



March 2022

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

Overview

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Merchants' mood is still buoyant.

After a sharp rise in February, merchants' sales expectations and confidence in the market had only one way to go, and it dipped in March, but to the still high levels of preceding months.

Compared to the same month in 2021, merchants' confidence in the prospects for their own business fell steeply too.

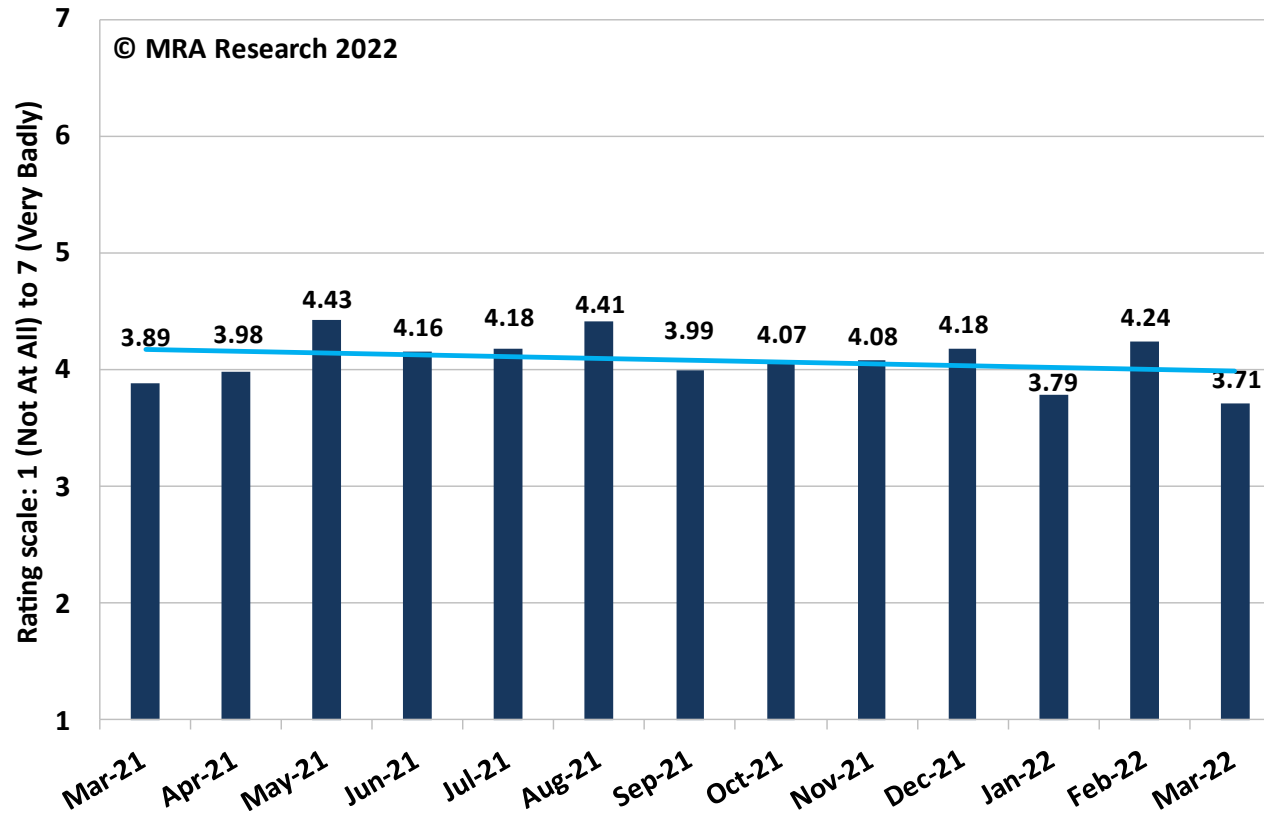
Supply problems continue to affect merchants generally, but there are signs that things are improving. Many merchants have also become better organised and prepared, so they are less affected by shortages and delays.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 3rd March 2022.

Supply Problems... 1

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



Merchants' supply problems eased in March.

The average score (3.71) is the lowest since we started to measure supply problems a year ago.

Being more prepared and thinking ahead are cited along with a return to some normality.

Supply Problems... 2

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If respondents rated 5, 6 or 7 i.e. badly affected by supply problems, they were asked:

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

Availability and sky high prices

Being unable to get stock

Boilers are in short supply

Can't buy what they want, everybody's been noticing price increases, paint, timber and boards are particularly noticeable

Can't get a certain product(s)

Can't get it, can't sell it

COVID messed it up

Delays and extended lead times

Deliveries not on time, stock not there, no supplies due to Covid

Extended lead times, created a buildering back log for us, we were unable to complete on time and customers were not happy.

Extended leads, spiraling prices, no materials. Also getting the same materials to complete a job to offer consistency has been difficult too.

In everyway possible

Just can't get it, long lead times, half the time suppliers won't even take the orders, as zero idea when things will be coming back into stock

Lack of certain parts, delivery times

Lack of materials

Lack of metal products

Lack of products

Lack of products, bricks and blocks are our biggest problem

Lack of supply

Supply Problems... 3

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Lead times are instead of 2 days, weeks/months. Very frustrating but they are getting better.

Price increases, lack of availability, customers buying on the net, disappearing from us, buying habits changing

Really bad extended lead times on certain items like plasterboards , bonding and price increases have been huge.

Roof tiles is the big problem with lead times of anything up to 6 months.

Shortages of materials.

Specific product may have a lead time of 6 months but then it's fine again, but another product will start lacking in supply.

Stock issues.

Too much ordering

We had supply issues with certain items like concrete , slate and plastics , with really long lead times. We have tried to offer alternatives where possible this has helped but some people do look elsewhere.

We have been struggling with lead times and getting certain products like roofing tiles and cement.

Supply Problems... 4

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If respondents rated 1 or 2 i.e. not affected by supply problems, they were asked:

Your score suggests that your business and your customers have not been affected by supply problems. Why is that?

Because we are really clever at where we buy stuff from

Foreshadowed supply issues

Good trade links

Just boilers

Just the way we operate, allocating and ordering

No problem. We are almost fully stocked.

Prepared well

Purchasing from head office

Sensible ordering

Suppliers seem to have recovered

Supply chains have settled down

Talking to other people, I just think it's pure luck we have been able to get supplies.

Think we have a good chain and we have back up suppliers if one can't deliver

Thought ahead

We are 95-100% fully stocked now, so no problem with supply.

We are a large organisation, supply issues affected us but not too badly. We managed to stay open offering click and collect, so we did very well

We have another branch nearby , so we have been able to help each other out.

Well prepared

Well, we can shop around, so if someone hasn't got something we can try somewhere else

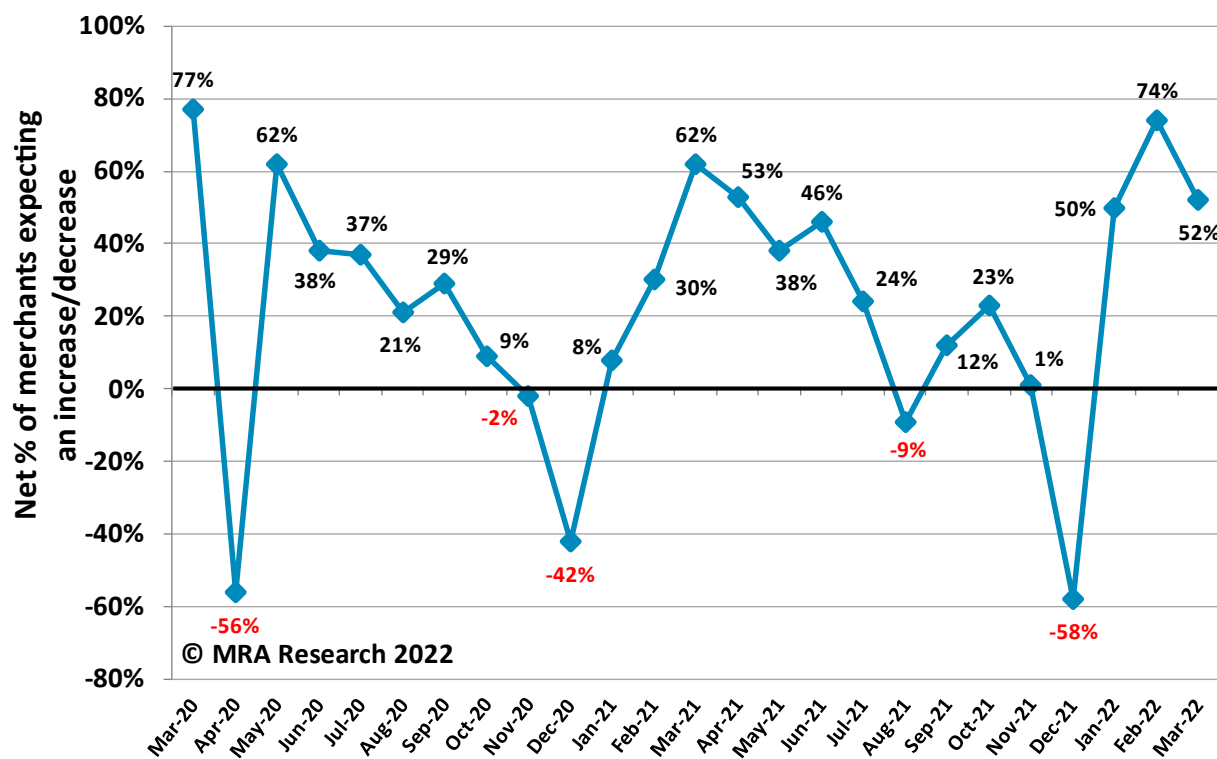
We're bringing it in from as many different places as we can do

All back to normal now

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

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



Merchants' sales expectations slipped to a still very high 52% in March compared to February.

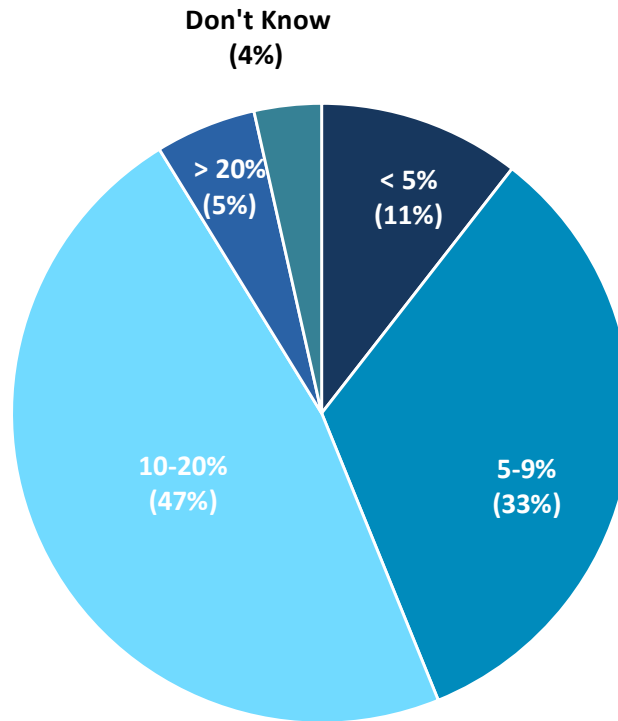
Expectations are strongest in Scotland (net +79%) and Large outlets (+68%).

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, 57% of merchants interviewed expect growth against 5% who expect a decline. The net figure is +52% expecting growth.

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

8

Sales Expectations: % Increase March 2022 v February 2022



Among merchants expecting sales to increase in March, 44% expect sales to grow by up to 9% compared with February.

Nearly half expect sales to increase by 10-20%.

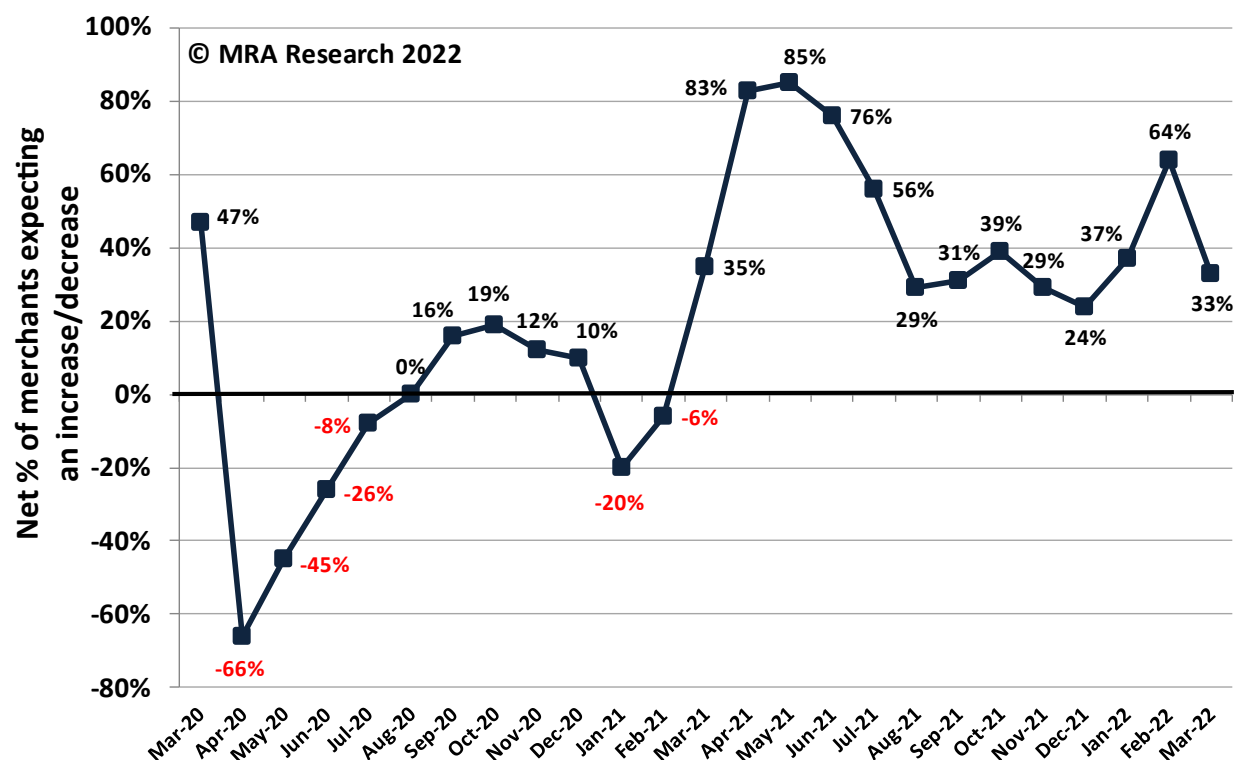
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Base: 57

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

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Sales Expectations: Year-on-Year
March 2022 v March 2021



Year-on-year, sales expectations in March dipped, compared to the same month in 2021, and are in line with recent months following February's sharp rise.

Expectations are strongest among Large outlets (net +63%) and National merchants (+54%).

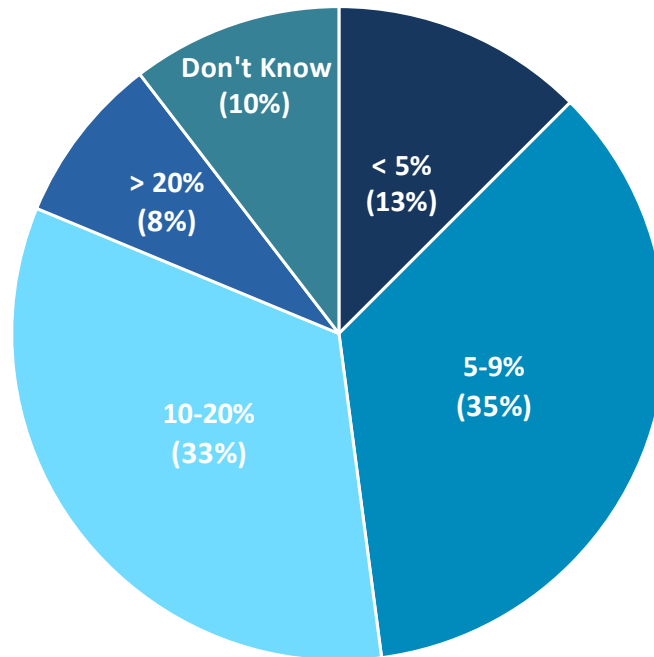
Expectations were weakest among branches in the Midlands (0%).

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, 48% of merchants interviewed expect growth against 15% who expect a decline. The net figure is +33% expecting growth.

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

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Sales Expectations: % Increase
March 2022 v March 2021



Almost half of those expecting growth in March, compared to the same month in 2021, expect growth of up to 9% and a further third expect growth of 10-20%.

8% expect more than 20% growth.

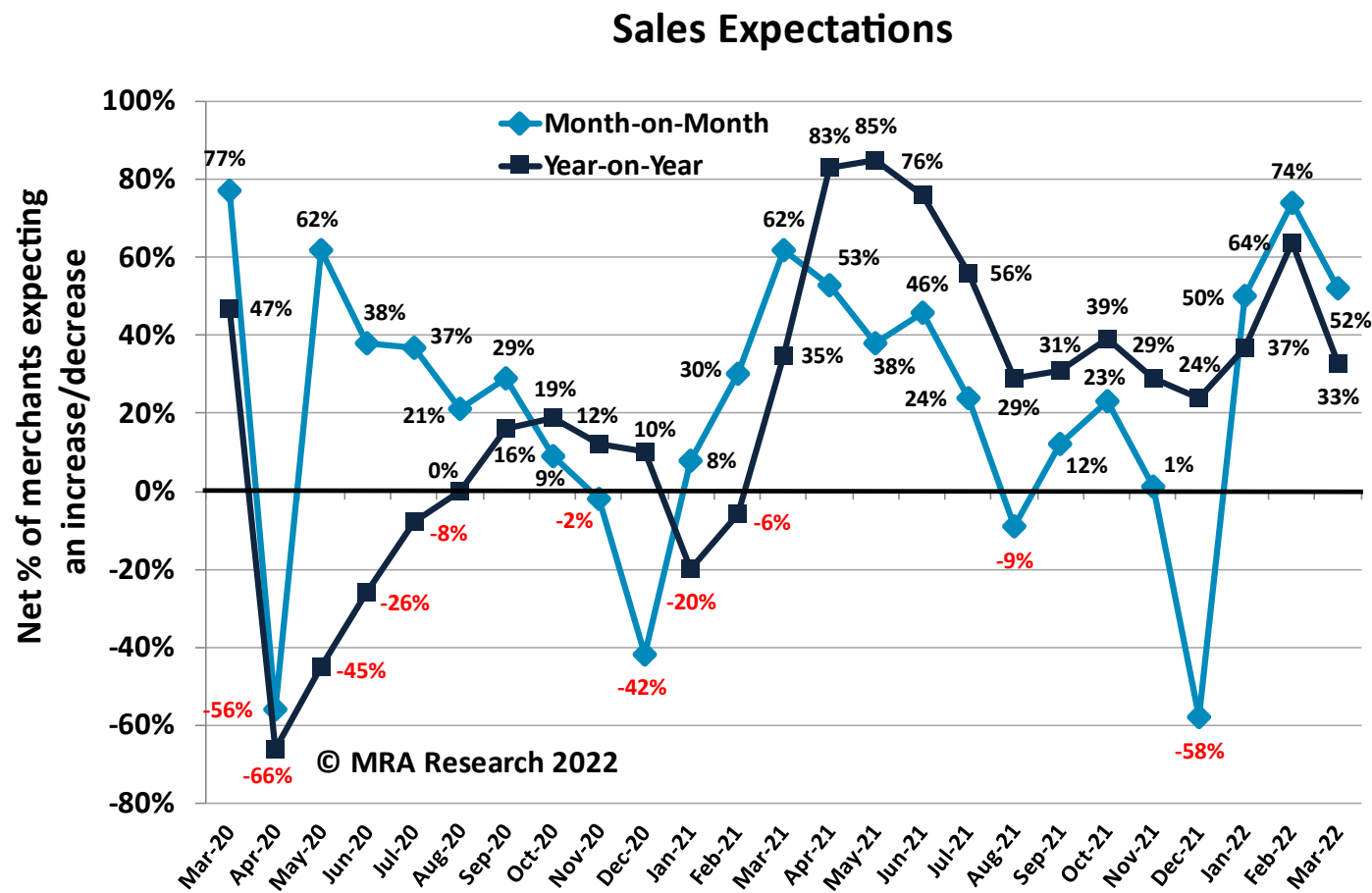
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Sales Expectations

Month-on-Month v Year-on-Year

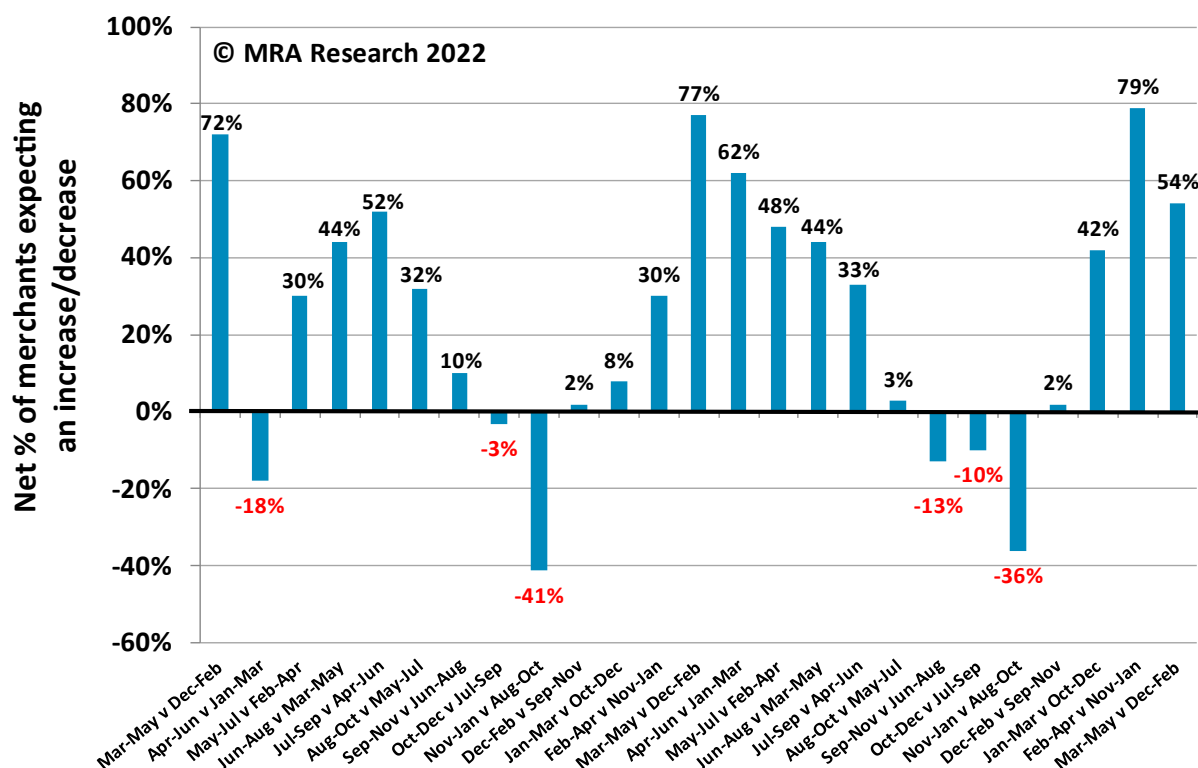
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Sales Expectations: Quarter-on-Quarter...1

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



Merchants expect a strong quarter ahead, with a net +54% expecting March-May sales to increase compared to the previous three months (December to February).

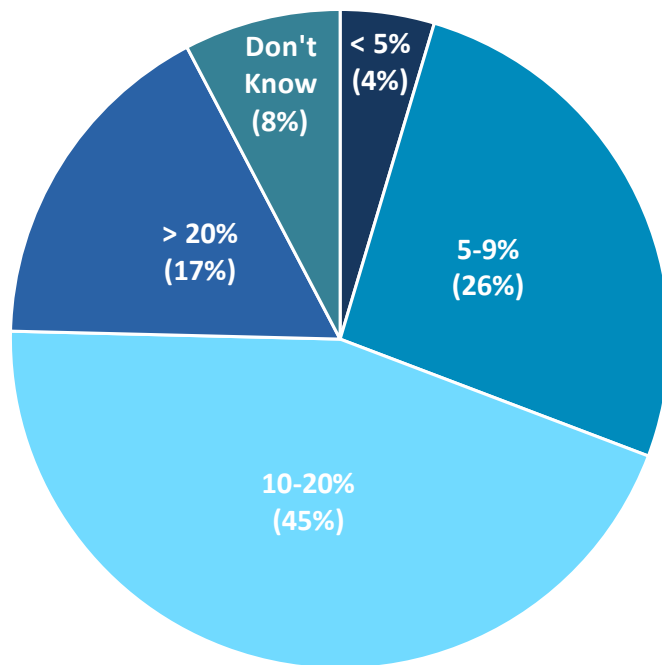
Expectations are strongest amongst Independents (+70%), Scotland (+64%), Large outlets (+63%), Mid-sized outlets (+62%) and the South (+61%).

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, 65% of merchants interviewed expect growth against 11% who expect a decline. The net figure is +54% expecting growth.

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

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Sales Expectations: % Increase
Next 3 months (Mar-May 2022) v Previous 3 months (Dec 2021-Feb 2022)



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

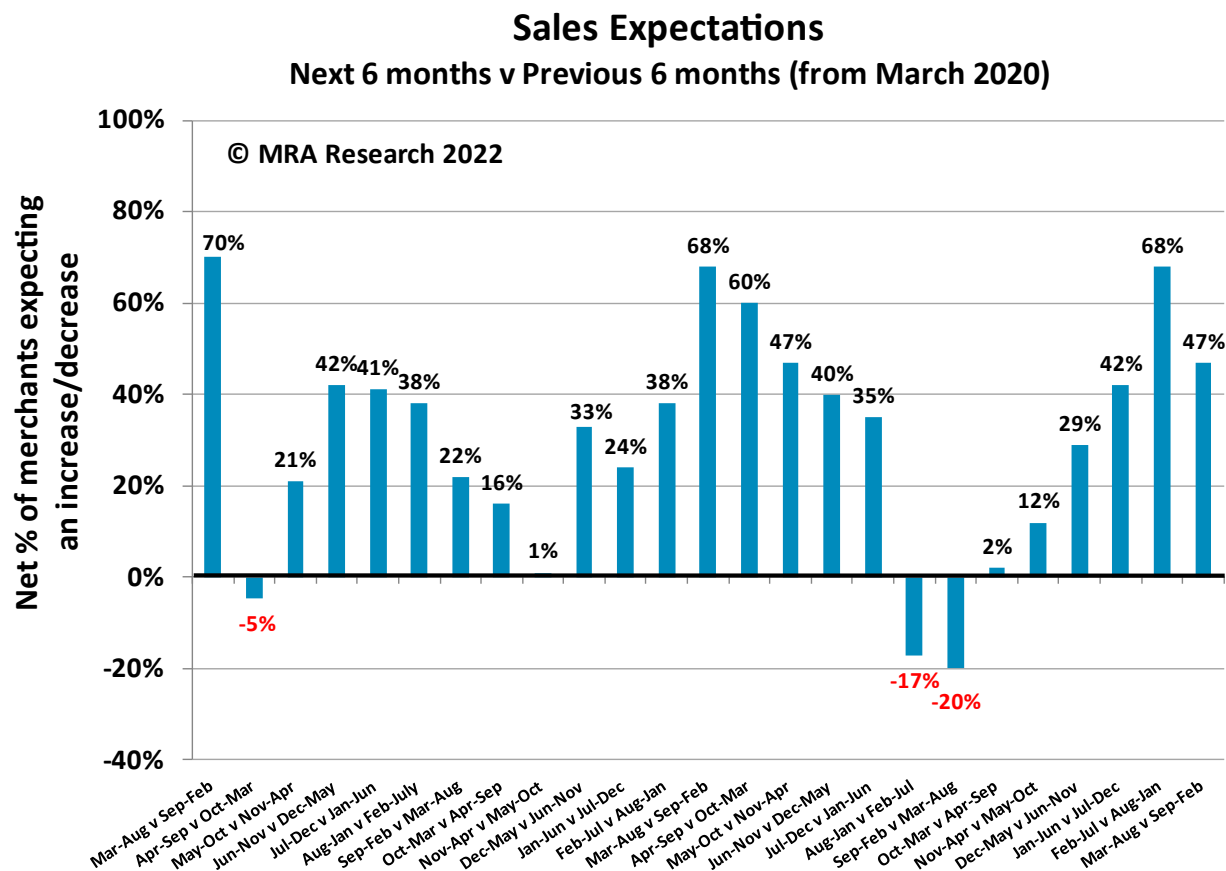
45% expect sales to grow by 10-20%, and a further 17% expect even stronger growth.

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Base: 65

Sales Expectations: Next six months...1

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A net 47% of merchants expect sales to grow in the six months, March-August, compared to the previous six months.

Merchants in the North and Independents (both net +57%) had the strongest expectations.

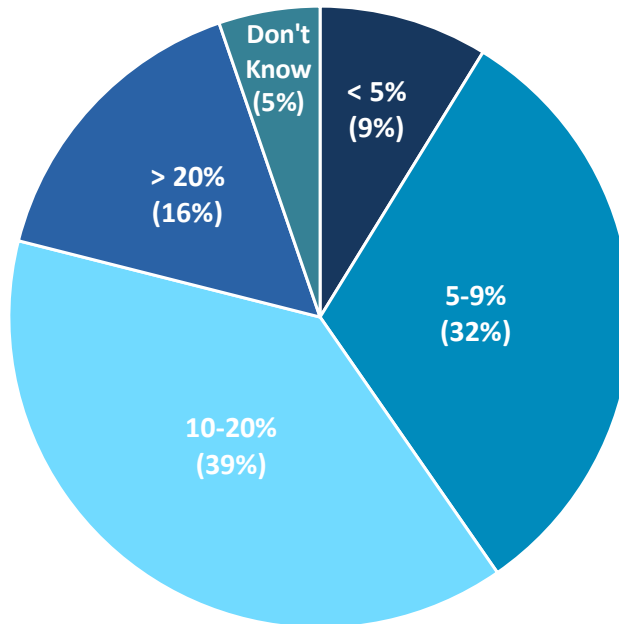
Expectations are lower among branches in the Midlands (+36%).

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, 57% of merchants interviewed expect growth against 10% who expect a decline. The net figure is +47% expecting growth.

Sales Expectations: Next six months...2

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



Just over four in ten merchants expecting growth over the next six months, expect sales to increase by up to 9%.

A further 55% expect sales to increase by 10% or more. 16% expect sales to grow by more than 20%.

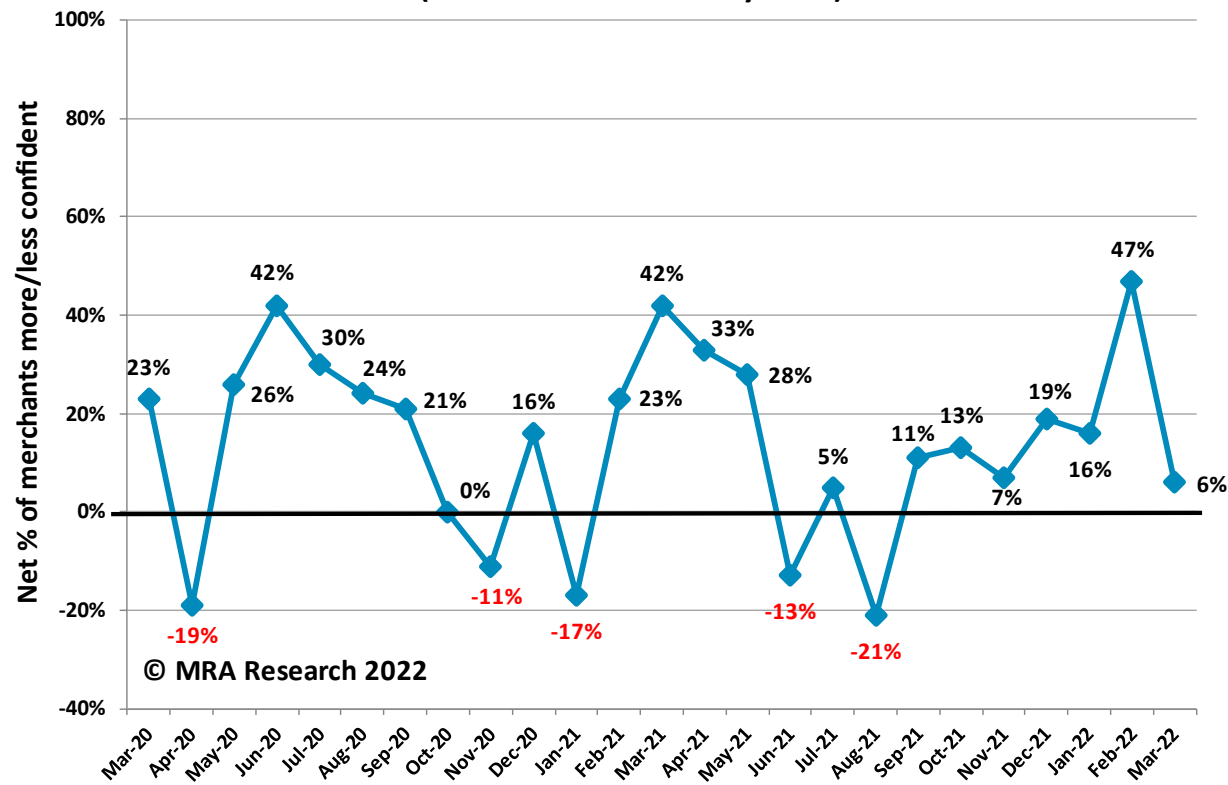
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Base: 57

Confidence in the market: Month-on-Month

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



Confidence dropped markedly in March compared with February.

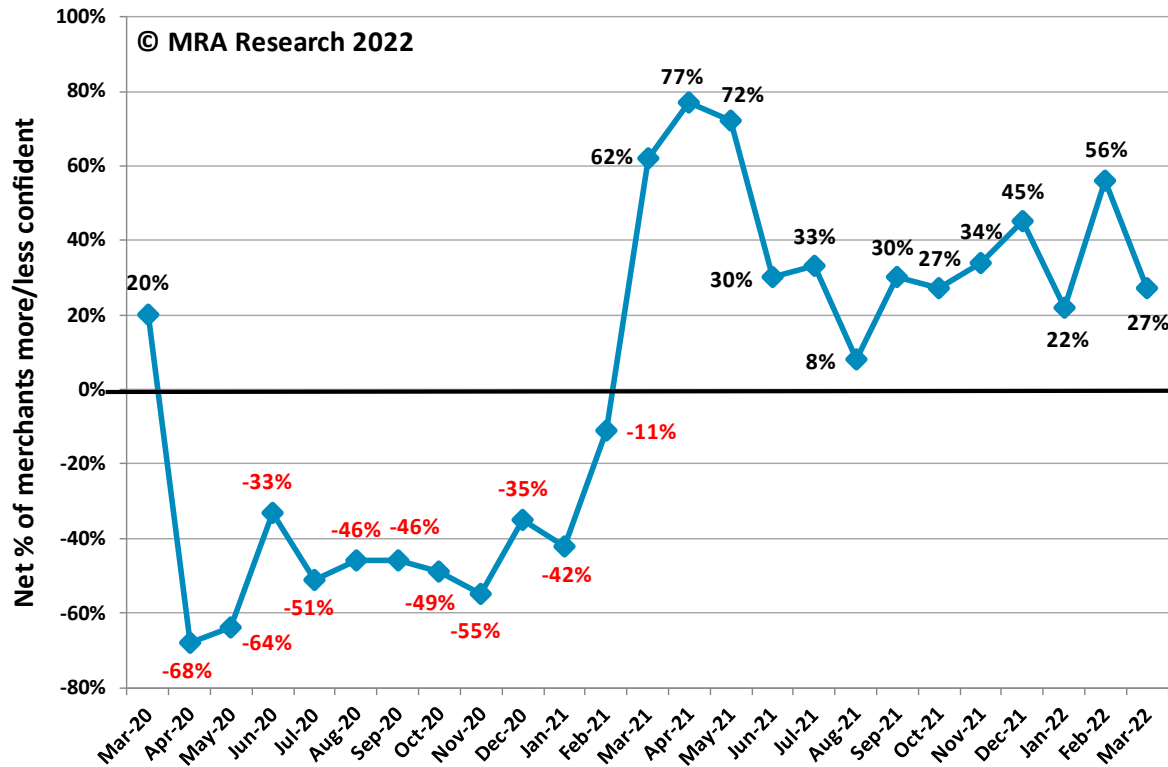
Least confident are merchants in the Midlands (net -16%), Scotland (-14%) and Independents (-13%).

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 27% who are less confident. The net figure is +6% more confident.

Confidence in the market: Year-on-Year

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



Confidence also weakened considerably, year-on-year, with a net +27% of merchants more confident in March than the same month in 2021.

Merchants in the South (+45%) and Large outlets (+42%) are most confident.

Branches in the North and Independents (both +13%) are least 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, 52% of merchants interviewed are more confident against 25% who are less confident. The net figure is +27% more confident.

Confidence in the market:

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

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Of the **52** merchants who were **MORE confident** about the market than this time last year, comments included:

A lot of issues are now getting sorted, last year shortage of drivers/materials

Because covid is not stopping people now, supply of some stuff is getting better

Because materials are more easy to get hold of now than they were 12 months ago

Because of covid restrictions lifting people are beginning to spend more again.

Better supply of materials.

Busier now than last year

Covid coming to end, supplies are better than last year

Covid doesn't exist no more apparently, supply chain is getting a lot better

COVID dying down has helped and booming trade

COVID has ended

COVID has ended

Covid has finally gone

Covid has passed and think it's giving people more confidence

Covid has subsided

Covid last year

Covid less of an issue now

Covid restrictions have lifted and business seems to be picking up. There is now a steady flow of customers, with no restrictions, things seem to be much more normal now.

Covid's gone

Everyone just wants to spend and get on with their lives

Getting more materials coming through, supplies generally getting back to normal

Have more knowledge about how to deal with things

Increase in sales.

Isn't supply issues now

It was all so unknown, settled down now

It was more about availability and stuff last year, products were unavailable or not being made, couldn't get here - transport issues, much better this year

Just a few more jobs gone ahead this year

Confidence in the market:

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

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Just because supply is more normal now, companies have got their own vehicles back on road, instead of using agencies

Just generally seem more busy, more enquiries, more people out there working

Just the figures we are putting through

Just we're starting to come out of the pandemic, availability is getting better

Just with the simple reason that I've still got a job

Last year busy, this year its not as busy as it was

Last year there was uncertainty. Now that cloud has been lifted. However we will just have to see how the Russian invasion of Ukraine will play out, as this could create uncertainty in the future. We will see.

Last year was crazy as I did not know what to expect and there were big supply issues. Now supply issues are improving across the board except for plastic products.

Last year we had Brexit and supply issues. Now those supply issues have got much better, so far more confident.

Last year we had lockdown and now it's a bit more back to normal

Last year we were still in lockdown

Manufacturing is better

Materials are easier to get hold of now

More materials are coming through quicker.

More projects that are coming out of woodwork now, a lot more happening now, more opportunities out there

More supplies, but actually world is very uncertain at the moment.

Our branch has merged so we have taken on more work, a lot busier, getting more supplies

Pandemic was going crazy

Stock is more readily available and covid restrictions have lifted.

Supply chain is a lot better

Supply chains seem stronger

Supply problems are much better now than this time last year.

There was a lot of uncertainty last year, I feel that has lifted now.

Things are more stable, last year was very mental, couldn't get anything, I've never known a year like it and I've worked in this industry for 16 years

Things are settling down, the public are coming back now Covid restrictions lifting.

Think we might be over Covid.

Confidence in the market:

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

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Of the **25** merchants who were **LESS confident** about the market than this time last year, comments included:

Because of Covid people had more cash to spend on DIY and maintenance jobs last year. I feel people are putting these things off now to spend on holidays etc.

Because of everything going on with the war, petrol and diesel prices rising, just think we are heading for a recession

Because of the increasing energy prices and cost of living, I feel people will be more choosy on what they spend their money on.

Covid

Don't know what the effect this Russian thing will have on the market

I think I'd be kidding myself to say the Ukraine thing will not cause problems, I think it will, the supply chain has got a lot worse since last year, we're losing out on a lot of work as we just can't get the stock

It was just building materials rising in price last year but this year it's everything.

Just constant product availability problems

Last year we were very busy due to lockdown as the public renovated their properties. Now they can spend their money on foreign or UK holidays and other things, so I am expecting a hard 6 months, and margins are going to be battered.

Price increases / Prices are going up, everything is going up

Prices are increasing every two months and there are lots of uncertainties in the world that also cause issues on supplies

Pricing and the issue with Russia might affect things

Russia and Ukraine

Stock/supply problems with one major supplier, increase in material prices so people may stop buying.

Struggling to get stock

Supply issue / The supply issues.

The way the world is at the moment, all the issues going on, will affect supply chains

There are too many uncertainties, price increases in the industry, energy price increases, Ukraine, people are tightening their belts. People don't do home improvements when there are so many uncertainties.

Think everyone will start tightening their belts with inflation

This time last year we were feeling more positive, with vaccines and coming out of lockdown. People were spending more as they couldn't go away. Now there are a lot of new uncertainties, Energy costs, the war in Ukraine. I think people will be careful with their money and spend less on DIY and more on other things like holidays.

We don't know what rounds the corner

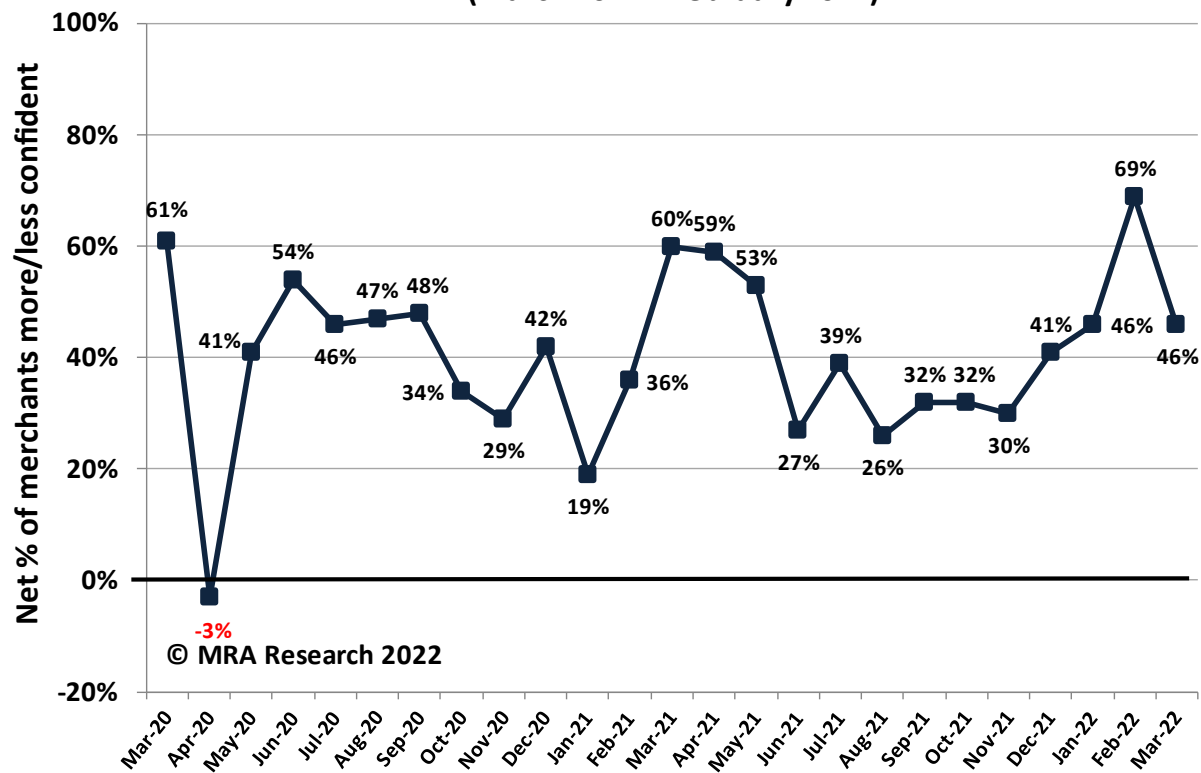
World events taking a turn for the worse lately

World problems, everything that's going on in Ukraine, plus the price increases that have happened in the last 6 months

Confidence in their own business: Month-on-Month

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



In March, merchants' confidence in their own business returned to the still high levels of January after February's strong surge.

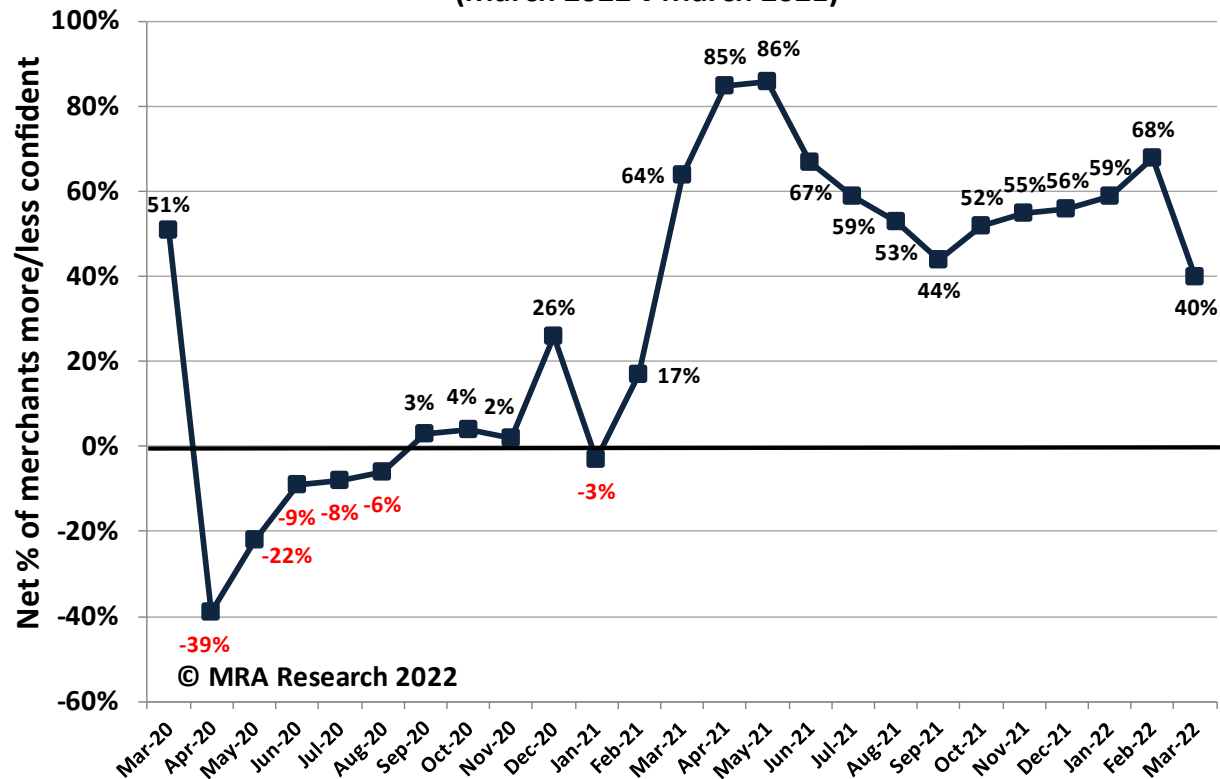
Confidence is strongest among merchants in the North (net +65%) and in Large branches (+63%), and noticeably weaker in Scotland (+14%).

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, 50% of merchants interviewed are more confident against 4% who are less confident. The net figure is +46% more confident.

Confidence in their own business: Year-on-Year

22

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



After several months of steady growth, merchants' confidence in their own business fell away quite steeply compared to the same month in 2021, but from a very high level to a still high level.

Merchants in the South and in Scotland (both net +50%) are most confident.

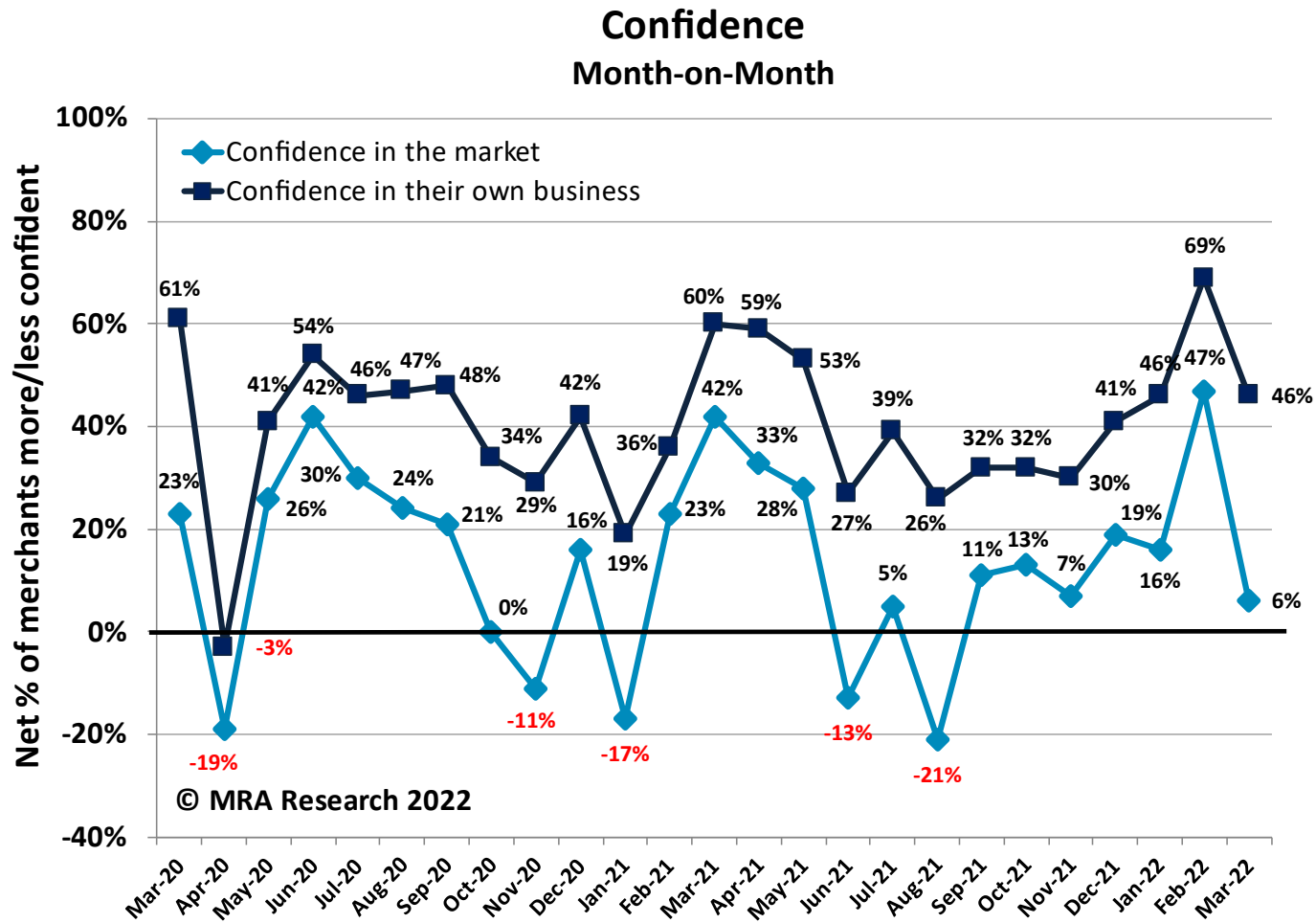
Branches in the Midlands are less so (+16%).

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, 54% of merchants interviewed are more confident against 14% who are less confident. The net figure is +40% more confident.

Confidence in the market v own business

Month-on-Month

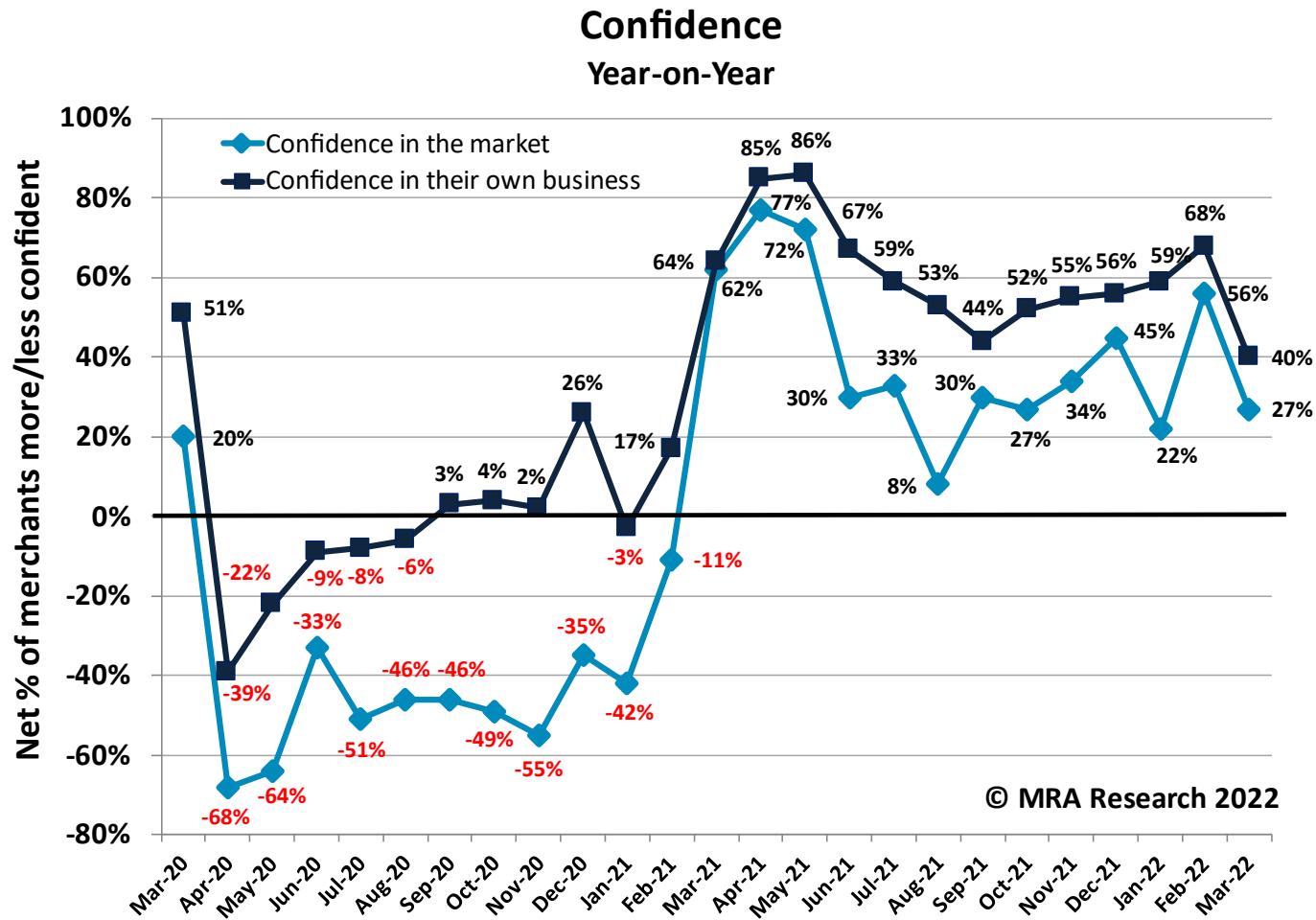
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Confidence in the market v own business

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 35th in the series, with interviews conducted by MRA Research between 1st and 3rd March 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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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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