



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

**November 2022**

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

# Overview

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**The industry is under pressure, but merchants are confident in the prospects for their own business.**

A darkening global economy, continuing price pressures, and a cost-of-living crisis are hitting consumer confidence and dampening builders' merchants' sales expectations.

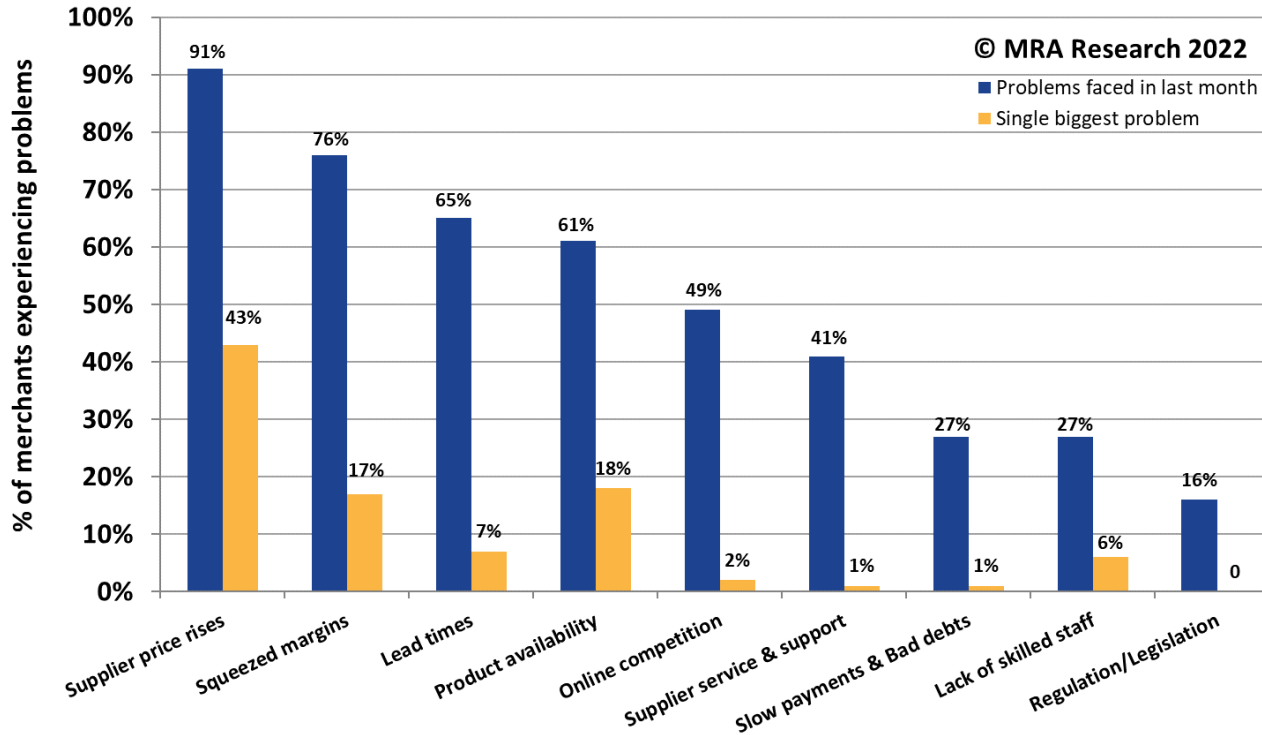
Confidence in the market is low but it's improved since last month and merchants continue to be much more confident in the prospects for their own business than for the market.

Having given the Government's mini-budget a massive thumbs down last month, merchants aren't convinced the new Prime Minister can or will fix the UK economy. Merchants in Scotland are deeply sceptical.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1<sup>st</sup> and 2<sup>nd</sup> November 2022 (2 working days).

# Problems faced by business in the last month

Problems faced by merchants in the last month



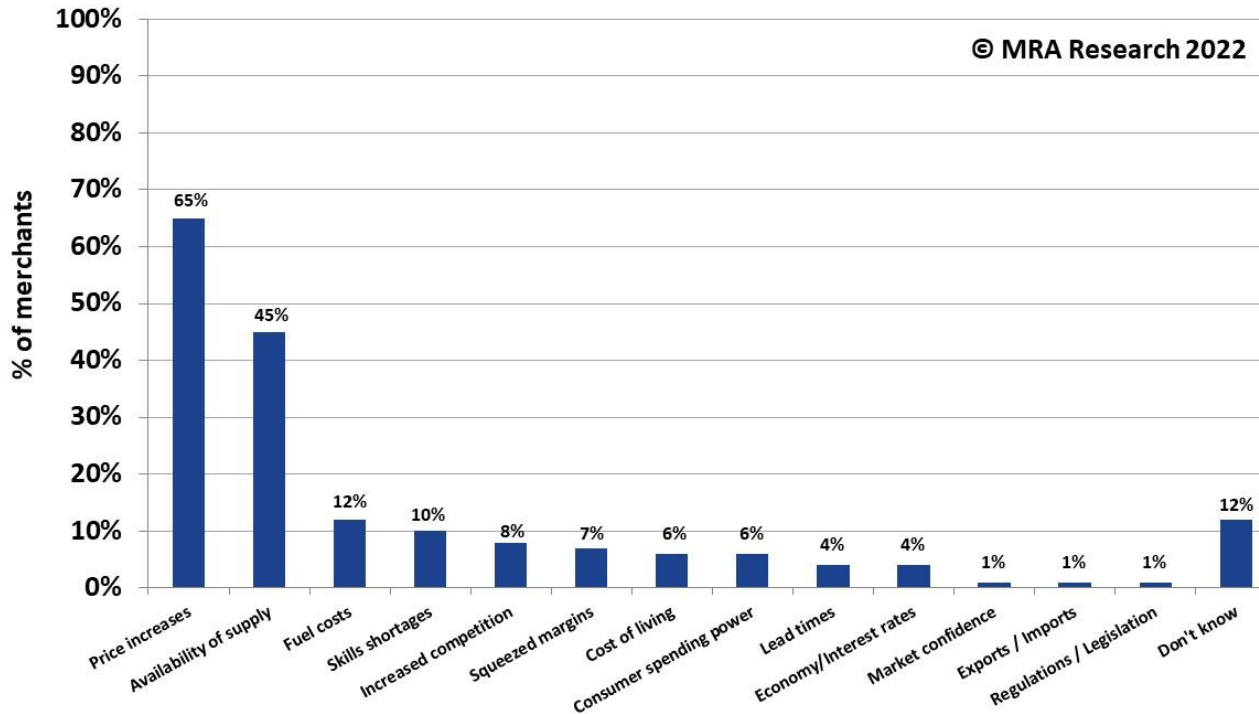
Merchants battle many problems in an unsettled economic and political environment.

Supplier price rises are the single biggest problem for over 4 in 10 merchants (43%).

Nearly 1 in 5 merchants say Product availability (18%) or Squeezed margins (17%) are their single biggest problem.

# The most important challenges for the construction industry today

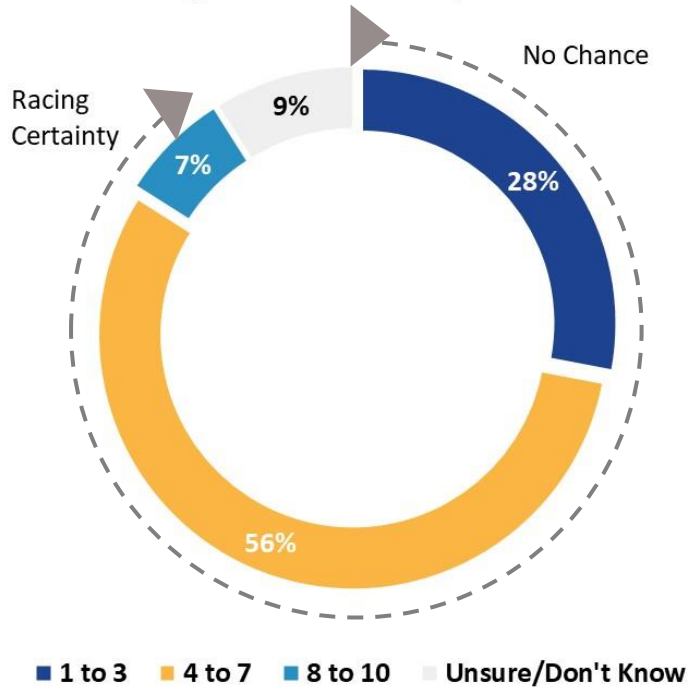
The most important challenges for the construction industry today



Merchants see price increases (65%) and supply availability (45%) as the most important challenges for construction.

# Who's rooting for Rishi?

**On a scale of 1-10 where 1 is no chance and 10 is a racing certainty, how do you rate the new Prime Minister Rishi Sunak's chances of fixing the UK economy?**



Less than 3 in 10 Merchants (28%) believe the new Prime Minister will fix the UK's economic problems.

Most are sitting on the fence with scores of 4-7.

The PM gets a big thumbs down from Merchants in Scotland with 50% rating his chances 1-3 out of ten.

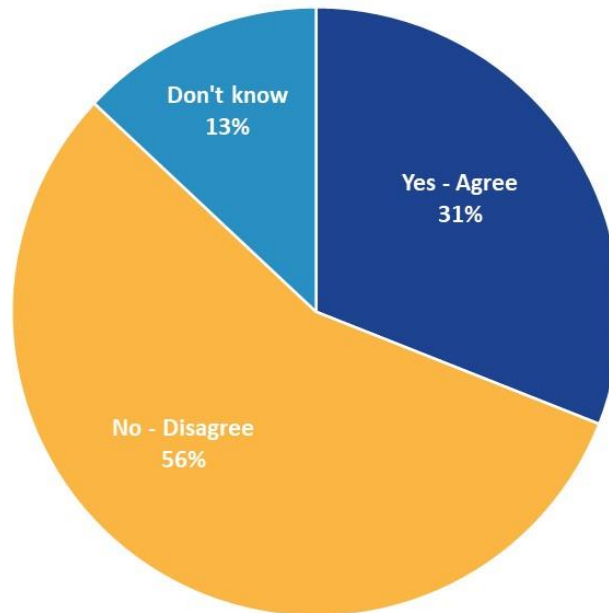
Less than 1 in 10 (7%) gave him a ringing endorsement of 8 and there were no 9s or 10s.

# Optimism for the future

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## Brighter days lie ahead

Liz Truss said 'brighter days lie ahead' after becoming UK's shortest-serving leader.  
Do you agree?



While one in three merchants (31%) are optimistic for the future and agree that brighter days lie ahead 56% are not.

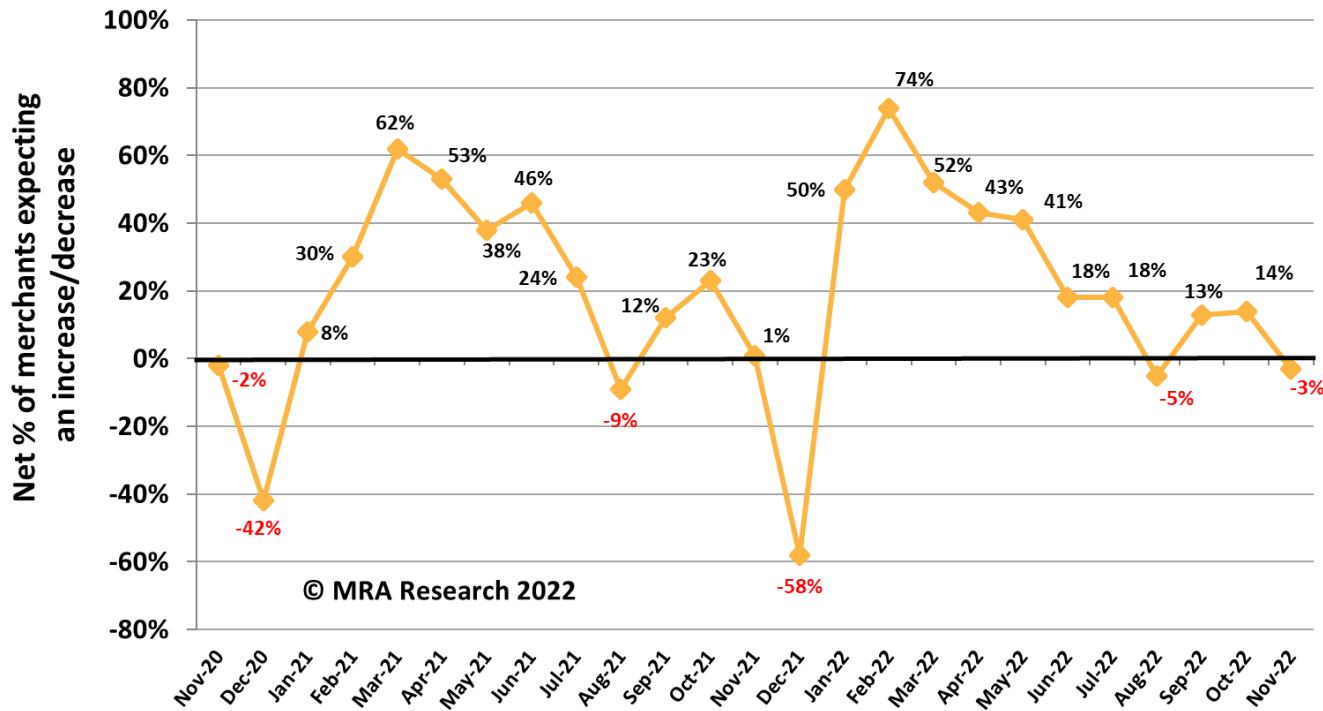
Merchants in the South (59%) and Scotland (62%) are the least convinced.

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Base: 100

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

**Sales Expectations : Month-on-Month**  
Nov 2022 v Oct 2022



Continued turmoil in the trading environment and wider world has dampened merchants' expectations for November sales (net -3%).

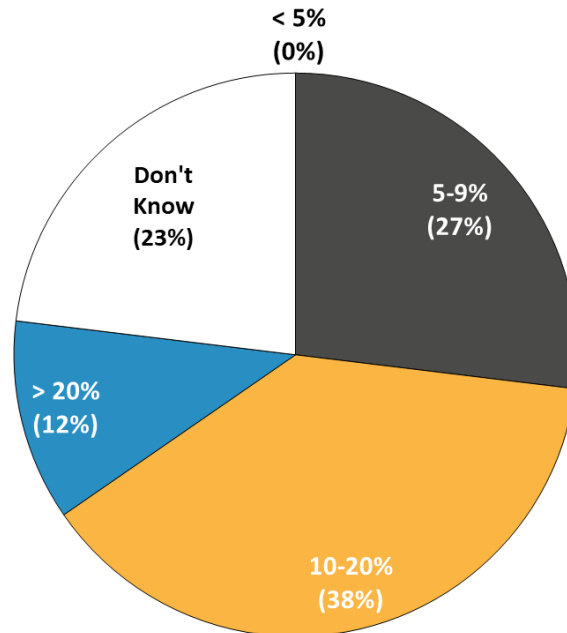
Nationals (+5%) and Regionals (+2%) expect sales to grow, but a net -30% of Independents expect lower sales.

A net -20% of Mid-sized outlets and -31% of Merchants in Scotland expect sales to fall.

**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, 23% of merchants interviewed expect growth against 26% who expect a decline. The net figure is -3% expecting growth.

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

**Sales Expectations: % Decrease**  
Nov 2022 v Oct 2022



Of those expecting sales to decrease in November, compared with October, 27% expect sales to fall by less than 10%.

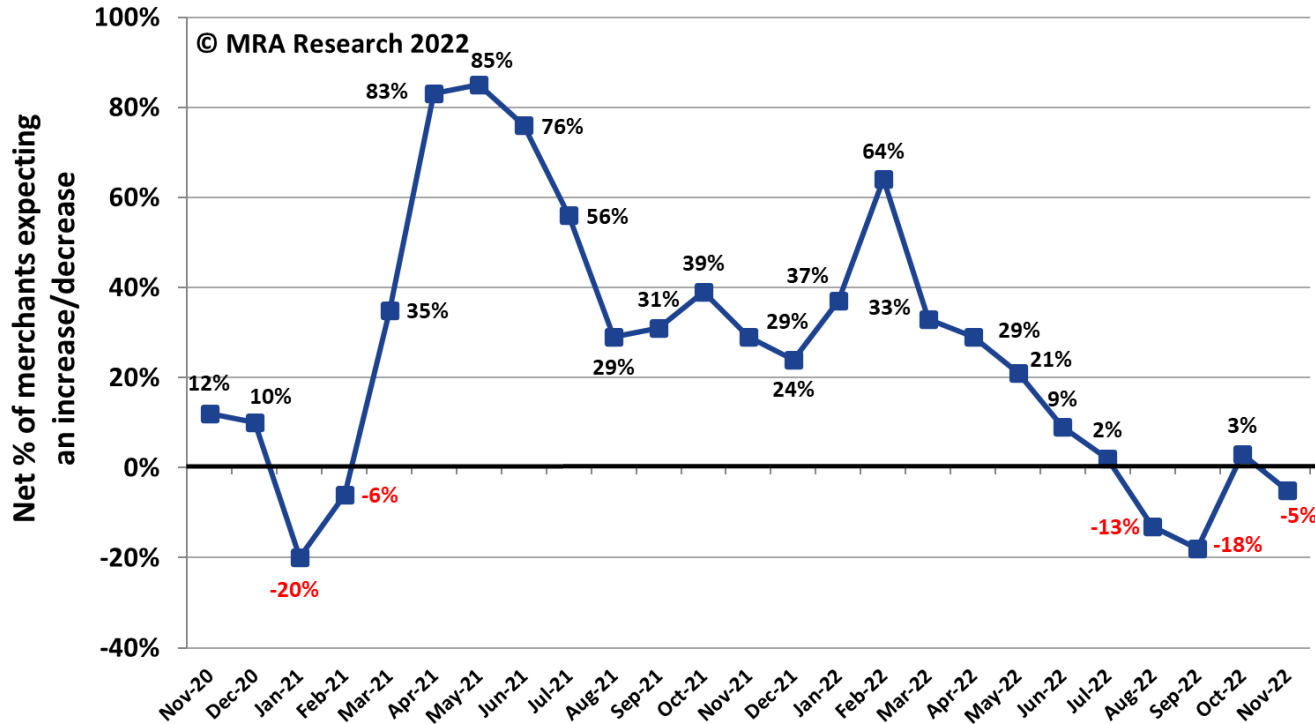
Almost four in ten (38%) expect sales to drop between 10 and 20%. A further 12% expect sales to fall by more than that.

A quarter of merchants (23%) are unable to say how much of a fall they expect.



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

**Sales Expectations: Year-on-Year**  
Nov 2022 v Nov 2021



**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, 29% of merchants interviewed expect growth against 34% who expect a decline. The net figure is -5% expecting to decline.

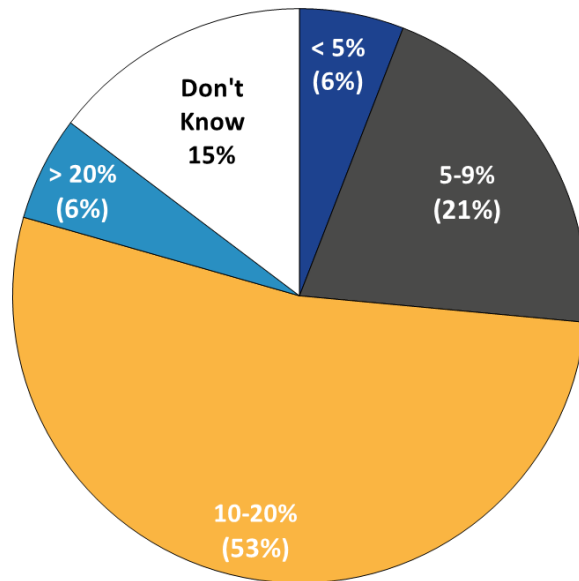
November sales expectations, compared to November last year, decreased to a net -5%, having recovered in October.

Merchants in the North (-18%) and Scotland (-44%) expect lower sales, while sales are expected to grow in the South (+12%) with no change in the Midlands.

National Merchants (+11%) expect sales to grow, but Independents (-30%) and Regionals (-7%) expect sales to drop.

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

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



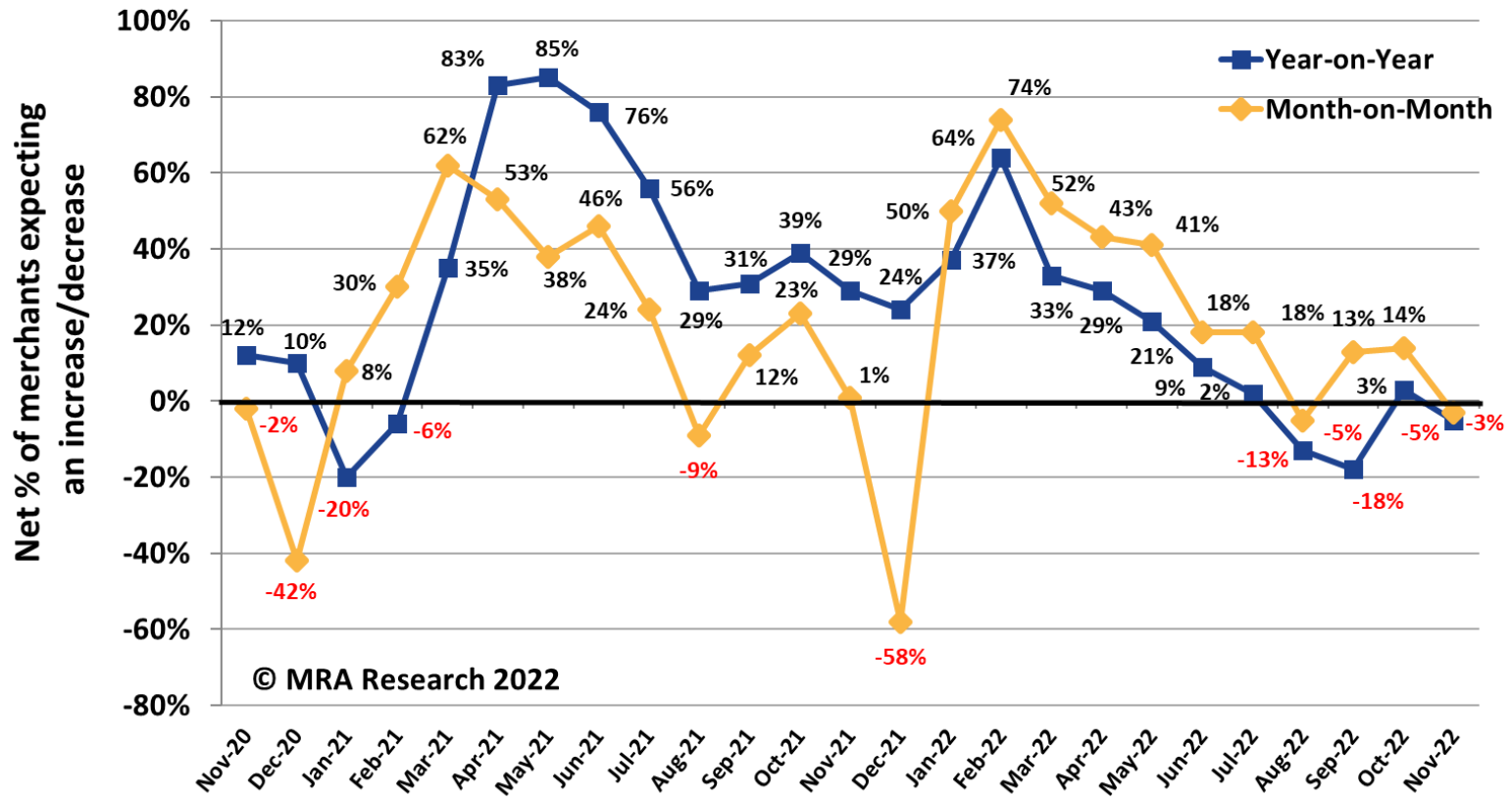
Just over 1 in 4 (27%) of those expecting sales to decrease in November, compared to the same month in 2021, expect a drop of up to 9%.

Nearly six in ten (59%) expect sales to fall by 10% or more.

# Sales Expectations

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

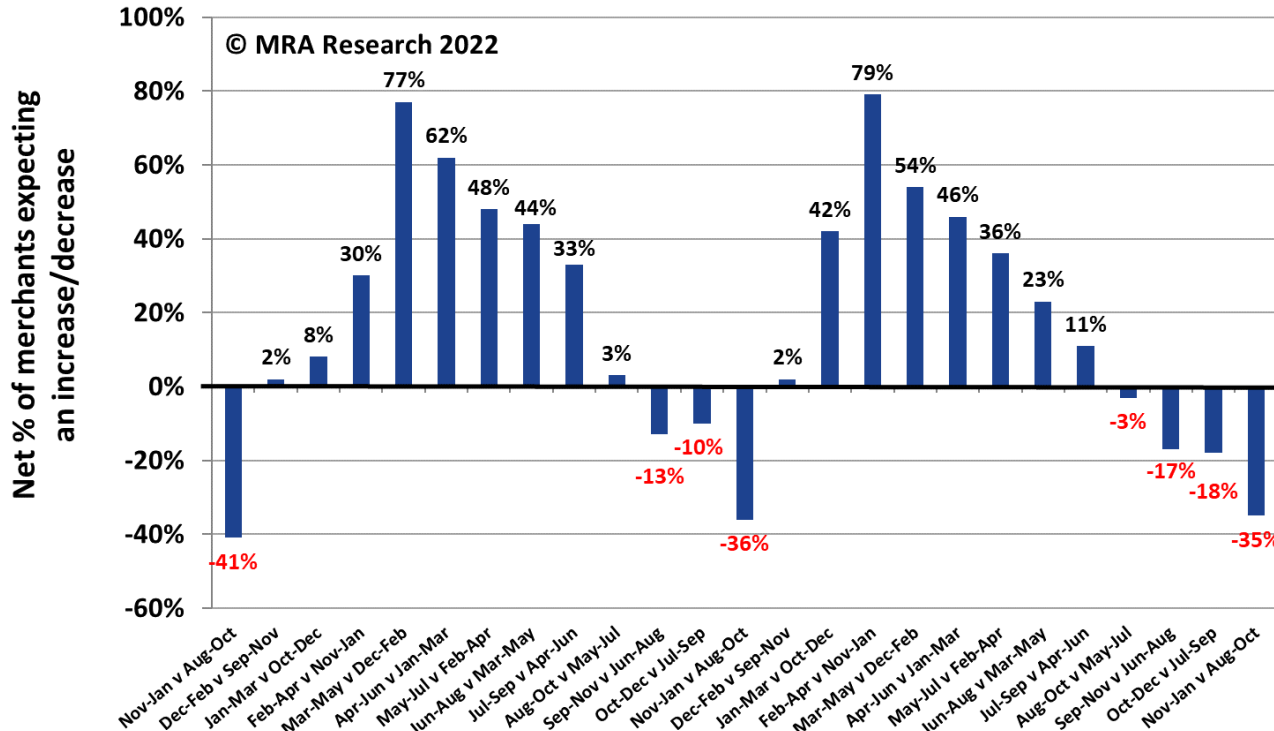
### Sales Expectations



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

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



Looking three months ahead, expectations weakened markedly to a net -35% compared with the previous three months.

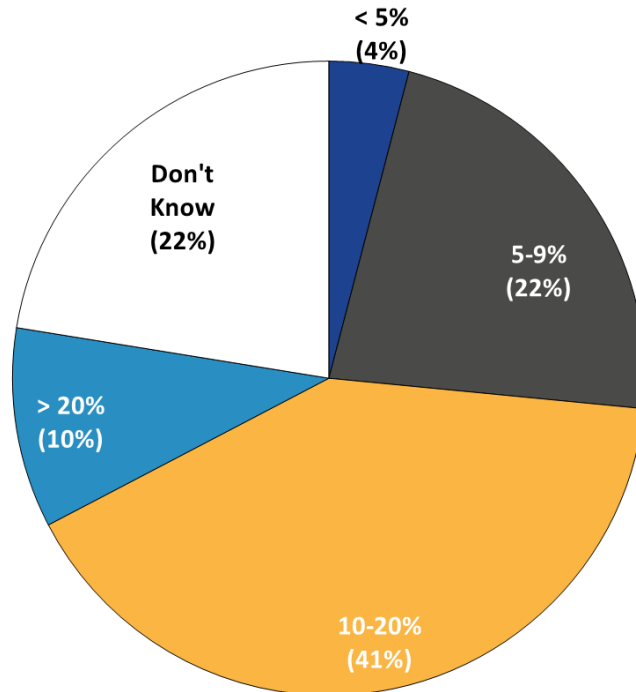
Expectations were low across all Merchants but particularly in Large outlets (-67%), and in Scotland (-50%).

By type of merchant a net -60% of Independents expect to sell less in the next three months, compared to the previous three months. Nationals (-27%) and Regionals (-30%) also expect to sell less.

**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, 14% of merchants interviewed expect growth against 49% who expect a decline. The net figure is -35% expecting decline.

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

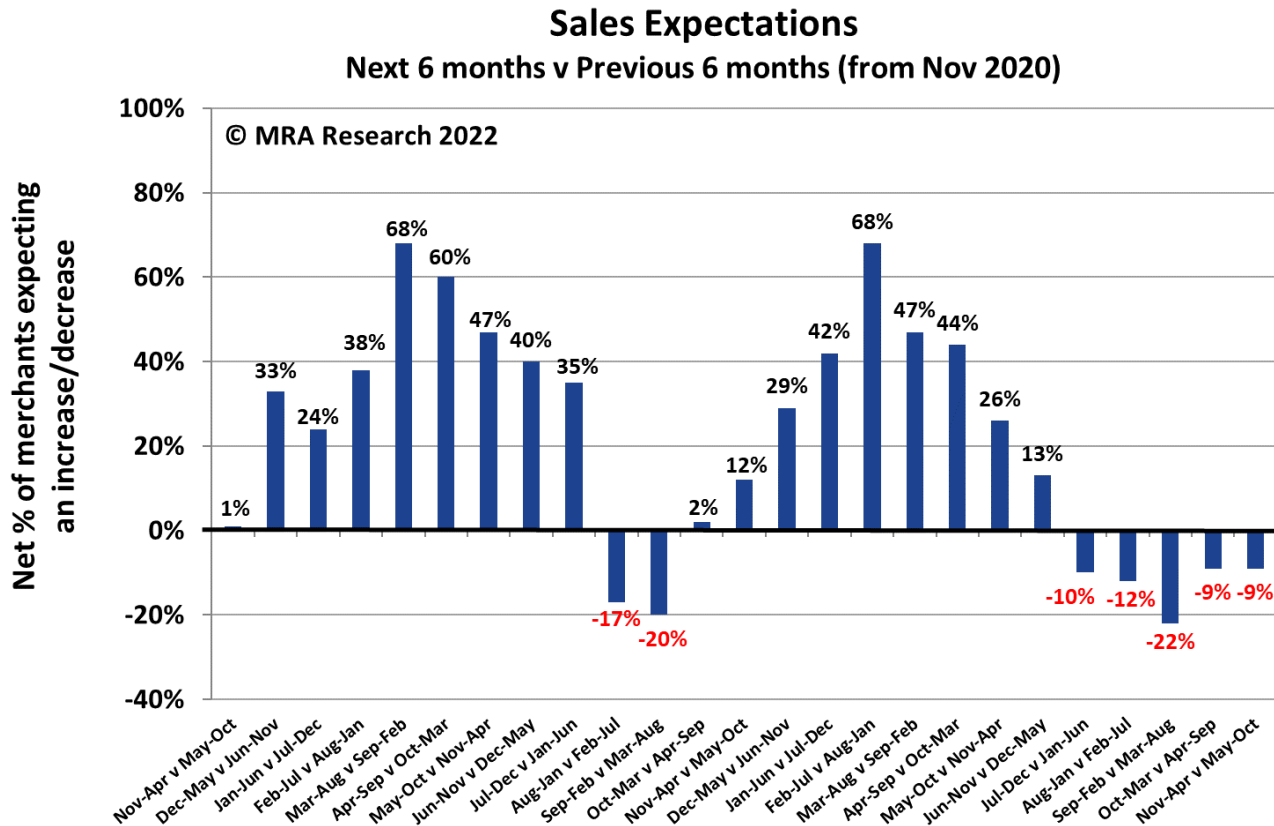
**Sales Expectations: % Decrease**  
Next 3 months (Nov 2022-Jan 2023) v Previous 3 months (Aug-Oct 2022)



A quarter of the merchants (26%) who expect sales to decline in the next three months, expect them to fall by up to 10%.

Four in ten (41%) expect a drop of 10 to 20%, and 10% expect a steeper drop.

# Sales Expectations: Next six months...1



Looking six months ahead, a net -9% of merchants expect sales to decline in the six months November 2022 to April 2023 compared to the previous six months. That's no change from last month.

All regions expect sales to decline.

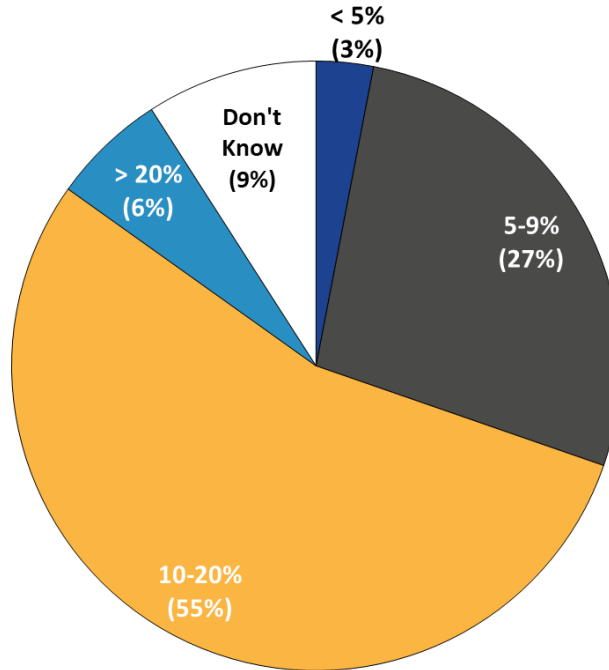
A net +3% of Nationals expect growth but Independents (-25%) and Regionals (-12%) expect sales to contract.

By size of outlet only Large outlets (+11%) expect to grow.

**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 33% who expect a decline. The net figure is -9% expecting decline.

# Sales Expectations: Next six months...2

**Sales Expectations: % Decrease**  
Next 6 months (Nov 2022-Apr 2023) v Previous 6 months (May-Oct 2022)

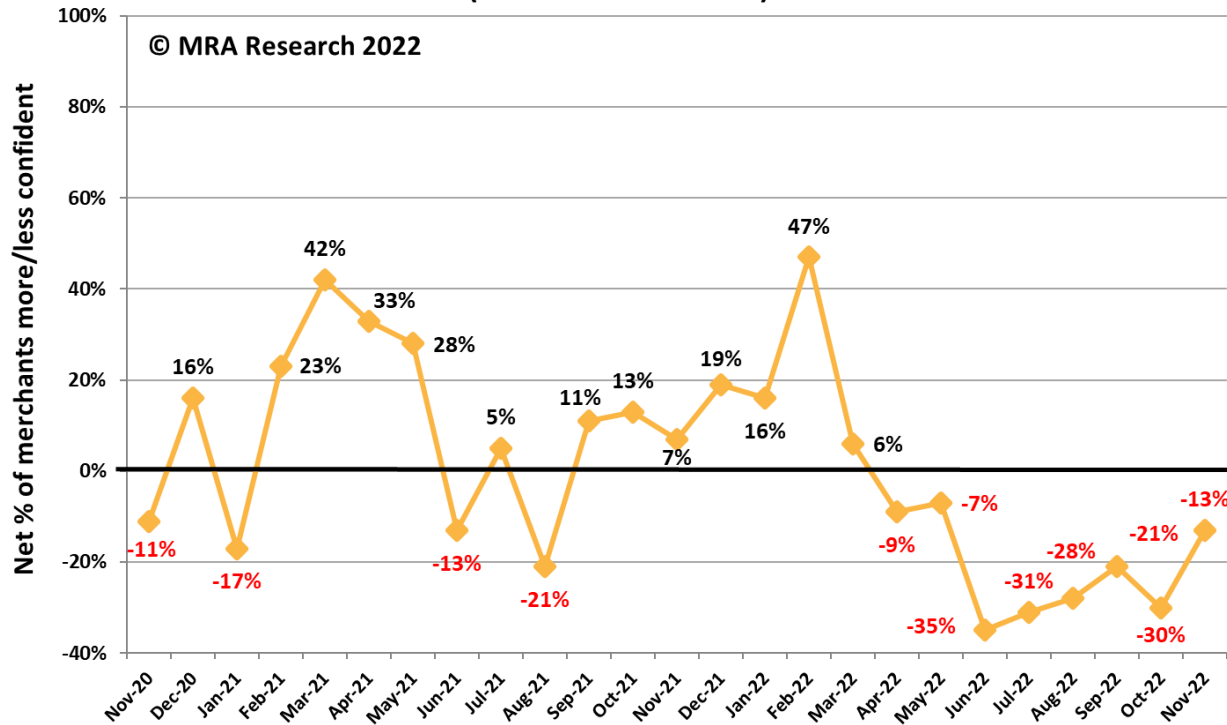


Nearly one in three (30%) merchants expecting sales to contract in the next six months expect a decrease of under 10%.

Just over half (55%) expect a drop of 10% to 20% while 6% expect a fall of more than 20%.

# Confidence in the market: Month-on-Month

### Confidence in the market: Month-on-Month (Nov 2022 v Oct 2022)



A net -13% of merchants are less confident in the market now than in October. But this is an improvement on last month.

Confidence in the market is weak in Scotland (-38%) and in the South (-18%).

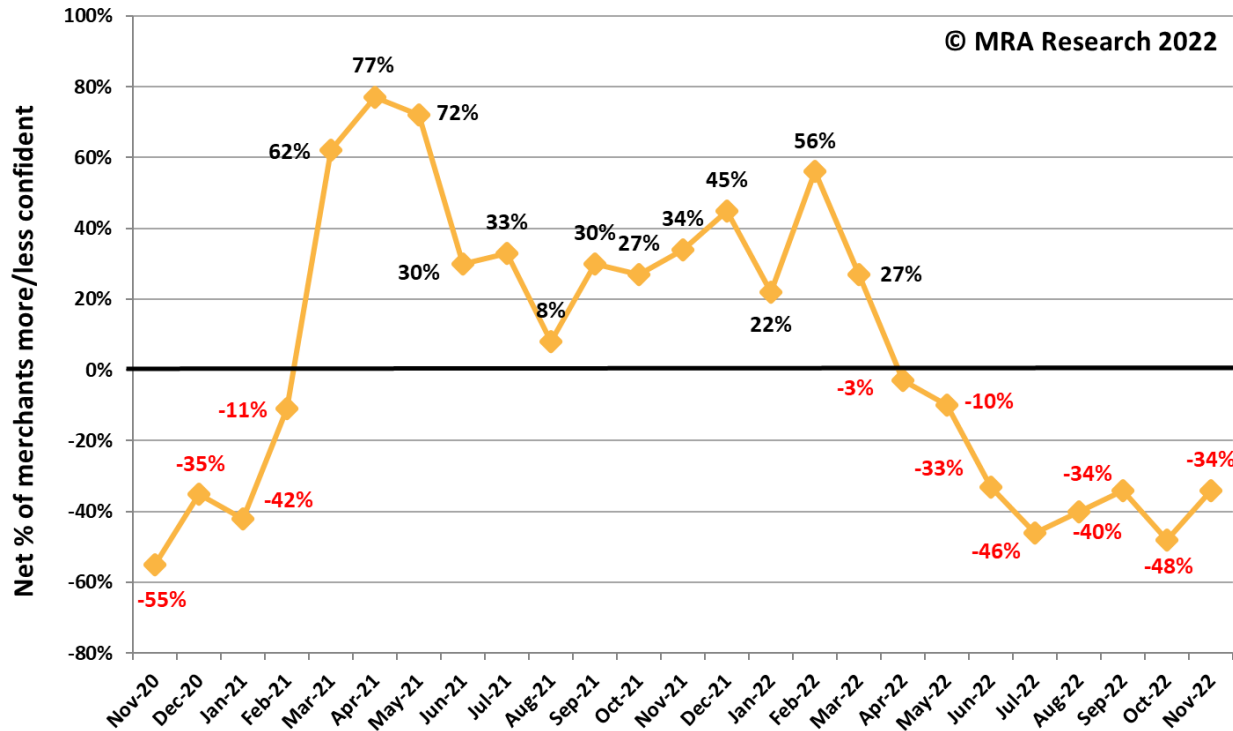
Merchants in the Midlands and North are more balanced (a net 0%) with those more confident balanced by an equal number who were less confident in the market.

**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, 20% of merchants interviewed are more confident against 33% who are less confident. The net figure is -13% less confident.



# Confidence in the market: Year-on-Year

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



Year-on-year confidence in the market recovered a little from last month. But a net -34% of merchants are still less confident in the market at the start of November than they were in November 2021.

Confidence is low across all sizes of outlet, regions and types of merchant.

Independents (-50%), Merchants in the North (-45%) and the South (-36%) 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, 19% of merchants interviewed are more confident against 53% who are less confident. The net figure is -34% less confident.

# Confidence in the market:

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

18

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

As we are hitting targets and we are getting more business.

**We were busier.**

Well from what we are in we had a contract last year which we just lost, so there was a lot of uncertainty and a year later everything is more steady.

**We have good amount of people that are trained in sales so hopefully will do better.**

It is just because Covid has weaned off so there is no worry about that.

**Bit more stable.**

Could not get the boilers and the heating.

**The pandemic has stopped trade.**

More knowledge.

**More stock availability, sustainability and prices.**

Covid was a problem last year not so much this year, it was causing problems within.

**There's more stability and a lot more confidence in stock levels.**

We know the change and we get to see it. It was a bit up and down last year but we're more confident going forward knowing what we're doing.

**I only just started in the market this time last year.**

Things have stabled off last year, stock levels more stable.

**Just the position of sterling and industries having to put they're prices up.**

Prices are coming down.

**You didn't know where you were or what was going on, couldn't predict anything.**

# Confidence in the market:

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

19

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

Just a lot of silly prices put about at the moment so a lot of people trying to get in on the competition.

Just because people are spending a bit less now and the prices have gone up. People are worrying about heating bills. I'm not talking about builders I'm talking more about not spending, build worrying about bills.

Mortgage rates and cost of living.

Just so many unknowns at the moment.

I just think 12 months ago still booming living off the back of Covid and it has gone quiet for the industry altogether.

The uncertainty.

Just the way it's been this year as last year was bit of a false market and people are not spending their money on same things and feels like it's been a false market.

Just the way the economic environment is at the moment.

The financial situation.

Basically, we were really busy last year and with everything going up in the future cost of living people are looking at tightening their belts.

Footfall, cost of living.

Because of what's going on in the world.

Prices of everything.

Just about the financial situation of the country.

We are in recession aren't we.

It has slowed down a lot this year.

Economic climate is different, we had disposable income last year has been spent, home improvements take a backseat.

People **CAN'T AFFORD TO DO ANYTHING.**

The financial situation globally and in the country generally speaking.

Due to the economy.

Current economic climate.

Business was very good compared to this year.

Increased energy prices and running things at a higher price.

Just with how things are at the moment with the government and people are watching they're money.

Cost of living and the budgets on November 17 which could affect everyone.

Just because of the fuel etc. and expenses for bills. Making it more expensive for people to move house. It doesn't have an impact on my wages.

# Confidence in the market:

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

20

Way the country's going.

Government, incompetence just inability to sort things out.

Hard to get hold of things, pricing and transport issues.

It's because of how busy we are, if we are not busy the sales do not increase.

Everything going on in life in general. The government don't know what there doing, energy prices and obviously the war going on in Ukraine at present. They're the three main factors, I think.

State of the economy and customer confidence.

It is just the general politics and what is going on at the moment with the cost of living and interest rates.

The price increases with gas, electricity, the mortgage rates and the interest rates. It is the cost of living so if they stop selling houses then we stop selling plumbing things.

Due to increase of building materials and cost of living crisis.

Back into recession.

Just due to economic reasons.

Uncertainty locally economically and credit crunch affecting everyone.

Cost of living.

Power and energy price rises.

I think we were coming out of covid, and things were improving but we might be heading towards a recession that's my worry can't predict where we will be next year

We don't do a lot of new build sites but in the new build sites we supply there is a noticeable slow down on there and I would imagine its linked to the economy and people moving houses.

I think it's seeing the nonsense going on with the government.

Mainly the cost-of-living issues for people.

The building materials will go up and the cost-of-living fuel and energy I think industry will stop or definitely slow down.

Cost of living.

Made a mess of things, it has impacted my company. The cost-of-living crisis. I have noticed it; my heating and electric bill has gone up. EVEN FOOD SHOPPING.

Due to cost of living.

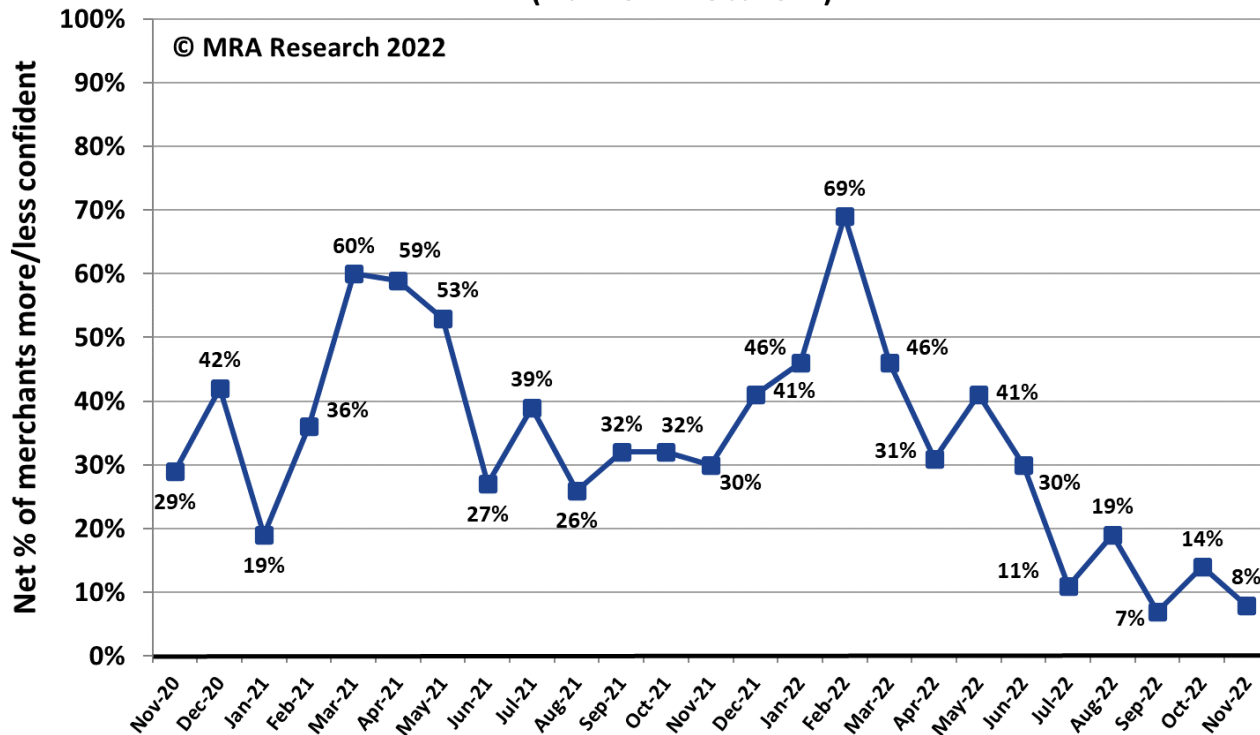
The thing is the price of cost-of-living etc., petrol prices, food prices, materials and everything is rising. It's all the normal stuff on the news, it's exactly what's happening in the marketplace.

General increases in the utilities, the energy costs increasing

The state of what's happening due to the domestic side. People are spending their money on different things. Money is tight. Concentrating on more bills than painting walls.

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

**Confidence in their own business: Month-on-Month**  
(Nov 2022 v Oct 2022)



Merchants are consistently more confident in their own business than in the market. Confidence has dropped slightly but remains at a net +8%, month on month.

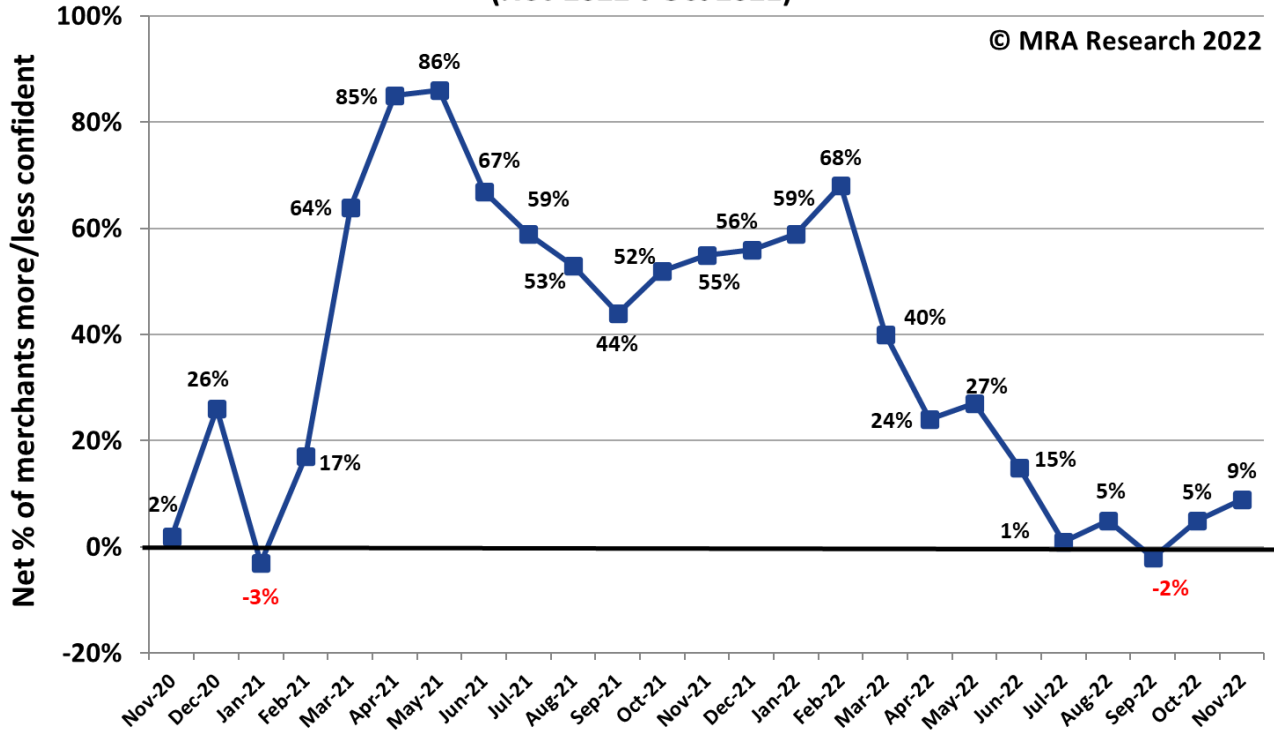
Small branches (+15%) and Mid-sized outlets (+4%) are confident.

Confidence is stronger in the Midlands (+17%) and among Nationals (+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, 21% of merchants interviewed are more confident against 13% who are less confident. The net figure is +8% more confident.

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

### Confidence in their own business: Year-on-Year (Nov 2022 v Oct 2021)



Merchants' confidence in their own business has strengthened Year-on-Year to a net +9%.

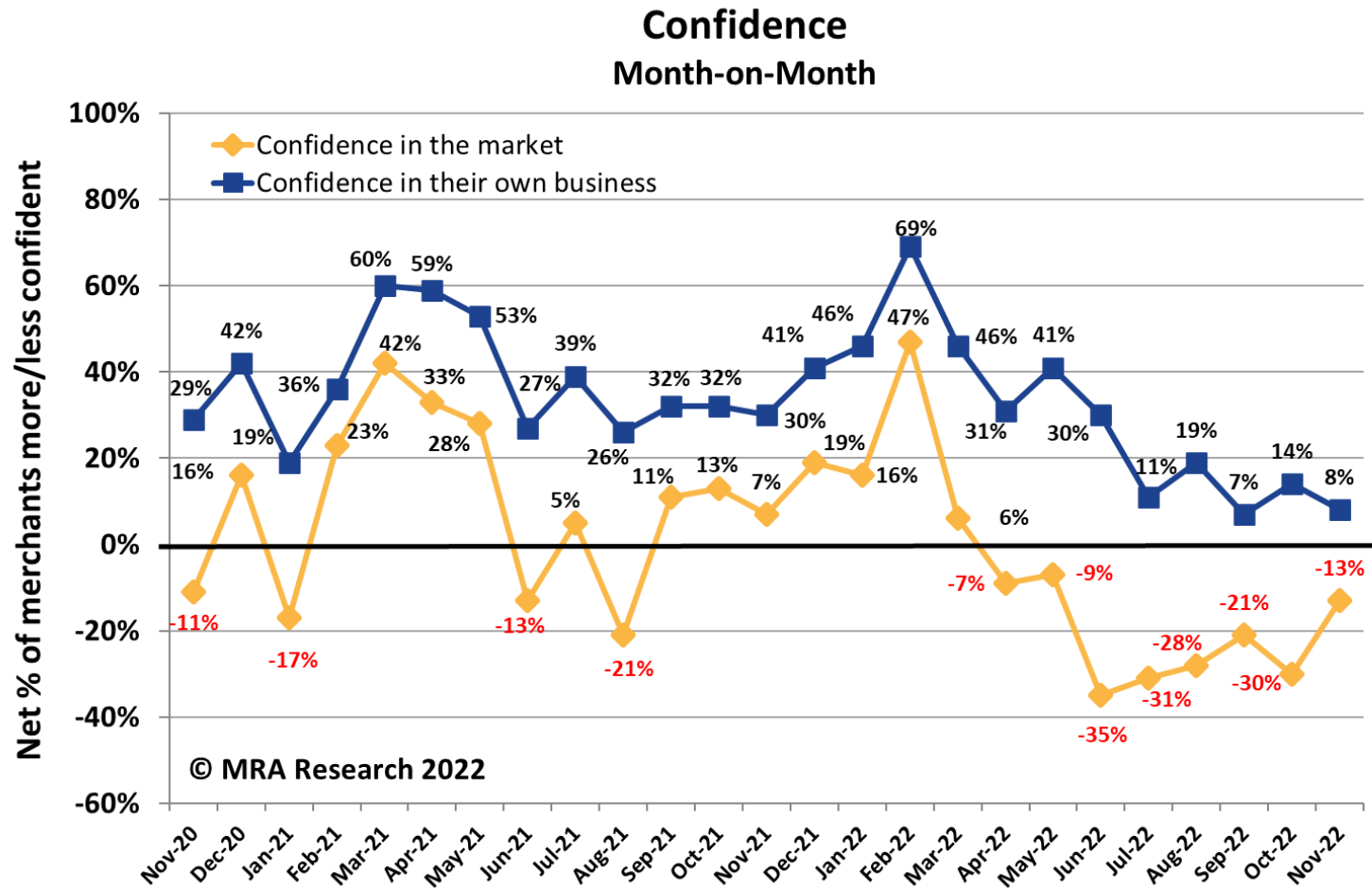
Nationals (+27%) and Small branches (+20%) are most confident.

A net -2% of Regional merchants are less confident in the prospects for their business than they were last year.

**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, 30% of merchants interviewed are more confident against 21% who are less confident. The net figure is +9% more confident.

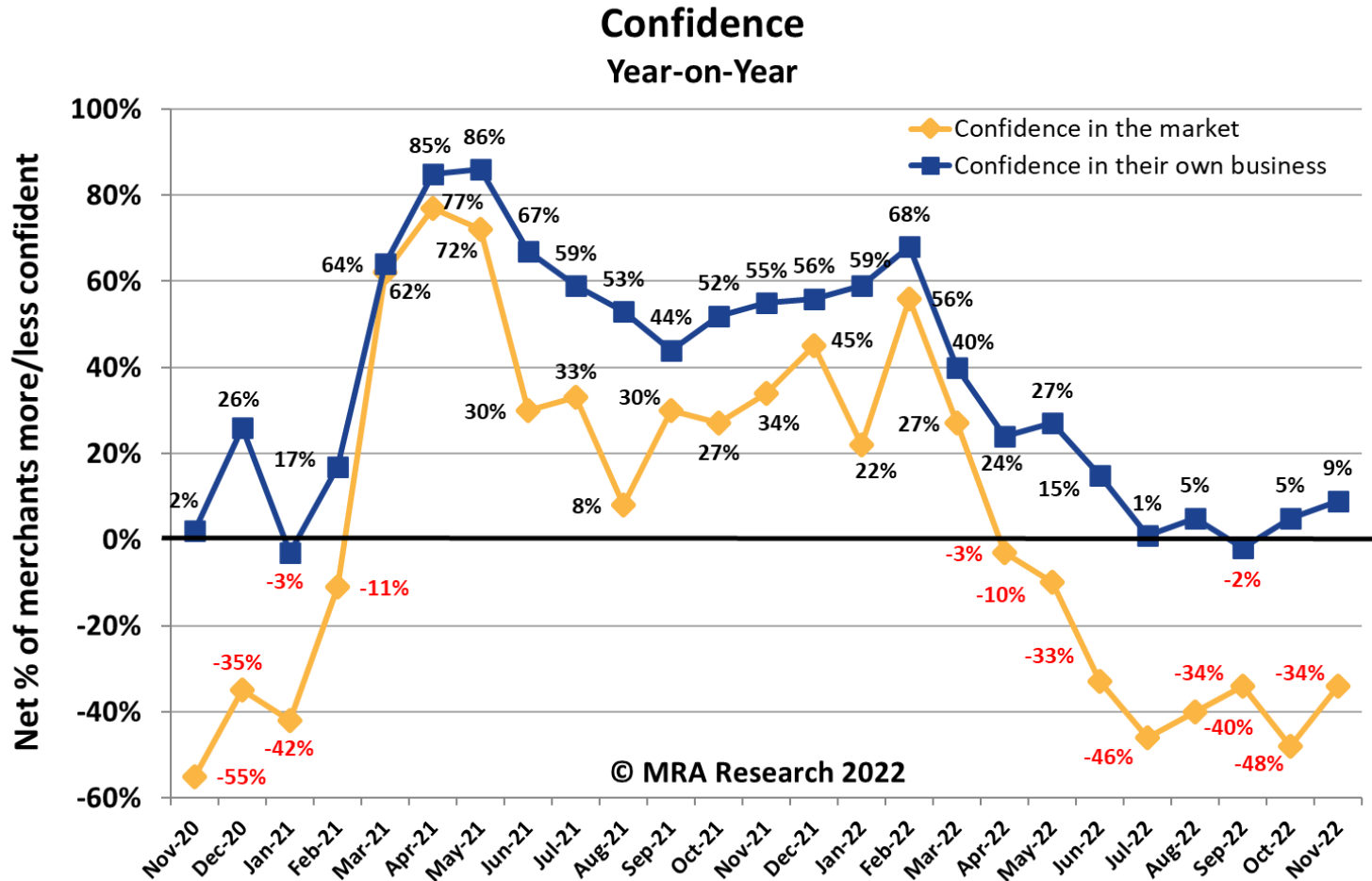
# Confidence in the market v own business

## 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 43<sup>rd</sup> in the series, with interviews conducted by MRA Research between 1<sup>st</sup> and 2<sup>nd</sup> November 2023 (2 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 Yvette Kirk at MRA Research on 01453 521621.

# About MRA

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## 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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“ It’s great what you are doing with The Pulse. It is an outstanding, must read, for all in the building materials market from a first class research & marketing agency. I’ve always been a fan of top quality market research and currently it’s moved beyond vital to critical. It’s £000s of great value for free. ”

**Paul Hetherington, Hetherington International Services Ltd**



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