MRA Research
MARKET INSIGHT & STRATEGY

the Pulse

Expectations. Prospects. Confidence.

June 2020

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

 T. 01453 521621 E: hello@mra-research.co.uk www.mra-research.co.uk

Overview

Easing of lockdown tests merchants' capacity

With lockdown continuing to ease in June, more builders' merchants' branches have reopened fully. While some branches continue to operate with restrictions, we found fewer complete closures.

As demand increased in June, branches working with skeleton staff were 'rushed off their feet'.

The outlook for the next three and six months is positive, but merchants are cautious, unsure whether the surge in sales is indicative of a V-shaped recovery or just customers catching up on lost time.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 9th and 16th June.

Because of the unusual circumstances, we continued with the extra questions we added in April to get a better picture of the market through the lockdown.

Impact of COVID-19…1

In June, we spoke to 95% of branches from the 146 interviews, with only 3 closures and 4 non-responses.

Refusal rates also improved.

	April	% of total	May	% of total	June	% of total
Spoke to	**136**	**51%**	**143**	**83%**	**139**	**95%**
Refused	67	(49%)	53	(37%)	42	(30%)
Completed interview	69	(51%)	90	(63%)	97	(70%)
Closed	**57**	**22%**	**10**	**6%**	**3**	**2%**
No reply	**72**	**27%**	**20**	**11%**	**4**	**3%**
Total	**265**	**100%**	**173**	**100%**	**146**	**100%**

Impact of COVID-19…2

June		% of total
Spoke to	**139**	**95%**
Refused	42	(30%)
Completed interview	97	(70%)
Closed	**3**	**2%**
No reply	**4**	**3%**
Total	**146**	**100%**

Most (34) of the 42 refusals were because the branch was too busy or operating with skeleton staff. It was clear merchants and their customers were trying to catch up on lost time, with reports of long queues. See comments on next slide.

The 3 branches remained fully closed with staff on furlough. However, one was re-opening end of June.

There was **no reply from 4 branches** and no voicemail explaining the non-response.

Impact of COVID-19…

Main reasons for refusal:

I would love to but no joke, we are absolutely snowed under.

Most staff still furloughed.

Absolutely crazy. We have no time at the moment.

We're about half the staff and it's absolute chaos.

Fully open and business is full on.

A lot of staff on furlough. Call again when things have clamed down a bit.

Just don't have the time. there are people queuing outside the door. It's just a nightmare.

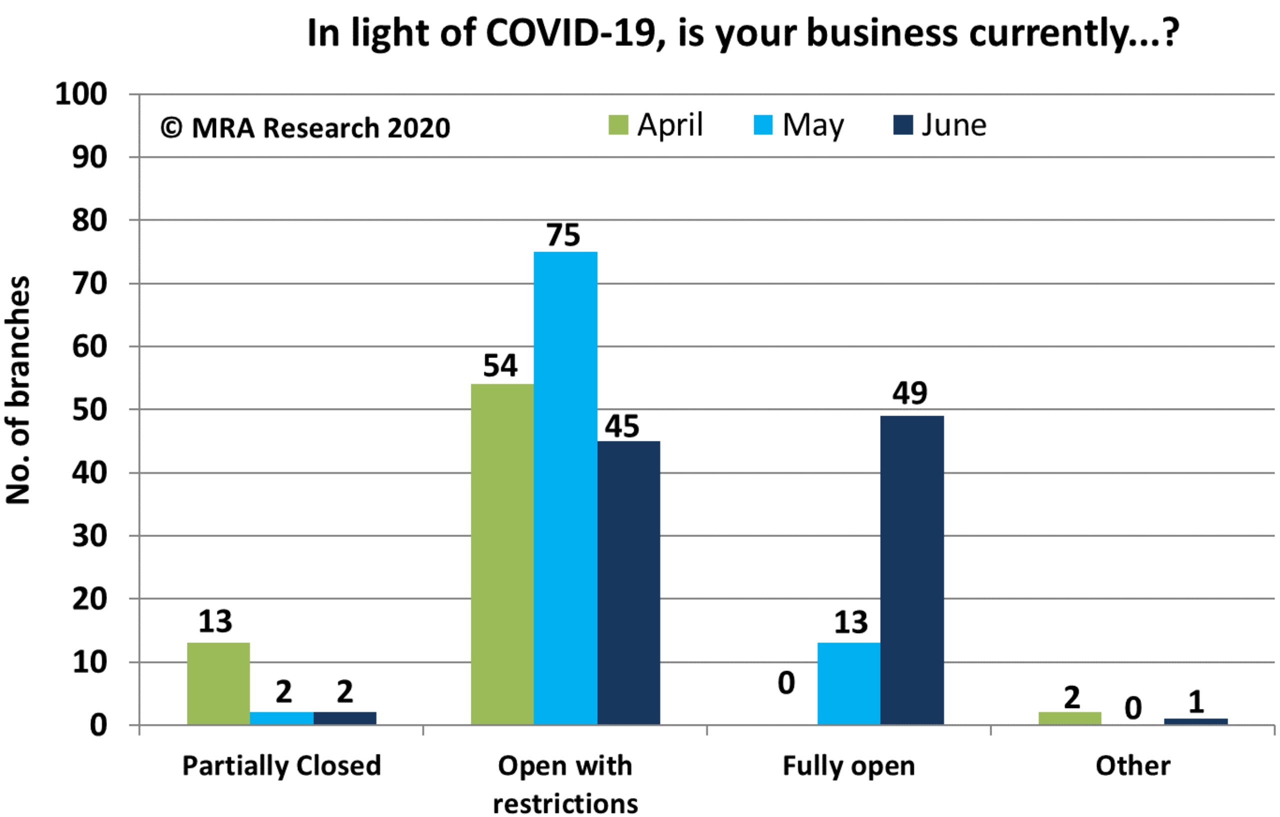
Flat out. Have customers queuing down the road.

Absolutely snowed under. Can't get through the day answering all the queries.

We are very short staffed as you can imagine.

 T. 01453 521621 E: hello@mra-research.co.uk www.mra-research.co.uk

Impact of COVID-19…4



Significantly more branches were open fully in June (49) compared to May (13).

Sample base June: 97
Sample base May: 90
Sample base April: 69

Impact of COVID-19…5

Open with restrictions

Most of the 45 branches open with restrictions mentioned the implementation of new measures in accordance with new guidelines such as:

- One-way system
- Social distancing inside the branch and in the yard
- Adding screens and providing appropriate PPE
- Limiting the number of people allowed in the branch or yard
- Limiting the service to click & collect only, pre-booked collections and deliveries only

Some also mentioned:

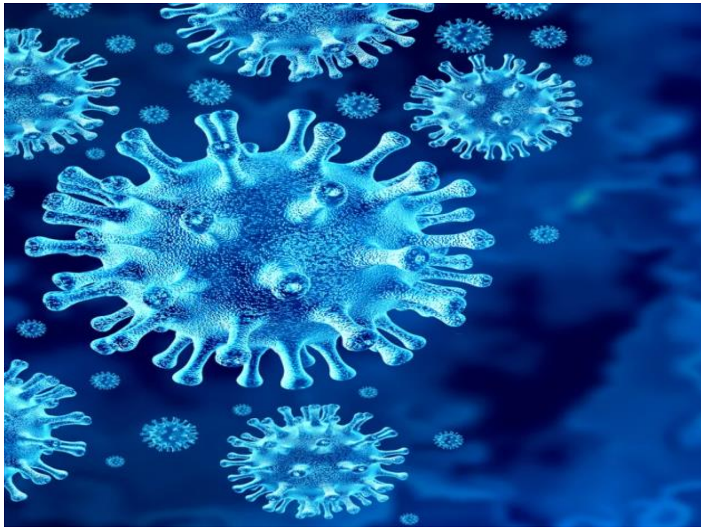
- Restricted working hours
- Not allowing customers into the branch
- Access to branch or showrooms by appointment only

 T. 01453 521621 E: hello@mra-research.co.uk www.mra-research.co.uk

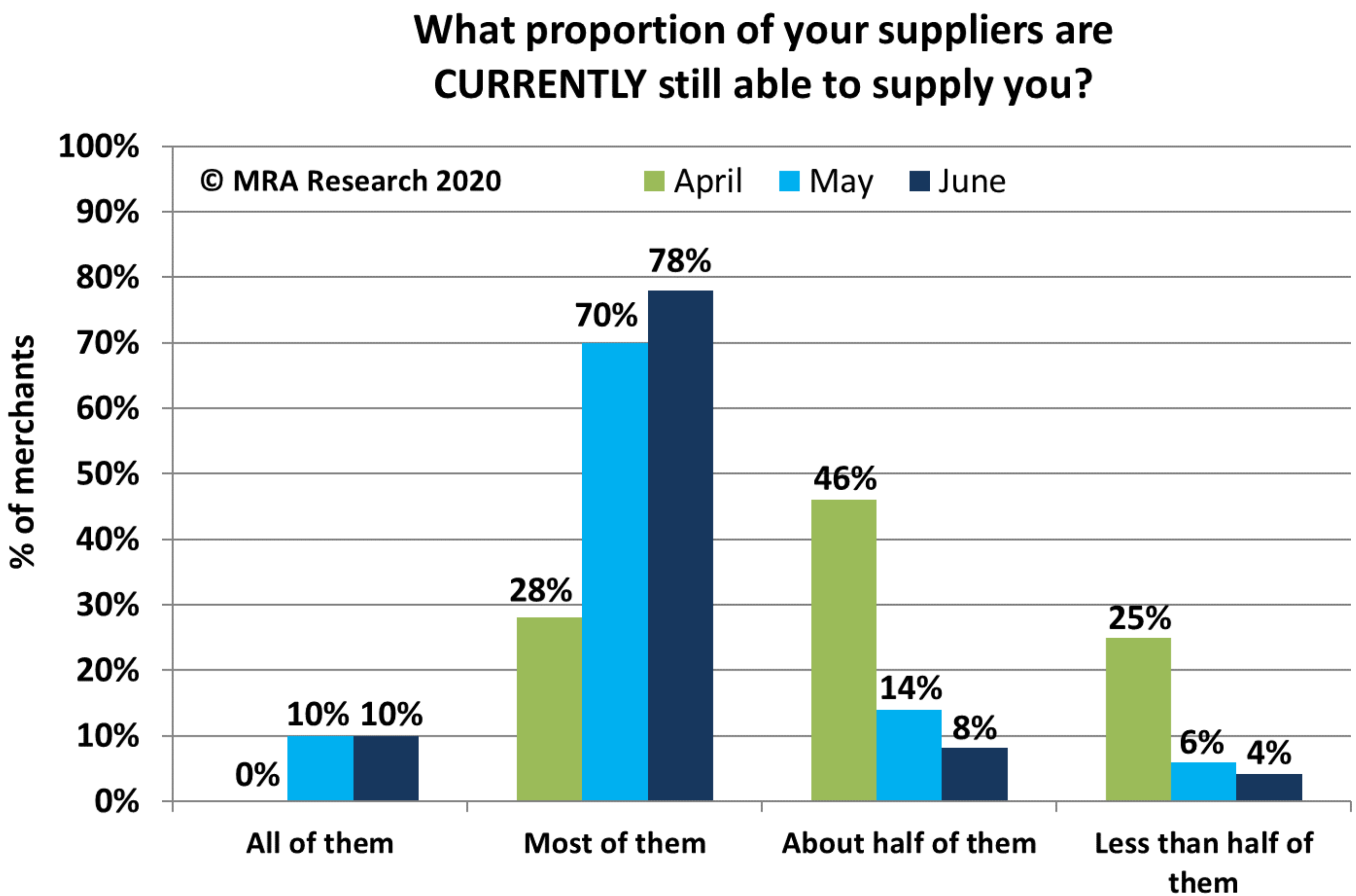
Impact of COVID-19…4

Plans for reopening fully

- 20 of the 45 branches didn’t know when their branches would fully reopen.
- 9 were hoping to get back to normal within the next 2-4 weeks (so by early to mid July).
- 7 branches mentioned between July and October.
- Others couldn’t see it happening until Christmas or well into next year.

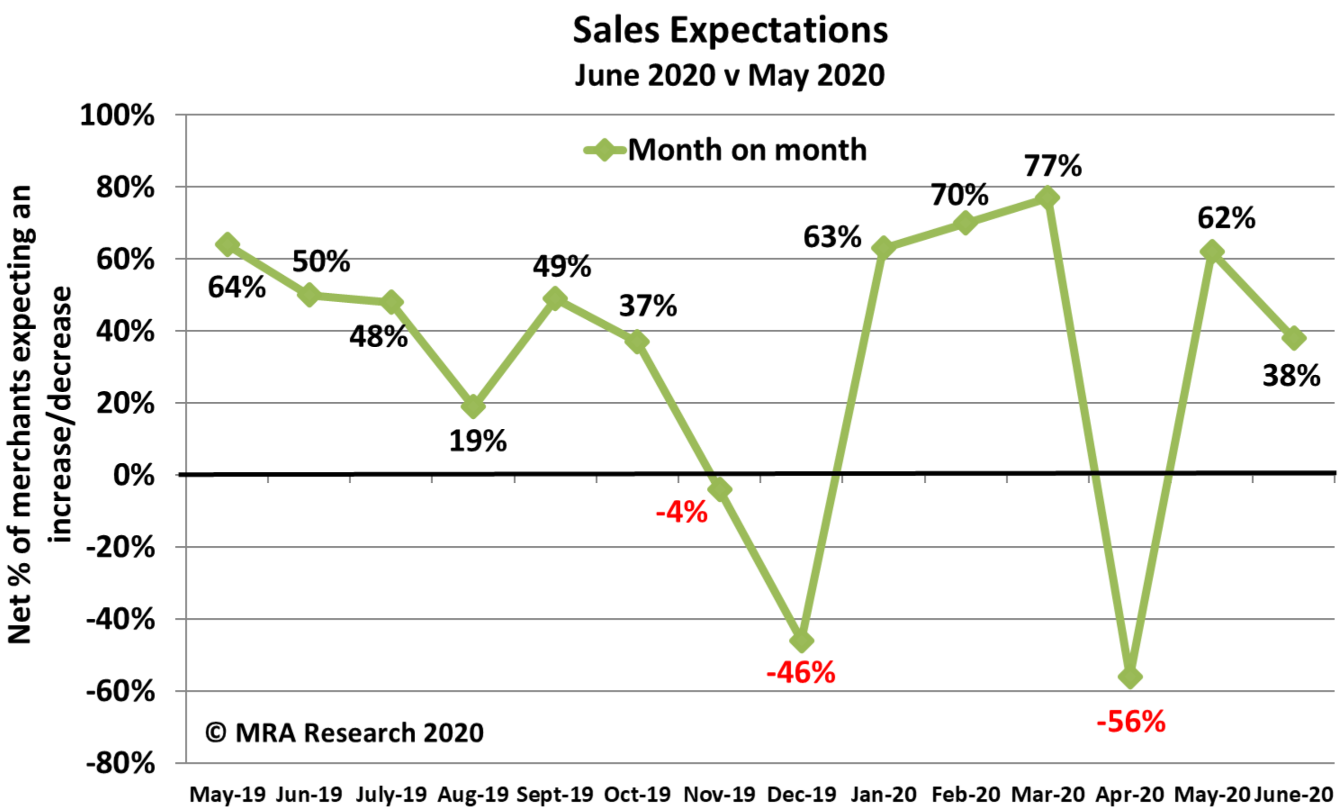


Material supply



Extended lead times are an issue.

Sales Expectations: Month-on-month…1



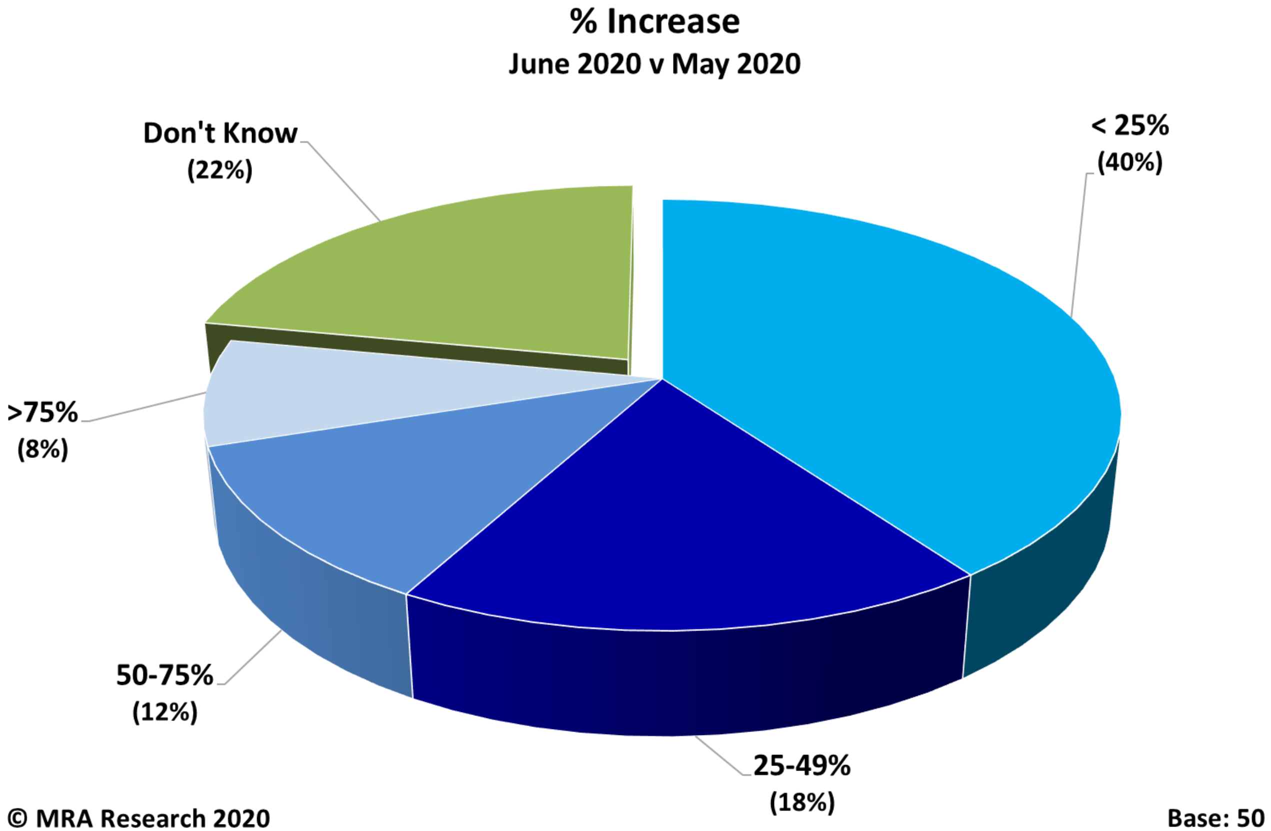
Small (net +51%) and mid-sized outlets (+39%) anticipated a rise in sales for June.

Large branches expected a drop (-8%).

Merchants in Scotland were most positive (+85%) followed by branches in the South (+44%).

The Midlands and North (+19%) were more cautious.

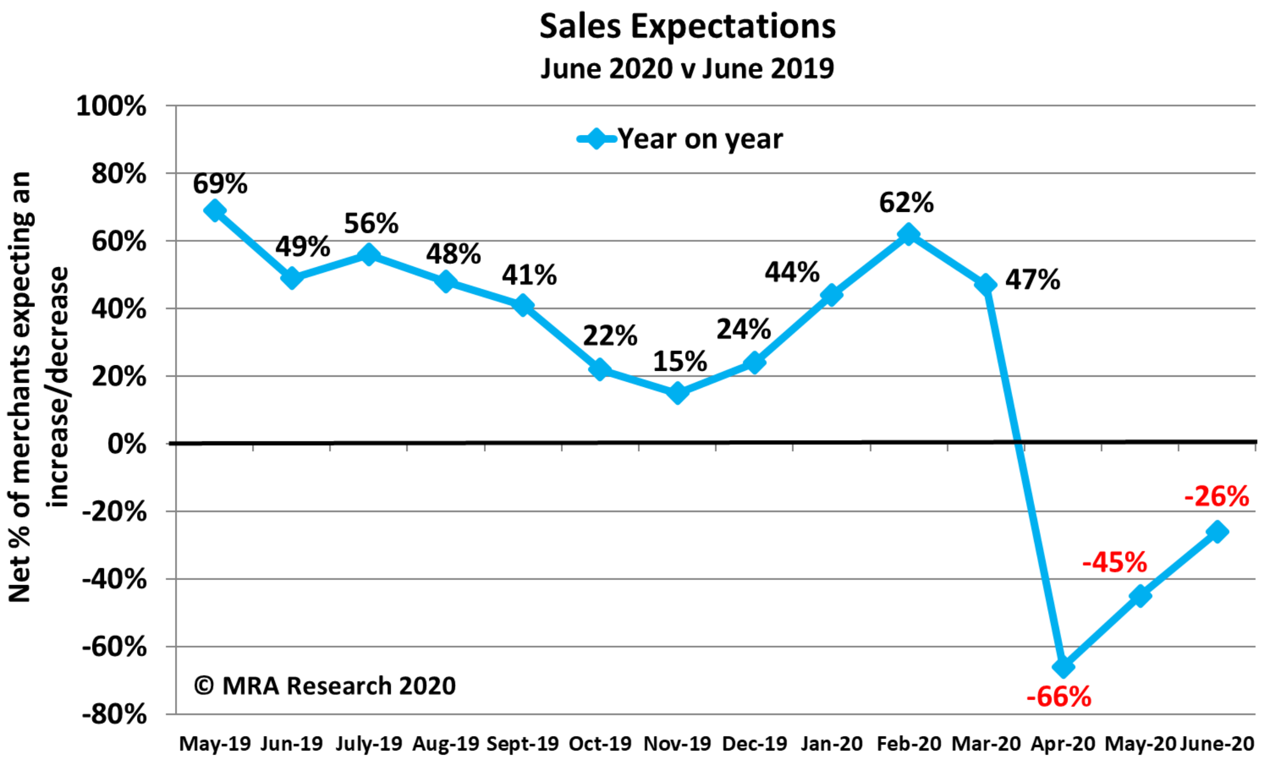
Sales Expectations: Month-on-month…2



Most merchants anticipated an improvement of under 25% in June compared to May.

30% forecasted an increase of between 25% and 75%.

Sales Expectations: Year-on-year…1



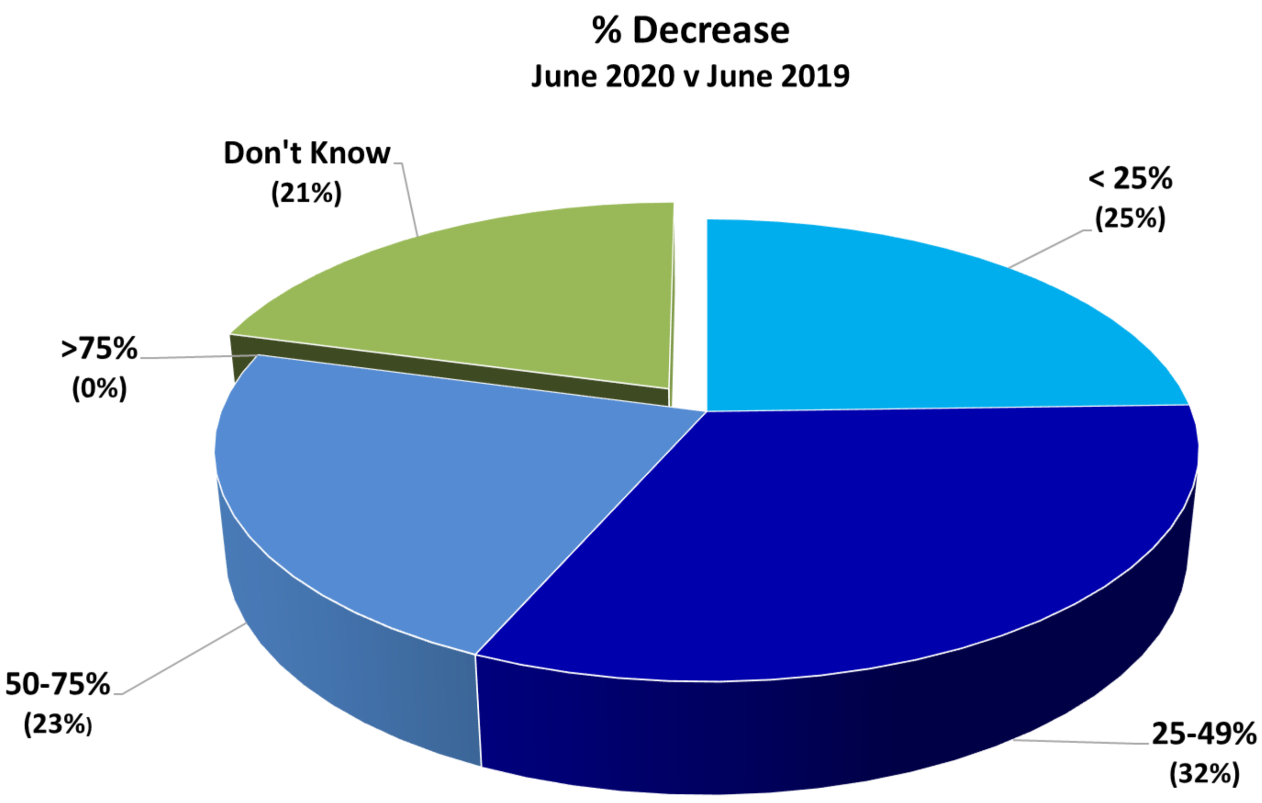
Expectations continue to improve - up a net +19% from May's survey.

The outlook varied by size of branch. Significantly more large merchants (net -62%) forecasted lower sales than small (-33%) or mid-sized outlets (-9%).

Scotland (-46%) and Midlands (-42%) were more cautious than the North (-29%) and South (-6%).

Sales expectations were weakest among the nationals (-42%).

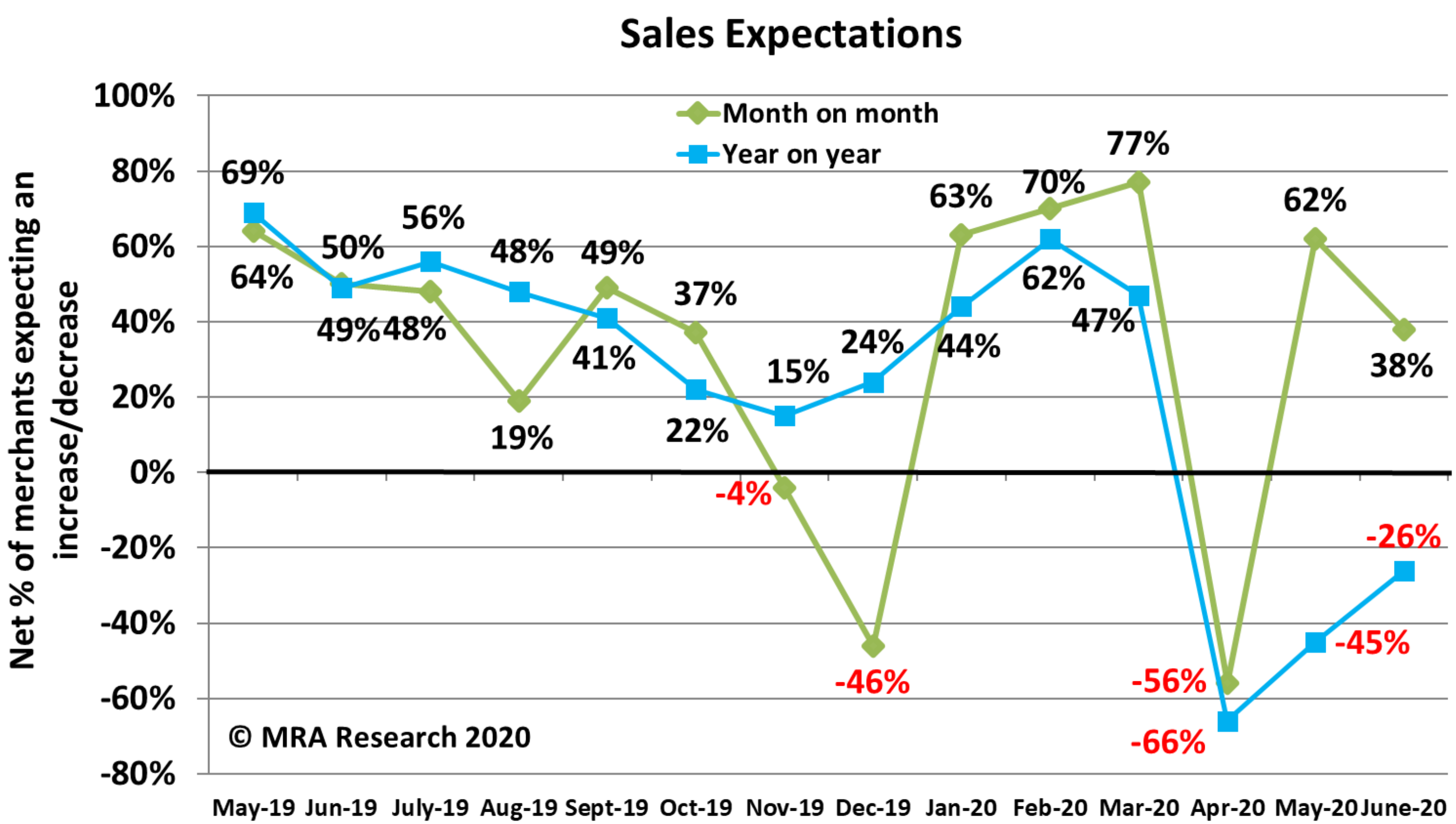
Sales Expectations: Year-on-year…2



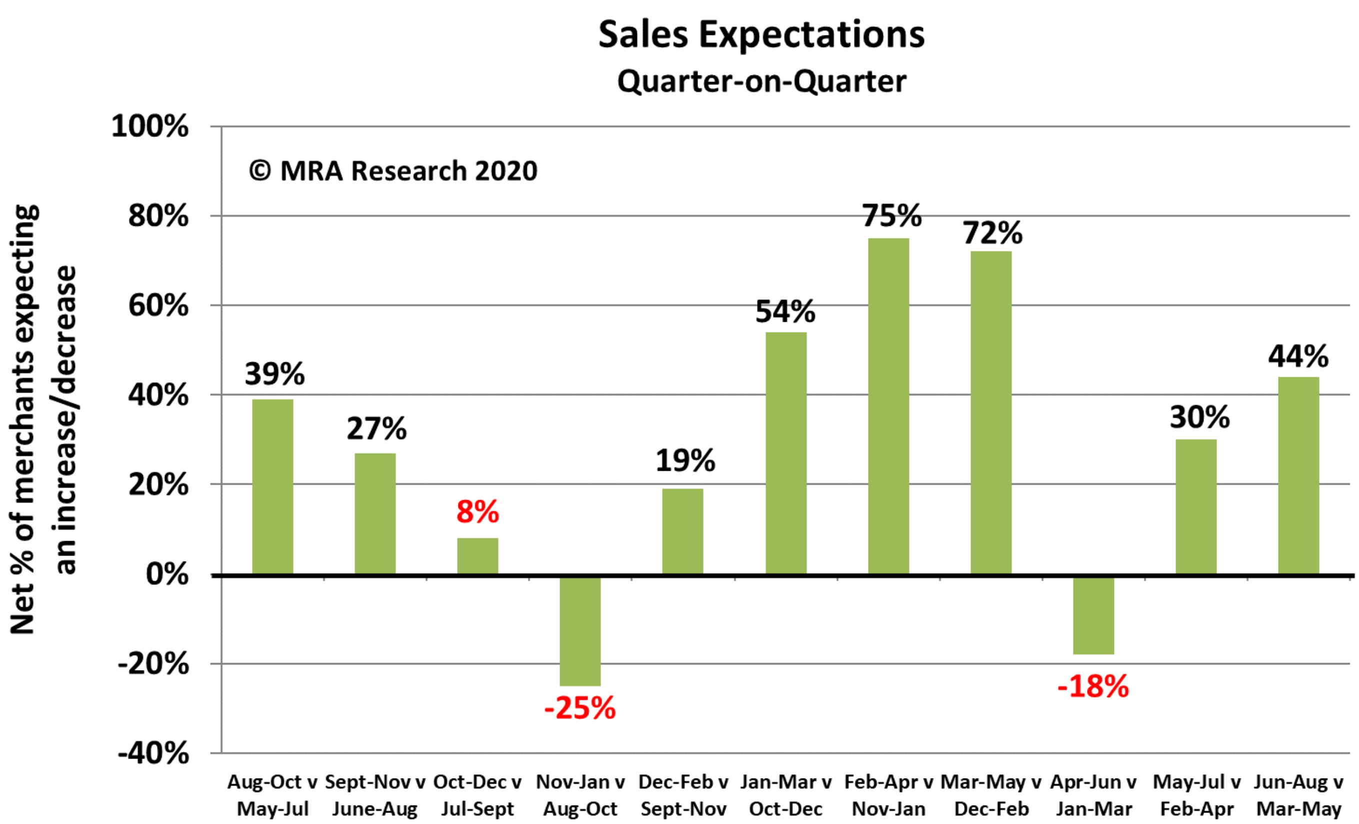
55% expecting June sales to be down compared to June last year, forecasted a drop of 25% to 75%.

Base: 53

Sales Expectations
Month-on-month v Year-on-Year



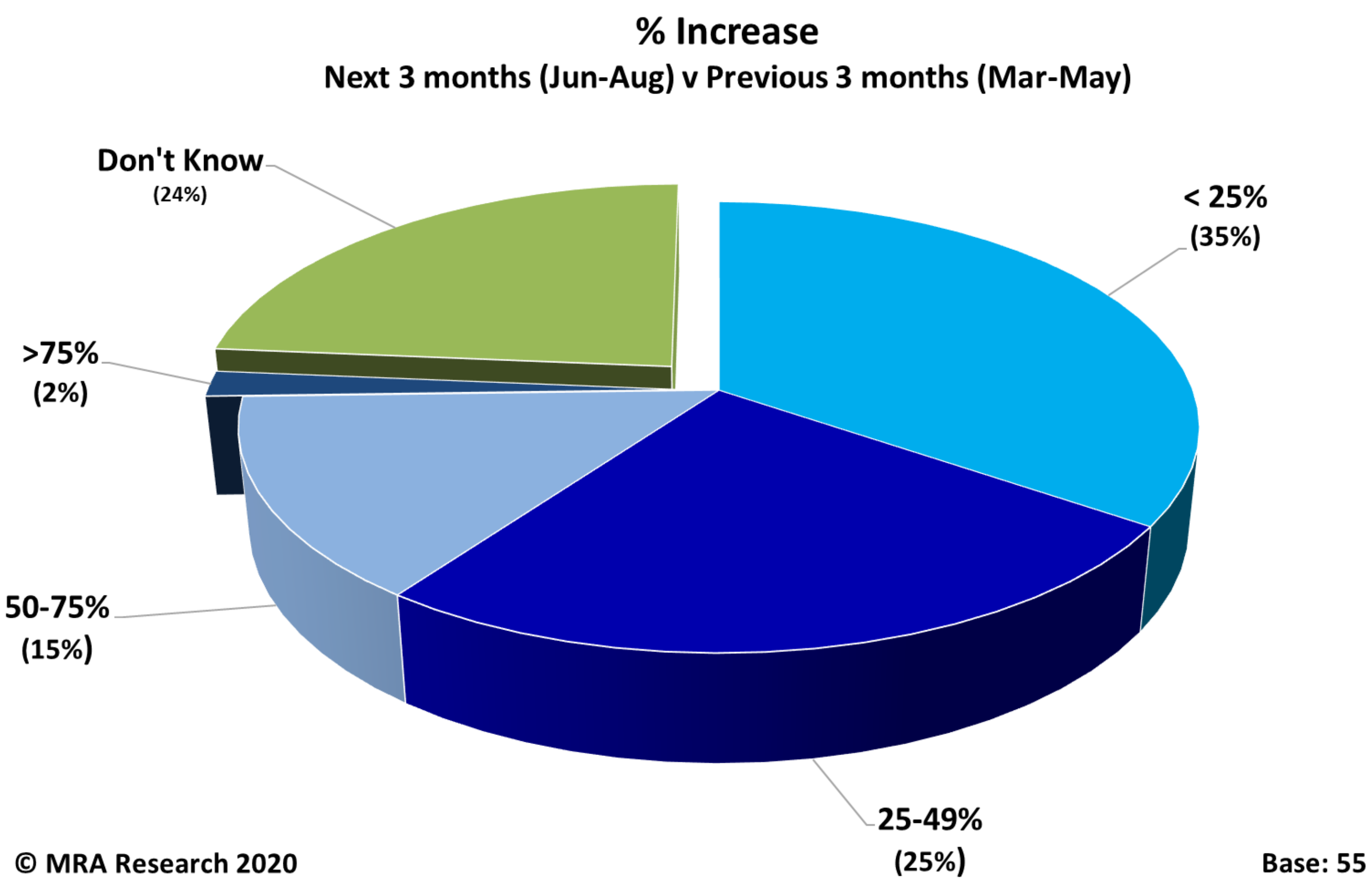
Sales Expectations: Quarter-on-quarter…1



A net +44% expect stronger sales this quarter than in the previous three months.

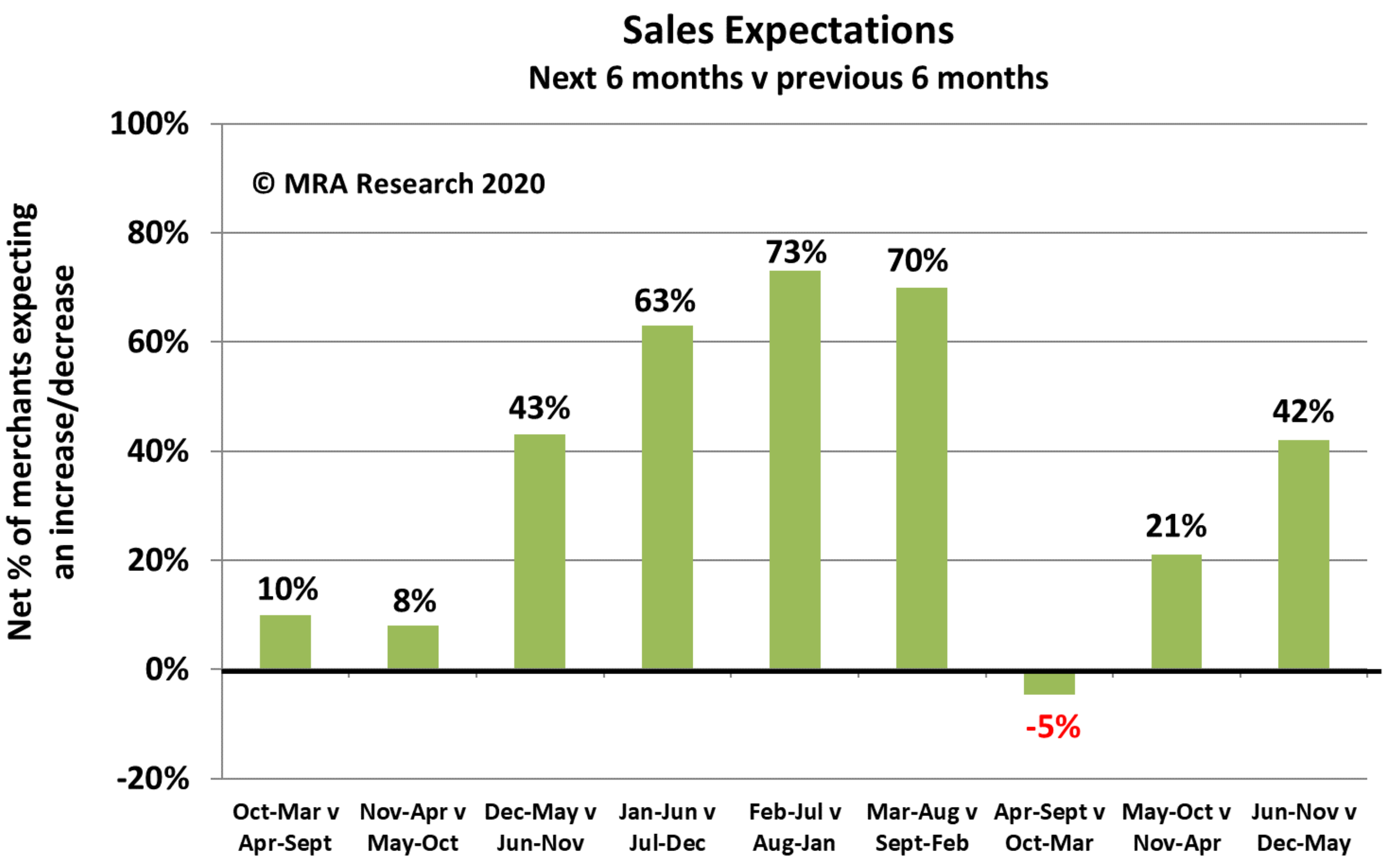
Small branches (net +58%) those in the South (+69%) and nationals (+64%) are most positive.

Sales Expectations: Quarter-on-quarter…2



40% who forecast better sales expect them to improve by 25% and 75%.

Sales Expectations: Next six months…1

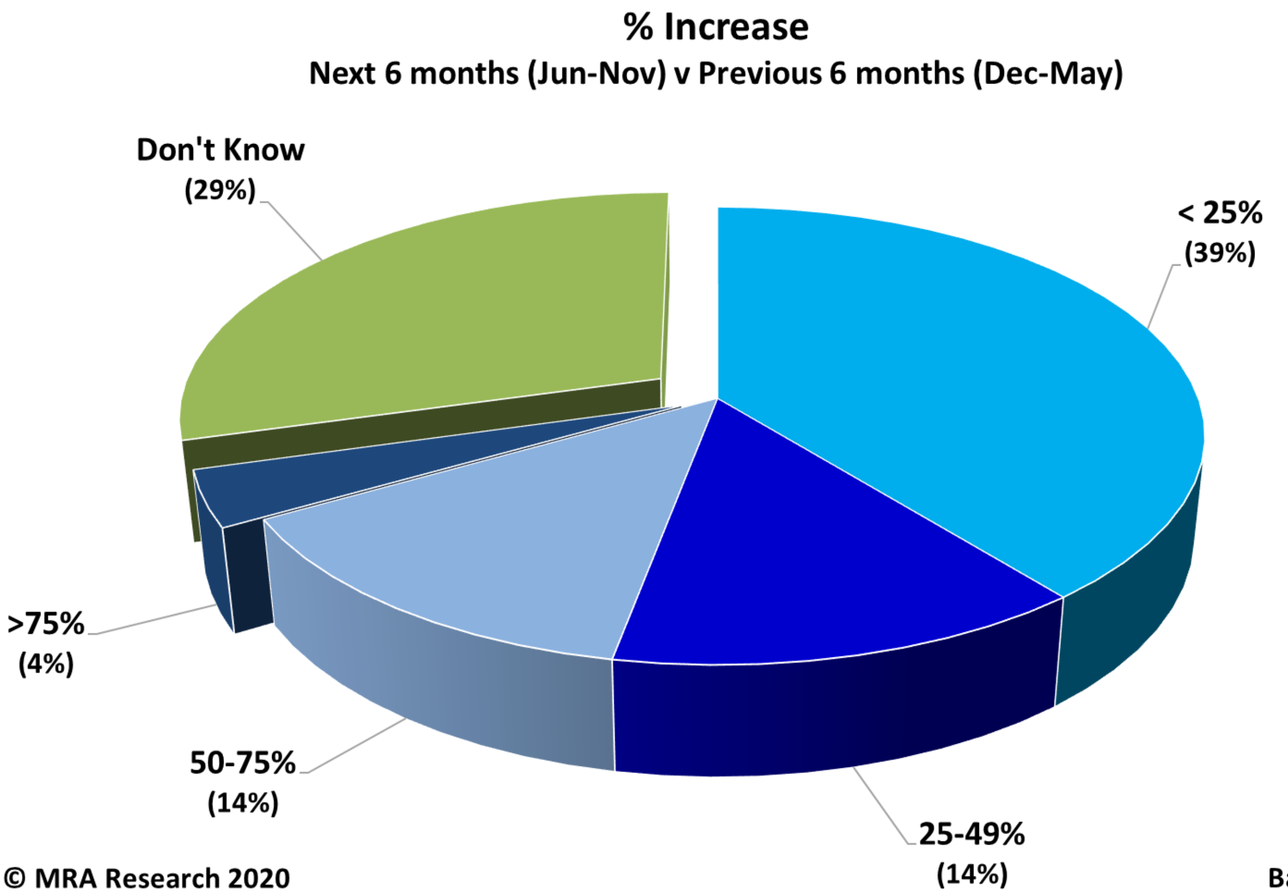


A net +42% forecast better sales in June to November compared with December to May.

The outlook is strong across merchants of all sizes, regions and type.

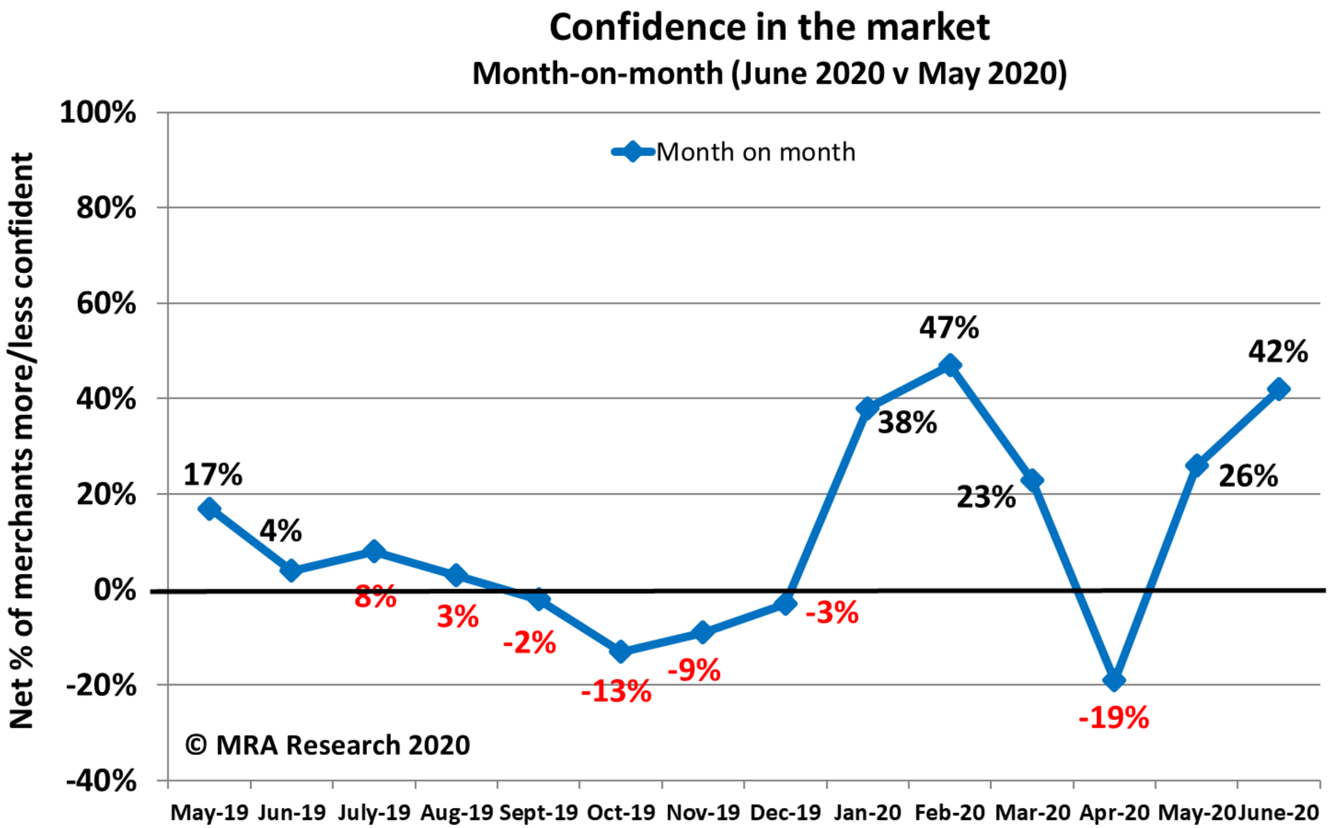
Sales Expectations: Next six months…2

39% of merchants forecasting better sales expect increases of up to 25%.



Base: 51

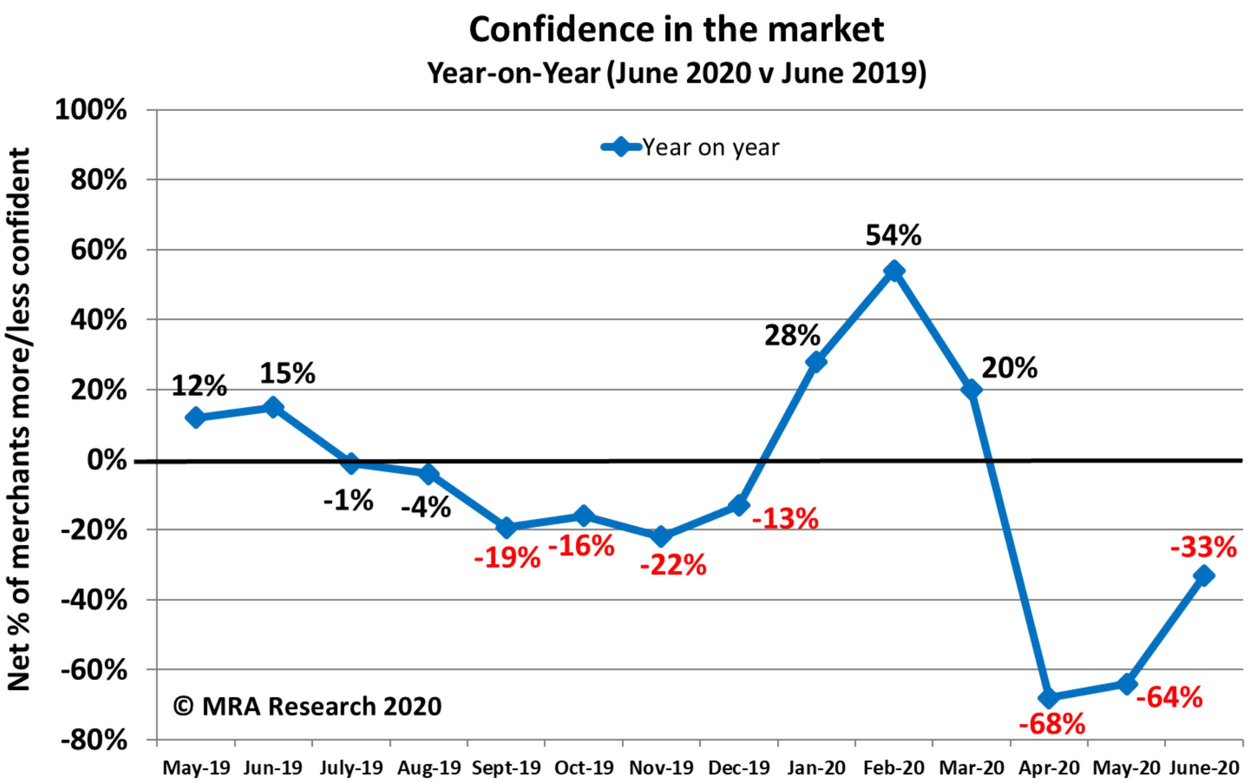
Confidence in the market: Month-on-month



Confidence is improving month-on-month across the board.

Large outlets (net +15%) are less confident than others.

Confidence in the market: Year-on-year

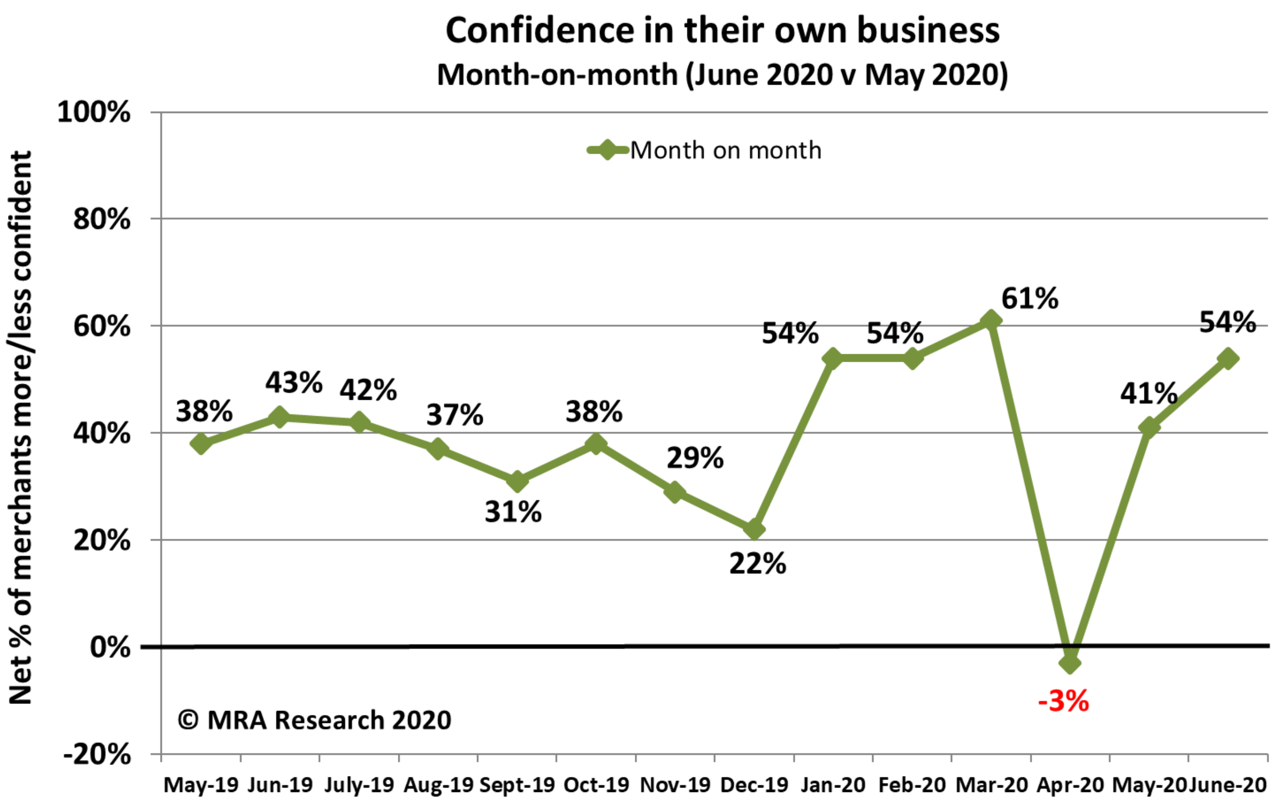


Confidence is continuing to recover from the deep fall in April, but it is still a very weak net -33%.

Merchants in the South (net -6%) are recovering faster.

Large outlets (net -54%) and those in the North (-57%) are recovering more slowly.

Confidence in their own business: Month-on-month

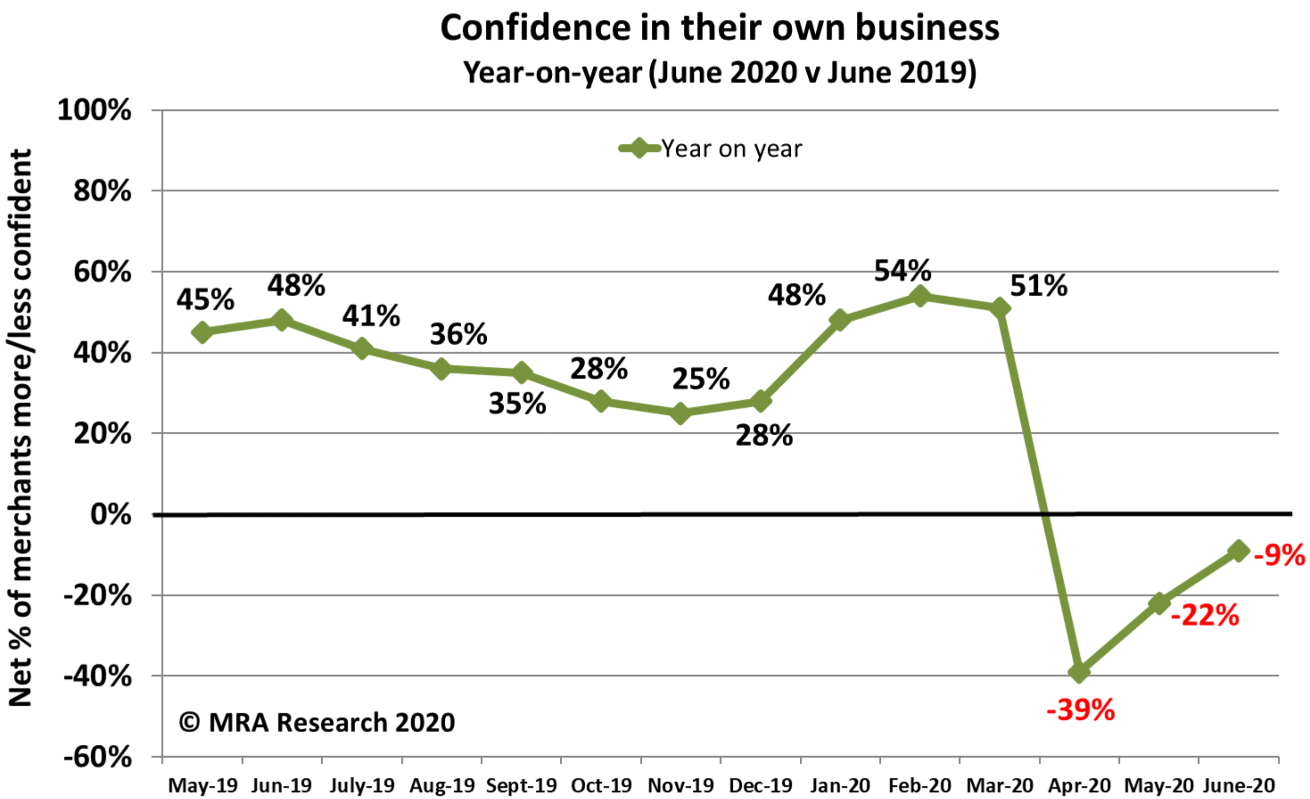


Merchants' confidence in their own business has recovered well.

The picture was similar among merchants of all sizes, region and type.

Large outlets and the nationals (net +39%), and those in Scotland (+29%) were less confident month-on-month.

Confidence in their own business: Year-on-year



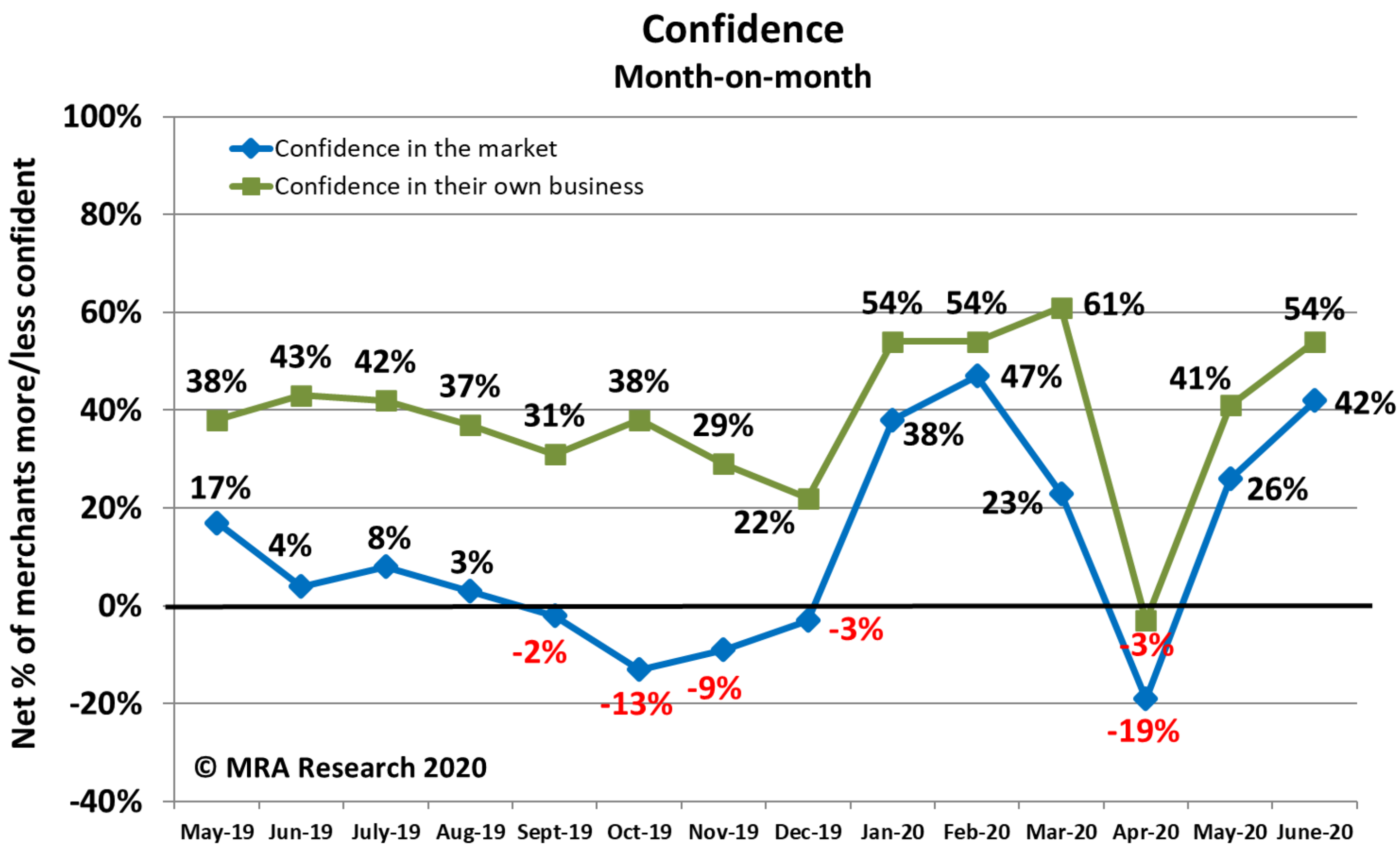
Confidence also improved year-on-year, but there were differences.

Large outlets (net-38%), merchants in the Midlands (-39%) and those in Scotland (-29%) were least confident.

Merchants in the South (+17%) and regional group outlets (+5%) were more confident.

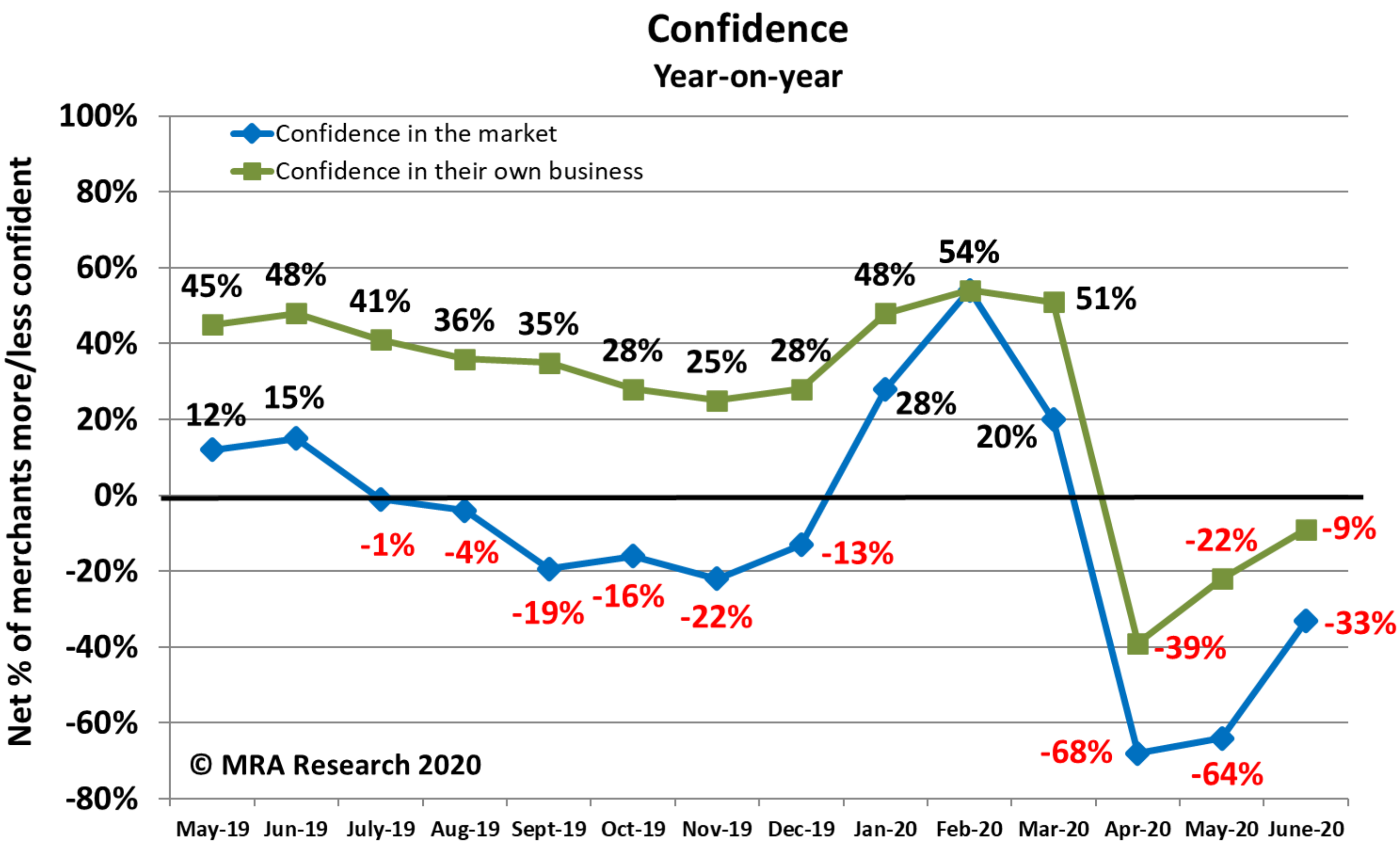
Confidence in the market v own business

Month-on-Month



Confidence in the market v own business

Year-on-Year



About The Pulse

The Pulse is a monthly trends survey tracking builders' merchants' confidence and prospects over time. Produced by MRA Research, the insight division of MRA Marketing, it captures merchants' views of future prospects in terms of sales expectations, confidence in their business, confidence in the market, and the key issues and problems they experience.

This report is the 14th in the series, with interviews conducted by MRA Research between 9th and 16th June 2020. Each month a representative sample of 100 merchants is interviewed. Due to the Coronavirus lockdown and impact on business closures and restrictions, this survey is based on a larger number of contacts (146) to establish the level of closures plus 97 completed interviews, 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 Lucia Di Stazio at MRA Research on 01453 521621.

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.

About MRA

MRA Research

MRA Research – called Rigby Research before its rebrand in 2018 – is part of MRA Marketing and 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 research
MARKET INSIGHT & STRATEGY

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

mra marketing
WE HELP COMPANIES GROW

In 2015, MRA set up the award-winning monthly **Builders Merchant Building Index (BMBI)** in partnership with GfK and the Builders Merchants Federation. Monthly and quarterly reports are produced by MRA Marketing, which include comments from industry leading Experts speaking for their markets. 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.

cma construction marketing AWARDS 2019 WINNER

Best use of Research & Insight

CIM | MARKETING EXCELLENCE AWARDS 2018

associate of cpa | construction products association

BMF Builders Merchants Federation

The Chartered Institute of Marketing CIMCIG Construction Industry Group

MRS Evidence Matters™

Builders Merchant Building Index

MRA Research is the Research division of Michael Rigby Associates

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

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