



the Pulse
Expectations. Prospects. Confidence.

June 2023

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

The Pulse: Overview

2

Builders' merchants' sales expectations have waned in the last 4 months but are still positive.

Confidence in the market is weakening along with weakening sales expectations but both are still positive.

Confidence in their own business however is at historically high levels.

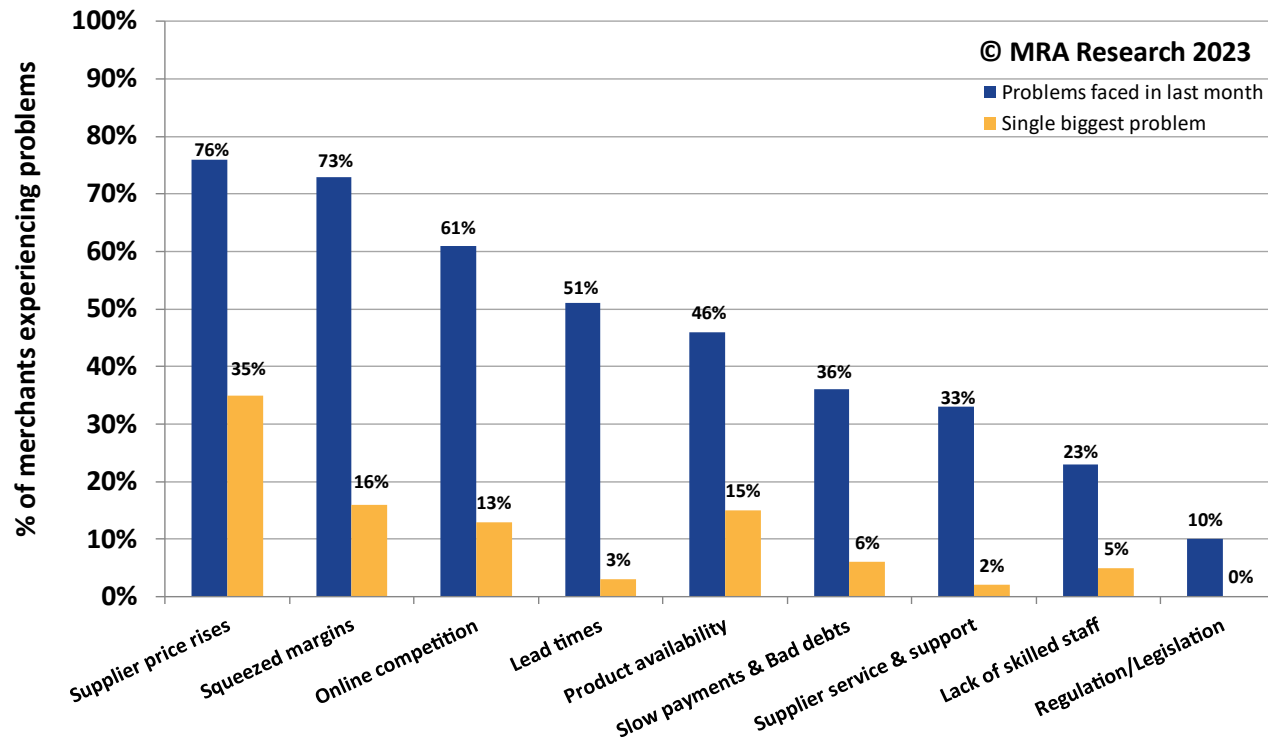
Supplier price rises are problems for most merchants, as they struggle to pass them on to the market. More than seven out of ten complain about squeezed margins, while over a third of merchants suffer from slow payments and bad debts.

Nearly one in two merchants have been hit by Online competition.

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

Merchants' problems in the last month

Problems faced by merchants in the last month

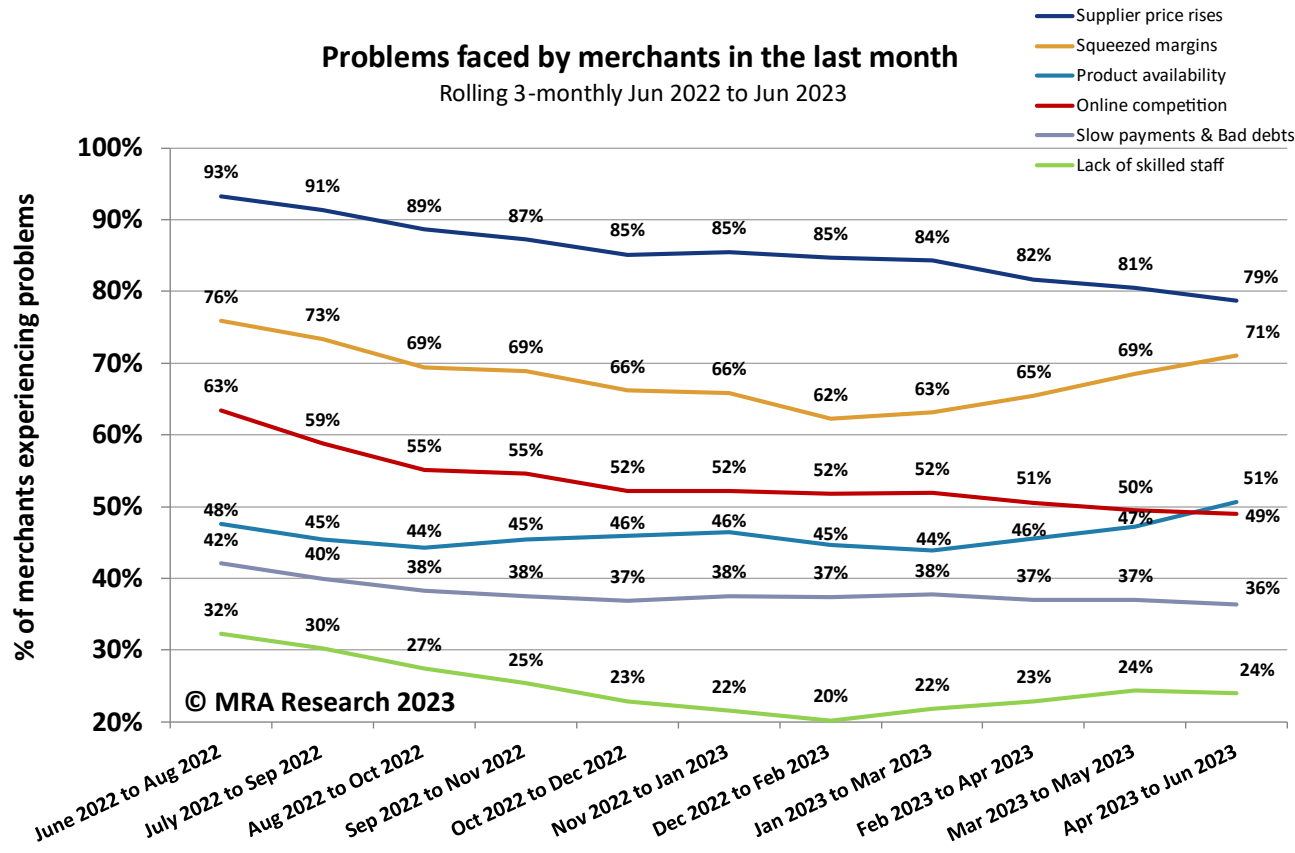


Supplier price rises (76%) and Squeezed margins (73%) are a problem for 3 in 4 merchants.

Merchants consistently mention online competition (61%), lead times (51%) and product availability (46%) as problems for their business.

But Supplier price rises remains the standout single biggest problem (35%).

Trends in merchants' problems



Supplier price rises are mentioned less often, but 4 out of 5 (79%) merchants still cite them.

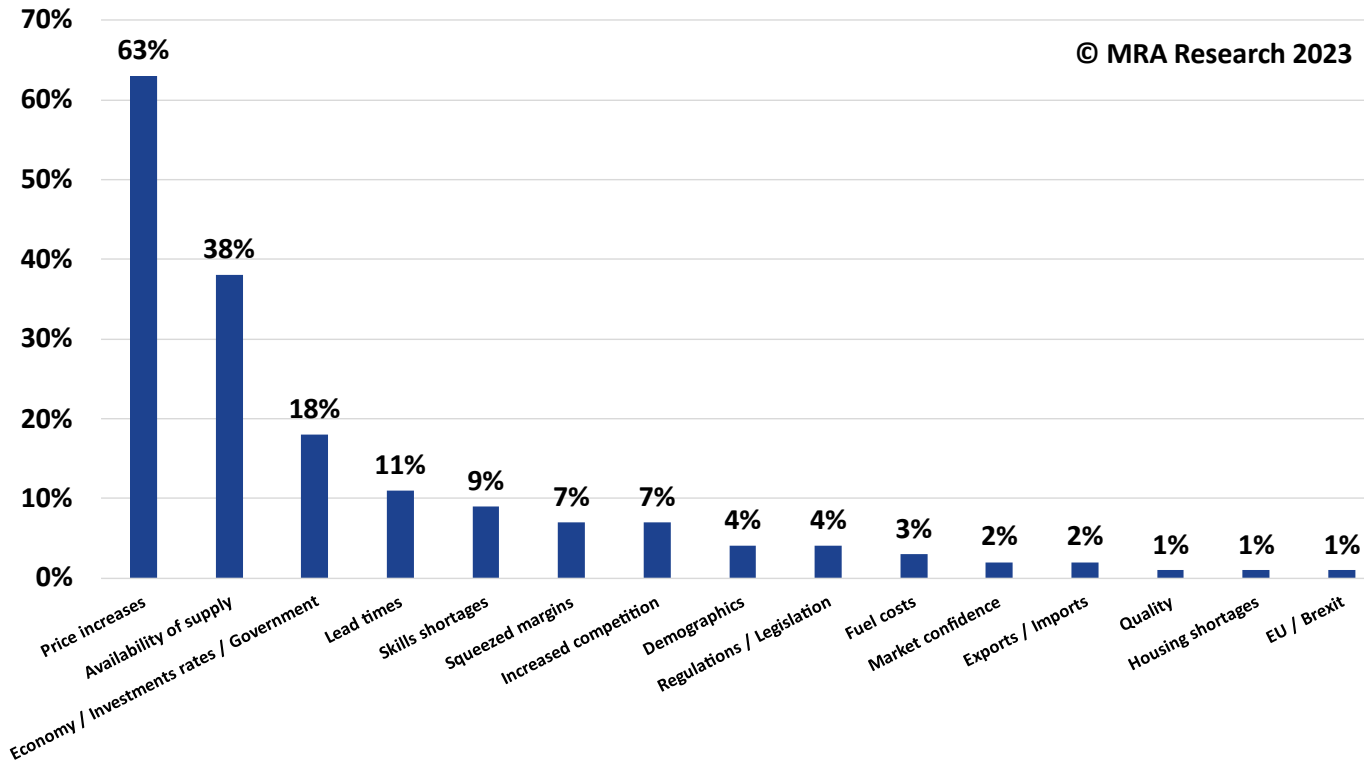
And Squeezed margins is still trending up (71%).

Officially, product availability is getting back to normal, but just over one in two merchants complain of the problem.

Interestingly, over the last year, Online competition has slipped from 63% to 49% of merchants listing it.

The most important challenges for construction today

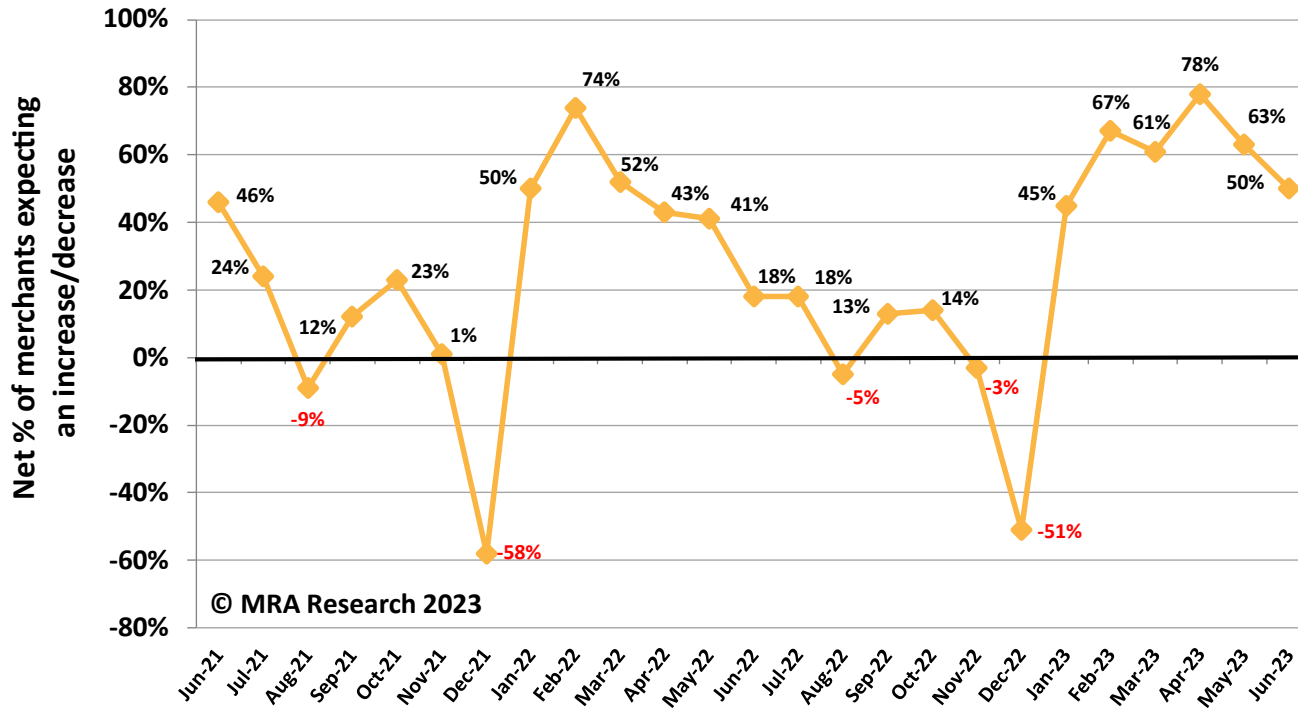
The most important challenges for the construction industry today



Price increases (63%) and Availability of supply (38%) overshadow all other challenges for construction today.

Sales Expectations...1

Sales Expectations : Month-on-Month
Jun 2023 v May 2023



A net +50% of merchants expect June sales to increase compared to May.

All types and size of merchants expect growth: Independents (+77%), Regionals (+57%) and Nationals (+35%).

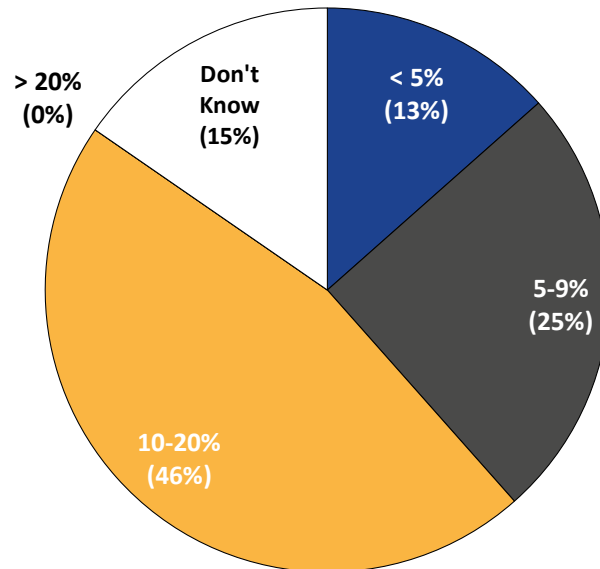
Small outlets have lower - but still strong - expectations (+34%).

Merchants in the North (+57%), the Midlands (+54%) and the South (+50%) expect sales to increase. Merchants in Scotland have lower expectations (+31%).

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, 52% of merchants interviewed expect growth against 2% who expect a decline. The net figure is +50% expecting growth.

Sales Expectations...2

Sales Expectations: % Increase
Jun 2023 v May 2023

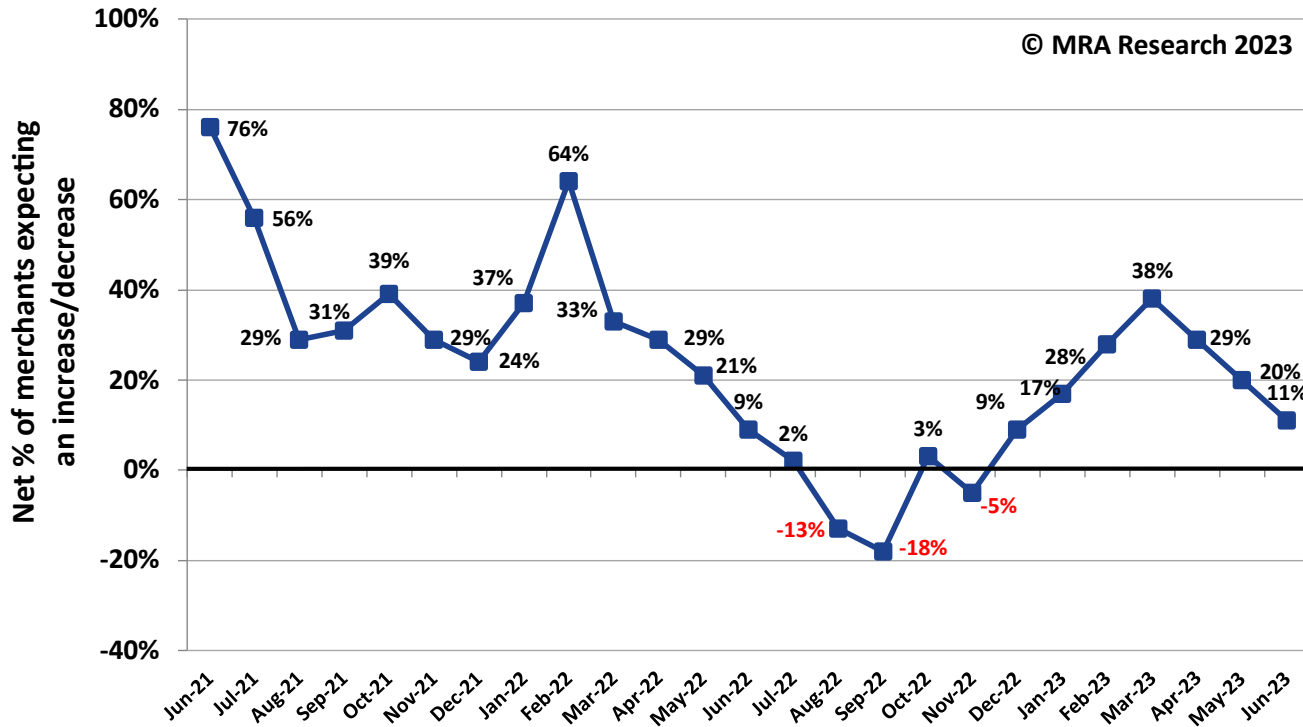


Nearly four in ten merchants (38%) who expect sales to increase in May from April expect growth of up to 9%.

A half (46%) expect sales to increase by 10 to 20%.

Sales Expectations...3

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



A net +11% of merchants expect higher sales in June compared to June last year. That's down from a relatively high +38% in March – the peak in 2023.

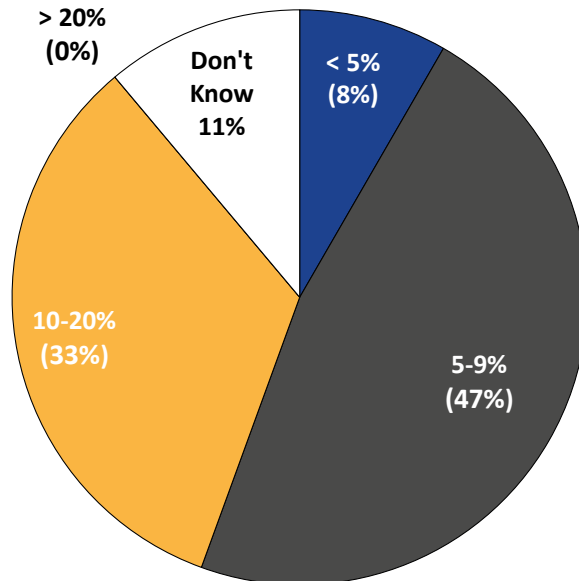
Expectations are highest in Scotland (+31%), the South and the Midlands (+12%).

Merchants in the North (-5%) expect to sell less compared with last 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. In this chart, 36% of merchants interviewed expect growth against 25% who expect a decline. The net figure is +11% expecting growth.

Sales Expectations...4

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



Almost 3 in 5 merchants (55%) who are expecting sales to increase in May are expecting sales to grow by up to 9%, compared to June 2022.

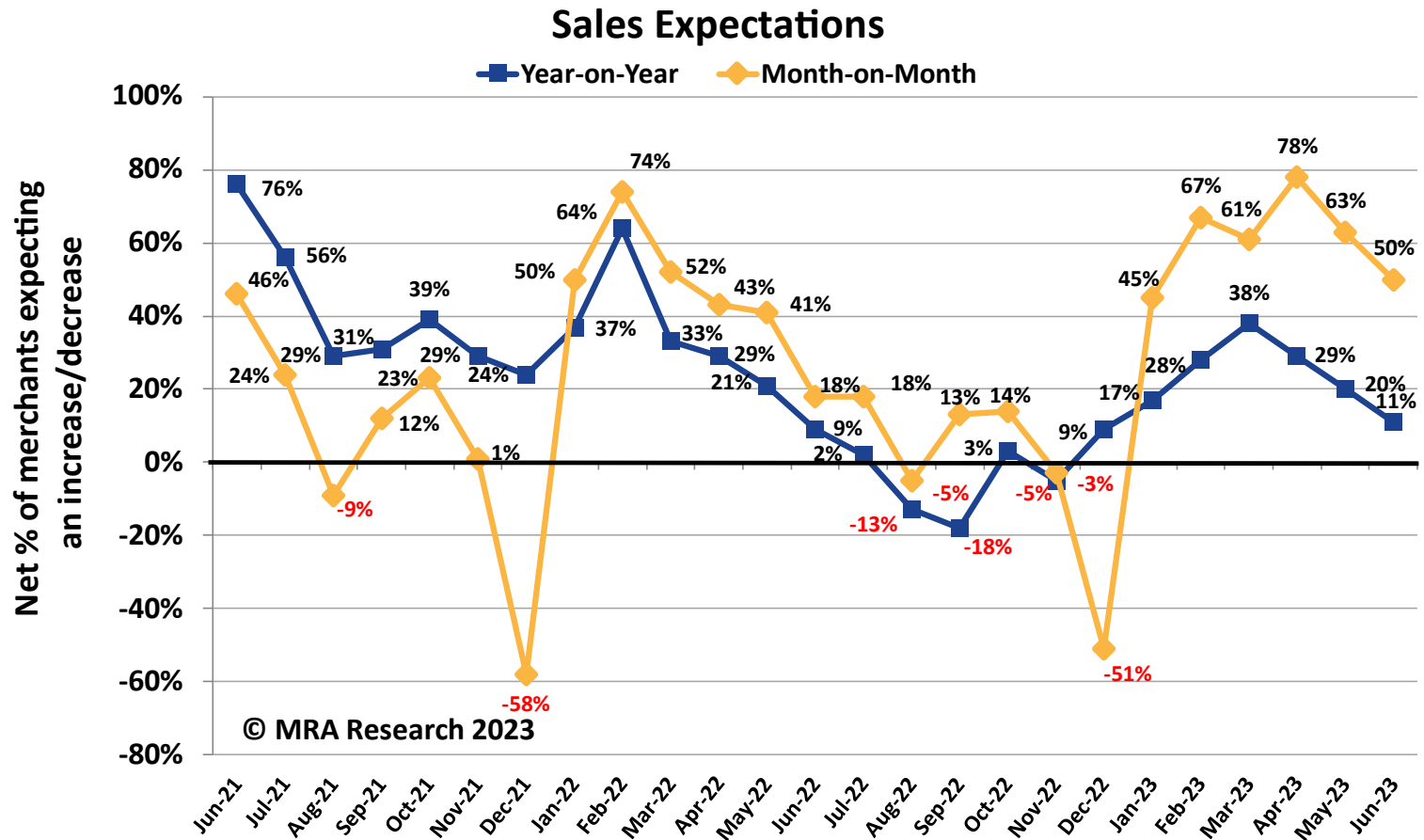
1 in 3 expecting growth (33%) expect sales to increase by more than 10%.

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Base: 36

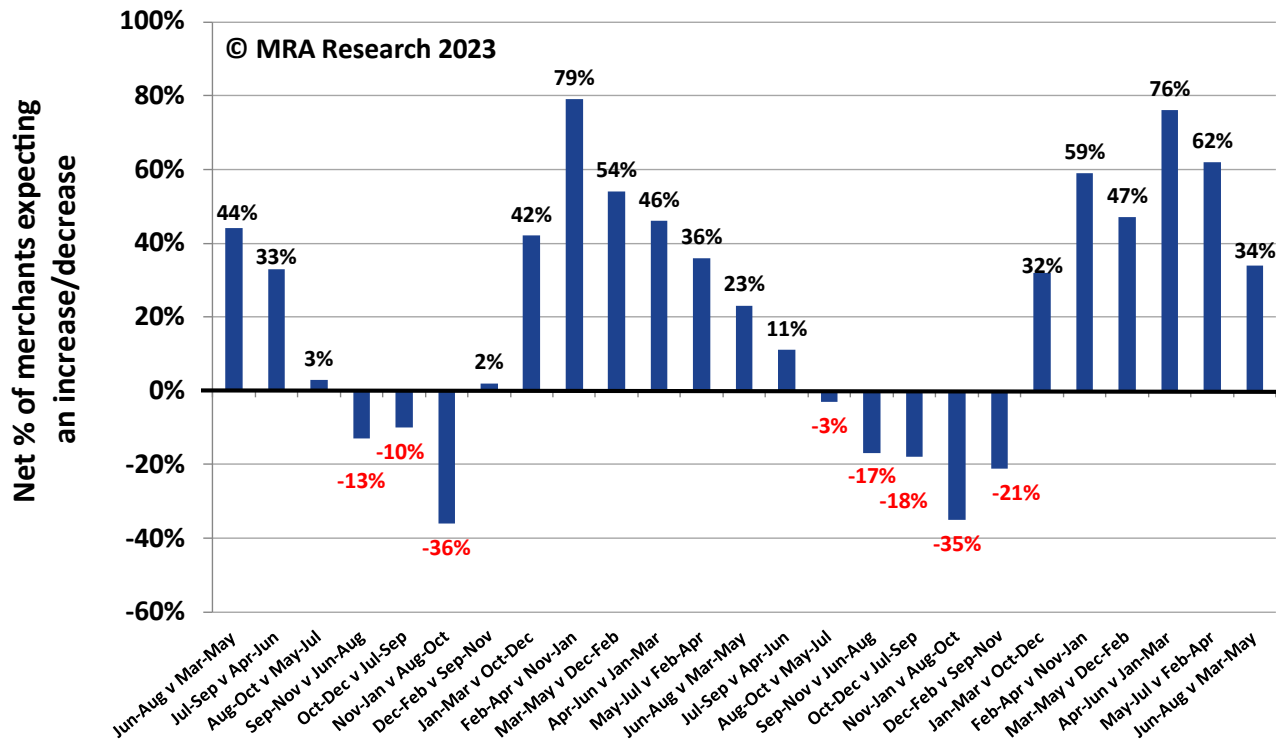
Sales Expectations

Month-on-Month v Year-on-Year



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

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



Quarter-on-quarter, sales expectations have eased sharply but a net +34% of merchants still expect sales to improve in June to August compared to the previous three months.

All merchants expect growth.

More Large (+64%) and Mid-sized outlets (+57%) expect sales to increase than Small outlets (+6%).

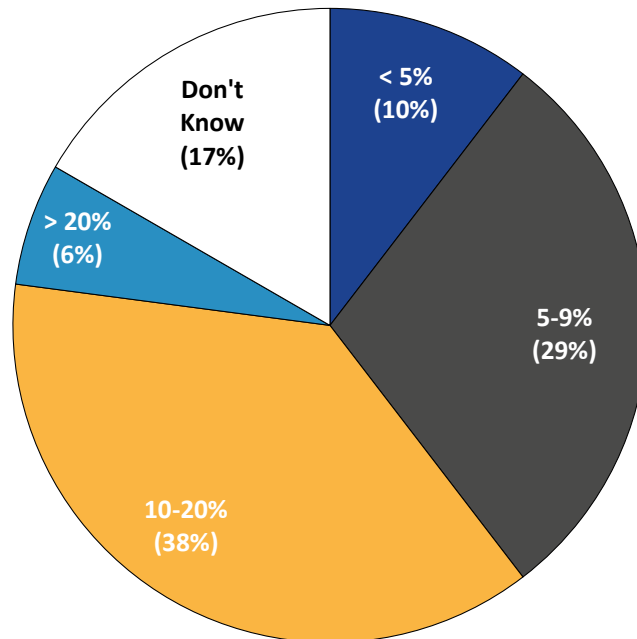
More Independents (+54%) and Regionals (+43%) expect sales to grow than Nationals (+19%).

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, 48% of merchants interviewed expect growth against 14% who expect a decline. The net figure is +34% expecting growth.

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

12

Sales Expectations: % Increase
Next 3 months (Jun-Aug 2023) v Previous 3 months (Mar-May 2023)



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Base: 48

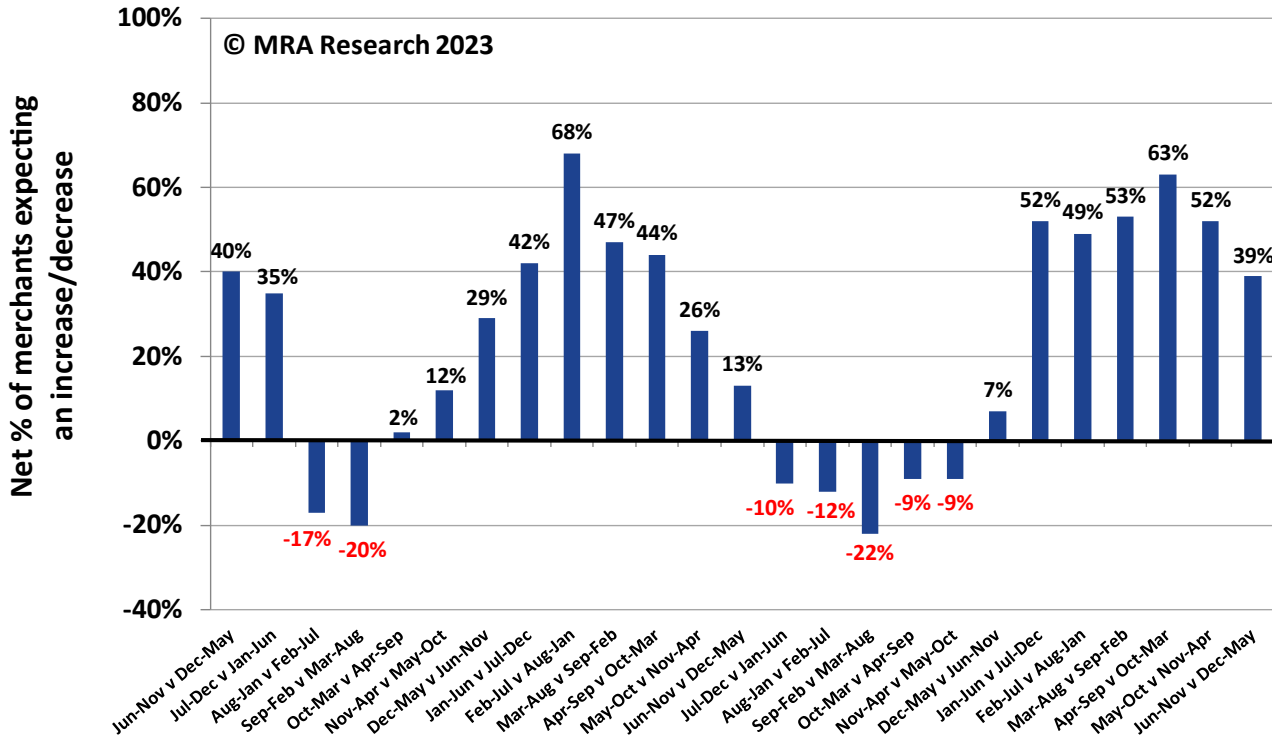
Nearly 2 in 5 (39%) of those expecting sales to grow say they will grow by up to 9%.

But just over a third (38%) expect sales to grow by 10 to 20%, and 6% expect more than 20%.

Sales Expectations: The next six months...1

Sales Expectations

Next 6 months v Previous 6 months (from Jun 2021)



A net +39% of merchants expect sales to increase in the six months June to November 2023 compared to the previous six months.

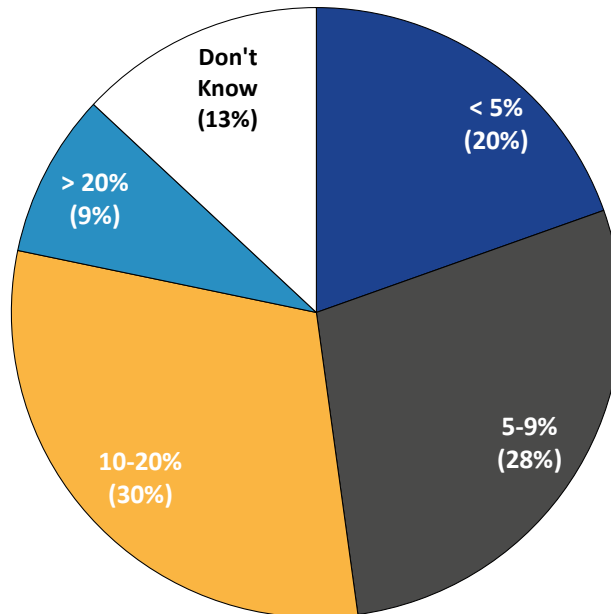
Expectations were very strong in the first four months but eased off a little this month.

More Mid-sized merchants (+50%) are expecting growth than Small (+32%) or Large outlets (+27%).

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, 46% of merchants interviewed expect growth against 7% who expect a decline. The net figure is +39% expecting growth.

Sales Expectations: Next six months...2

Sales Expectations: % Increase
Next 6 months (Jun-Nov 2023) v Previous 6 months (Dec 2022-May 2023)

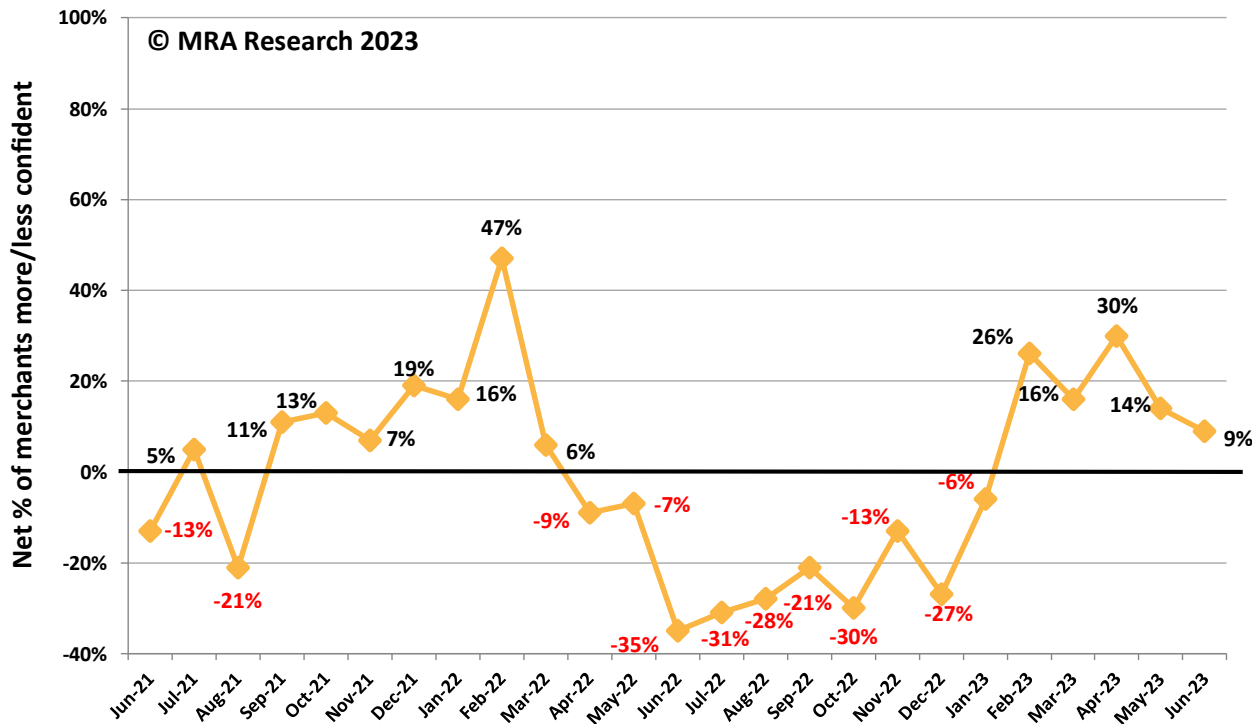


Almost half (48%) who expect higher sales, expect them to improve by up to 9% in the next six months.

Almost 1 in 3 (30%) expect sales to grow by 10 to 20%, and 9% by more than that.

Confidence in the market: Month-on-Month

Confidence in the market: Month-on-Month (Jun 2023 v May 2023)



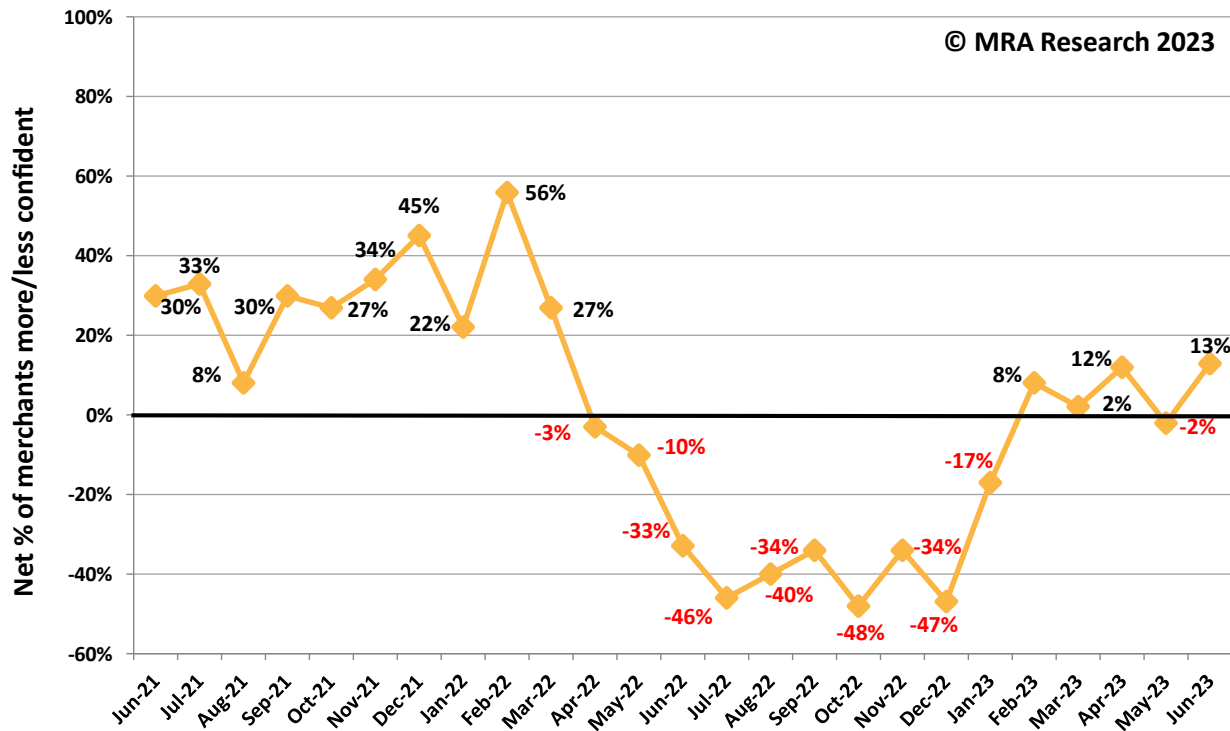
Confidence in the market slipped again to net +9% in June.

More Independents (+23%) are confident than Regionals (+16%).

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, 29% of merchants interviewed are more confident against 19% who are less confident. The net figure is +9% more confident.

Confidence in the market: Year-on-Year

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



Confidence in the market has increased year-on-year, from a net -2% last month to +13%.

Merchants in Scotland (+31%) and the South (+21%) are more confident in the market.

The North and the Midlands (+0%) 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, 43% of merchants interviewed are more confident against 30% who are less confident. The net figure is +13% more confident.

Confidence in the market:

Why MORE confident about the market than this time last year? [1]

17

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

Because there isn't a supply chain issues or boiler shortages or plumber shortages.

Been back in the job for a year are refreshed knowledge and information.

Been on more training courses and had more interactions with salespeople.

Buying patterns are better.

Everyone came out of lockdown and people spent money.

Everyone seems to be getting straight after covid.

Expecting a recession we've had and feeling good now.

Generally getting busier again so more confidence.

I know of a few new sites now that will be kicking off in the local area.

I think the prices have settled down and things are a bit more active than a year ago there is more consumer confidence that seems better than a year ago.

It is a lot busier now.

It seems more buoyant than last year.

Just the way sales are going and in the last 6 weeks more people have started to spend, and more projects has started, and people have noticed nothing is going to change.

Last year there was a worry, as a lot of people were saying the industry was going slow down but it has not happened, and fingers crossed it won't.

Last year a lot of uncertainty, things are more settled now.

More busier.

More enquiries, tenders and the market is good.

More people are doing building work at this time of the year.

More people spending money as last year we were still kind off recovering from pandemic.

Nothing seems to be slowing down and plenty of work out there.

People are coming and their attitude is to get on with it.

People went away last year with everything going on through covid now everyone is back to normal and concentrating on their homes.

Product availability.

Confidence in the market:

Why MORE confident about the market than this time last year? [2]

18

Sales trends looking at coming, we are now the back end of covid, the expectations were nowhere near then what people was spending. Can see the level of business as increased.

Seems to be more settled not as much price change.

Some price have dropped and a little bit more competitive.

Quoting a lot and had busy 6 months.

The economy is settling down

The people who we deal with seem to have booked up longer than they would've done previously.

There is a bit more stability from the company. We had a buy out last year.

There is a lot of price increase at the moment, but people are getting on with things despite what we hear/see in the media. They're not listening to the rubbish. We're being talked into another recession, but people aren't listening to it. The government want us to believe there will be another recession. It's a bun fight at the minute. Prices are a lot more competitive than they used to, especially from the Northern merchants spreading down South. Lots of price increases out there, but people are still buying.

Things are better to get hold of. Availability of stock is a lot better than what it used to be, and we feel things are starting to even itself out.

Think builders are not going to be as bad as people and the weather is better.

This branch has been for transmission and it's good, the market trends with the recession is not that at all, everyone seems to be busy.

This time last year poverty and cost of living and people started to have more money in their pockets.

Was quieter last year a lot busier this year.

We are not going through covid.

We can just tell by the footfall and size of spending, and we can see there is a lot of work going in the area.

We have a few new customers

We have got over the cost-of-living crisis and more into it now.

What is coming up in the next few months for our company.

Word of mouth.

You can see it slightly picking up with the customer and overall sales increasing.

Confidence in the market:

Why LESS confident about the market than this time last year? [1]

19

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

Always get low in the summer months and forget about in the busy periods so get reminded in the summer.

Constructions on its knees, we work with a few housing companies, and they are slowing down their production of housing.

Cost-of-living and price increases.

Cost-of -living which has had an effect on the market.

Decrease in sales at the start of the year and cost-of-living.

Due to less big jobs.

Everything has fallen back, and the margin has dropped massively, not so easy to get enough sales.

Feel like the environment has been busy and the customer feedback.

I think the cost-of-living crisis is affecting everyone buying stuff.

Increases are obviously affecting the end customer.

It was busy and gone really quiet this year.

It's the uncertainty nobody including the government knows what's going on also the uncertainty on interest rates.

Just because of how the economy is at the moment, and the living crisis, inflation etc.

Last year we still had the lockdown boom - but prices have increased drastically from this time last year which has led to reduced demand.

Less business availability.

Less money and everyone is struggling.

Less people doing diy and less builder out there.

Not so much money around and people are careful with pricing.

Since covid it had a massive boost and now its coming back reality and the inflation and interest rates.

Spiking interest rates people watching their money hard winter energy bills increases in mortgage rates and not quite as a demand for housing sales.

The interest rates starting to move up which means people can't get loans, so people don't do building work.

The price increasing we've had this year.

The prices are just not there for people to spend and it's not looking good.

The prices have gone up.

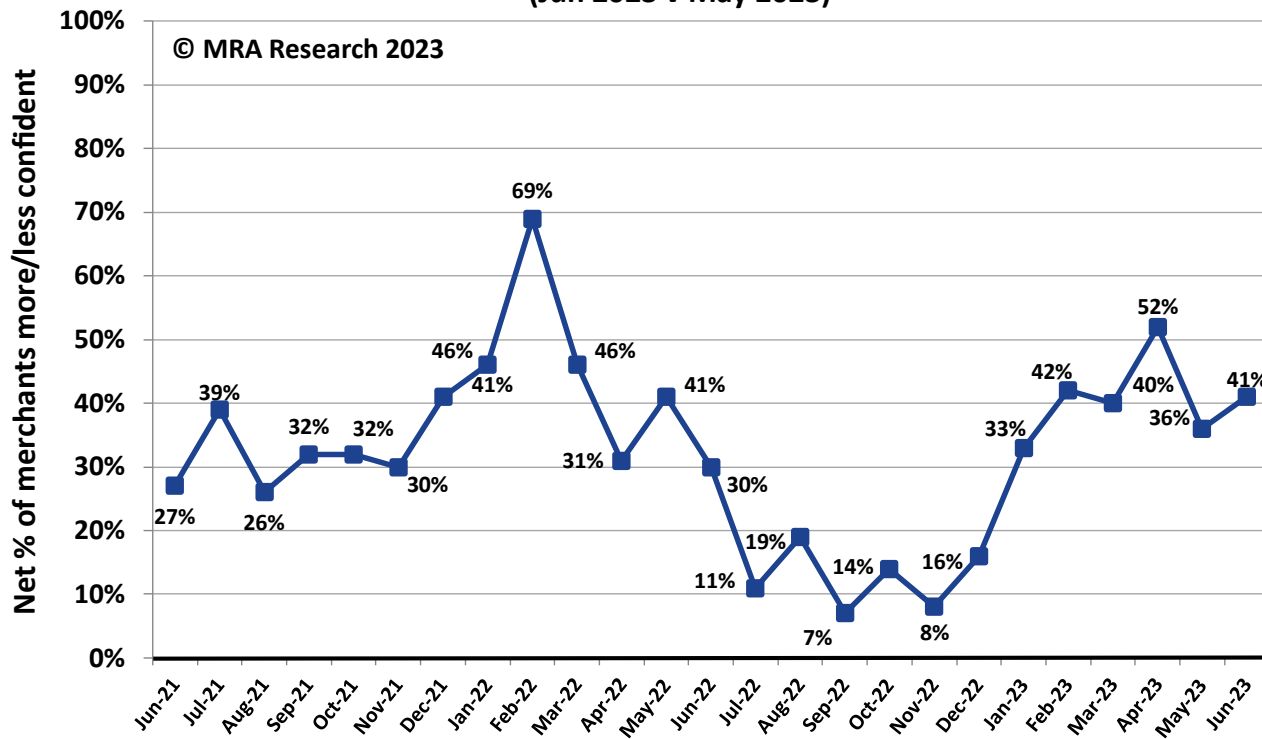
We aren't as busy.

We were flying this time last year and we've seen a decrease of folk coming in times are hard people are repairing instead of replacing.

We were in the boom last year which was a credit, but the cost-of-living crisis has resulted in builders slowing down building houses which reduced the demand.

Confidence in their own business: Month-on-Month

Confidence in their own business: Month-on-Month
(Jun 2023 v May 2023)



Merchants' confidence in the prospects for their own business is strong with a net +41% more confident this month compared to last month.

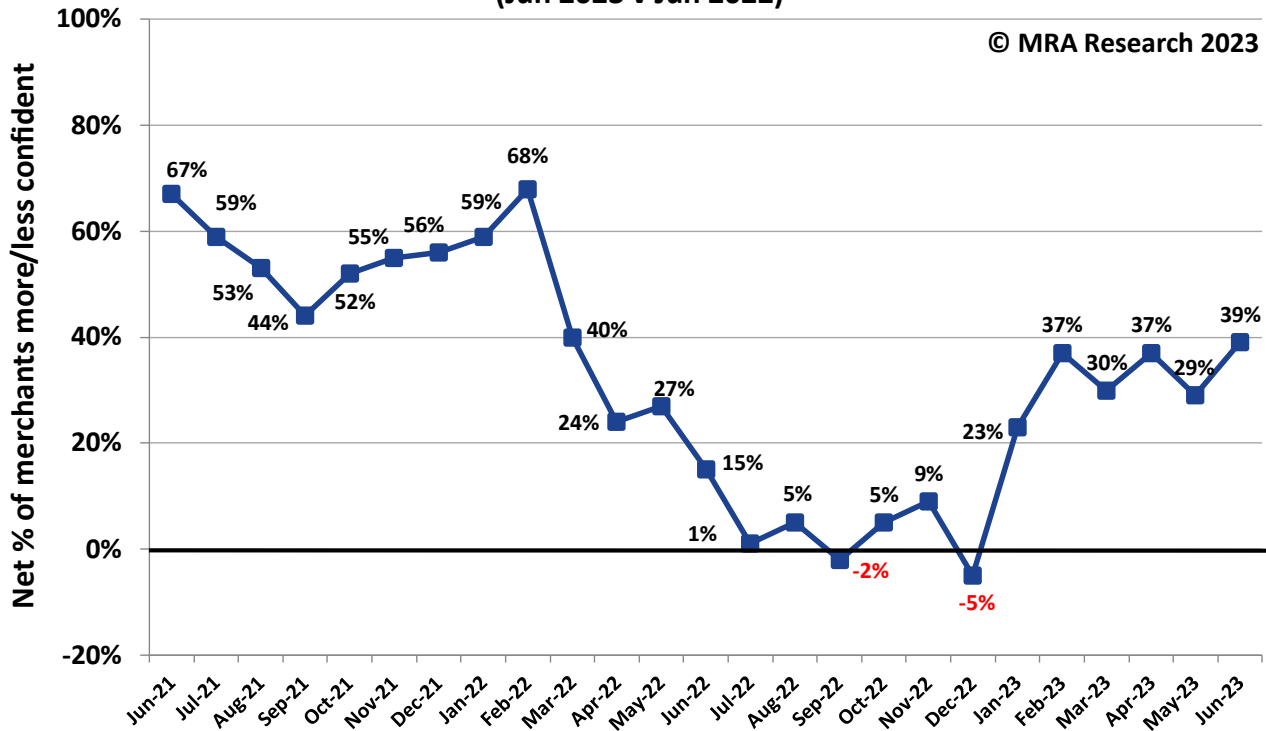
Independents (+46%) are the most confident. Nationals (+37%) are least confident.

Merchants in Scotland (+54%) and the Midlands (+46%) are more confident than other regions.

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, 48% of merchants interviewed are more confident against 7% who are less confident. The net figure is +36% more confident.

Confidence in their own business: Year-on-Year

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



Merchants' confidence in their own business remains strong year-on-year.

A net +39% of merchants are more confident in June than they were in June last year.

Independents (+46%) are more confident than Nationals (+40%) and Regionals (+36%).

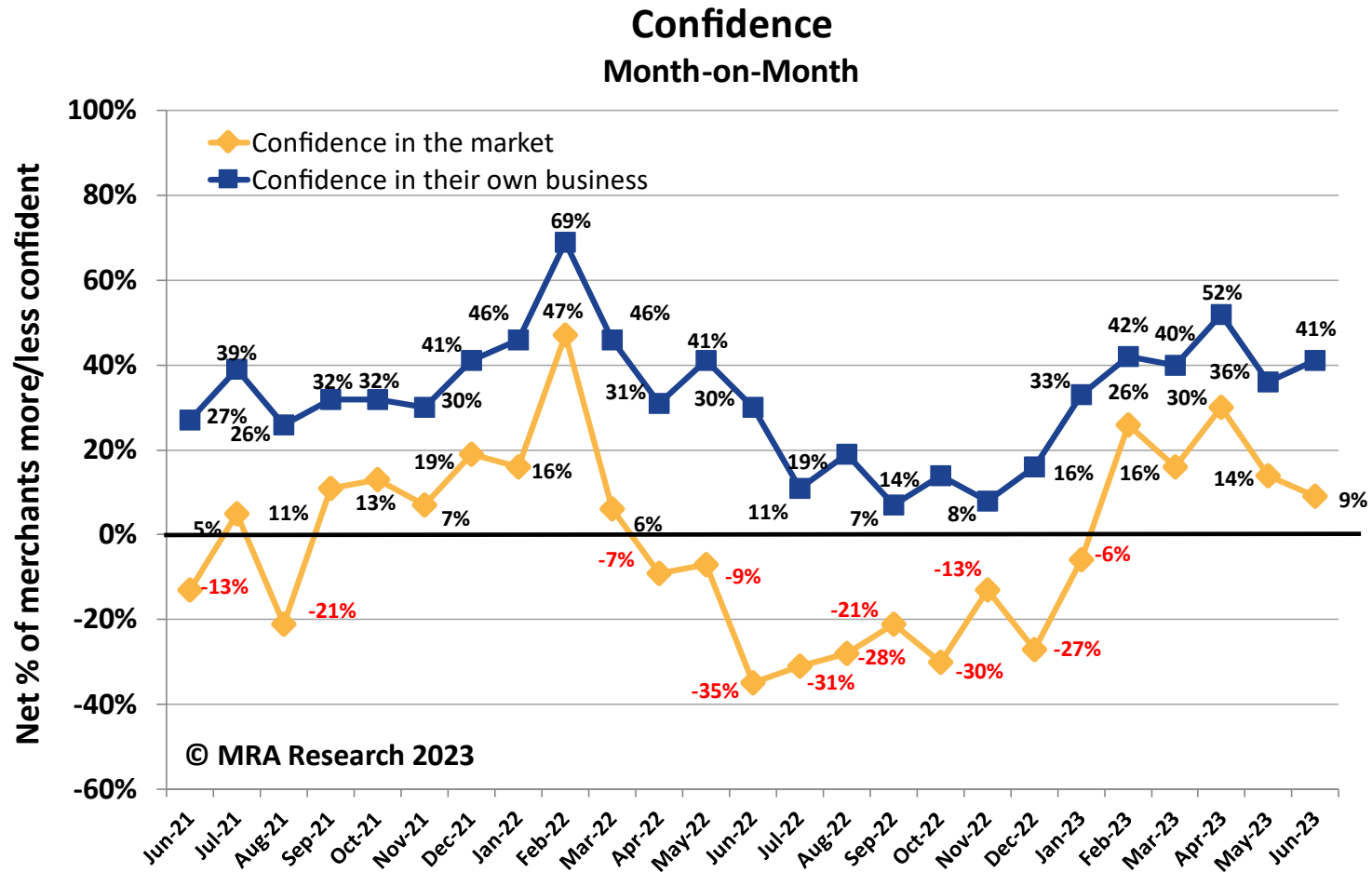
Small and Mid-sized outlets (+43%) are more confident than Large outlets (+9%).

Scotland (+54%) is more confident than the Midlands (+46%), the South (+36%) and the North (+29%).

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, 53% of merchants interviewed are more confident against 14% who are less confident. The net figure is +39% more confident.

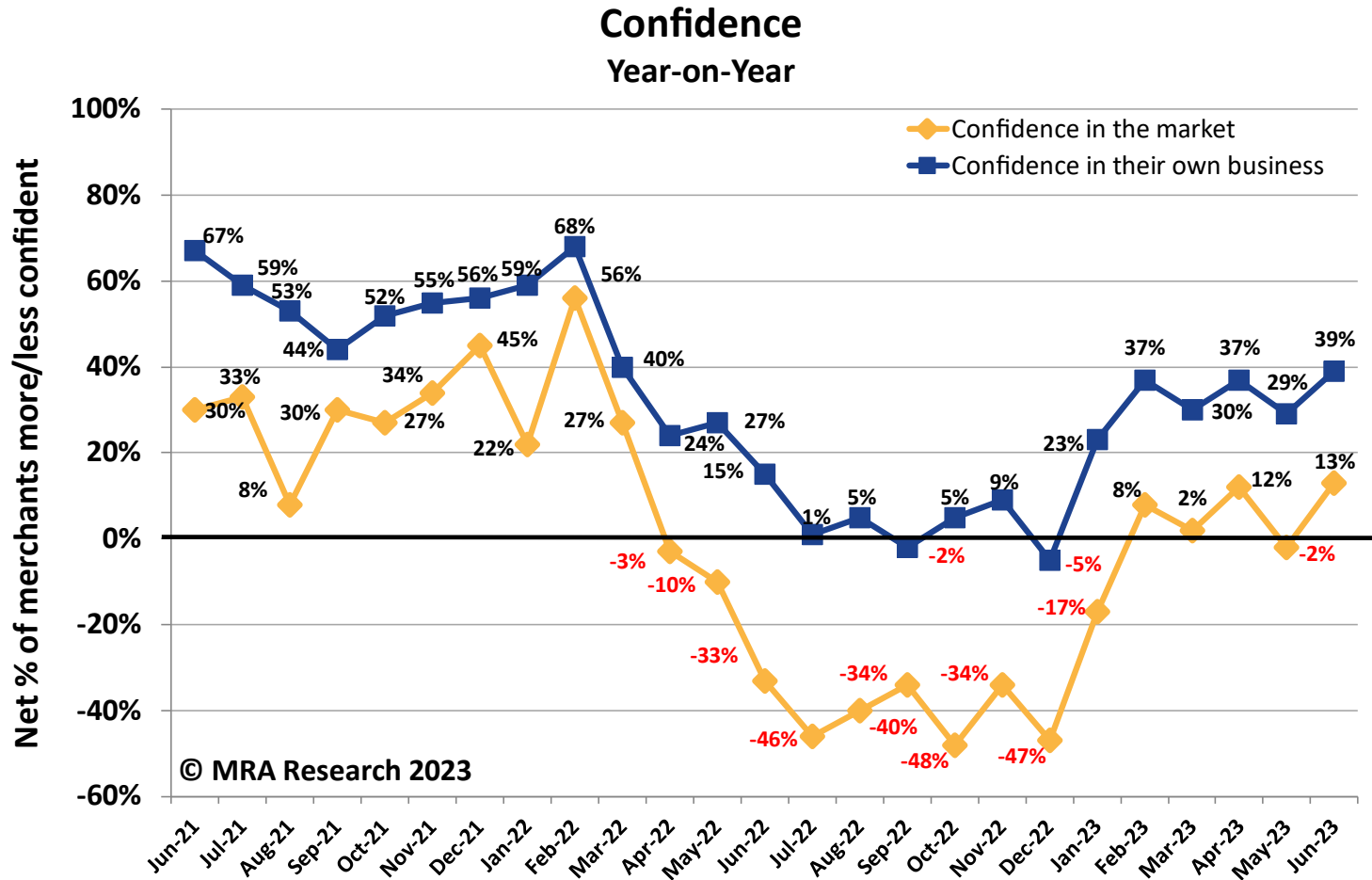
Confidence in the market v in their own business

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 50th in the series, with interviews conducted by MRA Research on the 1st to the 2nd June 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.



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