



the Pulse
Expectations. Prospects. Confidence.

April 2023

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

The Pulse: Overview

2

Merchants' confidence grows as they expect sales to grow.

All types and sizes of builders' merchants across the country expect to grow. Short and medium-term sales expectations are among the highest in two years.

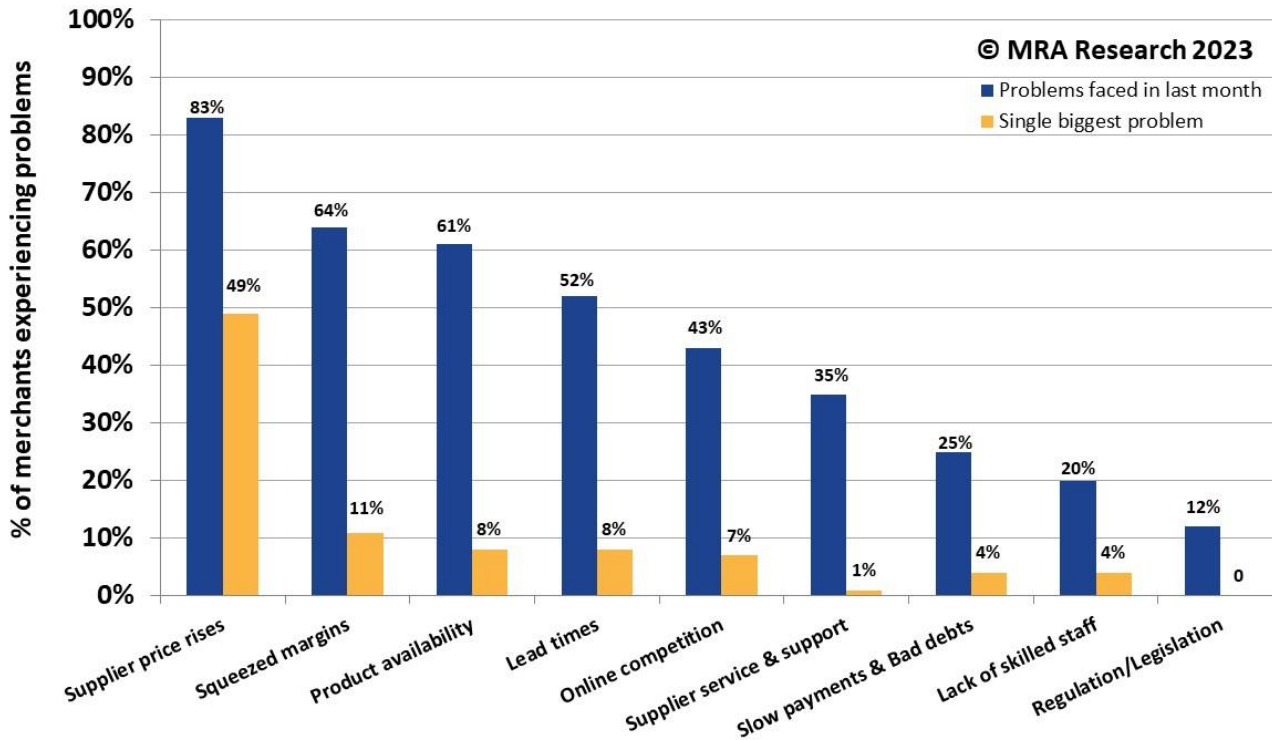
Inflation is high, energy costs are squeezing disposable incomes for sure, and supply problems remain, but despite gloomy predictions from economists and Government, and journalists and commentators talking down the market, builders' merchants have got their tails up.

Merchants base their confidence and expectations on what their customers say and do, and merchants have been getting more confident in the market, and very confident in the prospects for their own business.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place 3rd and 4th April 2023 (2 working days).

Merchants' problems in the last month

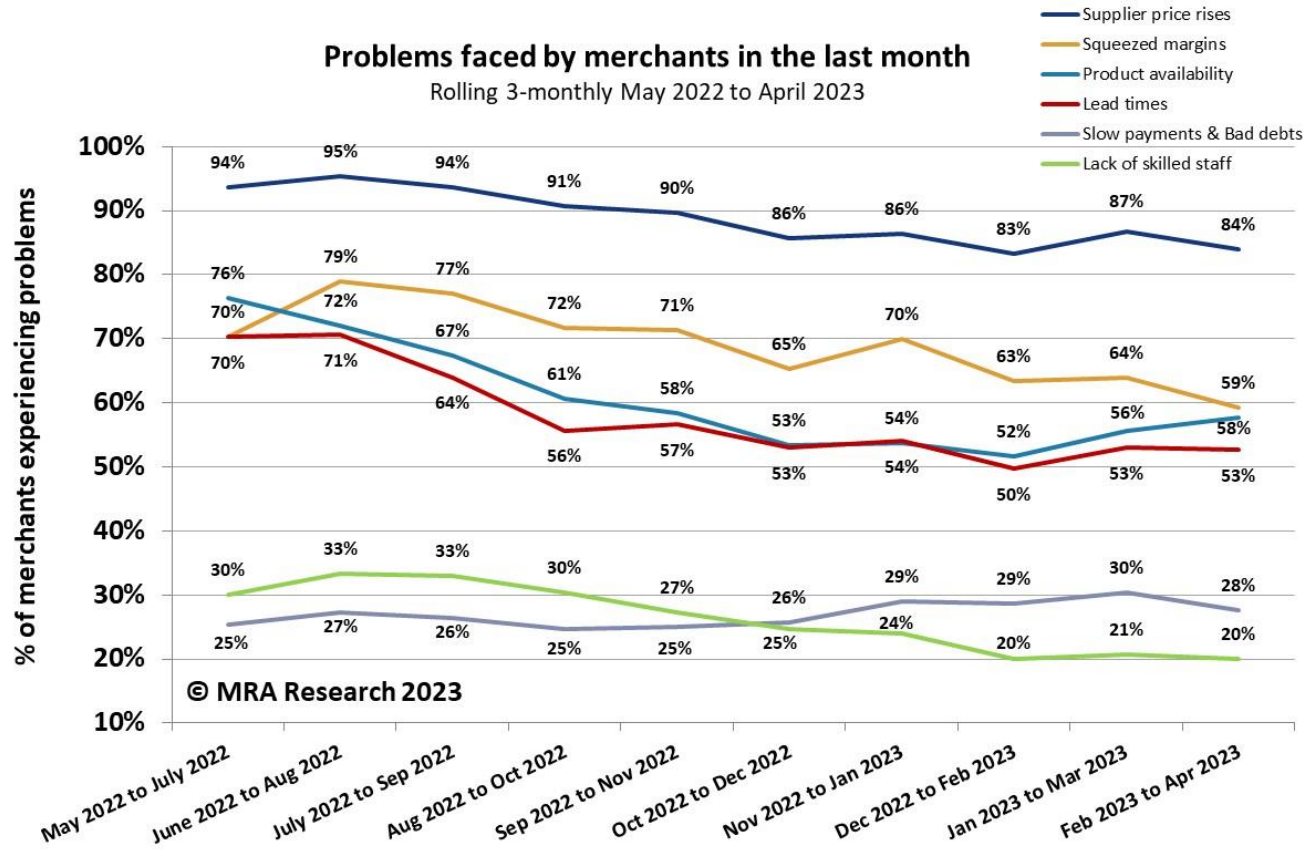
Problems faced by merchants in the last month



Supplier price rises remain the single biggest problem for nearly 1 in 2 merchants (49%).

Squeezed margins (64%), Product availability (61%) and Lead times (52%) are problems for over 1 in 2 merchants.

Trends in merchants' problems



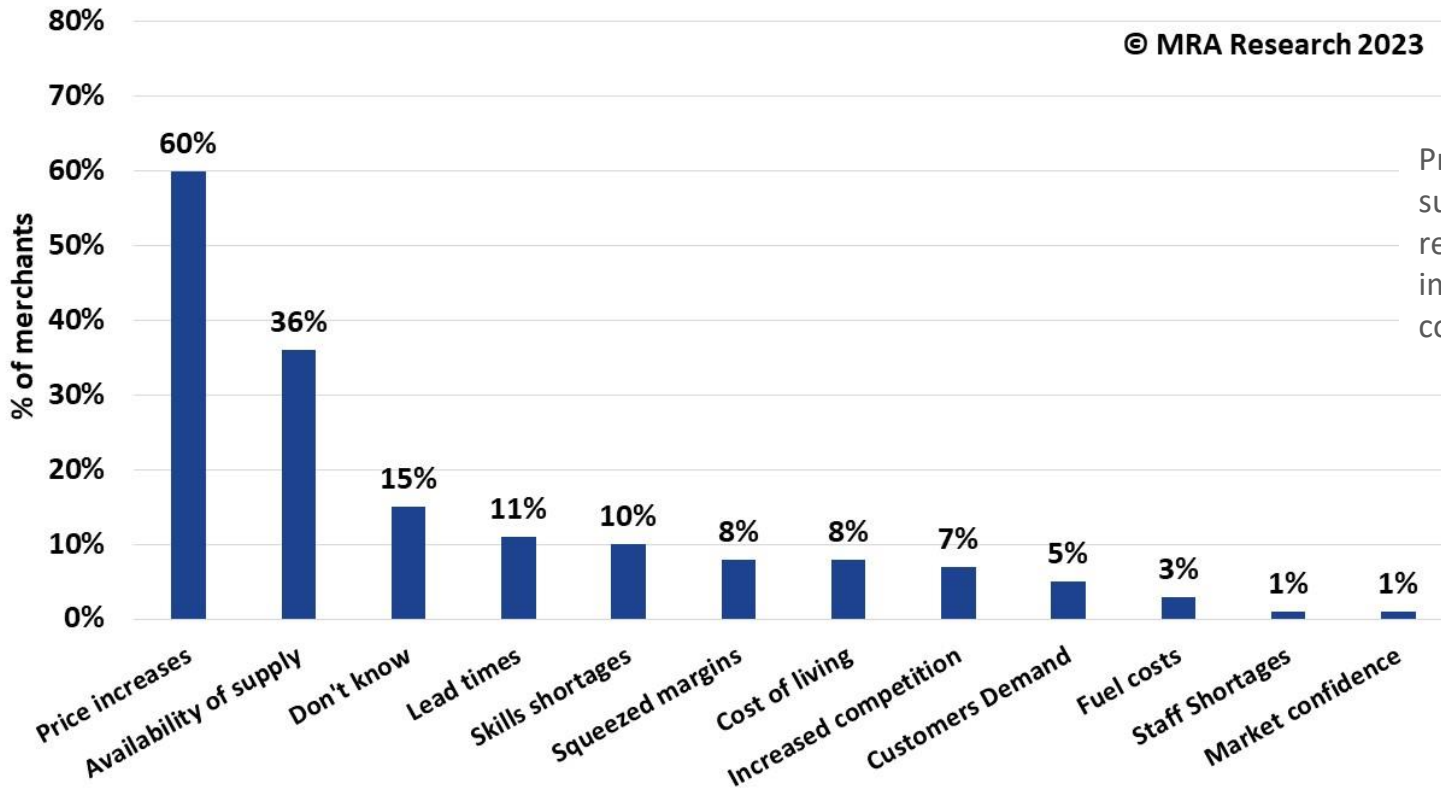
Supplier price rises and concern about squeezed margins are easing slightly but are concerns for most.

Having eased in 2022, concerns about product availability are growing. They're a concern for almost 6 in 10 merchants in the three months to April 2023.

The most important challenges for construction today

The most important challenges for the construction industry today

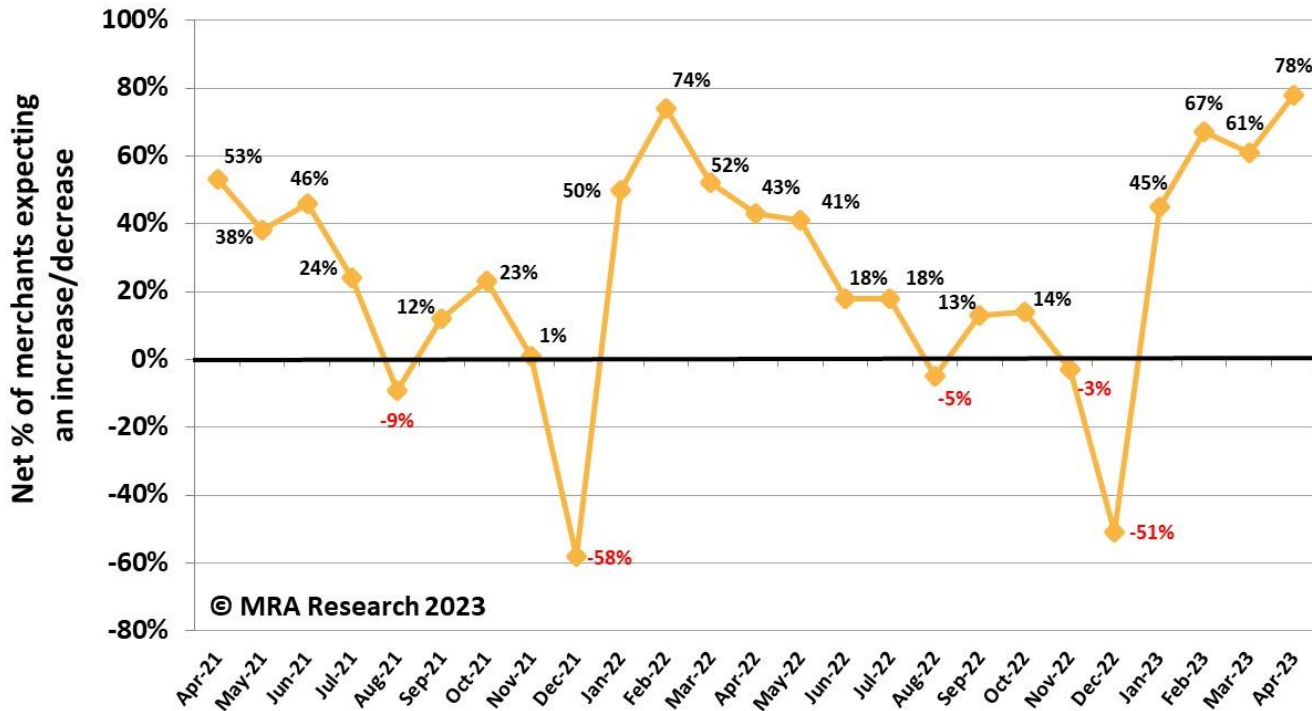
© MRA Research 2023



Price increases (60%) and supply availability (36%) remain the most important challenges for construction.

Sales Expectations...1

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



Month-on-month sales expectations have built to the highest level in the last 2 years. A net +78% expect to grow.

All types and size of merchants expect growth.

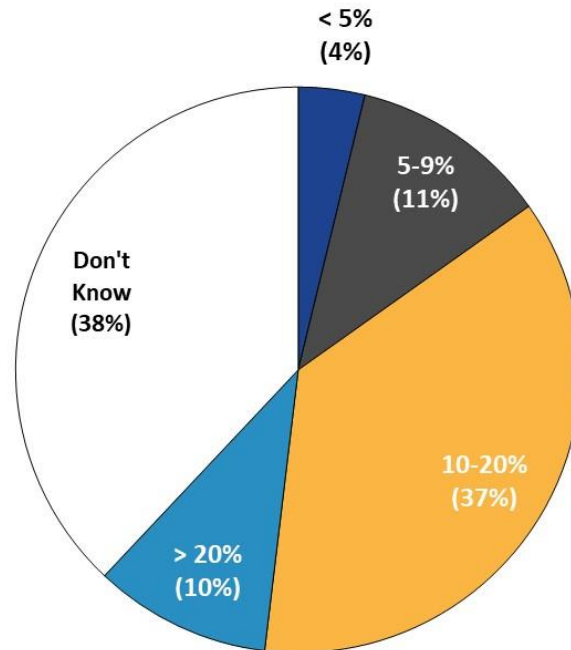
Expectations are strong among Nationals (92%), Independents (83%) and Regionals (61%).

Expectations are particularly strong in Scotland (94%) and the Midlands (84%). Merchants in the North have strong but slightly lower expectations (65%).

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. In this chart, 79% of merchants interviewed expect growth against 1% who expect a decline. The net figure is +78% expecting growth.

Sales Expectations...2

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



© MRA Research 2023

Base: 79

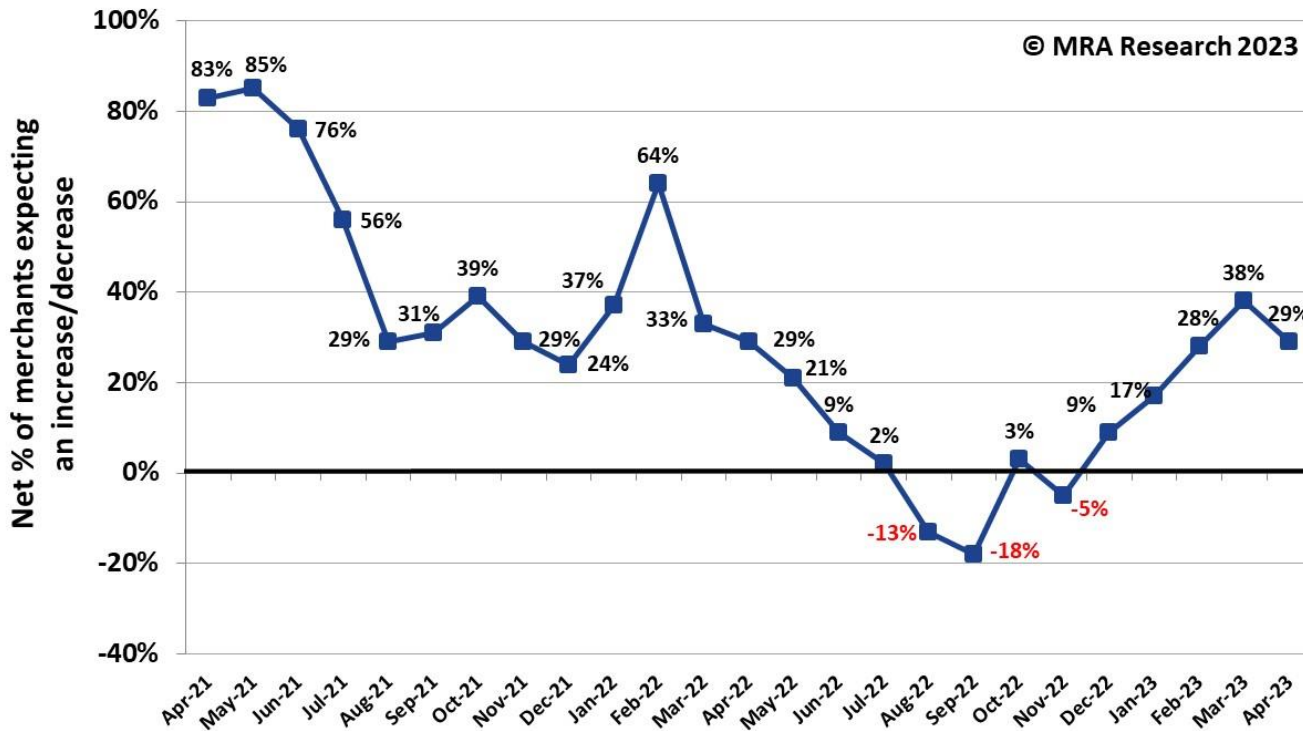
Almost 1 in 7 merchants (15%) who expect sales to increase in April from March expect sales to grow by up to 9%.

Just over a third (37%) expect sales to increase by 10 to 20%, and 10% expect more than 20% growth.

But almost 4 in 10 (38%) of merchants expecting growth can't say how much.

Sales Expectations...3

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



Year-on-year sales expectations in April are strong (net +29), despite easing from last month.

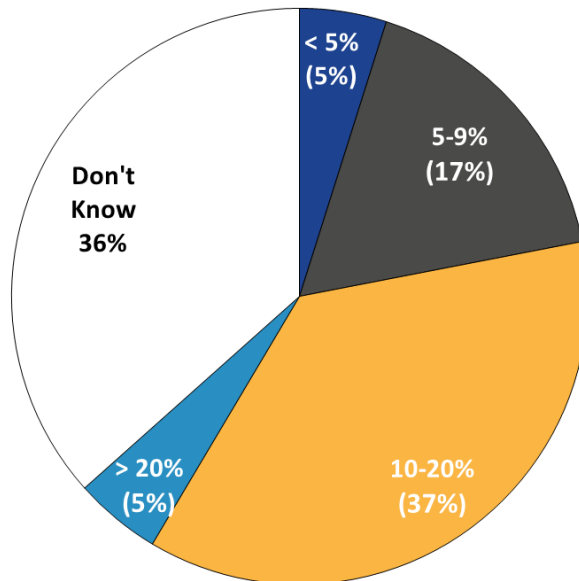
All merchants expect to sell more compared with last year.

Expectations are strongest in the South (+44%), and among Nationals (+34%) and Independents (+33%).

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. In this chart, 41% of merchants interviewed expect growth against 12% who expect a decline. The net figure is +29% expecting growth.

Sales Expectations...4

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



© MRA Research 2023

Base: 41

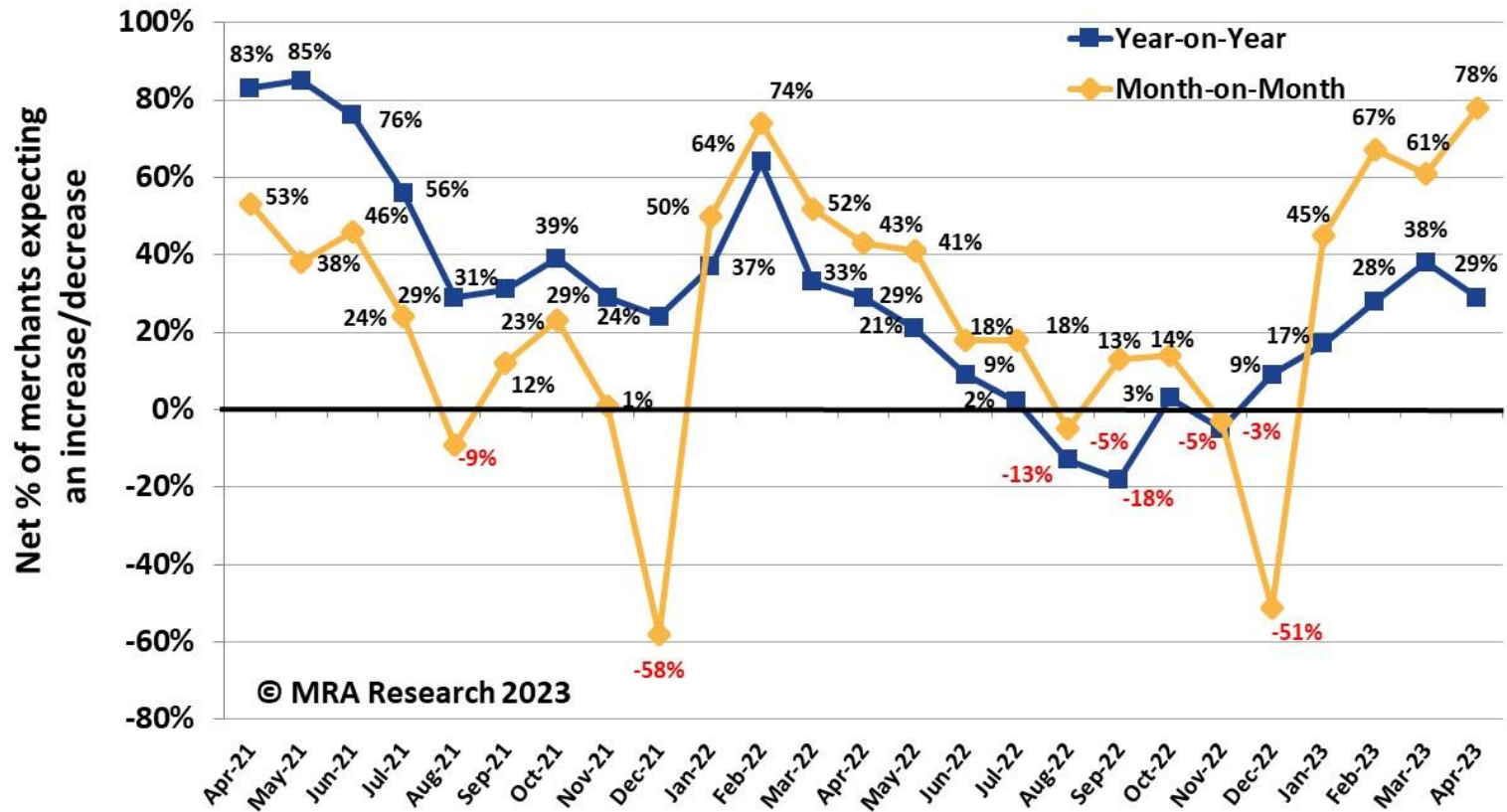
Almost 1 in 4 (22%) of those expecting sales to increase in April, compared to the same month in 2022, expect sales to grow by up to 9%.

More than 4 in 10 (42%) expect sales to increase by more than 10%.

Sales Expectations

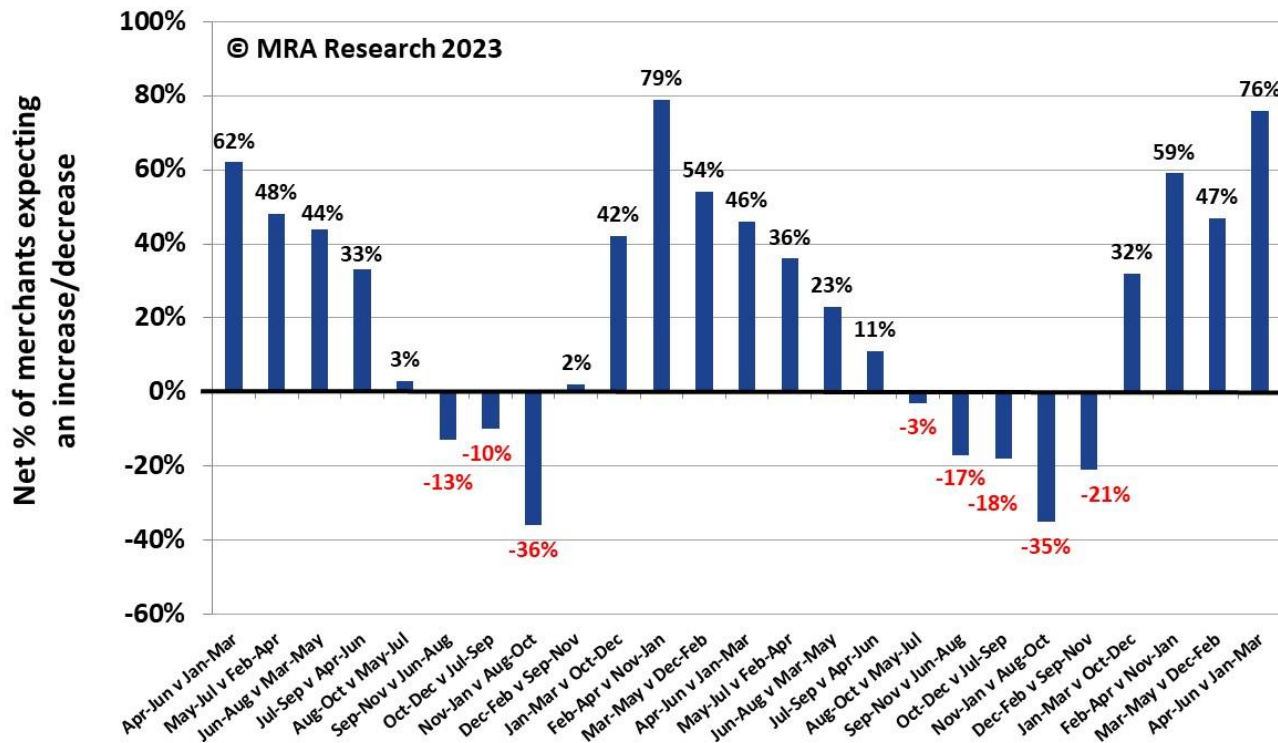
Month-on-Month v Year-on-Year

Sales Expectations



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

Sales Expectations
Quarter-on-Quarter (from Apr 2021)



Quarter-on-quarter, sales expectations have built, and this month are the second highest level in two years. A net +76% of merchants expect sales to improve in April to June compared to the previous three months.

All merchants expect growth.

Most Mid-sized (+86%) and Larger outlets (+80%) expect sales to grow.

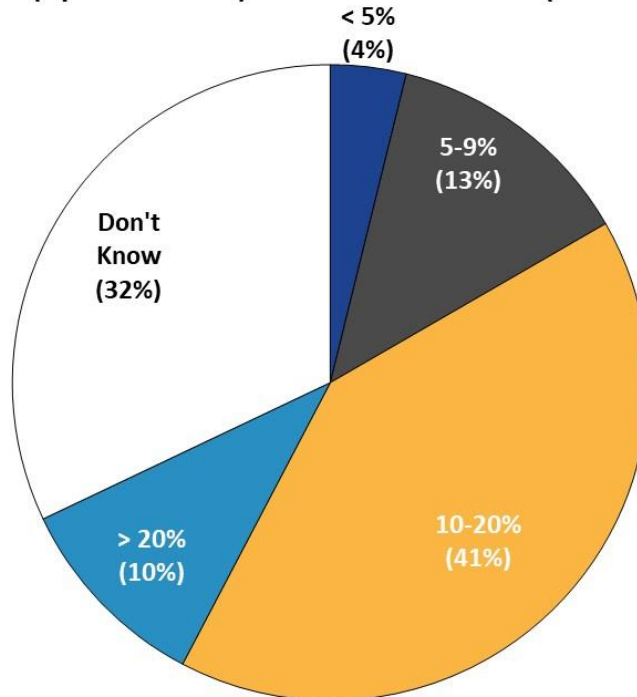
Most, but fewer, Small outlets (+63%) and merchants in the Midlands (+64%) are expecting sales to increase.

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. In this chart, 78% of merchants interviewed expect growth against 2% who expect a decline. The net figure is +76% expecting growth.

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

12

Sales Expectations: % Increase
Next 3 months (Apr-June 2023) v Previous 3 months (Jan-Mar 2023)



© MRA Research 2023

Base: 78

Almost 1 in 5 (17%) of those expecting sales to grow say they expect to grow by less than 10%.

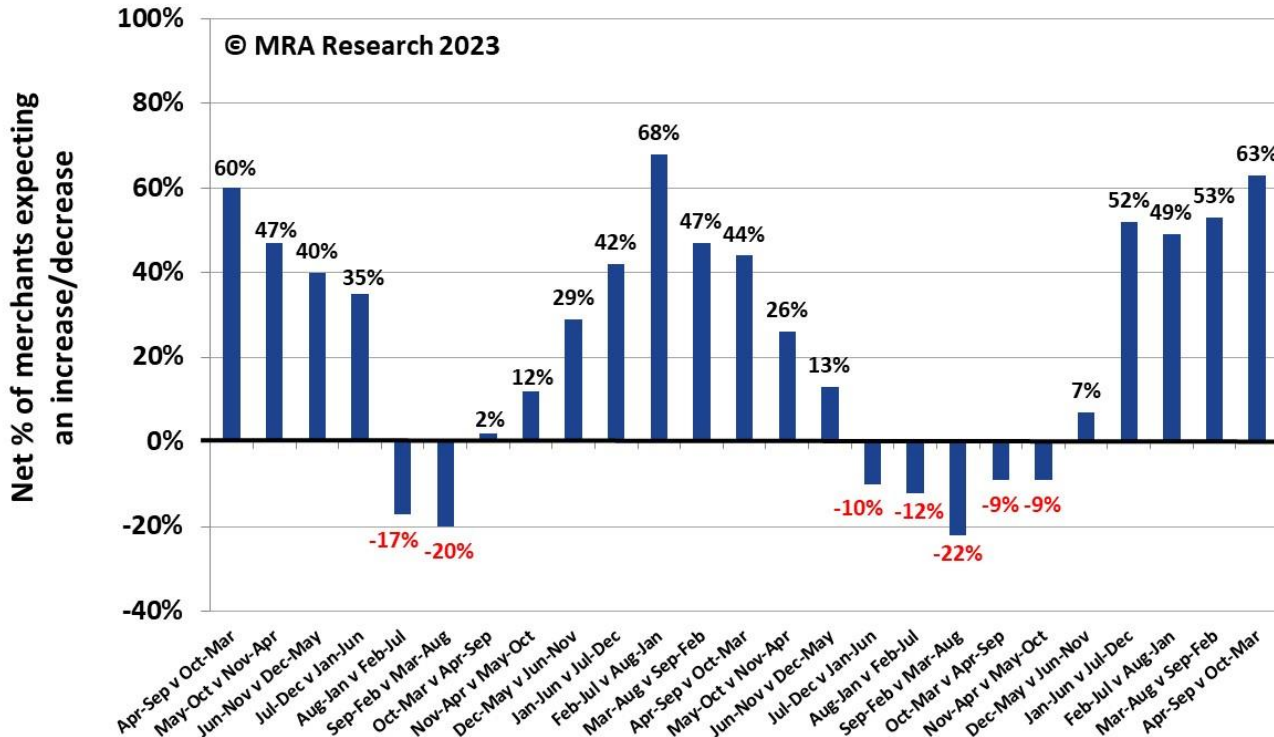
Over half (51%) expect an increase of more than 10%.

Almost 1 in 3 of those expecting sales growth can't say how much.

Sales Expectations: The next six months...1

Sales Expectations

Next 6 months v Previous 6 months (from Apr 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. In this chart, 63% of merchants interviewed expect growth against 0% who expect a decline. The net figure is +63% expecting growth.

A net +63% of merchants expect sales to increase in the six months April to September 2023 compared to the previous six months.

Expectations have been solid in the first four months of 2023.

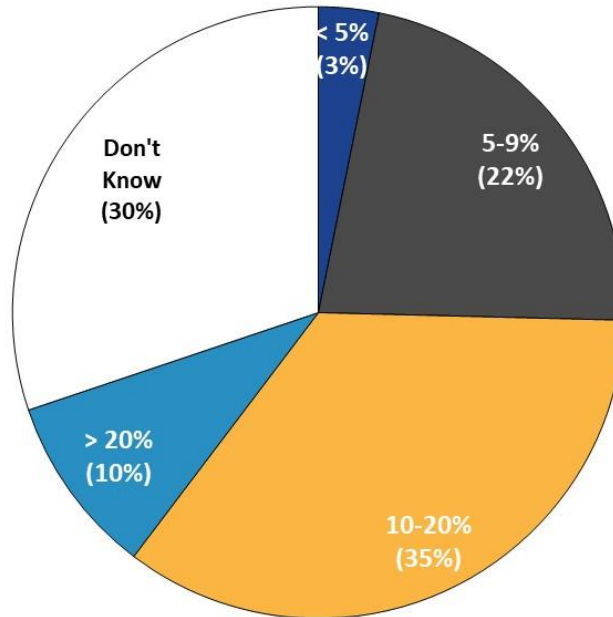
All merchants expect growth.

More merchants in Scotland (+75%) expect to grow than in other regions. But the South (+61%), North (+61%) and Midlands (60%) also expect growth.

Fewer Small branches (+51%) expect to grow than larger branches.

Sales Expectations: Next six months...2

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

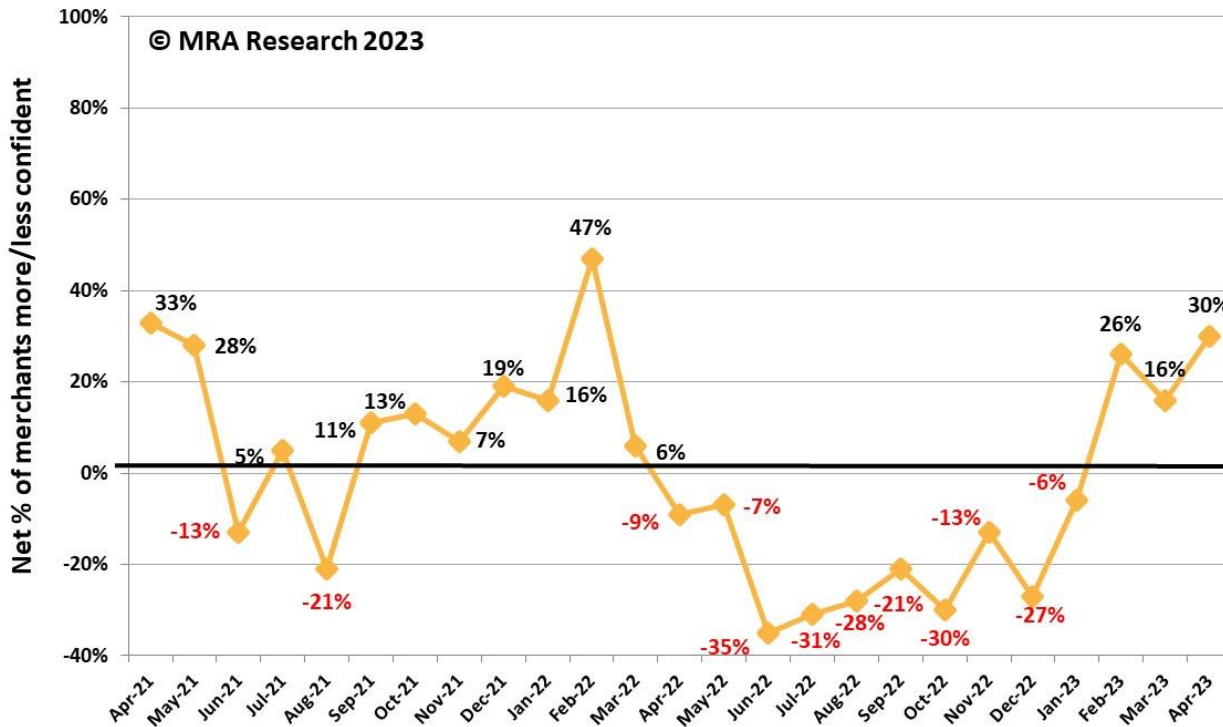


A quarter (25%) who expect higher sales, expect them to improve by up to 9% in the next six months.

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

Confidence in the market: Month-on-Month

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



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. In this chart, 39% of merchants interviewed are more confident against 9% who are less confident. The net figure is +30% more confident.

Confidence in the market has increased month-on-month to a net +30%, having dipped slightly in March.

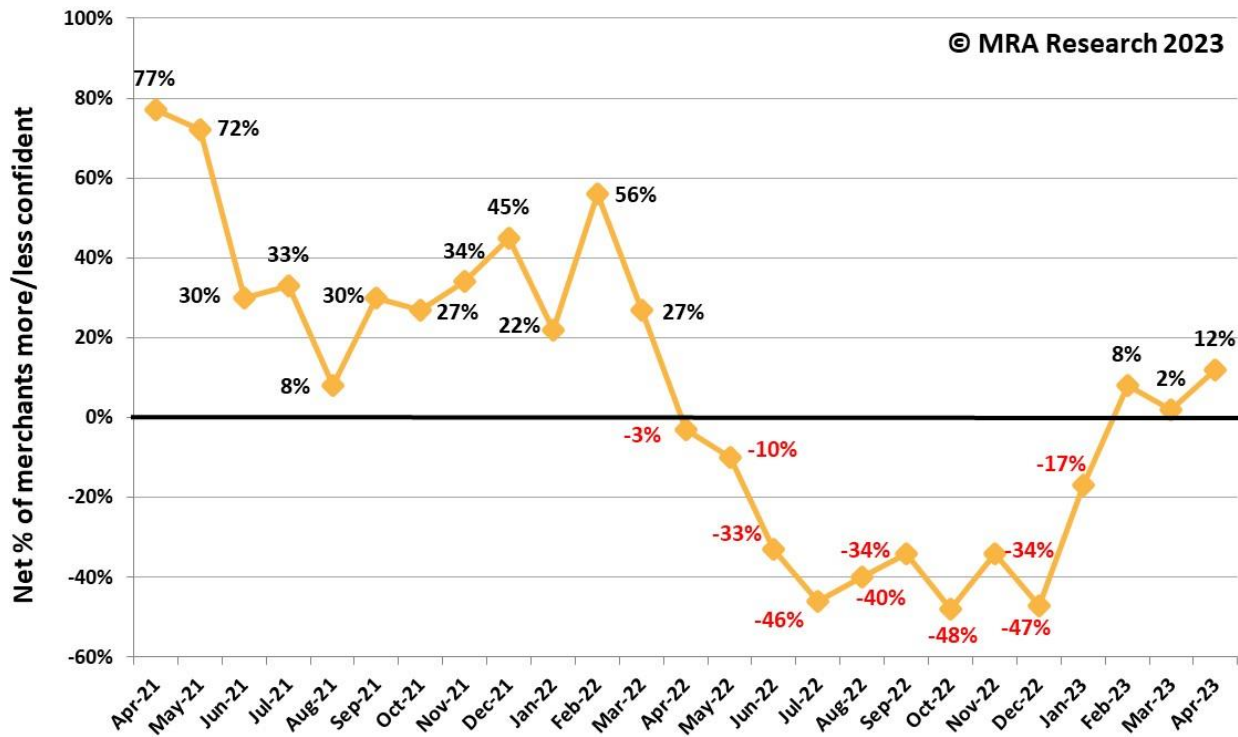
Confidence in the market is high in all sizes of outlet, regions and type of merchant.

Scotland (+44%), the South (+33%) and Midlands (+30%) are most confident. Fewer merchants in the Midlands (+16%) are confident.

By size, Small outlets (+37%) are the most confident and Large outlets the least (+20%). Independents (+12%) and Regionals (18%) are less confident than Nationals (+53%).

Confidence in the market: Year-on-Year

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



Confidence in the market has also improved year-on-year, from a net +2% last month.

A net +12% of merchants are more confident in the market in April 2023 than they were April last year.

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

Independents (-4%) and Large outlets (-7%) 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, 35% of merchants interviewed are more confident against 23% who are less confident. The net figure is +12% more confident.

Confidence in the market:

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

17

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

All the predictions of a recession coming in and then not to be even hit or touched by that, even though we know a lot of people on the mainland who have been. People don't take jobs on from the mainland, they want island based people to do the jobs.

I believe the market are just getting on with things, people already have money and seem confident in spending it.

There isn't as many price increases coming through as there were compared to last year.

Due to Covid no longer being such a threat.

Due to Covid no longer being such a threat.

Due to Covid no longer being such a threat.

We expect sales to drop off and stay the same.

I guess more people are trying to get into DIY projects.

I think we have seen encouraging signs of sales and business in general.

I thought everything was going to go into a massive progression this time last year, but that doesn't seem to of happened.

I'm not too sure, sales have just gone up.

It's definitely got busier over the years.

It's been busy.

People are getting over COVID-19 and other things like fewer material shortages compared to last year.

Everything is picking up, now people are looking to get things done and they are obviously buying stuff.

We have new management and interesting contracts.

The way the building trade is going.

The orders and sales that are happening.

Last year I was new, so I have more confidence. The COVID-19 situation with materials and prices have improved.

We've had more business than last year.

There is more money available.

There is more money available.

More people want to do more maintenance and there are more projects.

It seems to be easier to get a hold of products compared to how it was.

Confidence in the market:

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

18

Due to speaking to people and working out there - higher influx of customers in the store.

We are still seeing a lot of optimistic buyers out there and there is confidence in the market.

Stock was harder to get hold of last year with longer lead times. Most stuff is getting easier but there are the odd bits on long allocations.

The prices have stabilised.

Things are getting better since Coronavirus.

Things are going back to normal after covid. We have plenty of new contracts.

This time last year we didn't have the right staff in the right positions, but we now do.

There was the tale of recession, but it has been avoided.

We couldn't get hold of materials and now we can actually get hold of product. There were stock shortages everywhere last year. We couldn't get hold of boilers.

We've have a bigger customer base now and we have been building up the department. It's not been run very well in the past so we are turning the department around, whilst building relationships with new customers.

We've seen steady progress since the start of the year and we expect it to rise.

Confidence in the market:

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

19

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

The cost-of-living crisis at the moment is just so expensive resulting in everyone putting everything on hold.

The cost-of-living crisis.

The cost-of-living crisis and people cancelling jobs they booked with us.

The cost-of-living crisis.

We didn't have the cost-of-living crisis this time last year.

Due to economic situation households are struggling and we have mortgages.

Inflation

It was busy last year.

It's just mortgages that is slowing us down.

Just because of everything that is happening in the world.

The cost of living going up for everybody.

People don't have as much money to spend; therefore, they are only spending it on the little jobs.

All the price increases.

The price of material increasing.

Prices have gone sky high.

Recession.

Customers are scared to spend money as things are increasing in price.

We are seeing a slow down on heavy materials. We talk to builders who tell us the customers are holding back on larger projects at the moment.

The economic situation is definitely slower.

The economy speaks for itself - it is pretty poor.

The price increases.

The uncertainty around the recession and general economy.

The way the first few months have gone with it being more quiet than it used to be. People need more confidence to start spending more money. There is scaremongering in the media.

There are a lot of people leaving the UK. We have price increases, the cost of living crisis and less tradesmen.

There is a dip in people purchasing and suppliers' product availability.

There is an economic slow-down coming in the second half of the year.

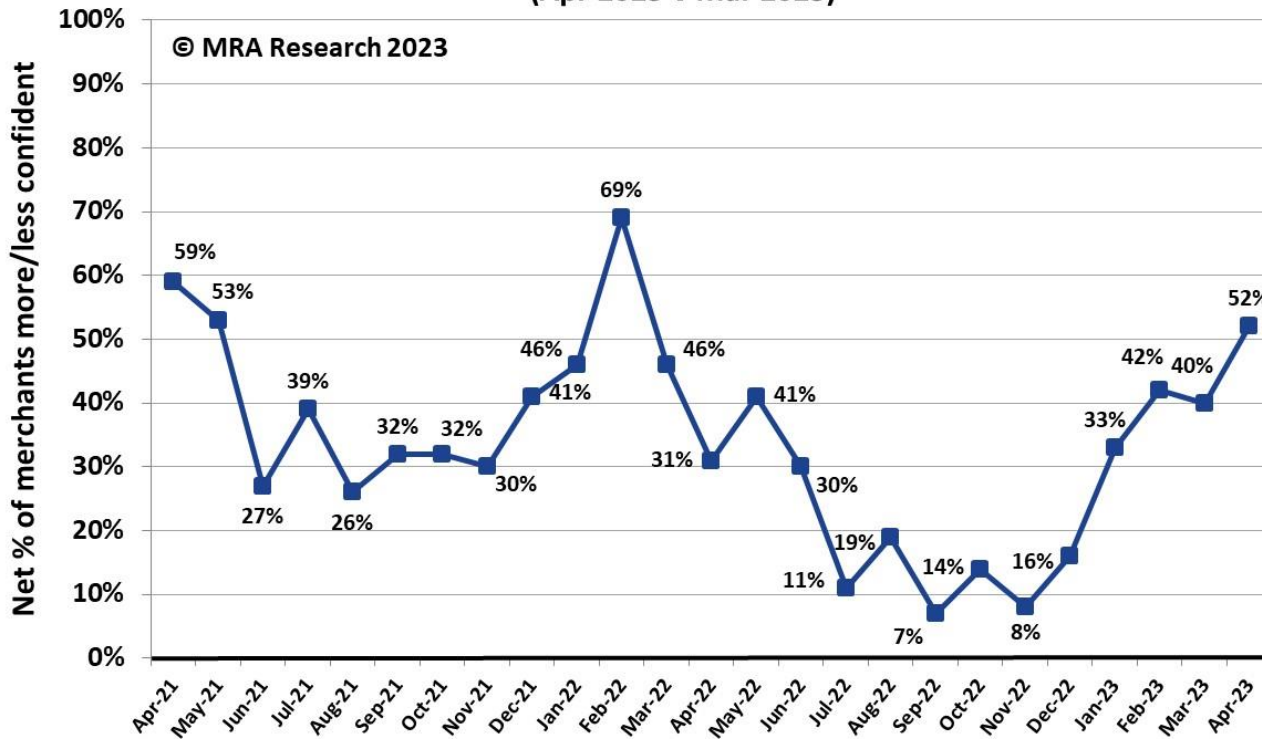
The unpredictability in the economy.

We seemed really busier last year - it could be the cost of living crisis.

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 (Apr 2023 v Mar 2023)



Merchants' confidence in the prospects for their own business has jumped up again, with a net +52% more confident month on month.

By size, all merchants are equally confident.

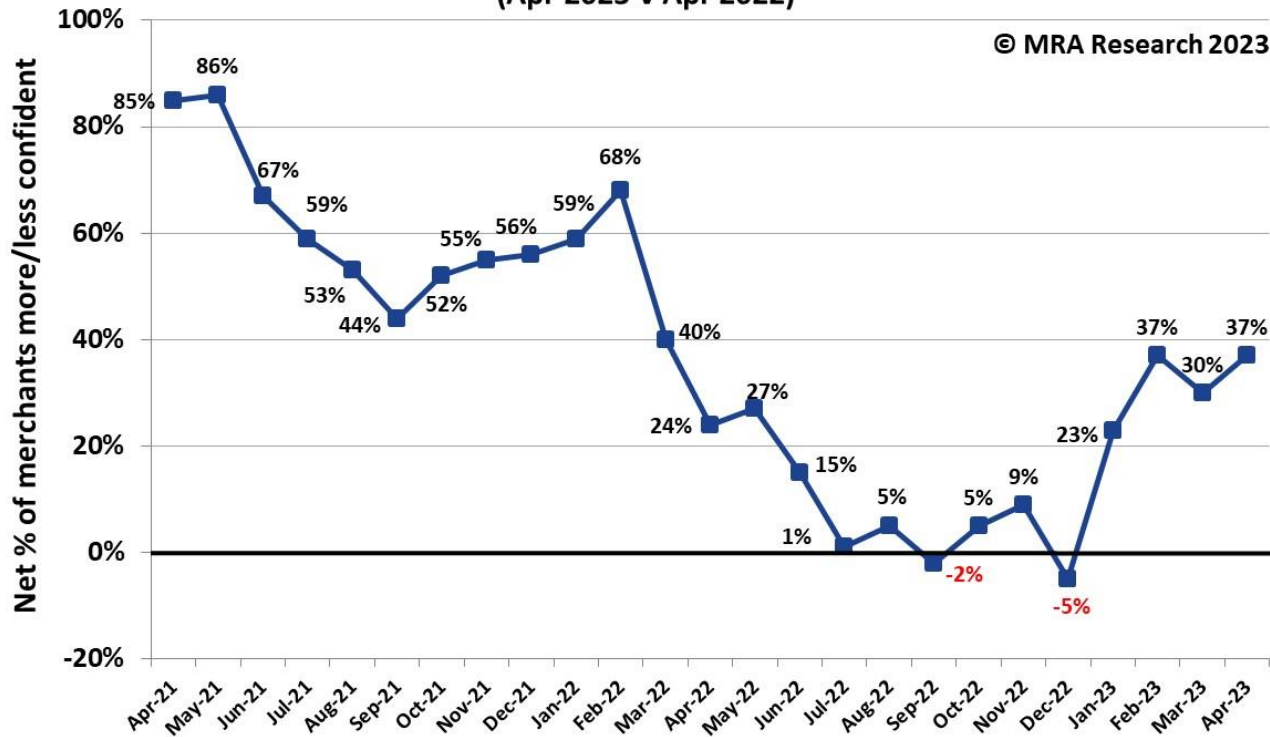
The South (+64%) and Nationals (+68%) are particularly confident.

Independents (+25%) are less 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. In this chart, 54% of merchants interviewed are more confident against 2% who are less confident. The net figure is +52% more confident.

Confidence in their own business: Year-on-Year

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



Merchants' confidence in their own business has been building strongly year-on-year.

A net +37% of merchants are more confident in the market in April 2023 than they were in April last year.

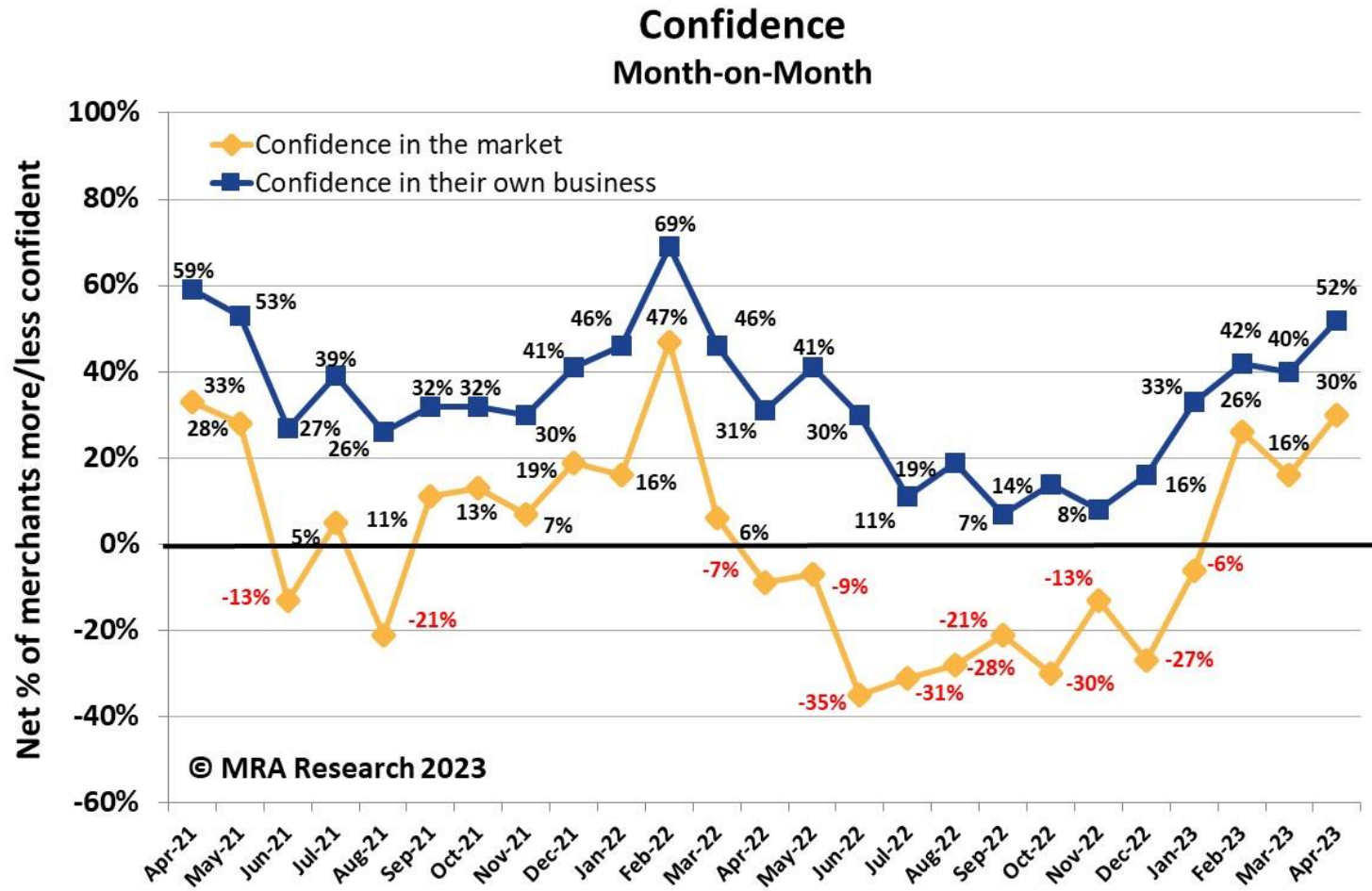
Nationals (+45%), Regionals (+42%) and Small branches (+46%) are most confident.

North (+26%) and Scotland (+31%) are less confident than the Midlands (40%) and South (40%).

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. In this chart, 47% of merchants interviewed are more confident against 10% who are less confident. The net figure is +37% more confident.

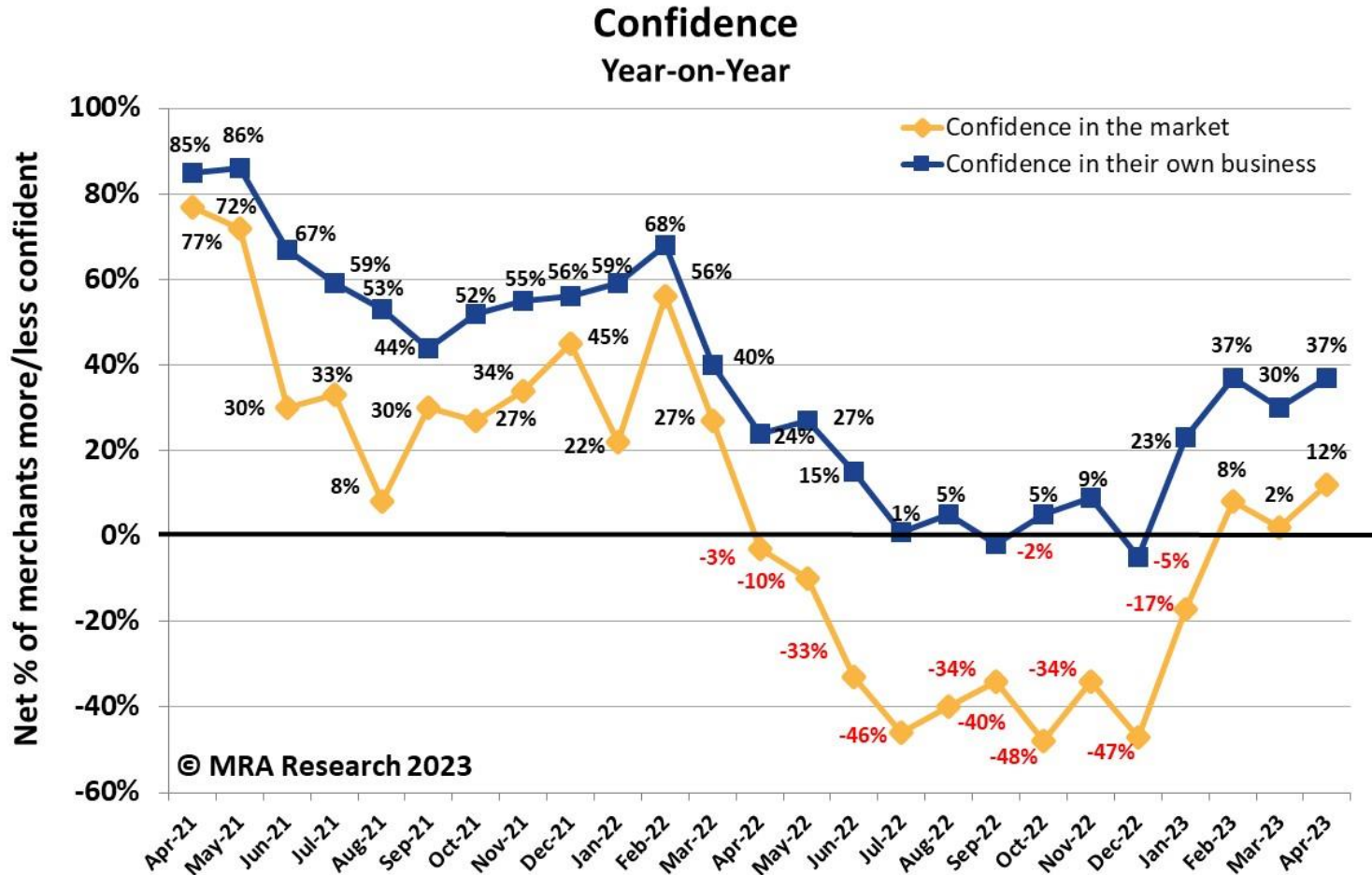
Confidence in the market v in their own business

Month-on-Month



Confidence in the market v in their own business

Year-on-Year



About The Pulse

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 48th in the series, with interviews conducted by MRA Research on the 3rd and 4th April 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

25

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.



Winners 22 times 2002-2022
 Agency of the Year 2017
 Agency of the Year 2004



“ 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



Old Crown House, 18 Market Street, Wotton-under-Edge, Gloucestershire GL12 7AE

© copyright MRA Research 2023

t: 01453 521621 | e: hello@mra-research.co.uk | w: www.mra-research.co.uk