



**the Pulse**  
Expectations. Prospects. Confidence.

August 2022

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

# Overview

2

## **Merchants are downbeat but confidence starts to recover**

Merchants expect sales to fall as the cost-of-living crisis and soaring prices weaken consumer demand.

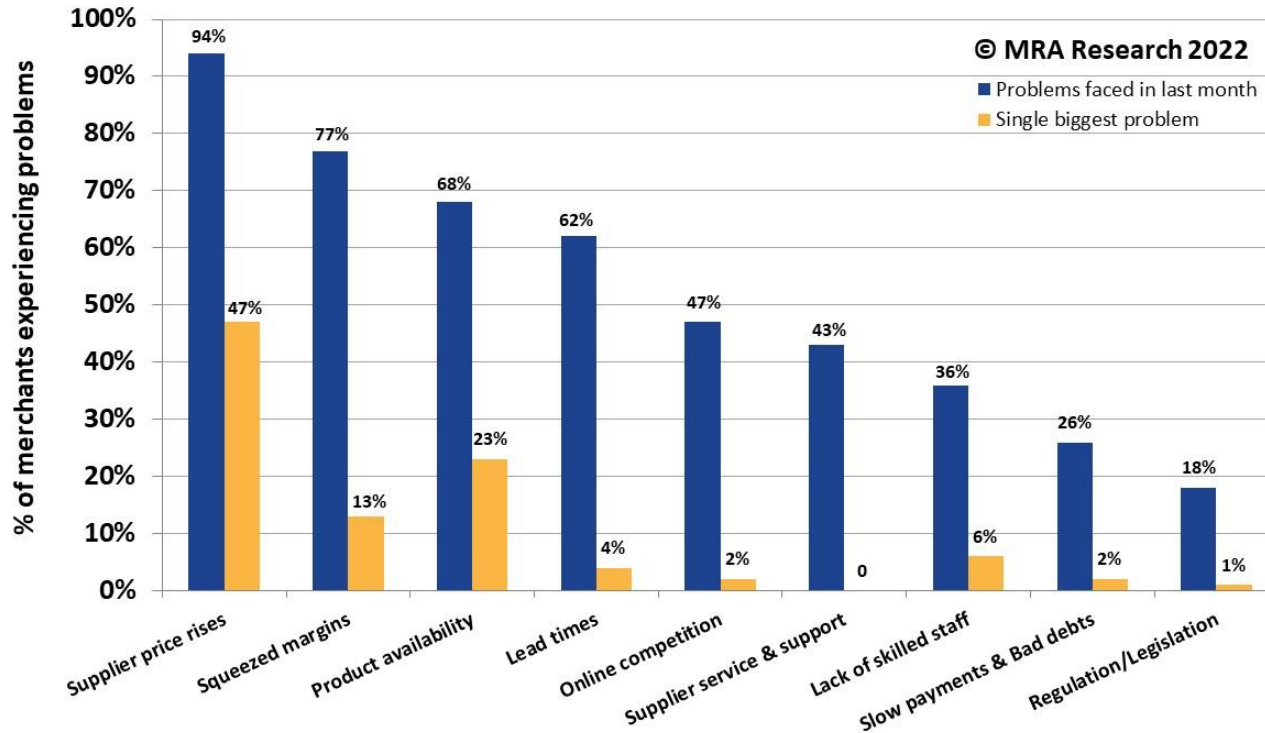
Merchants' confidence in the market remains low but it shows signs of recovering, despite multiple challenges in an uncertain trading environment.

However, merchants' confidence in the prospects for their own business picks up.

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

# Problems faced by business in the last month

### Problems faced by merchants in the last month



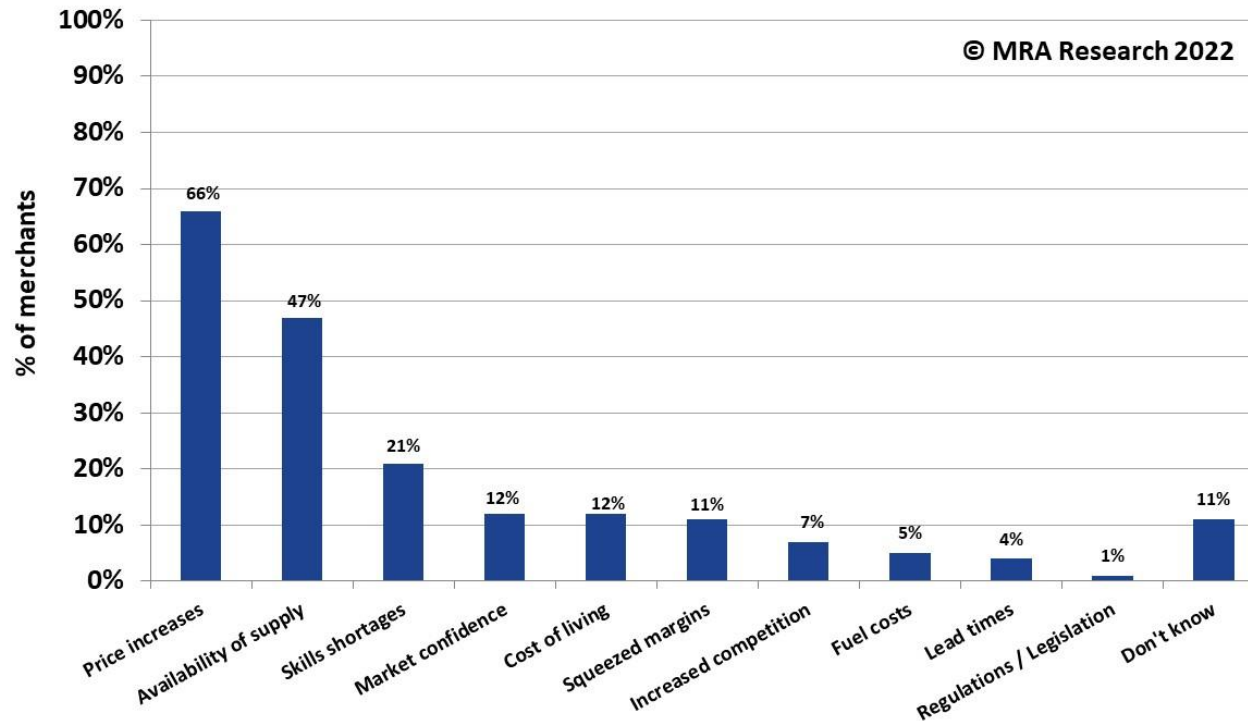
Merchants continue to face many problems in a difficult trading environment.

Nearly half (47%) of all merchants say supplier price rises are their single biggest problem.

Product availability (23%) and squeezed margins (13%) are the single biggest problems for over a third of merchants, and problems for most merchants.

# The most important challenges for the construction industry today

The most important challenges for the construction industry today

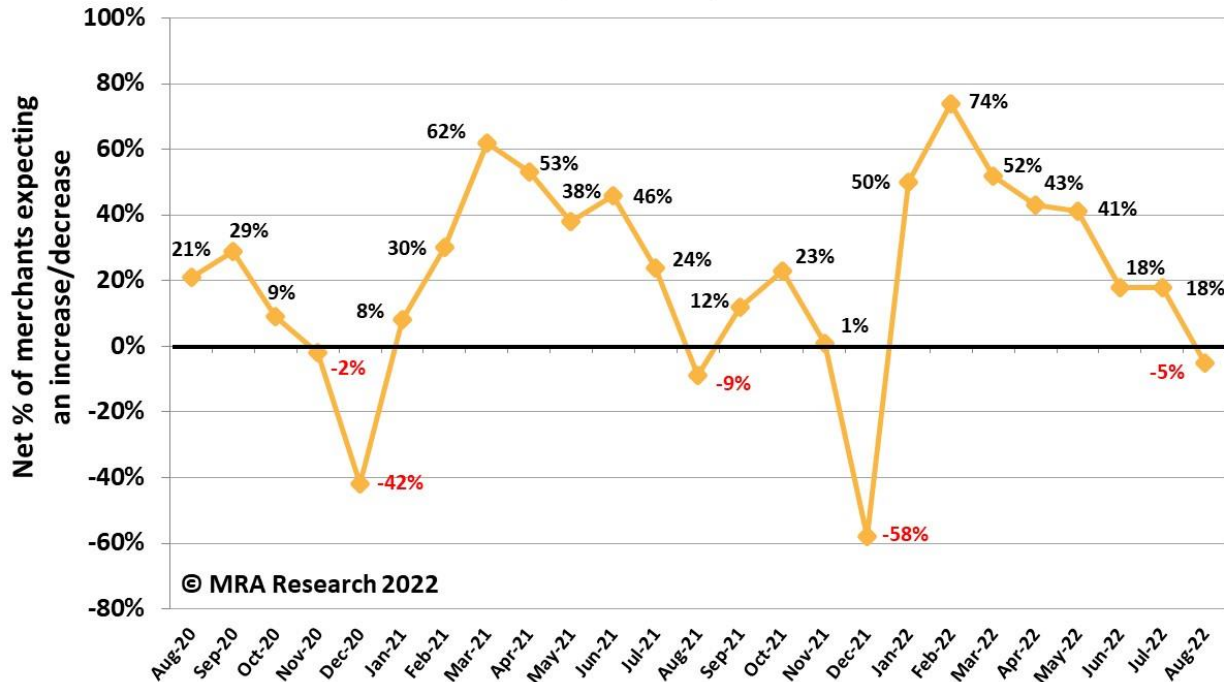


Price increases (66%) and supply availability (47%) are the most important challenges for construction.

One in five merchants (21%) see skills shortages as one of the most important challenges for construction.

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

### Sales Expectations: Month-on-Month Aug 2022 v July 2022



The continued uncertainty of the trading environment has weakened merchants' expectations of future sales. Sales expectations for August declined from July to a net -5%.

National merchants (+11%) and Small branches (+5%) still expect sales to increase.

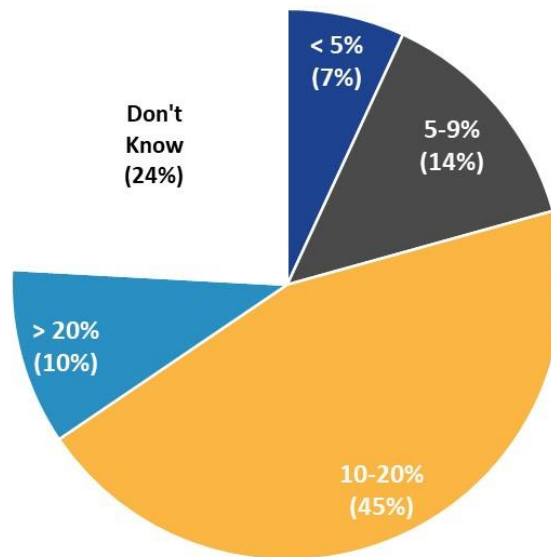
Expectations are weak among Independents (-31%), Mid-sized outlets (-15%) and in the North (-18%).

**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, 24% of merchants interviewed expect growth against 29% who expect a decline. The net figure is -5% expecting decline.

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

6

**Sales Expectations: % Decrease**  
Aug 2022 v July 2022



1 in 5 (21%) of those expecting sales to decrease in August, expect sales to drop by less than 10% compared with July.

Approaching half (45%) expect sales to drop over 20% compared with July and a further 10% expect sales to drop by more than that.

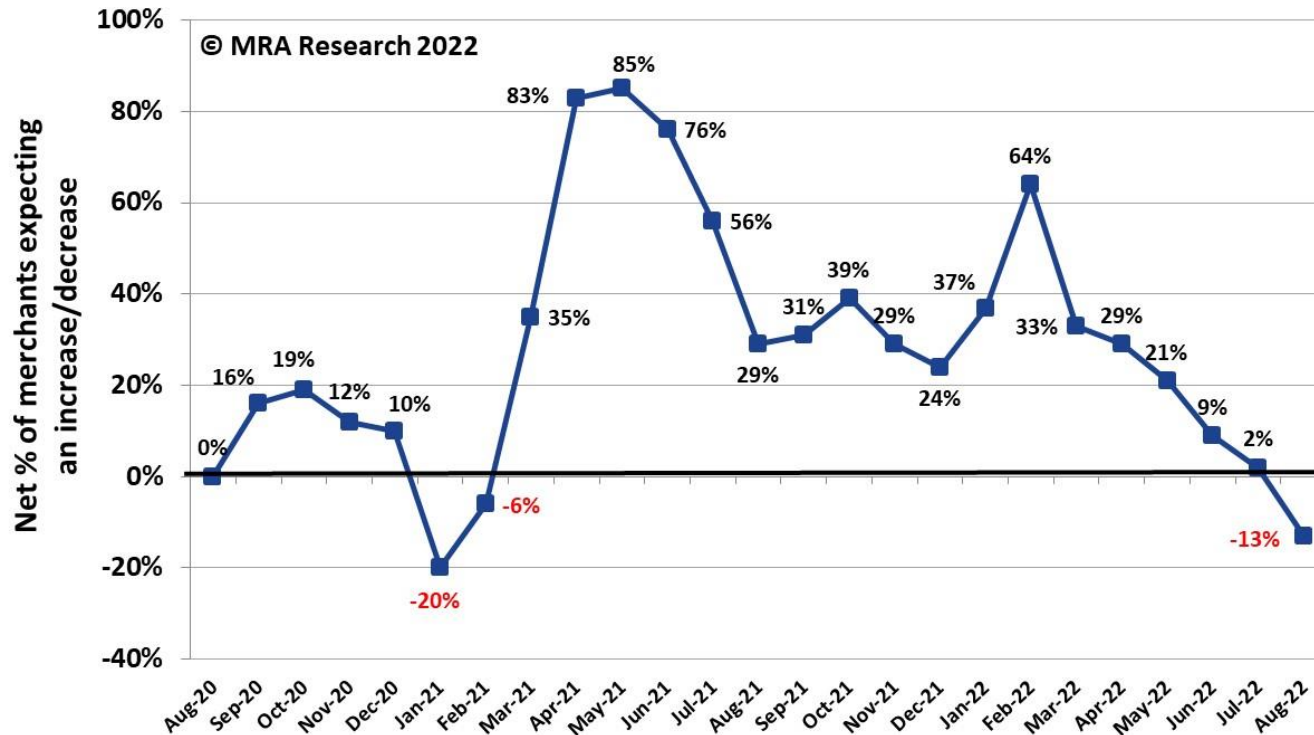
Because of market uncertainty, a quarter of merchants (24%) are unable to estimate the extent of sales decline they anticipate.

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Base: 29

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

### Sales Expectations: Year-on-Year Aug 2022 v Aug 2021



Sales expectations continued to weaken from a net +64% year-on-year in January to a net -13% in August, indicating a sales decline for the first time in 18 months.

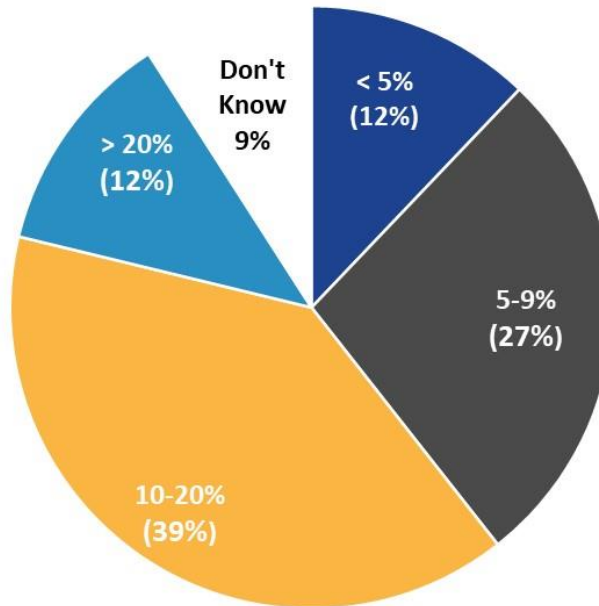
Merchants across all regions except the South expect sales to fall: Scotland (-50%), the North (-36%) and Independents (-56%).

Merchants in the South (+21%) still expect sales to increase.

**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, 33% of merchants interviewed expect growth against 46% who expect a decline. The net figure is -13% expecting decline.

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

**Sales Expectations: % Decrease**  
Aug 2022 v Aug 2021



1 in 10 (12%) of those expecting sales to decrease in August, compared to the same month in 2021, expect a decrease of less than 5%.

A further 27% expect a drop of 5-9%.

Just over half (51%) expect sales to drop by 10% or more.

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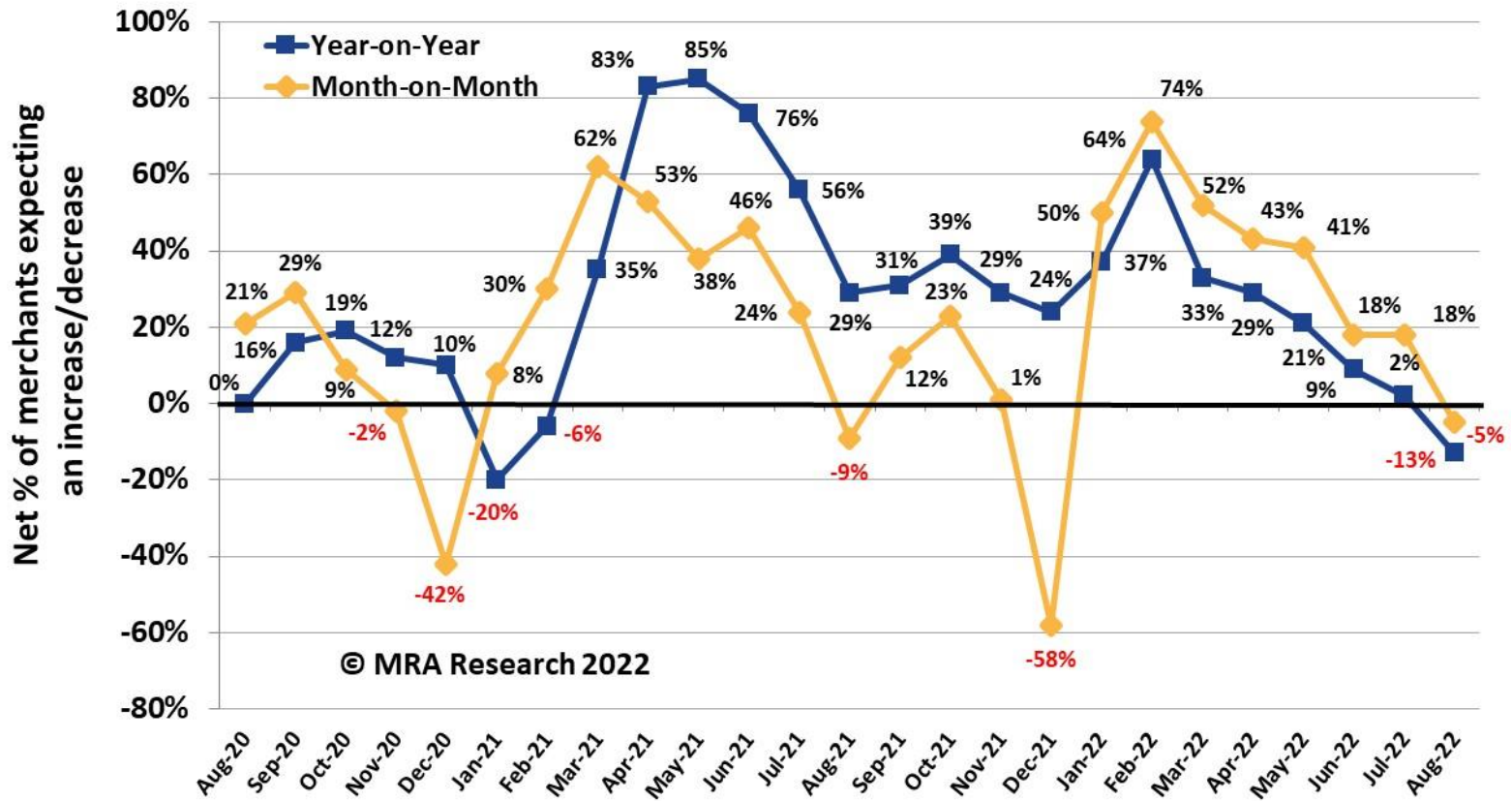
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# Sales Expectations

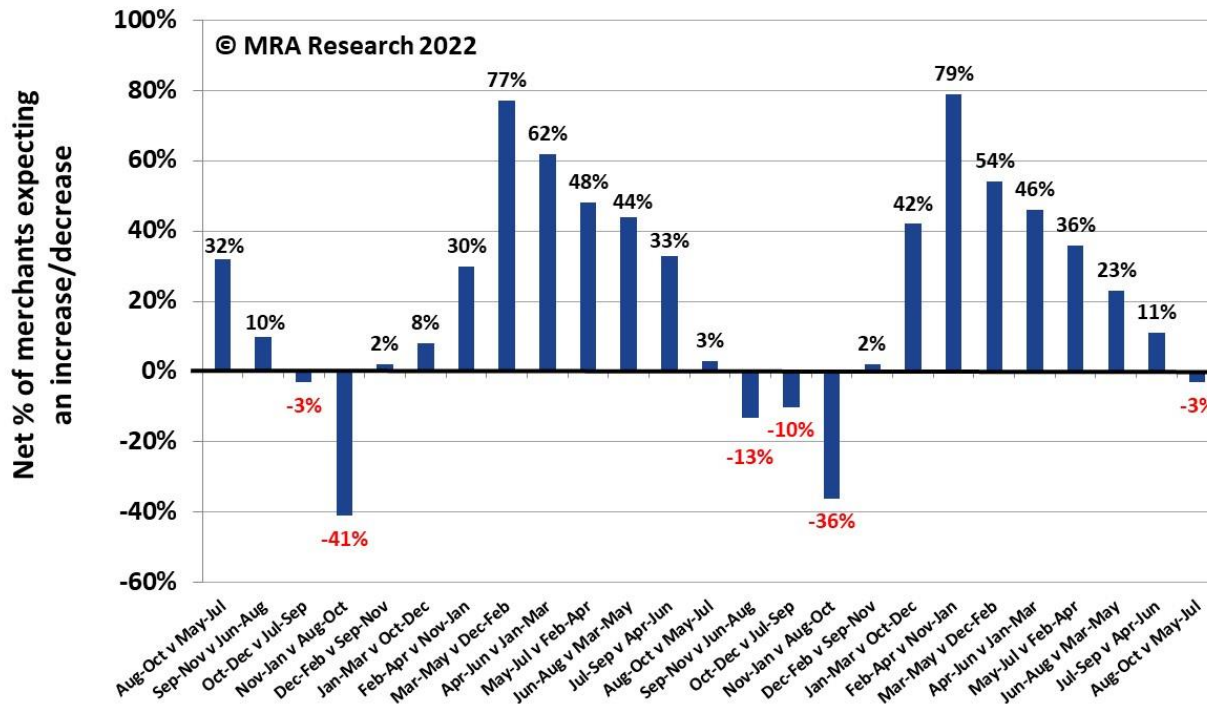
## Month-on-Month v Year-on-Year

### Sales Expectations



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

**Sales Expectations**  
Quarter-on-Quarter (from Aug 2020)



**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, 33% of merchants interviewed expect growth against 36% who expect a decline. The net figure is -3% expecting decline.

Quarter-on-quarter expectations have weakened too.

For the first time this year more merchants expect sales to decline compared to the previous three months (May to July) than expect sales to grow, a net -3%.

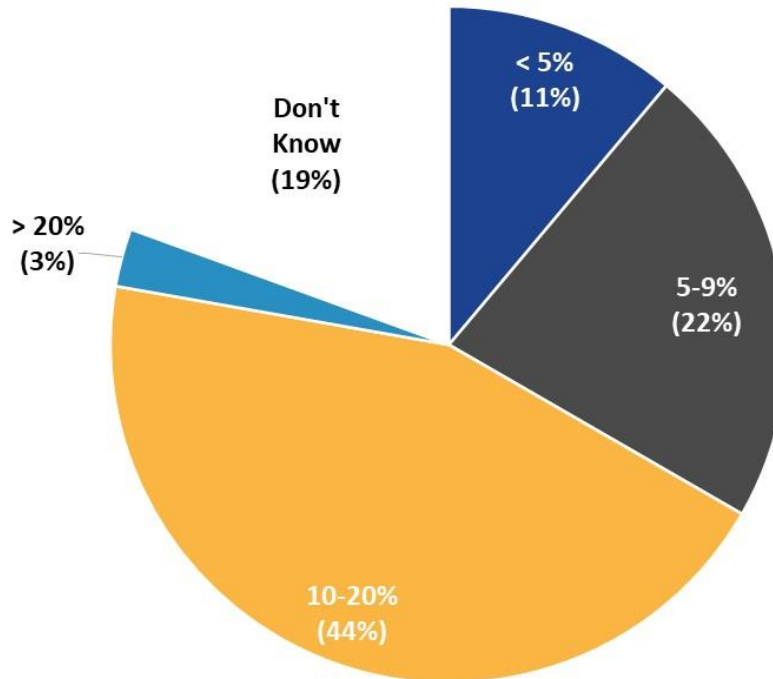
Expectations are particularly weak in Scotland (-19%) and among Independents and Large outlets (-56% and -44% respectively).

The Nationals (+29%) and Small branches (+27%) expect sales to grow.

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

11

**Sales Expectations: % Decrease**  
Next 3 months (Aug-Oct 2022) v Previous 3 months (May-July 2022)



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Base: 36

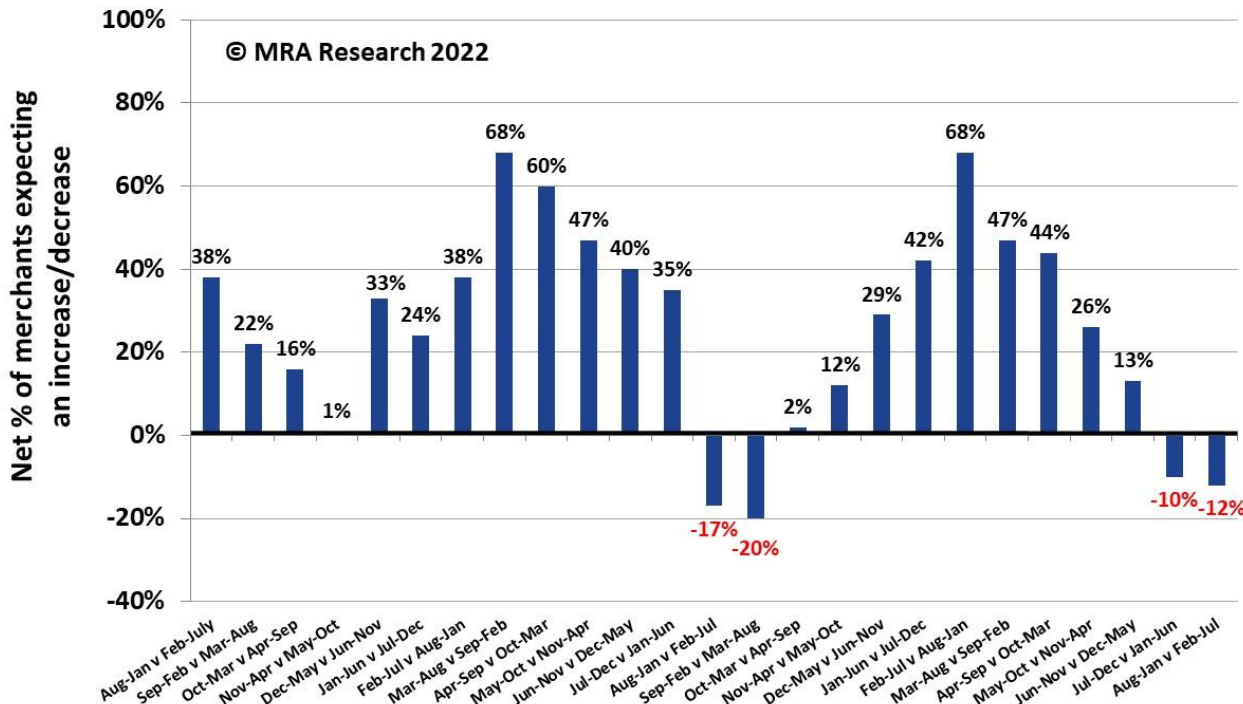
A third (33%) of the merchants who expect sales to decline in the next three months, expect them to fall by up to 10%.

44% expect them to decline by 10% to 20%, and 3% expect a drop in sales of more than that.

Reflecting market uncertainty, one in five (19%) are unable to say how much sales will fall.

# Sales Expectations: Next six months...1

**Sales Expectations**  
Next 6 months v Previous 6 months (from Aug 2020)



Looking six months ahead, a net -12% of merchants expect sales to decline in the six months Aug 2022 to Jan 2023 compared to the previous six months.

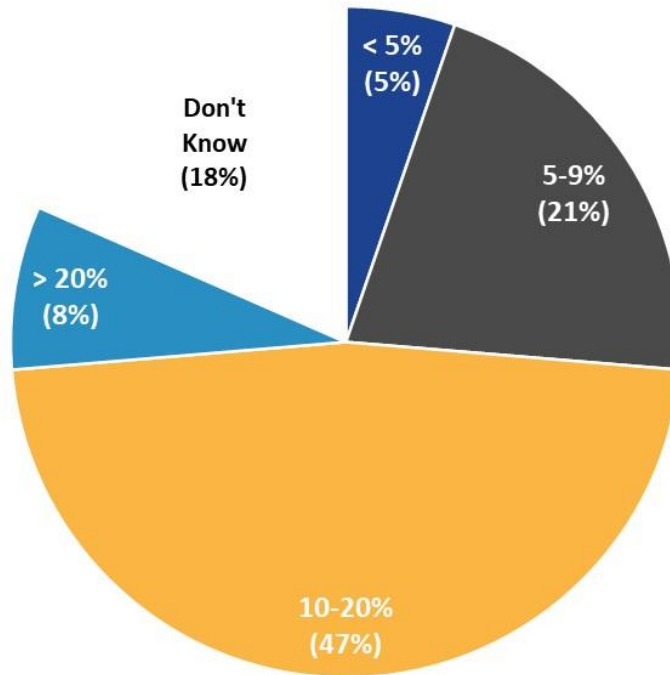
Nationals (+29%) expect sales to grow, Independents (-44%) and Regionals (-35%) expect sales to reduce.

Small branches expect sales to grow (+17%). Mid-sized outlets (-32%) and Large branches (-33%) expect sales to contract.

**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, 26% of merchants interviewed expect growth against 38% who expect a decline. The net figure is -12% expecting decline.

# Sales Expectations: Next six months...2

**Sales Expectations: % Decrease**  
Next 6 months (Aug 2022-Jan 2023) v Previous 6 months (Feb-Jul 2022)

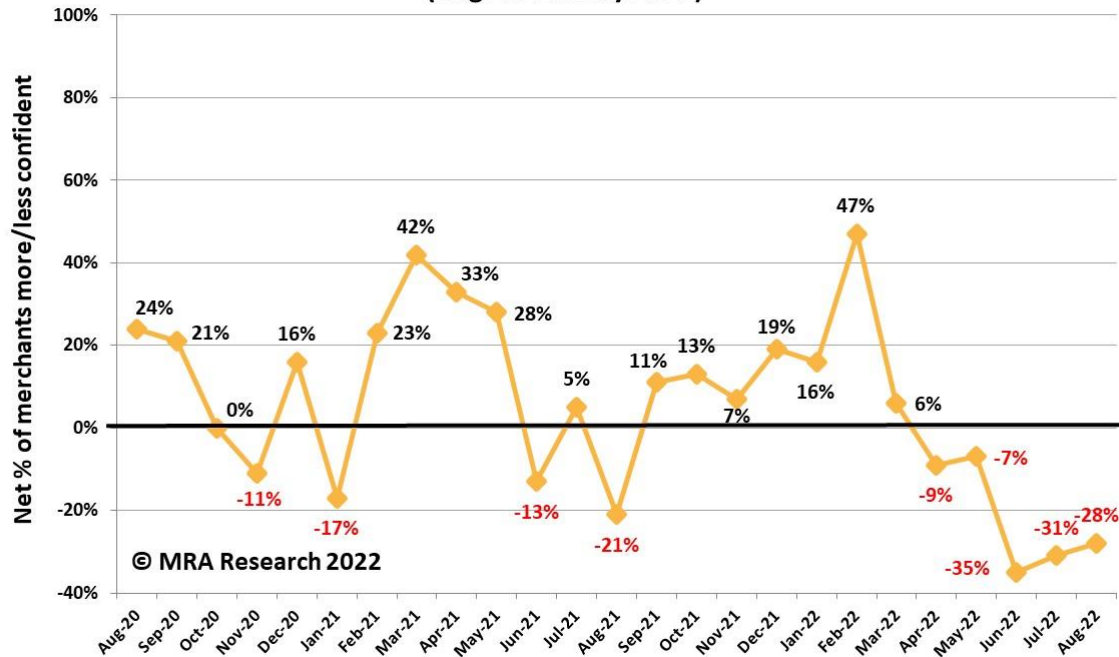


Just over a quarter (+26%) of merchants expecting sales to contract in the next six months, expect them to fall by up to 9%.

About half (47%) expect a decrease of between 10 to 20%. Almost 1 in 10 (8%) expect a drop of more than 10%.

# Confidence in the market: Month-on-Month

### Confidence in the market: Month-on-Month (Aug 2022 v July 2022)



A net -28% of merchants are less confident in the market now than in the previous month. Market confidence is marginally stronger than in July.

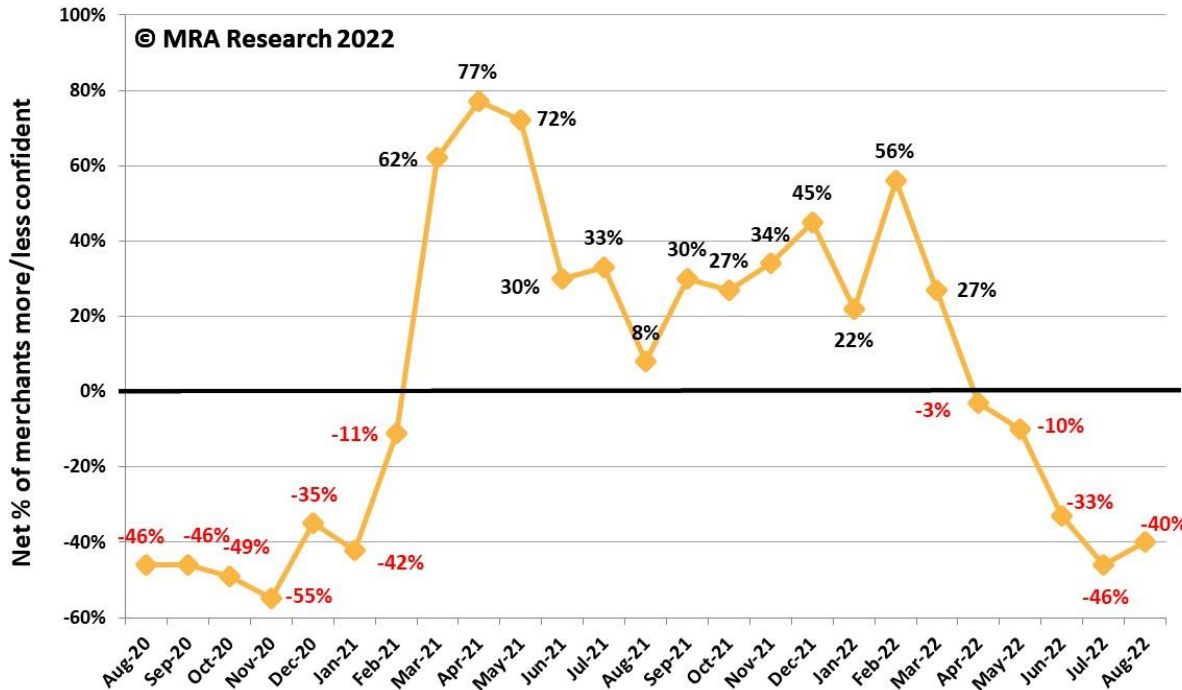
Confidence in the market was weak across all sizes of outlet, regions and types of merchant.

Large outlets (-61%) and Independents (-50%) are the least confident in the market.

**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, 17% of merchants interviewed are more confident against 45% who are less confident. The net figure is -28% less confident.

# Confidence in the market: Year-on-Year

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



Year-on-year, market confidence has recovered slightly to a net -40% of merchants less confident in the market in August than they were in August 2021.

Compared to 2021, confidence dropped across all sizes of outlet, regions and types of merchant.

Merchants in Scotland (-75%) and the Midlands (-55%) 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, 20% of merchants interviewed are more confident against 60% who are less confident. The net figure is -40% less confident.

# Confidence in the market:

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

16

**20** merchants were **MORE confident** about the market now than this time last year. Comments included:

Because the pandemic has cleared up and it seems to be moving again.

Better availability of stocks, shorter lead times.

Better suppliers.

I know covid hasn't fully gone, but people are back to work, working fully, people not on furlough.

Increased sales and better product supply.

I suppose mainly the covid scenario, people were delaying spending their money.

Just my experience, the longer I've been in the company the better my knowledge about the market is.

Just seem to be heading in right direction compared to last year.

Just the number of people coming in.

Last year we had the pandemic, people are now catching up on work, we just seem extra busy.

Manufacturers can actually supply things at present.

More clarity.

More skilled staff compared to last year.

No more covid.

Not sure. Just coming out of the pandemic gloom now.

Prices have stabilized, this time last year they were scooting up.

Product availability getting better.

Things are steadying now compared with last year.

Think it's still growing for plumbers.



# Confidence in the market:

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

17

60 merchants were **LESS confident** about the market than this time last year. Comments included:

After lockdown, customers now spend money on other things.

Because everything is very different to last year, in every way you can think of.

Because last year was a crazy year, very busy.

Because we are noticeably quieter.

Because we are on the edge of a recession.

Can't get stock, low stock and high prices.

Can't see people affording things much longer.

Consistent price rises / cost of living crisis.

Cost going up, cost of living increases.

Cost of living ,cost of everything in general.

Cost of living crisis.

Cost of living / high prices.

Cost of living / higher prices.

Cost of living / higher pricing / more people are going on holiday.

Cost of living crisis and high prices.

Cost of living crisis/ price increases/ product availability.

Cost of living/ high prices

Current supplier product.

Downturn of sales.

During covid was very busy, now expecting a dip as lots of peoples going on holidays etc.

During lockdown customers spent a lot more money on home improvements. As things have normalised, customers are back to spending more money on holidays and this business is experiencing their seasonal quiet times as before.

Economy fluctuation, and now its holiday season a lot of merchants are on holiday.

Energy prices, cost of materials

Everything going on, inflation amongst other things.

Everything is so volatile at the moment, no fixed prices

Geopolitical situations, world peace, uncertain times and still got covid hanging around.

Had a boom last year but not this year.

Instability from the government, focusing more on Scottish independence than the economic recovery.

Just basically been a downturn, inflation etc.

# Confidence in the market:

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

18

Just busy with covid last year, it's harder this year.

Just slowed down, quiet.

Just think there's a recession coming really.

Just think there's going to be more supply issues.

Last year was a good year, customers are more cautious.

Nobody's spending.

Our current economic climate, all the global issues impacting business.

People last year were buying lots of garden bars and sheds etc. whereas this year haven't got as much money. Bills increasing.

Price increases.

Price increases.

Price increases and getting stock. Not many people have much money therefore the showrooms have been quiet.

Price increases and number of sales have decreased.

Price increases and people are short of money.

Price increases and people have other things to prioritise.

Price increases and the rise in gas and electricity bills.

Price increases, inflation, natural resources.

Pricing fluctuating, getting out of control.

Purely because you've got all this with Ukraine, still got backlash of covid, a lot of uncertainty, nothing is settled, banks are going crazy, prices are rocketing, fuel is crazy, people don't want to spend money, spent it all last year, going on holiday this year instead.

Regular price increases.

Retail side, energy costs, inflation.

Retail trade is down.

Rising prices / cost of living.

Sales slowing down.

So much going on.

Squeezing on spending – inflation.

Talks of recessions.

This business is situated in a rural area, currently they are quieter than 12 months ago.

Unbalanced costs, government changes.

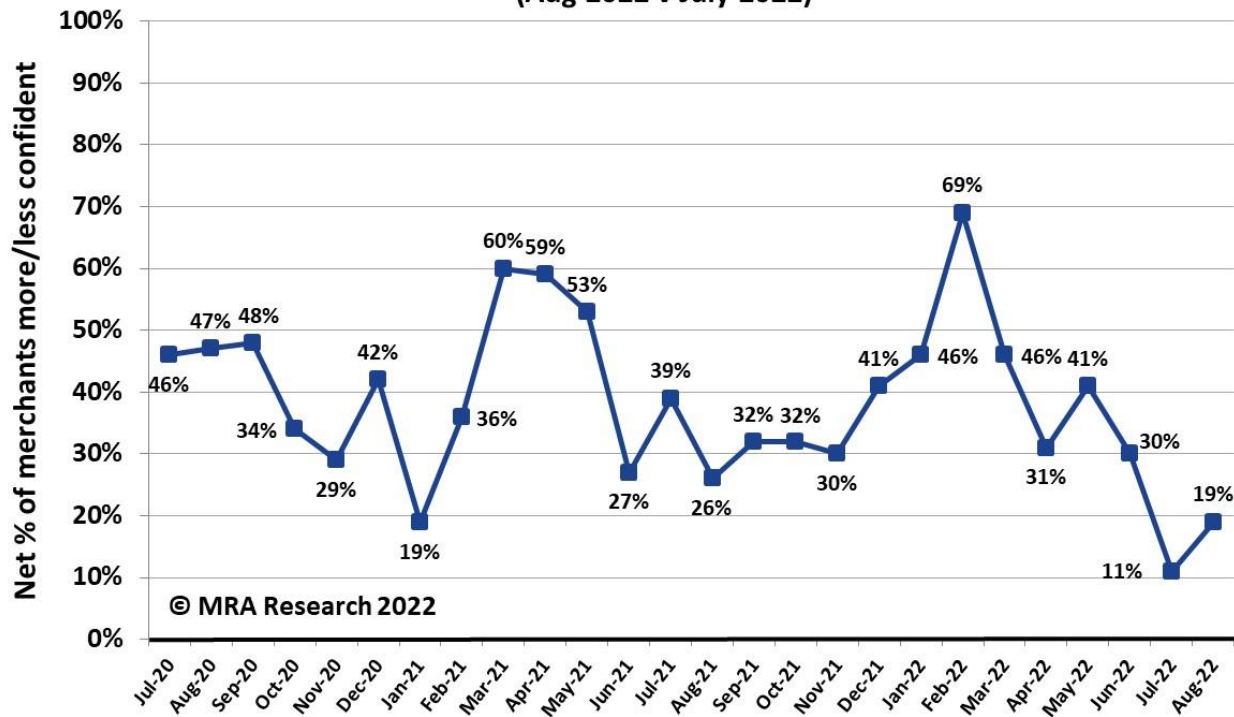
Unsustainable price increases.

We were way busier last year.

We're talking ourselves into a recession.

# Confidence in their own business: Month-on-Month

**Confidence in their own business: Month-on-Month**  
(Aug 2022 v July 2022)



Merchants' confidence in their own business has improved to a positive net +19%, month on month.

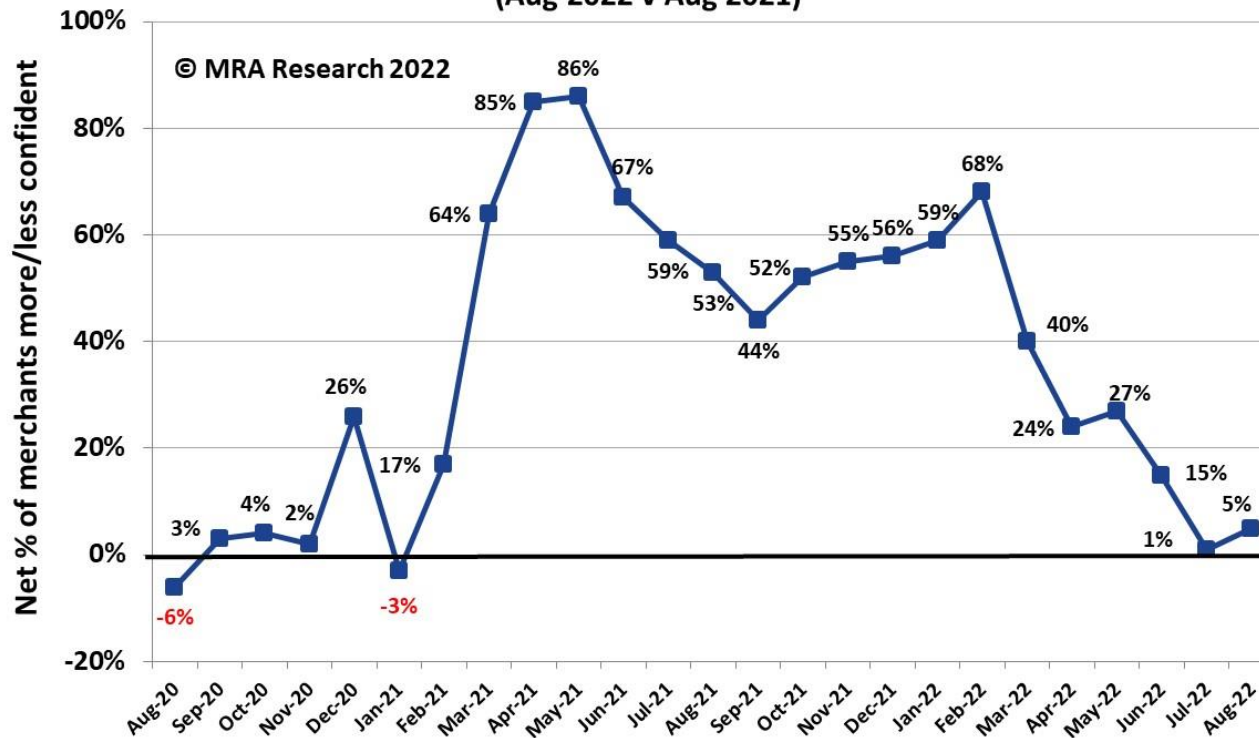
Confidence is strong among Small branches (+29%) and Mid-sized outlets (+24%). Confidence is weak among Large outlets (-17%).

Independents (-12%) have less confidence in the prospects for their own business than Nationals (+32%) and Regionals (+20%).

**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, 36% of merchants interviewed are more confident against 17% who are less confident. The net figure is +19% more confident.

# Confidence in their own business: Year-on-Year

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



Merchants' confidence in their own business has strengthened slightly Year-on-Year to a positive net +5%.

Small branches (+24%) are confident but a net -44% of Large outlets are less confident in the prospects for their business than they were last year.

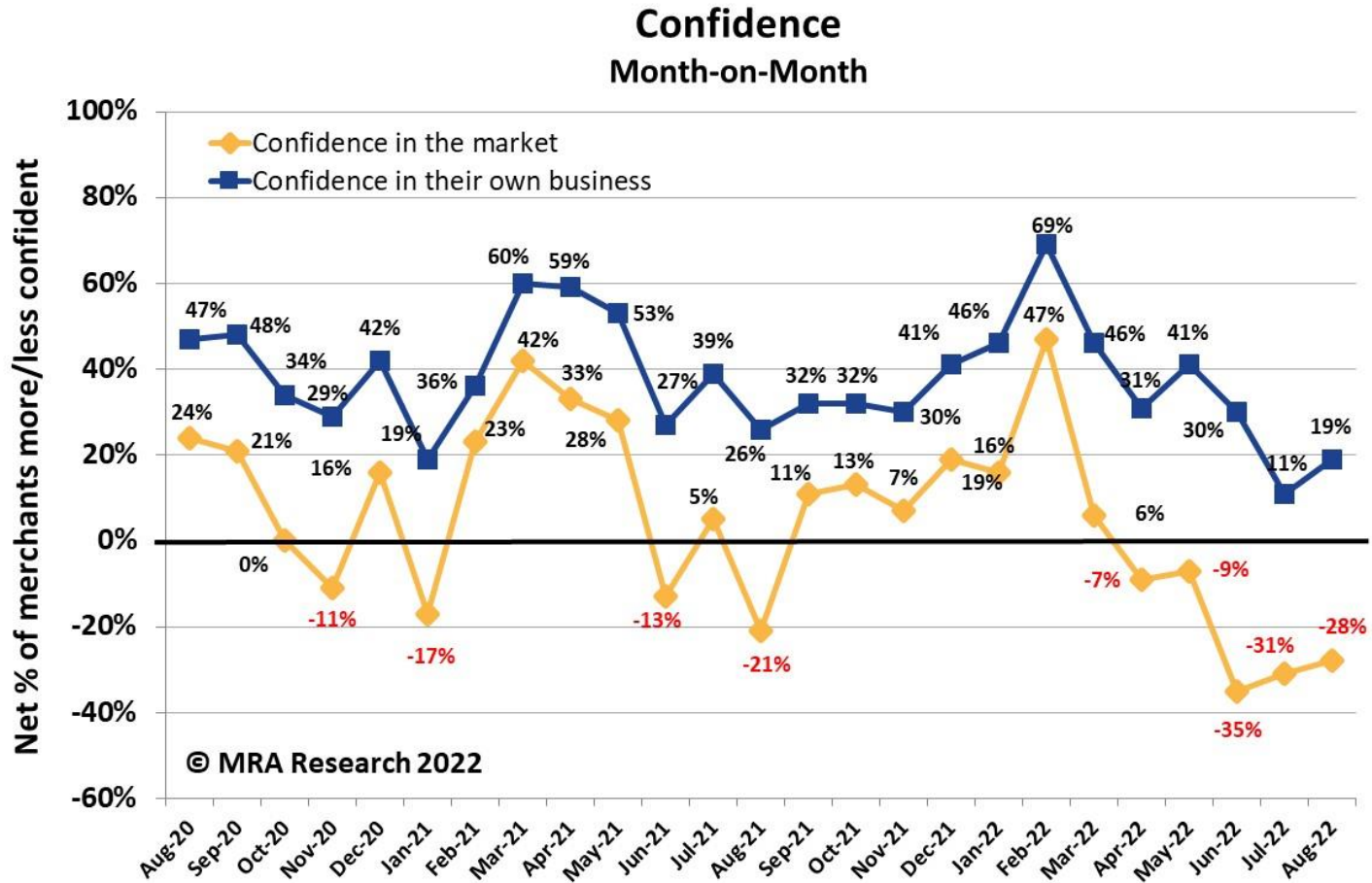
A net +13% of Merchants in the South are confident. The North is least confident (-14%).

The contrast between Nationals and Independents is stark, with Nationals more confident (+29%) and Independents less confident (-31%).

**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, 35% of merchants interviewed are more confident against 30% who are less confident. The net figure is +5% more confident.

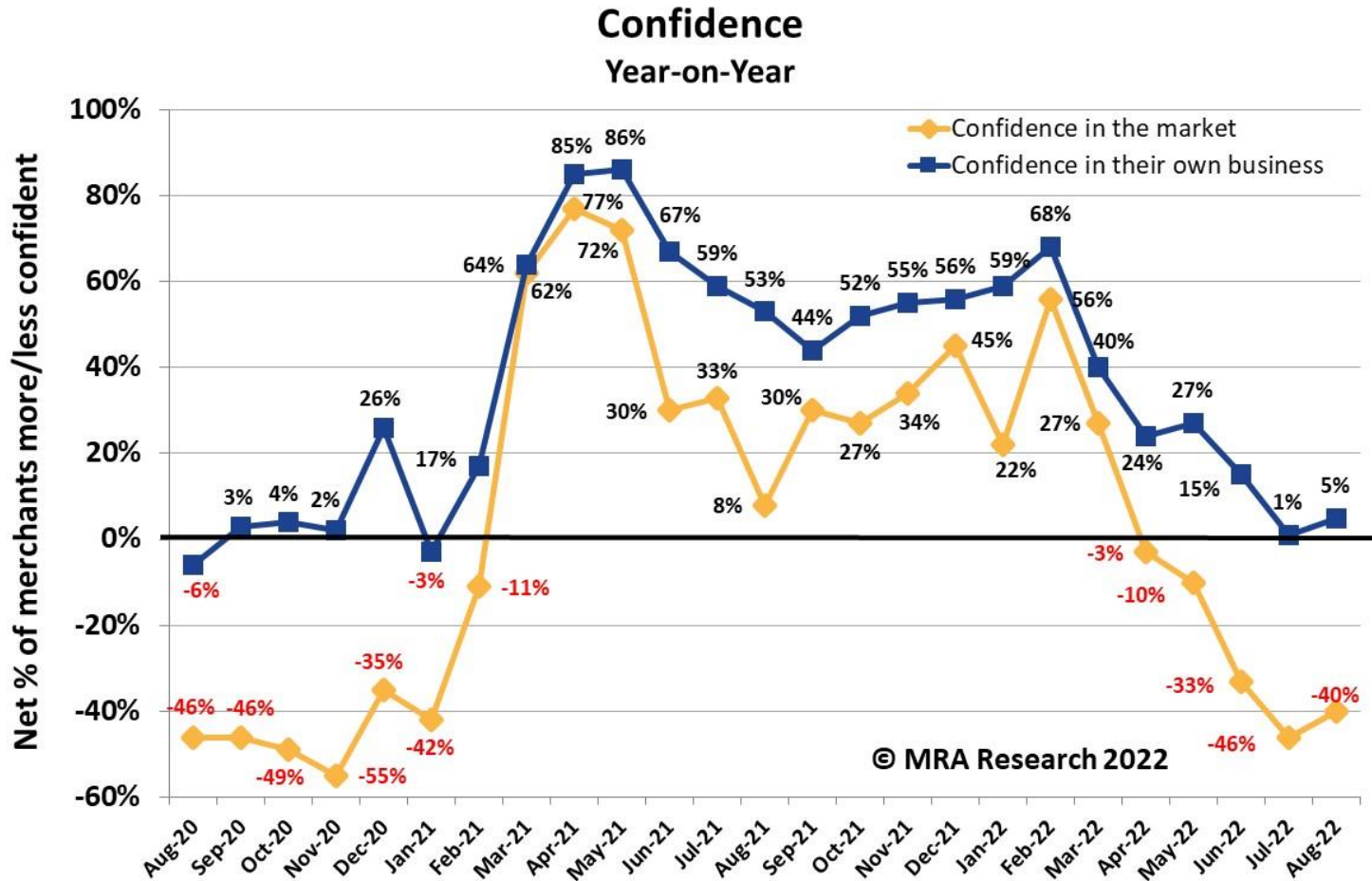
# Confidence in the market v own business

## Month-on-Month



# Confidence in the market v own business

Year-on-Year



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# About The Pulse

23

**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 40<sup>th</sup> in the series, with interviews conducted by MRA Research between 1<sup>st</sup> and 3<sup>rd</sup> August 2022 (3 working days). 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](http://www.mra-research.co.uk/the-pulse) or call Ralph Sutcliffe at MRA Research on 01453 521621.



# About MRA

24

## MRA Research

MRA Research is one of the UK's longest standing research and insight companies solely serving construction, building materials and home improvement markets. Services include customer satisfaction surveys, brand mapping & positioning, competitive advantage surveys & competitor reviews, new product development & concept testing, advertising & messaging research, product usage surveys, decision maker research and market tracking.



## 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](http://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](http://www.bmbi.co.uk).





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