



April 2022

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

Overview

Merchants' confidence in the market tumbles.

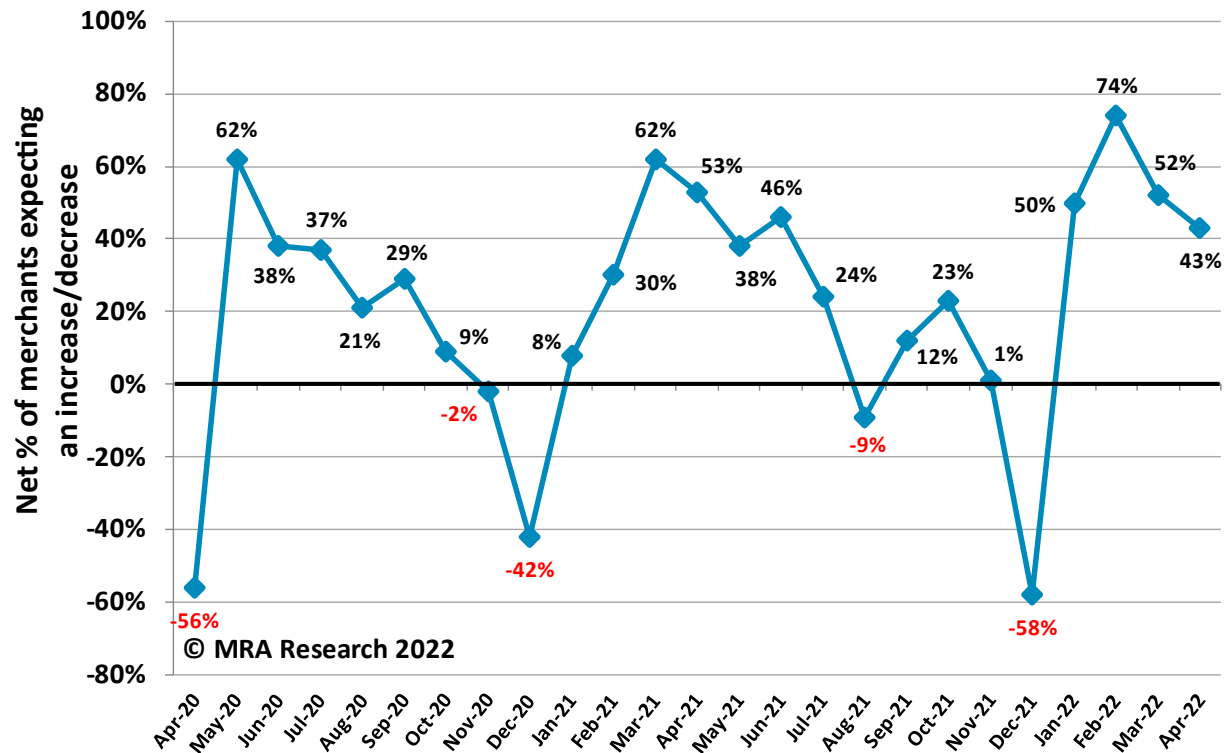
Merchants' sales expectations remain at historically high levels for the month, quarter and six months ahead but confidence in the market tumbles as merchants consider the combined effects on demand of price increases, supply difficulties, fuel rises, the cost of living and the Ukraine conflict. However, confidence in their own businesses remains high.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 11th April 2022.

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

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Sales Expectations: Month-on-Month
April 2022 v March 2022



Merchants' sales expectations slipped again in April compared to March but remain at historically high levels (net +43%).

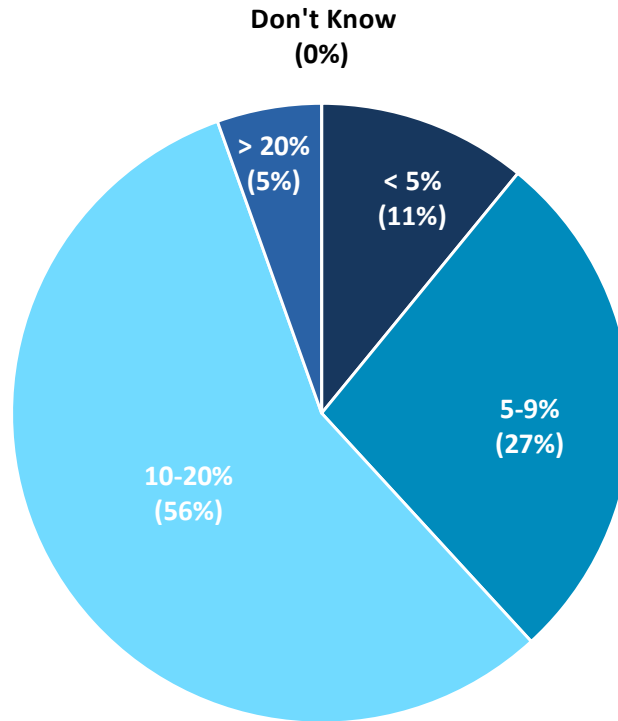
Expectations are strongest among Large merchants (net +67%). Small outlets have lower but still strong expectations (+28%).

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, 55% of merchants interviewed expect growth against 12% who expect a decline. The net figure is +43% expecting growth.

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

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Sales Expectations: % Increase April 2022 v March 2022



Of those expecting sales to increase in April compared to March, just under two in five merchants expect sales to grow by up to 9%.

Over half expect sales to increase by 10-20%, and a further 5% expect sales to grow by more than that.

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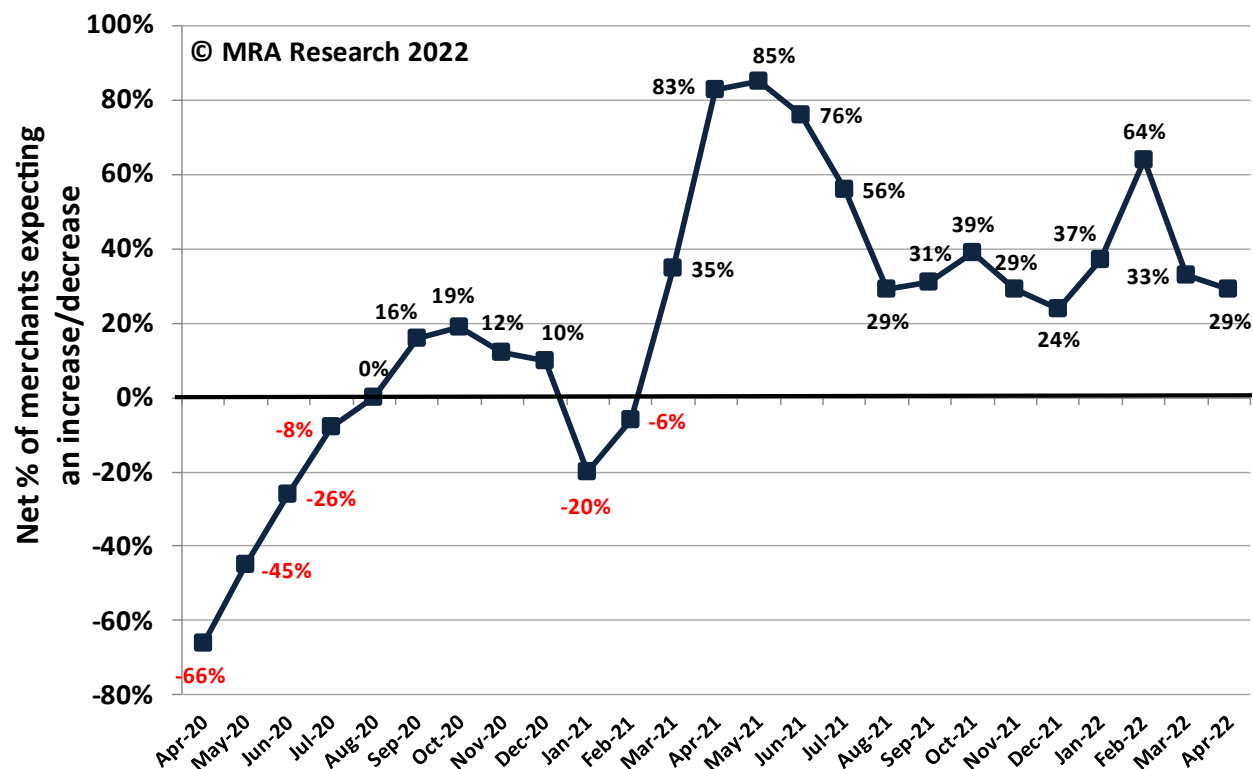
Base: 55

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

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Sales Expectations: Year-on-Year

April 2022 v April 2021



Year-on-year, sales expectations slipped to net +29%.

Expectations are strongest among merchants in the Midlands (+50%) and Nationals (+49%).

Expectations are weaker in the North (+9%).

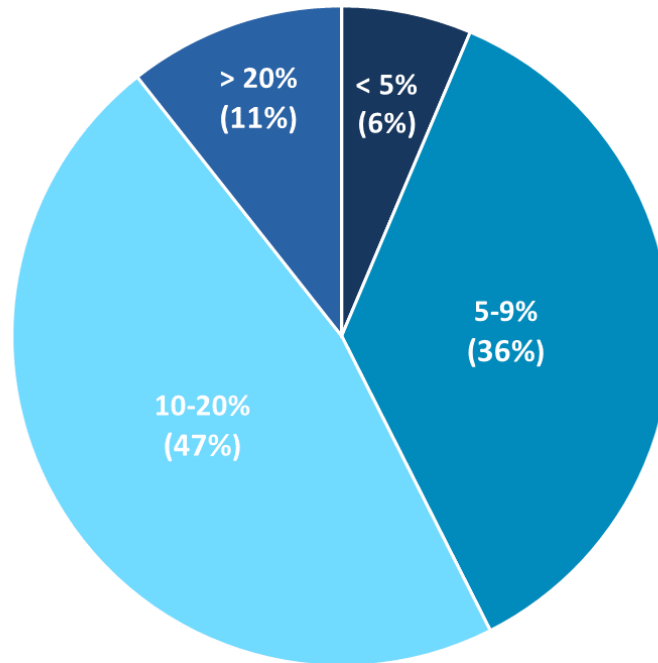
Independents expect no change (net 0%).

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: Year-on-Year...2

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Sales Expectations: % Increase
April 2022 v April 2021



Of those expecting sales to increase in April compared to the same month in 2021, 42% expect growth of up to 9% and a further 47% expect growth of 10-20%.

11% expect sales to increase by more than 20%.

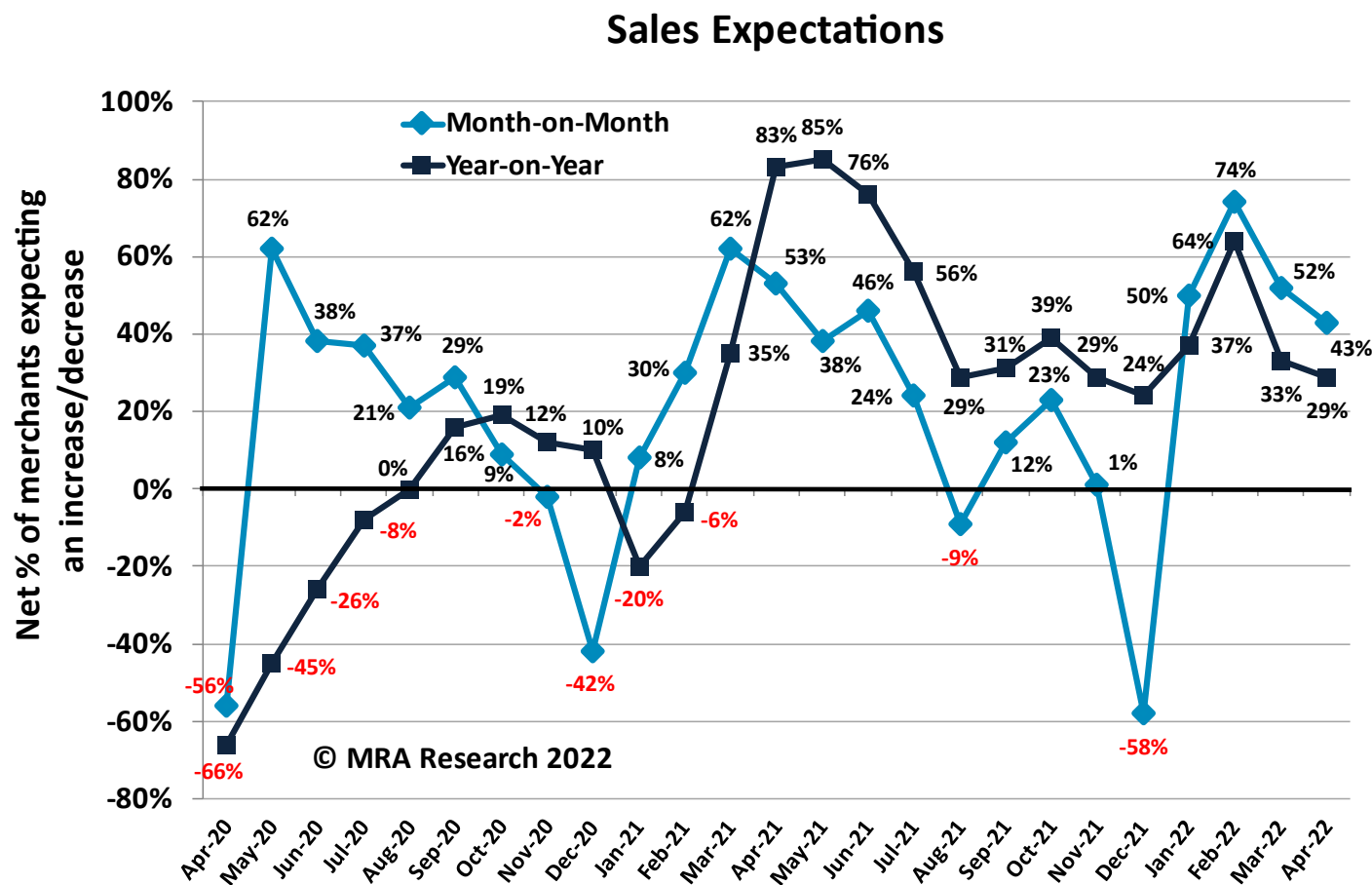
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Base: 47

Sales Expectations

Month-on-Month v Year-on-Year

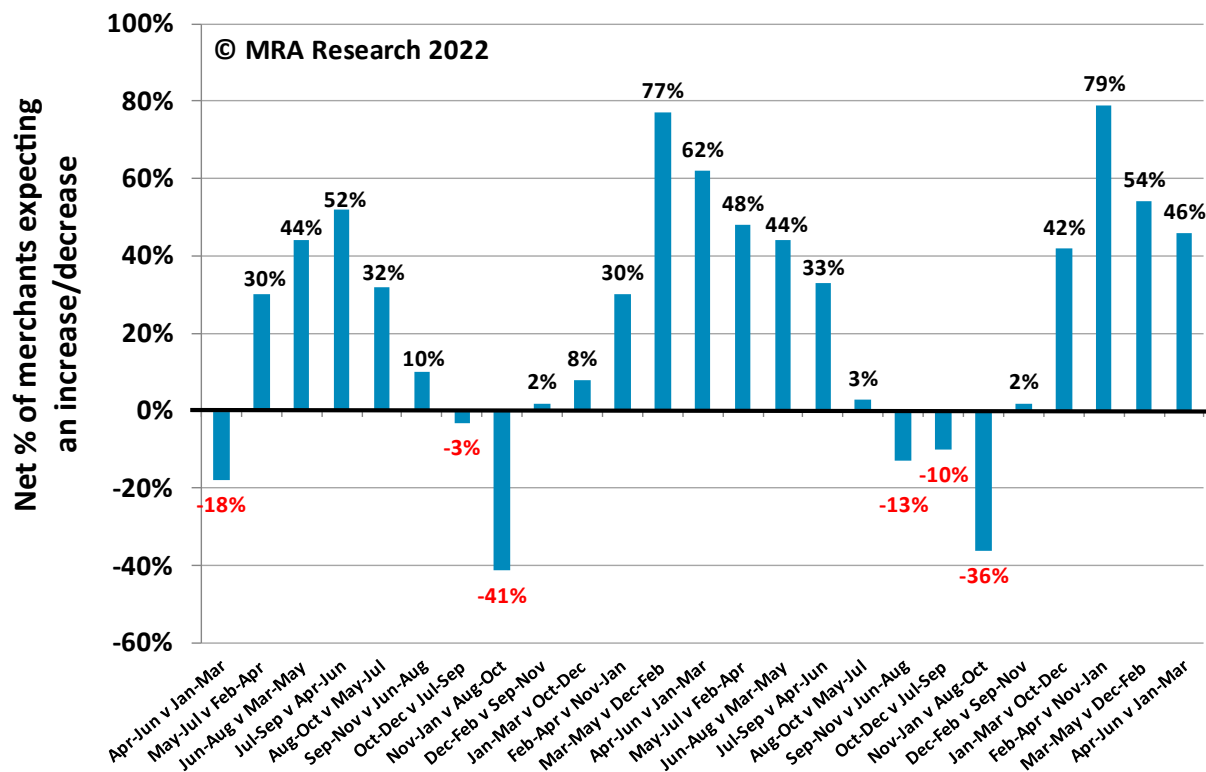
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Sales Expectations: Quarter-on-Quarter...1

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Sales Expectations
Quarter-on-Quarter (from April 2020)



Although quarter-on-quarter expectations have weakened, they are very strong at net +46%.

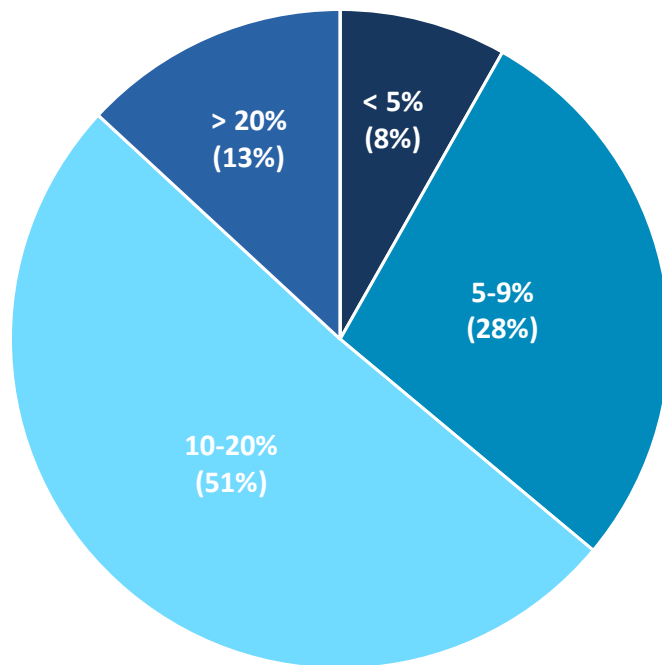
Expectations are particularly strong among Independents (+68%), Large outlets (+61%) and merchants in the Midlands (+58%).

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, 61% of merchants interviewed expect growth against 15% who expect a decline. The net figure is +46% expecting growth.

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

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Sales Expectations: % Increase Next 3 months (Apr-Jun 2022) v Previous 3 months (Jan-Mar 2022)



Among merchants expecting sales to grow over the next three months, 36% expect sales to increase by up to 9%.

Over half expect sales to grow by 10-20%, and a further 13% expect even stronger growth.

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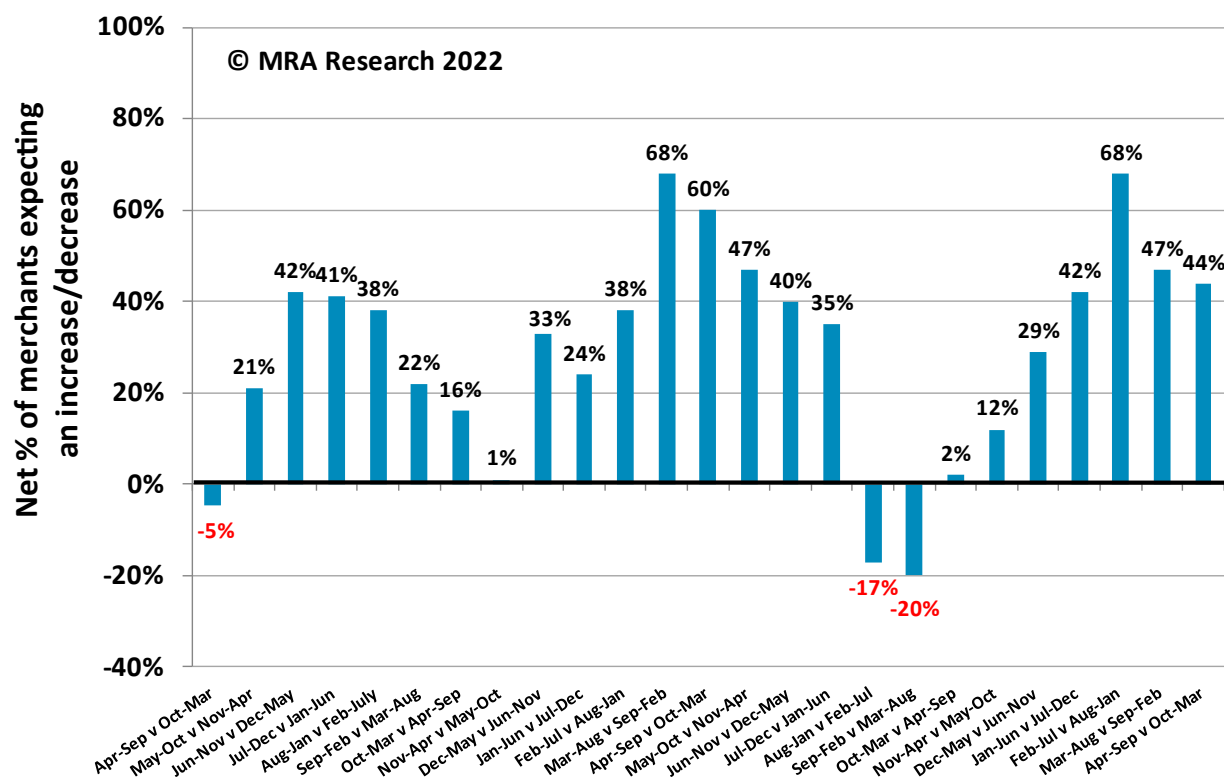
Base: 61

Sales Expectations: Next six months...1

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Sales Expectations

Next 6 months v Previous 6 months (from April 2020)



A net +44% of merchants expect sales to grow in the six months April-September, compared to the previous six months.

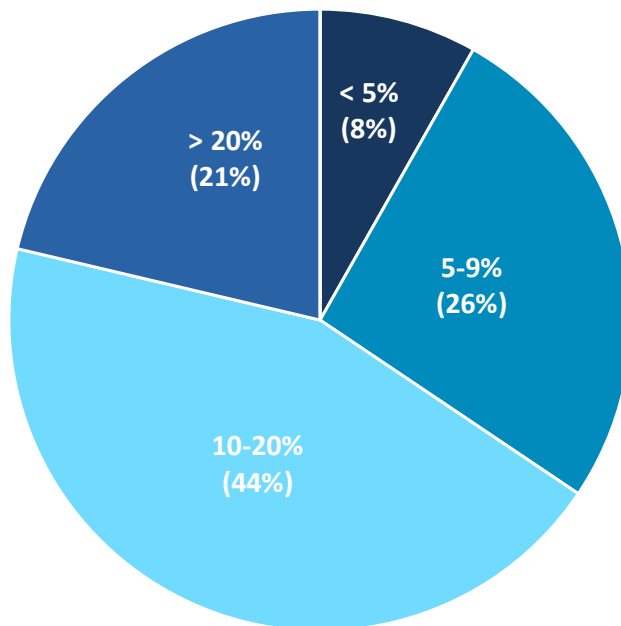
Expectations are strong across the board, and particularly for merchants in the Midlands and Scotland (+50%) and Independent outlets (+53%).

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, 61% of merchants interviewed expect growth against 17% who expect a decline. The net figure is +44% expecting growth.

Sales Expectations: Next six months...2

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Sales Expectations: % Increase
Next 6 months (Apr-Sep 2022) v Previous 6 months (Oct 2021-Mar 2022)



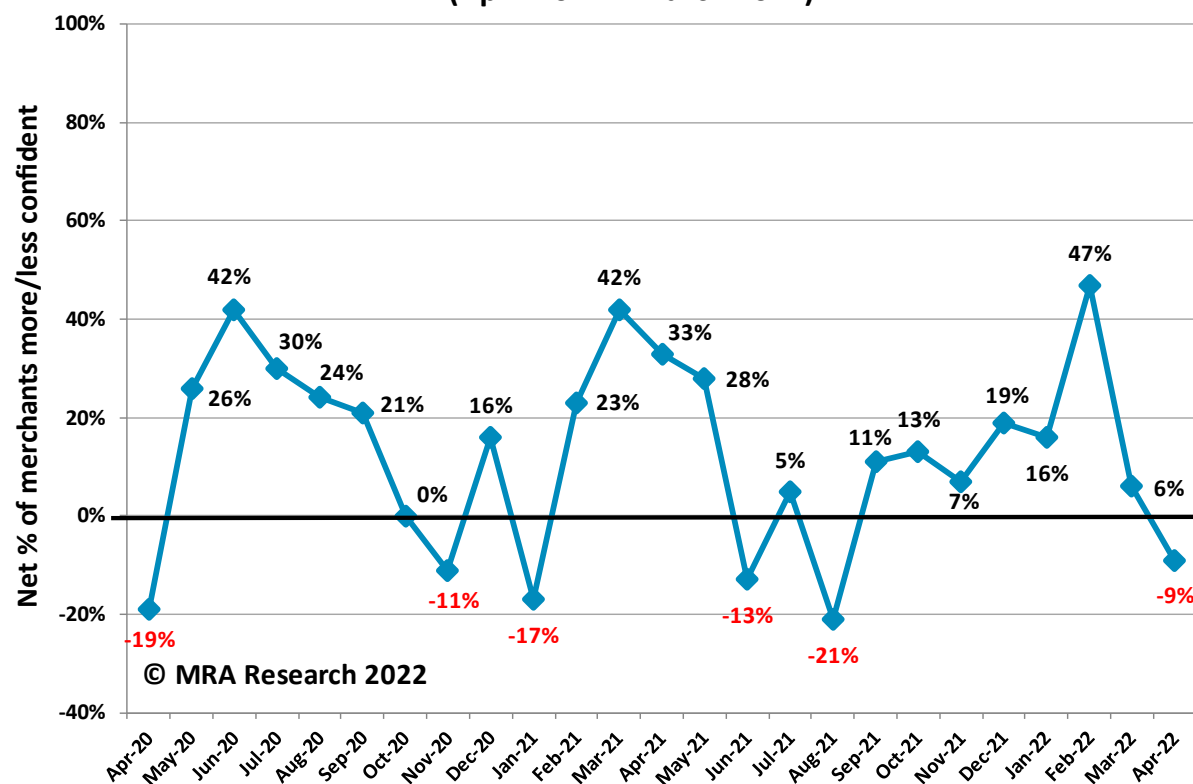
Just over a third of merchants expecting sales to grow over the next six months, expect sales to increase by up to 9%.

A further 44% expect sales to increase by 10% or more. 21% expect sales to grow by more than 20%.

Confidence in the market: Month-on-Month

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Confidence in the market: Month-on-Month
(April 2022 v March 2022)



Market confidence dropped for a second consecutive month, with a net -9% of merchants now less confident in April than in March.

Large outlets (-39%) and merchants in the Midlands (-23%) are least confident.

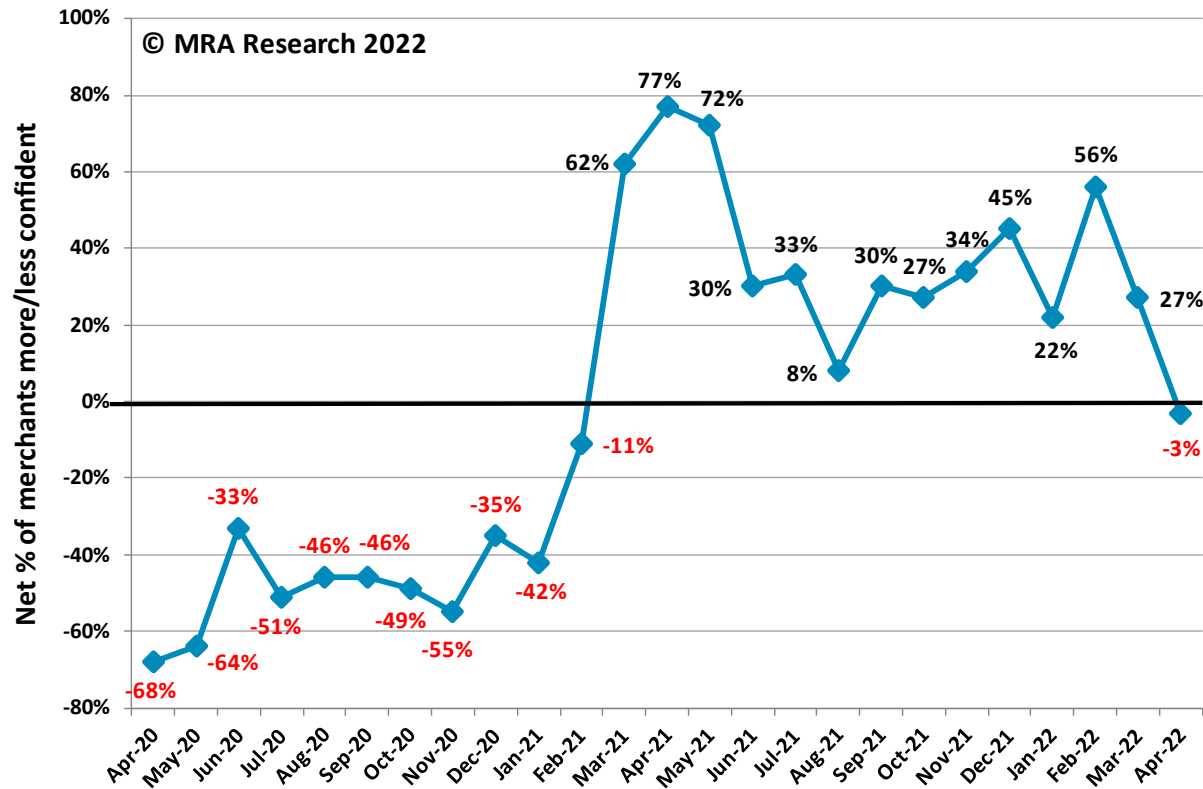
By merchant type, Nationals (+3%) are more confident than Independent merchants (-11%) or Regionals (-18%).

Net figure: The difference between the percentage of merchants more confident about market prospects and those less confident is the netfigure, expressed as a percentage. A positive net percentage indicates more confidence, a negative indicates less confidence. Net zero implies neutral. For this chart, 23% of merchants interviewed are more confident against 32% who are less confident. The net figure is -9% less confident.

Confidence in the market: Year-on-Year

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Confidence in the market: Year-on-Year
(April 2022 v April 2021)



Year-on-year, confidence in the market plunged, with a net -3% of merchants less confident in April than the same month in 2021.

Large outlets (-22%), Regional merchants (-20%) and those in the North (-18%) are least confident.

But merchants in the Midlands (+17%) and branches of the Nationals (+24%) are more confident.

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, 36% of merchants interviewed are more confident against 39% who are less confident. The net figure is -3% less confident.

Confidence in the market:

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

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Of the **36** merchants who were **MORE confident** about the market than this time last year, comments included:

Just with everything last year... recovering from Covid, supply chains, getting back to a bit more normality now.

Well good or bad inflation is on the rise, it helps us achieve our budgets, they were set last year in Sept/Oct, so it helps us, and just the general amount of work we're seeing, planning applications are on the increase in our local area.

Just with all supply issues going through Covid last year, it's getting better now.

More work about, lack of materials last year, now allocated and seems to be improving.

Well last year we had the pandemic, things have calmed down a little bit now.

More to sell, supplies are coming through now, last year was bad and the year before was even worse.

Not so many supply issues.

Covid is not really an issue at the moment.

Because coronavirus seems to be going away.

Continuity of supply has improved, market is continuing to grow even with challenges.

Just obviously availability to get products is increasing now, it's getting a lot better.

We had bigger supply issues last year.

There's a lot more activity going on.

Just is busier.

Prices were increasing regularly but now seem to have levelled off and business is picking up.

There seems more security now within the market, we were in very uncertain times last year, just coming out of lockdown.

There are no more threats of lockdown, people seem more confident and are out and about and spending.

Now we are all learning to live with covid there seems less uncertainty. The market seems quite buoyant at the moment.

Because we had lockdown last year, everything's getting back up and running now.

After the lift of covid lockdowns, it is busier, shops and showrooms opening back up, bringing in more business in general.

Everything has opened back up as a result there are more people out spending, there seems to be more confidence.

Last year there were a lot of issues with raw materials and price increases, this year the raw materials are getting better, although still dealing with price increases.

Confidence in the market:

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

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This time last year we just came of lockdown , everything has opened back up , it is busy and seems so far business as usual.

Things are easier to get now, than a year ago, more expensive admittedly, but easier to get hold of.

Sales are strong.

There was so much uncertainty last year because of covid ,we have since seen things pick up and business seems to be returning to normal.

We seem to have come through the worst with covid now and things are returning to a near normal.

Because manufactures are starting to resume again.

Stocks coming through now.

Starting to get deliveries back through now, getting our stock quicker.

Just because we have processing in place now, we have backup supplies.

Think pictures a lot clearer this year than last.

Last year couldn't get materials, was taking 8-10 weeks for stock to come in, more stuff is available this year.

Just because the year started off pretty well and looks promising.

Seems to be getting back to normal.

Just because slowly the manufacturers are able to supply, the supply chain is getting better.

Confidence in the market:

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

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Of the **39** merchants who were **LESS confident** about the market than this time last year, comments included:

Just everything going on in the news.

There are many issues that are impacting on the market at the moment, extended lead times, lack of communication, recovery from the pandemic, the Ukraine crisis, the rising prices for materials and the cost of the energy to produce products. There is too much uncertainty.

Supply of materials, energy costs rising and Russia.

I think the market is on a downward spiral because of a huge increase in prices, extended lead times and availability. People are also very cautious because of high energy and cost of living prices, they will put off building jobs in favour of heating or food.

Just the supply issues we've been having and think people were spending last year, so may not have the money this year.

Geopolitical turmoil.

I am less confident now because the last two years the market has been buoyant. People couldn't go on holiday due to covid there was money to spend. This year I think we are heading for a recession because of mortgage and cost of living prices so people will really think about how they spend their money and that new patio or drive will be put on hold.

Price increases, the war.

Price increases, materials are getting hard to get hold of.

Product availability.

Just the cost of living, it's going to hit the DIY Sector.

Because of the price of energy.

Supply chains are getting worse, having a knock-on effect with price increases and fuel surcharges.

Well all the price increases and stock availability.

Think the economy is going to calm down, inflation is getting too high, cost of living going up.

Price increases.

Because of the costs.

Just demand is outstripping supply, which would be a good position to be in if we could get stock.

Because we're going into a recession.

Prices increases and stock issues.

Just because of the supply issues.

Mainly supply issues and the increase in the cost of materials putting projects off.

Because I think supplies and prices are going to be more than last year and last year was pretty bad.

Confidence in the market:

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

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This time last year we were coming out of lockdown and saw an increased footfall fall that has evened out now. This year because of the cost of living people will be careful on what they spend their money on. I think people will give priority to holidays over DIY projects.

Just think the cost of living increases are making things very difficult for people wanting to improve their homes, gardens, extensions... not as much expendable income about.

Brexit kicking in, supply issues in Europe and the war in Ukraine.

Ukraine above everything else.

Last year with covid more people were spending money, last year timber prices were rising, but now we are finding heavyside prices are rising.

The cost of living and rising prices have made people think about how they spend their money this year. A lot of building work was done last year, there was a boom as there was money to spend. This year there won't be as much need for materials as many jobs were completed last year. There will still be work but it will be less I feel.

There was a glimmer of hope this time last year, now we have Ukraine.

Just haven't got a clue what's going to happen.

Just through availability, price increases, just getting harder and harder.

Cost of living.

Cost of living increase, supply issues.

Just with supply difficulties.

What we were doing last year and 2020 was unsustainable, sales rocketed, people had money, but now holidays have returned, price increases are going crazy.

Because a lot of suppliers can't supply goods because of things going on around the world.

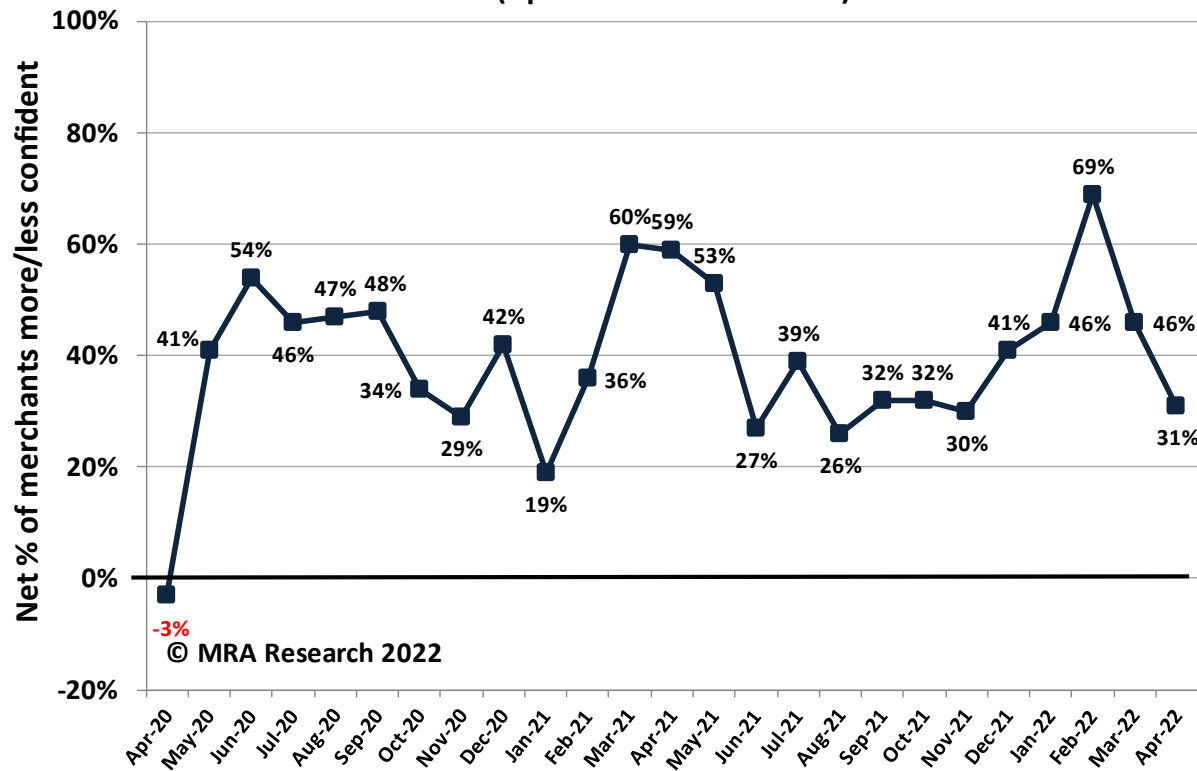
Price increases.

Just stock issues getting worse, potentially a recession coming.

Confidence in their own business: Month-on-Month

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Confidence in their own business: Month-on-Month
(April 2022 v March 2022)



While still at historically high levels, merchants' confidence in their own business dropped in April compared to March.

Small (net +40%) and Large outlets (+39%) are more confident than Mid-sized branches (+19%).

By region, merchants are least confident in the Midlands (+17%), and higher in the South (+39%), North (+32%) and Scotland (+31%).

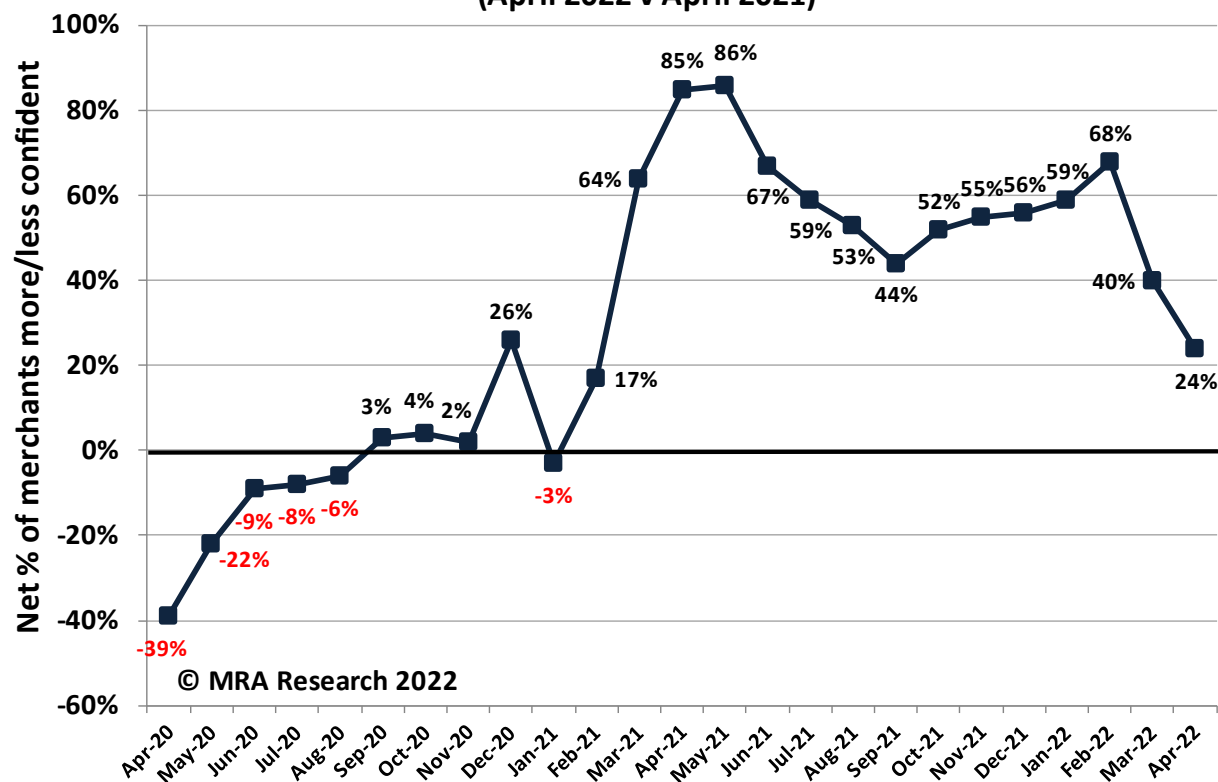
National (+49%) and Independent merchants (+32%) and are more confident in their own business than Regional outlets (+16%).

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, 47% of merchants interviewed are more confident against 16% who are less confident. The net figure is +31% more confident.

Confidence in their own business: Year-on-Year

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Confidence in their own business: Year-on-Year
(April 2022 v April 2021)



Year-on-Year, merchants' confidence in their own business dropped for the second month in succession, with a net +24% of merchants more confident than the same month in 2021.

Small branches (+45%) and National outlets (+51%) are most confident.

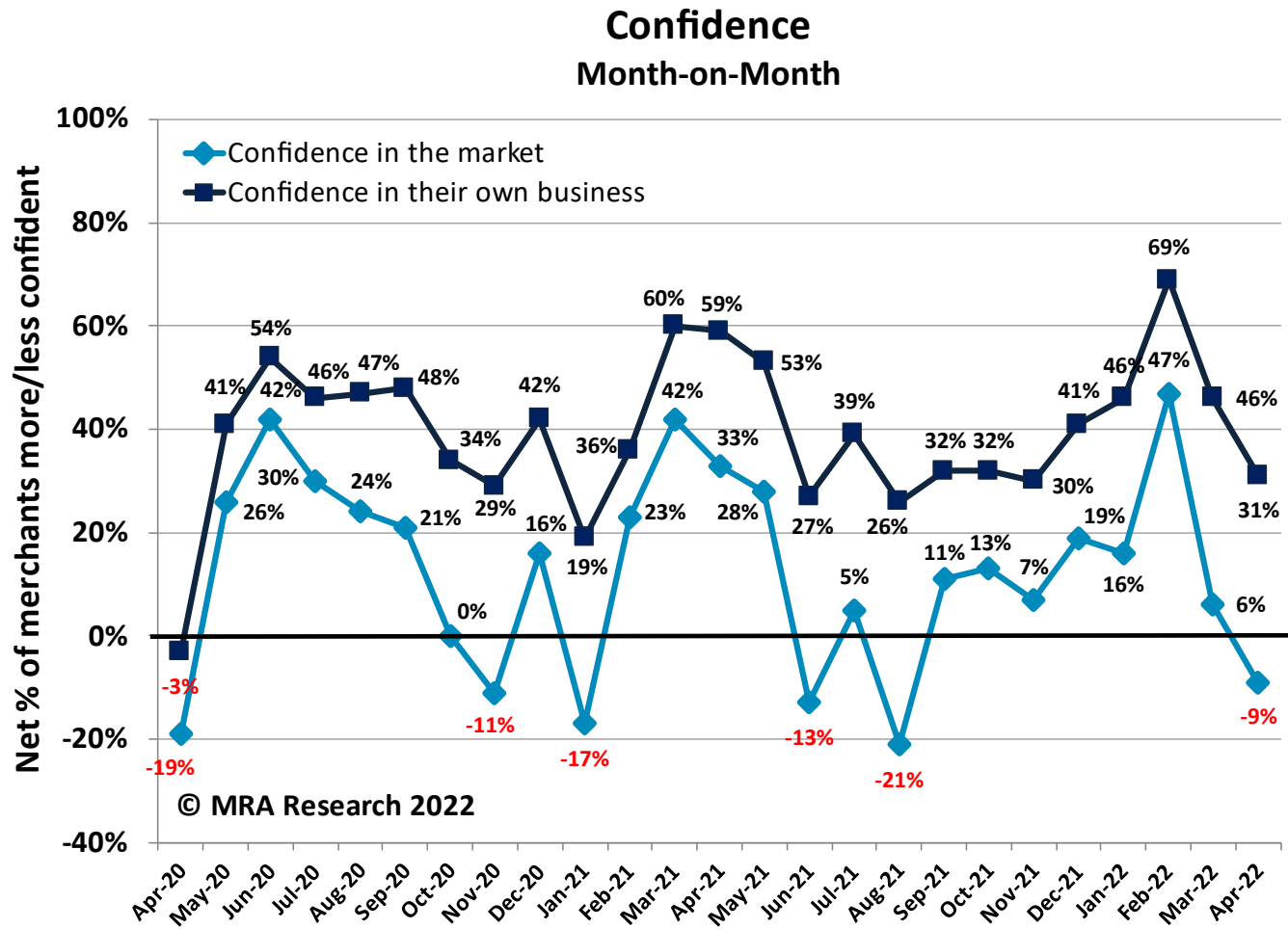
Independent merchants are least confident (-5%).

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, 48% of merchants interviewed are more confident against 24% who are less confident. The net figure is +24% more confident.

Confidence in the market v own business

Month-on-Month

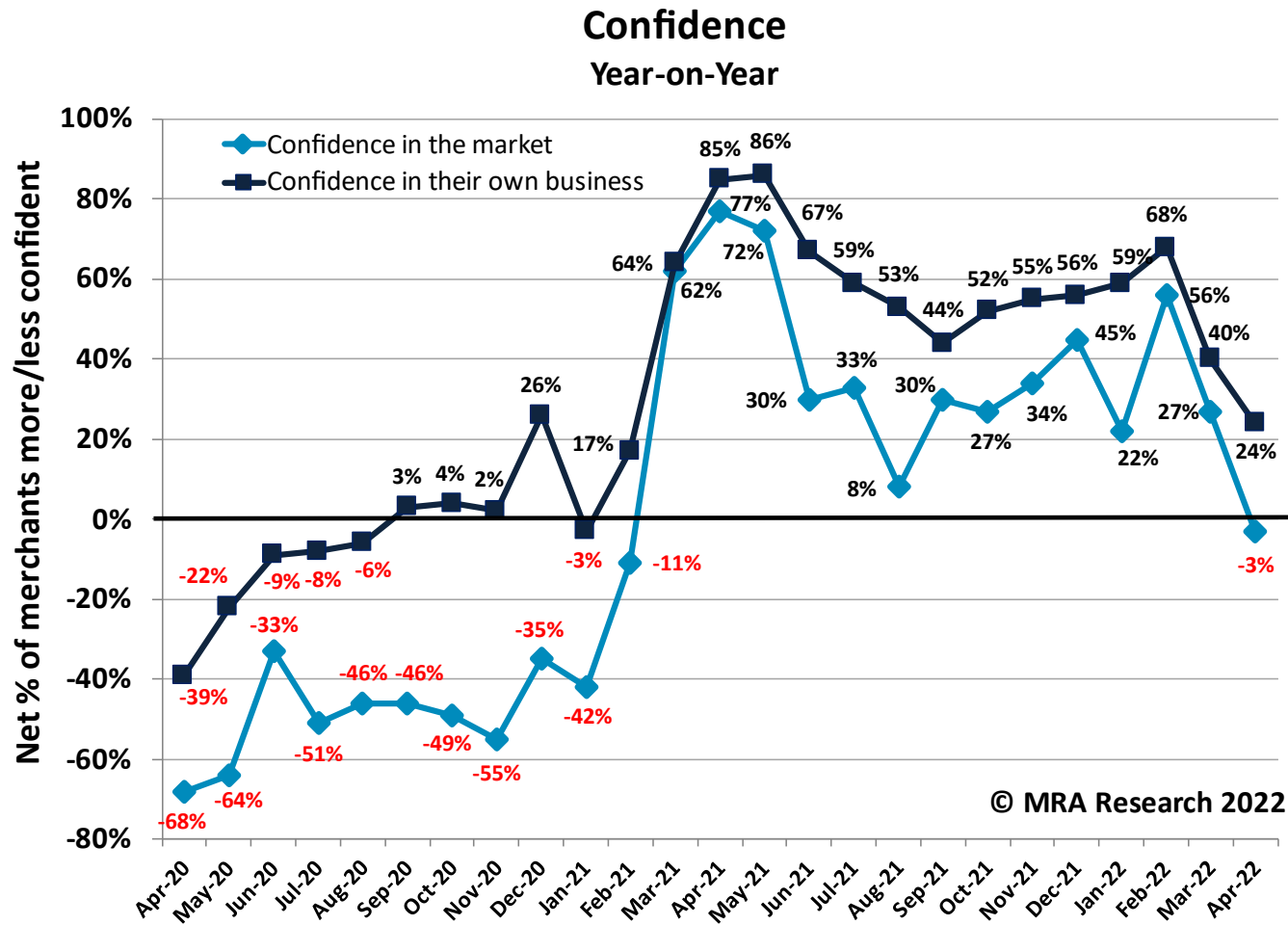
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Confidence in the market v own business

Year-on-Year

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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 36th in the series, with interviews conducted by MRA Research between 1st and 11th April 2022. 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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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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