



August 2021

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

Overview

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Supply difficulties moderate merchants' expectations and confidence

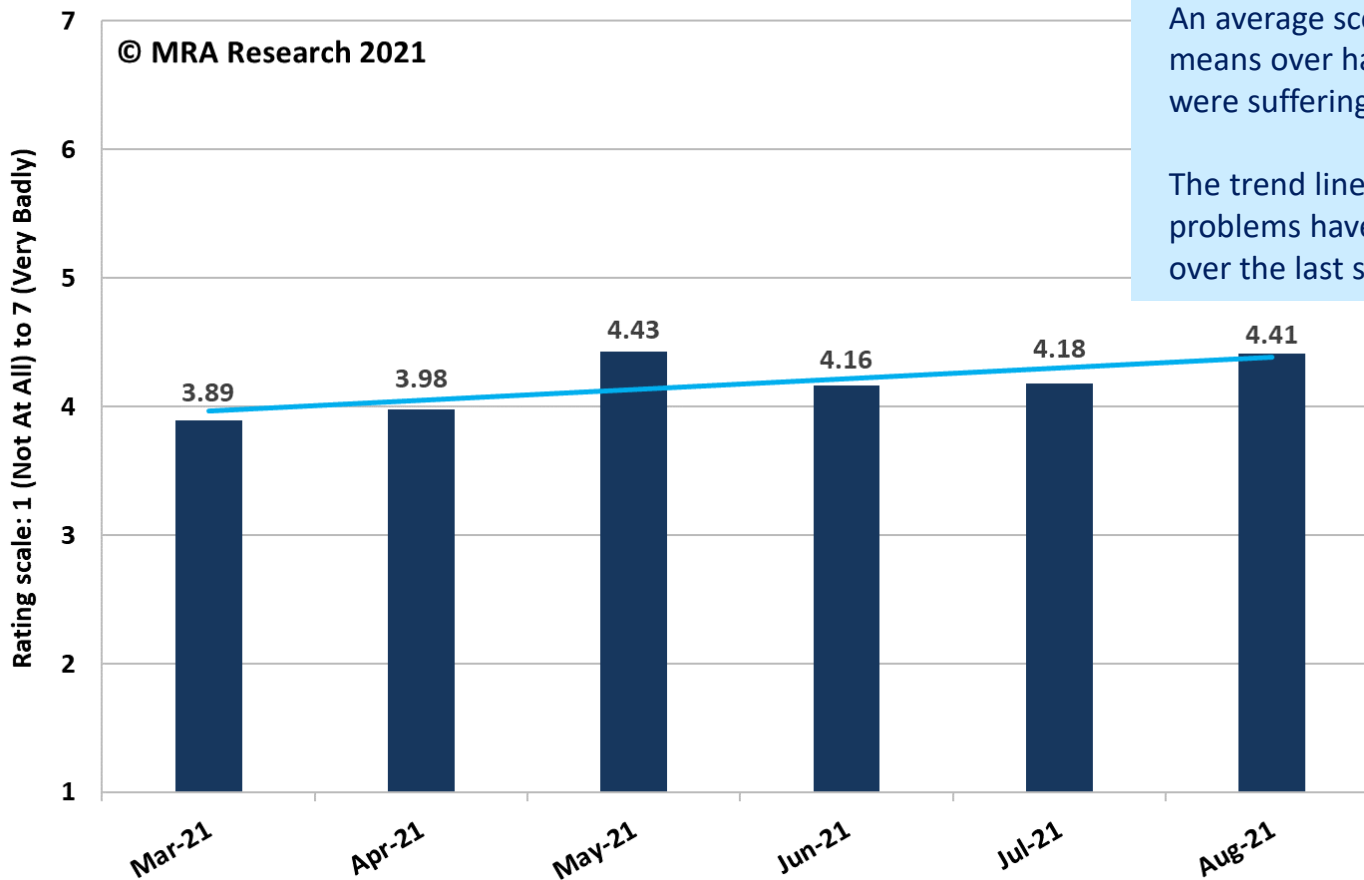
Merchants' sales expectations weakened in August compared to July as frustrated merchants battled with long lead times, material and staff shortages, and price increases. Confidence in the market was impacted as selected comments below illustrate. Some merchants are affected badly, others much less so.

- Can't sell what we can't supply.
- Bricks have a delivery date of December 2022. Yes, December, not this year, but next year.
- Customers don't like shortages and price increases and don't understand why. They're 'cheesed off'.
- We are getting control of supply issues and there's more certainty now.
- Coming to the end of the pandemic and still busy. Last year was a lot of uncertainty.
- Everything's reopening, it's getting easier.
- Supply chains are getting a lot stronger.
- Things seem to be settling down.
- The economy has opened compared with this time last year, so more confident.
- This time last year we struggled to get supplies, now we're getting more across the board.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 2nd and 5th August 2021.

Supply Problems... 1

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



An average score of 4.41 in August means over half the merchants polled were suffering supply problems.

The trend line shows that supply problems have gradually got worse over the last six months.

Supply Problems... 2

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

Can't finish jobs, can't start jobs, lack of confidence starting a job as not sure when they'll be able to finish it.

Can't sell what we can't supply.

Customers can't do work without the materials.

Extended lead times, pressure on prices, it's affected how they can do their job, changing to different product mixes.

Hugely, long lead times.

If we can't get the goods, we have nothing to sell.

Cannot get hold of the products particularly semi-conductors. It's a nightmare.

Shortage on almost every product.

Lack of supply.

Lead times.

Long lead times.

Long lead times, availability and price changes.

Prices, massive increases, delay or unavailability of materials.

Shortage of materials, duplicate deliveries.

Shortage of stock.

Shortage on products and delays in supplies have affected us badly. Unable to get the required products.

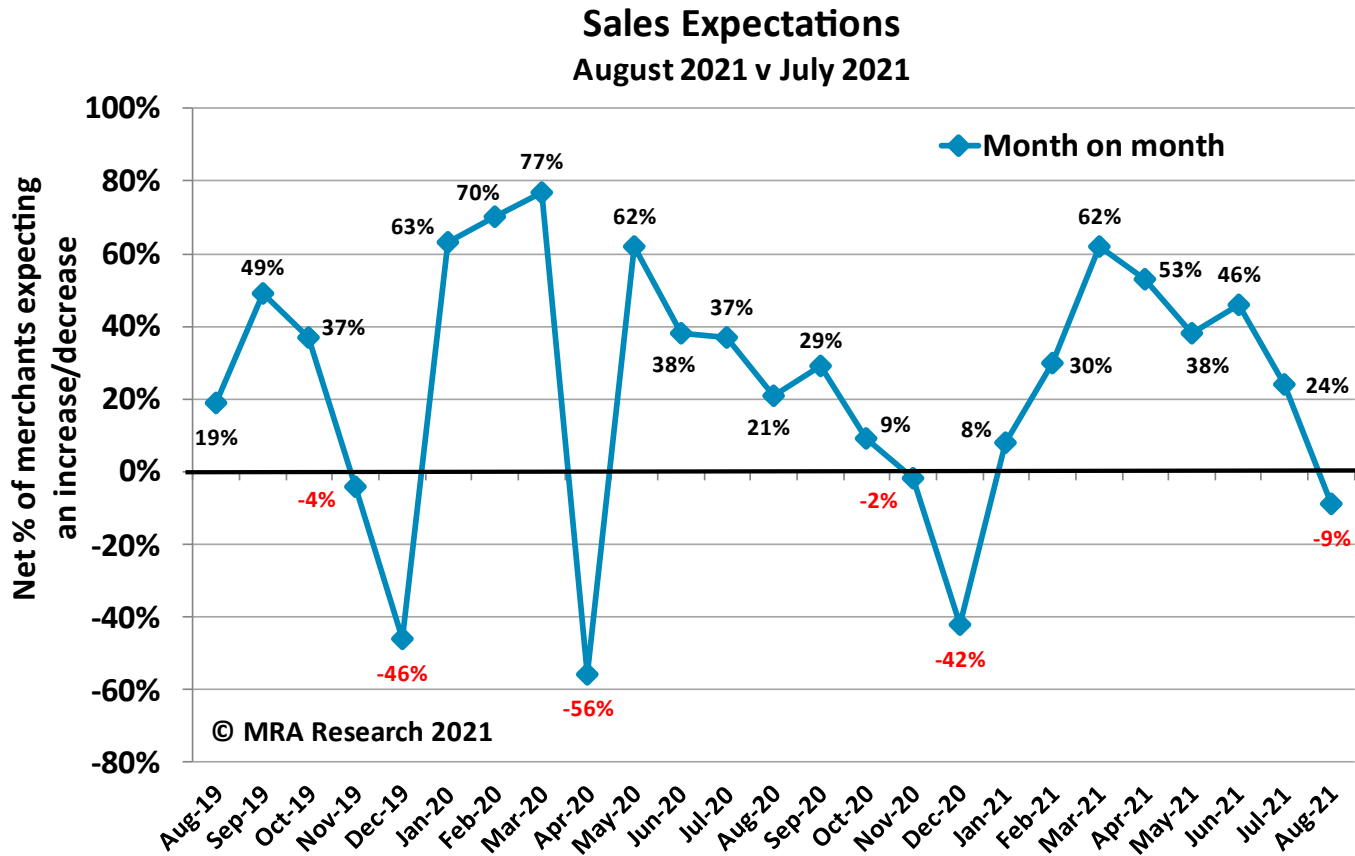
Some products are on 6/8 weeks delays. Others are delayed 5/6 months.

Some products, like bricks, have a delivery date of December 2022. Yes, December, not this year, but next year.

The lead times are terrible of at least several months.

Trying to get materials, spending hours chasing materials, delivery dates that don't materialize, meaning we have to spend more hours chasing for delivery dates again. Imported materials, going up even when fixed price, people putting up the price once it docks. My belief is it is an international impact, but some people jumping on the bandwagon, making money where they can. Materials that 2 years ago we could get in 5-6 days are now taking 5 months, it's a terribly unpleasant environment to work in.

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



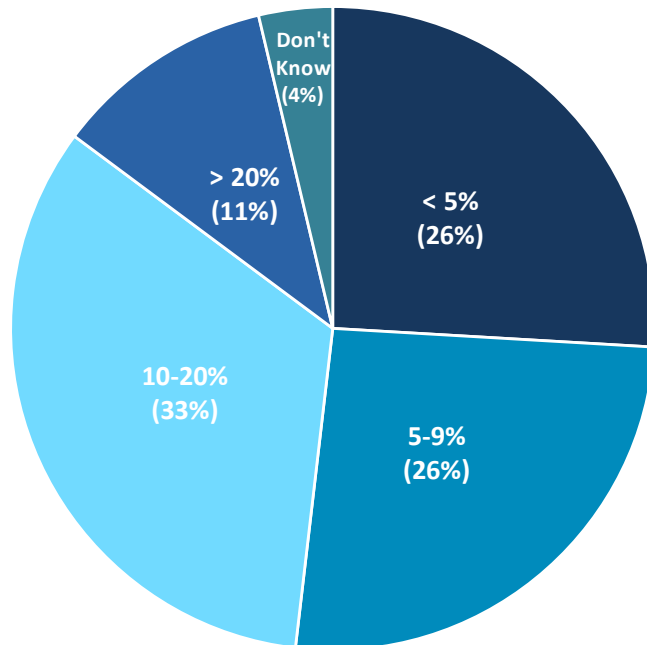
Sales expectations in August fell compared to July.

Expectations were weakest among mid-sized branches (net -28%).

The North was the only region expecting growth month-on-month (+18%).

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

% Decrease
August 2021 v July 2021



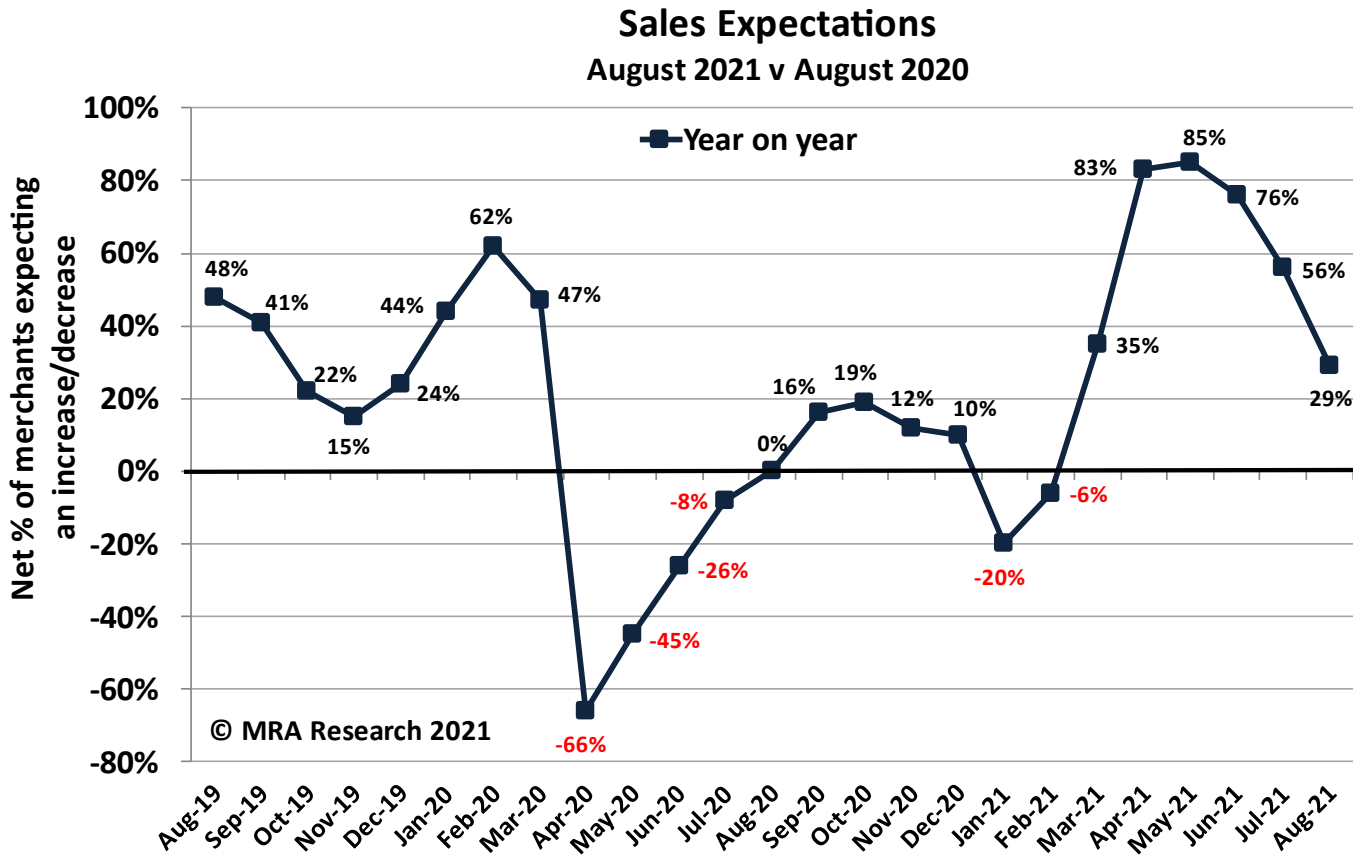
Of the merchants expecting sales to drop in August, 26% expected a decline of under 5%.

But 44% expect sales to fall by over 10% compared to July, and 11% expected a drop of more than 20%.

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Base: 27

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



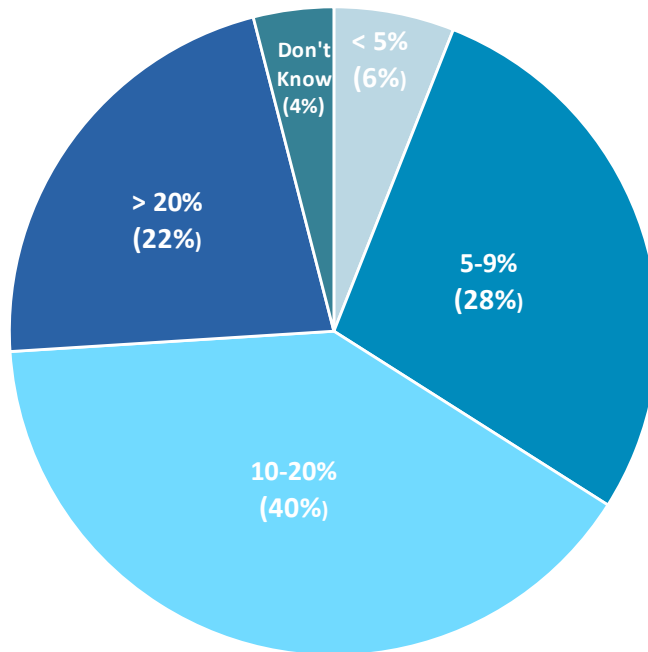
Year-on-year, merchants' high expectations continued to ease but remain strongly positive (net +29%).

Large outlets (+55%) and merchants in Scotland (+38%) were most positive.

While National and Regional merchants (+49% and +25% respectively) forecast higher sales, Independent outlets on balance expect no change.

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

**% Increase
August 2021 v August 2020**



Nearly one in three merchants expecting August sales to improve year-on-year, are expecting growth of up to 9%.

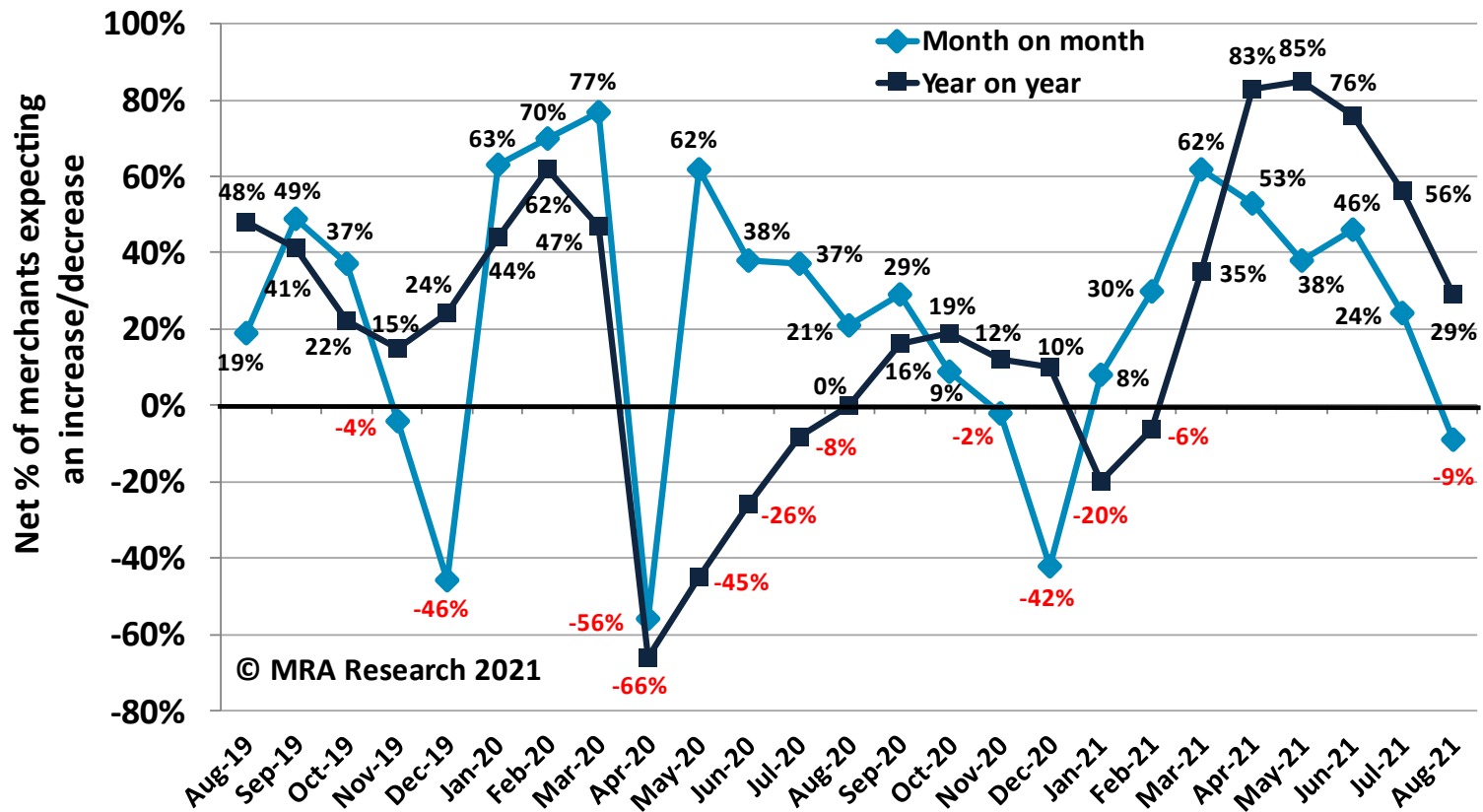
More than six in ten expect sales to grow 10% or more, including a fifth who expect even stronger growth.

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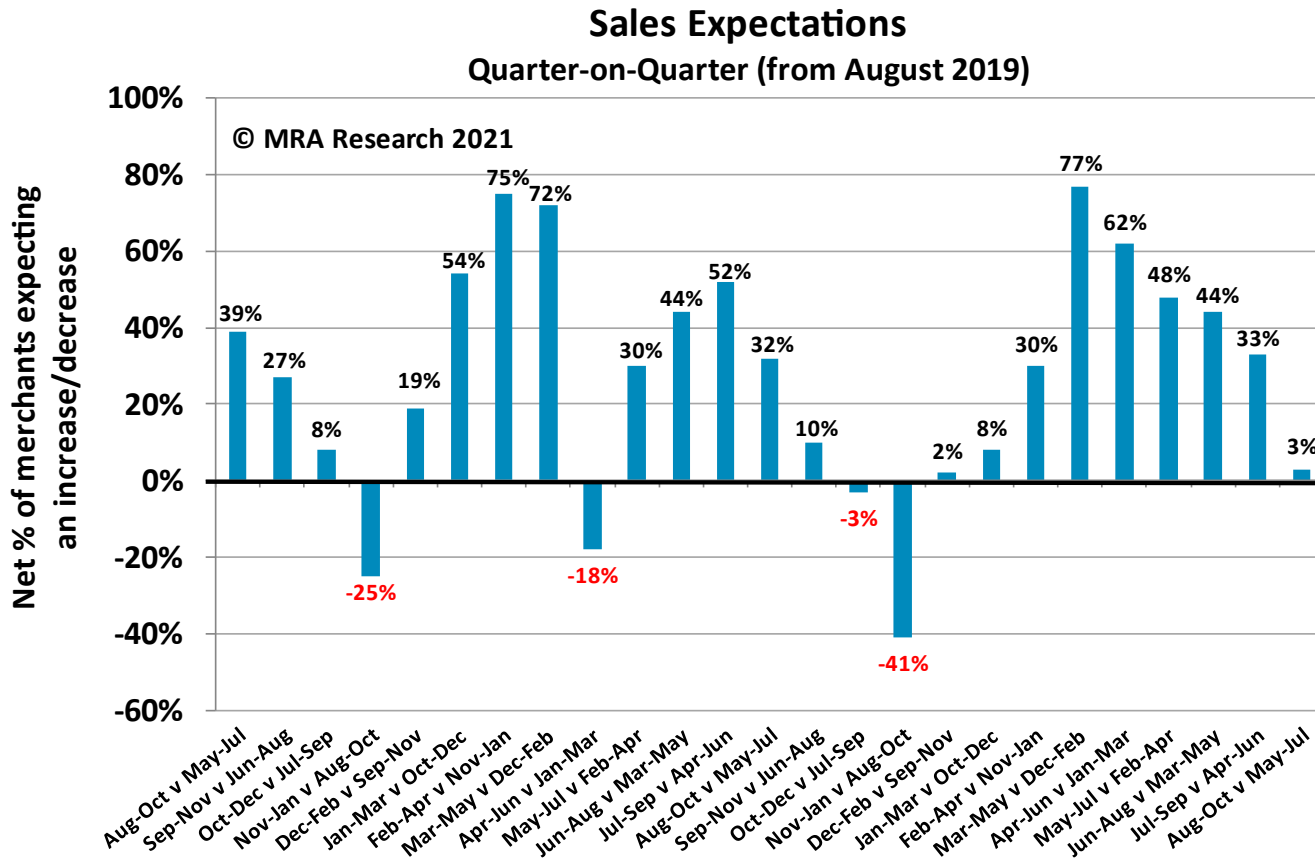
Sales Expectations

Month-on-month v Year-on-Year

Sales Expectations



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



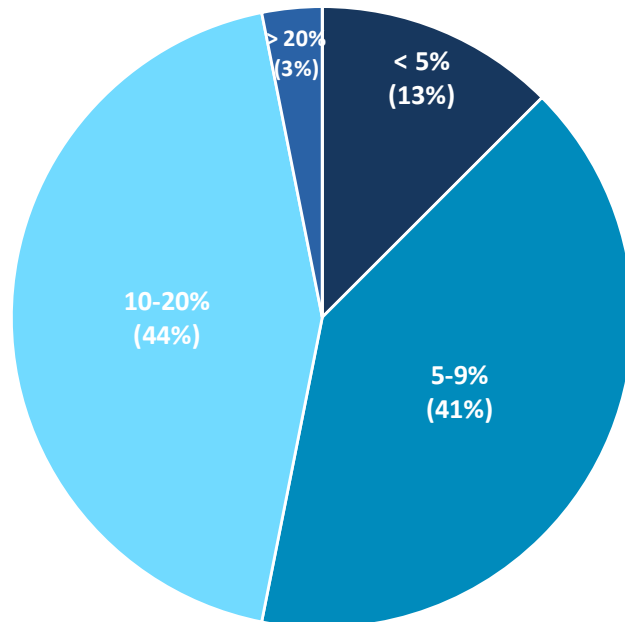
Quarter-on-quarter sales expectations dropped sharply in August.

More National merchants (net +8%) expect higher sales than Regionals (+3%). Independents anticipate a decline (-5%).

Merchants in the Midlands are more positive than other regions (+21%). By branch size, Small outlets are most positive (+26%).

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

% Increase
Next 3 months (Aug-Oct) v Previous 3 months (May-Jul)



Just over half (54%) of those expecting sales to increase quarter-on-quarter expect sales to grow by up to 9%.

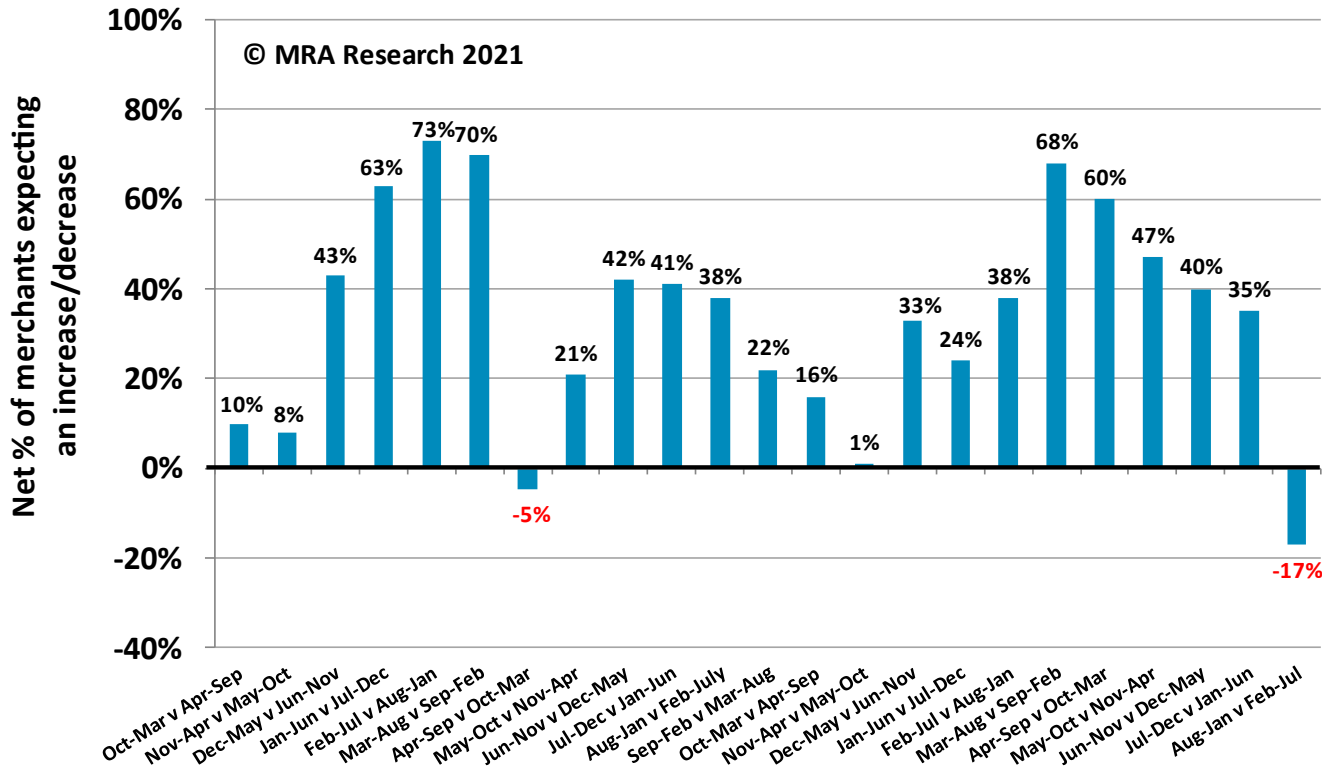
44% expect growth of 10-20%.

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Base: 32

Sales Expectations: Next six months...1

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



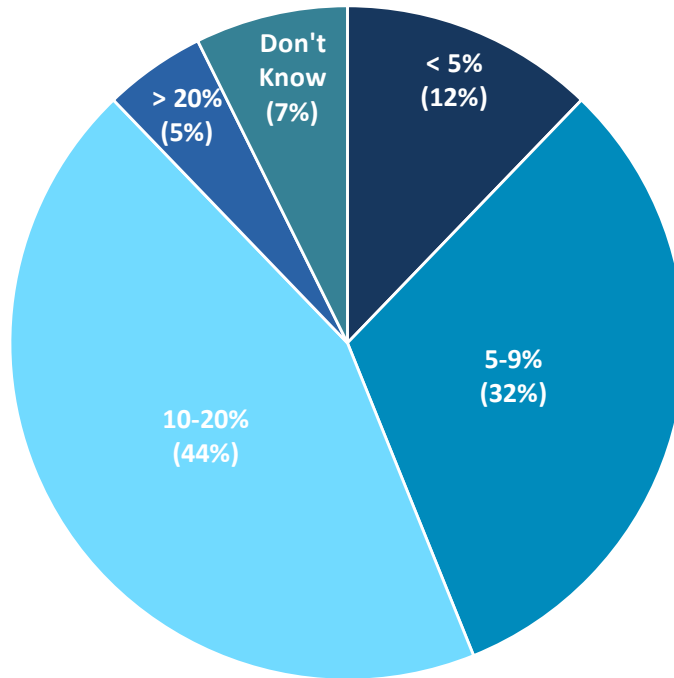
Merchants' sales expectations for the next six months compared to the last six months have dropped since July. A net decrease is expected for the first time since April 2020.

Merchants in all regions expect sales to decline, compared to the last six months, especially in Scotland and the Midlands (net -25%).

Expectations are particularly weak among Medium and Large outlets (-36%), and Regional branches (-40%).

Sales Expectations: Next six months...2

% Decrease
Next 6 months (Aug-Jan) v Previous 6 months (Feb-Jul)



Almost half of the merchants who expect sales to decline in the next six months compared to the last six, expect sales to fall back by up to 9%.

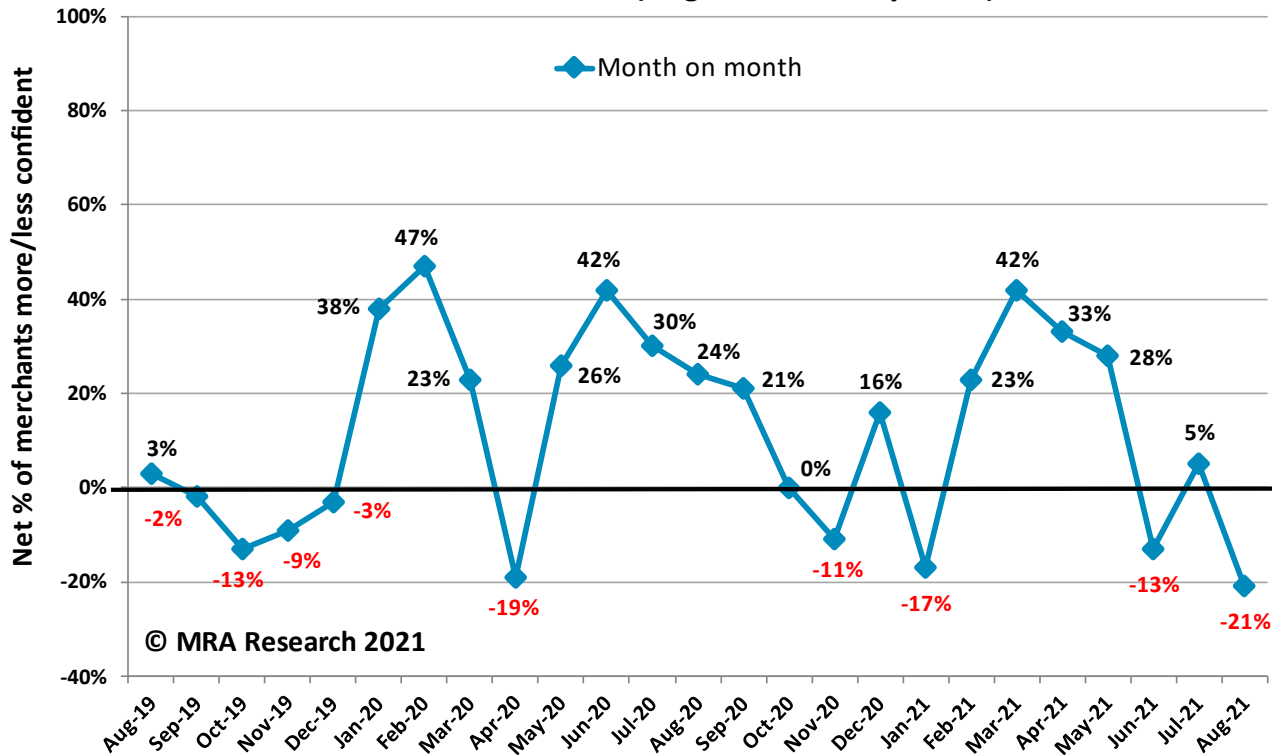
A further 44% expect sales to decline 10-20%.

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Base: 41

Confidence in the market: Month-on-month

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

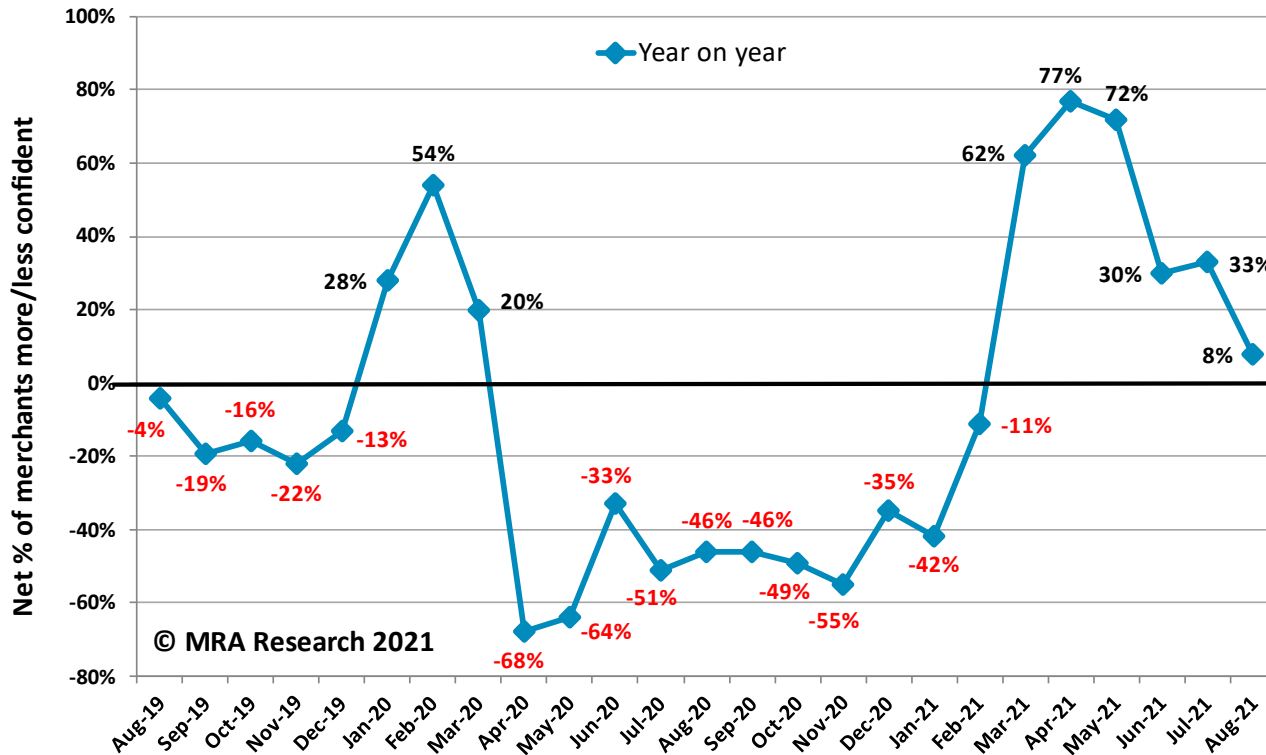


Compared to July, confidence in the market fell sharply in August, except in Scotland.

Independents and those in the Midlands lost confidence the most (net -29%).

Confidence in the market: Year-on-year

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



Year-on-year, confidence in the market declined to a net +8% in August, from the previous month's survey, but remains positive.

Scotland was the most confident (+38%). The Midlands was least confident (-25%).

National merchants (+31%) were significantly more confident than Independents (-24%).

Confidence in the market:

Why MORE confident about the market than this time last year? (Base 48)

16

Of the **48** merchants who were **MORE confident** about the market than this time last year, comments included:

Because back then we were starting to experience the bulk of supply issues, most are now dealt with.

Because we are getting control of the supply issues and there's more certainty now.

Coming to the end of the pandemic and still busy, last year was a lot of uncertainty.

Everything's reopening, it's getting easier.

Feeling more confident because of vaccines. Unfortunately, due to products not coming through and people self isolating, market not picking up yet as anticipated.

A bit more clarity and more products coming through now. Brexit and Covid impacted us massively, but there seems to be light at end of tunnel now.

Because builders can come in now and restrictions are easing.

Because had time to witness government supporting building.

Everything's a lot busier now

The easing of restrictions

The holiday restrictions seem to be working for us, people spending more at home.

Last year couldn't get supplies, this year it's opening up a wee bit more.

Last year things were up in the air. Now we know where we are heading and a clearer picture has emerged.

Last year we had lockdown. Now I cannot see the Government putting us through another lockdown again as the public would not stand for it again. So we are through the worst.

Manufacturing was on lockdown this time last year. Now things are opening up and manufacturing is up to two thirds capacity, so things are getting better.

Since lockdown last year, people have been spending their money on DIY projects. Also, the North Ireland Government has started to spend which is a good thing for the local economy.

Stock becoming more available, covid restrictions are easing off and infection rates are declining.

Supply chains are getting a lot stronger.

The climate is changing , things seem to be settling down.

The general economy has opened up now compared with this time last year, so more confident.

Think because we know lead times now, we know the timeframe we have, whereas last year it was just anyone's guess.

This time last year we struggled to get supplies, but now we are getting more supplies through across the board. I think things will continue to pick up and hopefully will have recovered by this time next year.

Confidence in the market:

Why LESS confident about the market than this time last year? (Base 40)

17

Of the **40** merchants who were **LESS confident** about the market than this time last year, comments included:

Due to supply issues, getting hold of products is a problem.

Getting hold of materials etc, people then go to the bigger suppliers and then might not come back.

I think people are more deflated now than this time last year, so they will spend their money on holidays instead of doing up their houses. So I am less confident.

Just because everything is going through the roof price wise, people will hold on hoping things will come back down.

Just purely because price increases are at the highest level they've ever been and keep going up, which is reducing demand, currently demand is high, but with prices rising this is not going to last.

Lack of supplies, starting to bite harder now than it has up until now, some stuff taking 10 weeks or longer.

Last year there weren't any of the issues that we have now, supply issues and not as easy to picture what's happening in the coming months.

Last year we had a lot of DIY customers but now they have spent their money and not coming into the depot.

Prices have increased by 50% since last year. This cannot go on and a contraction in the market must be coming.

Pure demand, it's a catch 22, demand still high, but supply is so bad.

Supply and distribution, materials, end of furlough and job losses.

Supply issues means the lead times are a couple of months at best to 26 at worst.

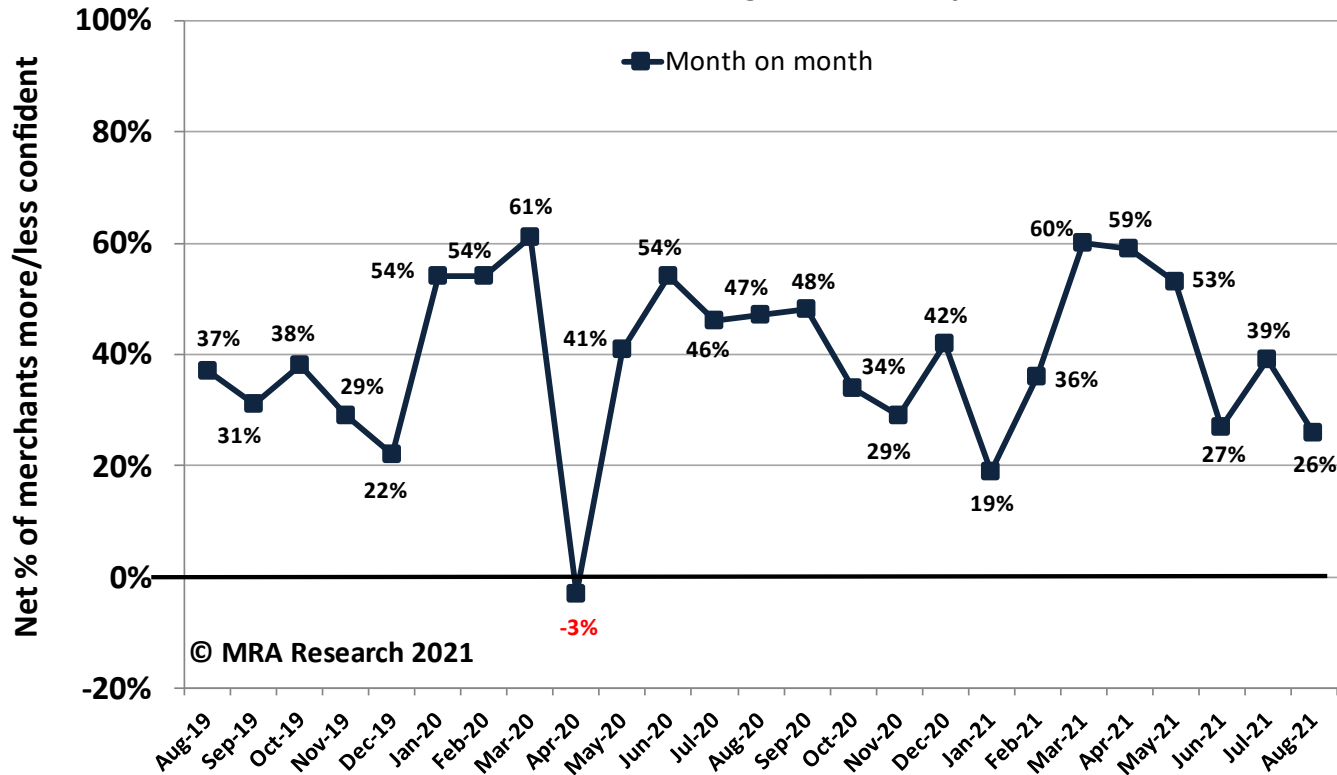
The difference between last August and now, is that now we have stock shortages and price increases. Our customers don't like this and don't understand why this should be so. They are getting 'cheesed off'.

There are 6-month stock shortages. Also shortages of staff because vacancies are not being filled. This is not going to change any time soon.

This time last year we had DIY customers buying in our store. But since then, prices have risen so much that those customers have stopped buying.

Confidence in their own business: Month-on-month

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



Merchants' confidence in the prospects for their own business dropped slightly in August compared to July but is still very high.

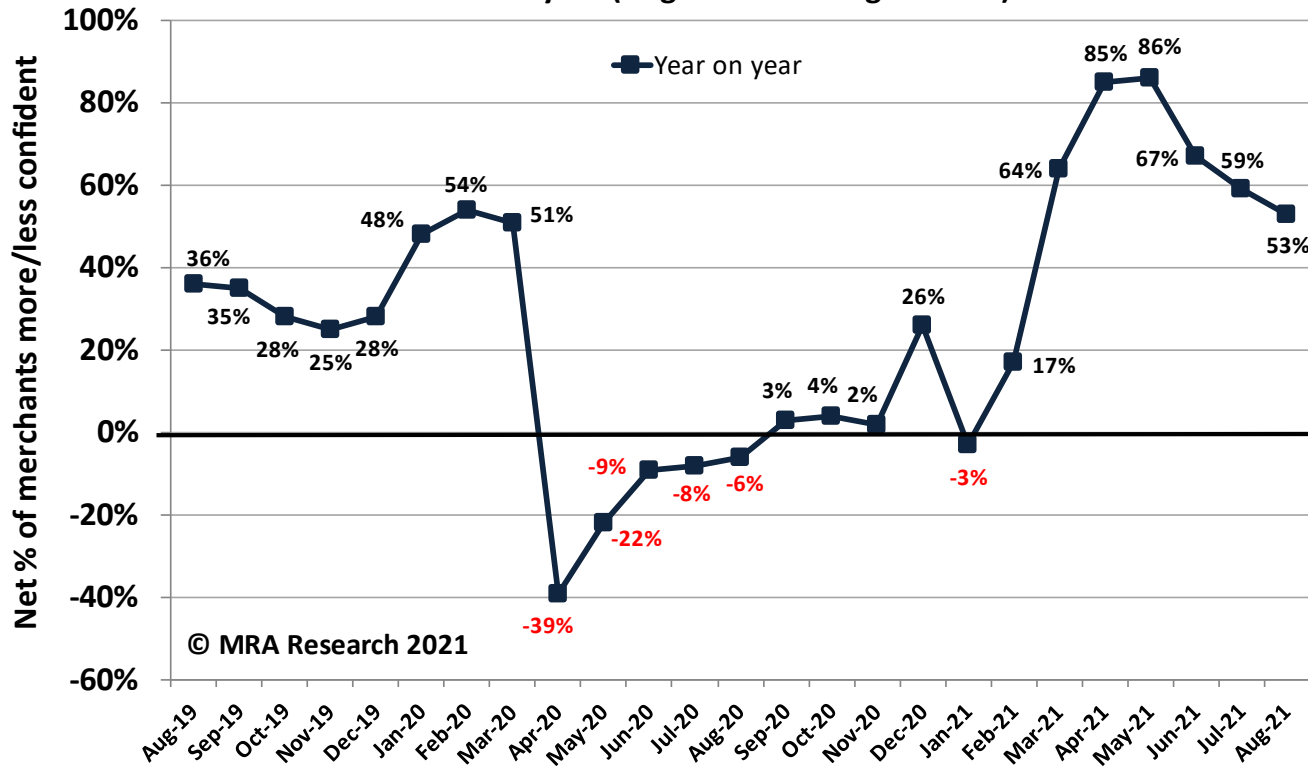
Merchants in Scotland (net +38%) were most confident regionally.

Nationals (+38%) were more confident than Independents (+14%).

Large outlets (+36%) were more confident than Small branches (+15%).

Confidence in their own business: Year-on-year

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

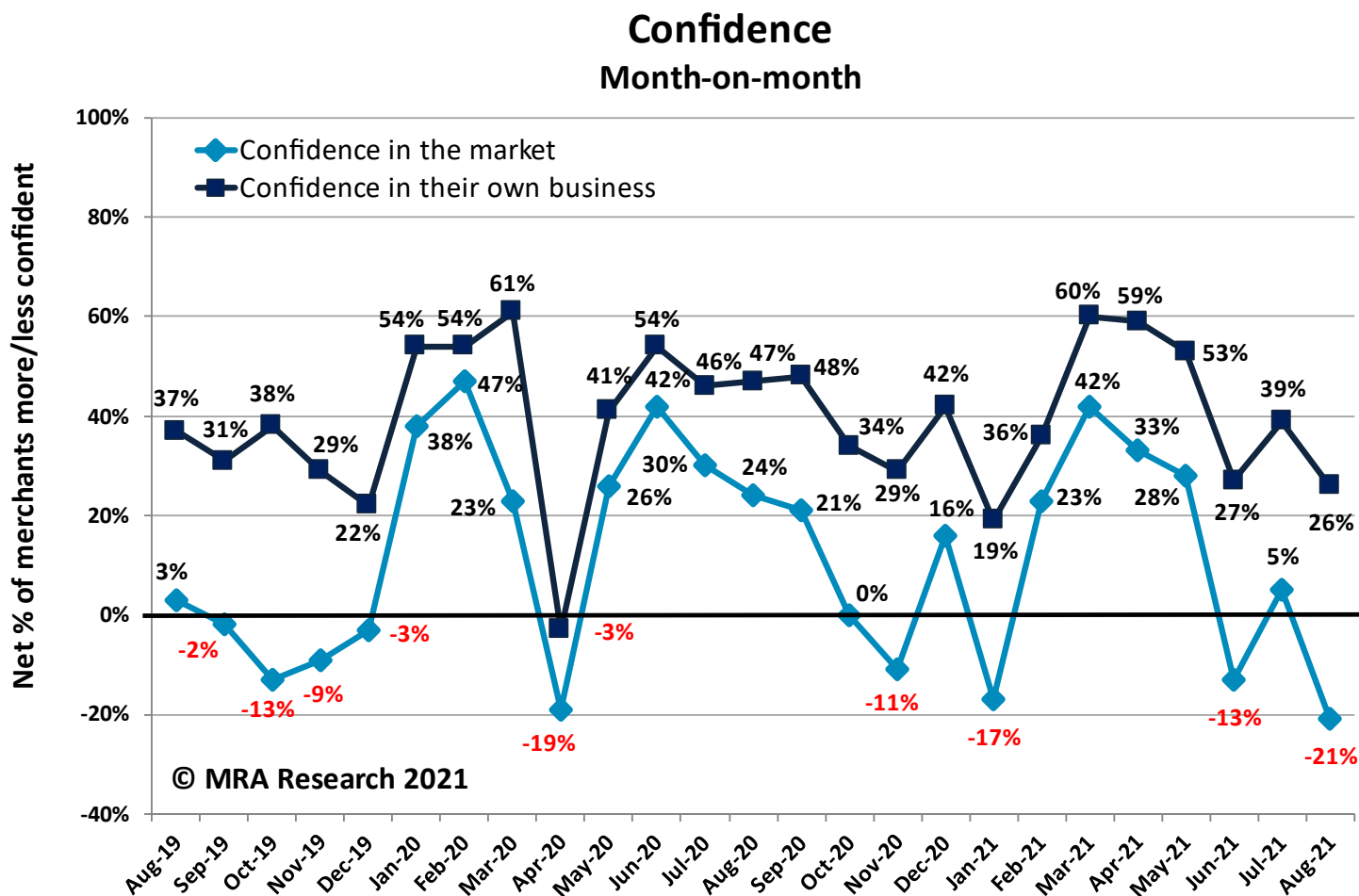


Merchants' year-on-year confidence in their own business continued to ease compared to the very high levels in recent months but was still extremely strong (net +53%).

Nationals (+77%), Large outlets (+73%) and those in Scotland (+69%) were most confident.

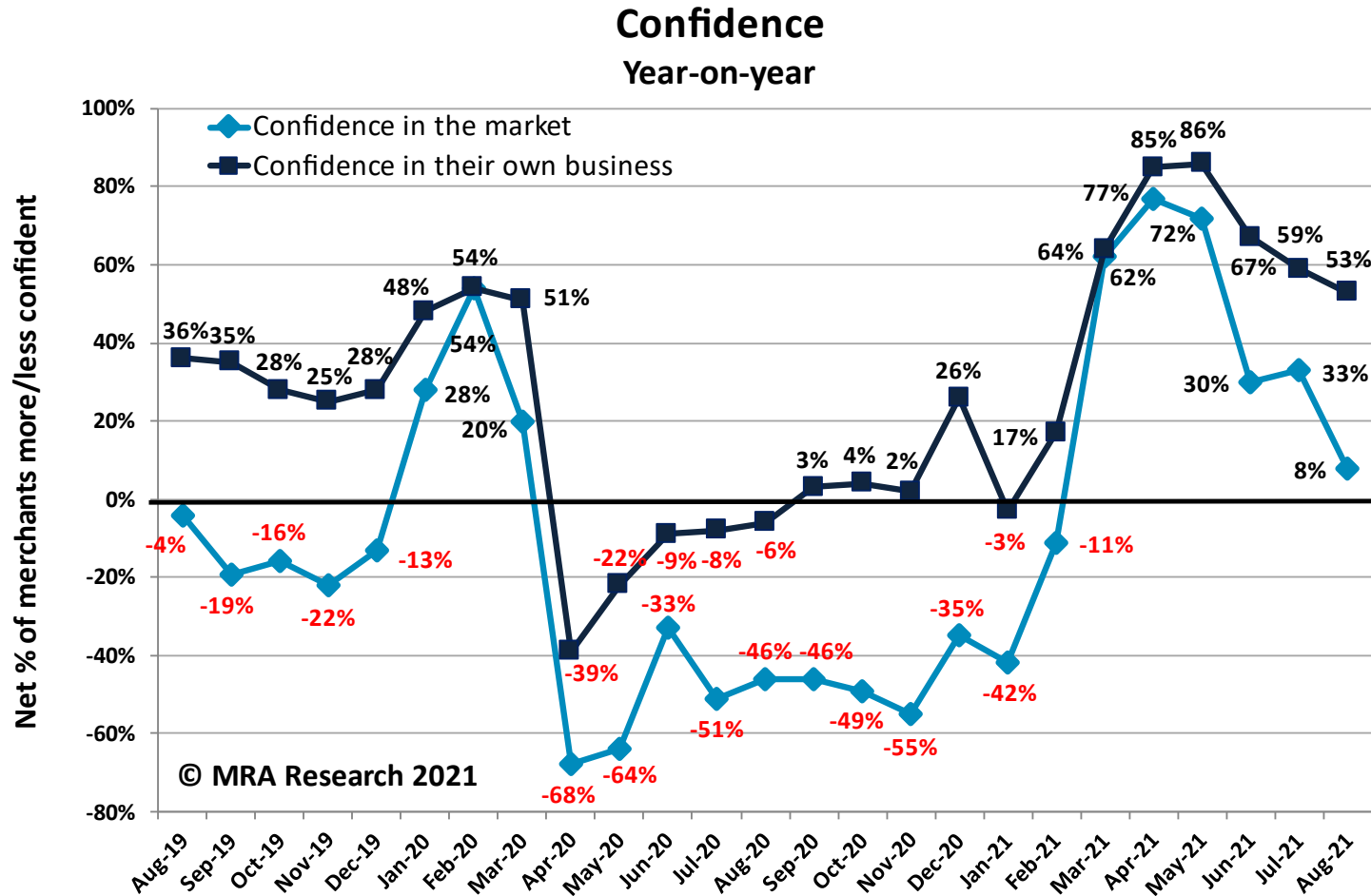
Confidence in the market v own business

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 28th in the series, with interviews conducted by MRA Research between 2nd and 5th August 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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