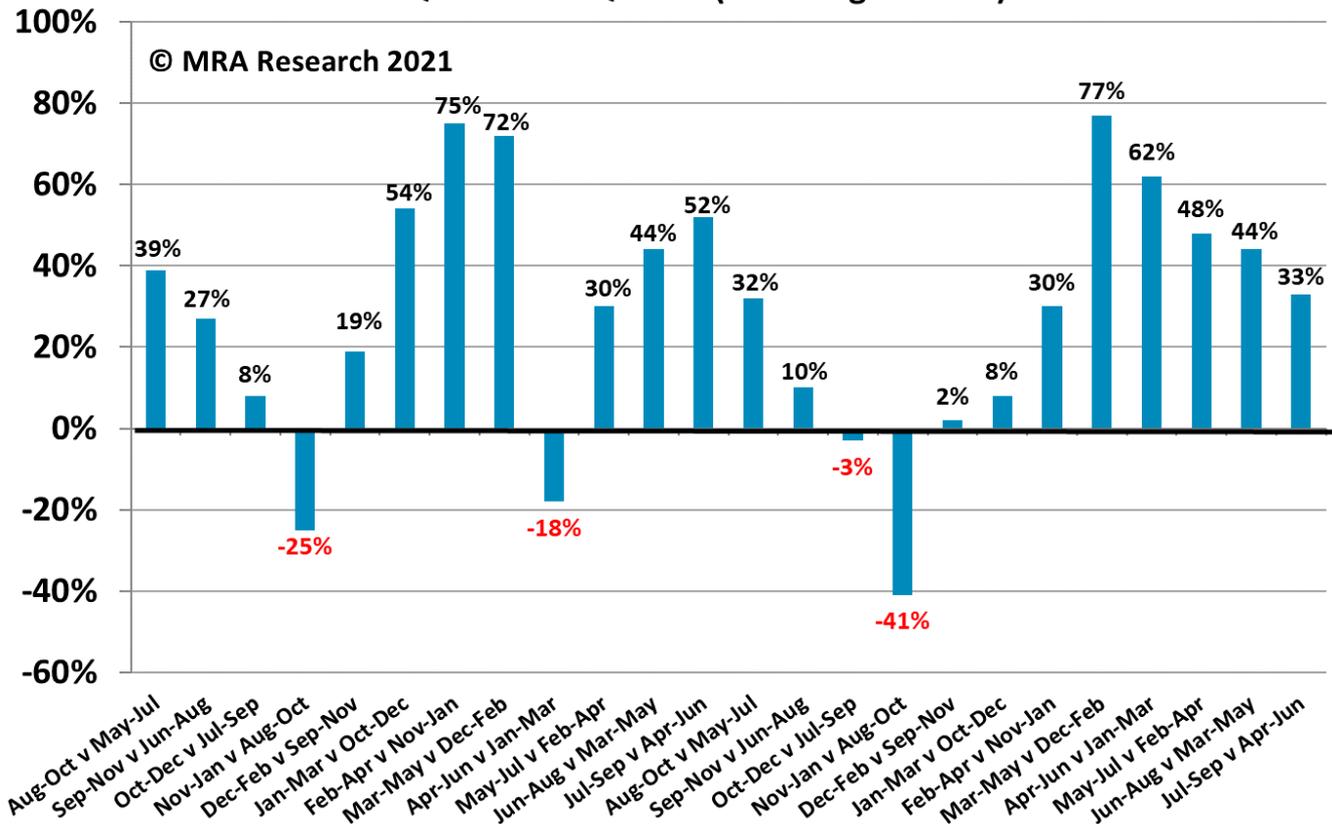
Month-on-month v Year-on-Year

Sales Expectations



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

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



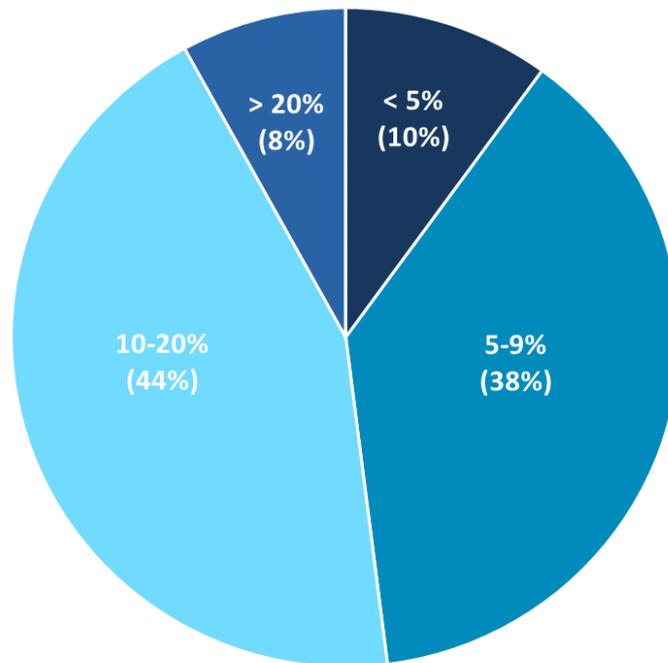
Sales expectations for the next three months (July to September) dipped slightly compared to the previous month's survey.

More National merchants (net +49%) predict higher sales than Regionals (+30%) and Independents (+13%).

Merchants in the North are more positive than other regions (+77%).

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

% Increase
Next 3 months (Jul-Sep) v Previous 3 months (Apr-Jun)



44% of those expecting sales to increase quarter-on-quarter forecast growth of 10-20%.

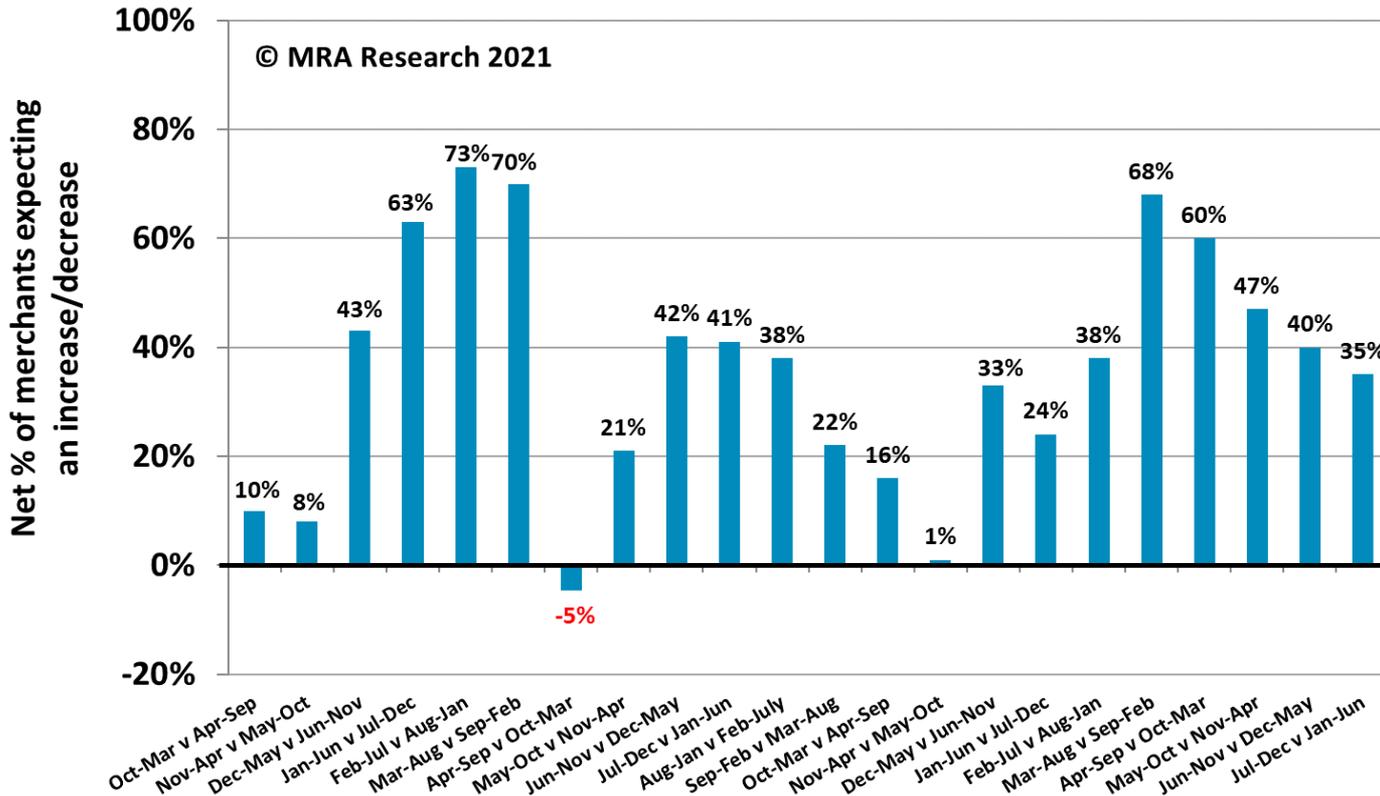
A further 38% expect sales to grow by 5-9%.

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Base: 50

Sales Expectations: Next six months...1

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



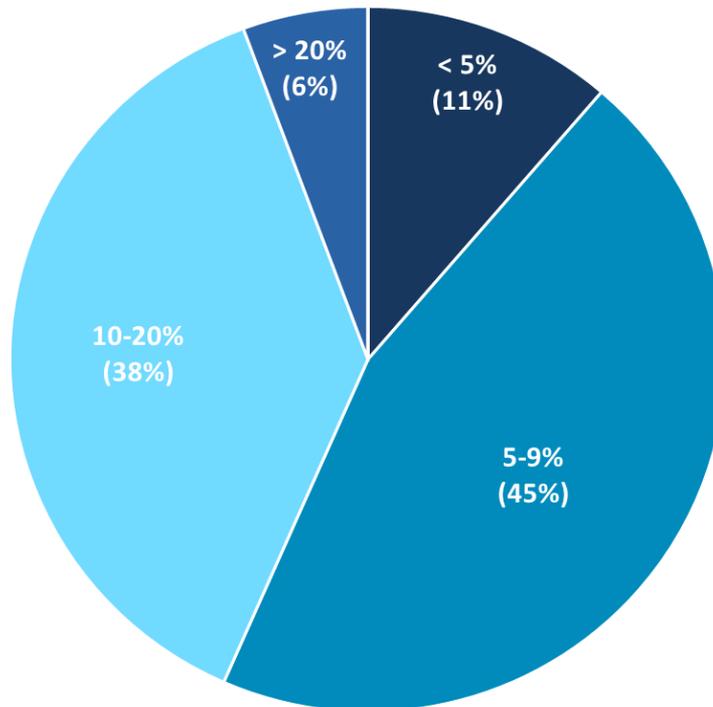
Merchants' sales expectations for the next six months have been easing since March but are very strong.

Those in the North are most positive (net +91%).

Independent merchants (+48%) are more positive than National (+43%) and Regional merchants (+20%).

Sales Expectations: Next six months...2

% Increase
Next 6 months (Jul-Dec) v Previous 6 months (Jan-Jun)



Almost 9 in 10 merchants expecting growth, expect to grow by more than 5%.

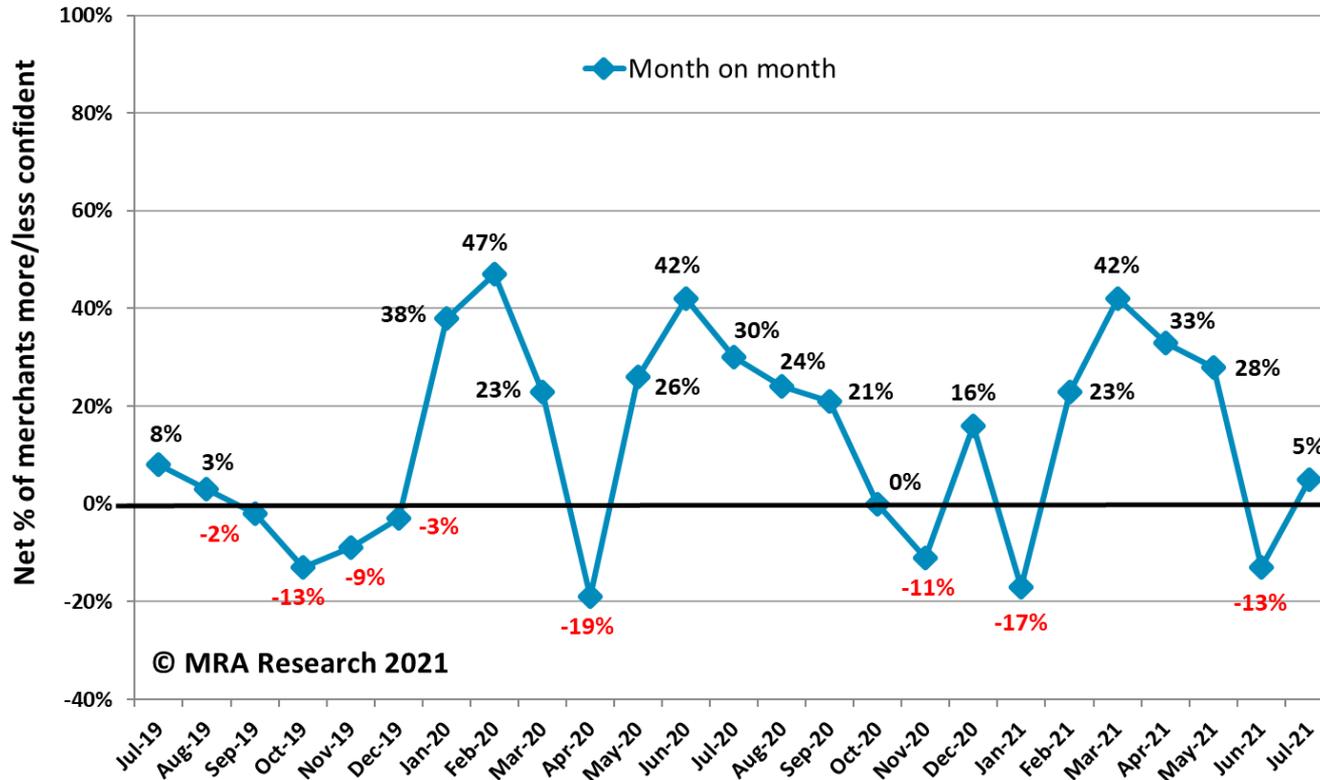
44% of those forecasting improved sales in the next six months predict growth of 10% or more.

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Base: 53

Confidence in the market: Month-on-month

Confidence in the market Month-on-month (July 2021 v June 2021)



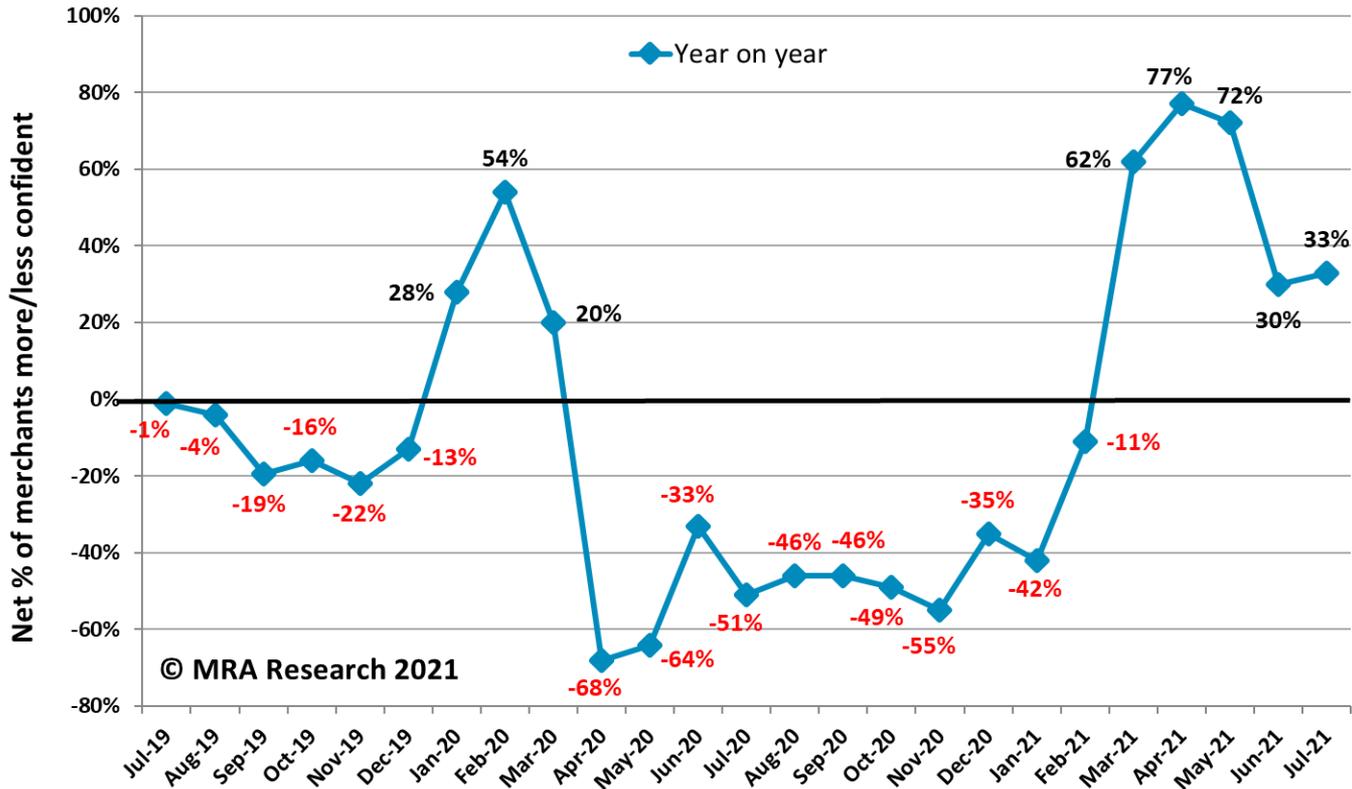
Confidence in the market increased in July compared with June.

Regionally, merchants in the North and Midlands were most confident (net +23% and +21% respectively).

By merchant type, Nationals were most confident (+30%).

Confidence in the market: Year-on-year

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



Year on year, confidence in the market improved slightly in July compared to the previous month's survey.

The North was the most confident region with a net +55%.

National merchants were significantly more confident (+51%) than Independent (+30%) and Regional merchants (+18%).

Confidence in the market:

Why MORE confident about the market than this time last year? (Base 56)

17

Of the **56** merchants who were **MORE confident** about the market, comments included:

A lot of places open now and shut last year.

All our staff are back from furlough and we are where we were before covid.

Because if we can get materials there is the business there.

Because of lockdown last year. Things are opening up again, obviously had more backing from Government, whereas last year it was all up in the air.

Because restrictions are being lifted, making it easier for people to get here.

Because we'd only just come out of the first lockdown this time last year.

Because we're getting stuff now, whereas we weren't getting it last year.

Coming out of the pandemic now.

Getting constant emails from every supplier and lots of orders.

It's been a really difficult year first Covid then Brexit but we are still here and still going so hoping for sales to pick up and things to improve we are feeling positive.

Just because more things are open for us to get stock.

Just doing really well, covid has increased our customer base.

Just people have more money to spend not going on holiday.

Just seems like there was a lot of work on hold, now have a big influx of work.

Just the way things have been since the beginning of the year, this time last year we were laying people off.

Last year people were still hesitant, what plots and turns on the way, now we've experienced most of them, people are a bit more confident.

Lockdowns. People can see the end of it, see the July base as an end to it all, even though it probably will go on for a very long time.

Materials are coming through now.

More expensive but at least you can get products.

Now we are all being vaccinated Covid will become less of a deciding factor in our business/the market.

People working now, this time last year not many were working.

Quoting more projects, more activity out there.

We can now get stock again just with long delays.

Confidence in the market:

Why LESS confident about the market than this time last year? (Base 23)

18

Of the **23** merchants who were **LESS confident** about the market than this time last year (June 2020), comments included:

Basically shortages, they don't seem to sort them out and plan for the future, been going on for over a year now and still not got stock.

Because of stock levels and transport having a real impact.

Because of the performance of the supply network, just getting worse and worse.

Been so busy, that it's starting to slow down now.

Can't get anything to sell.

Costs are way, way higher.

Got the customers but haven't got the stock, so no one's buying anything, can't buy what you don't have.

Just lack of availability on more and more items.

Just stock issues, pricing issues, all a headache, our customers are panicking because they are having to requote for jobs that they might not get, as prices are going up.

Just supply issues, don't know what's round the corner.

Just very tricky to get hold of stuff.

Lack of stock and price increases.

Lack of supply, as each day goes by it's getting worse and worse, prices going up.

Last year we didn't have problems with supply.

Literally supply/stock issues.

Lots of price increases.

Money doesn't seem to have the same value as before.

Price increases and lead times.

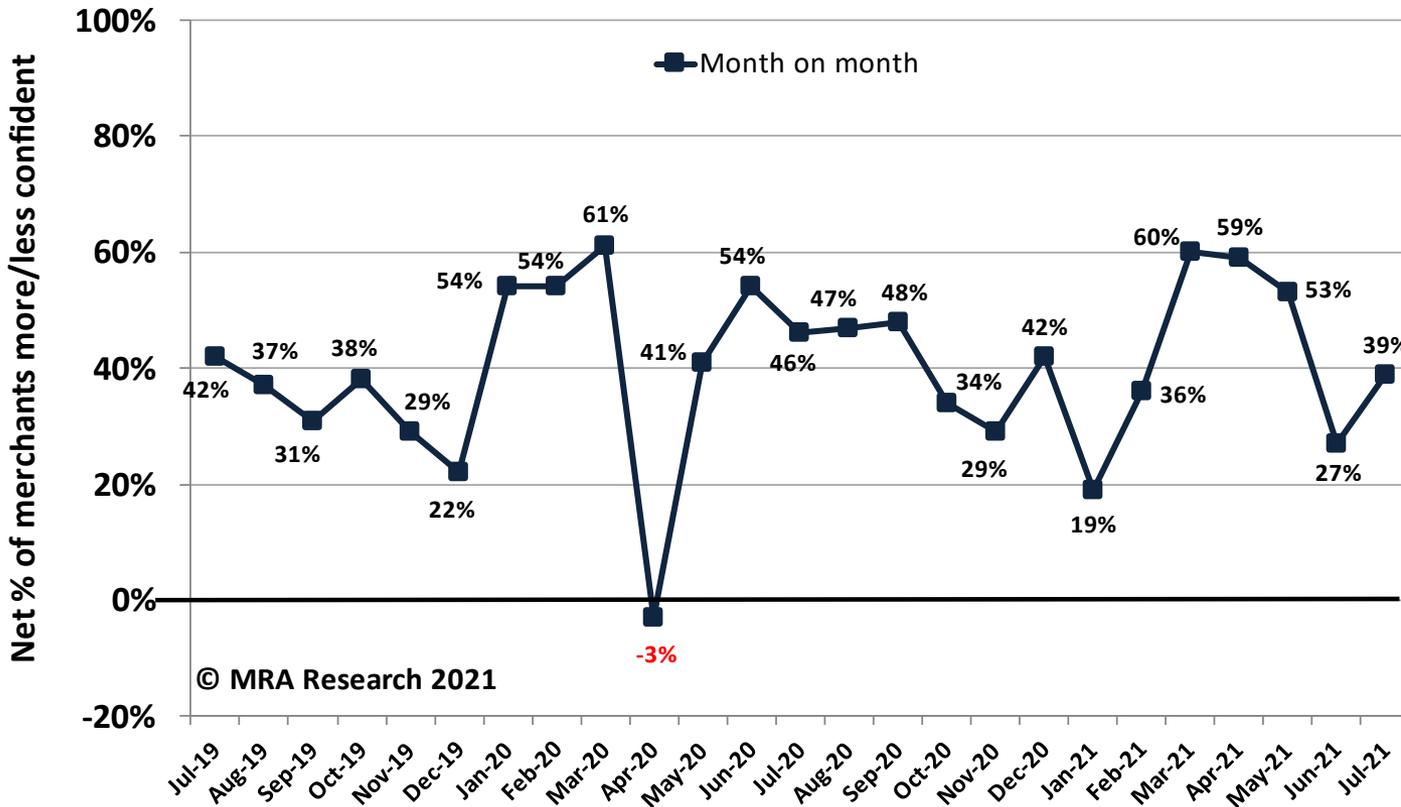
Prices are getting to extraordinary levels. People fed up. Easing of restriction means holidays are going to come back. There's only so many garden rooms you can build in the UK.

Shortage of supplies, price of products going up.

This time last year we were just starting to come out of lockdown so was a light at the end of the tunnel but the delay times are effecting business.

Confidence in their own business: Month-on-month

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



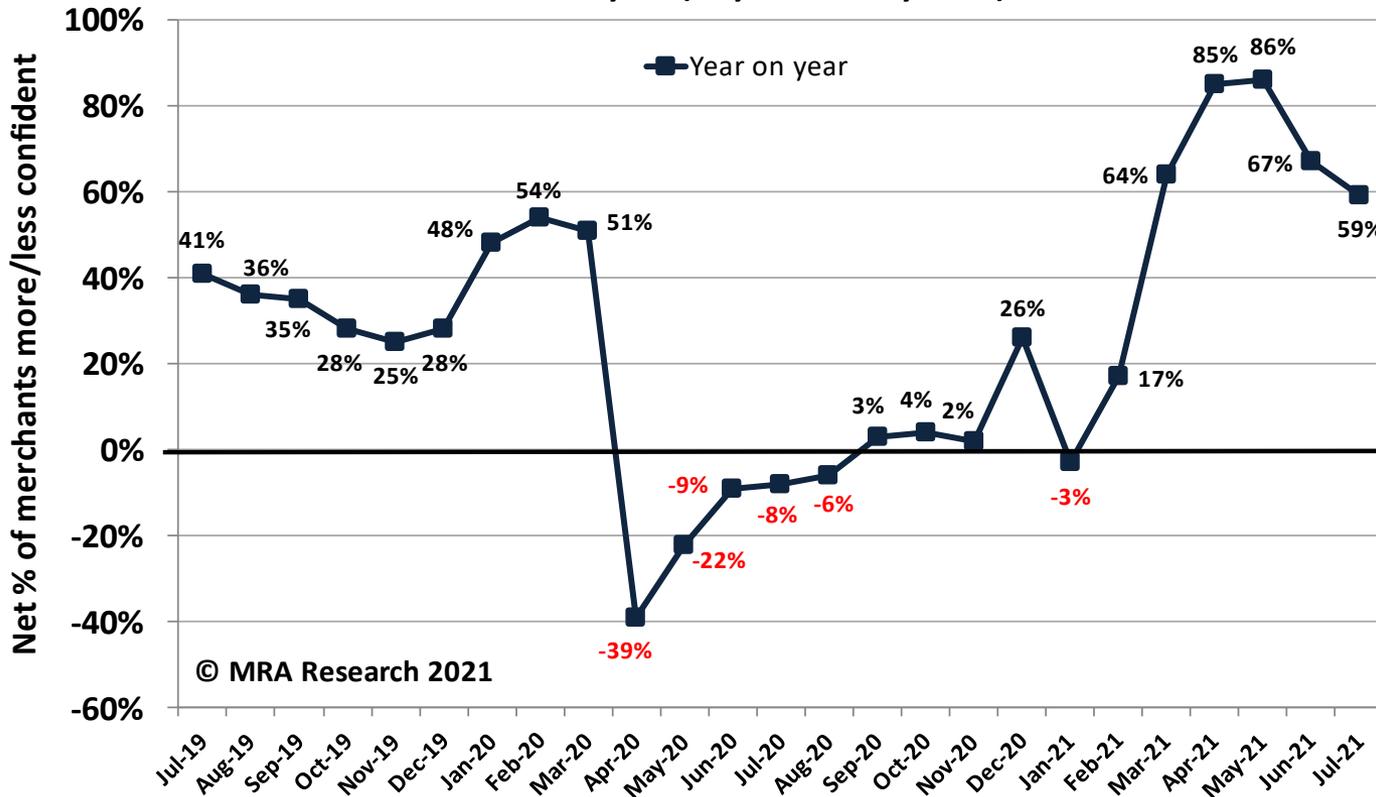
Merchants' confidence in the prospects for their own business increased in July compared to June.

Merchants in the Midlands (net +58%) and South (+45%) were most confident regionally.

Regional merchants (+48%) were more confident than Independent merchants (+26%).

Confidence in their own business: Year-on-year

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

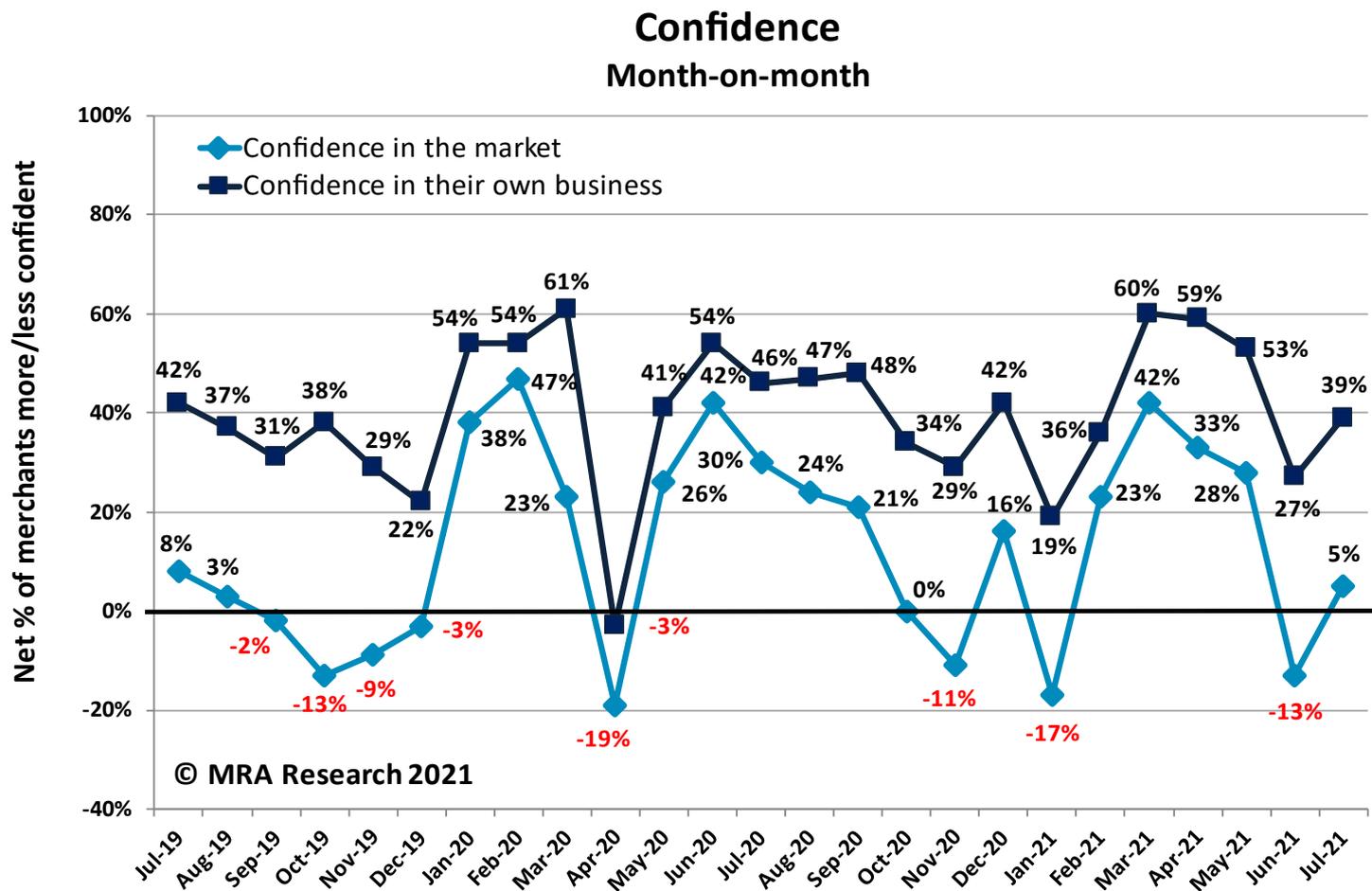


Merchants' year-on-year confidence in their own business eased slightly compared to the higher level in the previous month's survey but was still strong at a net +59%.

Merchants in the Midlands (net +67%) and Nationals (+68%) were most confident.

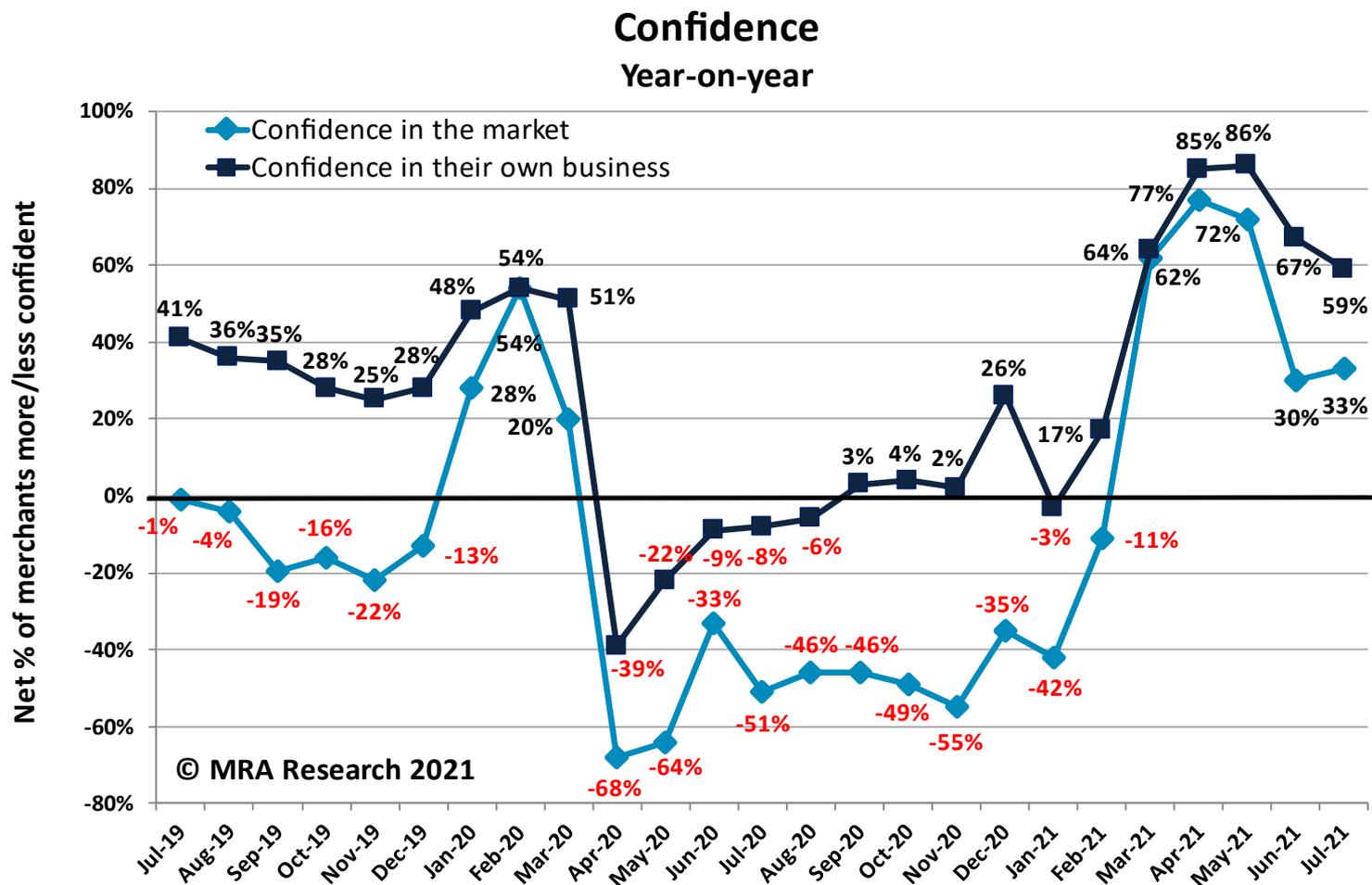
Confidence in the market v own business

Month-on-Month



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, 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 27th in the series, with interviews conducted by MRA Research between 1st and 5th July 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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