



the Pulse
Expectations. Prospects. Confidence.

September 2021

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

Overview

2

Merchants' outlook recovers from August's dip

Merchants' outlook improved in September, with sales expectations and business and market confidence up compared to August.

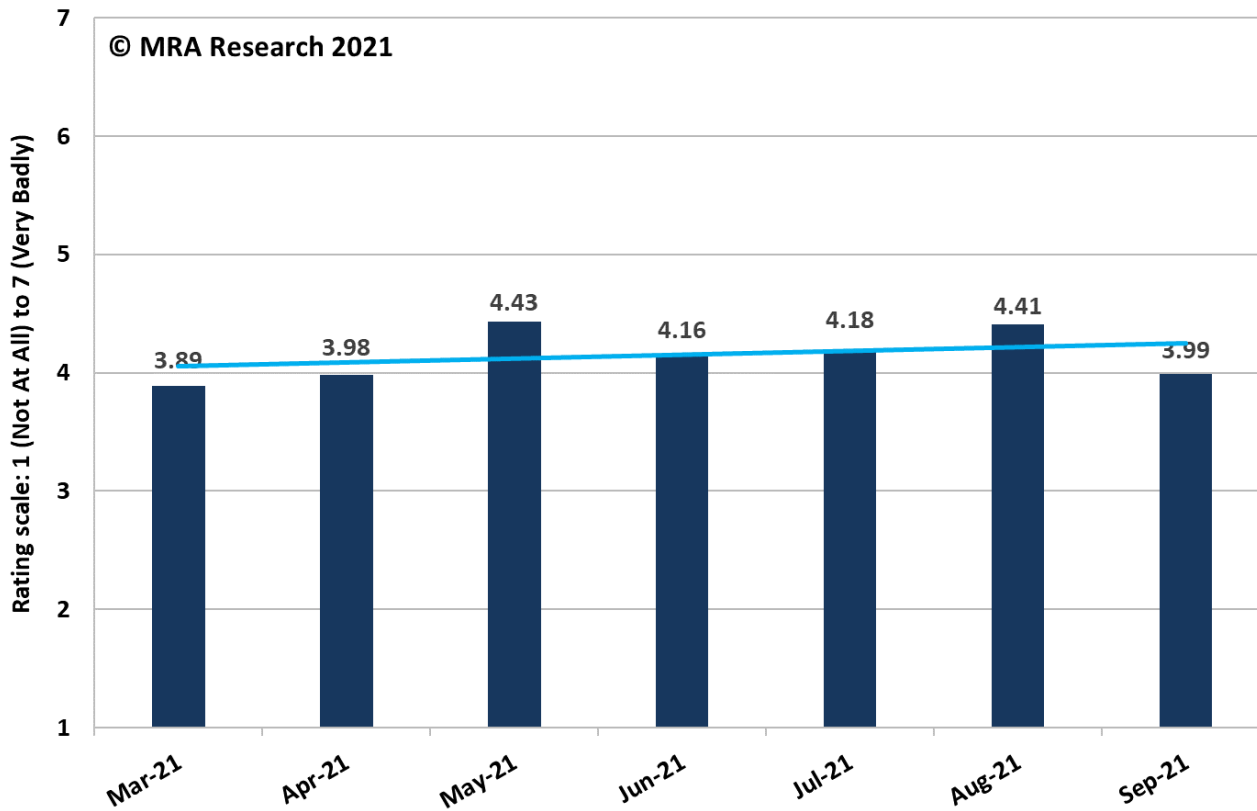
Pressures in the supply chain eased slightly with 72% of merchants reporting that all, or more than half of their suppliers are now able to supply them. This is marginally up from 69% in August's survey. However, long lead times are prevalent.

Supply is of particular concern for imported products, and this has tempered expectations in the medium term.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 6th September 2021.

Supply Problems... 1

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



An average score of 3.99 in September shows some easing of supply problems, but it's too soon to see a clear trend.

Supply Problems... 2

4

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

Just long delays.

Lead times of 2-3 months is not good. Worse case is plastic product - ordered March 2021 and delivery expected January 2022!

Lead times that used to be weeks have now increased to 2-3 months which is frustrating for all concerned.

Long lead times, general availability of products and quantities.

Most can supply something but the lead time is the problem.

Out of 300 plumbing lines, we might have 30 lines which are out of stock or long lead times. So I have to try and find substitute stock.

Price increases.

The delays are making it really hard to get hold of stock.

The imports from abroad was badly effected by the Suez Canal issue and meant we couldn't supply our customers. Terrible delays.

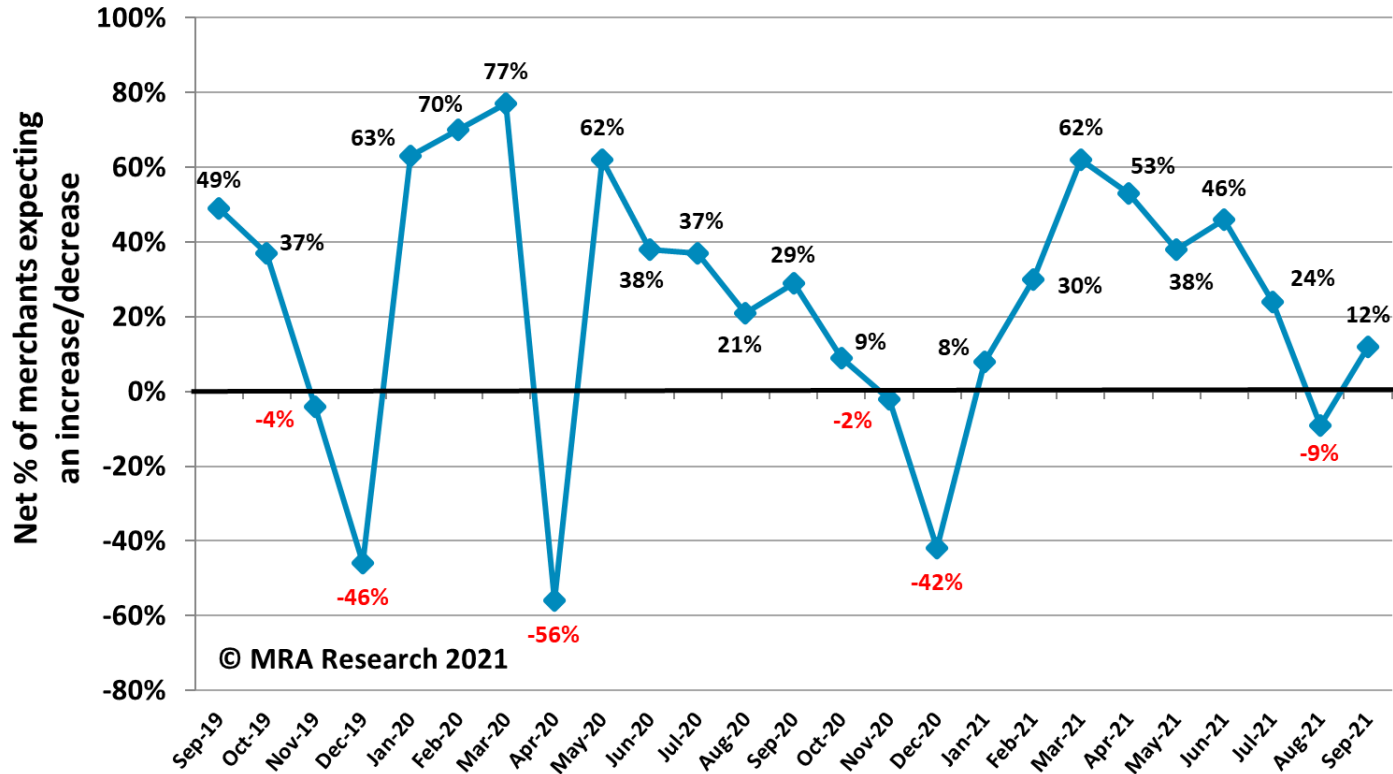
The lead times vary on each product, from weeks to months, with the worst being 6 months.

They can all still supply but there is just long waiting times to get stock.

We can get stock but the suppliers tell us the quantity and when we will receive it with extended lead times. We have no control.

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

Sales Expectations: Month-on-Month September 2021 v August 2021



Sales expectations improved in September compared to August.

By branch size, expectations were strongest among mid-sized outlets (net +17%).

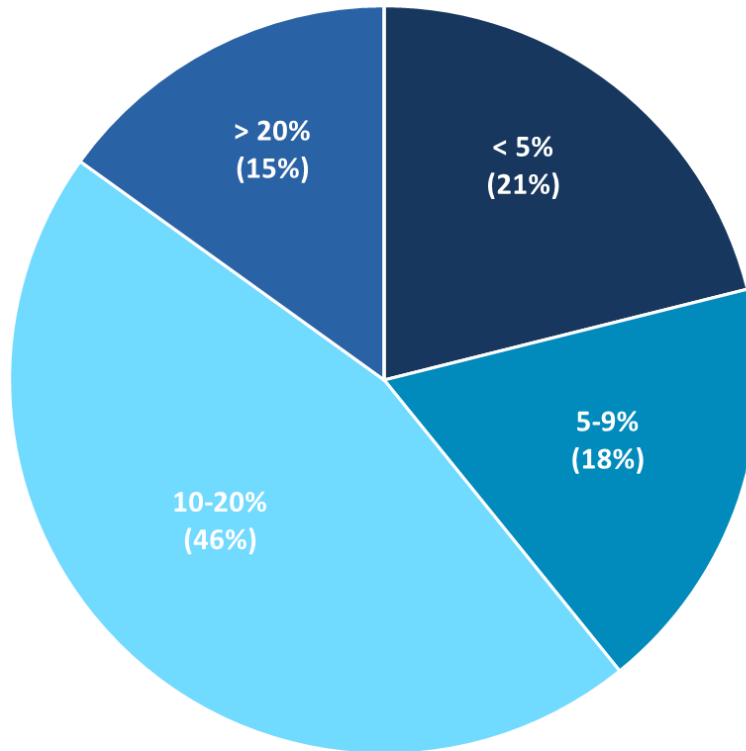
The South (+45%) and Scotland (+33%) were the only regions expecting growth month-on-month.

National and Regional outlets (+19%) had stronger expectations than Independents (-7%).

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

6

**Sales Expectations: % Increase
September 2021 v August 2021**



Of merchants expecting sales to increase in September, 61% expect an increase of 10% or more compared to August.

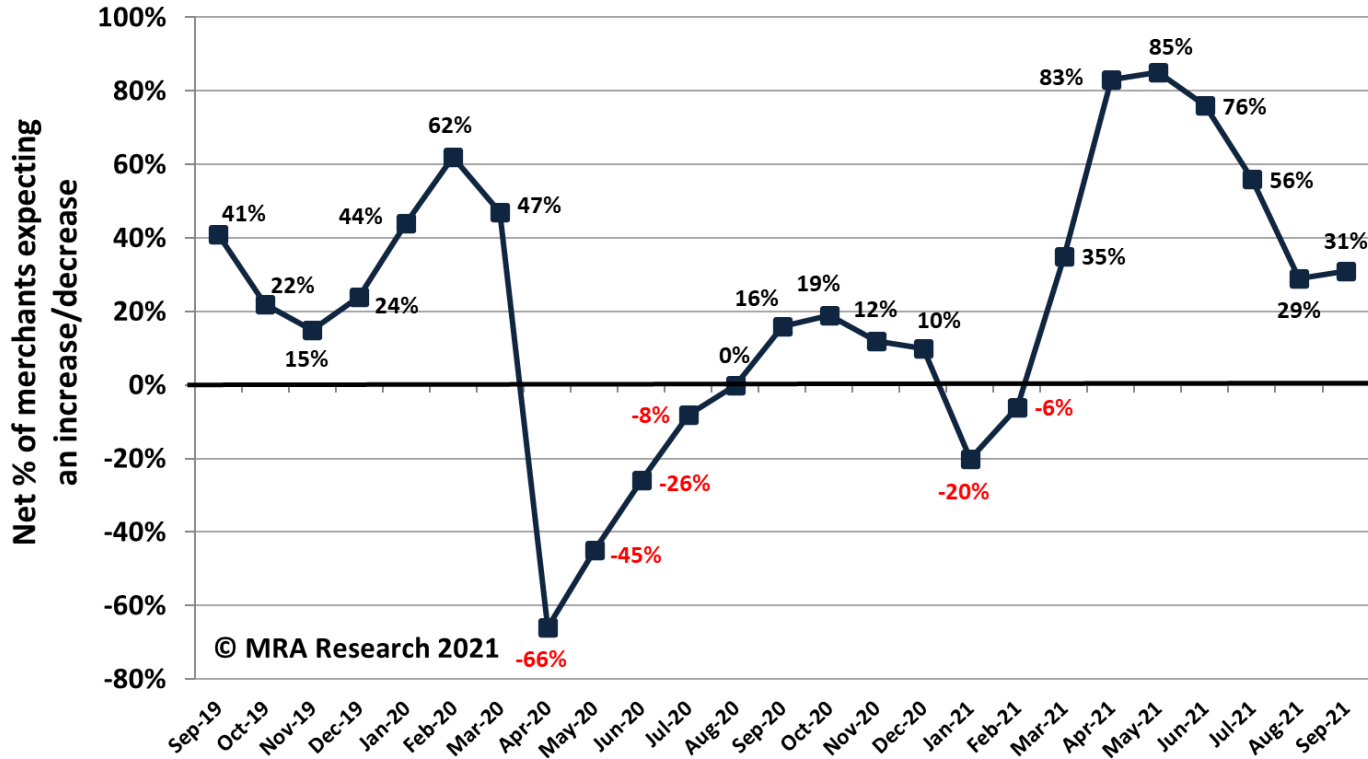
39% expected growth of up to 9%.

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Base: 33

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

Sales Expectations: Year-on-Year
September 2021 v September 2020



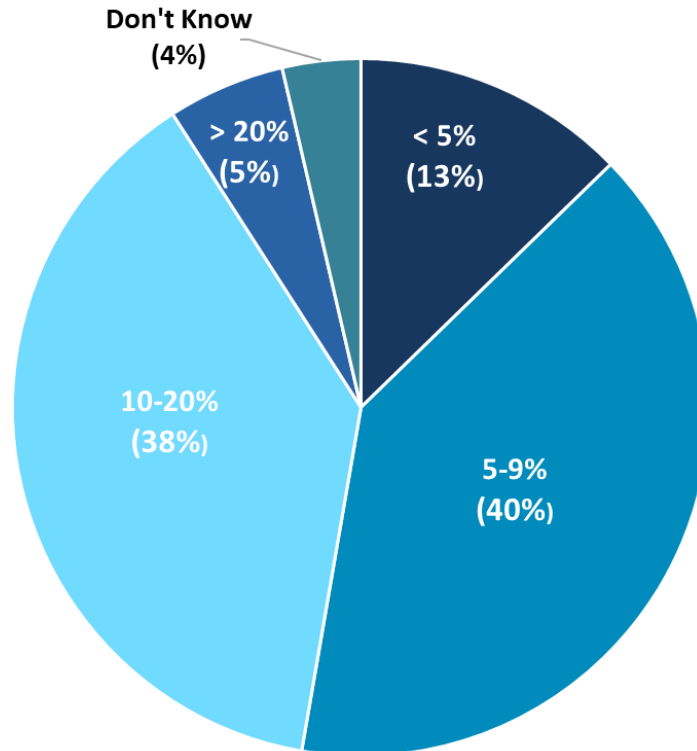
Merchants' year-on-year sales expectations improved slightly in September compared to August.

Mid-sized outlets (net +48%) and merchants in the South (+37%) were most positive.

National (+38%) and Regional (+44%) merchants expected strong growth. Independent outlets expected less (+4%).

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

Sales Expectations: % Increase September 2021 v September 2020



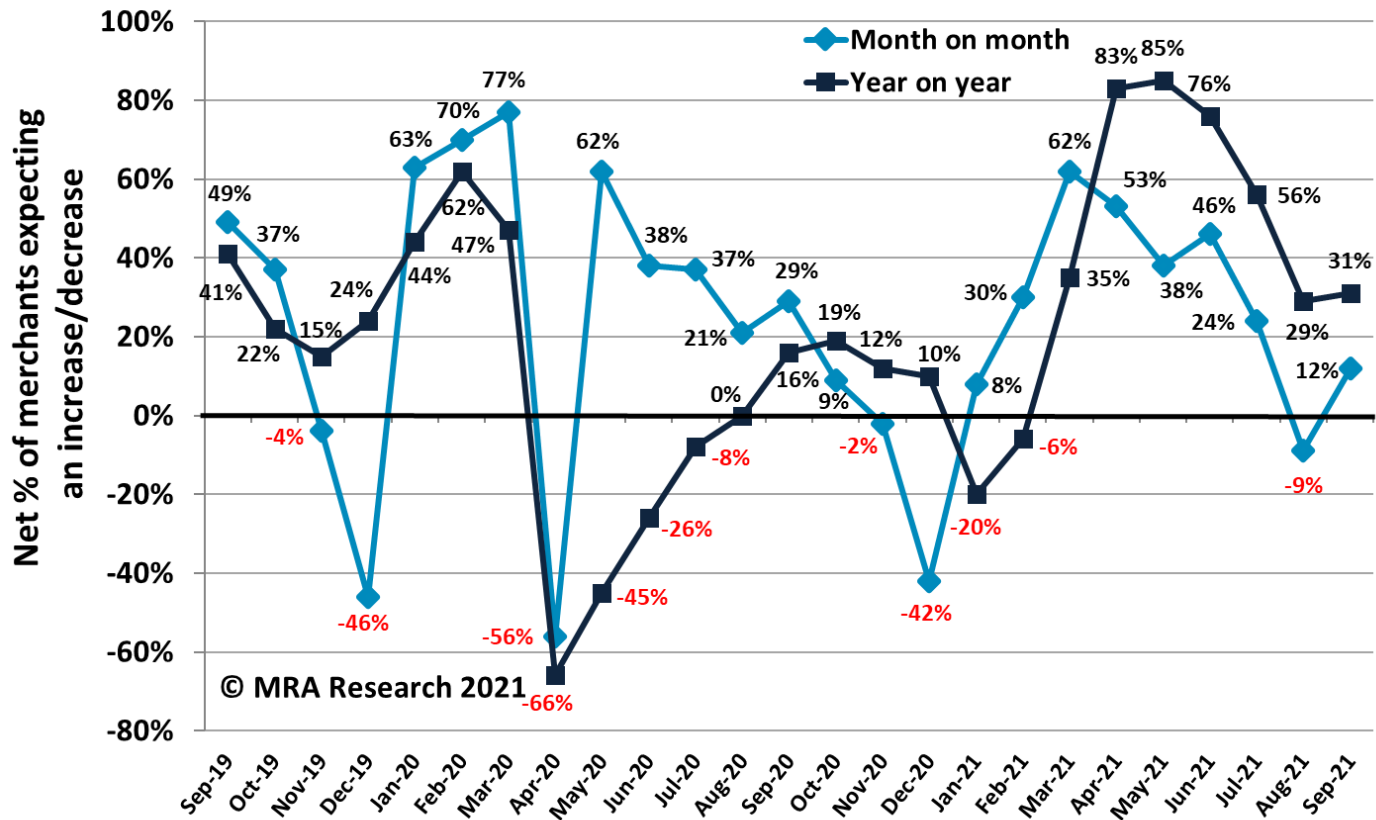
Of those expecting growth in September, more than half (53%) expected sales to be 9% higher than September last year.

43% expected sales to grow by 10% or more.

Sales Expectations

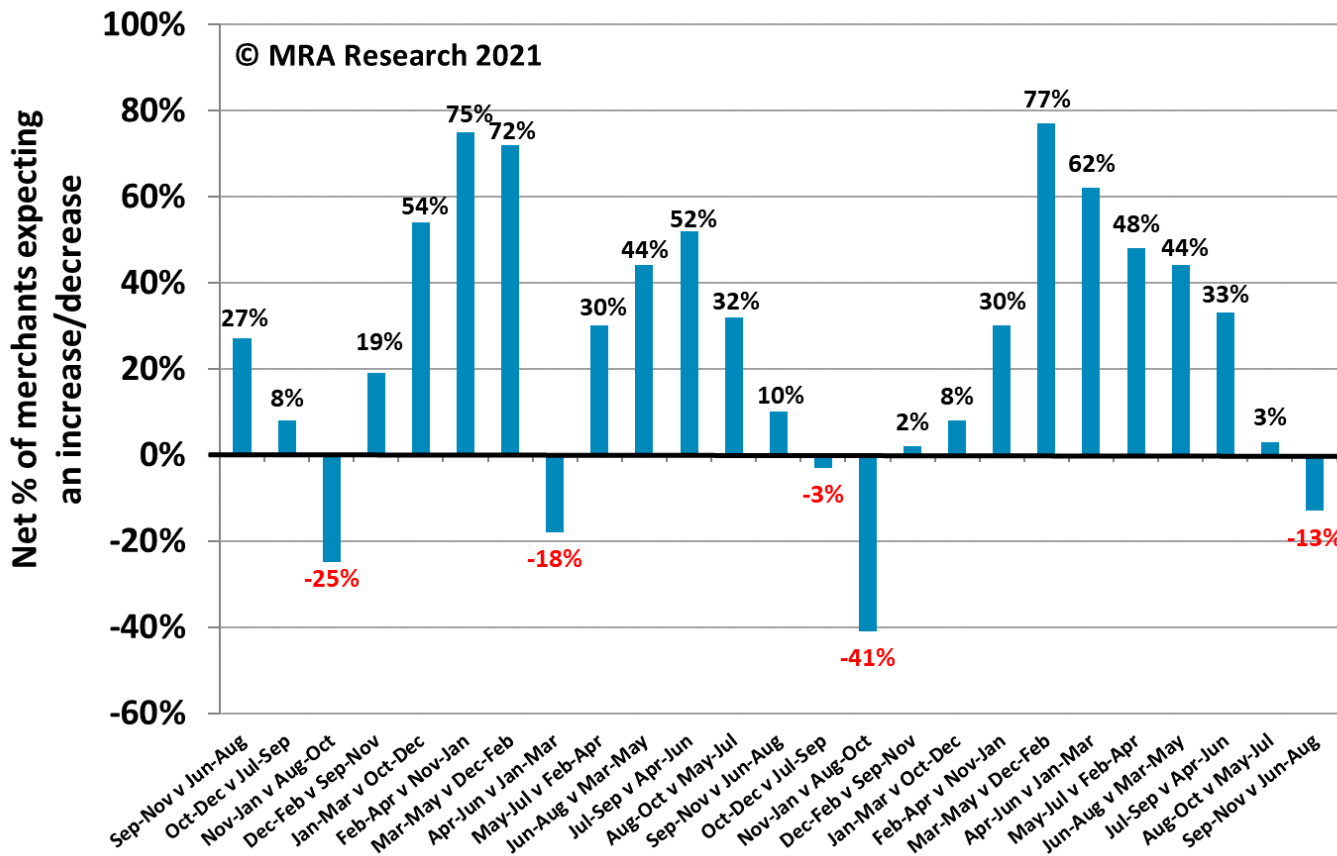
Month-on-month v Year-on-Year

Sales Expectations



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

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



Quarter-on-quarter sales expectations have weakened.

Merchants in Scotland (net +47%) had higher expectations than other regions, particularly the Midlands (-58%).

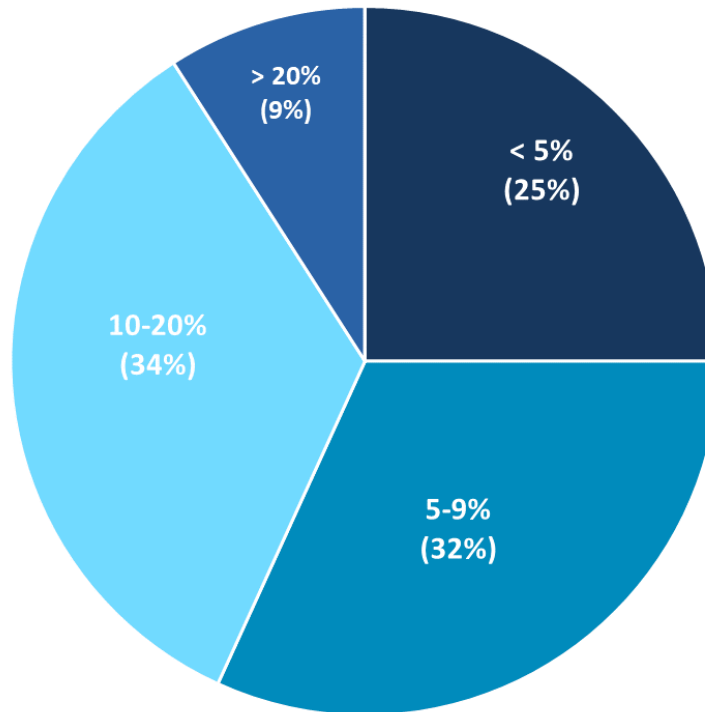
By branch size, large outlets had the lowest expectations (-33%).

Regional merchants (-28%) had lower expectations of growth than Nationals (+3%).

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

11

Sales Expectations: % Decrease Next 3 months (Sep-Nov) v Previous 3 months (Jun-Aug)



Of those merchants expecting lower sales quarter-on-quarter, 57% expect a decrease of up to 9%.

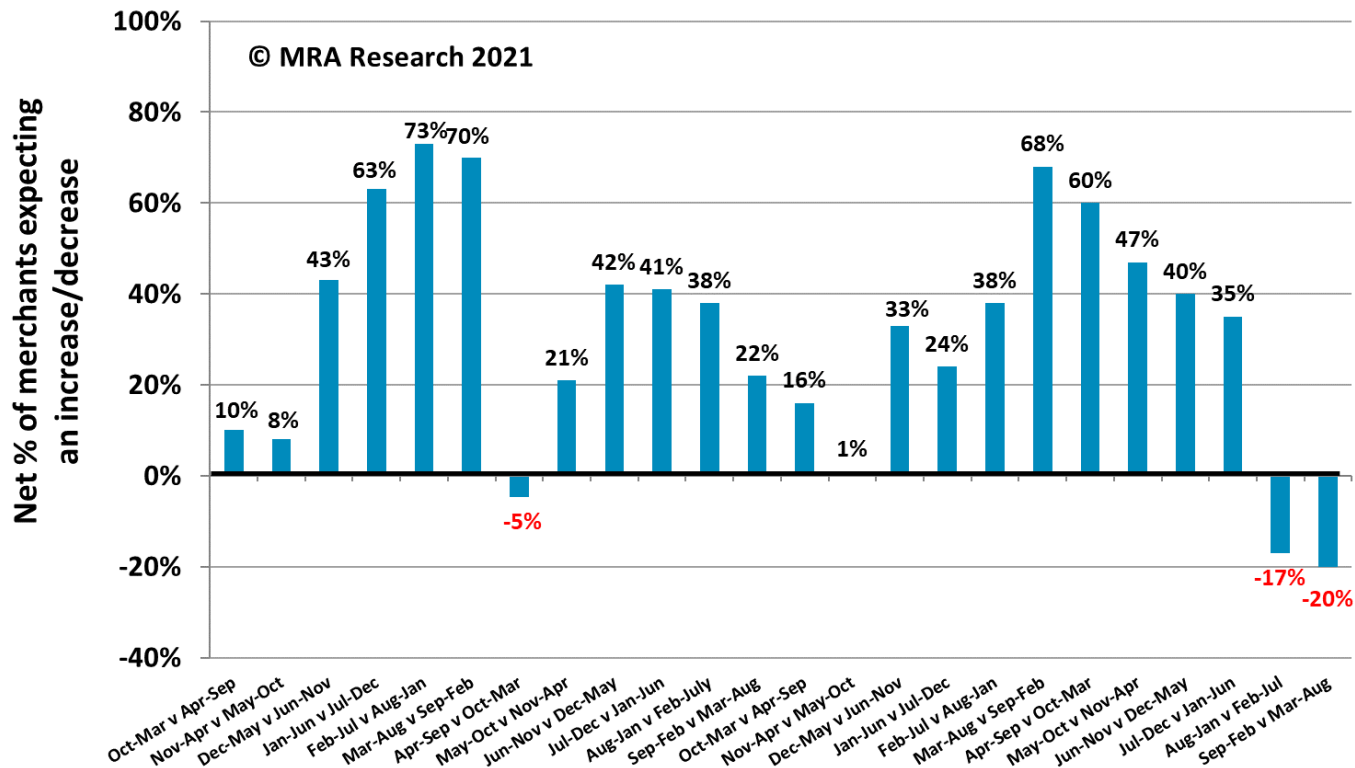
43% of them expect sales to fall by 10% or more.

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Base: 44

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 declined marginally since August.

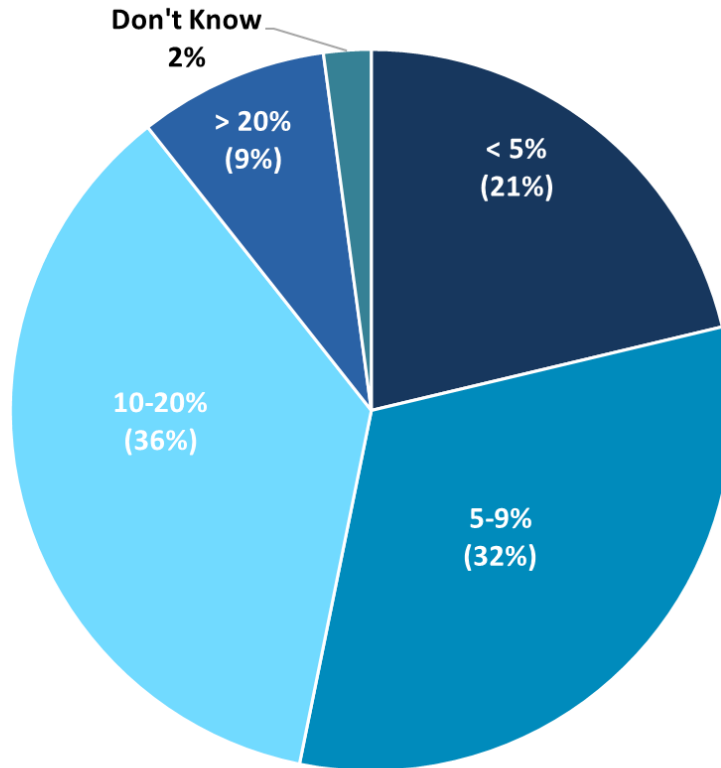
Merchants in the Midlands had the lowest expectations (net -67%) while those in Scotland had the highest (+7%).

Expectations are particularly weak among Independents (-37%) and Small outlets (-23%).

Sales Expectations: Next six months...2

13

Sales Expectations: % Decrease
Next 6 months (Sep-Feb) v Previous 6 months (Mar-Aug)



Of those merchants expecting sales to fall in the next six months compared to the last six, 53% expect a drop of up to 9%.

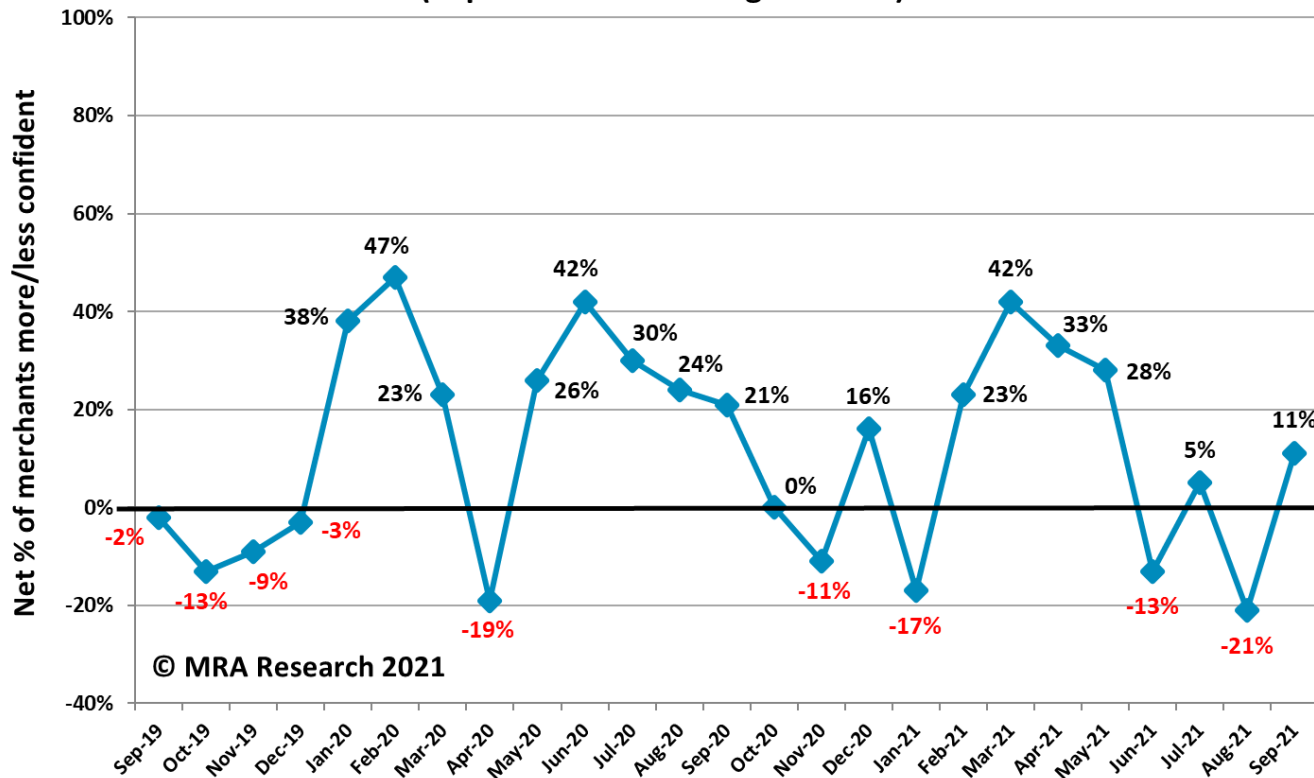
45% of merchants are expecting sales to decline by 10% or more.

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Base: 47

Confidence in the market: Month-on-month

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



Confidence in the market strengthened markedly in September compared to August.

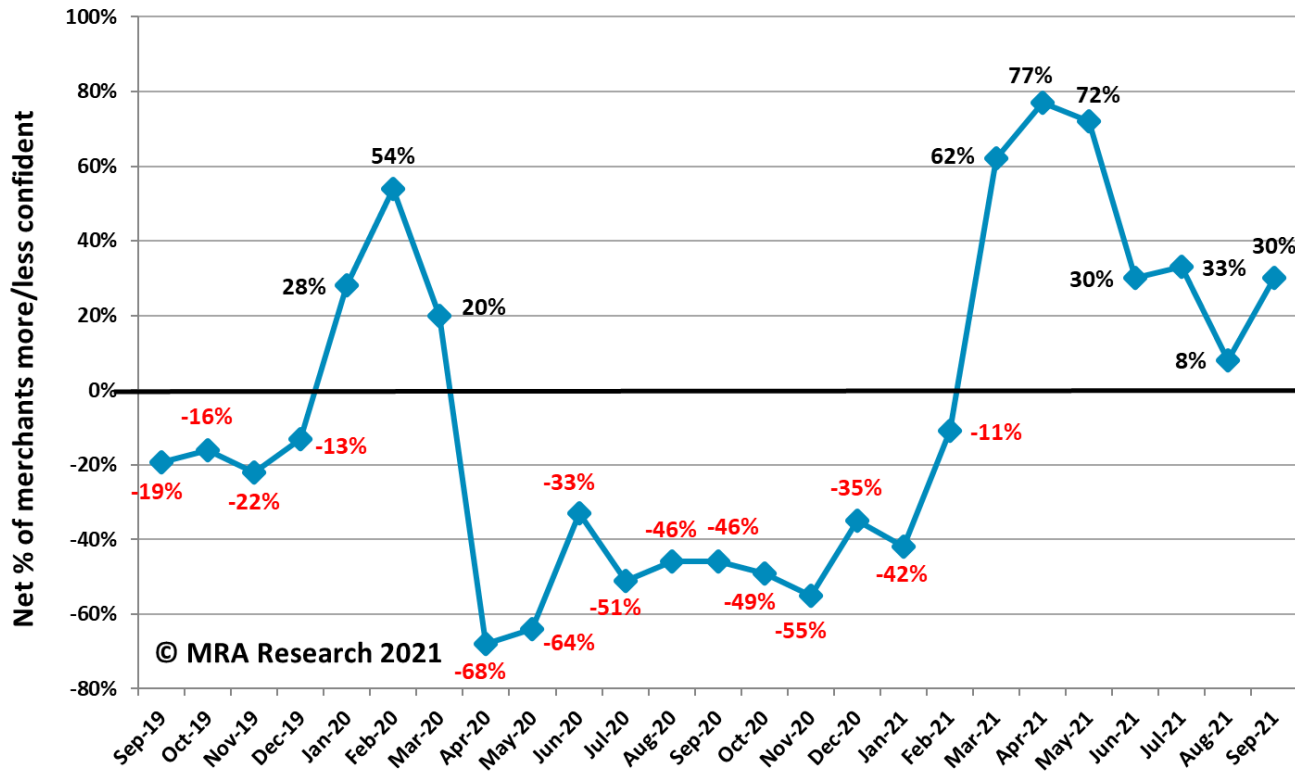
Merchant confidence varies by region. The Midlands is most confident (net +21%), the North least confident (-9%).

Nationals (+32%) and mid-sized outlets (+38%) were most confident.

Small outlets (-28%) and Independents (-4%) were less confident.

Confidence in the market: Year-on-year

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



Year-on-year, confidence in the market grew to a net +30% in September, compared to August's survey.

Large outlets (+44%) were more confident than small outlets (+13%).

The Midlands was the most confident region (+46%). The North was least so, but still very confident in the market (+17%).

Independent merchants (+37%) were more confident than Regionals (+19%).

Confidence in the market:

Why MORE confident about the market than this time last year?

16

Of the **53** merchants who were **MORE confident** about the market than this time last year, comments included:

Able to get hold of stock again.

Builders are desperate to build, the bubble will burst, but at the moment it's still growing.

Clients have plenty of jobs to do, which gives me so much confidence now compared to last year.

Demand is high and supplies are improving. Local suppliers are now good, it's just imports that are a problem, but it is improving.

Hopefully no more lockdowns. People are happy to have tradesman in their houses again.

Last year there was a lot of uncertainty, but people are still buying and continuing projects.

Last year we did not know what to expect. Now we do, which is reassuring.

Last year we didn't know what to expect. This year we are in a much better position. We have done well because prices have gone up, the volume of orders is pretty much the same but prices have increased and we are still finding there is a demand. Most people have been double jabbed and want to get back to normal, so there is an increased confidence.

Market just seems more buoyant this year.

Seeing everything start to level out, stock levels are getting better.

There are a lot more trucks coming in, things are getting better than they were a few months ago.

This time last year there were warnings of shortages. But since then where there is a will, there will be a way. We started sourcing goods from different companies and countries, so we have been able to get stock and sell it at good prices. This should continue.

This time last year we were just coming out of covid. Now we know what to expect and customers have long order books of up to 12 months, so I expect us to be busy for some time to come.

We know what we are doing now, last year we were all in the dark and didn't know what was ahead. Demand pushed prices up slowly at first and customers have paid it. Now prices have gone up so much demand is decreasing. So I think this will mean availability of supplies will increase and then prices will start to come back down again and normality will resume.

We seem to be more in control of the world now, with covid vaccines.

We've got a plan, know where our stocks coming from, that sort of thing.

Confidence in the market:

Why LESS confident about the market than this time last year?

17

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

Availability of products. It's getting harder and harder, because of covid, to get what you want when you want it. Collection is easier than delivery but still not always easy to get the materials. I can't really see an end to it, demand is high but availability is not good.

I am less confident now because of extended lead times, price increases and consumers have less disposable income having spent their money on holidays.

It is still very slow, last year there was no problem getting supplies or deliveries, now there are different problems each week. Things are slowly getting back to normal, people are back at work, working longer hours, they are vaccinated. I think people will use the winter to catch up and by next spring we will hopefully be back on track. It's slow progress but we are getting there.

It's been pretty good, the bubble's got to burst sometime. Timber prices going up, people not prepared or can't afford to pay the prices.

Just think pricing is killing the market, people will start putting jobs on hold.

Last year there was a glut of stock due to everyone being shut, now we're running on stock shortages.

Last year we were fully stocked, but now we are struggling to get stock in certain lines due to extended lead times of months.

Lead times now are 2-3 months and with prices going up 30-70%, I am less confident now than this time last year.

Still can't see an end in sight, still a lot of uncertainty, last year we thought we could ride it and thought it would be short lived.

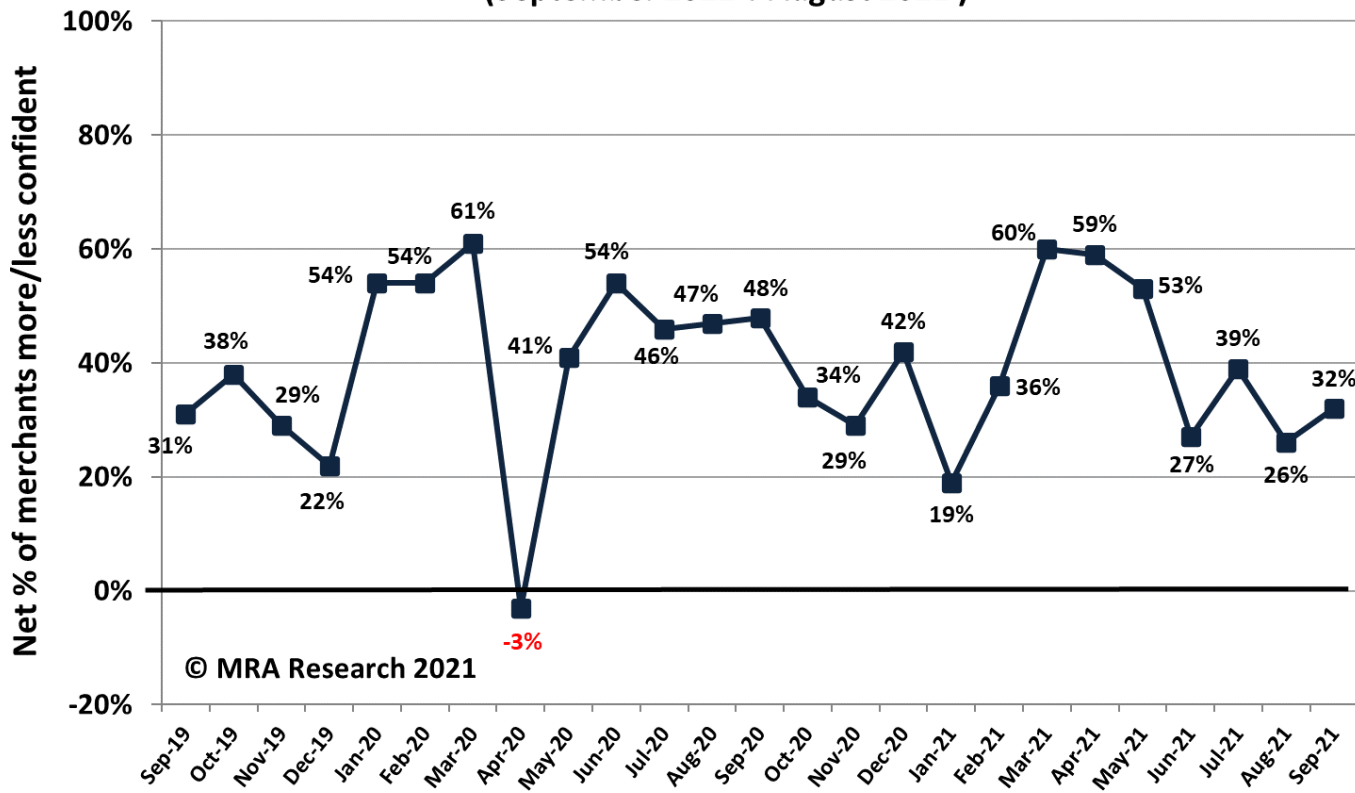
Stock issues, the building trade has boomed, by booming, we can't get materials. People want work done, extensions etc, but we can't keep up with demand, if we can't get the materials it has a knock on effect.

The delay times still haven't improved and doesn't look like they will be any time soon.

The demand for work is still high but materials are in short supply and I can't see an end to it, this is causing lots of issues. Material prices are going to go up a lot, so we can demand a higher price, but may get less customers as a result.

Confidence in their own business: Month-on-month

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



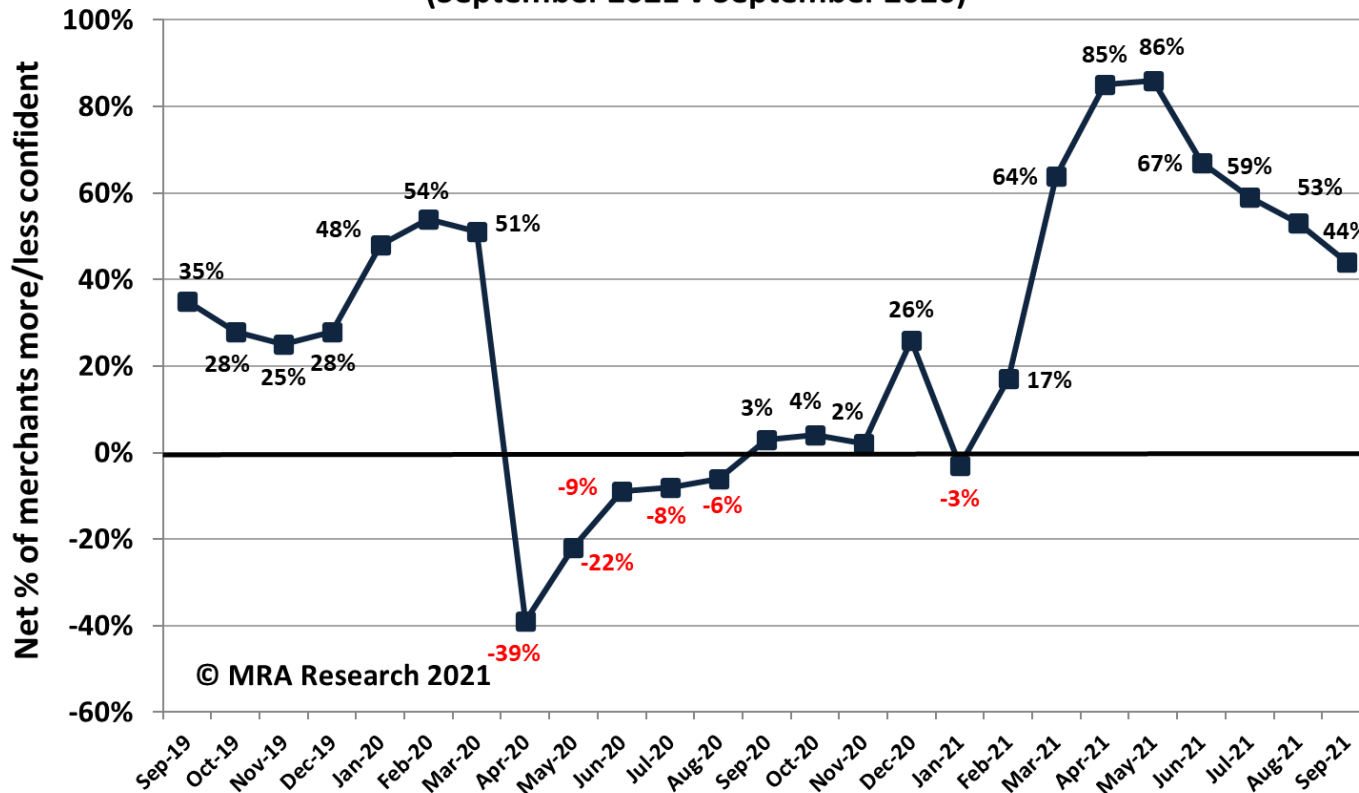
Merchants' confidence in the prospects for their own business increased in September compared to August.

Merchants in Scotland and the South (net +47%) were most confident regionally.

Mid-sized outlets (+48%) were more confident than Small branches (+15%).

Confidence in their own business: Year-on-year

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

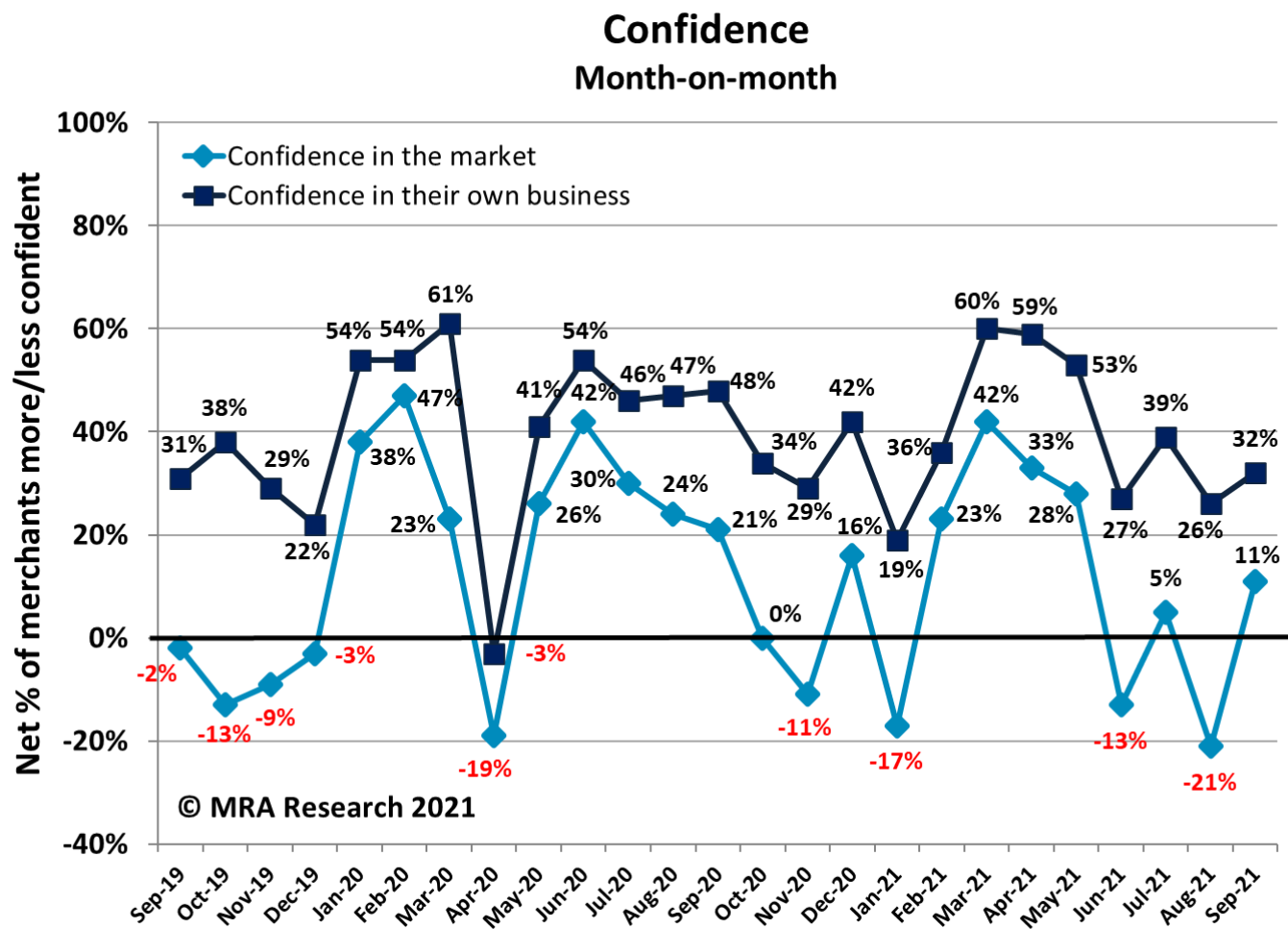


Merchants' confidence in their own business, compared to the same month last year, eased for the fourth consecutive month compared to very high levels in April and May but remained historically very strong.

Regional merchants (net +53%), Medium outlets (+67%) and those in the North (+48%) were most confident.

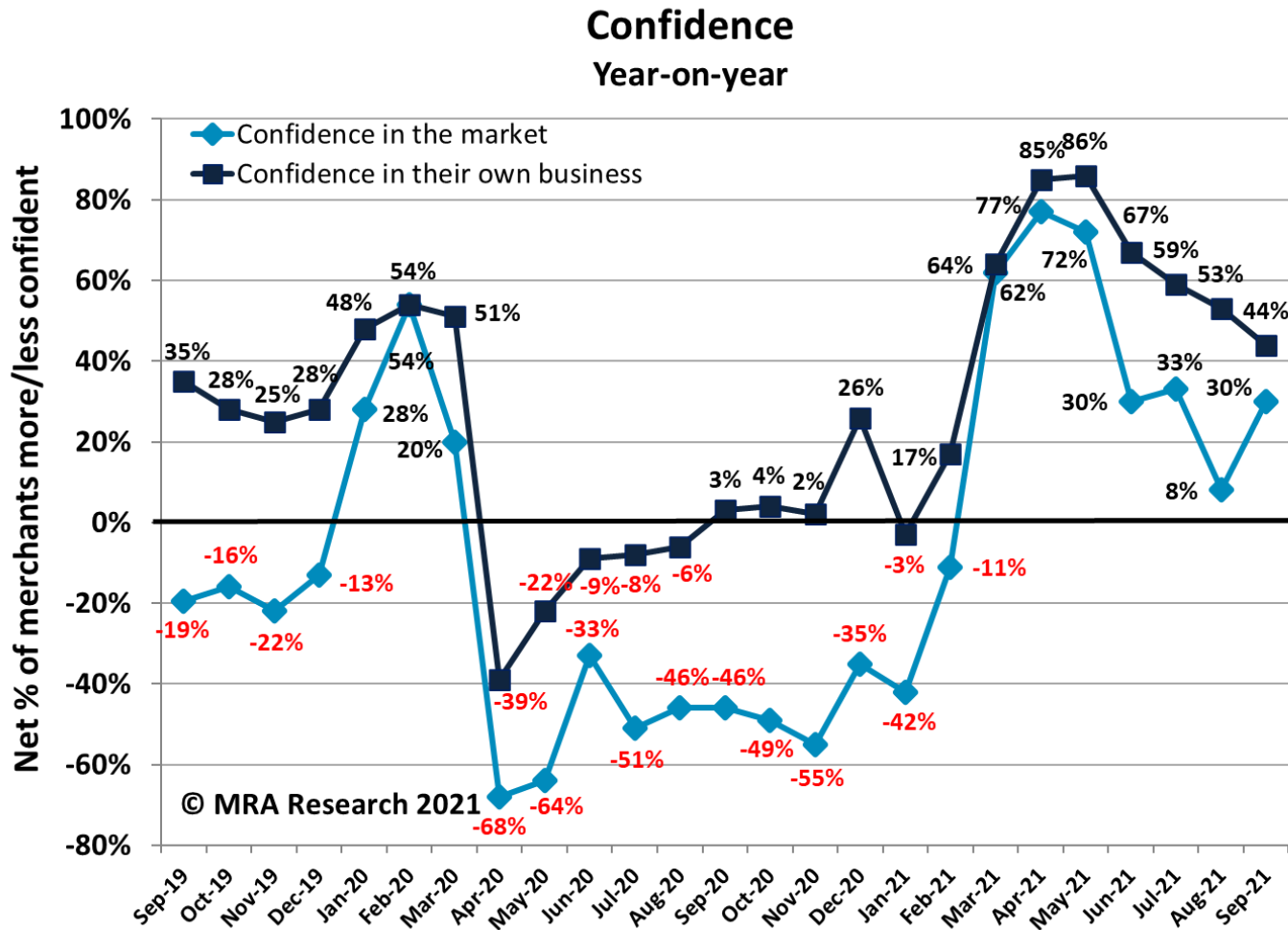
Confidence in the market v own business

Month-on-Month



Confidence in the market v own business

Year-on-Year



About The Pulse

22

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 29th in the series, with interviews conducted by MRA Research between 1st and 6th September 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

23

MRA Research

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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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