



December 2021

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

Overview

Merchants are positive and confident about 2022

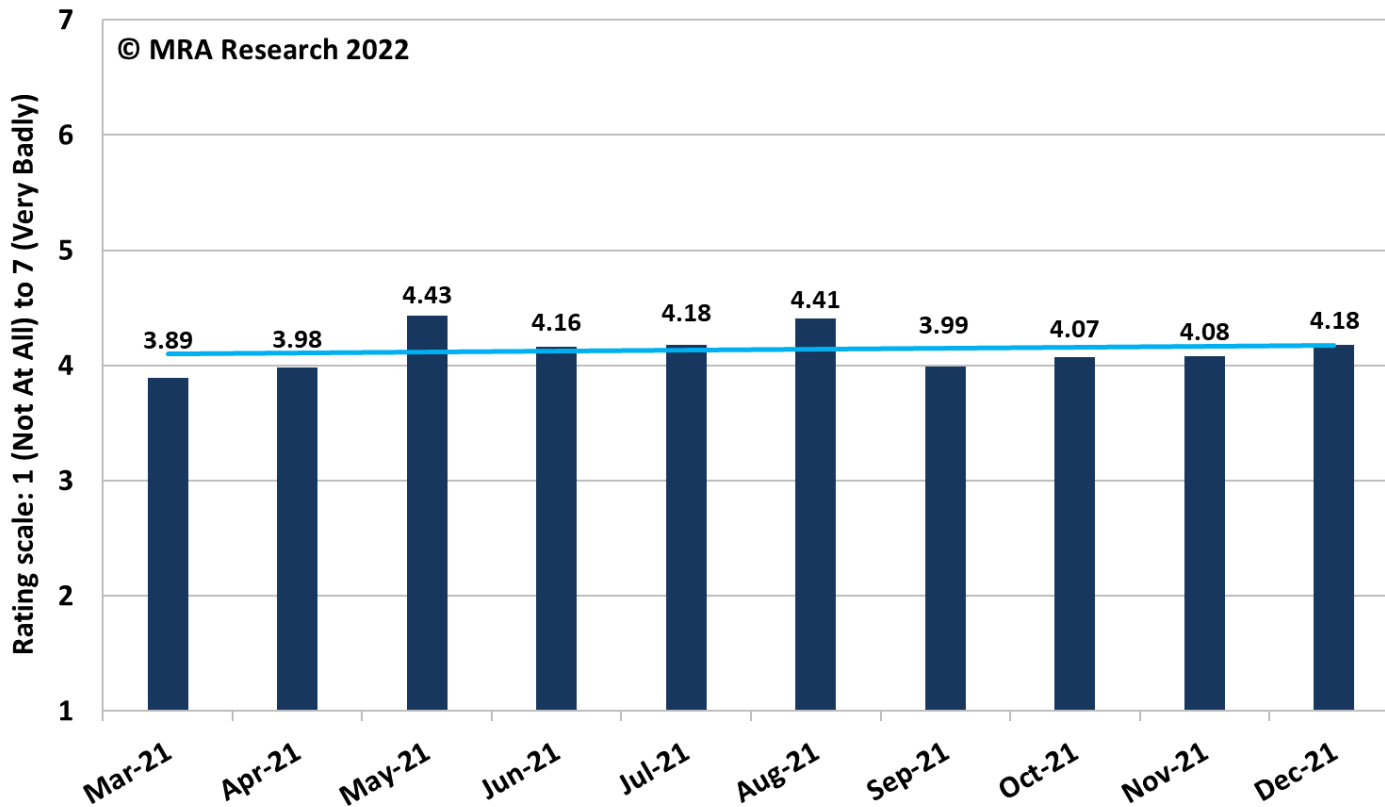
Lead times have lengthened, and the supply chain is stretched, but merchants are positive and their confidence in the market has strengthened.

Merchants' sales expectations for the next six months (Dec-21 to May-22) are robust, as they expect high demand to continue as the UK avoids another national lockdown.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 8th December 2021.

Supply Problems... 1

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



Supply problems worsened slightly in December.

Supply issues, extended lead times and price increases are impacting merchants.

Supply Problems... 2

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If respondents rated 5, 6 or 7 ie badly affected by supply problems, they were asked:
In what way have your business and customers been affected by supply problems?

General national problem of supply chain issues.

Delay of getting stock is on average 10 days except for bricks which is 6 months.

Lack of supplies meaning people waiting around.

We have been impacted by driver shortages, supply issues, lengthy lead times, price increases. This then has to be passed on to the customer.

We have had problems getting certain items like boilers. We have tried lots of manufacturers but nobody seems able to supply at the moment. Other items we have been able to get, just extended lead times.

We have been unable to get certain supplies, so we are unable to supply the customer, or extended lead times mean people may not wait and go elsewhere.

Supply issues and extended lead times have caused lots of problems. In particular it has caused large price increases and the need to source alternatives, we have had to try to plan and anticipate needs.

We were short of materials which caused production delays and had a knock-on effect for customers.

Putting off jobs and cancellations.

Due to lead times of 6/7 months on most products.

Supply Problems... 3

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Any products from abroad are subject to delays, particularly anything from Germany. Concrete products and concrete fencing have a delay of 3 months and timber is about 6 weeks.

Supply chain and product availability.

Lead times and price increases. A customer waits 6 months for their products and then finds it's gone up 30-40%.

Trying to get hold of stuff, not being kept informed how long it's going to take to come in, getting answers from suppliers was very difficult, had customers asking and couldn't give them an answer, starting to get a little better now.

The extended lead times has been a problem for our customers, so much so, that some of our customers have gone to our competitors and we have lost them as customers.

Shortage of materials.

Poor delivery dates, poor product support, anything coming in from abroad is an issue, in fact anything with plastics or polymer is an issue.

Stock that is imported from abroad, say timber from Scandinavia or slabs from India, take 4 months to arrive now instead of 2 weeks. At least we are getting stock but it's just delayed.

Bad supply issues and extended lead times and really heavy price increases have caused problems for us and the customer. We have had to be adaptable.

Quite extensively over the past 12 months, long lead times.

Can't get products on time, long lead times.

Supply Problems... 4

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Lots of shortages. Some products we can offer an alternative but not all. Prices have gone up and customers are not happy and some will look elsewhere.

More delays, customers delayed job's and then don't buy from us, because they can't do anything. Impacts us, if we can't get gear, there's a loss of earnings.

The shortage of boilers is the main problem because you can't get any as they need a chip for them to work, and there are no chips available.

I place an order and told delivery will be a month. Then nearer the time you are told that the delivery will be delayed and then you get another call to say it's pushed back even further.

Allocation is the problem with MDF and hard board.

Long lead times, makes it awkward when you have to wait a month for stock

Goods being on reduced allocation is a problem plus delays in getting the stock. Bricks has a waiting time of 6-12 months and roof tiles a delay of 4 months.

Lead times have gone from days to 3/4 weeks such as steel products and steel mesh. Velux windows are now on 8 weeks.

Extended lead times is the issue. 6 weeks is not uncommon but bricks is now 12 months and roof tiles is 18 months.

Extended lead times with concrete products, tiles and bricks the worst.

Most items are on a 6/7 week lead time with a few on 12 weeks.

Supply Problems... 5

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The extended lead times have caused problems being able to supply at the right time. Customers sometimes go elsewhere, there has been an improvement recently.

Both ourselves and customers have been affected by prices and supplies. Customers have been fairly patient. Some supplies have been impossible to get but there are alternatives products that we have been able to offer customers.

Extended lead times of up to 10 weeks have been the main issue, particularly power and hand tools.

Long lead time, supply issues.

Price and availability.

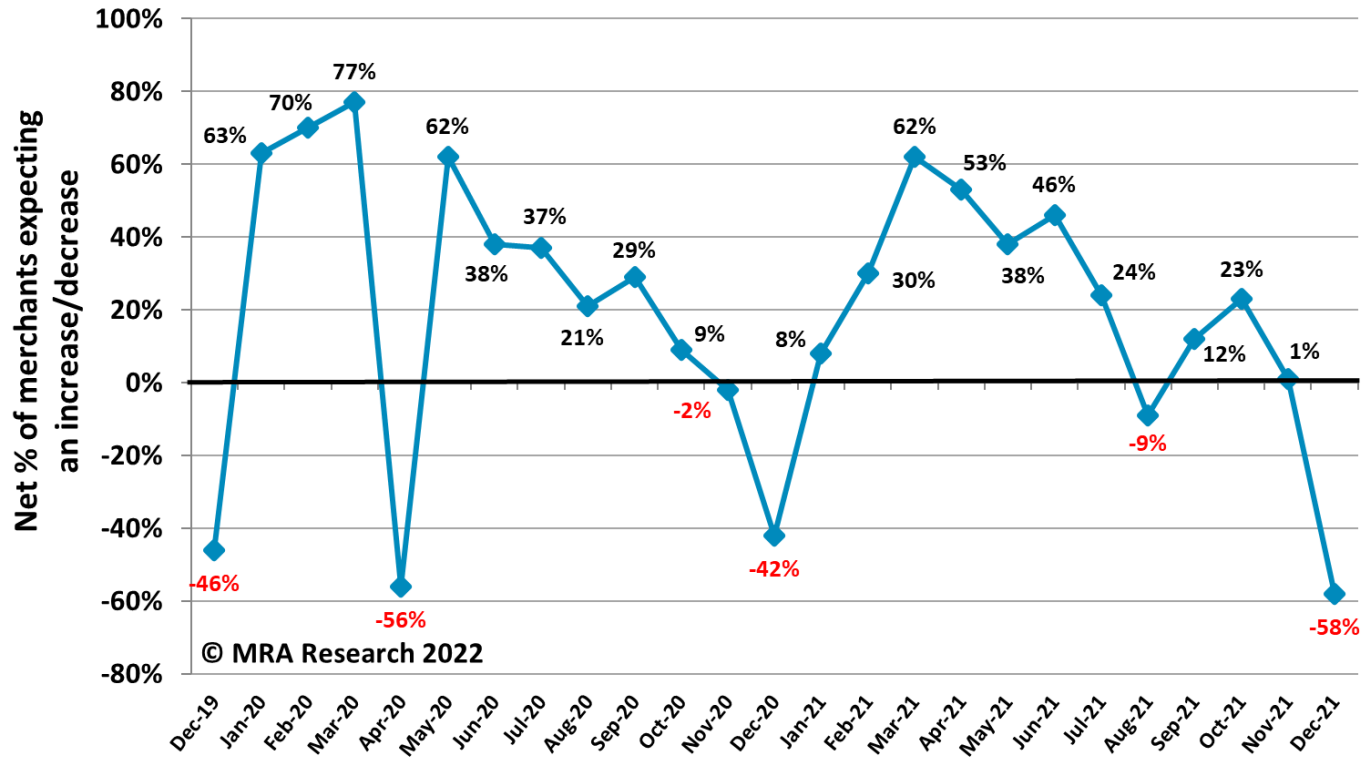
Everything from cost to supply, just everything across the board.

Mainly by extended lead times and price increases, which effects both us and the customer.

Poor availability, increase in price, extended lead times.

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

Sales Expectations: Month-on-Month December 2021 v November 2021



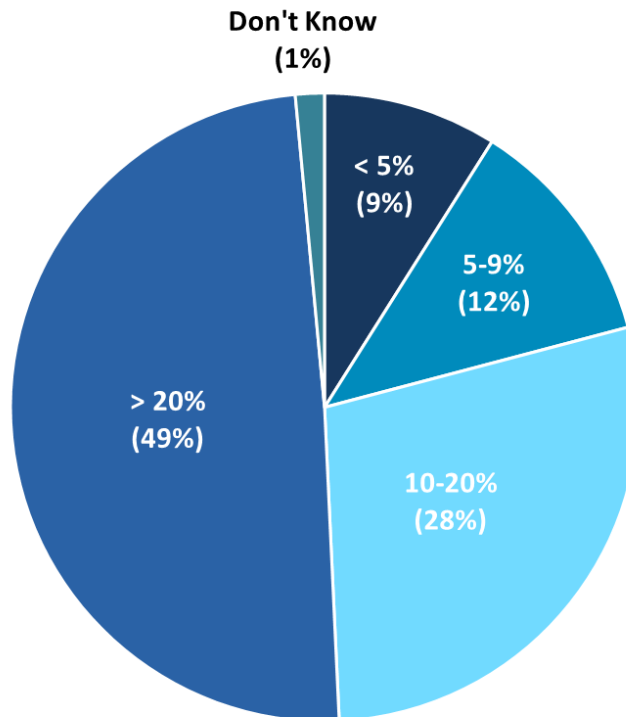
Sales expectations dropped significantly in December compared to November, reflecting seasonal factors and a shorter trading month.

Expectations were particularly weak among large branches (net -72%), the Midlands (-75%) and North (-82%) and Independent outlets (-77%).

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. For this chart, 9% of merchants interviewed expect growth against 67% who expect a decline. The net figure is -58% expecting a decline.

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

Sales Expectations: % Decrease December 2021 v November 2021

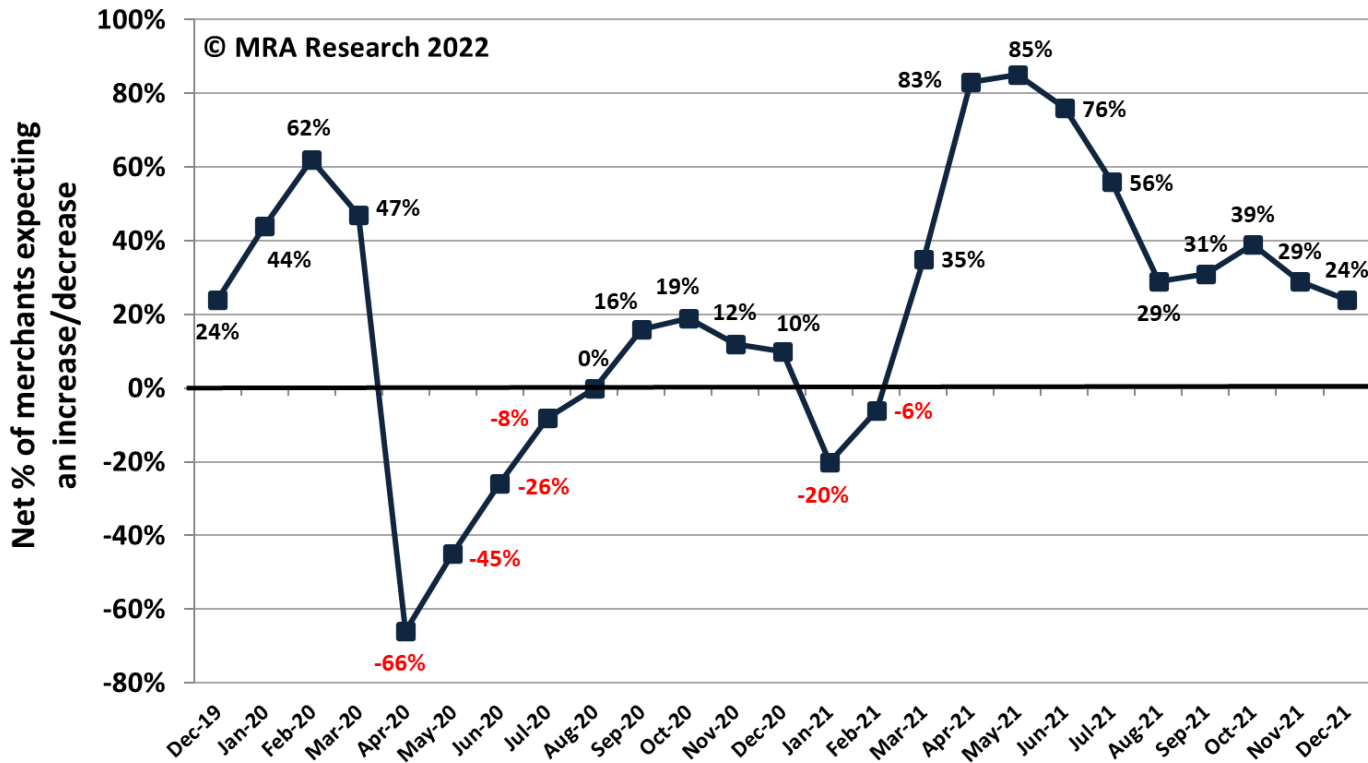


Among merchants expecting sales to drop in December, 21% expect sales to slip by up to 9% compared with November, and 28% expect sales to drop by 10-20%.

Just under half expect sales to fall by more than 20%.

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

**Sales Expectations: Year-on-Year
December 2021 v December 2020**



Compared with December 2020, sales expectations dropped slightly in December but remain very positive.

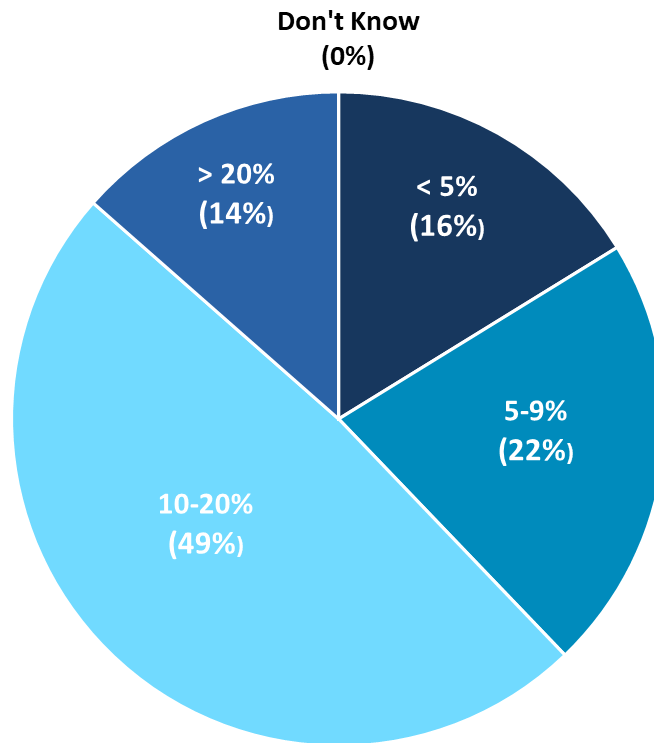
More Small and Large branches (net +32%) expect sales to improve than Mid-sized outlets (+13%).

Merchants in the Midlands (+42%) are most bullish compared to other regions.

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. For this chart, 37% of merchants interviewed expect growth against 13% who expect a decline. The net figure is +24% expecting growth.

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

Sales Expectations: % Increase December 2021 v December 2020



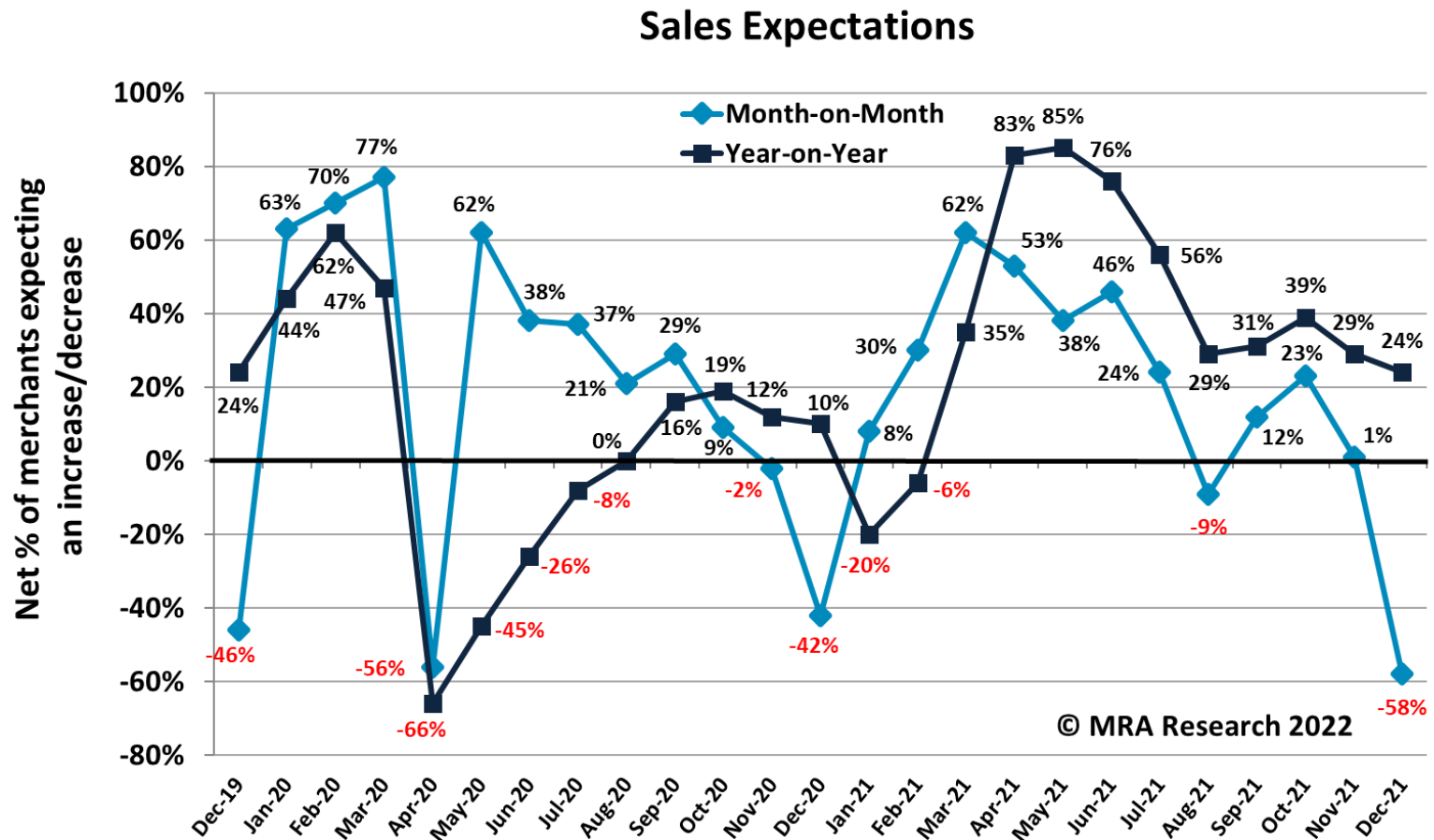
Among those expecting growth in December compared to the same month in 2020, 38% expect growth of up to 9%.

A further 49% expect sales to improve 10-20%.

14% expect growth of over 20%.

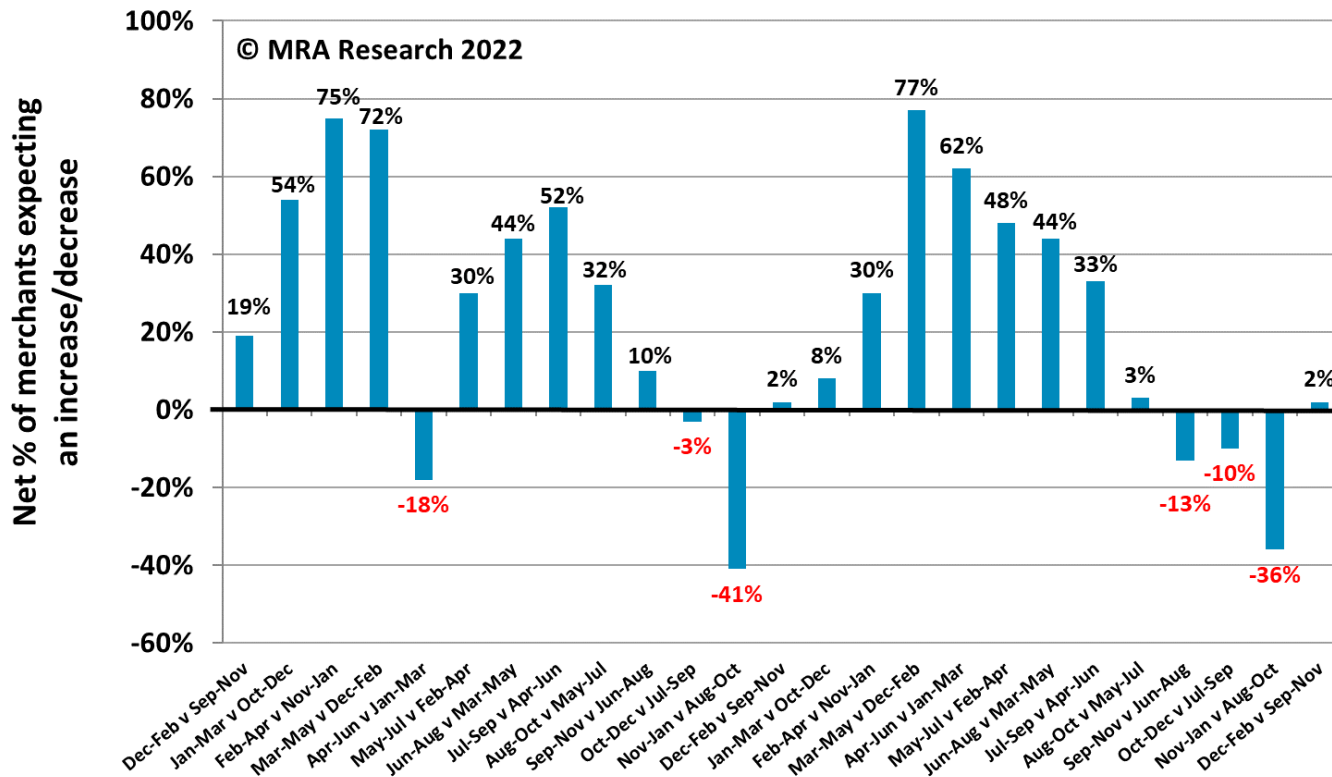
Sales Expectations

Month-on-Month v Year-on-Year



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

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



On balance, a net +2% of merchants expect sales to improve in Dec-Feb compared to the previous three months.

Merchants in the Midlands (net -17%) and Scotland (-13%) expect sales to drop.

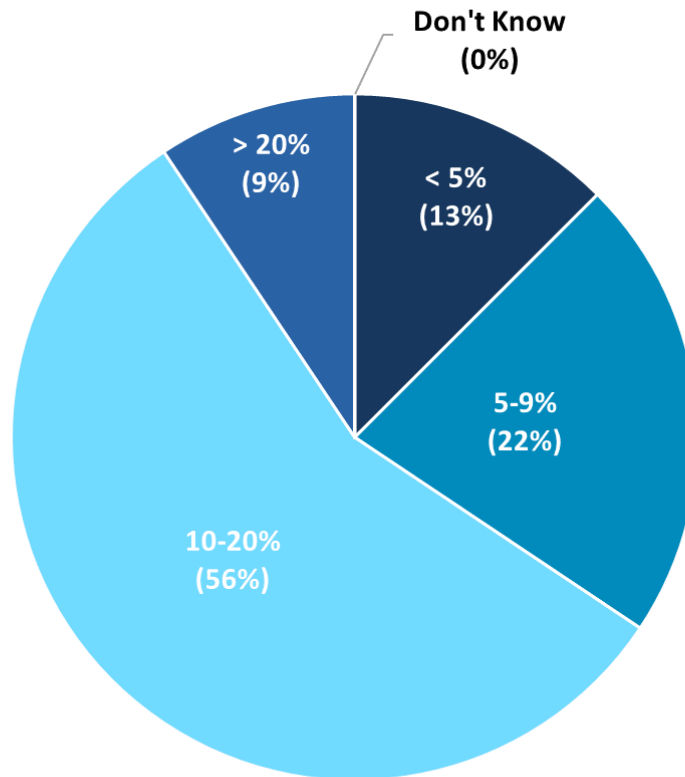
Regional (-12%) and Independent branches (-18%) anticipate a decrease in sales, but National merchants (+30%) expect sales to increase over the three months to February.

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. For this chart, 32% of merchants interviewed expect growth against 30% who expect a decline. The net figure is +2% expecting growth.

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

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Sales Expectations: % Increase
Next 3 months (Dec-Feb) v Previous 3 months (Sep-Nov)



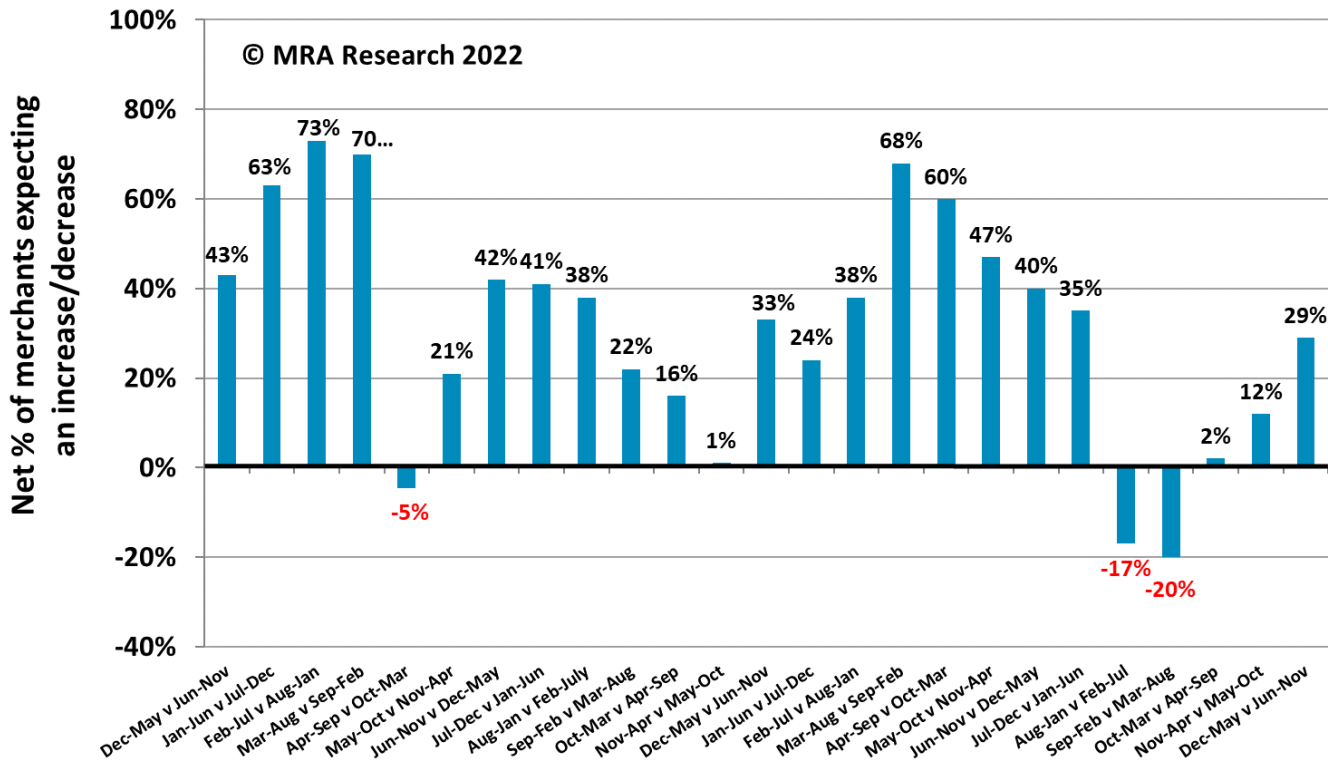
Among merchants expecting sales growth over the next quarter, nearly two thirds expect sales to increase by 10% or more.

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Base: 32

Sales Expectations: Next six months...1

Sales Expectations
Next 6 months v Previous 6 months (from December 2019)



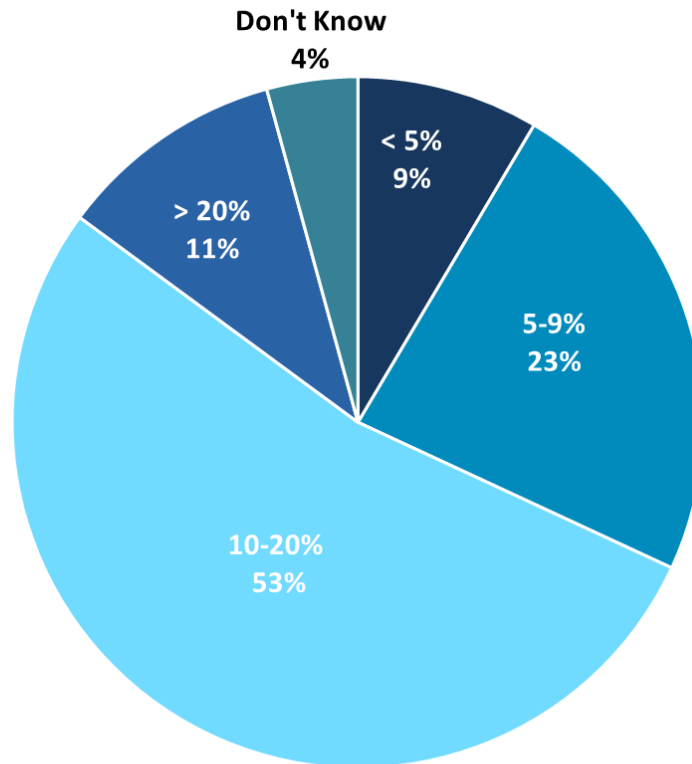
A net +29% of merchants expect their sales to grow over the next six months compared with the last six months.

Large outlets (+50%) and National merchants (+41%) are most bullish.

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. For this chart, 47% of merchants interviewed expect growth against 18% who expect a decline. The net figure is +29% expecting growth.

Sales Expectations: Next six months...2

Sales Expectations: % Increase
Next 6 months (Dec-May) v Previous 6 months (Jun-Nov)



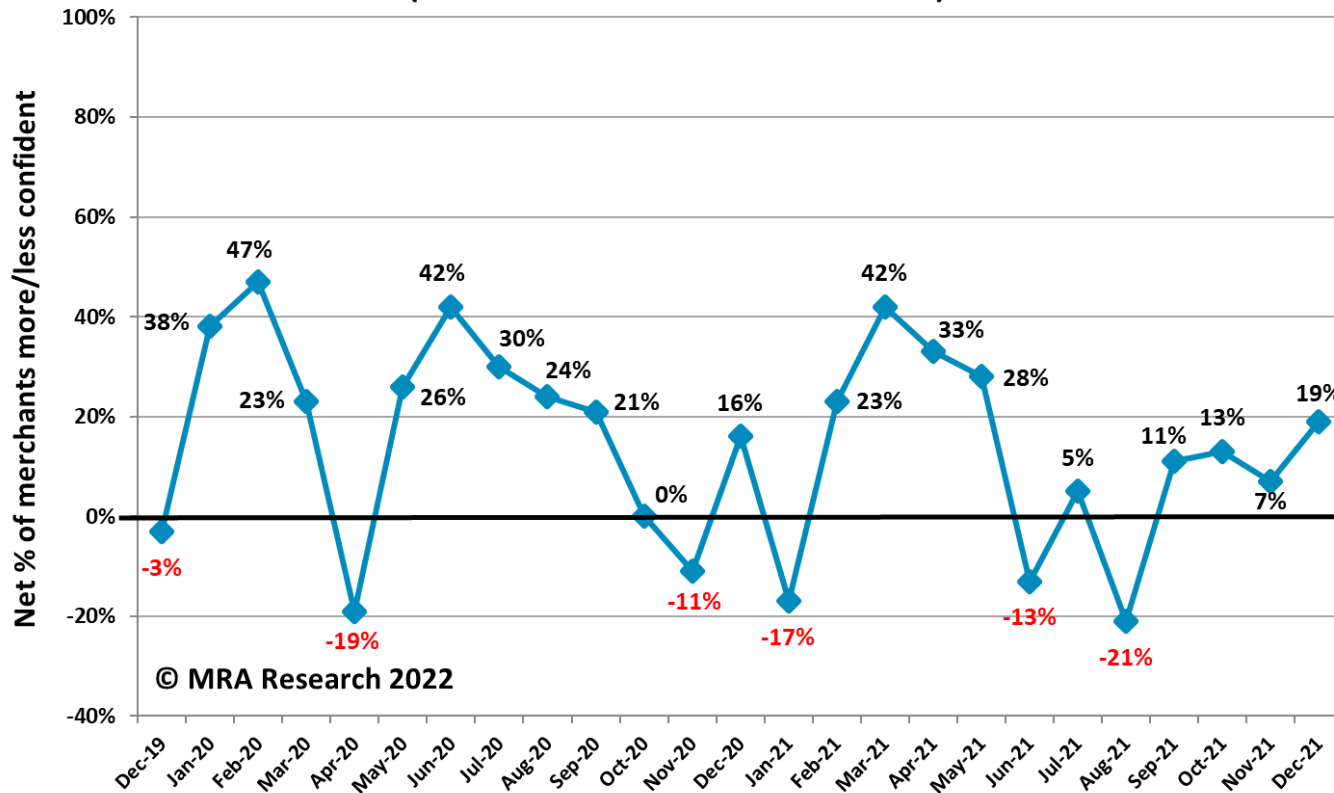
Just under a third of merchants expecting sales to increase in the next six months compared to the last six, expect growth of up to 9%.

Over half of the merchants expecting growth, expect sales to increase by 10-20%.

A further 11% expect to grow by more than 20%.

Confidence in the market: Month-on-Month

Confidence in the market: Month-on-Month (December 2021 v November 2021)



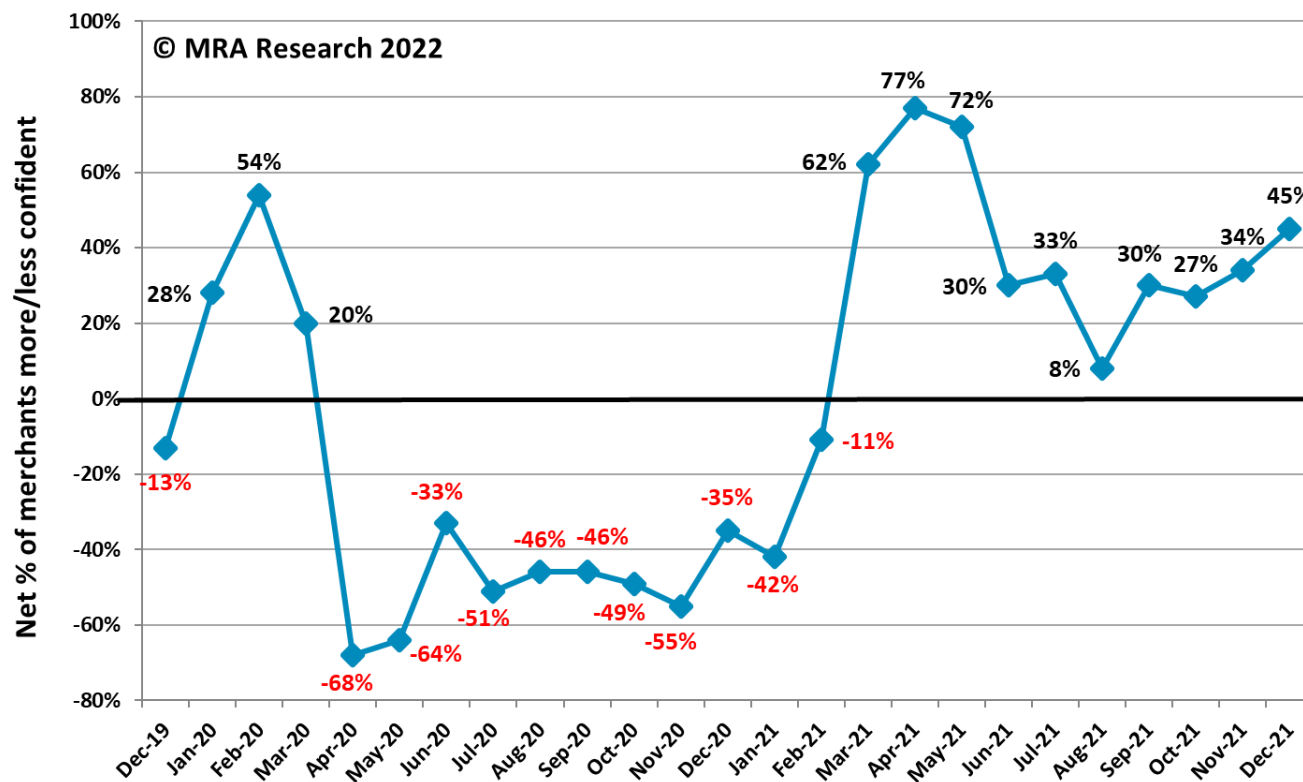
Compared with November’s survey, confidence in the market improved in December.

Confidence is strongest among Small outlets and merchants in Scotland (net +31%), and Regional branches (+34%).

Net figure: The difference between the percentage of merchants more confident about market prospects and those less confident is the net figure, expressed as a percentage. A positive net percentage indicates more confidence, a negative indicates less confidence. Net zero implies neutral. For this chart, 33% of merchants interviewed are more confident against 14% who are less confident. The net figure is +19% more confident.

Confidence in the market: Year-on-Year

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



Year-on-year, confidence in the market continued to improve in December.

Confidence levels are similar across merchants of all sizes and type, and across all regions.

Merchants in Scotland are most confident (net +63%).

Net figure: The difference between the percentage of merchants more confident about market prospects and those less confident is the net figure, expressed as a percentage. A positive net percentage indicates more confidence, a negative indicates less confidence. Net zero implies neutral. For this chart, 64% of merchants interviewed are more confident against 19% who are less confident. The net figure is +45% more confident.

Confidence in the market:

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

19

Of the **64** merchants who were **MORE confident** about the market than this time last year, comments included:

This time last year we had lockdown. Now it looks like a repeat of a lockdown is not going to happen. So far more confident.

The worst is behind us. We are getting stock, albeit delayed, and we are getting sales. So all good.

We have a good order book going forward, plus expected to win some good orders. So much more confident.

At the start of 2021 we anticipated sales to drop off a cliff. How wrong we were as they have beaten our expectations. So far more confident now.

Last year everything was more uncertain, lockdowns etc.

This time last year we didn't know what was happening with Covid and supply issues were much worse.

The market seems to be growing at a steady rate.

Everyone is now aware of wait times and stock delays so we can now plan for it.

We aren't in a lockdown.

Lockdown last year.

We now have things in place to deal with the delays.

This time last year we were in a lockdown so the situation has improved massively.

Wait times are less.

Several reasons: lockdown, covid, sales picking up, less delays this year, has been a hard one but is slowly picking back up.

More people are out and about, they have money to spend and are keen to spend it on home improvements.

There just seems more hope around now than last year. The industry has come through a tough year but it seems to have fared well.

Suppliers are more able to supply now. Last December we were really struggling to get supplies, then slowly from January things started to pick up. Customers seem to understand the increases in price and then pass it on to their customers.

There is more stock available, customers remain loyal and are understanding regarding lead times and prices.

We seem to be passing the supply shortage crisis. People seem more confident now, less uncertainty. It remains to be seen though as holidays open up more, where people will decide to spend their money. The job market is good so that will also increase confidence.

Supply issues beginning to ease now, and prices increases beginning to stabilise. So I am more confident now and going forward.

Because we are coming out of the pandemic.

We're not in lockdown anymore and the figures are getting back to normal.

Just a gut feeling. Things seem to be much better than last year as there are no supply issues with timber now, which is one of our main products.

Confidence in the market:

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

20

Seen growth this year.

Just seems very buoyant.

More confident than last year, but my confidence is still very low. Think people are more cagey, have more worries about spending money, materials are more expensive.

Because we're not all locked down like last year.

Supplies are now becoming easier to obtain and the prices are now starting to come down, this has happened in the last few weeks we have noticed.

Last year we had huge Covid restrictions in our yard with deliveries, and how to unload and storage. All these restrictions have been lifted, so this has made a huge difference, so far more confident.

Getting more stock in, which gives us better supplies, getting more jobs.

I am more confident as supply availability has improved greatly recently, which is good. Prices are high but people are paying it. However, prices are due to go up again in January, so who knows what effect this may have. Check in with me again then and I may feel less confident.

Covid has calmed down, more supplies are beginning to come through and things seem to be levelling off.

Just because we get a bit more information now, last year when there was a delay, we didn't know why, but now we get more information regarding delays.

Suppose with the pandemic, customers know where we are with it now.

This time last year we struggled to get stock. Now we can get stock so if one supply is out of stock, we go to a different supplier and a different brand. The only problem is that it is time consuming finding different suppliers.

We've just not been hit that hard, everyone's building houses.

Last year we were didn't have any knowledge about anything, businesses are adapting now. In construction, we are not limiting ourselves to just house building, we are now looking at eco systems, rail etc, so a lot more going on than just house building.

Last year everything was up in the air. I did not know what to expect. Now we do.

The supply chain is getting better.

No one knew what was going to happen last year. Now we do. Also products are coming off allocation now, so much more confident.

Things are on the up and we are employing more staff to cope.

I've seen more people with bigger jobs and better supplies than last year.

More places open and more supplies open.

This time last year I had no idea what was going to happen. Now I have a much clearer picture.

Got better buying power now.

Because of the enquiries we've got coming in, quoting for lots of jobs, the mood in the building industry is positive.

Confidence in the market:

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

21

Much better getting supplies this year, not been a problem.

Things are going along as normal now, so this makes me more confident.

Think just because we're coming out of Covid this year.

It seems easier to get supplies now compared to before. We didn't know when they were coming in. It seems more upbeat now.

Because we are more familiar with the situation now.

Last year we had lockdown, so far more confident as I don't think Boris will dare to put us in lockdown again.

Most builders are building residential homes now.

Just basically lead times, it's getting easier to get hold of stuff.

Getting back to our feet from Covid.

The post pandemic boom was a question mark, but it's starting to level out and once the supply chain catches up, money is still being spent.

This time last year I thought we would be in real trouble with falling sales. But how wrong I was, as sales have gone mental and continue to be.

More supplies are coming through now and prices are starting to level.

I am more confident because although there are supply issues now, they are not as bad as they were, so it's all getting better.

Last year it was so uncertain. Now I know what to expect and just have to live with extended lead times and price increases.

Timber was a real problems this time last year. Now we able to get stock and prices are coming down by 30% from it's peak. So it's all going in the right direction.

People are becoming used to the new norm of extended lead times and are becoming more patient and understanding of supply issues and price increases.

Lead times are improving, so I am feeling far more confident.

It was very unknown this time last year. Now we know what to expect.

Confidence in the market:

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

22

Of the **19** merchants who were **LESS confident** about the market than this time last year, comments included:

Supply issues, inflation problems, and cost going up. All not good.

Supply problems.

We were very busy this time last year but things have got quieter now, so I am worried.

Orders coming through, some customers are starting to struggle with accounts.

Prices have just rocketed. Concrete blocks risen by 20%, lightweight blocks up 18%, other products up 12-14%. Sealants gone up ridiculously. I am worried that the end user will not be able to afford them. So outlook not good.

Just know there's a lot of work that isn't coming, think everyone's burnt through their spare money.

I just don't think anyone really knows what's going on.

Think there is too much money floating about and the holiday market will open up soon, so everyone will be spending there.

Supply issues with lead times of 6/7 months on most products together with price increases. So it's difficult to gauge what is going to happen which is all rather worrying.

We have a lot of 'walk in' customers who walk in and find we don't have the stock. So we are losing immediate sales and this will continue. We are able to get stock from other branches but this takes time to get.

Price rises and supply issues, I think people are not spending as much.

Can't get the truth out of people, especially the government, saying we need drivers in from abroad, but we need home grown talent, the world is short on qualified people, need to give people a chance.

Because the people running the country haven't got a clue.

It's just the ongoing Covid situation, financial uncertainly across the whole global market.

I would say that the future is uncertain with the general build up of debts, high prices and the new Covid variant.

Prices have gone up 10-15% across the board and this will have an adverse affect in the future.

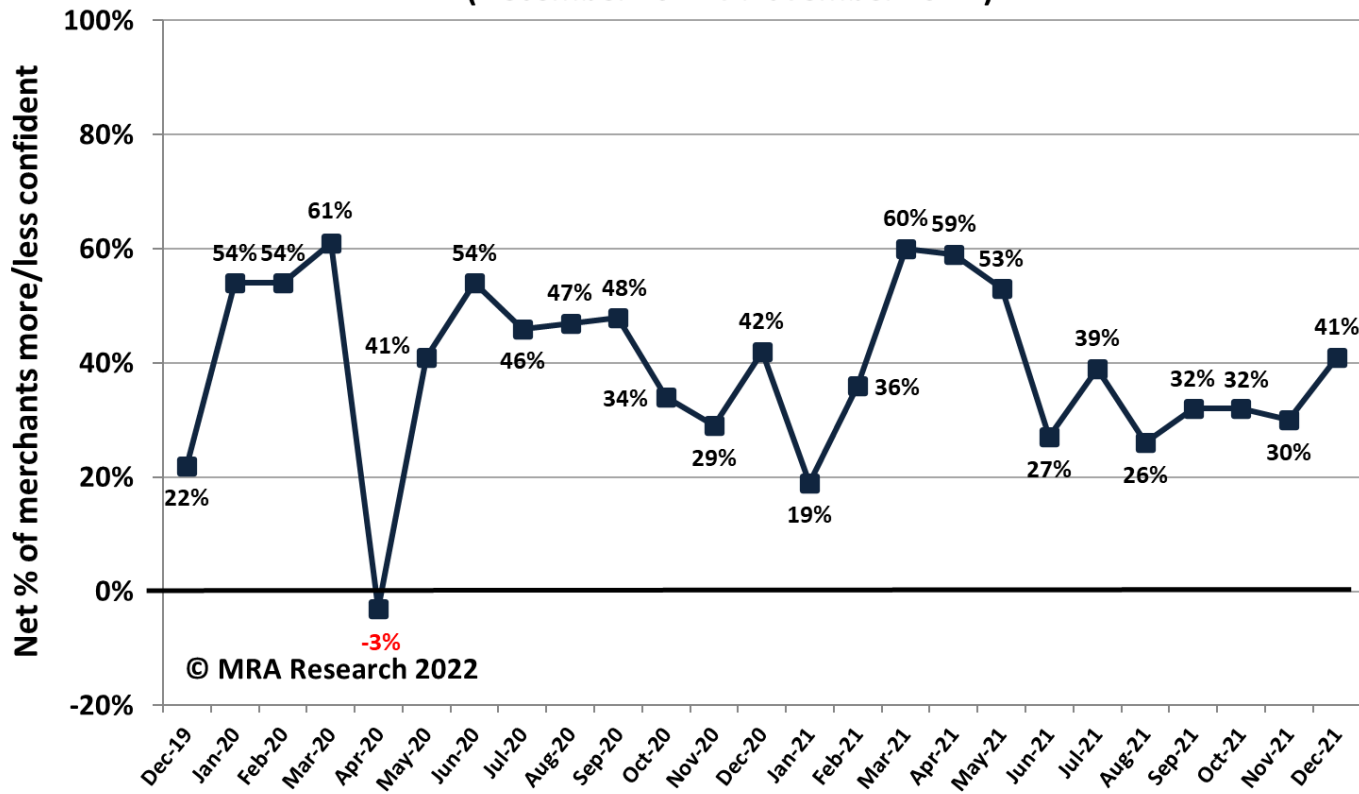
With prices going up so sharply, I expect our customers will not go ahead and do a building project next year but either save their money or spend it on a foreign holiday. So sales could drop off a cliff!

With extended lead times due to Brexit and the commercial market getting softer, I am less confident.

The extended lead times now make me less confident.

Confidence in their own business: Month-on-Month

Confidence in their own business: Month-on-Month (December 2021 v November 2021)



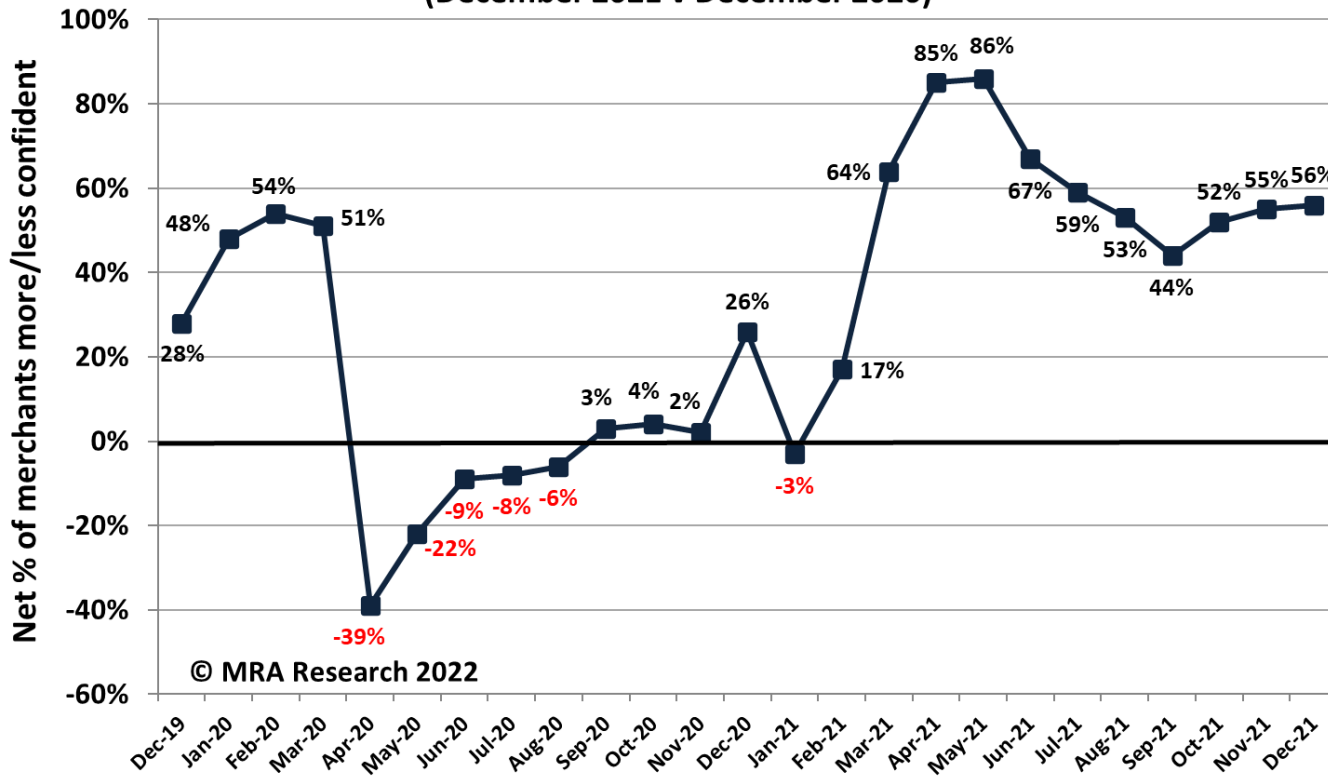
Merchants' confidence in their own business jumped up in December compared to November's survey.

Confidence levels are strong across the board, and particularly among Merchants in the South (net +55%) and Scotland (+63%).

Net figure: The difference between the percentage of merchants more confident about the prospects for their own business and those less confident is the net figure, expressed as a percentage. A positive net percentage indicates more confidence, a negative indicates less confidence. Net zero implies neutral. For this chart, 44% of merchants interviewed are more confident against 3% who are less confident. The net figure is +41% more confident.

Confidence in their own business: Year-on-Year

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



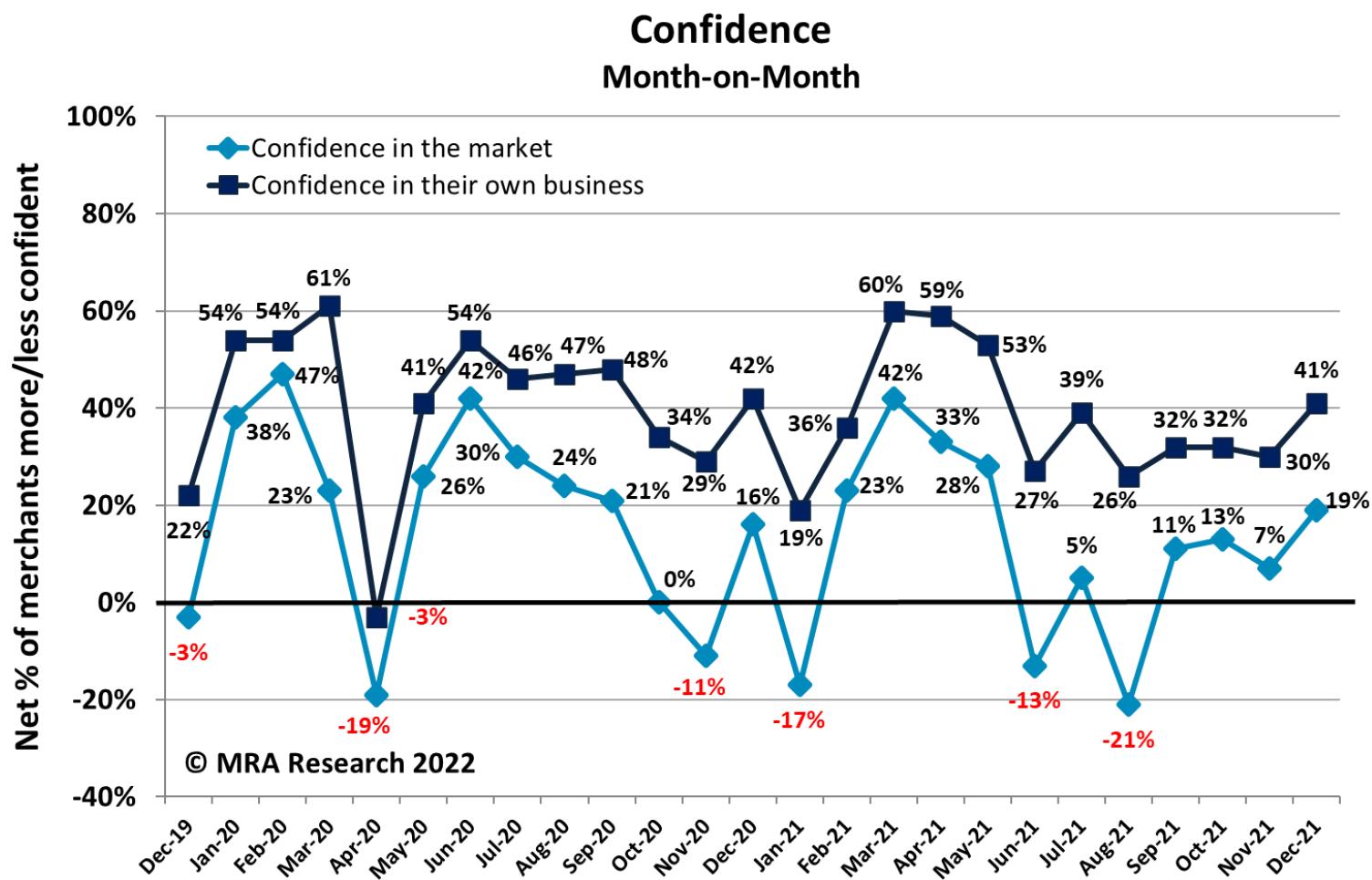
Compared to the same month last year, merchants' confidence in their own business is holding strong.

Merchants in the South and Scotland (net +63%) and National branches (+65%) are most confident.

Net figure: The difference between the percentage of merchants more confident about the prospects for their own business and those less confident is the net figure, expressed as a percentage. A positive net percentage indicates more confidence, a negative indicates less confidence. Net zero implies neutral. For this chart, 66% of merchants interviewed are more confident against 10% who are less confident. The net figure is +56% more confident.

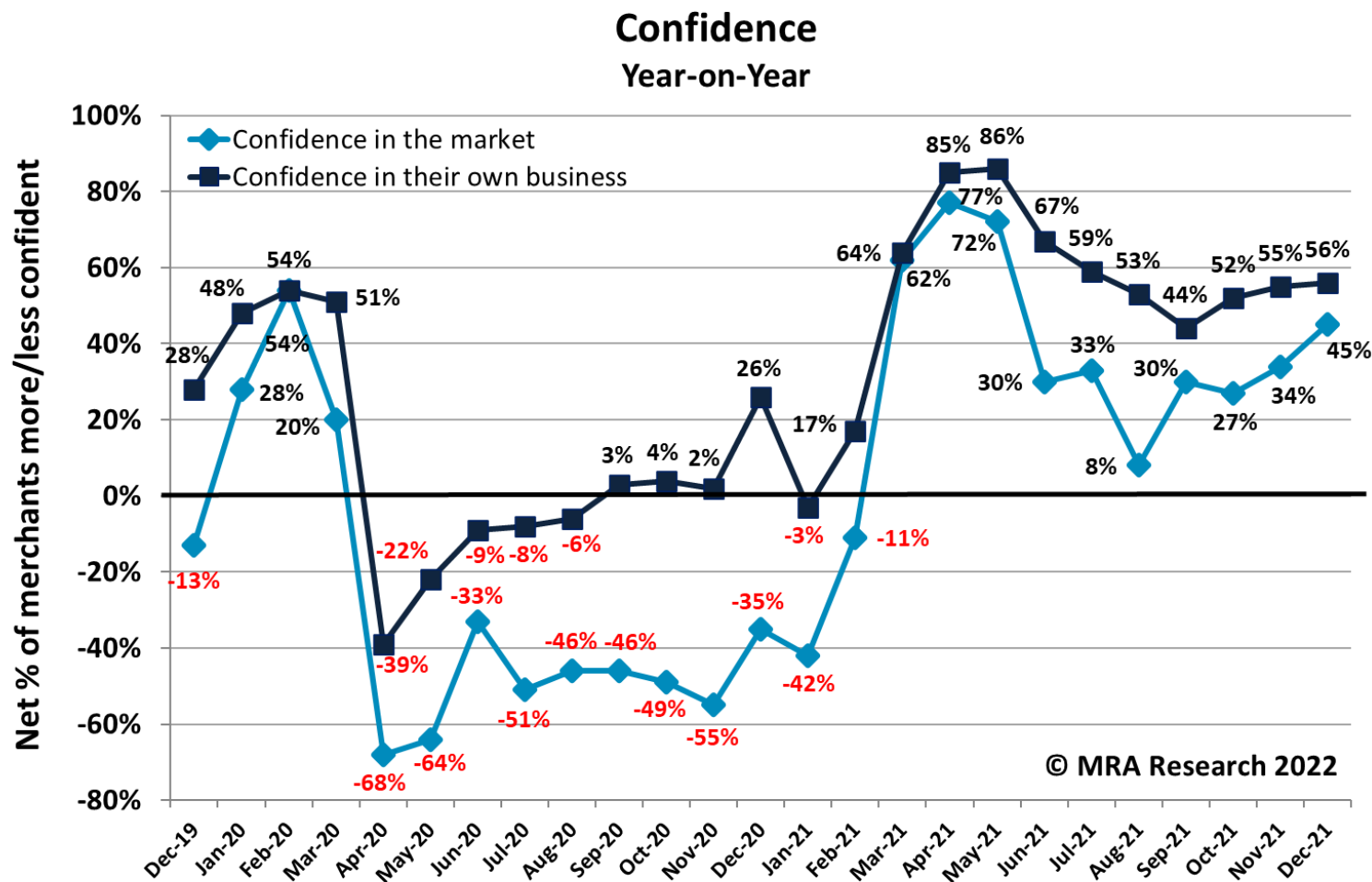
Confidence in the market v own business

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 32nd in the series, with interviews conducted by MRA Research between 1st and 8th December 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.



About MRA

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MRA Research

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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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