



the Pulse
Expectations. Prospects. Confidence.

March 2023

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

The Pulse: Overview

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Merchants are confident in their own prospects, but confidence in the market starts to wobble

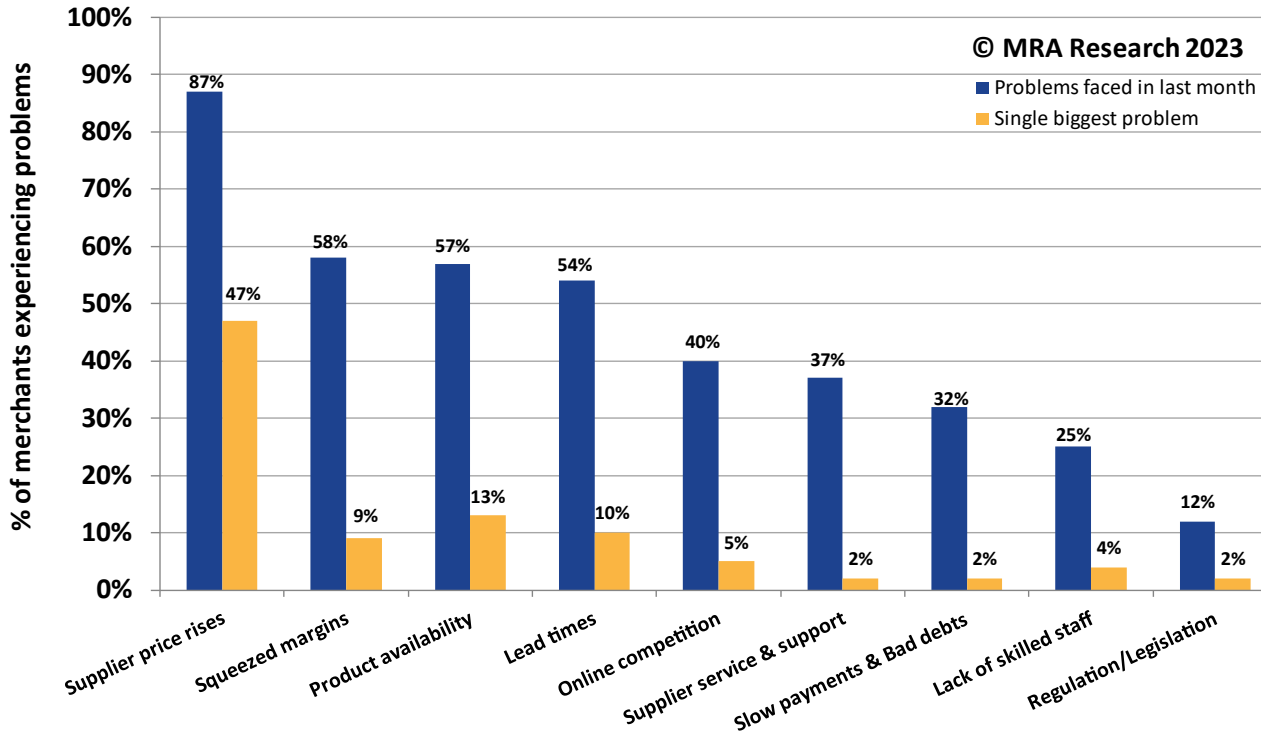
Builders' merchants' sales expectations are robust, and merchants' confidence for the prospects of their own business remain strong. But their confidence in the market is being tested.

With continuing price inflation, merchant's margins are coming under pressure. Slow payments and bad debts are also growing problems.

[The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 2nd March 2023 (2 working days).

Merchants' problems in the last month

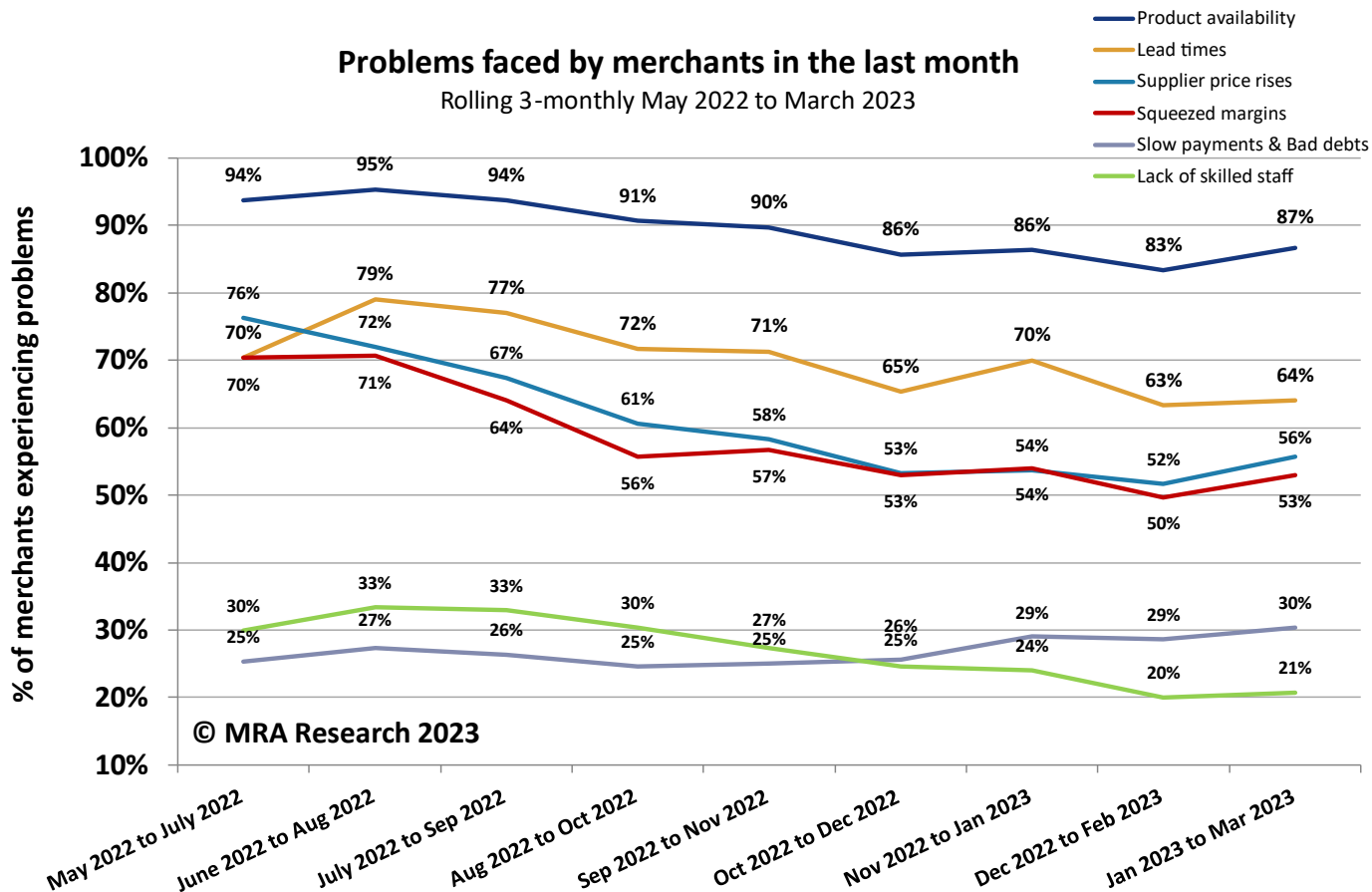
Problems faced by merchants in the last month



Supplier price rises remains the single biggest problem for nearly 1 in 2 merchants (47%).

Squeezed margins (58%), Product availability (57%) and Lead times (54%) are problems for over 1 in 2 merchants.

Trends in merchants' problems



Product availability is not the most important problem, but it's still widespread, and a consistent problem.

Lead times are easing.

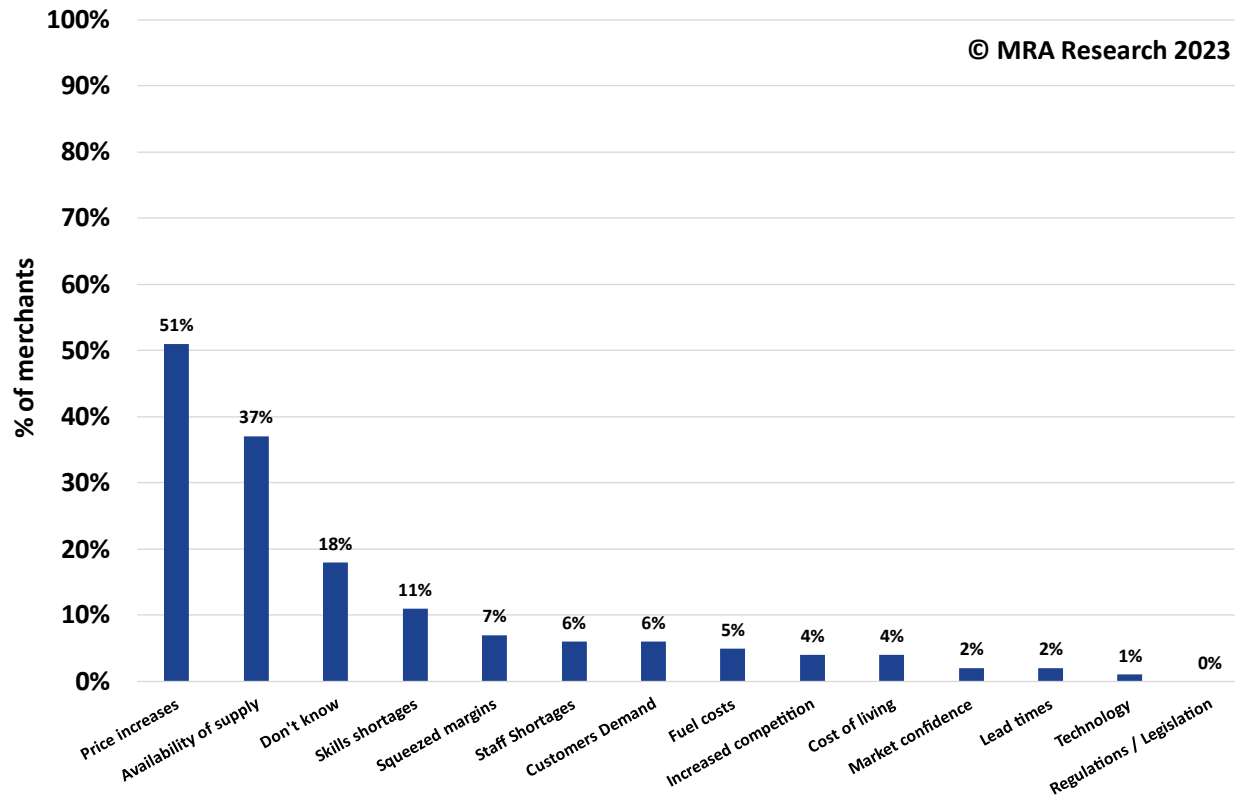
Seven out of 10 merchants were concerned about squeezed margins in the three months May to July 2022. It's still a concern to over 1 in 2 in the first three months of 2023.

Slow payments and bad debts are a growing problem.

The most important challenges for construction today

The most important challenges for the construction industry today

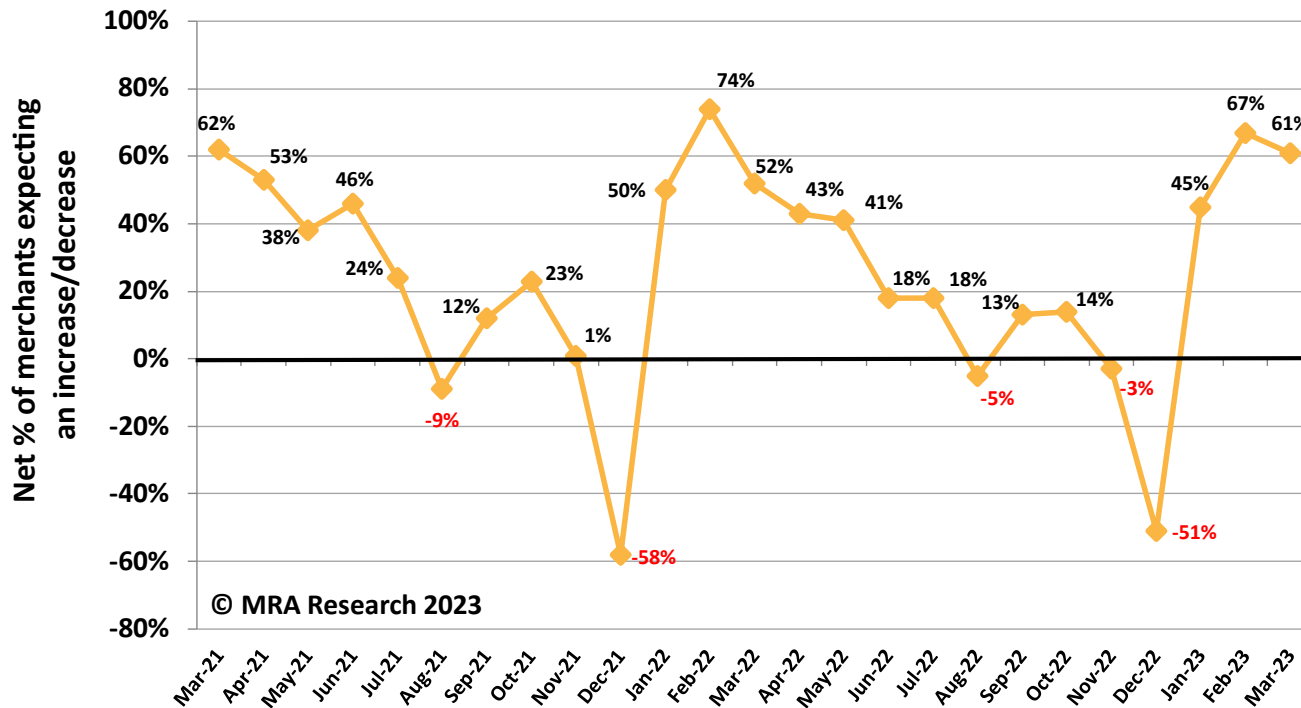
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Price increases (51%) and supply availability (37%) remain the most important challenges for construction.

Sales Expectations...1

Sales Expectations : Month-on-Month
Mar 2023 v Feb 2023



Month-on-month sales expectations dropped a little in March, but a net +61% expect growth - a level only exceeded 3 times in the last 2 years.

All types and size of merchants expect growth.

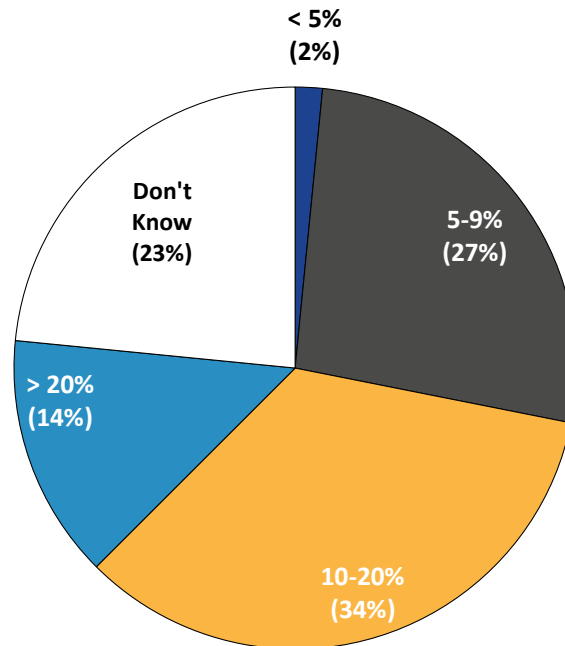
Expectations are strong among Regionals (62%) Nationals (61%) and Independents (60%). And across regions.

Expectations are particularly strong in Mid-sized outlets (78%). Large outlets have lower expectations (38%).

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, 64% of merchants interviewed expect growth against 3% who expect a decline. The net figure is +61% expecting growth.

Sales Expectations...2

Sales Expectations: % Increase
Mar 2023 v Feb 2023



Nearly a third (29%) of merchants who expect sales to increase in March from February expect to grow by up to 10%. A further third (34%) expect sales to increase by 10 to 20%, and 14% expect more than 20%.

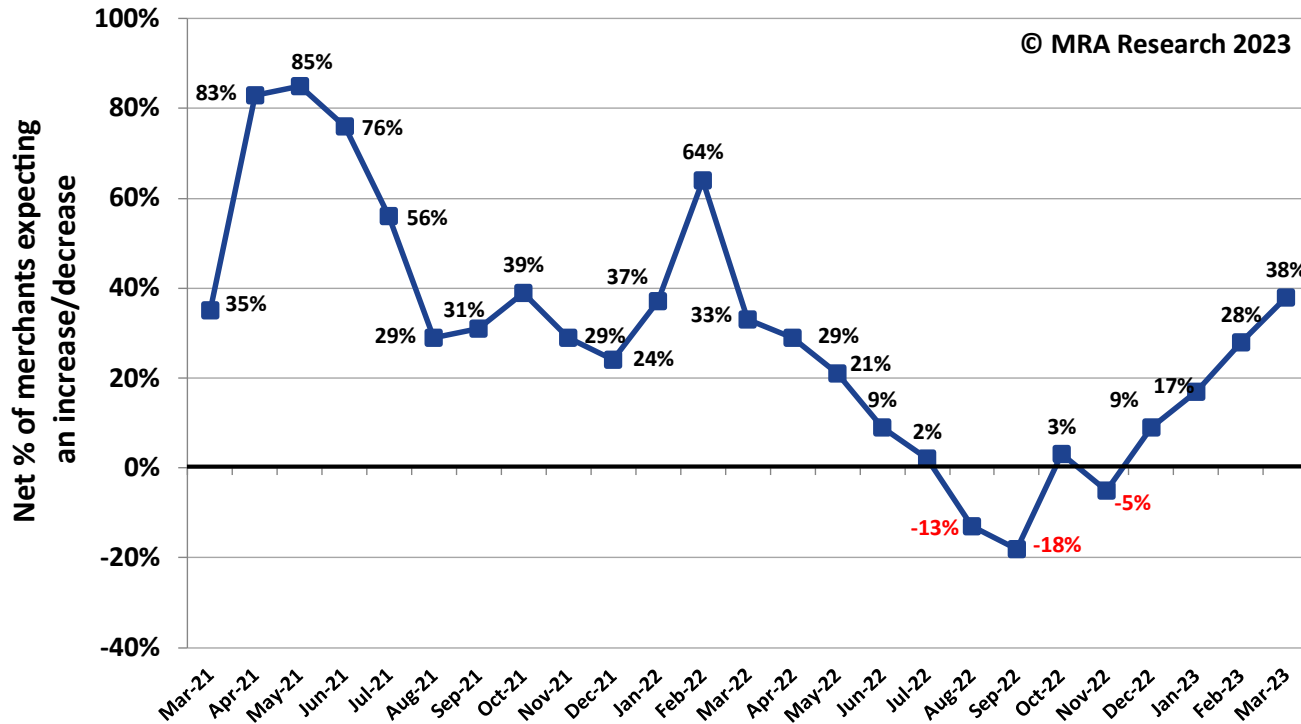
But just under a quarter (23%) of merchants expecting growth can't say by how much.

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Base: 64

Sales Expectations...3

Sales Expectations: Year-on-Year
Mar 2023 v Mar 2022



And compared with March 2022, sales expectations are well up with this March (net +38) the fourth month in a row where expectations have built.

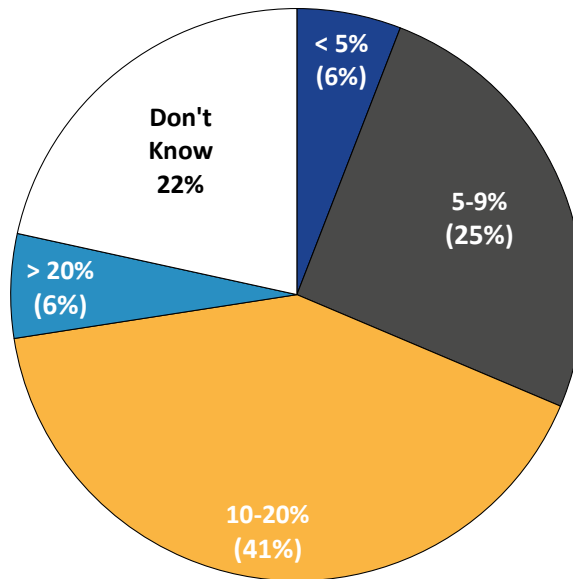
Expectations are strongest in Mid-sized outlets (+51%) and Nationals (+42%).

Only Large outlets (-12%) expect to sell less year on year.

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, 51% of merchants interviewed expect growth against 13% who expect a decline. The net figure is +38% expecting growth.

Sales Expectations...4

**Sales Expectations: % Increase
Mar 2023 v Mar 2022**



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Base: 51

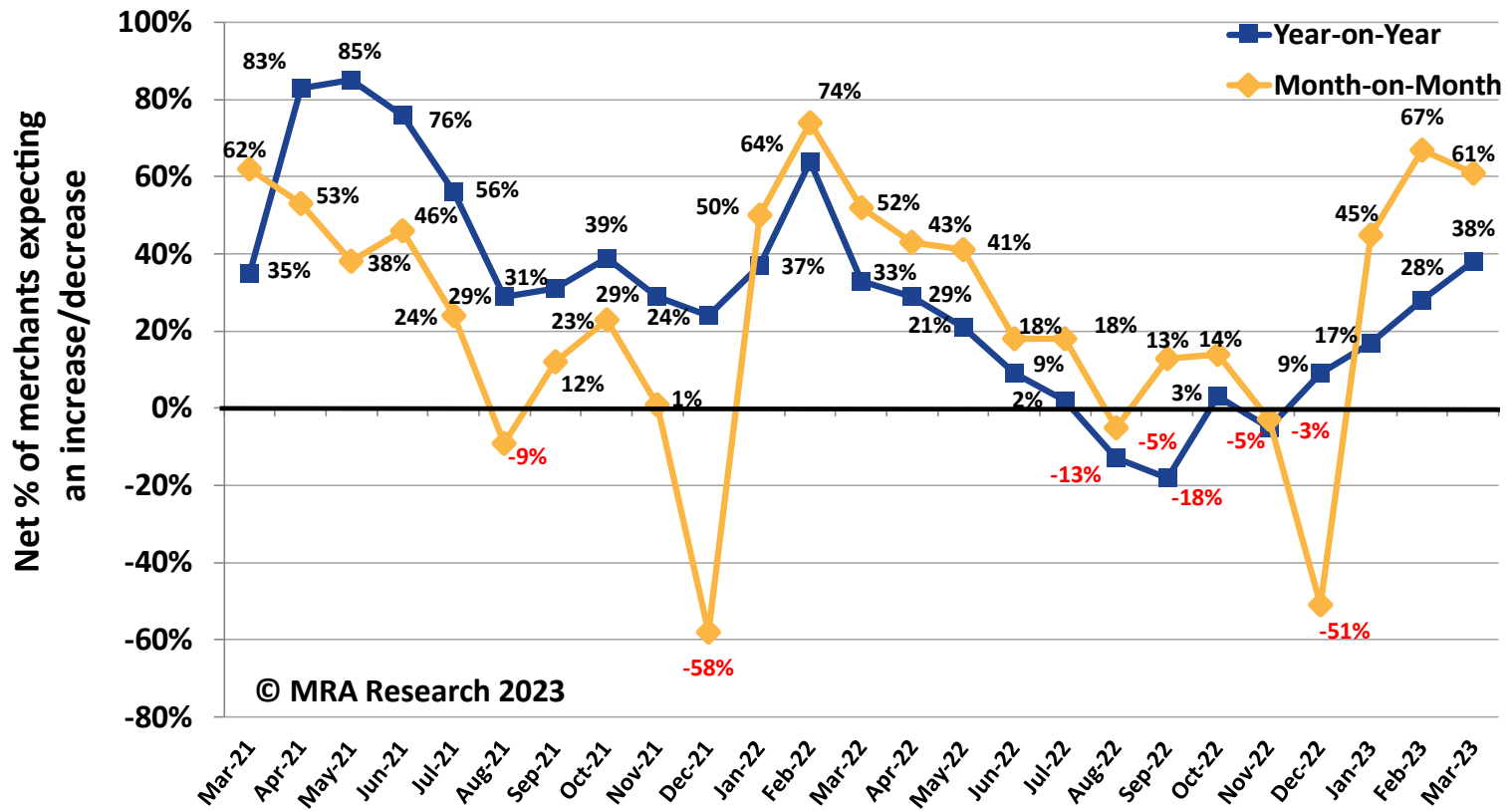
Almost 1 in 3 (31%) of those expecting sales to increase in March, compared to the same month in 2022, expect sales to grow by up to 9%.

Nearly half (47%) expect sales to increase by more than 10%.

Sales Expectations

Month-on-Month v Year-on-Year

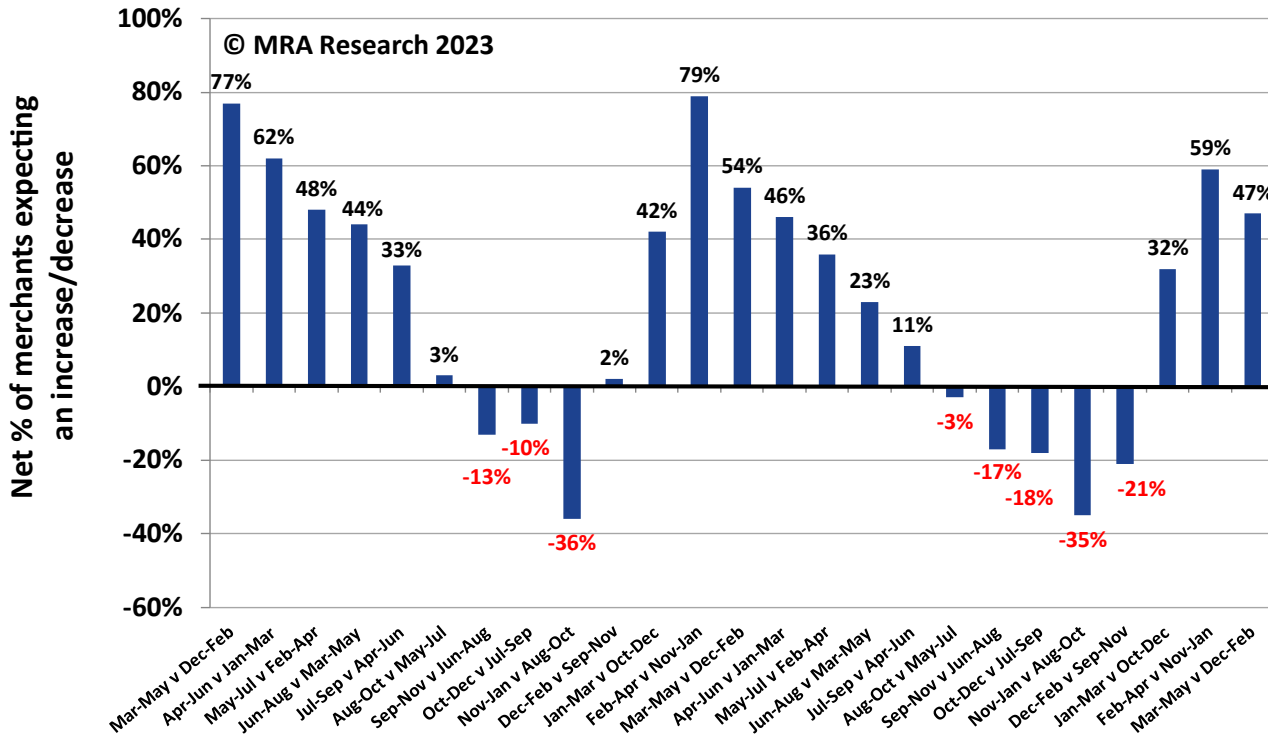
Sales Expectations



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

Sales Expectations
Quarter-on-Quarter (from Mar 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, 57% of merchants interviewed expect growth against 10% who expect a decline. The net figure is +47% expecting growth.

Quarter on quarter, sales expectations have eased this month but continue strong. A net +47% of merchants expect sales to improve in March to May compared to the previous three months.

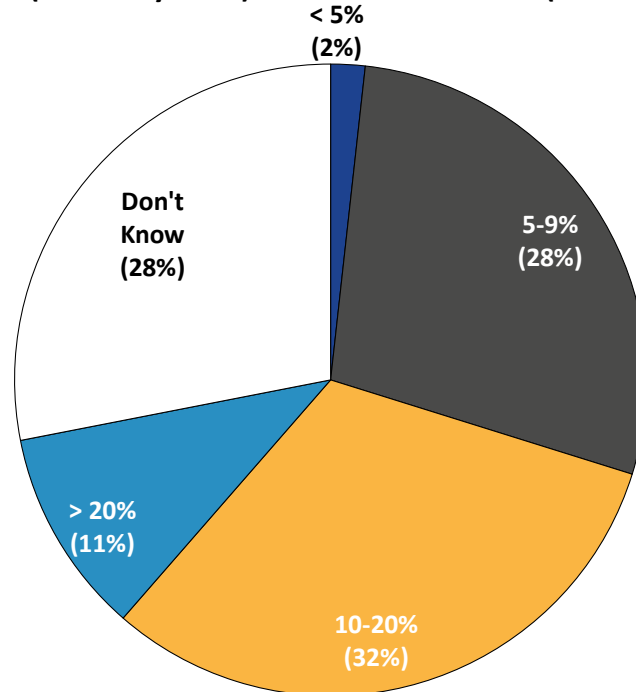
All merchants expect growth.

Merchants in the South (+56%) and Larger outlets (+75%) have the strongest expectations.

Somewhat fewer Nationals (+34%) and merchants in Scotland (+35%) are expecting growth.

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

Sales Expectations: % Increase
Next 3 months (Mar-May 2023) v Previous 3 months (Dec 2022-Feb 2023)



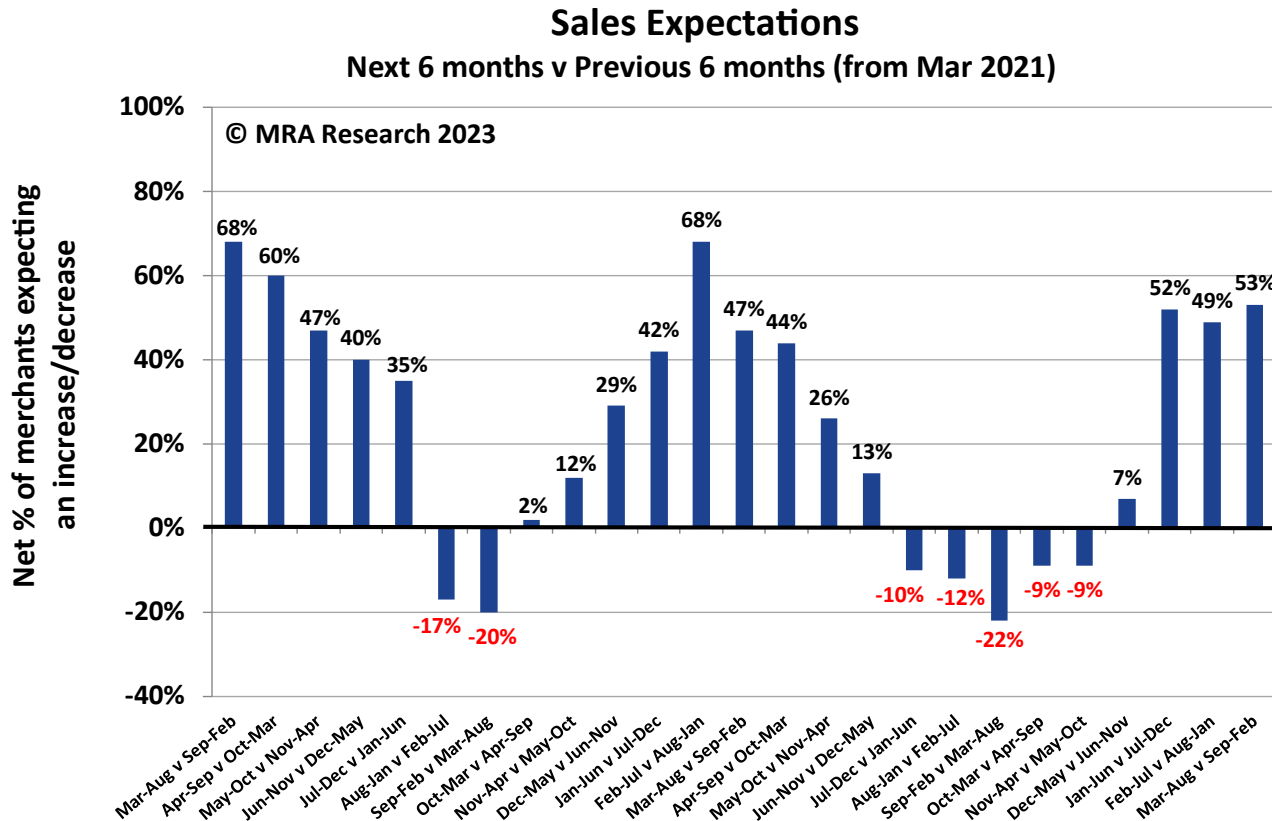
3 in 10 (30%) of those expecting sales to grow say they will grow by up to 10%.

Over 2 in 5 (43%) expect sales to grow by more than 10%.

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Base: 57

Sales Expectations: The next six months...1



Looking six months ahead, a net +53% of merchants expect sales to increase in the six months March 2023 to August 2023 compared to the previous six months. Expectations have been stable across the first three months of 2023.

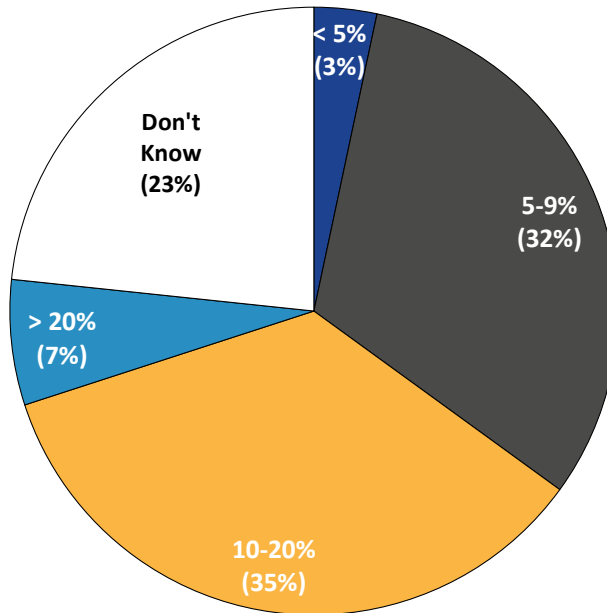
All merchants expect growth. Regionals (+62%) and Independents (+60%) have higher expectations than Nationals (+39%).

Merchants in the North (+64%) lead in regional growth expectations. But the South (+54%), Midlands (48%) and Scotland (44%) also expect growth.

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, 60% of merchants interviewed expect growth against 7% who expect a decline. The net figure is +53% expecting growth.

Sales Expectations: Next six months...2

Sales Expectations: % Increase
Next 6 months (Mar-Aug 2023) v Previous 6 months (Sep 2022-Feb 2023)



Over a third (35%) who expect higher sales, expect them to improve by up to 10% in the next six months.

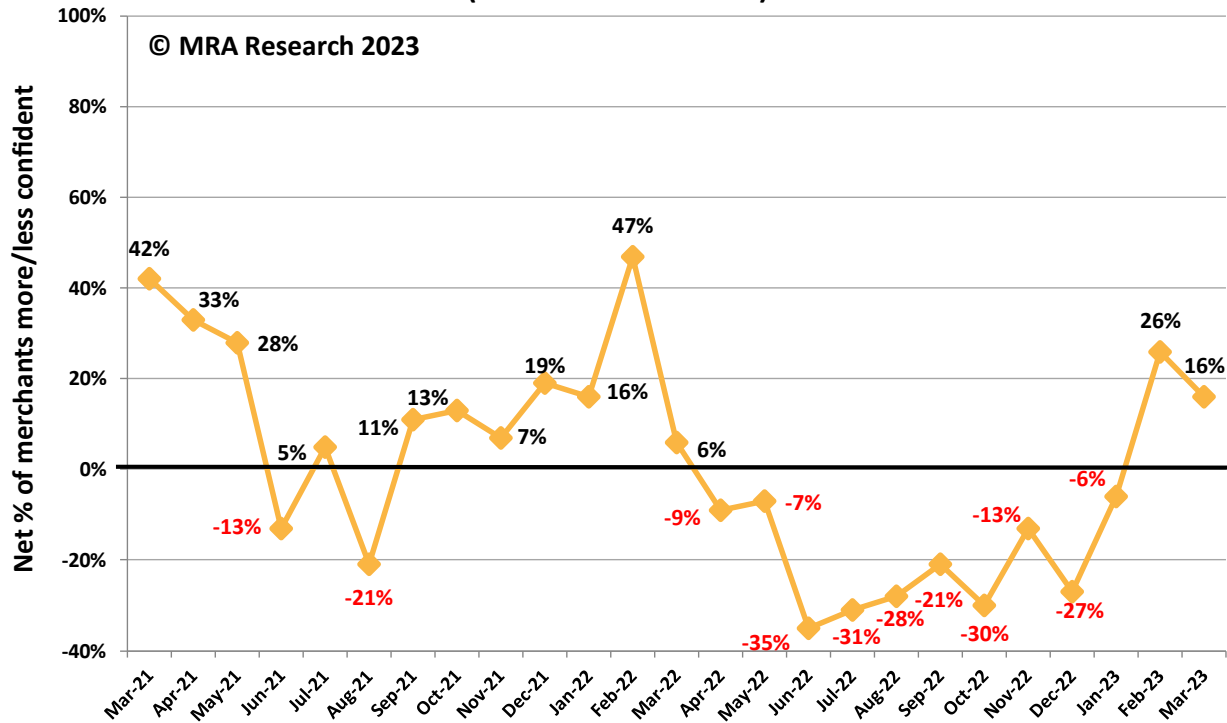
Just over a third (35%) expect sales to grow by 10 to 20%, and 7% by more than that.

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Base: 60

Confidence in the market: Month-on-Month

Confidence in the market: Month-on-Month (Mar 2023 v Feb 2023)



Having jumped to a net +26% in February, month-on-month, confidence in the market was tempered a little in March to a net +16%.

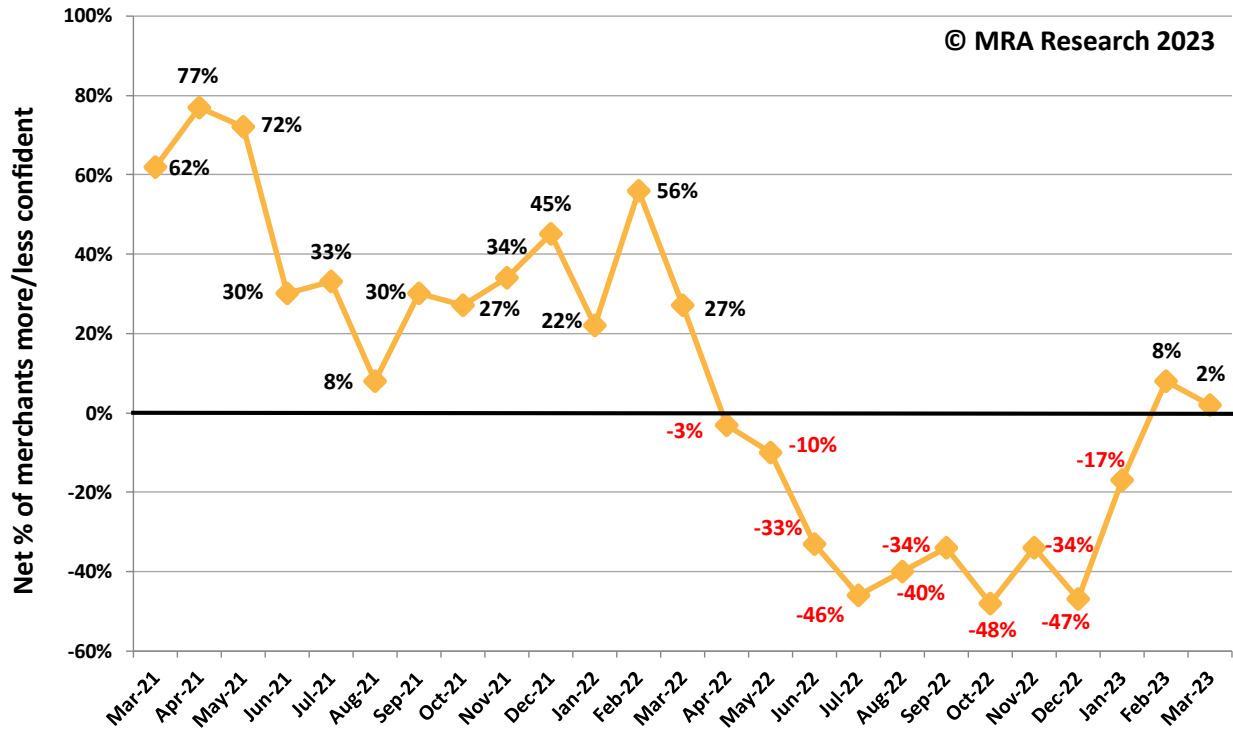
Merchants in the North (+27%), Midlands (+26%) and Nationals (+29%) are most confident.

The number of merchants in Scotland, Independents and Large outlets who are more confident in the market is balanced by the number who are less confident (net 0%).

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, 28% of merchants interviewed are more confident against 12% who are less confident. The net figure is +16% more confident.

Confidence in the market: Year-on-Year

Confidence in the market: Year-on-Year
(Mar 2023 v Mar 2022)



Year-on-year, confidence in the market also weakened a little.

A net +2% of merchants are more confident in the market in March 2023 than they were in March last year.

Nationals (+11%) and merchants in the North (+14%) are the most confident.

Merchants in the South (-5%), Scotland (-6%) and Regionals (-5%) 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, 33% of merchants interviewed are more confident against 31% who are less confident. The net figure is +2% more confident.

Confidence in the market:

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

17

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

As from yesterday we were taken over from stark group and I think they'll invest more and hopefully get more customers. Confident.

Availability.

Availability of products has got better.

Consistent.

Covid made things worse for us, but people are spending more money now.

Covid, everyone was lacking down and picking up more now, makes me feel good and get all sales we can.

From experience I have seen what the market is starting to do and what work we have coming up.

From the Christmas period it dropped off coming to into the new year it's definitely picked up.

General stock availability manufacturing. Better lead times, reduced from last year there more available, now it's still not great but it's split in half from last year when waiting 13 months.

Getting feel of it and sale is busier.

Global conditions have changed so things are looking good, feel brilliant.

I don't think its as bad as cost-of-living crisis prices have flattened out, so people have more confidence to buy. people were uncertain but it's settled out now.

I know more than I did last year.

I think things will improve with the way they are going there are quiet periods in winter, but it will hopefully be okay and better than last year.

Increase in inquiries, in terms of jobs.

It's picked up, after Christmas it was just flat. Trade has picked up, not loads but a bit.

Just because the world's back to some form of normality, it's just that sales as a business are back to normal and evenness rather than just down because of covid.

Last year it was we was going into an unknown year this year you expect people are carrying on spending it was probably harder last year than it was.

Last year the building trade didn't know where it was going, we had just come out of covid and we are in Manchester so it's booming, there's a lot of construction.

Confidence in the market:

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

18

Last year there was issues with seeing the end of COVID and shipping with the royal mail strike, it should be calmer now with the supply chains being more back to normal.

LAST YEAR WAS QUIET. THIS YEAR WAS BUSIER.

Like I say things seem to steady out a bit more.

Our management are sorting things out for the branch, we should be more established in the next few months.

Projects that are going in Liverpool at the moment.

Signs of more people coming in and sales are looking to doing well.

Talking to other customers and how busy they seem to be.

The production has picked up last year due to Covid last year knock on effect and manufacturing ones were down.

The year has started busier, and it seems like there are more people out there looking for our services.

This time we were struggling to get delivering but now we are.

We have got involved with bigger projects.

We were struggling to get materials, now we can. We can turn around sales a lot more quicker, now that we have confidence in the materials.

Confidence in the market:

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

19

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

A little less because of global economics and war, there's a whole gamut it's not an ice place to be it's a less joyless country unfortunately due to immigration I think just global economics.

As there has been a huge increase in product pricing, this means there are less sales as people aren't buying as much.

Because no one is walking in, and no one is buying stuff.

Cost of living.

Customers saying that there quieter and there saving their money.

Due to more fierce competition in the area. New Builders Merchants opening up, there are two right near the area.

Everything has dropped and people can't afford to spend.

Financial instabilities.

General company and prices from suppliers have gone up.

General news.

I am less confident about the market than I was this time last year because of financial uncertainty in the marketplace and among customers.

Inflation and cost of living crisis.

Inflation repressions.

It's due to all the increases in costs of living. People can't afford to get bathrooms.

Just cost of living crisis at the moment, everything is going up, people might not be able to afford it as we do bathrooms as well.

Just the general trend, speaking to customers.

Just the way things are going Brexit - I don't know to be honest just products coming from abroad.

Last year we were booming and this year it has tailed off. Just after covid once things got back to normal, last year things had tailed off and now we are following on from that at the moment.

Macro economic climate isn't conclusive to construction.

More pricing, a lot of things are starting to come down in price again and depending on structure of the amount and buying habits so smaller outlets buy more often on a quicker basis so are able to get cheaper rates than we are, so it depends how you purchase your stock I believe we do it on a yearly basis rather than monthly and its not a personal preference it's done buy a superior of the company.

Not quite as busy this year as last year.

Price increases and it impacts customers having jobs done.

Price increases, energy increases, knocked everything back. People are making properties and leaving everyone else behind, rich are getting richer, and the poor are getting poorer.

Confidence in the market:

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

20

Prices have gone sky high.

Recession.

The economy speaks for itself it is pretty poor.

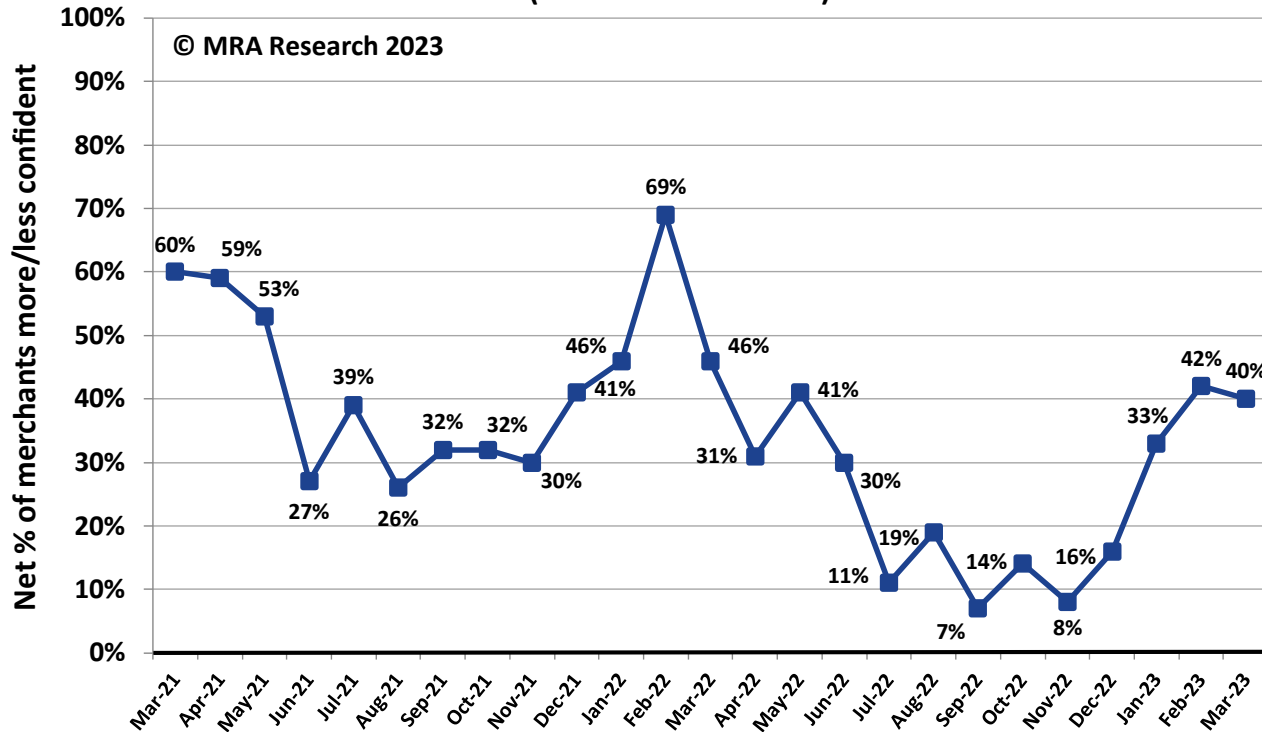
The way the first few months have gone it has been more quiet than it used to be people need more confidence to start spending more money, there is scaremongering in the media.

There's a slow down coming in the second half of the year.

We've had a boom during Covid, everyone was doing their houses up during Covid so obviously demand was high but now we're out of Covid. In Covid people couldn't go on holiday so they were spending money on renovations for their houses and now they're going back on holiday.

Confidence in their own business: Month-on-Month

Confidence in their own business: Month-on-Month (Mar 2023 v Feb 2023)



Merchants' confidence in the prospects for their own business is not only strong, at a net +40% who are more confident month on month, but much stronger than their confidence in the market.

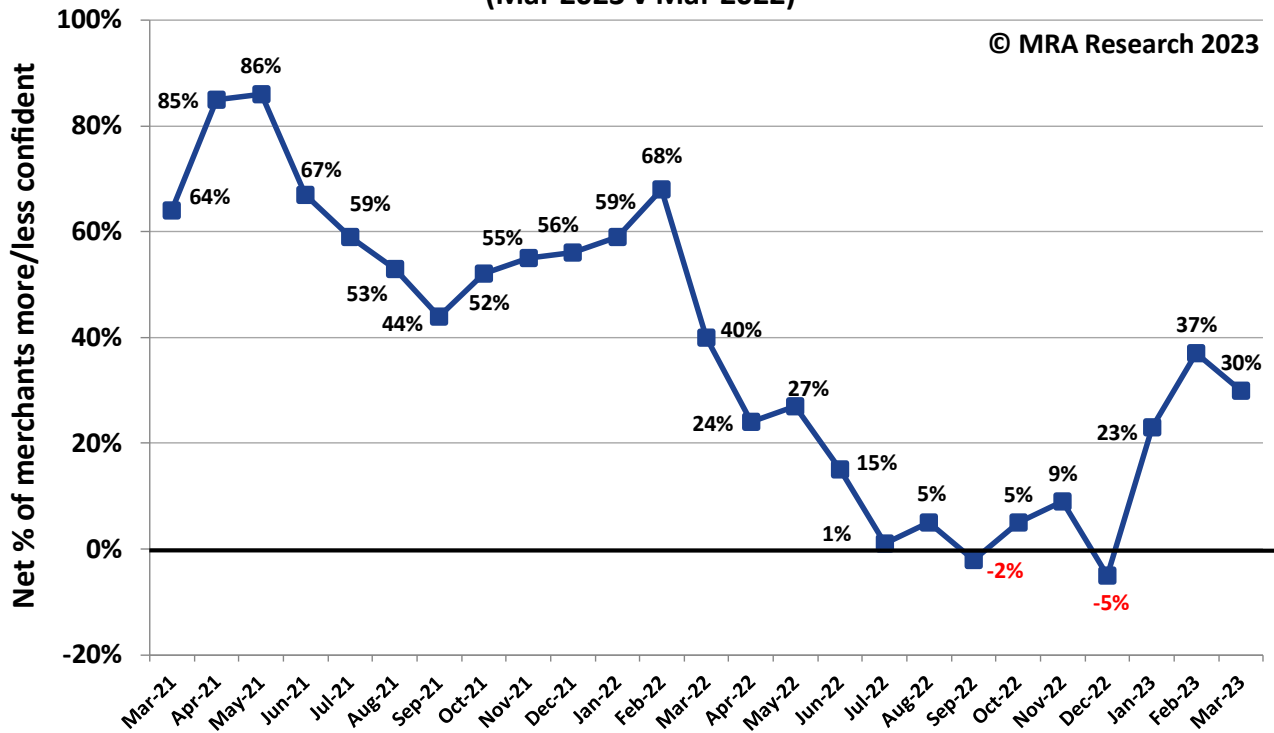
Merchants in the Midlands are particularly confident (+52%).

Independents (+35%), Small outlets and those in the South (+33%) are also confident. And confidence is strong across the board.

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, 42% of merchants interviewed are more confident against 2% who are less confident. The net figure is +40% more confident.

Confidence in their own business: Year-on-Year

Confidence in their own business: Year-on-Year (Mar 2023 v Mar 2022)



Year-on-Year, Merchants' confidence in their own business shows a slight drop from a net +37% in February to +30% in March.

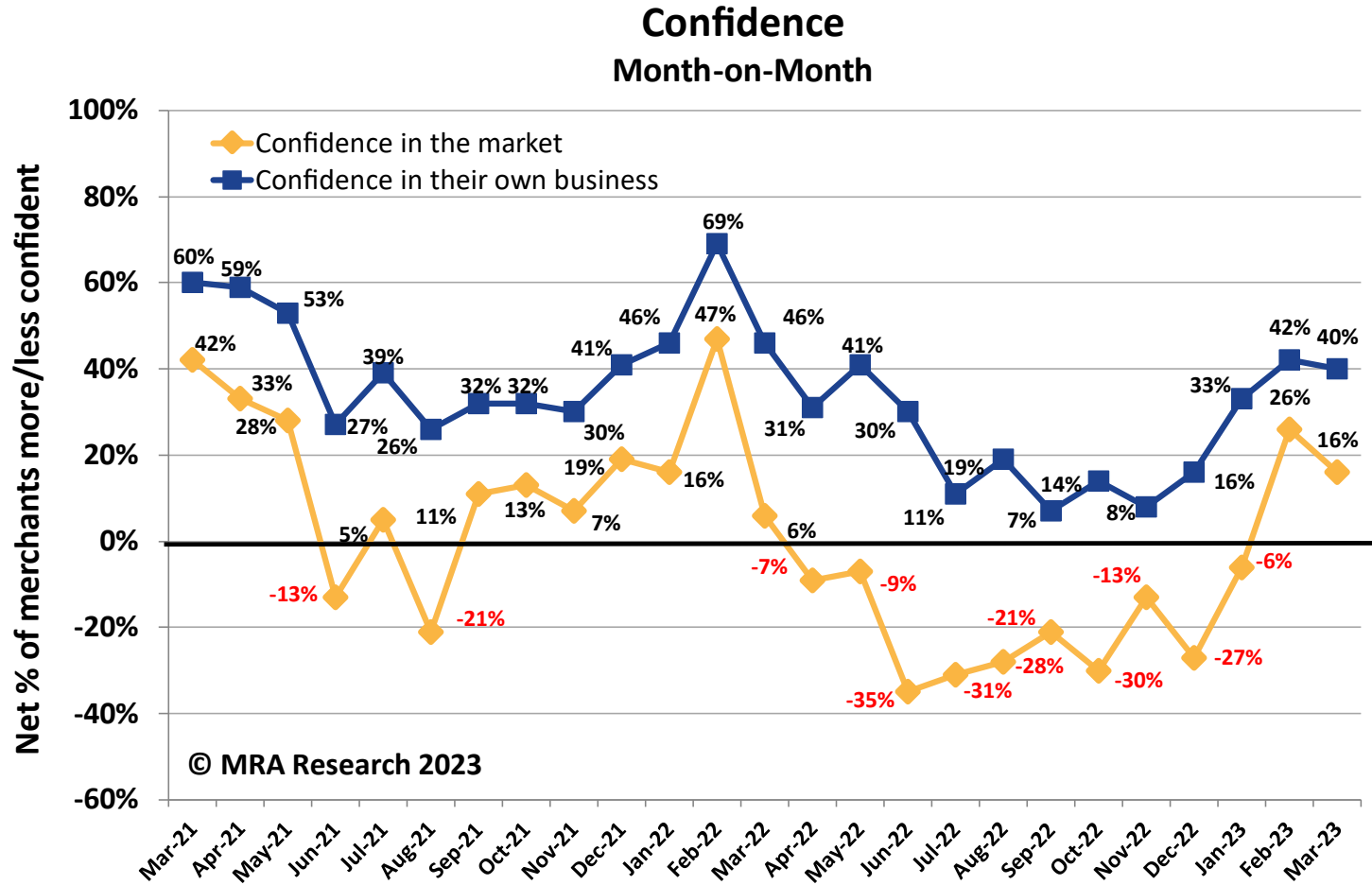
Nationals (+47%) are the most confident.

Merchants in the South (+13%) and Large outlets (+12%) are the least 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, 41% of merchants interviewed are more confident against 11% who are less confident. The net figure is +30% more confident.

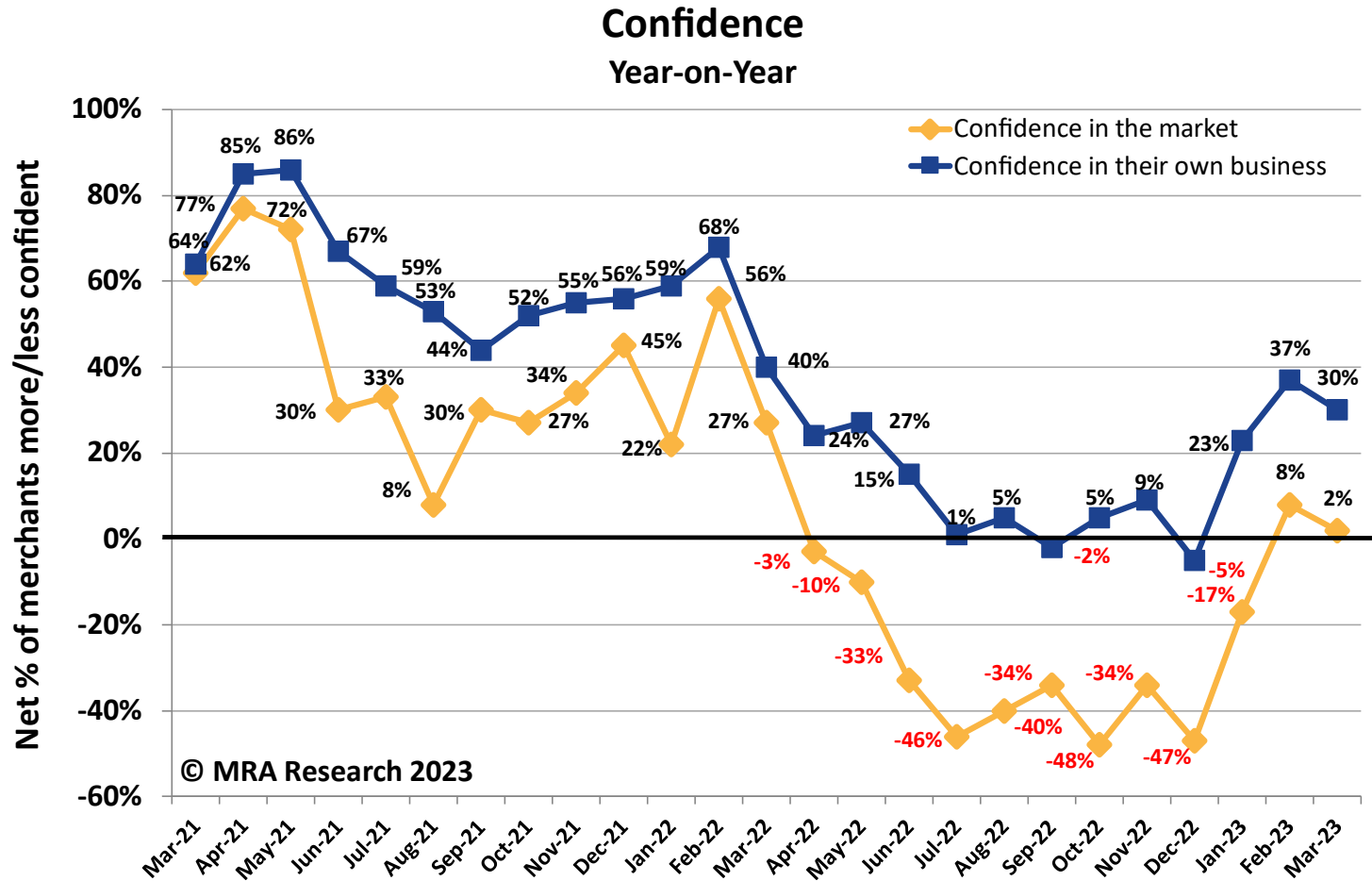
Confidence in the market v in their own business

Month-on-Month



Confidence in the market v in their 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 47th in the series, with interviews conducted by MRA Research between 1st and 2nd March 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 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.

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 Research. Annual Round Tables 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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