

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 2 2020

(Published 25 August 2020)

Building the Industry & Building Brands from Knowledge



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Introduction



This Builders Merchant Building Index (BMBI) report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain. GfK's Builders Merchant Point of Sale Tracking Data sets a gold standard in reliable market trends. Unlike data from sources based on relatively small samples or estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders and other trades. It's therefore a very good proxy for housing RMI.

BMBI trend data is indexed on the 12 month period July 2014 to June 2015. The monthly series tracks what is happening in the market month by month and includes an in-depth review every quarter. This trend series gives the industry access to far more accurate and comprehensive insights than that available to other construction sectors. BMBI data is highlighted by the Department for Business, Energy & Industrial Strategy in its monthly construction update, alongside the ONS, CPA, Experian, IHS Markit and the Bank of England.

MRA Marketing produces the Builders Merchant Building Index, a brand of the BMF, to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands: eCommonSense, British Gypsum, Wienerberger, Midland Lead, Polypipe, The Crystal Group, Keylite Roof Windows, Hanson Cement, Keystone Lintels, Knauf Insulation, Talasey Group, Heatrae Sadia (Baxi Heating UK), Dulux Trade and Lakes. This quarter we welcome Jim Blanthorne as the new voice of Keylite Roof Windows. Meet the Experts [here](#).

Further recognition for BMBI

One of the aims of BMBI is to reach across and beyond construction. It is now syndicated to a growing number of trade magazines in different sectors on a regular basis. Outside the industry, economists, banks, consultancies, investment bodies and the big accountants regularly refer to it. In addition, the Sunday Times and BBC News have both sought comments from BMBI Experts and MRA.

More data available

This BMBI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and include sales value data. GfK can quantify market values and drill down into contributing categories, tracing product group performance, to focus on aspects that are critical to you.

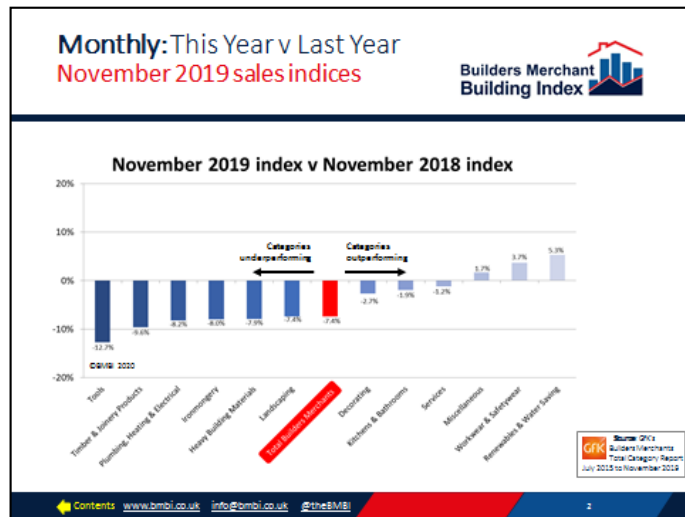
GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or suppliers who are interested in acquiring data or getting involved should contact Emile van der Ryst at emile.van-der-ryst@gfk.com.

Trading day differences explained

BMBI reports track changes in Merchants' performance over a variety of time periods. However, the number of trading days in a period can change how we judge relative performance. More trading days in a month could boost total sales, whereas the level of sales a day could be lower.

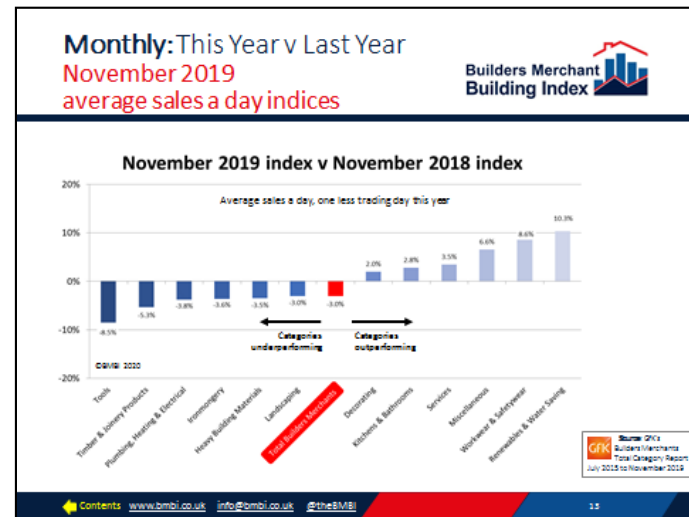
So, it's useful to also show average sales a day so we can compare apples with apples. Where trading days are different, we include two charts for the particular period under review:

Direct comparison of sales indices:



The first of the two charts directly compares revenue in the two periods, regardless of the number of trading days. Total Builders Merchants sales (the red column) were 7.4% lower.

Average sales a day indices comparison:



In the second chart, revenue has been divided by the number of trading days. In this example, revenue in November 2019 has been divided by 21 days, revenue November 2018 by 22 days and the results compared, showing a 3.0% fall in Total Builders Merchants sales activity (the red column) stripped of trading day differences.

The charts provide two valid views of the same data. Direct comparisons (on the left) show what happened in absolute numbers – average sales a day (on the right) enables trading day differences to be set aside.

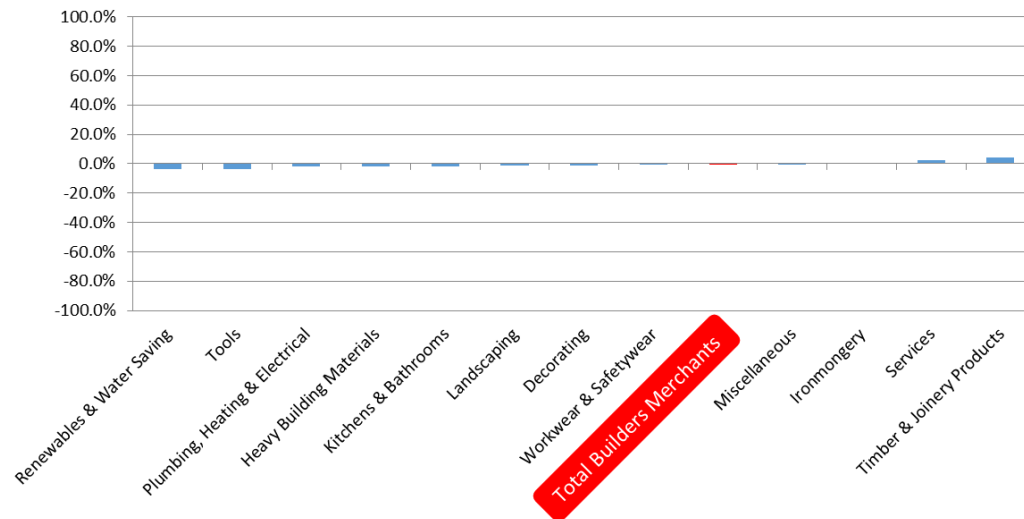
GfK's Builders Merchant Panel update



After almost six years without change, GfK's Builders Merchant Panel, which powers the Builders Merchant Building Index, recently saw three merchants leave and three join. While May's report was the first to incorporate the new data, there had been a lengthy transition period taking place in the background. As a result, data covering January 2019 onwards now reflects the new panel. This has ensured the robust nature of the Builders Merchant Building Index has been maintained.

The overall impact of the changes was very small, with total revenue for the 12 months May 2019 to April 2020 being just -0.3% different to that previously published. Individual categories had mostly small changes, some a little up and some a little down, depending on the mix of sales contributed by the joining and leaving merchants. Small category Renewables & Water Saving was more significant, and only Timber & Joinery Products and Tools among the main categories were appreciably different, as illustrated in this chart.

Change in revenue May 2019 to Apr 2020



The tables and charts in this report use the refreshed data from January 2019 onwards. For example, the values between June 2019 and April 2020 in the Indices table on page 20 are marginally different to those in previous reports (eg. March 2020 Index: 103.8 in April report, 103.1 in this report). Similarly, the chart on page 21 incorporates the new values from January 2019 onwards but the differences are relatively small.

Incorporating the new data back to January 2019 has also meant that year-on-year, month-on-month and year-to-date comparisons in this report are all calculated using the refreshed data throughout, to ensure accurate reporting – a hallmark of the Builders Merchant Building Index.

If you have questions on the changes email Tom@mra-marketing.com or Emile.van-der-Ryst@gfk.com

Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



This year is probably unique, the most memorable we've ever had, and we still have some way to reach before 2021. The initial shock and fear have been replaced by the realisation that this is a long-term problem and a lot needs to happen before the world returns to what was previously considered normal. Unfortunately, this also applies to the Builders Merchants sector, with an ongoing fight for business survival the key focus.

At the end of Q1 the sector was down by -6.7% in value, with Q2 down by -38.6%. Individually, April, May and June couldn't have been more different. April, with almost a full lockdown, saw a year on year decline of -76.5% as most merchants only provided essential deliveries to active trade account holders. May recovered to -39.9% as restrictions were relaxed, while June grew 2.2% thanks to a combination of relaxed restrictions, good weather and a booming Landscaping category.

Landscaping surged with June to June growth of 50.3%, while the other core categories of Heavy Building Materials and Timber & Joinery saw increases of 0.2% and 1.4% respectively. Landscaping growth was driven by Garden Walling / Paving, Fencing & Gates, and Decking, which more than doubled in value from June to June.

Year to date Heavy Building Materials and Timber & Joinery decreased -23.9% and -25.9% respectively against 2019. The former's June recovery was driven by strong Cement, Aggregates and Roofing performance, while the latter had a strong Timber performance in June. All of this provides a glimmer of hope for the remainder of the year.

Looking ahead the good summer weather could lead to further growth, but the ever-present threat of a second wave remains. The next couple of months will be crucial in helping the sector recover most of the losses incurred during April and May. Continued development of digital platforms across the sector provides a potential roadmap for the future, hopefully offering a solution to the second wave threat. The remainder of the year is impossible to predict, but we all know this is going to be a very bumpy ride.

“At the end of Q1 the sector was down by -6.7% in value, with Q2 down by -38.6%. Individually, April, May and June couldn't have been more different... Looking ahead the good summer weather could lead to further growth, but the ever-present threat of a second wave remains.”

Merchants' View

John Newcomb, CEO BMF



The results for Quarter 2 show a tale of two halves – the first half reflecting the shutdown of much of the construction industry, and improving trading conditions thereafter

The initial impact of Covid-19 was industry-wide, with figures from the Office of National Statistics (ONS) and the Construction Products Association (CPA) reflecting the experience at merchant counters during the last quarter.

The ONS reported a record 35.0% fall in construction output in Q2 compared to Q1 2020. Private housing was the largest contributor in new work (down 51.2% on the previous quarter), with private housing RMI (down 46.5%) the largest contributor in repair and maintenance. These two sectors form the mainstay of merchants' business and the quarter on quarter falls in both sectors were the highest ever recorded.

ONS figures show that April was the worst month, with May showing month on month growth of 7.6% and monthly construction output increasing by a record 23.5% in June. Despite this strong monthly growth, construction output in June 2020 was still 24.8% below February 2020 – the last full month before the impact of Covid-19.

Manufacturing also suffered in Quarter 2. The CPA Q2 2020 State of Trade reported the worst quarterly performance since the 2008/9 recession, with 81% of heavyside manufacturers and 68% of lightside manufacturers recording a fall in sales compared to Q1 2020.

The confusion caused by inconsistent Government messaging in the first few days of the crisis has also led to ongoing issues. Along with many construction sites and builders' merchants, some manufacturers temporarily closed before putting Covid-secure measures in place. Unfortunately, closing production lines led to shortages in certain product areas which is taking some time to unwind.

On the positive side, furloughed workers took the opportunity to undertake DIY projects – boosting paint and landscaping sales – and construction workers returned to site relatively quickly to complete existing projects.

More worrying is the forward data released by the ONS. New orders decreased by a record 51.1% in Q2 compared with Q1 2020. The impact of the Covid-19 crisis looks set to continue to impact results for the rest of the year and beyond.

“Furloughed workers took the opportunity to undertake DIY projects – boosting paint and landscaping sales – and construction workers returned to site relatively quickly to complete existing projects.”

Quarterly: Index and Categories

Quarter 2 2019* to Quarter 2 2020

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Total Builders Merchants	100	124.4	123.4	105.4	104.9	76.4
Timber & Joinery Products	100	129.5	128.9	111.3	108.5	78.0
Heavy Building Materials	100	121.9	121.0	102.3	102.5	75.1
Decorating	100	110.3	115.7	104.7	101.1	56.3
Tools	100	98.9	98.5	92.2	86.0	41.0
Workwear & Safetywear	100	98.1	105.3	117.4	128.7	67.5
Ironmongery	100	124.0	126.1	113.6	112.9	65.0
Landscaping	100	160.2	141.3	91.2	100.1	138.8
Plumbing, Heating & Electrical	100	114.9	118.7	123.4	118.5	53.9
Renewables & Water Saving	100	66.4	75.3	65.8	76.6	31.5
Kitchens & Bathrooms	100	115.0	120.2	112.8	109.4	48.4
Miscellaneous	100	118.0	128.0	114.9	129.1	63.3
Services	100	116.6	121.8	110.3	104.8	72.8

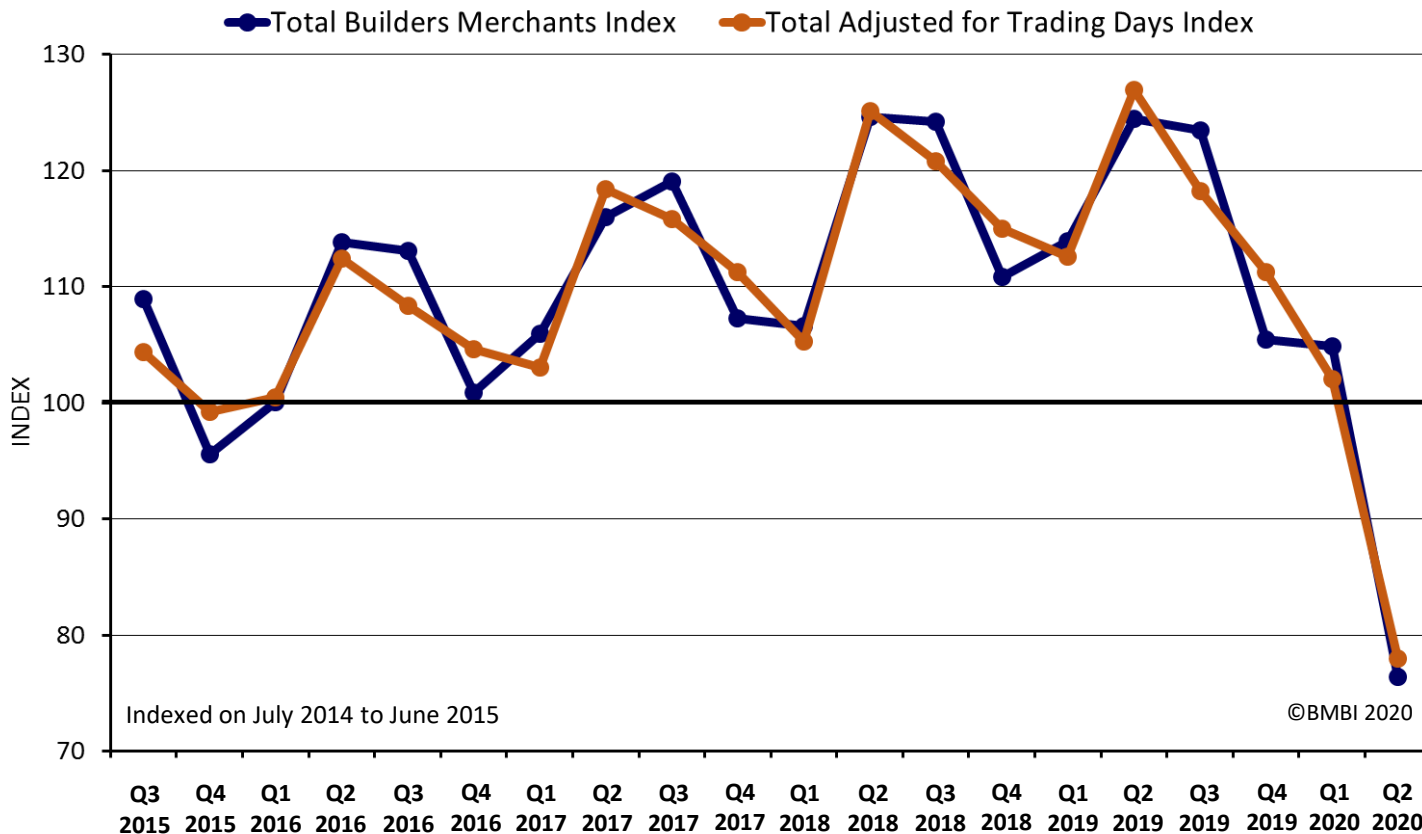
*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Quarterly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

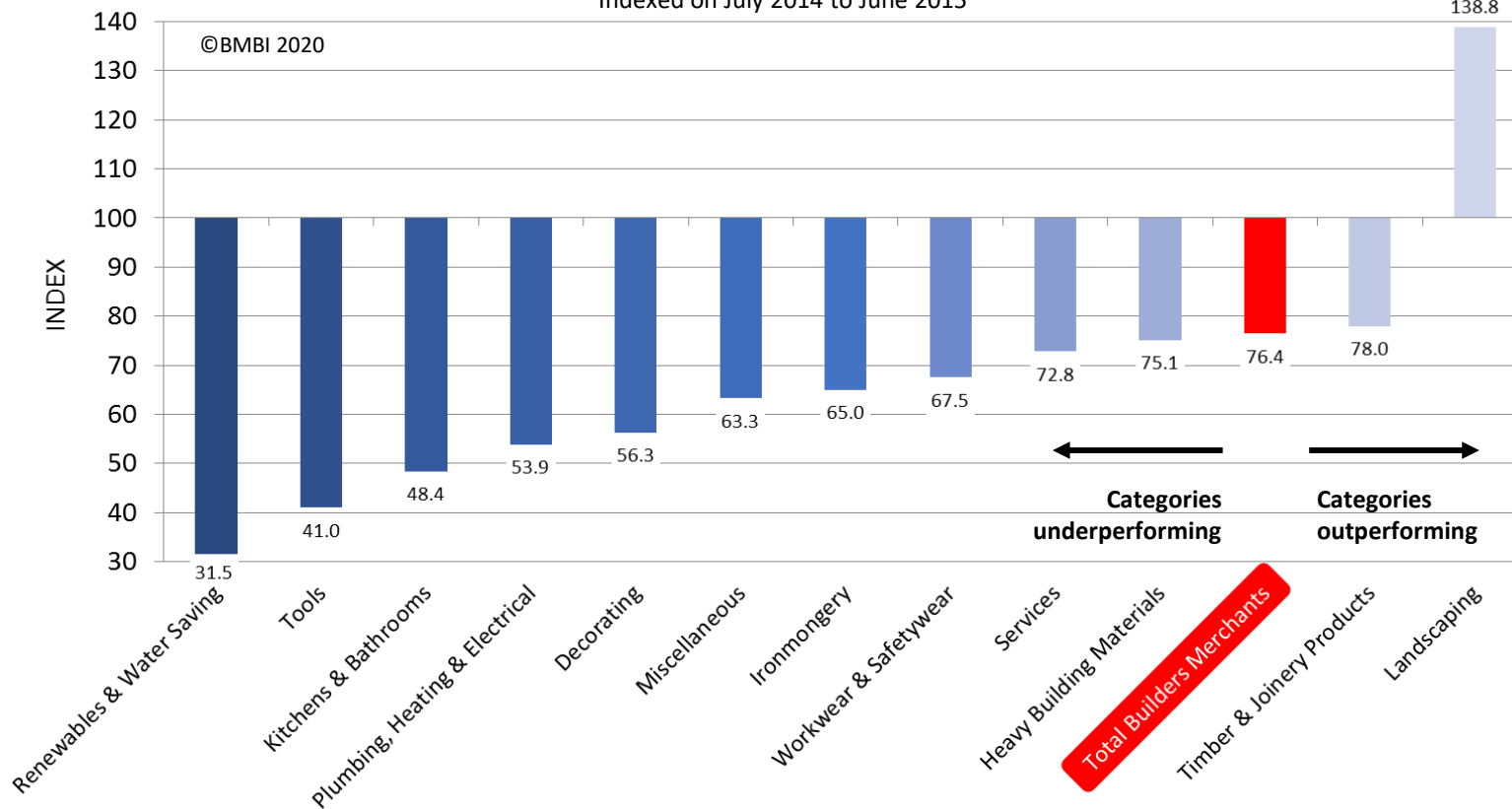
Quarterly: Index and Categories

Q2 2020 index



Quarter 2 2020

Indexed on July 2014 to June 2015



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

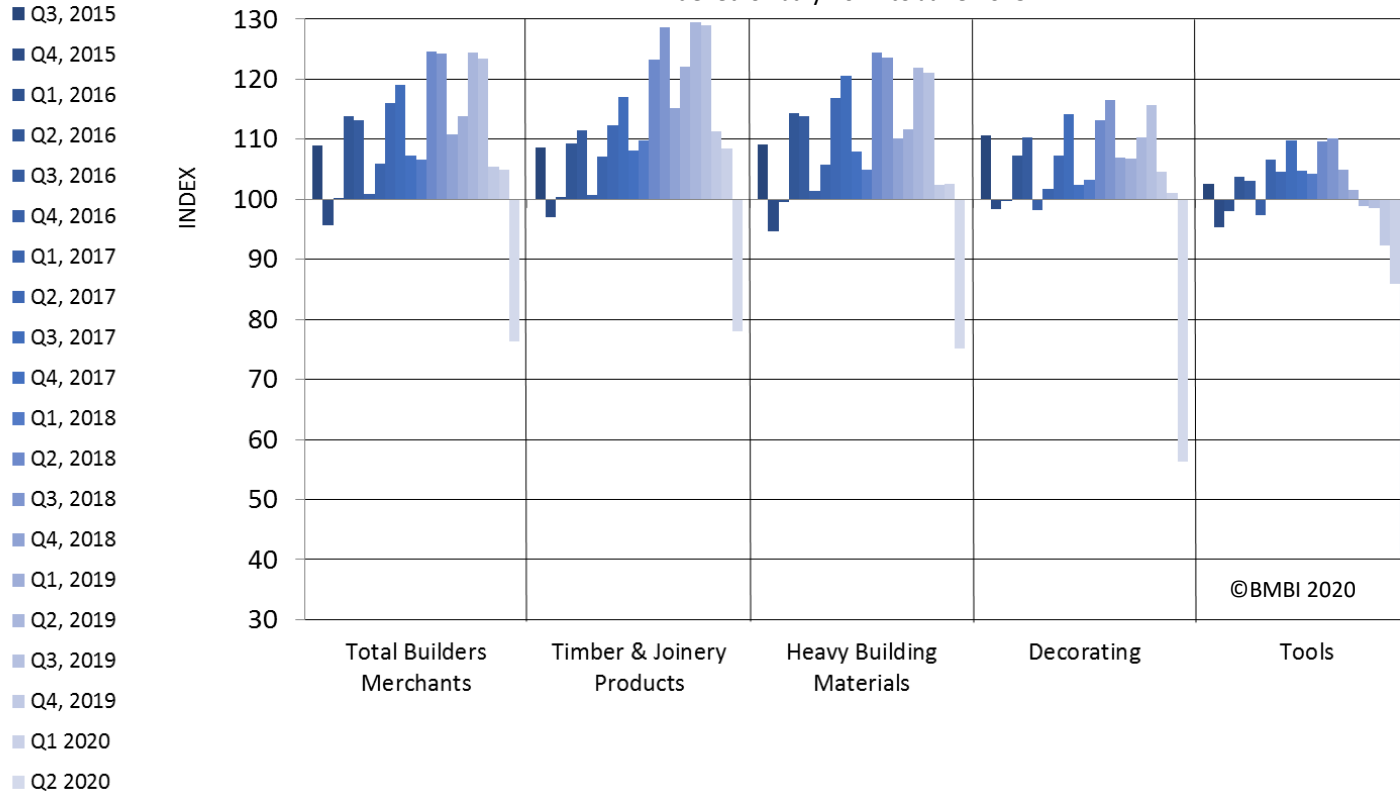
Quarterly: Index and Categories

Quarterly indices



Quarterly Indices Q3 2015 to Q2 2020

Indexed on July 2014 to June 2015



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

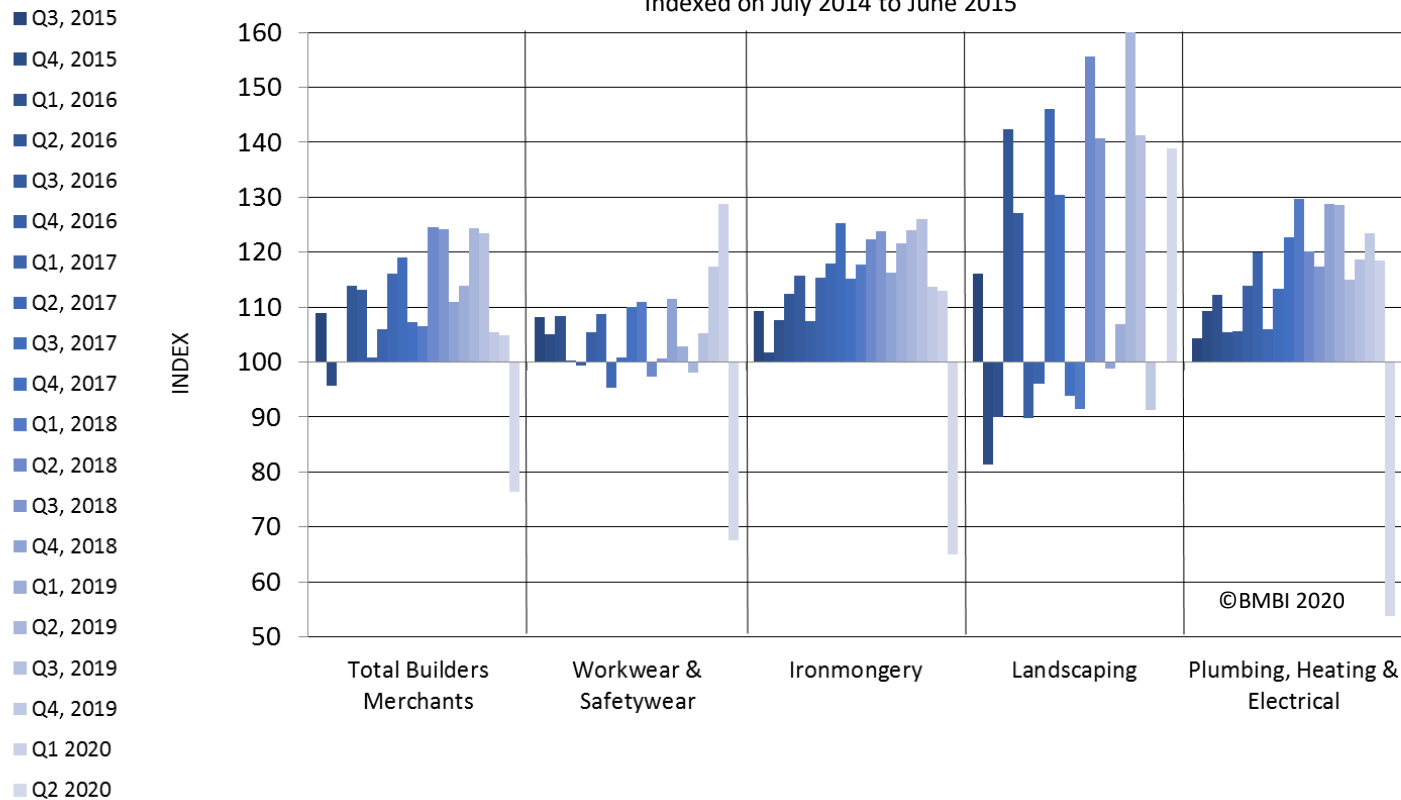
Quarterly: Index and Categories

Quarterly indices



Quarterly Indices Q3 2015 to Q2 2020

Indexed on July 2014 to June 2015



GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

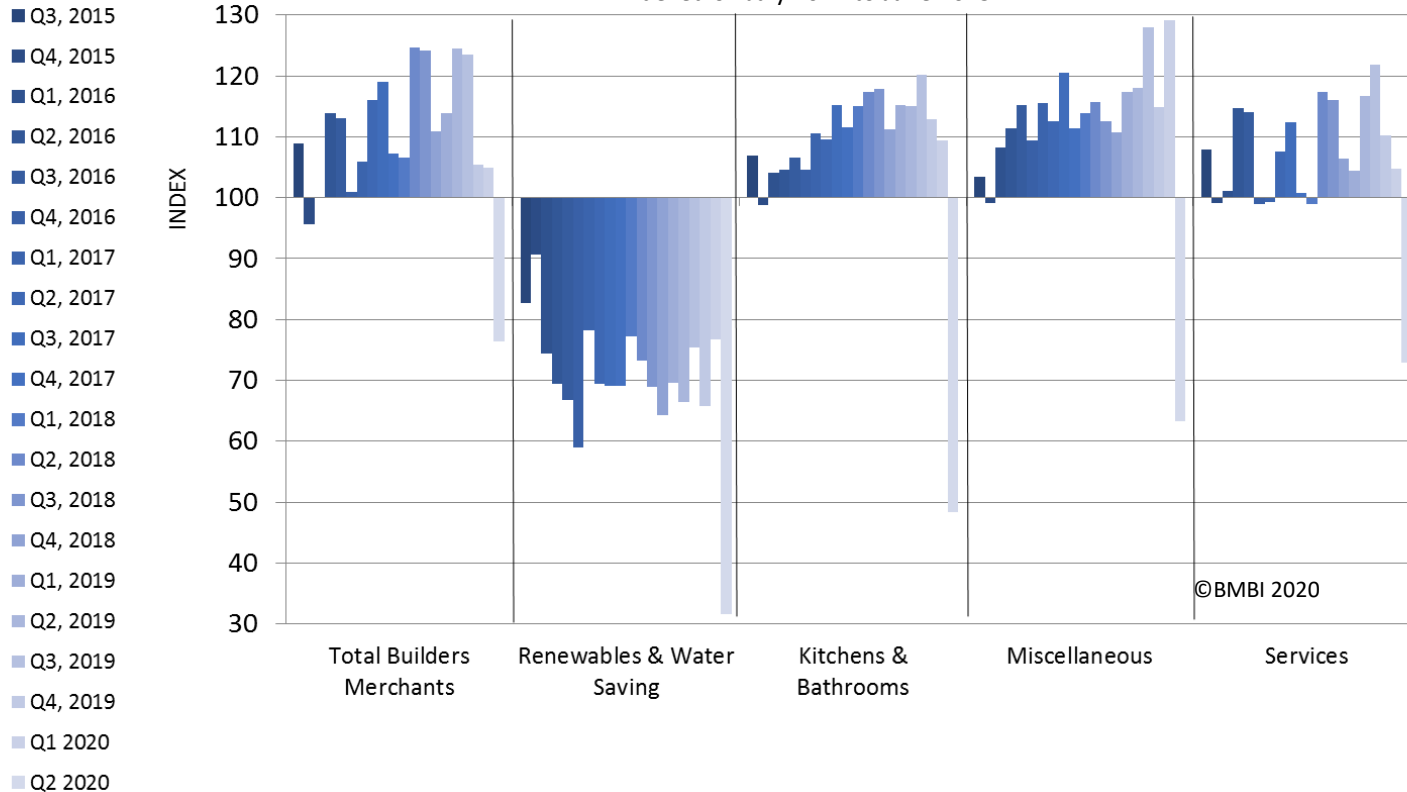
Quarterly: Index and Categories

Quarterly indices



Quarterly Indices Q3 2015 to Q2 2020

Indexed on July 2014 to June 2015

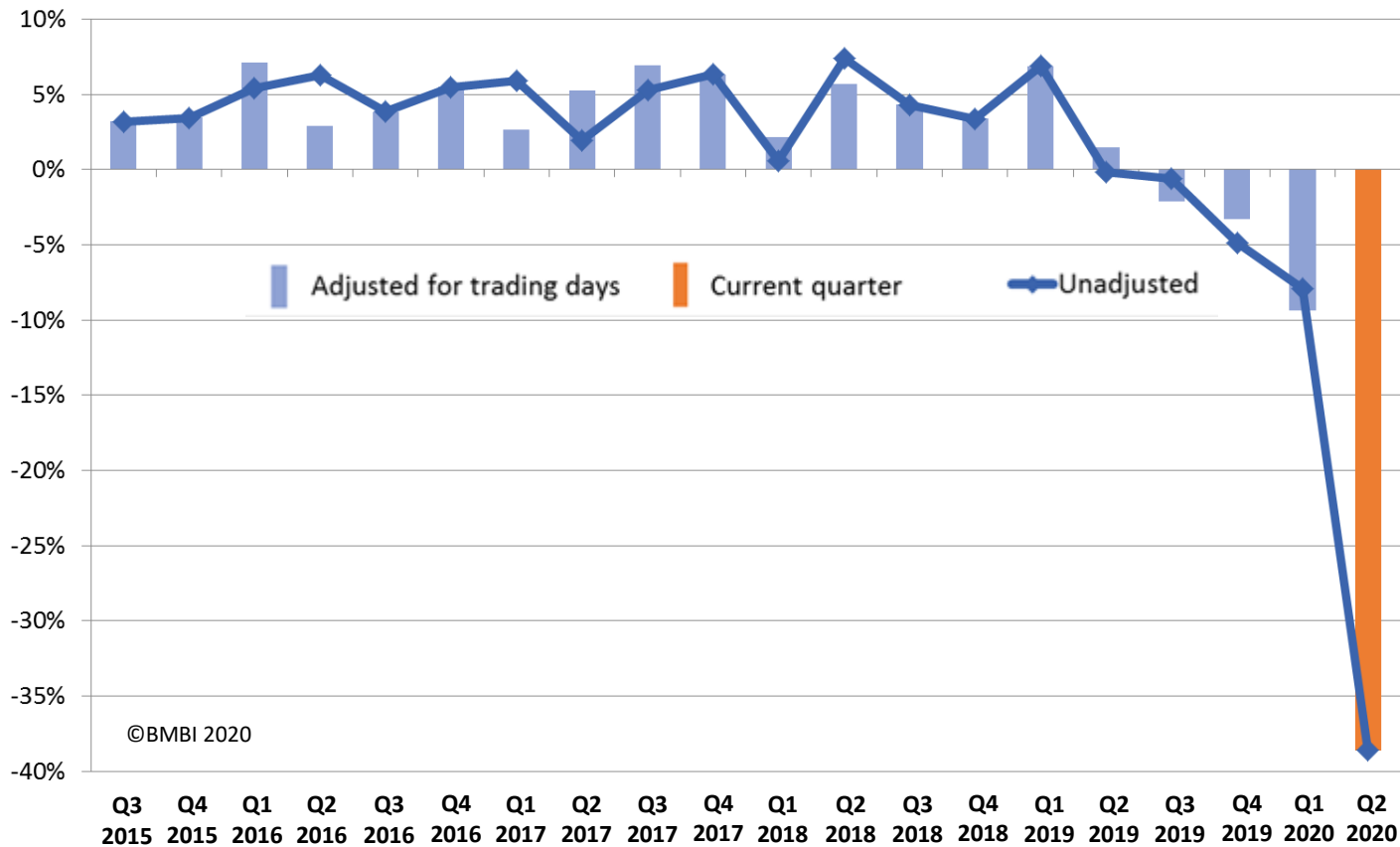


Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Quarterly: Sales Indices

Adjusted and unadjusted for trading days

Quarterly Indices: Year on Year



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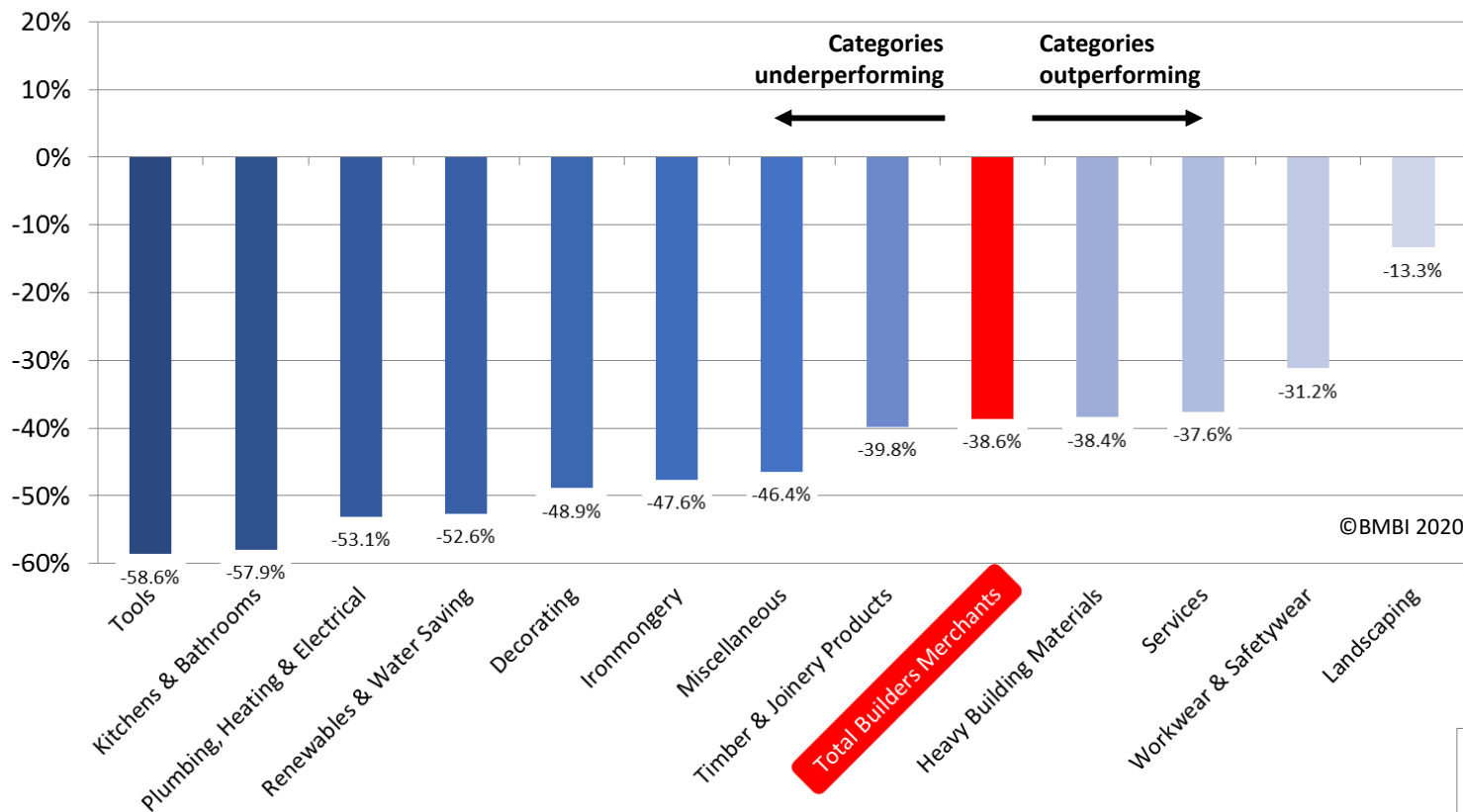
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Quarterly: This Year v Last Year

Q2 2020 sales indices



Quarter 2 2020 index v Quarter 2 2019 index



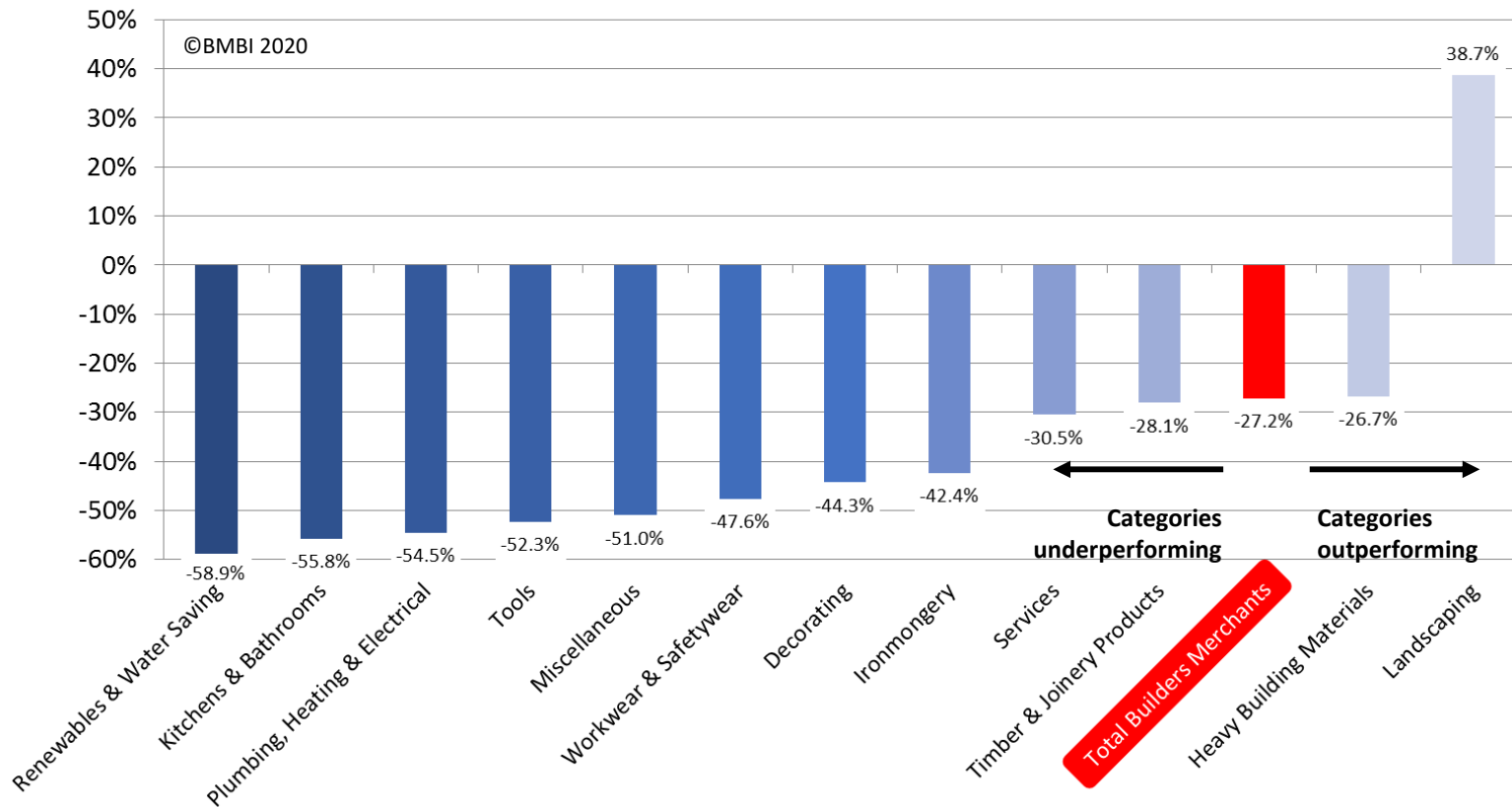
©BMBI 2020


GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Quarterly: Quarter on Quarter

Q2 2020 sales indices

Quarter 2 2020 index v Quarter 1 2020 index



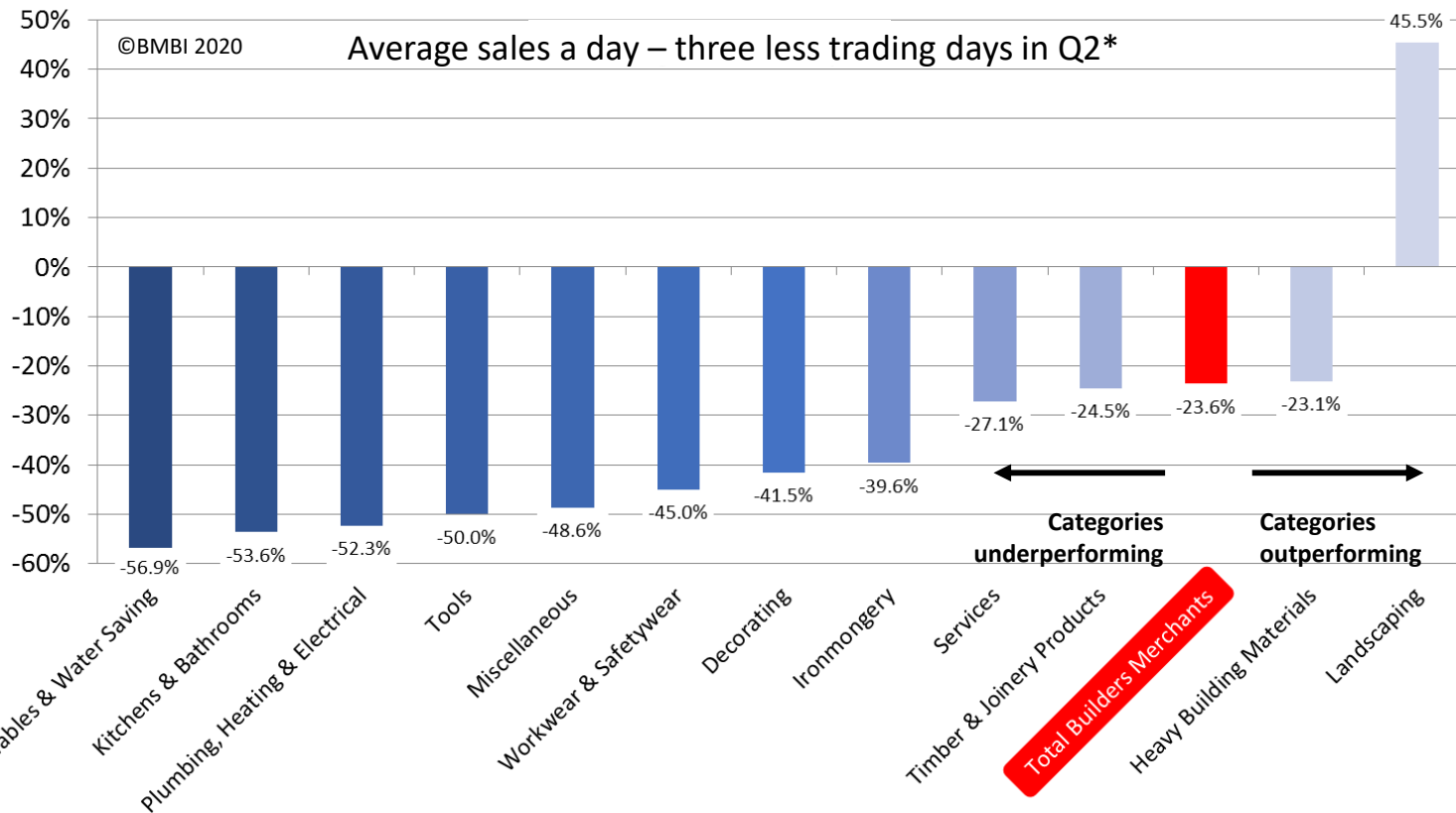
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Quarterly: Quarter on Quarter

Q2 2020 average sales a day indices



Quarter 2 2020 index v Quarter 1 2020 index



Source: GfK's Builders Merchants Total Category Report July 2015 to June 2020

*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

Monthly: Index and Categories

June 2019* – June 2020

(Indexed on monthly average, July 2014 – June 2015)



MONTHLY SALES VALUE INDEX	Index	2019							2020					
		Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Total Builders Merchants	100	118.8	133.6	117.8	118.8	126.2	113.3	76.8	104.7	106.9	103.1	29.0	78.7	121.4
Timber & Joinery Products	100	124.9	138.2	123.1	125.4	134.4	120.4	79.1	111.5	109.0	105.0	26.9	80.5	126.7
Heavy Building Materials	100	116.1	130.9	115.3	116.9	123.5	109.9	73.5	101.7	103.8	102.0	30.5	78.5	116.4
Decorating	100	107.5	123.4	112.2	111.5	121.5	112.5	80.0	103.6	104.5	95.2	19.8	54.8	94.4
Tools	100	95.3	104.4	95.0	96.0	108.9	100.8	67.0	91.8	91.9	74.2	8.6	35.1	79.3
Workwear & Safetywear	100	99.1	108.6	96.7	110.7	135.0	134.8	82.4	119.4	127.7	139.1	37.7	66.6	98.2
Ironmongery	100	119.2	134.3	121.9	122.0	133.2	120.0	87.7	118.7	116.1	104.0	27.3	58.9	108.8
Landscaping	100	148.9	166.0	135.2	122.6	116.3	94.9	62.4	86.9	103.0	110.4	40.3	152.5	223.7
Plumbing, Heating & Electrical	100	108.9	122.4	110.4	123.4	140.7	133.7	95.9	126.3	124.8	104.3	25.4	51.8	84.4
Renewables & Water Saving	100	72.8	76.2	76.9	73.0	74.0	72.0	51.4	75.2	86.1	68.6	12.7	26.7	55.1
Kitchens & Bathrooms	100	112.6	128.6	115.0	116.9	127.6	125.4	85.4	109.1	117.5	101.7	14.1	43.7	87.3
Miscellaneous	100	114.9	136.8	118.7	128.5	131.8	122.0	90.8	119.9	114.7	152.6	36.7	55.1	98.0
Services	100	109.1	130.2	118.7	116.6	125.5	115.7	89.7	103.0	106.1	105.3	42.3	70.2	105.9

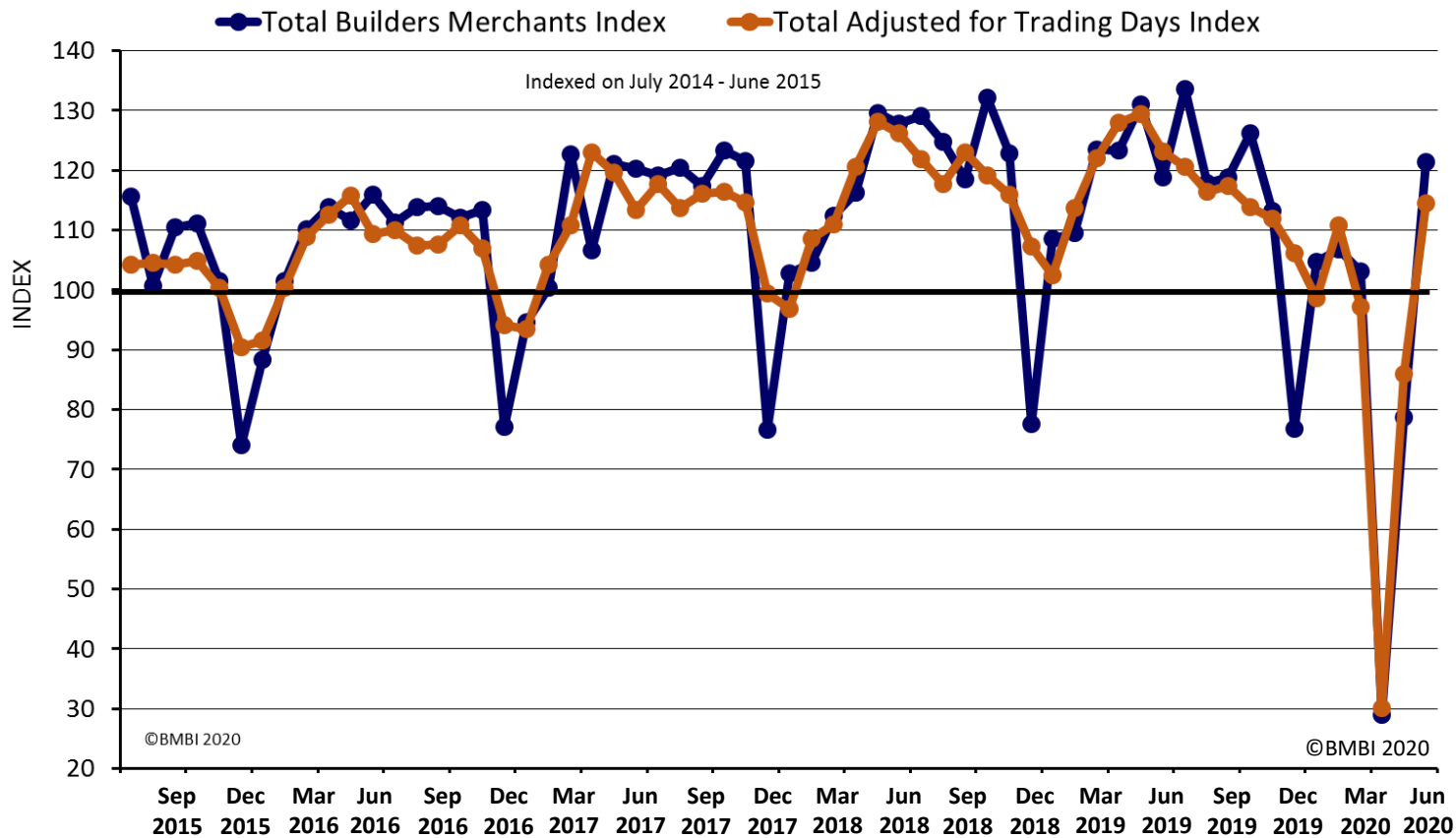
*Click the web link below to see the complete series of indices from July 2015.

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

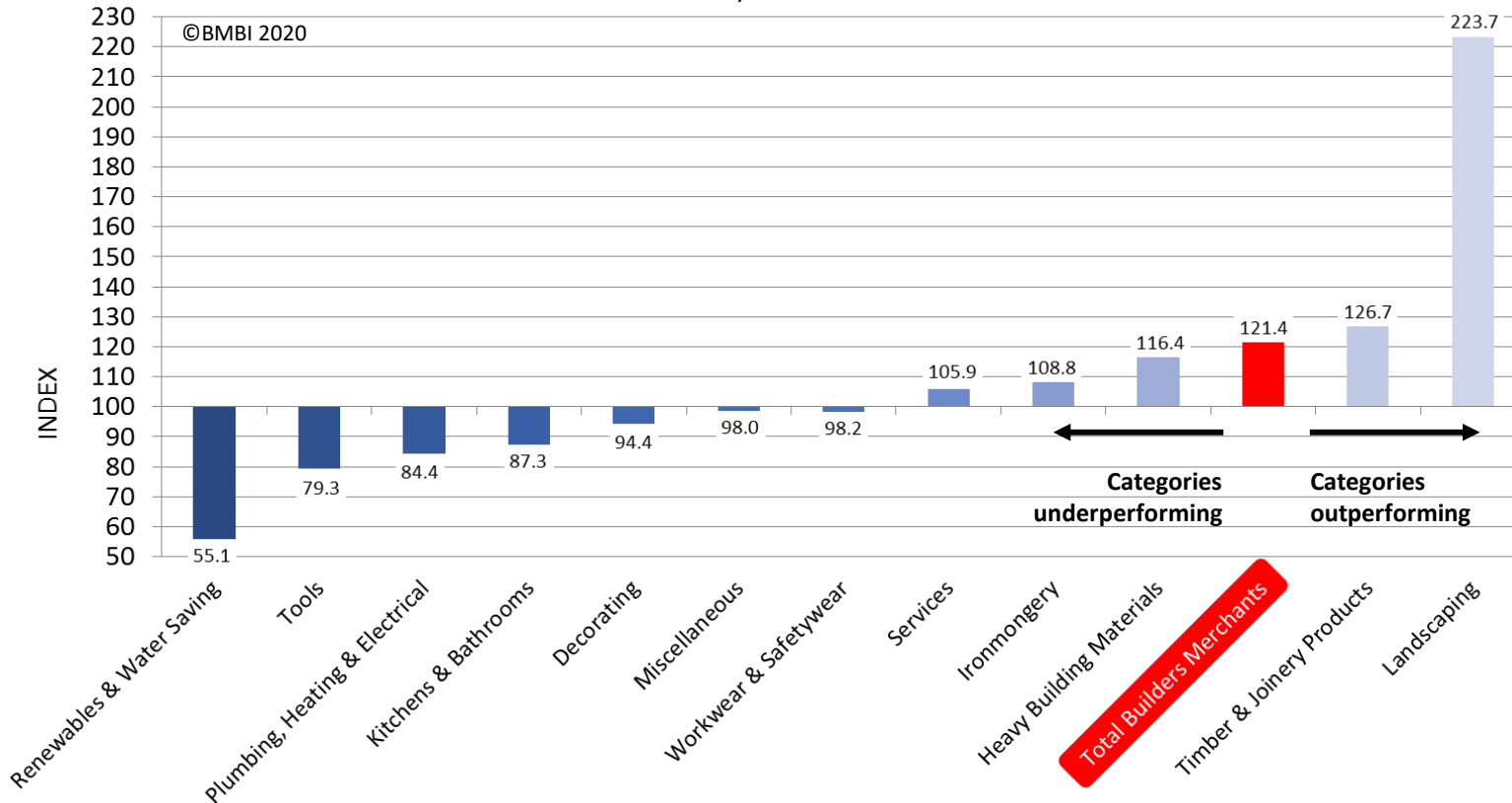
Monthly: Index and Categories

June 2020 index



June 2020 Index

Indexed on July 2014 to June 2015



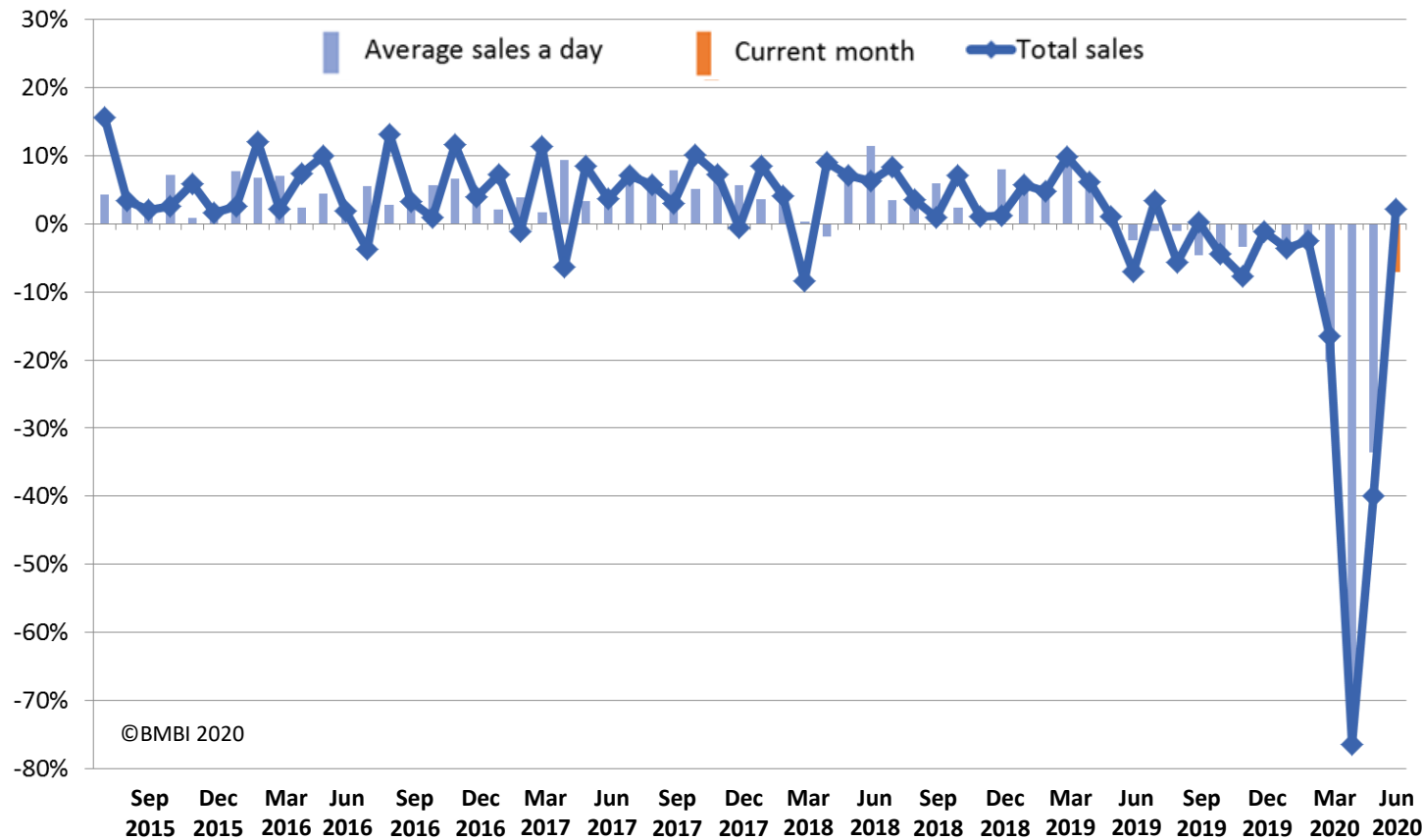
GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly: Sales Indices Year on Year

Adjusted and unadjusted for trading days



Monthly: Year on Year



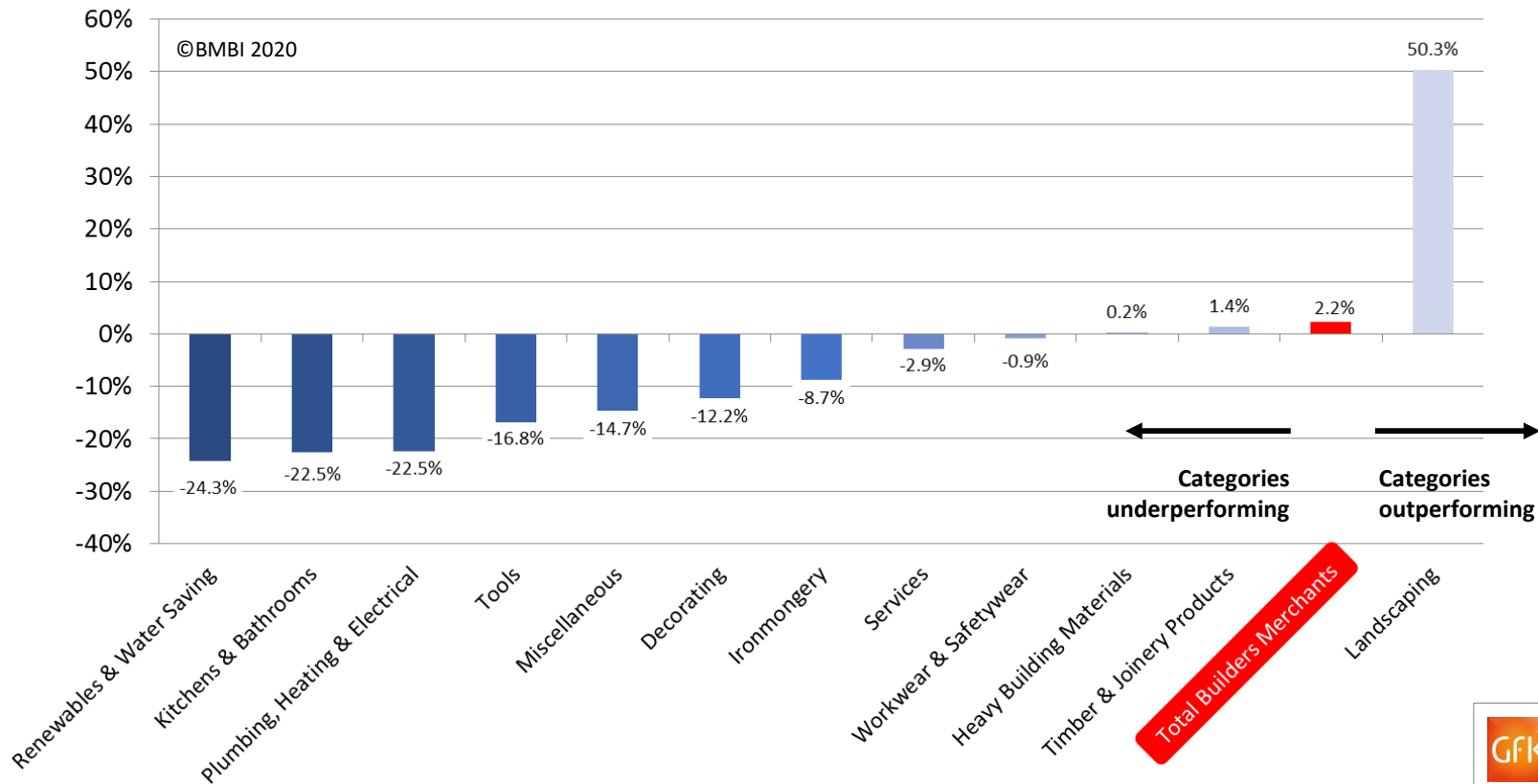
Source: GfK's Builders Merchants Total Category Report July 2015 to June 2020

Monthly: This year v last year

June 2020 sales indices



June 2020 index v June 2019 index



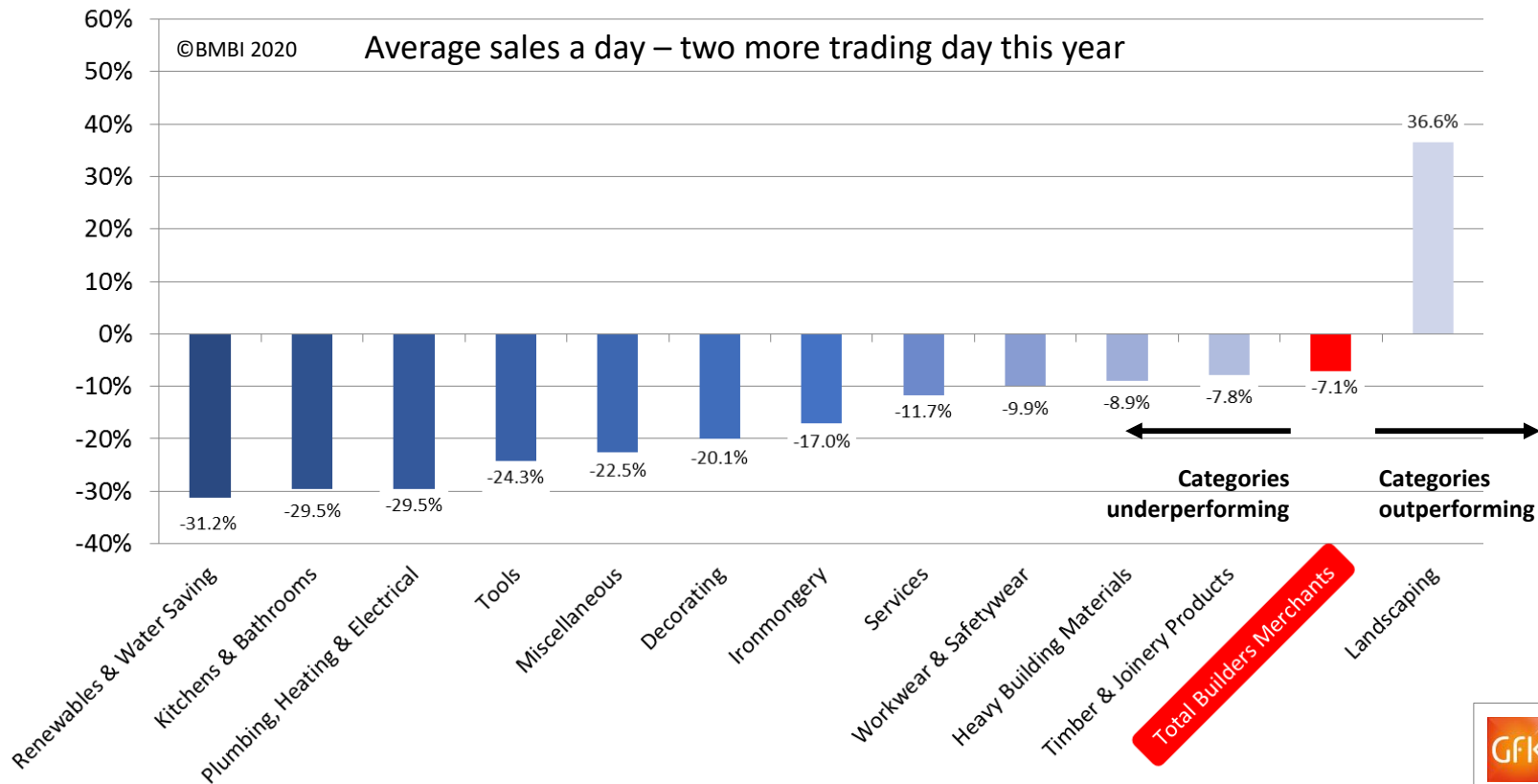
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly: This year v last year

June 2020 average sales a day indices



June 2020 index v June 2019 index

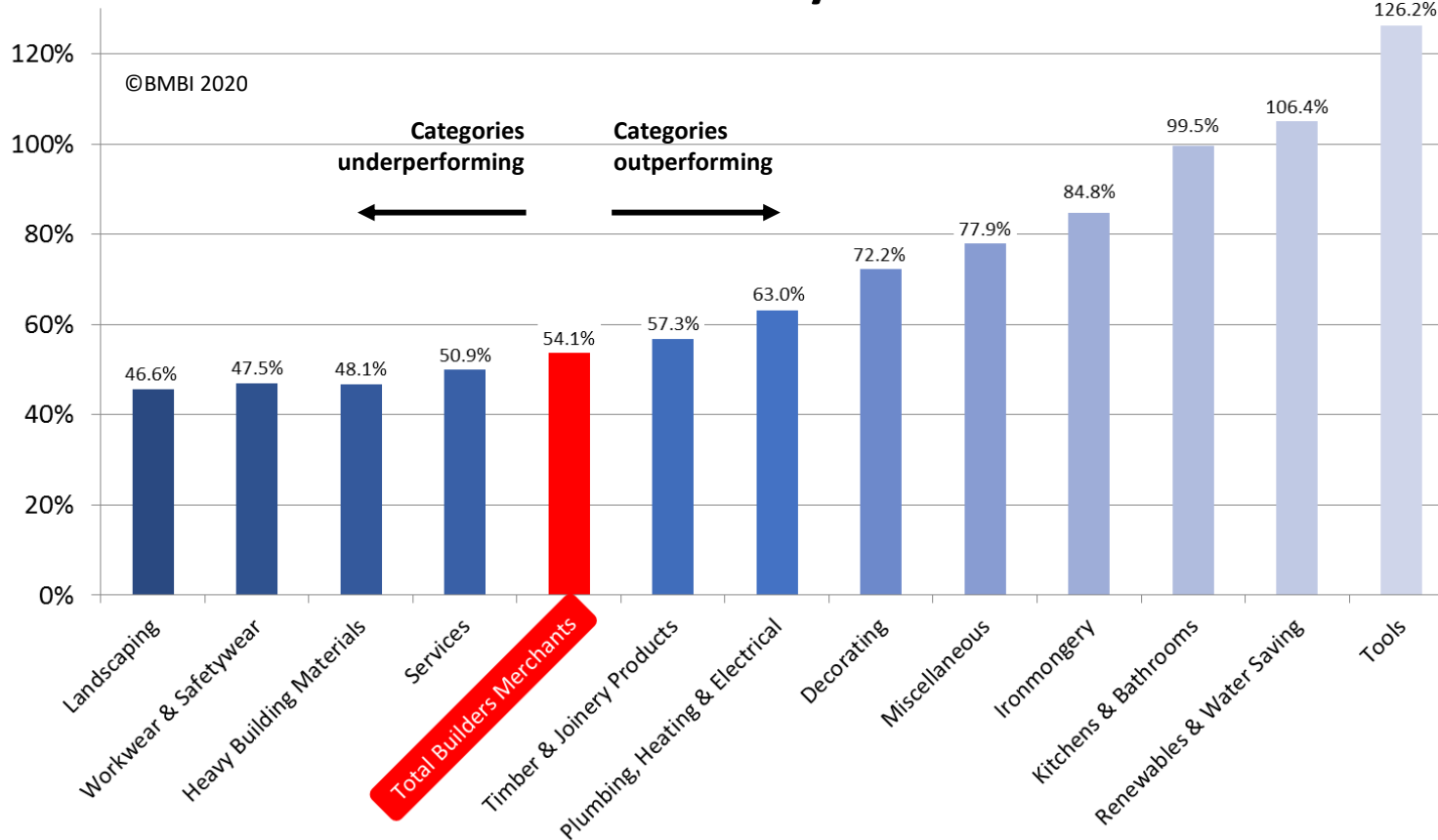



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly: This month v last month

June 2020 sales indices

June 2020 index v May 2020 index



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

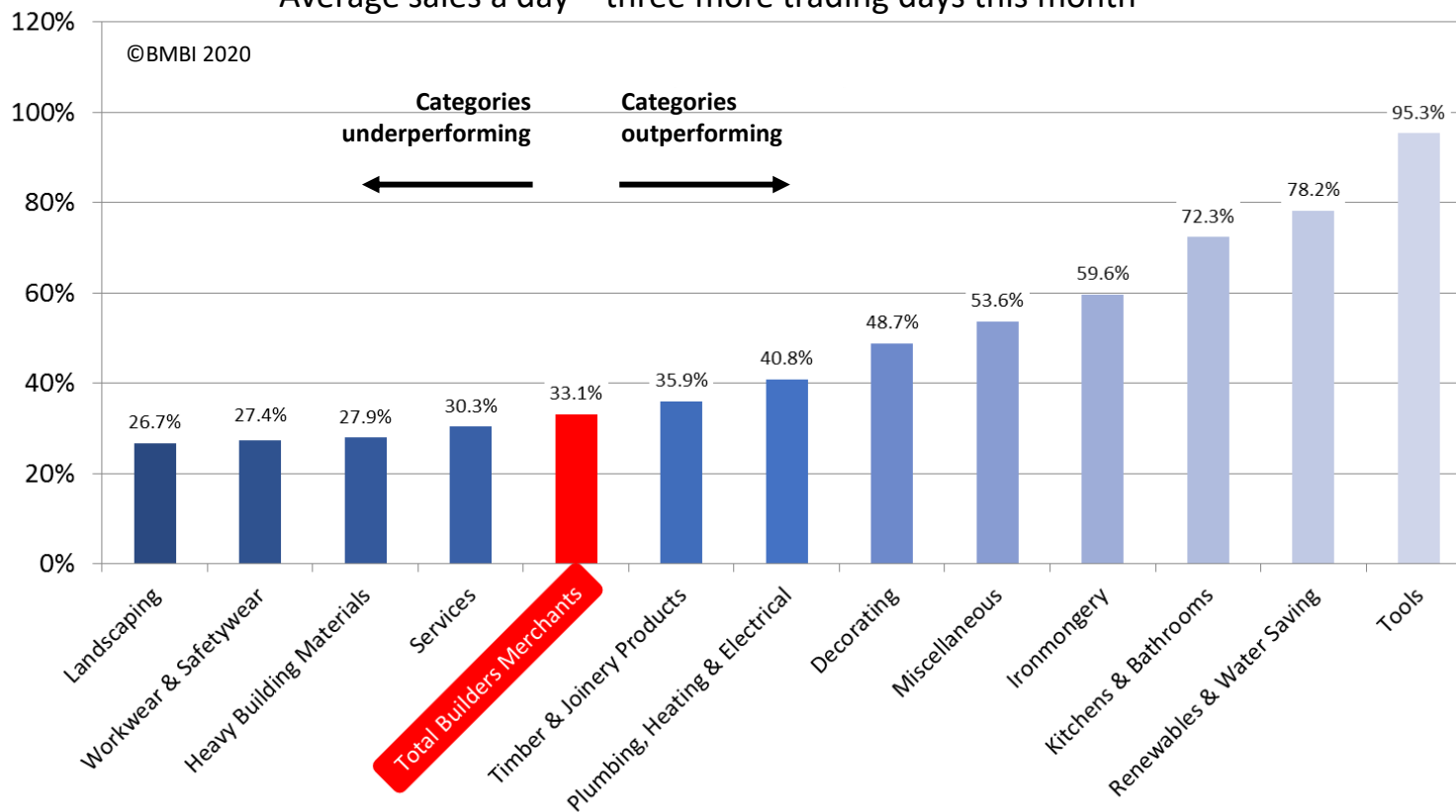
Monthly: This month v last month

June 2020 average sales a day indices



June 2020 index v May 2020 index

Average sales a day – three more trading days this month*



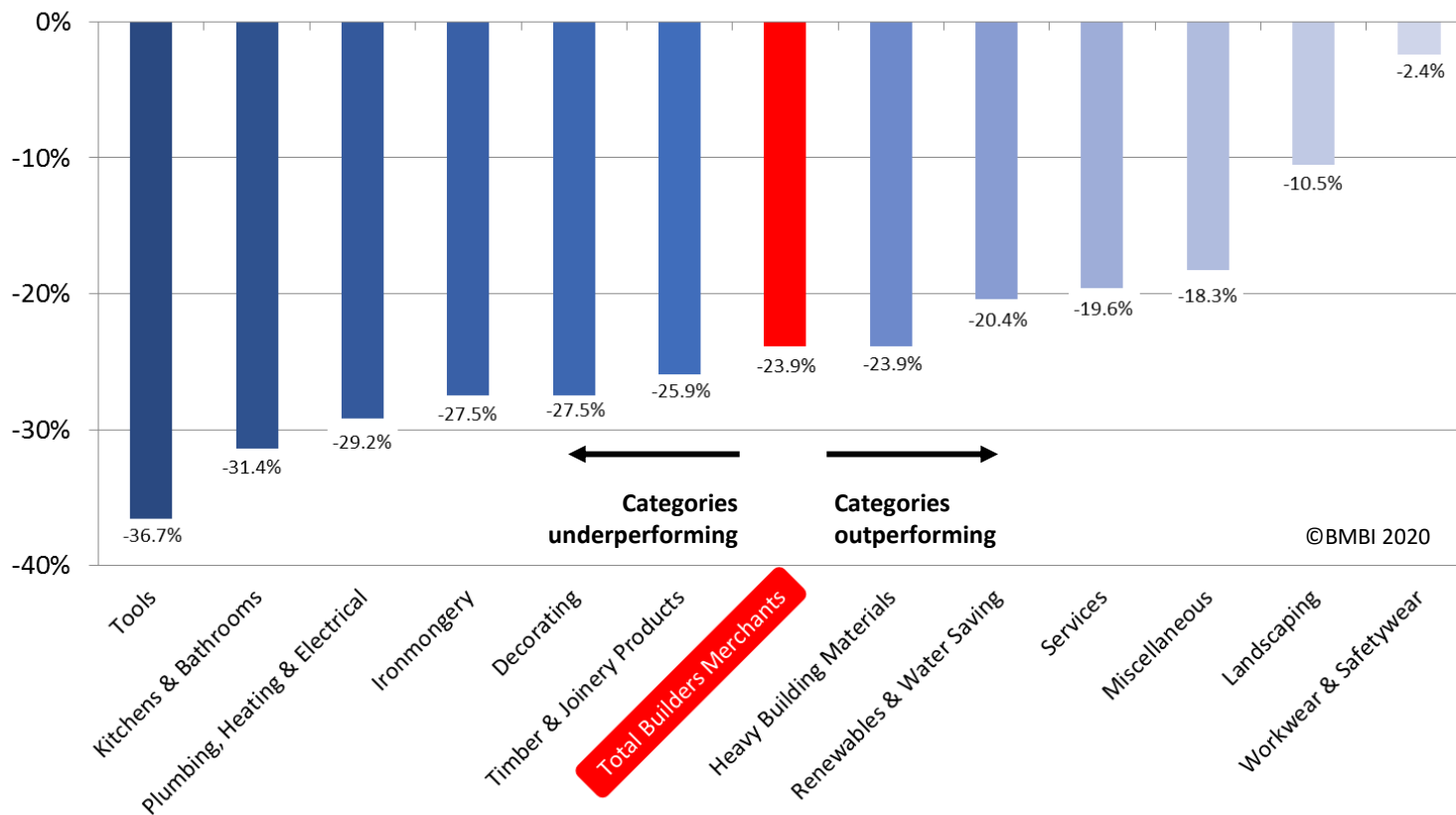
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

Year to date: Year on Year

Last 6 months sales indices

Year to date: Jan 20 to Jun 20 index v Jan 19 to Jun 19 index



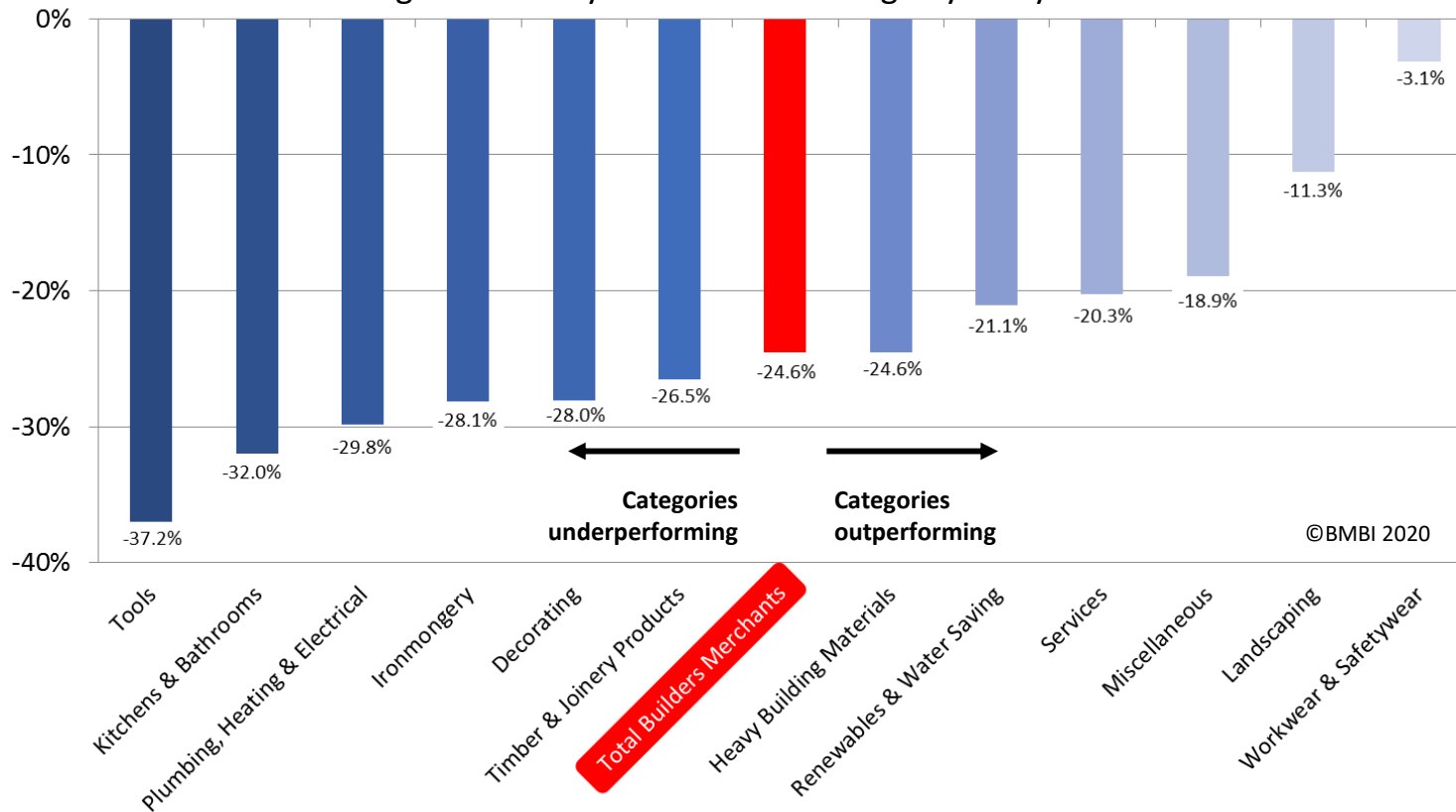
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Year to date: Year on Year

Last 6 months average sales a day indices

Year to date: Jan 20 to Jun 20 index v Jan 19 to Jun 19 index

Average sales a day – one more trading day this year*



GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

Expert Panel

Website & Product Data Management Solutions



Andy Scothern, Managing Director eCommonSense is BMBI's Expert for Website & Product Data Management Solutions.

News that the economy plunged 20% between April and June was met with dismay in the building supplies sector. But recessions can bring opportunities and builders' merchants showing the ability to re-engineer their business models are reasons to be hopeful.

Online sales during lockdown went through the roof as branches were forced to close. Merchants with advanced eCommerce systems benefited from a much-needed cash injection during a difficult period. This trend continues as branches re-open.

From our own aggregated client data, we see that 90% of transactions were from new retail customers buying products at non-discounted prices. More than 40% of those transactions were outside branch opening times.

Merchants now need to find a new balance between bricks-and-mortar and eCommerce with a new business model that integrates the two to ensure consistency, integrating brand, service levels and back-office operations.

The figures suggest that many will stick with the new habit of buying online, and merchants will need to invest in an eCommerce service if they're not to miss out. eCommerce is not just a new website, it's a new service, so bolting it on to the traditional model doesn't deliver optimum results.

The bigger picture is the building materials supply chain. An industry report (The Farmer Review) says construction must 'modernise or die' and the acceleration of digital is critical to survival. With the ending of the furlough scheme the building supplies sector will look for efficiencies in the way merchants market, sell and buy products.

Digital innovation and the exchange of high quality, consistent data between suppliers and merchants promises to be a game-changer that makes stock levels and delivery times visible and provides easy access to commercial deal trade prices.

The world will not go back to the way it was. Industries will need to 'modernise or die' and the building supplies sector needs to be at the forefront of the revolution if it is to lead the country out of recession.

“Online sales during lockdown went through the roof as branches were forced to close. From our own aggregated client data, we see that 90% of transactions were from new retail customers buying products at non-discounted prices. More than 40% of those transactions were outside branch opening times.”

Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



Stacey Temprell, Marketing Director British Gypsum is BMBI's Expert for Drylining Systems.

Unsurprisingly the impact of COVID-19 still dominates and will do so for the foreseeable future but, as we come through this period, we are starting to see some glimmers of hope that we can emerge from the pandemic. This month we learn that the government has committed to £1.3bn investment to deliver new homes, improve skills, create jobs and upgrades to local infrastructure. This, alongside the prime minister's strategy of 'Build, Build, Build', gives us the strong government-backed intent we need to recover from this crisis.

There is no question that this high-profile government stimulus will support the new build housing and commercial build markets. Conversely, unemployment levels over the coming months could have a significant impact on consumer confidence and the domestic RMI market. While the stamp duty holiday grabbed the headlines, this initiative is unlikely to bring any immediate benefits to the slower property market, which also has a significant impact on RMI demand as people like to improve their new home after they've moved in.

As an industry, we have a long road of recovery ahead of us, but what COVID-19 has taught us is that how we respond to the challenges ahead of us is entirely within our gift. Like all businesses we have had to implement change at record pace, but we've demonstrated that we can rise to this challenge. We have all modified our working practices overnight to enable business to move forward and buildings to get built. We have accelerated the adoption of digital collaboration across the construction industry almost overnight. Right now, we have an incredible opportunity to further embrace digital technologies and drive out inefficiencies in the construction supply chain. By doing so we are paving the way for a new, more resilient construction economy.

This period has been tough, tougher than we expected but we are optimistic that this new sense of construction-community will remain. Our immediate priority is to work closely with our customers to ensure that future generations of construction professionals are better able to deal with future threats.

“The government has committed to £1.3bn investment to deliver new homes, improve skills, create jobs and upgrades to local infrastructure. This, alongside the prime minister's strategy of 'Build, Build, Build', gives us the strong government-backed intent we need to recover from this crisis.”

Expert Panel

Civils & Green Infrastructure

(Part of Heavy Building Materials)



Steve Durdant-Hollamby, Managing Director Polypipe Civils is BMBI's Expert for Civils & Green Infrastructure.

In common with most businesses, it was a challenge to align our operations with the market as Covid restrictions eased. With no consistent return across construction projects and the merchant sector, we adopted more flexible and adaptable working processes to meet significant fluctuations in demand. Local lockdowns added further instability to trading conditions.

From the end of June, all civils and green urbanisation sectors saw an upturn in sales volumes. Residential-related business were the strongest, having been amongst the hardest hit. Other sectors such as land drainage were consistently solid throughout the pandemic and remain so. Planning and specification activity have continued relatively unaffected. Within civils, the recent changes to the codes governing adoptable sewers have opened the market. Plastic is now specifically referenced as a material option for all applications. This long-awaited change will see the benefits of lightweight, environmentally compatible pipelines transform the market. Our outlook on the longer-term civils market post-Covid, broadly follows that of the CPA.

Looking at Green Urbanisation, as restrictions on movement have further relaxed, the community value of access to green spaces and the size of those spaces are increasingly in the spotlight. More people want to experience natural environments more frequently, but this causes frustrations and threatens the health of the ecosystem. Re-imagining how we introduce green assets into the urban landscape eases the pressure. Parklets and pop-up spaces are gaining traction with versatile and sustainable green solutions offering all the benefits of green urbanisation in a stand-alone package.

With green urbanisation extending SuDS into new product areas and deeper into the city landscape, we're seeing an increasing number of enquiries with this wider perspective. Drainage is becoming a solution driven market lead by changing legislation and planning policy focusing on net zero carbon and biodiversity gains.

As I write, we've just finished six regional 'Polypipe 'Realising Resilience e-Roadshows'. Interest has far exceeded expectations – a sign that green urbanisation is opening new ways of thinking, new solutions and new commercial opportunities. Government climate change policy is developing quickly, and our new broadcast formats are designed to communicate the knowledge and implications to all levels of merchant businesses.

“From the end of June, all civils and green urbanisation sectors saw an upturn in sales volumes. Residential-related business were the strongest, having been amongst the hardest hit. Other sectors such as land drainage were consistently solid throughout the pandemic.”

Expert Panel

Lead

(Part of Heavy Building Materials)



Lynn Street, Sales & Marketing Manager Midland Lead is BMBI's Expert for Lead.

Challenging, worrying, unprecedented, that's how many of us will sum up Q2 2020, as it takes its place in the history books. It was clear the road would be uncomfortable, forcing many businesses to innovate and work more closely together to survive, and we're still navigating new territories. But we leave Q2 in a more positive frame of mind, knowing the construction sector has risen to the many challenges.

Improved communications and sharing new information have become the new normal. Many organisations worked well together to ensure we came through. The Construction Leadership Council (CLC) quickly pulled together advice and resources in a sector roadmap, giving much needed clarity. Recently, the CLC's task force published a series of toolkits to provide guidance in planning a route through complex, shifting policies. Organisations like this have been a voice of authority and continue to lobby Government on behalf of construction.

Many forward-thinking construction material manufacturers, building contractors and merchants have had to re-evaluate operations quickly to become more lean and agile and move into the next phase of recovery with a positive and sustainable outlook. For Midland Lead this means focussing on our three core values:

- (1) Sustainability. As the industry faces a potential shortage of building materials, we continue to reduce waste, conserve energy and natural resources, and minimise environmental impact. This year we were awarded an Environmental Product Declaration (EPD) for our manufactured products.
- (2) Customer Service, which means continuing to nurture and protect customers who rely on us maintaining our productivity and communications, and meeting demand.
- (3) Innovation. Investment in digital and IT infrastructure and manufacturing processes is a top priority, providing efficiencies for our team and customers.

Brexit is still on our radar but plans to prepare for it are fogged by uncertainty. We wait to hear announcements on new legislation, keen to understand these policies and what will be in place by January 2021.

Every business has been affected by the global pandemic, but one thing that we have seen throughout the construction sector is resilience. Let's not talk ourselves into a recession. Let's work together to make a better future.

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Expert Panel

Bricks & Roof Tiles

(Part of Heavy Building Materials)



Kevin Tolson, Commercial Director Wienerberger UK is BMBI's Expert for Bricks & Roof Tiles.

Against the backdrop of a battered economy and increasing unemployment, with manual jobs particularly affected, the brick and tile businesses have not escaped the damage to the construction industry. With the UK economy now officially entering recession, there are further challenges ahead.

However, with a focus on new building programmes in housing, social and community projects plus incentives such as the green deal and the stamp duty holiday, demand returned surprisingly soon to pre-Covid-19 levels by the end of Q2.

There is also a very encouraging demand for design and technical services. Being able to supply services and technical expertise, not just product, is where manufacturers can differentiate and add real value. While architects, specifiers and planners may be gradually returning to their office-based practices and workplaces, there is still a lack of face-to-face opportunities with customers. Being able to efficiently support those working remotely or in the workplace with improved and increased digital assets, technical data, and guidance is the game changer. The appetite for virtual support has risen, and as we saw in Q1, those with the ability to invest and develop their digital services will do well.

The desire for improved green space and 'healthy homes' with improved air quality is another trend. Anyone locked down in their home during very hot weather will be acutely aware of the need to have access to green space for physical exercise and mental wellbeing. Being able to support designers and builders in creating a healthy and energy efficient building envelope is where manufacturers can help change communities for the better.

A complete recovery may be some way ahead. The benefit of our industry, even during low times, is that we serve a very broad range of customers and market segments. Contraction in one area sees expansion in another. As long as we continue to mobilise quickly and continue to focus on quality products and innovative solutions, we should be in a position to benefit from an economic uplift.

“With a focus on new building programmes in housing, social and community projects plus incentives such as the green deal and the stamp duty holiday, demand returned surprisingly soon to pre-Covid-19 levels by the end of Q2.”

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



Andrew Simpson, Packed Products Director Hanson Cement is BMBI's Expert for Cement & Aggregates.

Quarter 2, 2020 will be remembered and talked about for years to come as the UK went into full lockdown due to Covid-19. Business leaders were faced with tough decisions which had to be made quickly, with mixed advice from the Government.

Businesses quickly closed different parts of their operations and adapted their organisations to stay afloat. Many utilised the Government furlough scheme and ran with limited resource to match vastly reduced sales.

Due to the pandemic and resulting level of site closures demand for aggregates, concrete, asphalt and mortar dropped significantly quarter-on-quarter. The Mineral Products Association (MPA) reported that the level of decline in Q2 was equivalent to the total market decline during the financial crisis over the period of 2007 to 2009.

It was some time before government guidance for the construction sector was made clear. The message eventually received was that construction is essential so if it was safe to operate we should carry on.

As builders' merchants reopened, they saw a dramatic shift in demand towards heavyside products as people on furlough started home improvement projects. We saw spikes in demand for packed cement, post fixing products, bagged aggregates and decorative aggregates throughout the quarter. Demand for some product lines has been unprecedented with all manufacturers implementing an allocation approach to supply.

Merchants have seen a swing towards cash sales as consumers spent heavily on improving their homes rather than eating out or going on holiday. Many people who have been working from home have converted spare rooms and installed garden buildings to enable them to work comfortably. This may continue into next year, with many firms indicating that they want to reduce travel to the office as people have adjusted so well to home working.

Given everything that has gone on throughout the pandemic including some new local lockdowns it is very difficult to predict and plan for 2021. The Prime Minister has made it clear that the construction sector is key to recovery and will be keen for housebuilding and infrastructure projects to recover quickly.

“We saw spikes in demand for packed cement, post fixing products, bagged aggregates and decorative aggregates throughout the quarter. Demand for some product lines has been unprecedented with all manufacturers implementing an allocation approach to supply.”

Expert Panel

Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



Mike Tattam, Sales & Marketing Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

Lockdown had a dramatic effect on all areas of construction. But after the initial shock in April, the recovery has been faster and stronger than forecast.

The industry is positive, however the market is understandably cautious. Is this a V-shaped recovery driven by pent-up demand or the W-recovery predicted by economists who expect lots of downward pulls from regional lockdowns, mass unemployment, consumers switching to save not spend, and a still up-in-the-air Brexit throwing a spanner in the works?

We've all learned the value of strong supply partnerships in this pandemic, with manufacturers working hard with merchants to overcome supply chain constraints, while working safely and communicating clearly.

Merchants are adapting quickly to this new normal, converting traditional call and collect business models into click and collect, and setting up transactional sites as quickly as they can. Our personal purchasing behaviours changed almost overnight during lockdown, and since then many merchants and manufacturers have looked more closely at including online in the mix.

Yet online selling doesn't work as well for higher-ticket or complicated products where people don't always know the questions they need to ask and need expert assistance to guide them. They want to see how products work and want to feel the differences between different qualities and price, and they like the reassurance of proximity for the confidence and convenience of an accessible after sales service.

Not all merchants have the deep pockets to invest in the right retail technology and the scale to succeed, but an omnichannel strategy with online and offline combined is very effective in playing to merchants' local strengths.

The steps and sequence of the customer journey may have changed, but we mustn't underestimate the value of human interactions in that journey. The future of showrooms is incorporating the best in online and offline selling to deliver a holistic and safe customer experience. That's the 'new normal' and it's here now.

“Our personal purchasing behaviours changed almost overnight during lockdown, and since then many merchants and manufacturers have looked more closely at including online in the mix. Yet online selling doesn't work as well for higher-ticket or complicated products...”

Expert Panel

Paint

(Part of Decorating)



Paul Roughan, Trade Merchants Sales Director Dulux Trade is BMBI's Expert for Paint.

At the peak of the Covid-19 lockdown the trade market almost completely shut down, while the consumer market boomed. People at home were carrying out home improvement jobs and a number of retailers remained open. In May the lockdown measures started to ease, and the trade market began to recover and transition to new ways of working.

The CPA forecasted a drop of 21% in total construction output at the end of 2020 compared with 2019, the sharpest fall ever. However, builders' merchant year-on-year sales by value recovered to -40% in May 2020, a large improvement on -76% in April 2020.

This trend continued, and trade paint market volume increased sharply +2% in June compared with June 2019. Pre Covid-19, 2% would be considered modest. In Covid-19 times it is an encouraging sign that the trade market is showing a V-shaped recovery; a trend predicted for many sectors.

Early in lockdown the government advised that traders should only go into homes for emergency repairs. With these guidelines, and health concerns when working in people's houses, it was unsurprising that survey data indicated growth in decorators working on exterior jobs, allowing them to manage social distancing safely. The total paint market has seen unprecedented demand over the past few months with masonry, woodcare and other exterior products as the main driving force. Manufacturers across the board have struggled to keep up with this unprecedented level of demand. It's likely that June's recovery could have been stronger if supply issues had not limited the growth.

As with many sectors, trying to predict what will happen in the paint market is very challenging. While the signs of recovery in the trade market are positive, who knows what the future will bring and how the Covid crisis, lockdown measures and economic uncertainty play out? As others, we are focused on how we can support our customers in the here and now and on planning for the future, and how best to collaboratively navigate these uncertain times.

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Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



Jim Blanthorne Managing Director of Keylite Roof Windows is BMBI's Expert for Roof Windows.

Our professional and personal lives have been massively impacted by the COVID-19 crisis, posing unexpected challenges for us all - 2020 has certainly been an eventful year for Keylite, the construction products market, the UK and the world as a whole.

Keylite remained open throughout lockdown, albeit with a skeleton crew and special safety measures in place, in order to maintain essential supply to our customers many of whom continued to trade throughout the quarter. During April and May, sales of roof windows were significantly impacted, dropping to 50% of the previous year. However, through June, July and early August sales have increased to levels close to expected performance.

Feedback from our merchant partners and other suppliers in the industry would suggest that this trend is common, and with a sudden return to normal volumes we are hearing anecdotal reports of supply chain issues in various sectors of the construction product market.

As we move into Autumn and Winter, amidst the economic uncertainty with which we are currently presented, Keylite is planning for sales to continue at today's levels, however we stand ready to respond to category challenges as the market situation becomes clear. Slow and steady best describes the new build market in June and July.

While RMI remains strong, only time will tell how this continues. Most homes were not designed for working from home and many homeowners are adapting their homes to this new normal, or plan to. The concept of a room in the roof has never been so relevant. A recent research of UK homeowners by money.co.uk (2020 Renovation Nation Report) finds that spending more time at home has inspired almost two thirds (65%) of homeowners to invest in renovating their property, and 63% of them investing to make their home more comfortable.

The recent increase in housing market activity prompted by the government's stamp duty changes is extremely welcome.

The Keylite team is working smarter, using technology that has now become the norm for us all and we continue to support our customers and the market as a whole.

“During April and May, sales of roof windows were significantly impacted, dropping to 50% of the previous year. However, through June, July and early August sales have increased to levels close to expected performance.”

Expert Panel

PVC-U Windows & Doors

(Part of Timber & Joinery Products)



No.1 for choice • No.1 for colour



Kevin Morgan, Group Commercial Director The Crystal Group is BMBI's Expert for PVC-U Windows & Doors.

If there was one lesson we learned in the last few months, it's that to survive (and then thrive) you need to be online. Over the last few months people of all ages and circumstances, from technophiles to technophobes, had to get to grips with searching, sourcing, buying, and communicating online. And to many people's surprise, they found they liked it! There's no going back to how things were.

In our sector, the increase in the use of digital and online tools isn't new. It's been building momentum for years, but it is an increasingly successful driver that generates strong growth and opportunity when wholeheartedly adopted by merchants.

All the tools that merchants need are available to help customers visualise, plan, and compare prices as they investigate supplier options for new doors and windows. Integrating those online tools and techniques with professional, up-to-date, bricks and mortar showrooms is vital to make it easy (or easier) for customers to buy your products.

The good news is that if you haven't already got fully on board with offering online options, Crystal has a range of tools and the experience to support you and help you set up. The online pricing and comparison tool that all merchants can link to, immediately increases their visibility to the end customer.

Other positive opportunities for the windows and doors sector include the Government's announcement of the Green Homes Grant Scheme. Announced on the 8th July, up to £10,000 could be available to homeowners, depending on their income level, to make their homes more energy efficient. It's been confirmed that double-glazing products are included, where they represent an upgrade from single glazed units. This initiative gives the sector another boost – more reason to be prepared with promotions to let homeowners know about your range of windows and doors.

Secondly in the area of recruitment and skills shortage, which is an ongoing issue for construction, it's very encouraging to see the launch of the Construction Talent Retention Scheme. It brings together a number of industry organisations. We support this initiative to find the skilled people we so greatly need in construction.

“Other positive opportunities for the windows and doors sector include the Government's announcement of the Green Homes Grant Scheme...Up to £10,000 could be available to homeowners, depending on their income level, to make their homes more energy efficient.”

Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



Derrick McFarland, Managing Director Keystone Lintels is BMBI's Expert for Steel Lintels.

Looking at Q2 2020 in isolation, the steep sales growth curve is what start-up businesses dream of. However, back to reality, demand for steel lintels in Q2 was in the range of 40% down on the previous year. Taking May and June together we see a slightly more positive position with the reduction halved. The trends are moving in the correct direction, and each month the market is improving. The small to medium enterprise (SME) market is posting a strong performance compared to the volume house building sector, which has been slower to return and has implemented strict social distancing rules.

The availability of lintel stocks and simplicity of service has been critical for merchants responding to customer demands, while working in an unusual work environment over the quarter. Manufacturers with a 'can do' attitude are vital in this supply chain partnership. At Keystone, we see specification and service as the two key focal points in delivering performance for our merchant customers.

New enquiries are running 20% behind the same period last year, linked to some companies being shut down for a substantial period of time and sites taking longer to finish. The net result is that those enquiry levels are an indication of future volumes. Merchants and manufacturers need to work together closely (yet two metres apart) to maximise each enquiry. As I mentioned in previous comments, embracing changing technology in communications to maintain the benefits of networking is vital.

The government's 'Build, Build, Build' agenda, bodes well for the future, but will it be enough when the furlough scheme comes to an end? Accessibility of finance and availability of mortgage deals will also be key.

The market is still focused on the delivery of revised Part L and the new Future Homes Standard, with carbon reduction targeted by at least 20%. This puts the fabric of the building and lintels, specifically thermally performing lintels with certification and a proven record, as one of the critical elements in the overall solution.

Keep safe and well.

“The trends are moving in the correct direction, and each month the market is improving. The small to medium enterprise (SME) market is posting a strong performance compared to the volume house building sector, which has been slower to return and has implemented strict social distancing rules.”

Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



Neil Hargreaves, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation.

Like everybody, we've adapted to a 'new normal' over the past few months. Our commercial team have swapped face-to-face meetings for virtual ones so we can stay close to our customers, and even speak more frequently.

Face to face training has also become virtual. By the time you read this, for example, we'll have launched our new series of 15-minute online training modules for merchants. Each module focuses on a specific insulation topic or application to help merchants better serve their customers and make the most of link-selling opportunities as the industry recovers.

Of course, the big question is just how rapid recovery will be. This report shows that merchant sales in May were 40% down on last year, though they rose sharply compared to April. At Knauf Insulation, we have seen increasing demand since the beginning of May, helped partly by the recent stamp duty relaxation.

There are other reasons for optimism on the outlook for insulation. The government's widely publicised Green Homes Grants of up to £10,000 a home for home energy efficiency improvements will provide an obvious short-term boost. We await further details on how the scheme will work to see how it will affect merchants.

The real boost comes if the Green Homes Grant is just the start of a national investment in the energy efficiency of UK homes. The current consensus on the need for major public investment to create jobs, improve housing stock and meet emissions goals gives us a historic opportunity (and the reality is, there is no path to achieve net-zero without widespread retrofits using high quality insulation).

We're playing our part to ensure that the opportunity isn't missed. The chancellor's announcements followed a successful campaign run by the Energy Efficiency Infrastructure Group, supported by the Mineral Wool Insulation Manufacturers Association (MIMA) and partners including Knauf Insulation. We'll continue to talk to government to make sure energy efficiency remains at the top of the agenda for a green recovery.

“The real boost comes if the Green Homes Grant is just the start of a national investment in the energy efficiency of UK homes. The current consensus on the need for major public investment to create jobs, improve housing stock and meet emissions goals gives us a historic opportunity.”

Expert Panel

Water Heating

(Part of Plumbing Heating & Electrical)

HEATRAE SADIA
SMARTER | CLEANER | WARMER



Jeff House, Head of External Affairs Baxi Heating UK (incorporating Heatrae Sadia) is BMBI's Expert for Water Heating.

We live in strange and uncertain times. As expected, the impact of a near total lockdown during the earlier part of this year resulted in a significant downturn in demand for construction products across the board, including heating and hot water systems.

Now for some much-needed positive news! The gradual easing of restrictions has resulted in a strong bounce back. According to the latest Energy & Utilities Alliance economic reports, domestic boiler sales in June returned to “normal” levels tracking at only 4% down versus June 2019, but still 23% down year to date. Hot water cylinders enjoyed an upturn as well, albeit slightly weaker at 8% down in comparison by month and 21% down year to date. In part this can be attributed to pent up demand for non-emergency RMI work which was not possible during lock down, however, performance during July gives hope that this positive trend will continue throughout the year.

Regarding Government policy we have seen some interesting developments.

Firstly, the Green Homes Grant Scheme, revealed in July, has been clarified by a succession of press releases and guidance documents. The purported £2bn scheme, initially open to applicants from September 2020 until April 2021, appears to primarily target insulation measures. Heat pump installations are in scope but the requirement for both MCS and Trustmark accreditation is causing some controversy in the industry. For our part we see the scheme as an interesting start in tackling the energy efficiency of the existing housing stock but rue the lack of inclusion of essential components such as hot water storage.

August also saw the release of “Planning for the Future” a white paper on the planning system. The main thrust of this is related to systemic change of the planning process but also includes an interesting statement related to the long awaited Government response to last year’s consultation on changes to Approved Documents L & F of the Building Regulations, promising a full response “in the Autumn”. This, coupled with the expected publication of the BEIS “Heat & Buildings Strategy” means a busy few months for the heating industry later in the year.

“The gradual easing of restrictions has resulted in a strong bounce back. According to the latest Energy & Utilities Alliance economic reports, domestic boiler sales in June returned to “normal” levels tracking at only 4% down versus June 2019, but still 23% down year to date.”

Expert Panel

Natural Stone Landscaping Products

(Part of Landscaping)



Malcolm Gough, Group Sales & Marketing Director Talasey Group is BMBI's Expert for Natural Stone Landscaping Products, Vitrified Paving & Artificial Grass.

The start of Q2 was hit by lockdown, just before Easter, the peak season for hard landscaping. The weather was excellent, with the sunniest Spring on record for the UK, but the closure of many builders' merchants in April meant sales dropped like a stone.

We were in the good position going into the quarter with full stock levels and new product lines, including a new decking range, and serviced some customers throughout the pandemic. Demand for all landscaping products is very high and continues to increase with furloughed and home-working homeowners improving their outside spaces to enjoy their garden - this year's new staycation!

Recovery in landscaping has been quicker and stronger than in other sectors. Buoyed by good weather and the driest May ever recorded, and workers on furlough with more time to spend in the garden, the market performed above expectation during May and June.

Importing has been difficult but despite supply problems, specifically from China at the start of the pandemic and disruptions to transport, we have not experienced major issues with availability. However, prices have increased due to shipping and raw material costs. Price of Indian sandstone are expected to continue rising as the lockdown in India halted extraction in the quarries before the monsoon season started. So, grey sandstone is in very short supply and prices have been creeping up every day, making it hard to plot UK landed prices. Landscaping materials have never been in so much demand but getting stock of products like stone and porcelain have been harder than normal and this will continue beyond September.

More and more merchants are trading online with lower stock levels, putting more pressure on suppliers to do all the operational work. There is also a high risk of a second wave of the virus and, as a major product importer, we are also very concerned about the prospect of a no-deal Brexit. There is a fog over tariffs and new rules, and exchange rates may be volatile for some time.

We see demand outstripping the limited supply and the landscaping season extending well into the winter months, but nothing is certain in this extraordinary year.

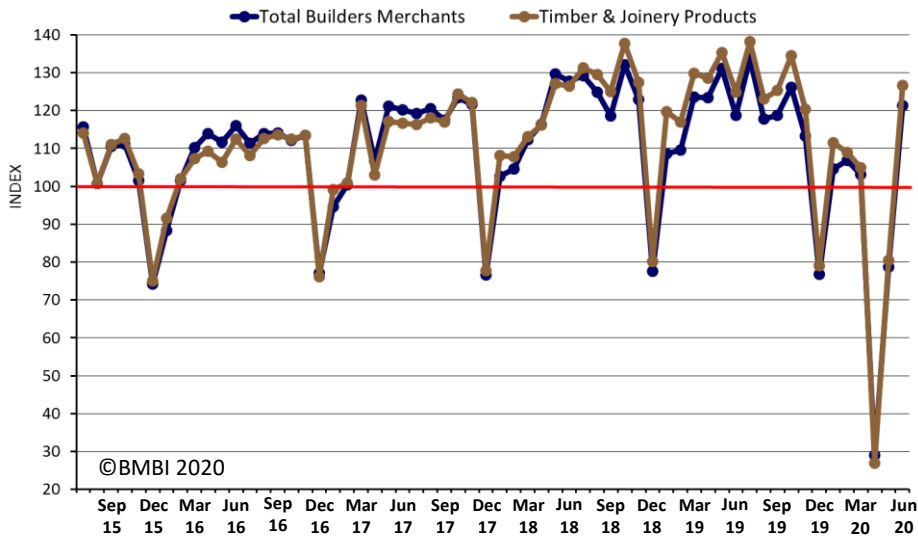
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Monthly and Quarterly Indices

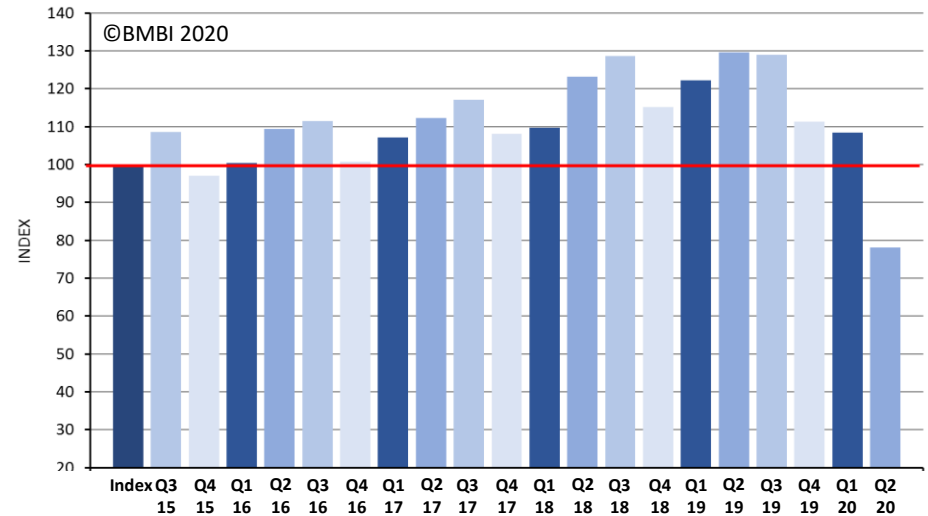
June 2020 and Q2 2020



Timber & Joinery Products



Timber & Joinery Products - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

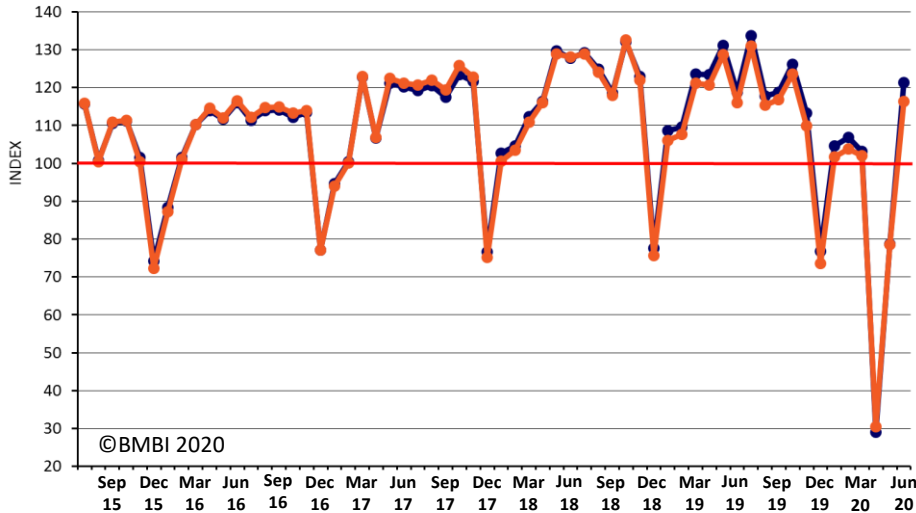
Monthly and Quarterly Indices

June 2020 and Q2 2020

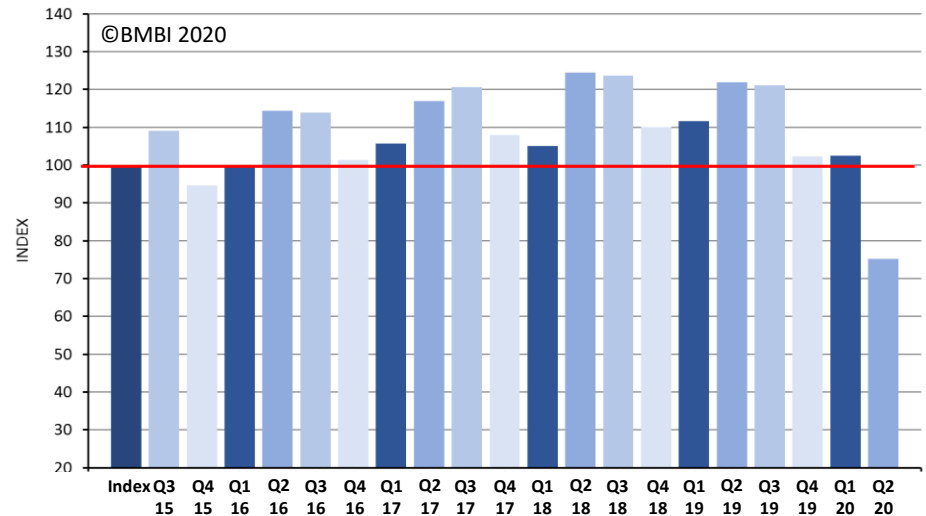


Heavy Building Materials

● Total Builders Merchants ● Heavy Building Materials



Heavy Building Materials - Quarterly



Charts indexed on July 2014 – June 2015

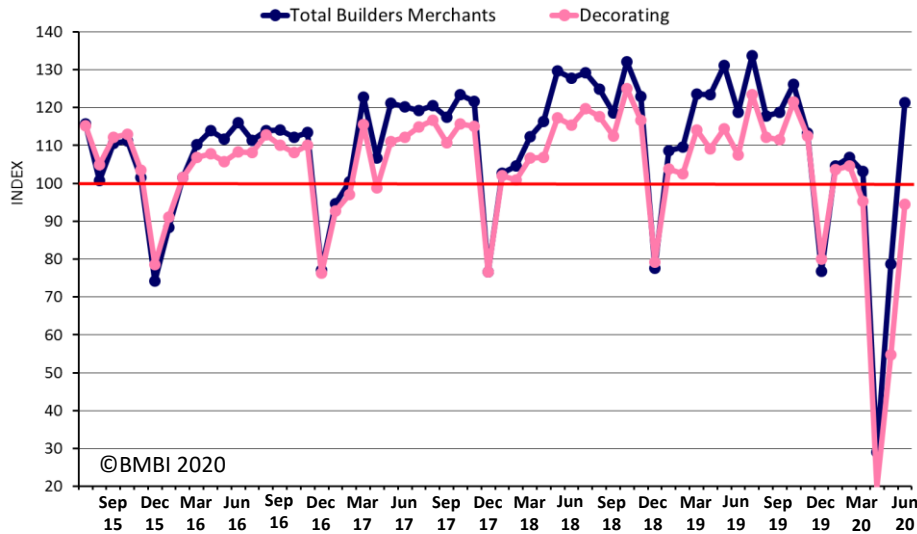
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Monthly and Quarterly Indices

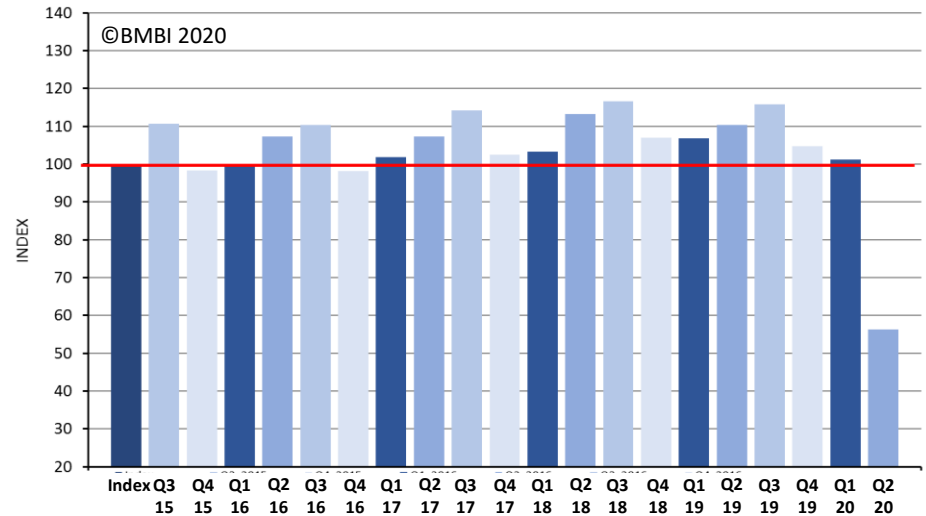
June 2020 and Q2 2020



Decorating



Decorating - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

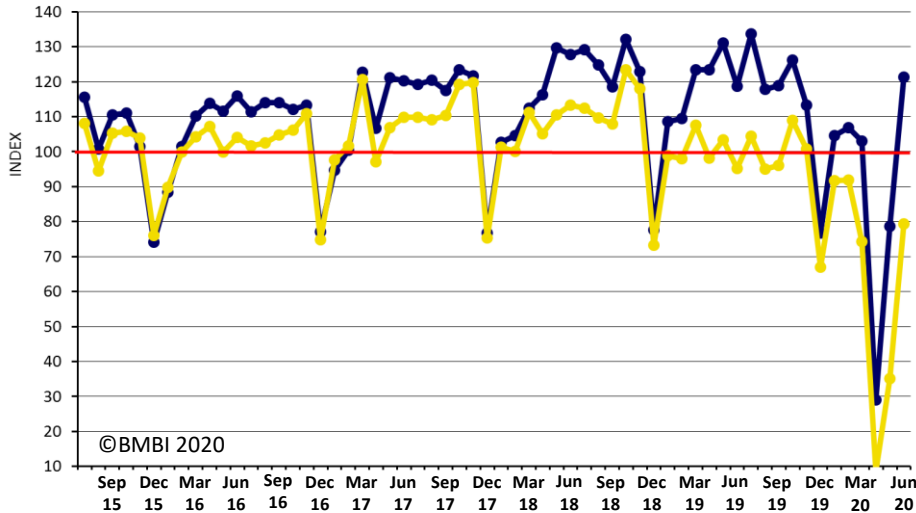
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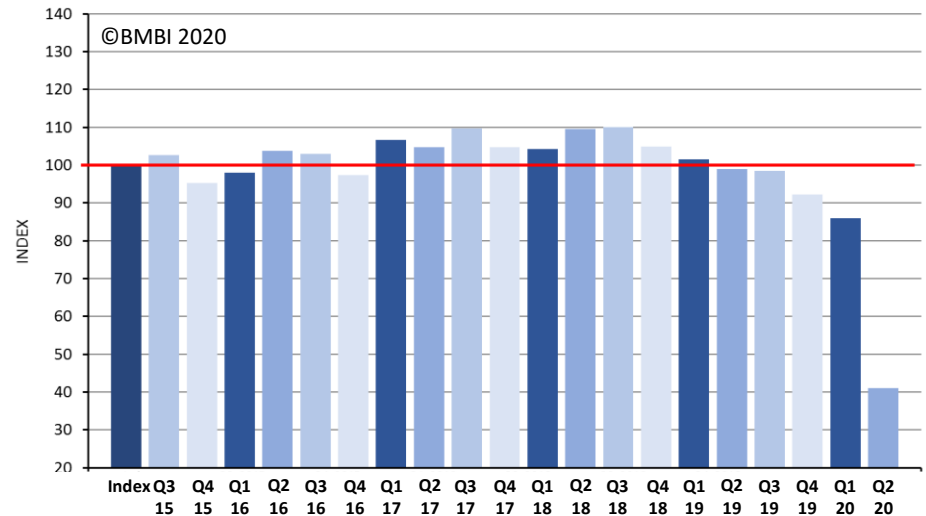


Tools

● Total Builders Merchants ● Tools



Tools - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

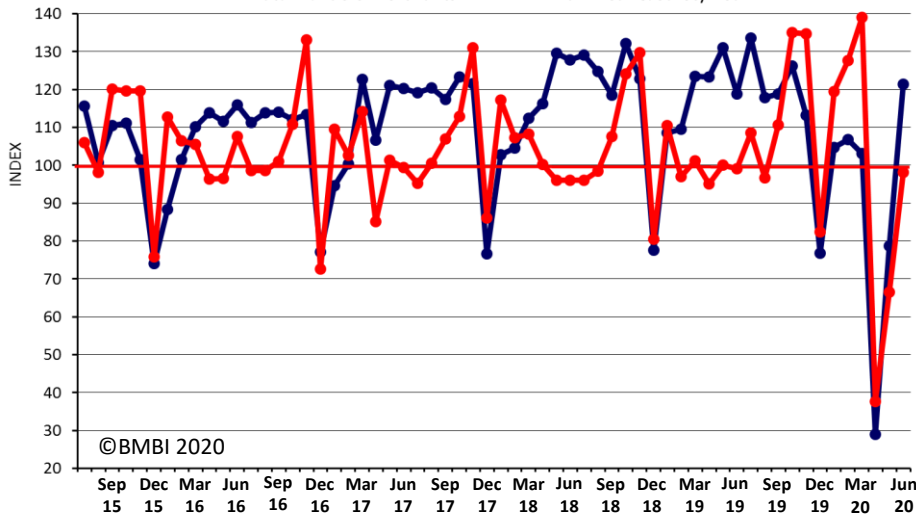
Monthly and Quarterly Indices

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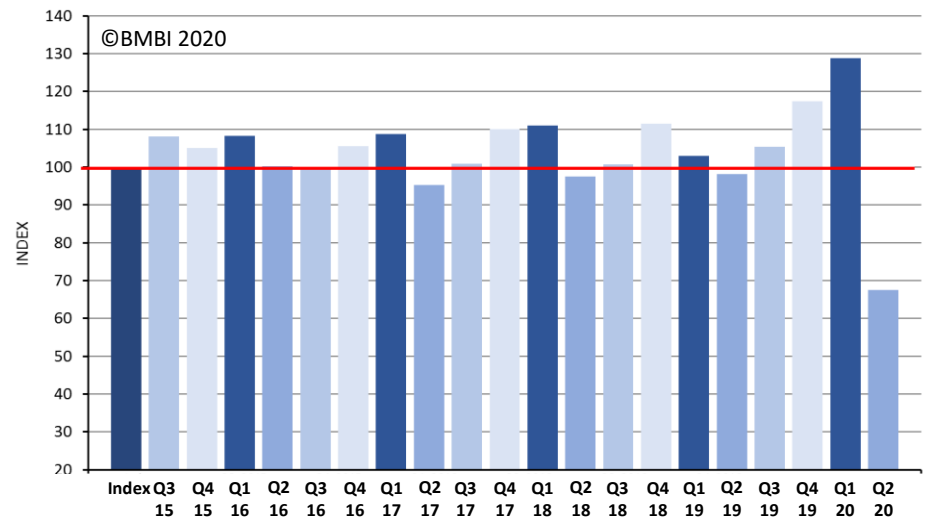


Workwear & Safetywear

— Total Builders Merchants — Workwear & Safetywear



Workwear & Safetywear - Quarterly



Charts indexed on July 2014 – June 2015

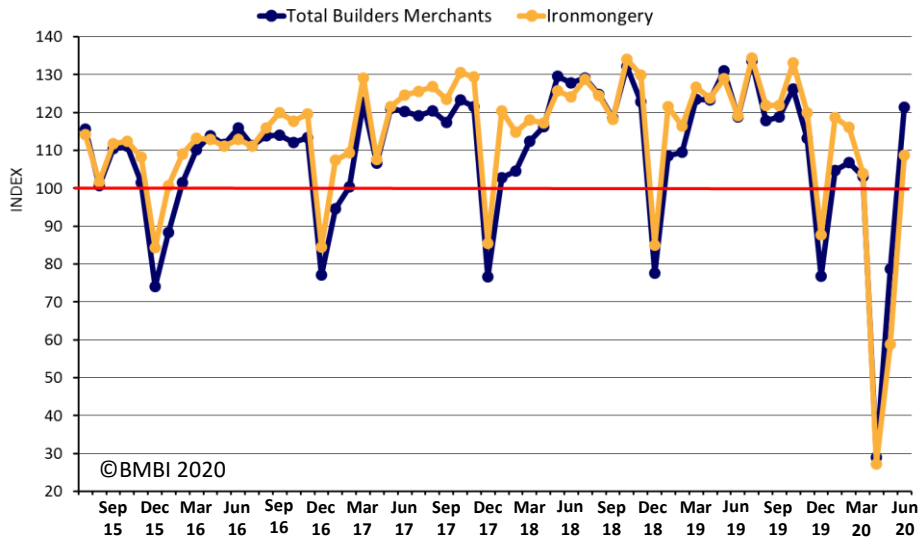
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July 2015 to June 2020

Monthly and Quarterly Indices

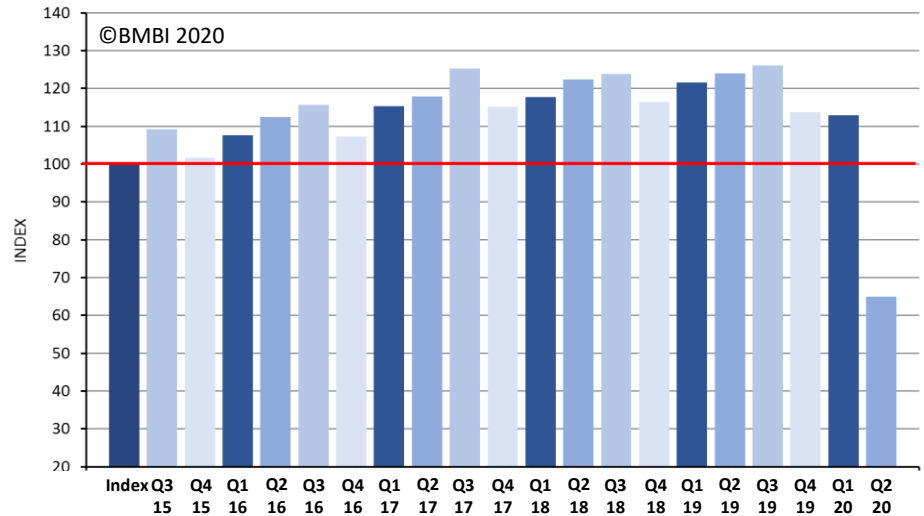
June 2020 and Q2 2020



Ironmongery



Ironmongery - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

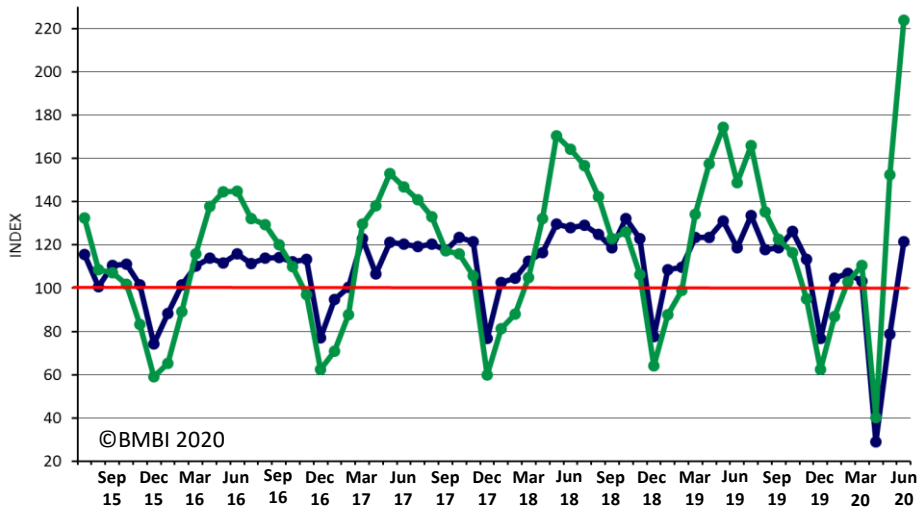
Monthly and Quarterly Indices

June 2020 and Q2 2020

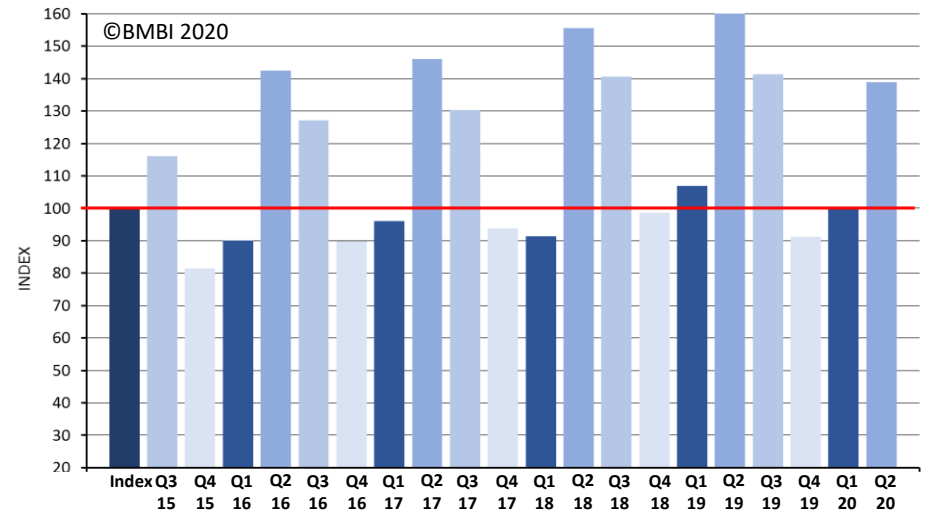


Landscaping

◆ Total Builders Merchants ◆ Landscaping



Landscaping - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

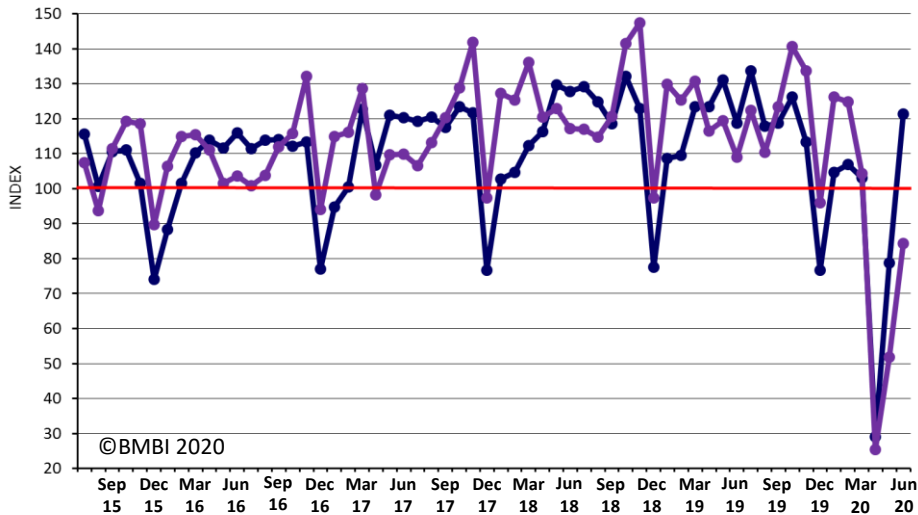
Monthly and Quarterly Indices

June 2020 and Q2 2020

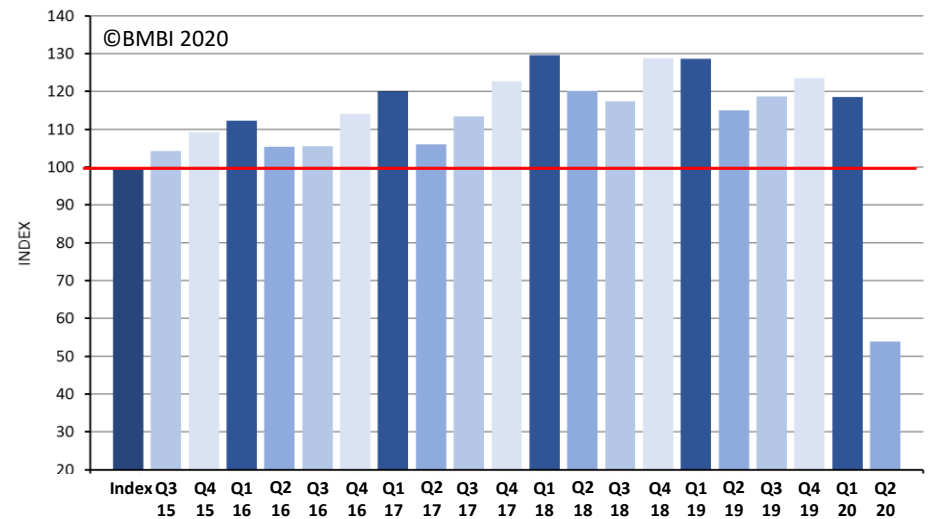


Plumbing, Heating & Electrical

● Total Builders Merchants ● Plumbing, Heating & Electrical



Plumbing, Heating & Electrical - Quarterly



Charts indexed on July 2014 – June 2015

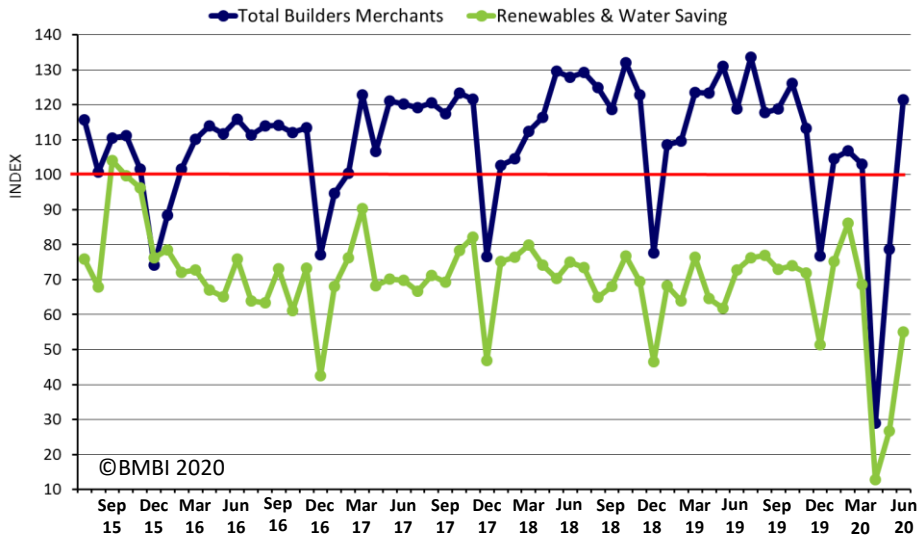
Source: GfK's Builders Merchants Total Category Report July 2015 to June 2020

Monthly and Quarterly Indices

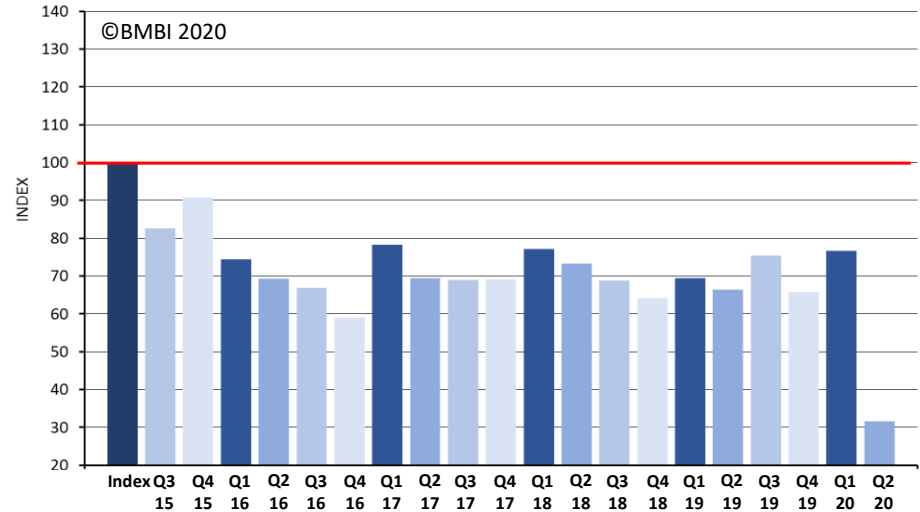
June 2020 and Q2 2020



Renewables & Water Saving



Renewables & Water Saving - Quarterly



Charts indexed on July 2014 – June 2015

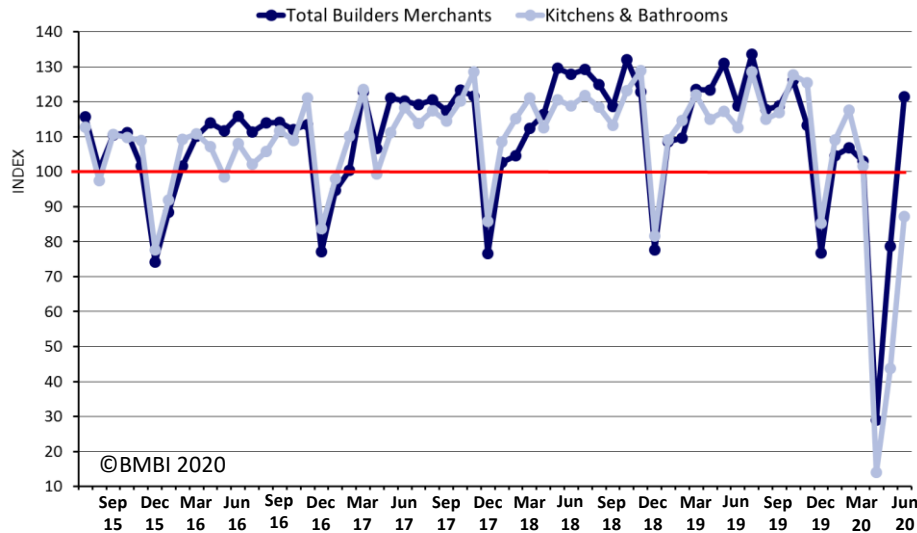
Source: GfK's Builders Merchants Total Category Report July 2015 to June 2020

Monthly and Quarterly Indices

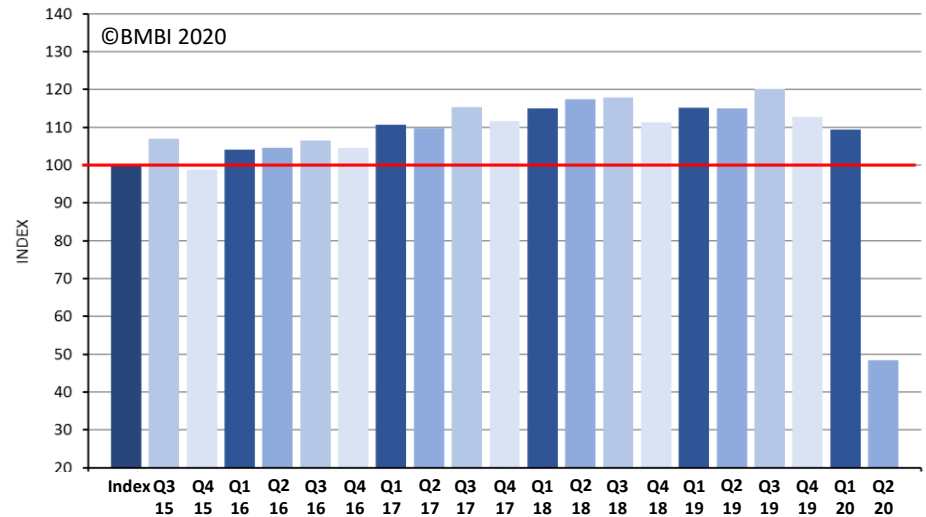
June 2020 and Q2 2020



Kitchens & Bathrooms



Kitchens & Bathrooms - Quarterly



Charts indexed on July 2014 – June 2015

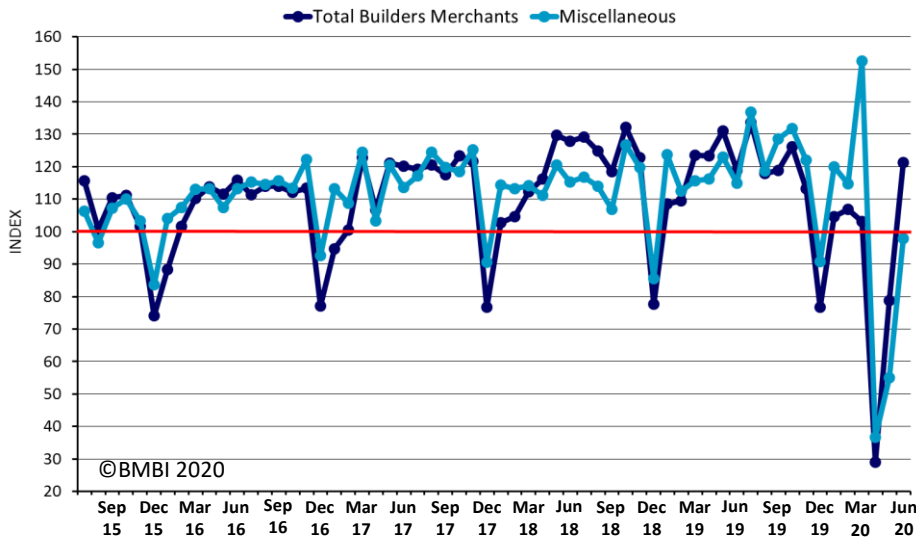
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly and Quarterly Indices

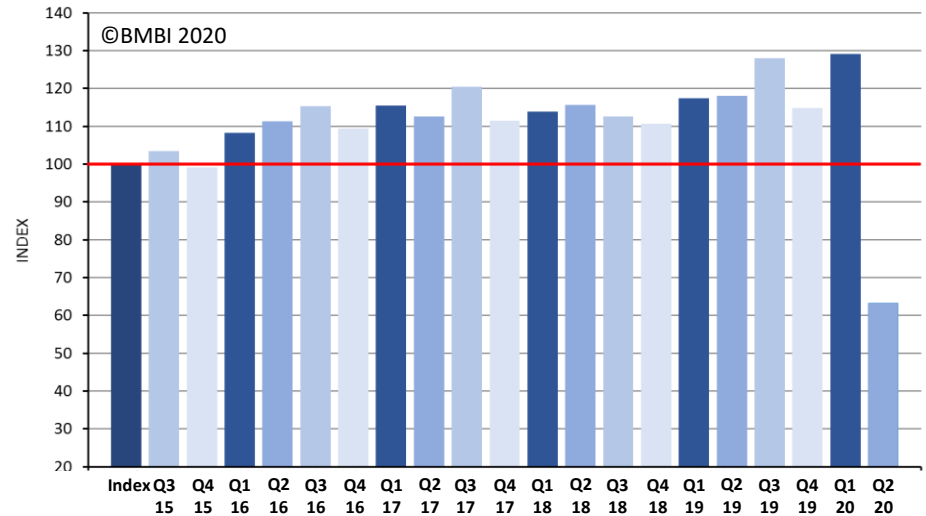
June 2020 and Q2 2020



Miscellaneous



Miscellaneous- Quarterly

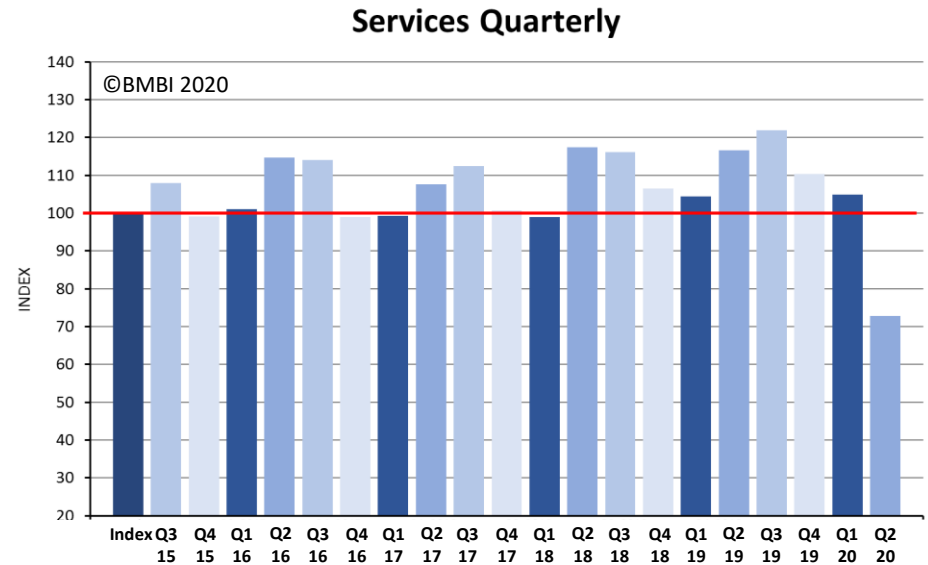
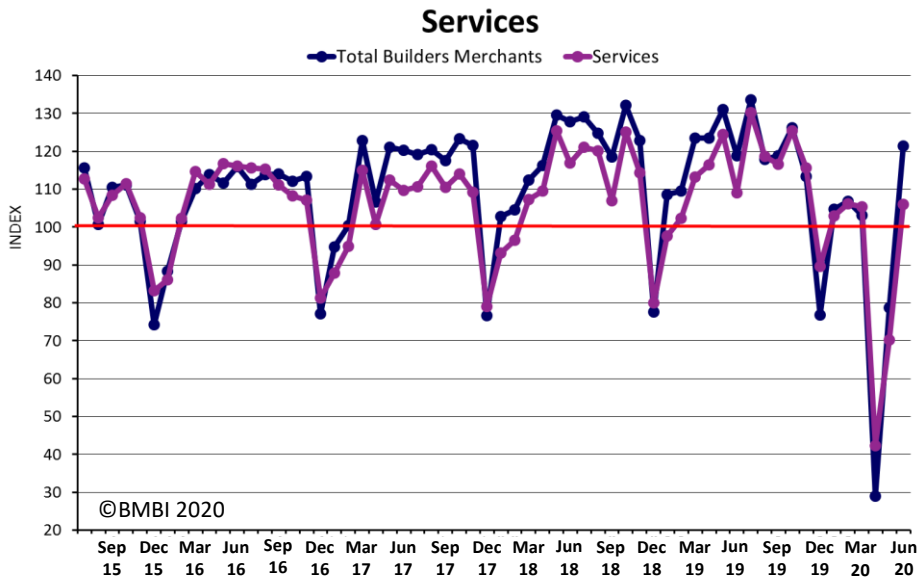


Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Monthly and Quarterly Indices

June 2020 and Q2 2020



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

Trading Days

Monthly

Index: 20.8

2015											
						Jul	Aug	Sep	Oct	Nov	Dec
						22	20	22	22	21	17
2016											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
20	21	21	21	20	22	21	22	22	21	22	17
2017											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
21	20	23	18	21	22	21	22	21	22	22	16
2018											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	21	22	22	20	23	22	15
2019											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	20	23	21	21	23	21	15
2020											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	22	20	19	22						

Quarterly

Index: 62.3

2015				2015		2016		2017		2018		2019		2020		
			Q3	Q4			H1	H2			H1	H2			H1	H2
			64	60			125	124			125	124			125	
2016				2016		2017		2018		2019		2020		2020		
Q1	Q2	Q3	Q4			H1	H2			H1	H2			H1	H2	
62	63	65	60			125	125			124	124			125		
2017				2017		2018		2019		2020		2020		2020		
Q1	Q2	Q3	Q4			H1	H2			H1	H2			H1	H2	
64	61	64	60			125	124			124	124			125		
2018				2018		2019		2020		2020		2020		2020		
Q1	Q2	Q3	Q4			H1	H2			H1	H2			H1	H2	
63	62	64	60			125	124			124	124			125		
2019				2019		2020		2020		2020		2020		2020		
Q1	Q2	Q3	Q4			H1	H2			H1	H2			H1	H2	
63	61	65	59			124	124			125						
2020				2020		2020		2020		2020		2020		2020		
Q1	Q2	Q3	Q4			H1	H2			H1	H2			H1	H2	
64	61					125										

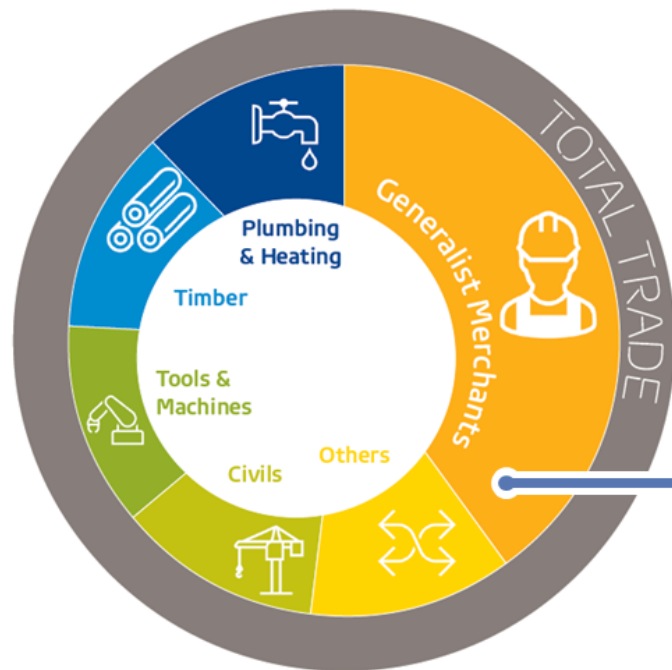
GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2020

GfK's Panel

Generalist Builders Merchant Panel (GBM's)



We define the Builders Merchants channel as the following:



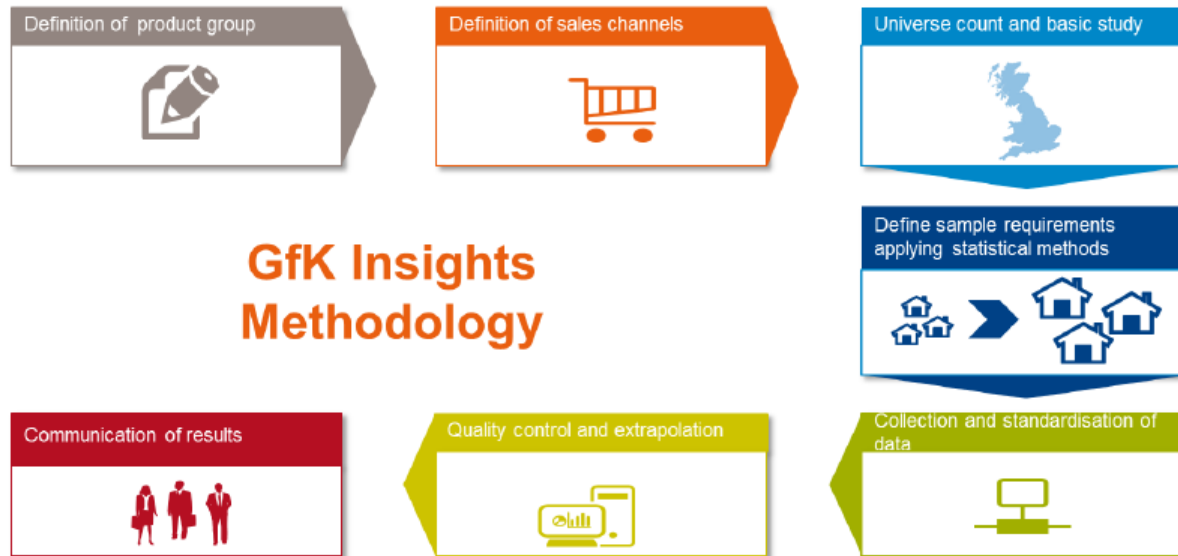
Generalist Builders Merchants definition

- Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users. This excludes branches that generate all of their sales from specialized areas such as Civils, Tiles and Tools. Estimated coverage of this channel sits at 82%.
- Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

Examples include:



GfK Insights Methodology



GfK collect live sales-out data from our panel of merchant partners.

We add value to that data through the application of each sold product's unique technical features. We compare like-for-like products and categories from like-for-like merchants and aggregate this within our reports.

Our international methodology is based on robust scientific principles and delivers continuous, reliable information that can be applied to your business requirements.

GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



Headline values available

Timber & Joinery Products

Timber
Sheet Materials
Cladding
Flooring & Flooring Accessories
Mouldings
Stairs & Stairparts
Window & Frames
Doors/Door Frames

Heavy Building Materials

Bricks Blocks & Damp Proofing
Drainage/Civils/Guttering
Lintels
Cement/Aggregate/Cement Accs
Concrete Mix/Products
Plasters Plasterboards and Accessories
Roofing Products
Insulation
Cement Mixers/Mixing Buckets Products
Builders Metalwork
Other Heavy Building Equipment/Material

Decorating

Paint/Woodcare
Paint Brushes Rollers & Pads
Adhesives/Sealants/Fillers
Tiles And Tiling Accessories
Decoration Preparation & Decorating Sundries
Wall Coverings

Tools

Hand Tools
Power Tools
Power Tool Accessories
Ladders & Access Equipment

Workwear And Safetywear

Clothing
Safety Equipment

Ironmongery

Fixings And Fastenings
Security
Other Ironmongery

Landscaping

Garden Walling/Paving
Driveways/Block Paving/Kerbs
Decorative Aggregates
Fencing And Gates
Decking
Other Gardening Equipment

Plumbing Heating & Electrical

Plumbing Equipment
Boilers Tanks & Accessories
Heating Equipment/Water Heaters/Temperature Control/Air Treatment
Radiators And Accessories
Electrical Equipment
Lighting And Light Bulbs

Renewables And Water Management

Water Saving
Renewables & Ventilation

Kitchens & Bathrooms

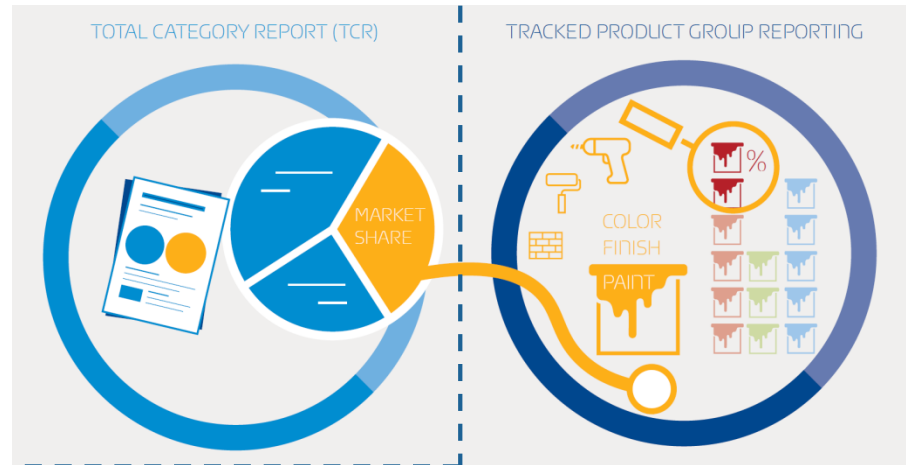
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

Miscellaneous

Cleaning/Domestic/Personal
Automotive
Glass
Other Furniture & Shelving
Other Misc

Services

Toolhire / Hire Services
Other Services



In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Emile van der Ryst at GfK
emile.van-der-ryst@gfk.com

Available categories:

Heavyside

Bricks
Insulation

Lightside

Emulsion Paints (incl. Masonry & Base)
Trim Paints
Primers/Undercoats
Woodcare
Adhesives
Sealants
Fillers/PU Foam
Tile Fixing (Adhesives/Grout)

Macro factors impacting Merchants



Bank interest rates

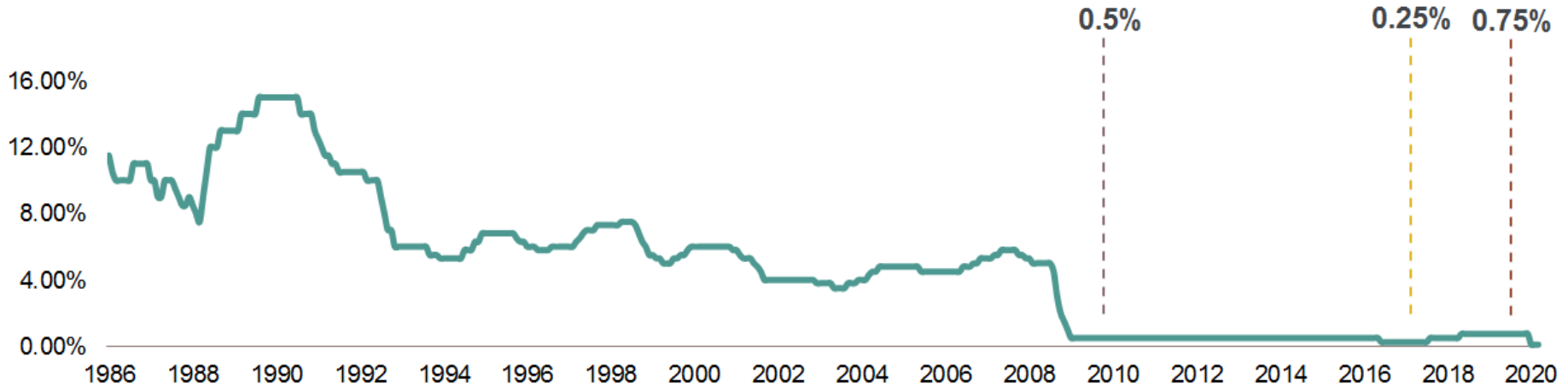
Set monthly by the MPC (Monetary Policy Committee)

▪ The base rate of interest is one of the tools used by the Bank of England to target price stability. Since 1997, when the Bank's Monetary Policy Committee gained autonomy, the rate has been between 7.5% and 0.25%.

▪ The economic crisis caused the Bank to drop rates to 0.5%, as the inflation pressure was considered less important than the stability of the economy.
▪ The further reduction in August 2016 was designed to further promote growth and achieve the Bank's 2% inflation target.

▪ At its meeting on the 4th August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%.

▪ The MPC voted unanimously to maintain Bank Rate at 0.1% in June 2020.
▪ The Committee voted unanimously for the Bank of England to continue with the existing programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases,



Source: Bank of England

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Macro factors impacting Merchants

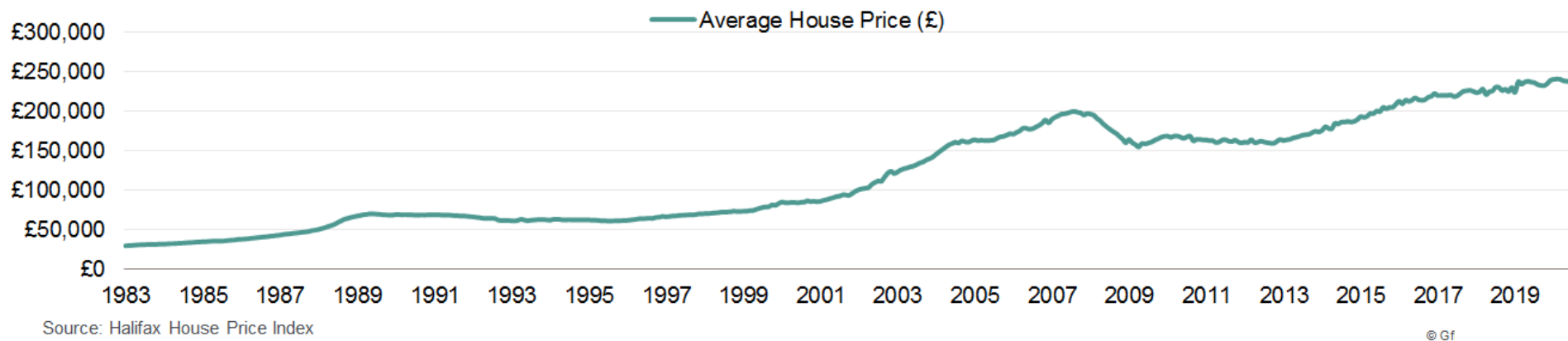


Standardised average house prices

Average Price (year end)		
2005	£163,139	+92%
2010	£168,390	+3%
2015	£208,286	+10%
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%
2019	£238,963	+2%

- Average house prices fell by 0.1% in June as the UK property market continued to emerge from lockdown.
- Though only a small decrease, it is notable as this is the first time since 2010 that prices have fallen for four months in a row.

- At the end of June 2020, the average house price in the UK decreased slightly to £237,616 from £237,808 in May 2020.
- House prices in June 2020 were 2.5% higher than in the same month a year earlier.



Macro factors impacting Merchants



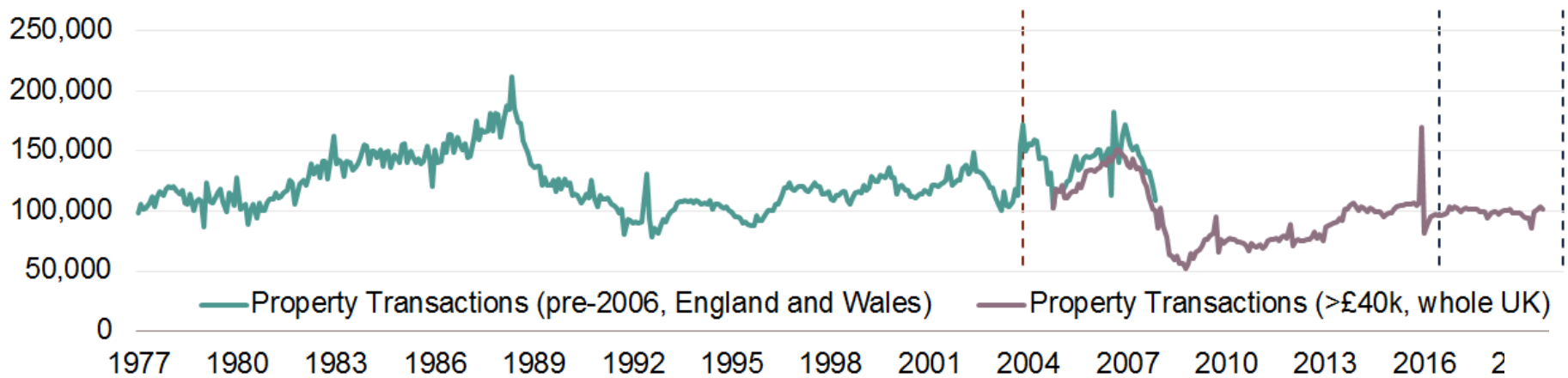
Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2015	1,228,710
2016	1,234,500
2017	1,223,400
2018	1,190,350
2019	1,171,520

- Stamp duty was altered significantly on 1st December 2003.
- In April 2016, there were major changes to the amount of Stamp Duty property investors will have to pay when purchasing a second home or a buy to let property.

- The seasonally adjusted UK property transaction count for June 2020 was 63,250 residential and 7,340 non-residential transactions.
- The seasonally adjusted count of residential property transactions in June 2020 is 35.9% lower than June 2019 and 31.7% lower than May 2020.



Source: HM Revenue & Customs

© GfK

Macro factors impacting Merchants



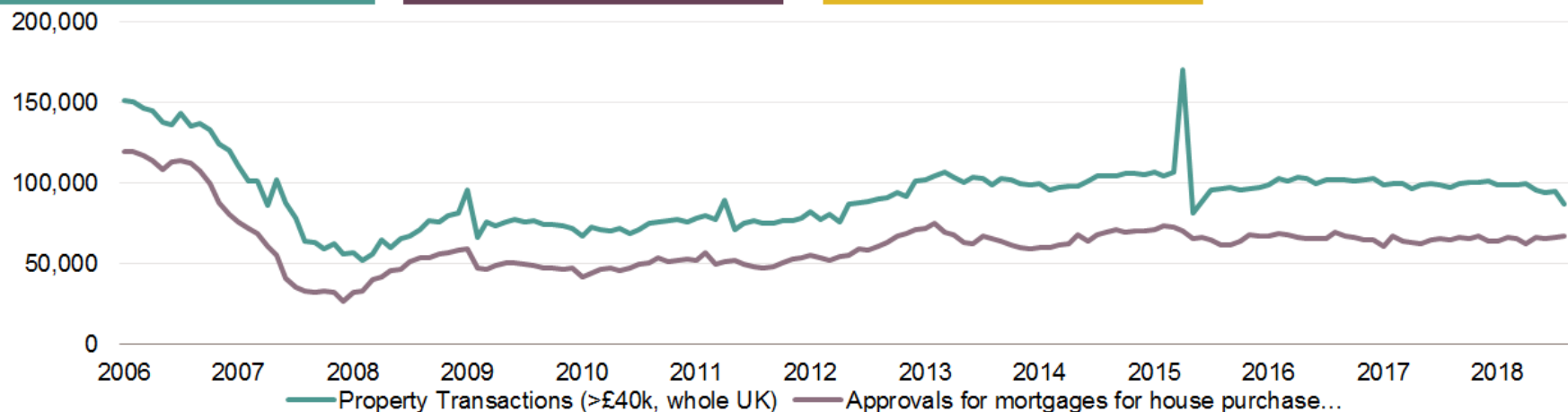
Mortgage approvals and property transactions

Monthly residential transactions and mortgage approvals (seasonally adjusted)

▪ Mortgage approvals for house purchase refers to the firm offers of lenders to advance credit secured on specific dwellings to their customers.

▪ The number of loan approvals for house purchase in the United Kingdom fell to 9,273 in May 2020 - this represents a 42% decrease from April 2020.

▪ The March/April 2016 peak and subsequent fall in property transactions, may be attributed to people rushing to beat the new stamp duty changes coming into force in April 2016.



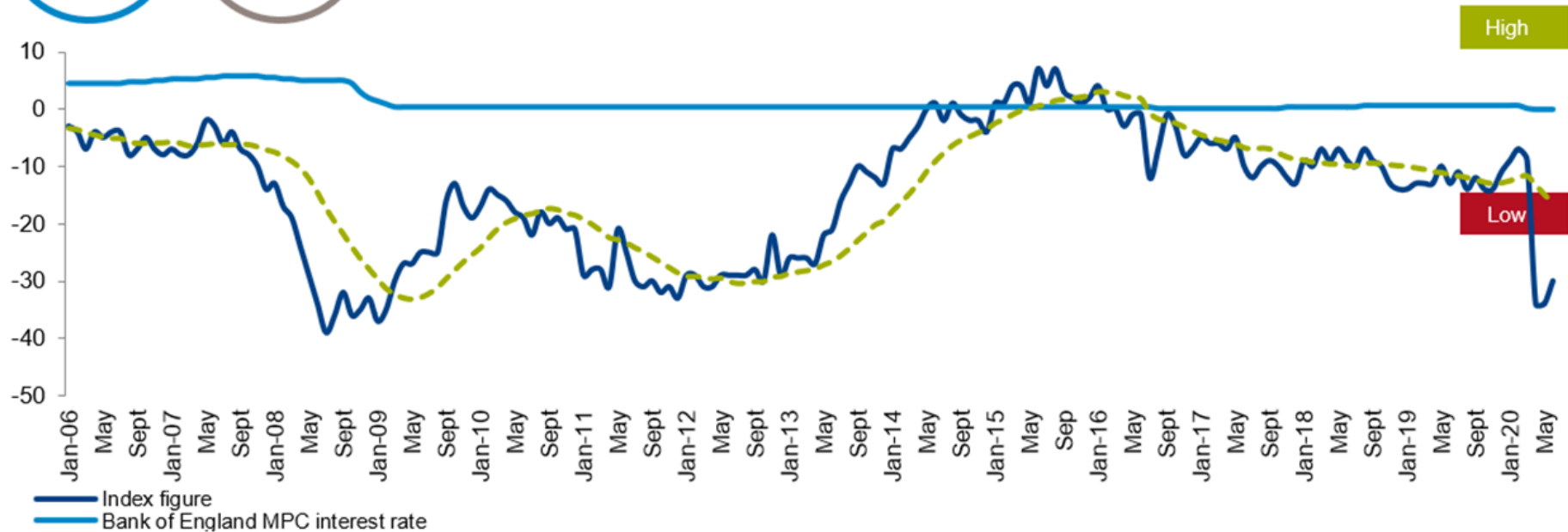
Source: HM Revenue & Customs

© GfK

Macro factors impacting Merchants



Consumer Confidence Index



The Index Score is calculated using the results of five questions (1,2,3,4, and 8). The mean score from each of these five questions is combined and the Index Score is the average.

Contact us

For further information



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