mra research
MARKET INSIGHT & STRATEGY

the Pulse

Expectations. Prospects. Confidence.

July 2020

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

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Overview

Back to business!

July's survey shows the industry returning to a pre-Covid world. Many branches are fully open and most of the rest are planning to follow.

Branches are in safety mode, operating with restrictions to protect staff and customers. This is unlikely to change anytime soon.

Following a surge in sales and confidence in June, merchants were more cautious in July with sales and confidence easing a little. Overall it's a positive picture.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 6th and 9th July.

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.

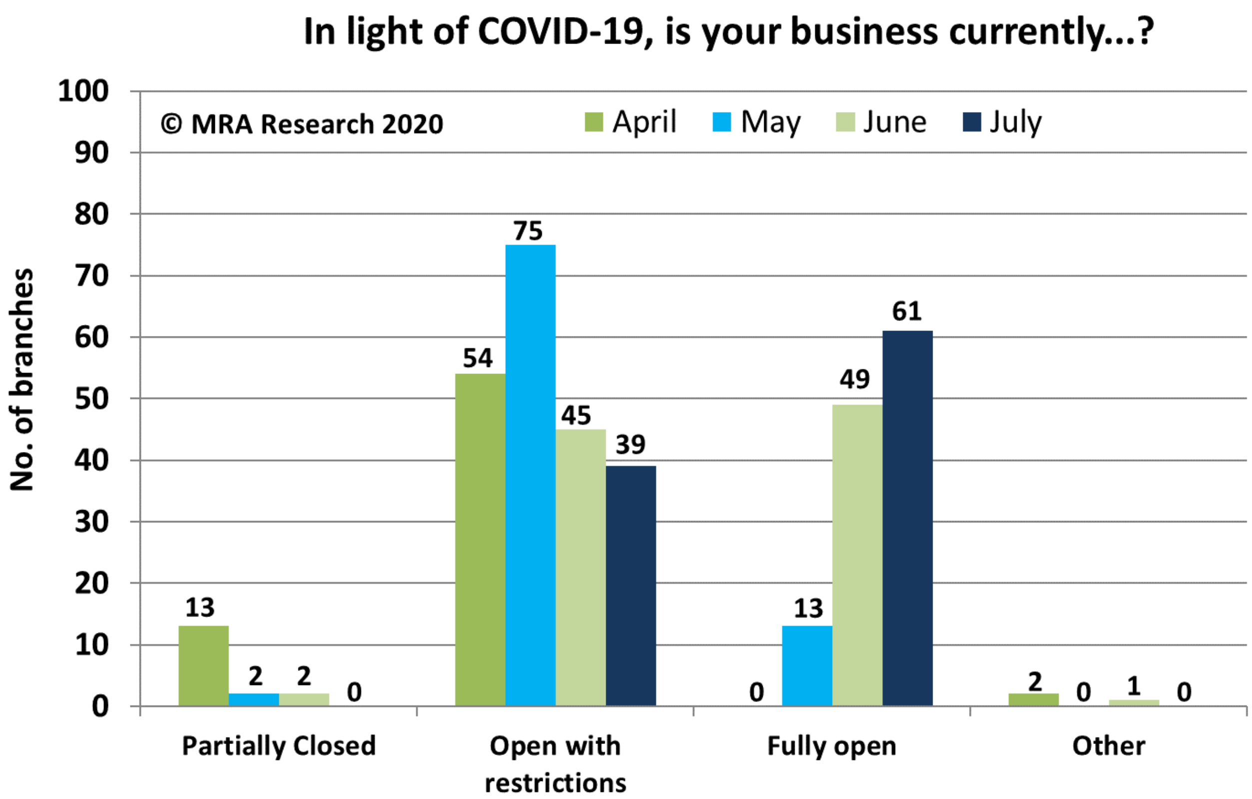
Impact of COVID-19…1

In July, we spoke to all the branches we contacted for the 106 interviews. There were 0 closures and 0 non-responses.

Refusal rates also improved significantly. The much higher refusal rates in April, May and June were down to merchants being rushed off their feet by staff shortages and a surge in business as restrictions started to ease.

	April	% of total	May	% of total	June	% of total	July	% of total
Spoke to	**136**	**51%**	**143**	**83%**	**139**	**95%**	**106**	**100%**
Refused	67	(49%)	53	(37%)	42	(30%)	6	(6%)
Completed interview	69	(51%)	90	(63%)	97	(70%)	100	(94%)
Closed	**57**	**22%**	**10**	**6%**	**3**	**2%**	**0**	**0%**
No reply	**72**	**27%**	**20**	**11%**	**4**	**3%**	**0**	**0%**
Total	**265**	**100%**	**173**	**100%**	**146**	**100%**	**106**	**100%**

Impact of COVID-19…2



More branches are fully open in July, and more plan to open fully.

Sample base July: 100
Sample base June: 97
Sample base May: 90
Sample base April: 69

Impact of COVID-19…3

Open with restrictions

Limiting people in the branch or yard area was mentioned by most of the 39 branches open with restrictions.

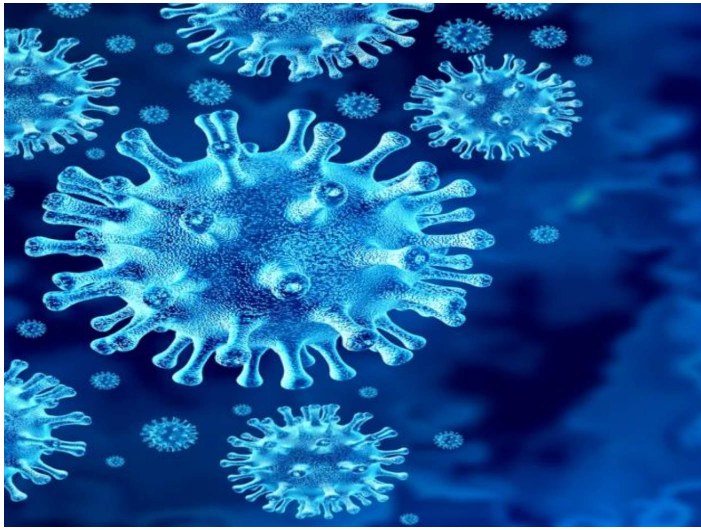
Others mentioned the implementation of new safety measures in accordance with new guidelines such as:

- One-way system
- Social distancing inside the branch and in the yard
- Adding screens and providing appropriate PPE
- Limiting the service to click & collect only, pre-booked collections and deliveries only
- Restricting opening hours of the branch, with showrooms closed or by appointment only

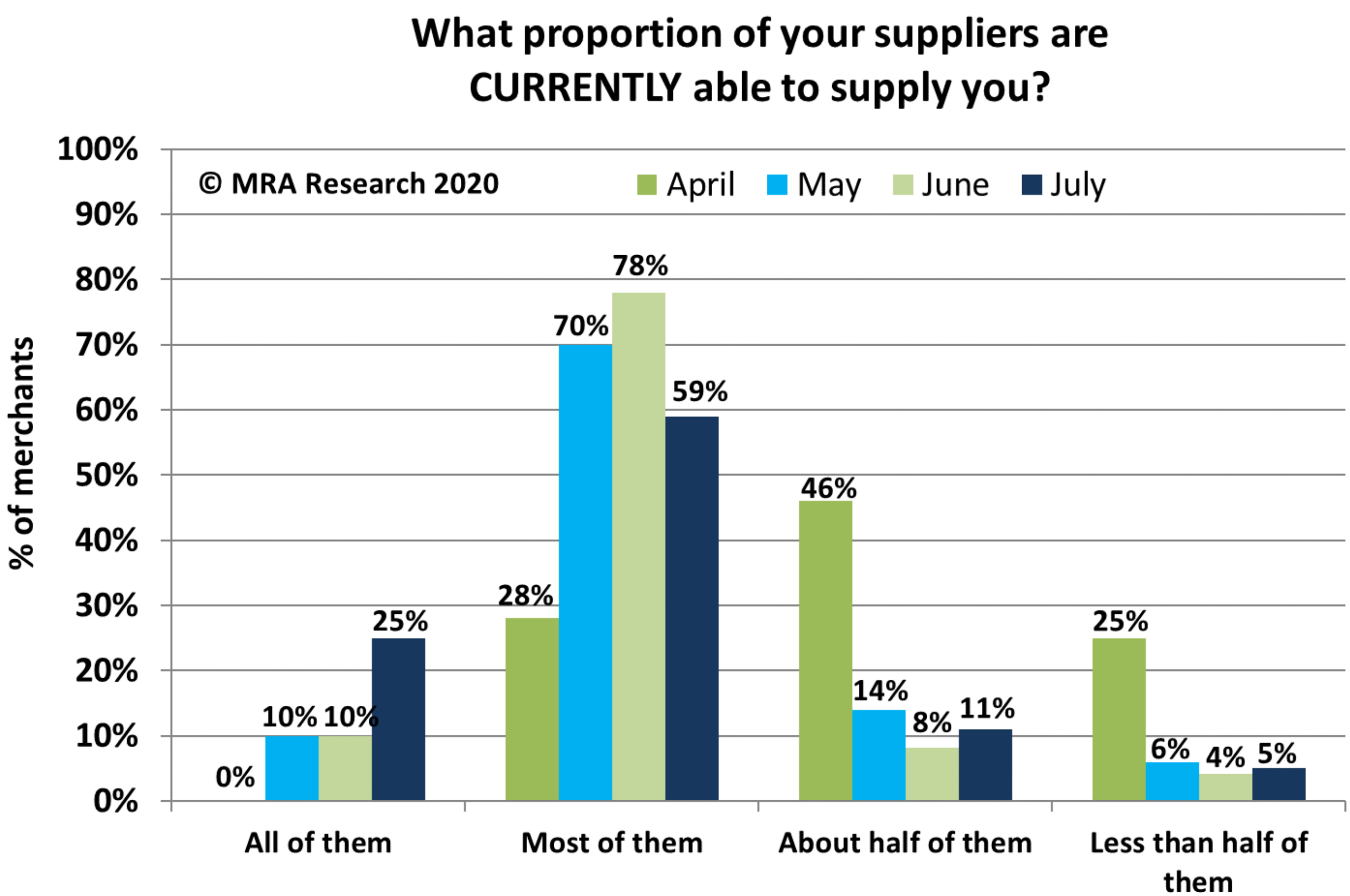
Impact of COVID-19…4

Plans for reopening fully

- 21 of the 39 branches didn't know when their branches would fully reopen.
- 9 said it would be down to government or when social distancing measures have gone.
- 5 said next month (August).
- The remaining 4 mentioned a longer timescale of up to 12-18 months away.

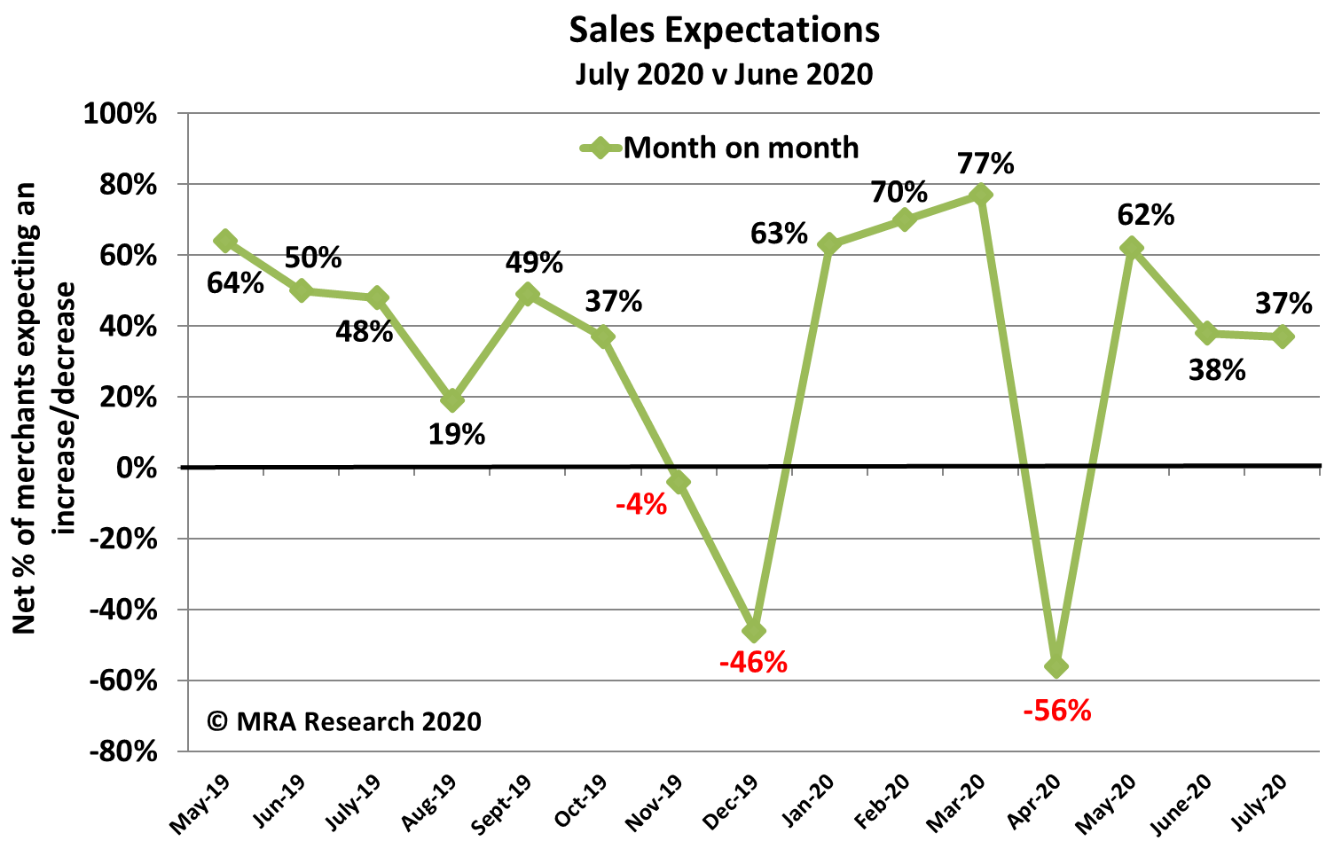


Material supply



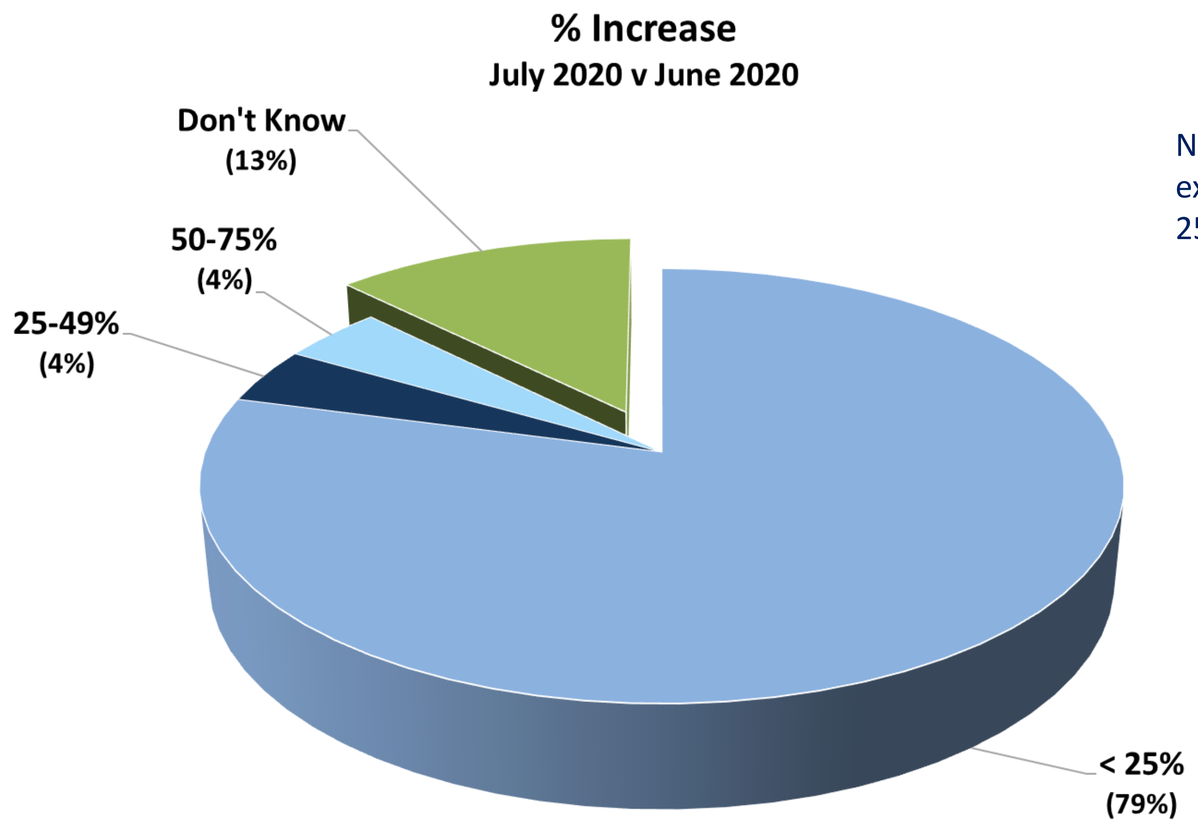
Extended lead times are a problem.

Sales Expectations: Month-on-month…1



Large branches (+75%) and Nationals (+50%) were most bullish.

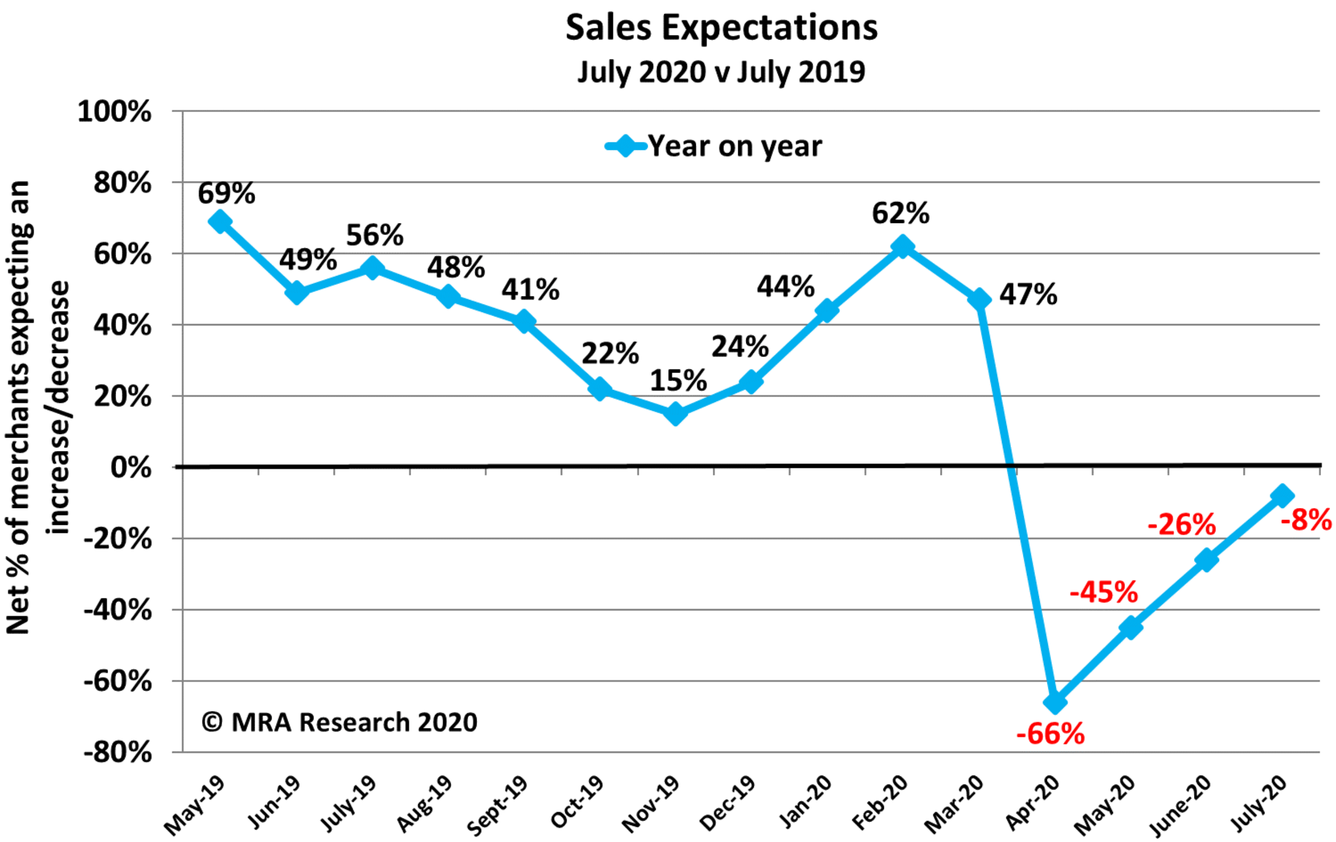
Sales Expectations: Month-on-month…2



Nearly 8 in 10 merchants expected sales to increase up to 25% month-on-month.

Base: 48

Sales Expectations: Year-on-year…1

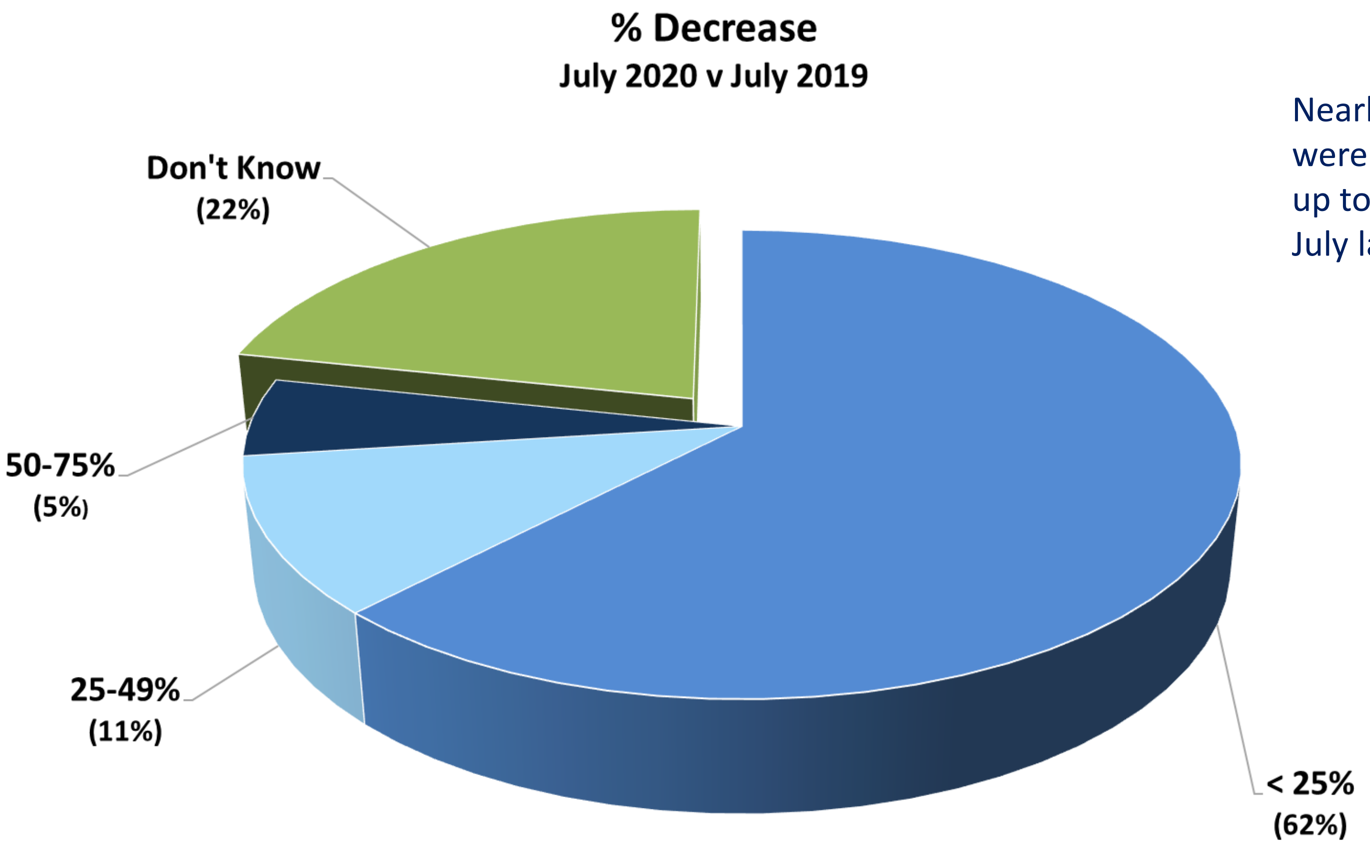


Expectations continue to improve - up net +18% from June's survey.

Mid-sized outlets and independents are positive with a net +5% and +7% respectively forecasting increased sales.

Large branches (-30%) and those in Scotland (-23%) are cautious.

Sales Expectations: Year-on-year…2

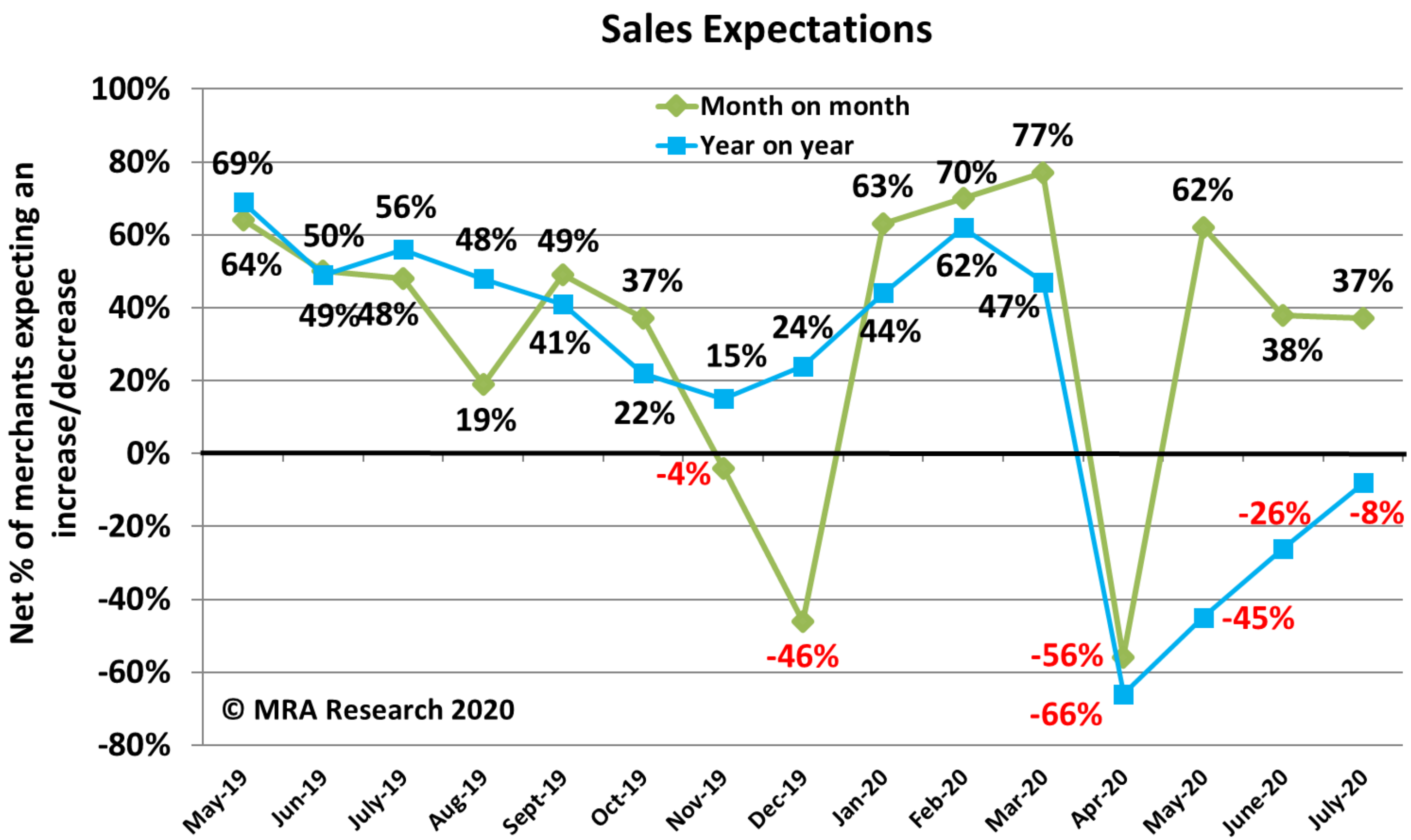


Nearly two thirds of merchants were expecting July sales to be up to 25% down compared to July last year.

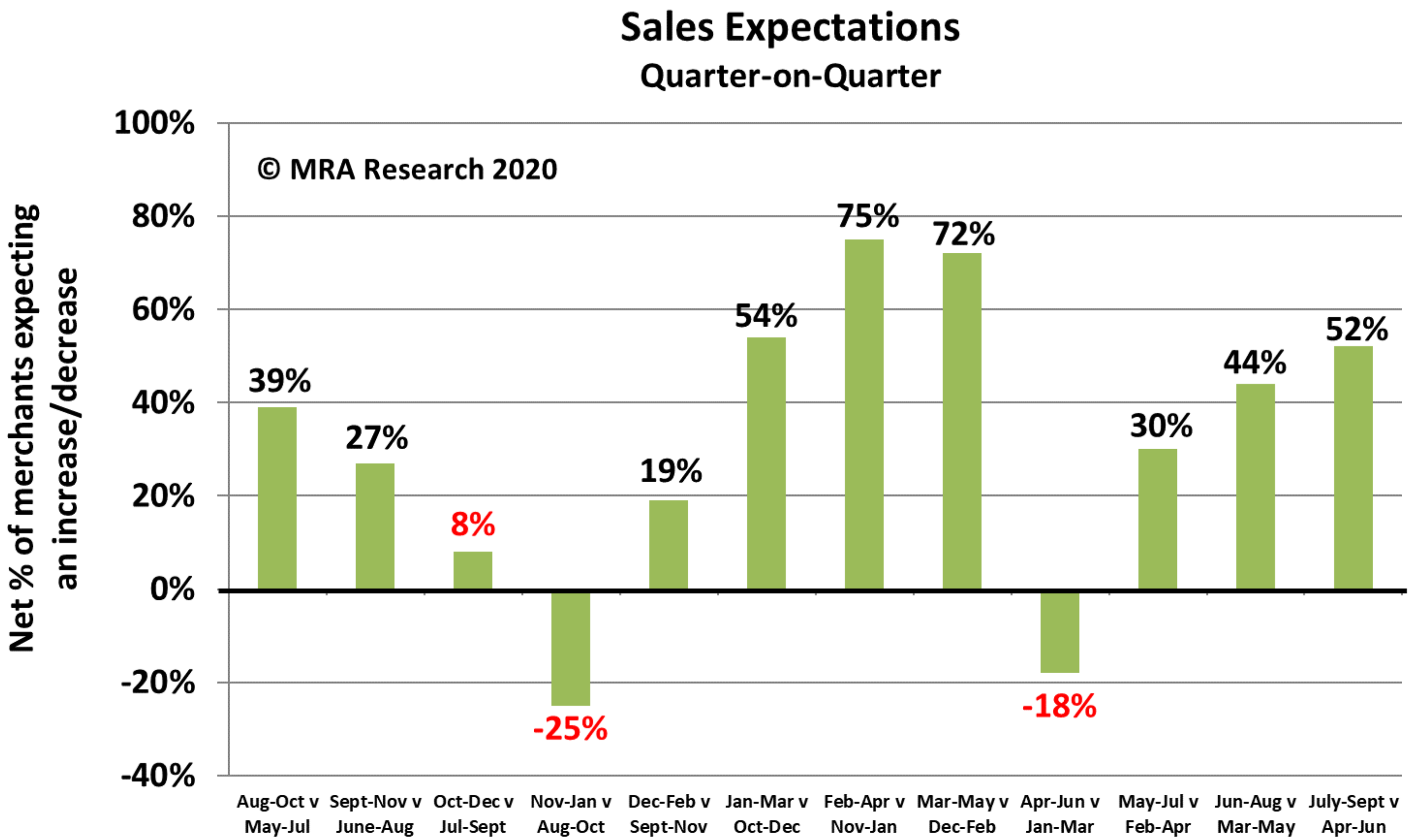
Base: 37

Sales Expectations

Month-on-month v Year-on-Year



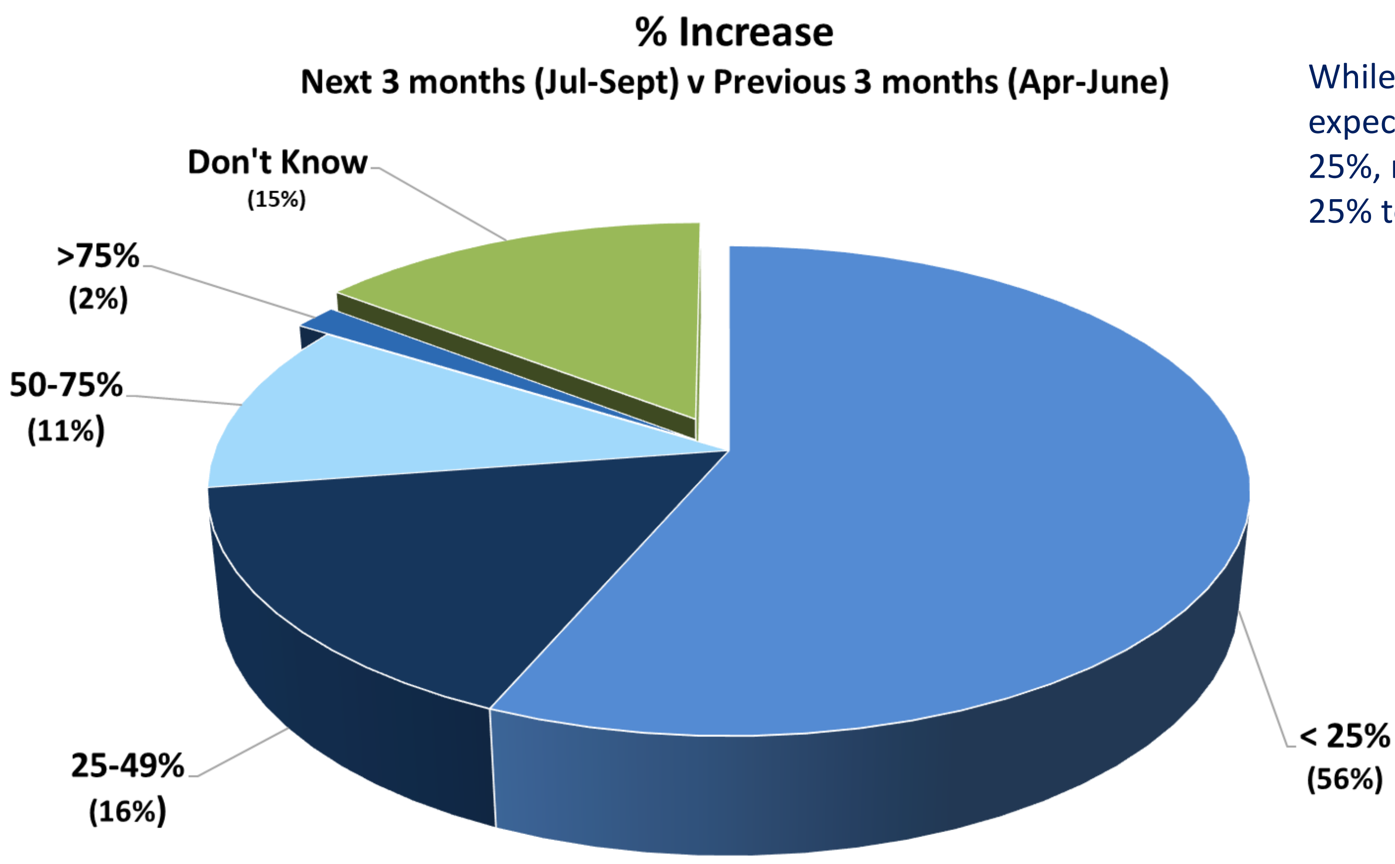
Sales Expectations: Quarter-on-quarter…1



Merchants' outlook for quarter-on-quarter sales is upbeat and continues to improve.

Expectations are strongest among large outlets (+80%).

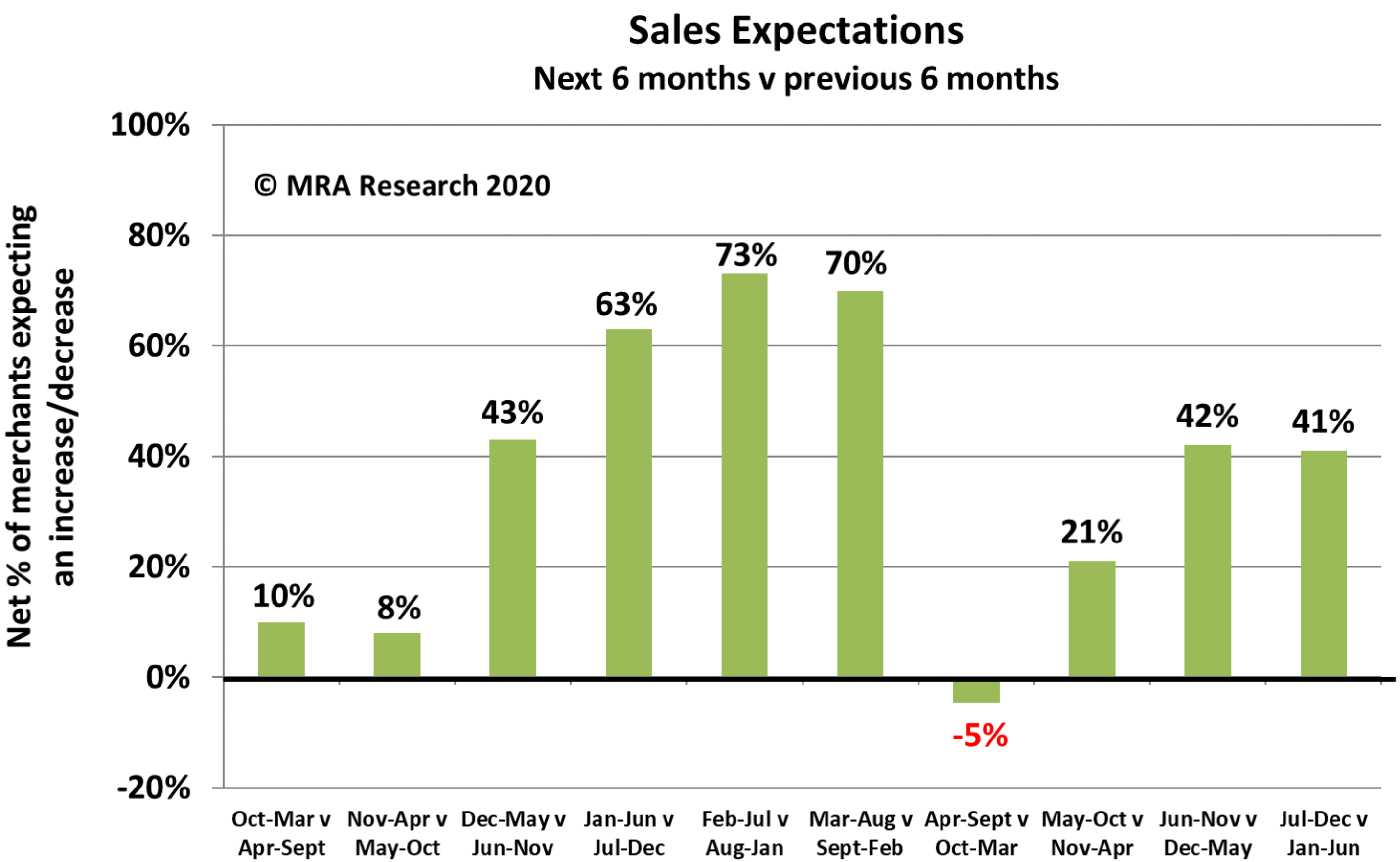
Sales Expectations: Quarter-on-quarter…2



While 56% of merchants expect sales to grow up to 25%, nearly 3 in 10 expect 25% to 75% growth.

Base: 62

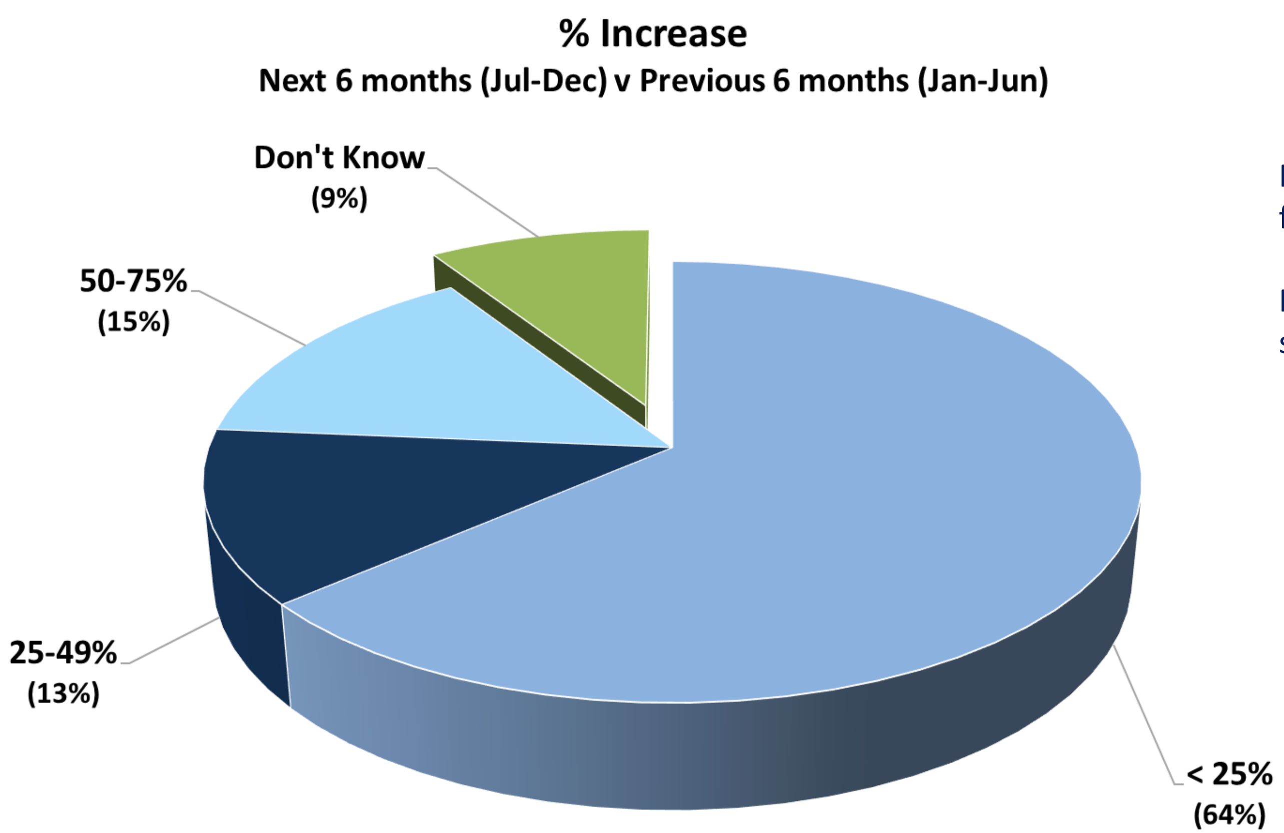
Sales Expectations: Next six months…1



The outlook for six months ahead is positive but not as strong as the surge in expectations after the election and before Covid.

The largest outlets are significantly more bullish with a net +75% expecting sales to grow.

Sales Expectations: Next six months…2

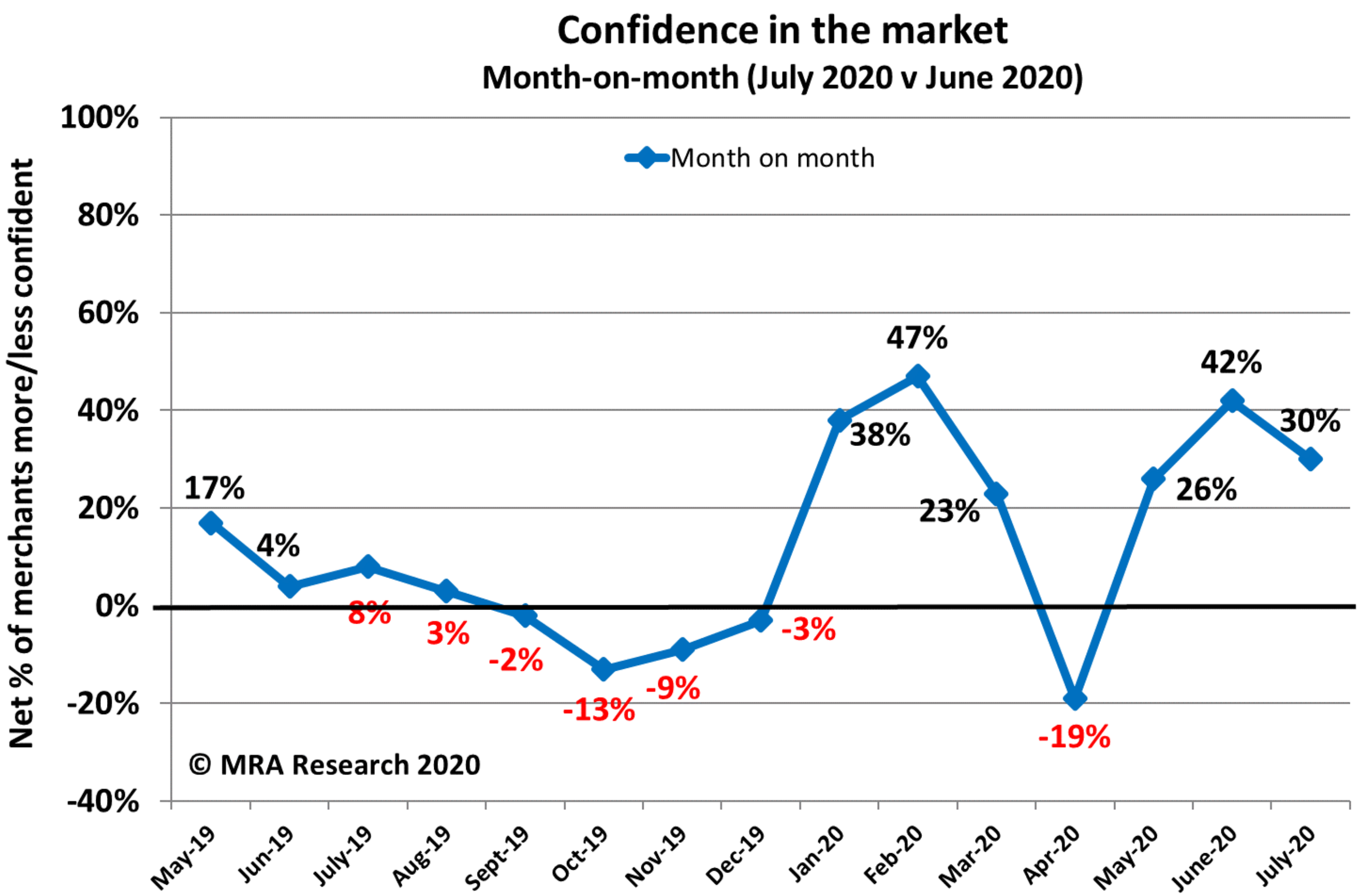


Most merchants are forecasting better sales.

Nearly 3 in 10 are expecting sales to increase 25% to 75%.

Base: 55

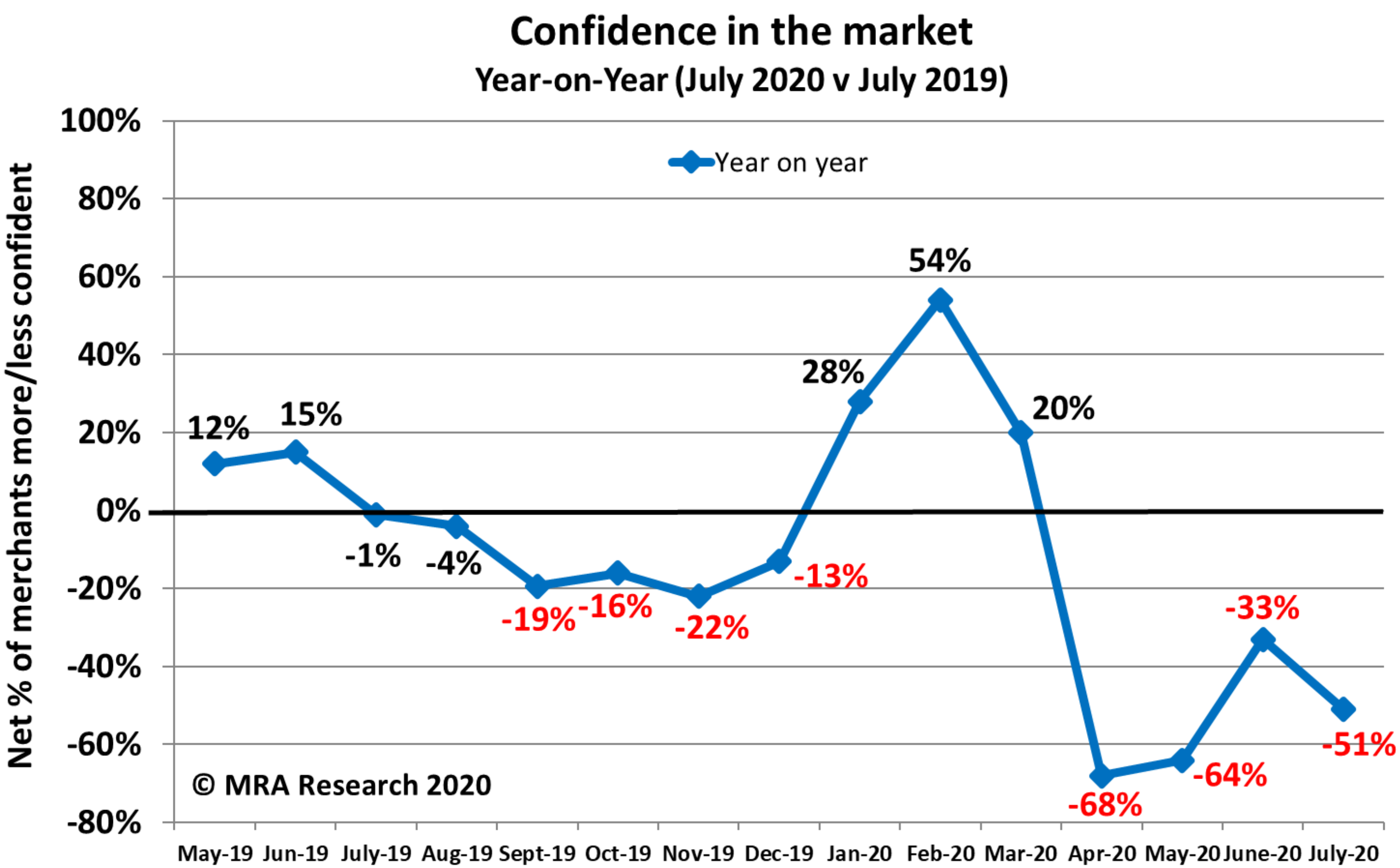
Confidence in the market: Month-on-month



Market confidence eased since the June survey but is still positive.

There was no change in confidence among independent merchants, but a net +30% of regionals and +42% of nationals were more confident.

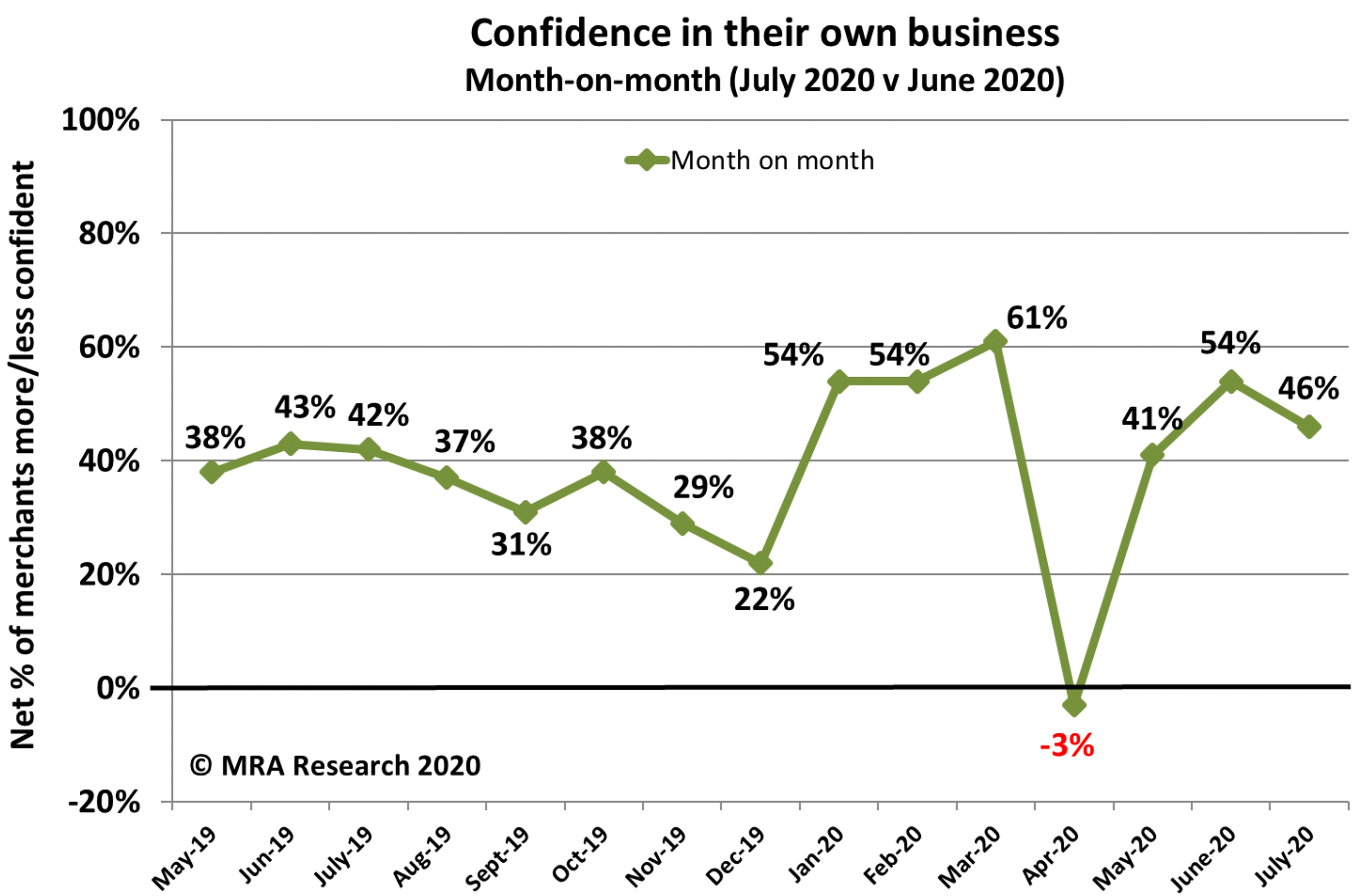
Confidence in the market: Year-on-year



Confidence in the market weakened year-on-year, compared to the June survey, with a net 51% of merchants less confident.

Confidence was weakest in Scotland (-62%) and the South (-65%).

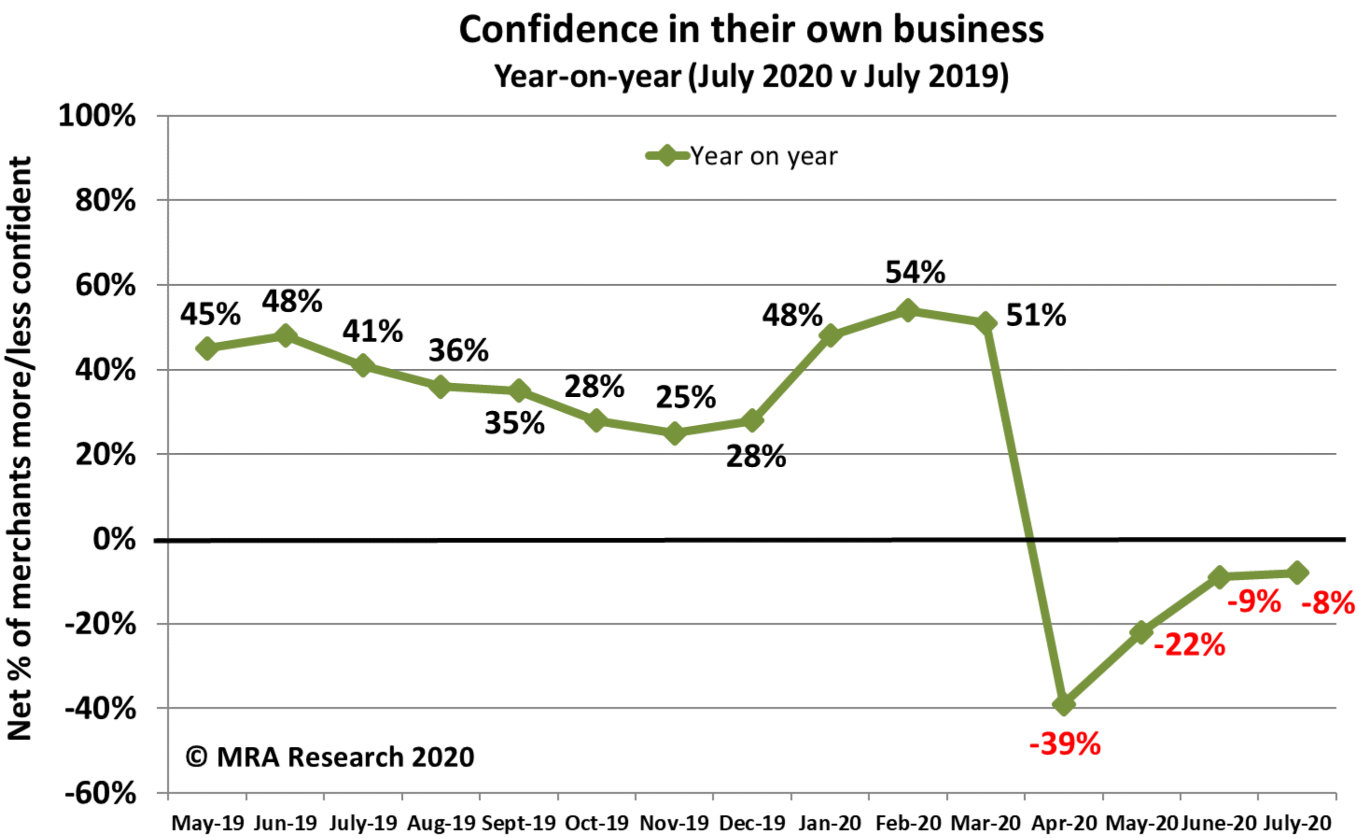
Confidence in their own business: Month-on-month



Merchants' confidence in their own business dipped slightly since the June survey but remains strong.

Branches in the Midlands (+52%) and Scotland (+69) are most positive with none of those interviewed in these regions less confident.

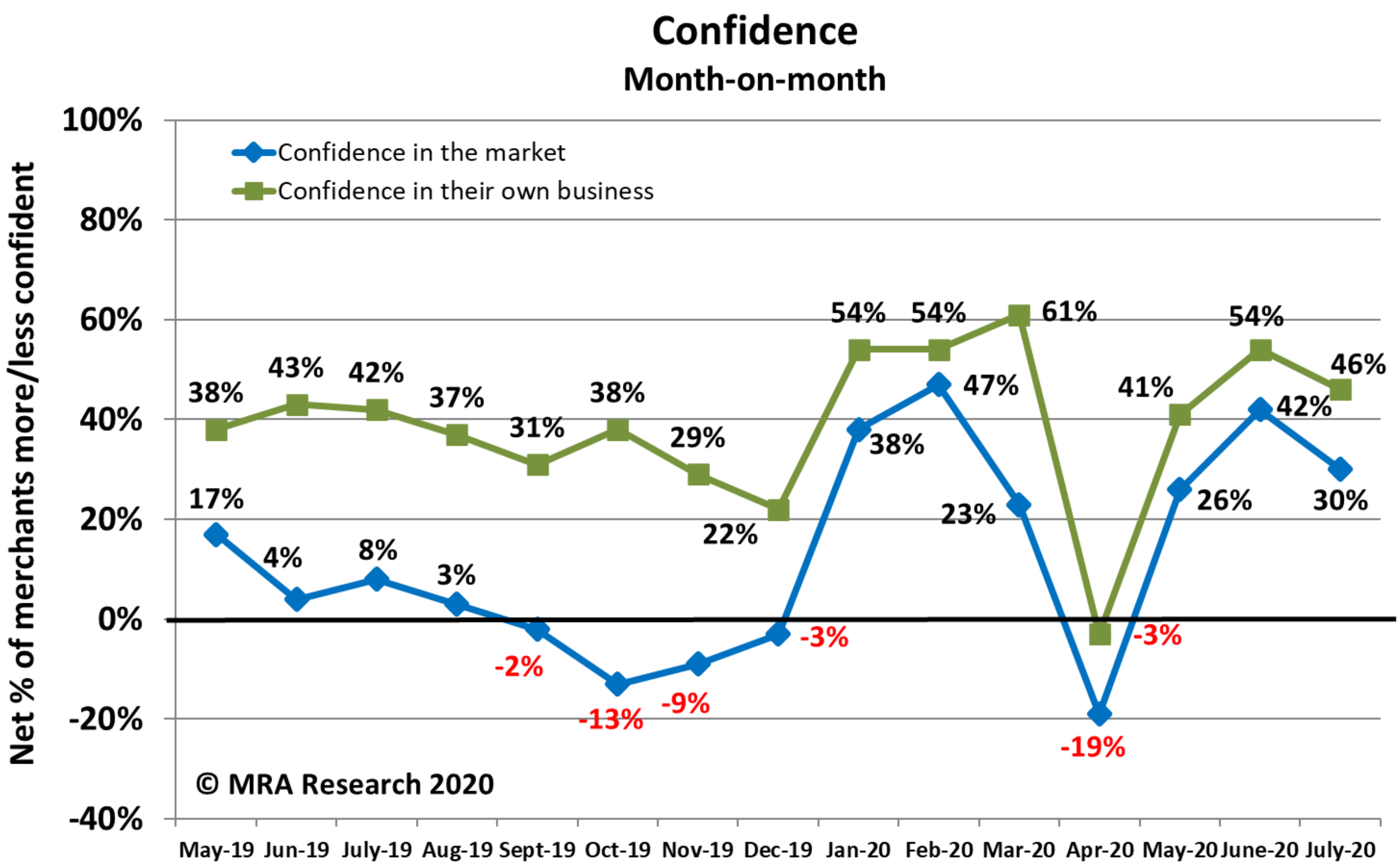
Confidence in their own business: Year-on-year



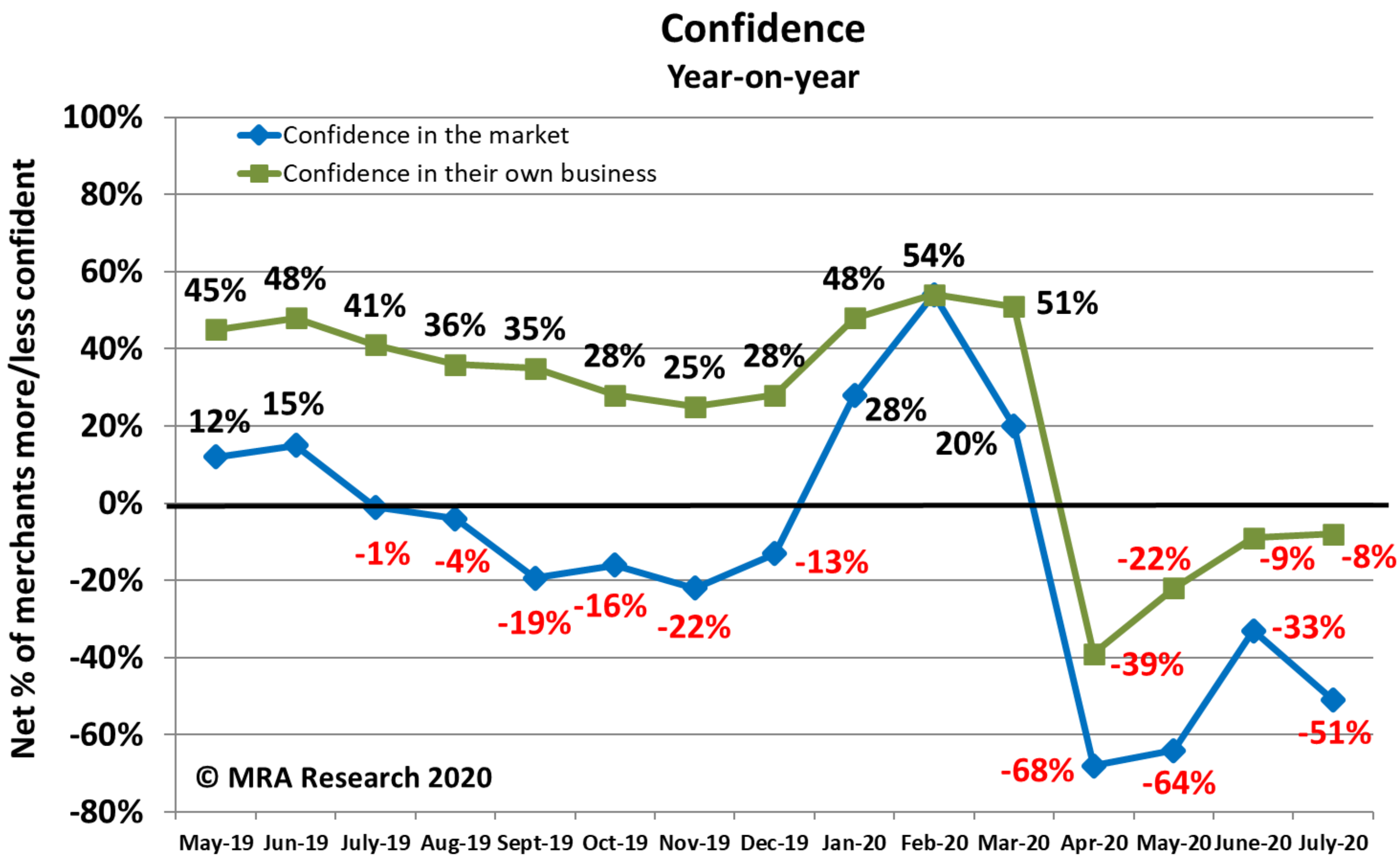
Year-on-year, confidence in their own business levelled off in July's survey. It's much improved compared to April and May but is well down on normal levels.

Independents (-29%) and merchants in the North (-28%) are least 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 15th in the series, with interviews conducted by MRA Research between 6th and 9th July 2020. Each month a representative sample of 100 merchants is interviewed. Due to the Coronavirus lockdown and impact on business closures and restrictions, surveys since April have been based on a larger number of contacts – refer to Slide 3. 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 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.

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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

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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.

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Paul Hetherington, Hetherington International Services Ltd

MRA Research is the Research division of Michael Rigby Associates

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