



September 2020

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

Overview

2

Merchants' expectations moderate

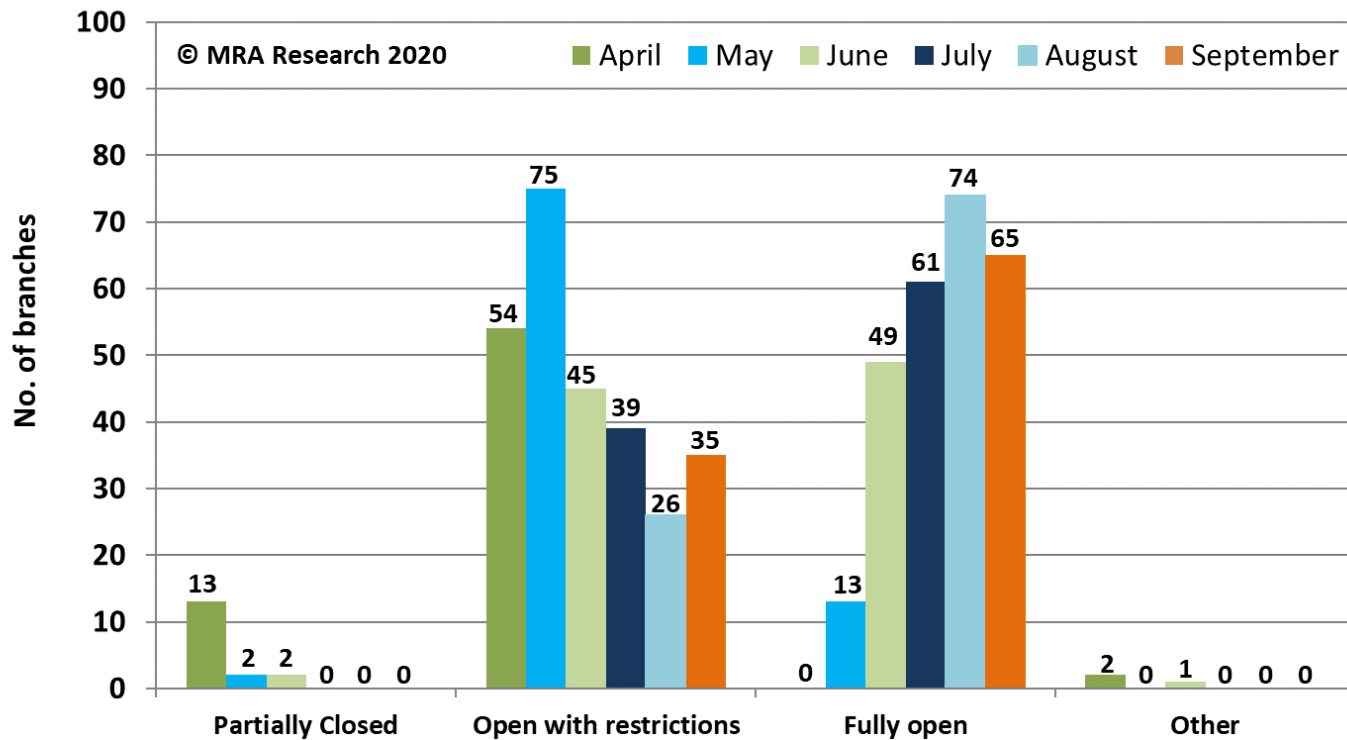
There was a cooling of merchants' expectations and confidence in September.

While the market is still buoyant, with a V-shaped recovery, merchants are cautious about the next three to six months. The ongoing threat from the pandemic and its impact on the economy and employment is weighing on merchants' minds.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 8th September.

Impact of COVID-19 on branch openings

In light of COVID-19, is your business currently...?

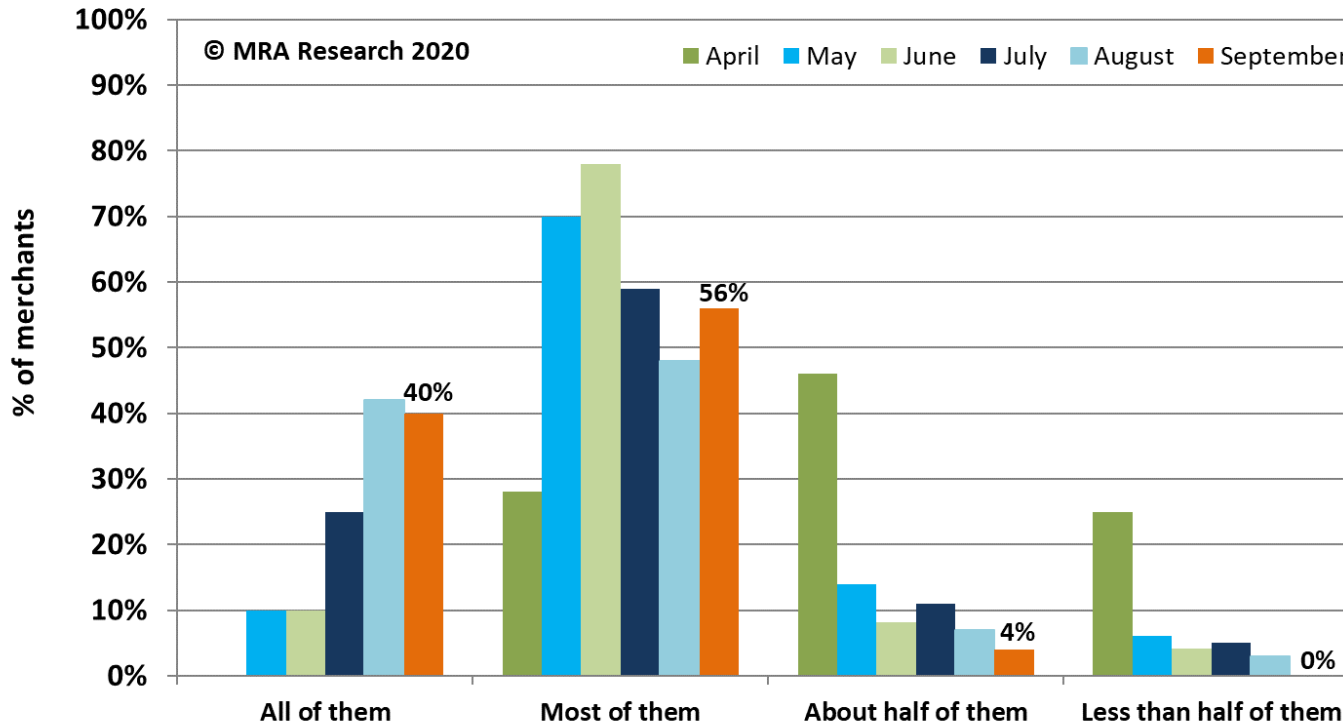


All branches we interviewed in September were open. Nearly two thirds are open fully.

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

Impact of COVID-19 on Material Supply

What proportion of your suppliers are CURRENTLY able to supply you?

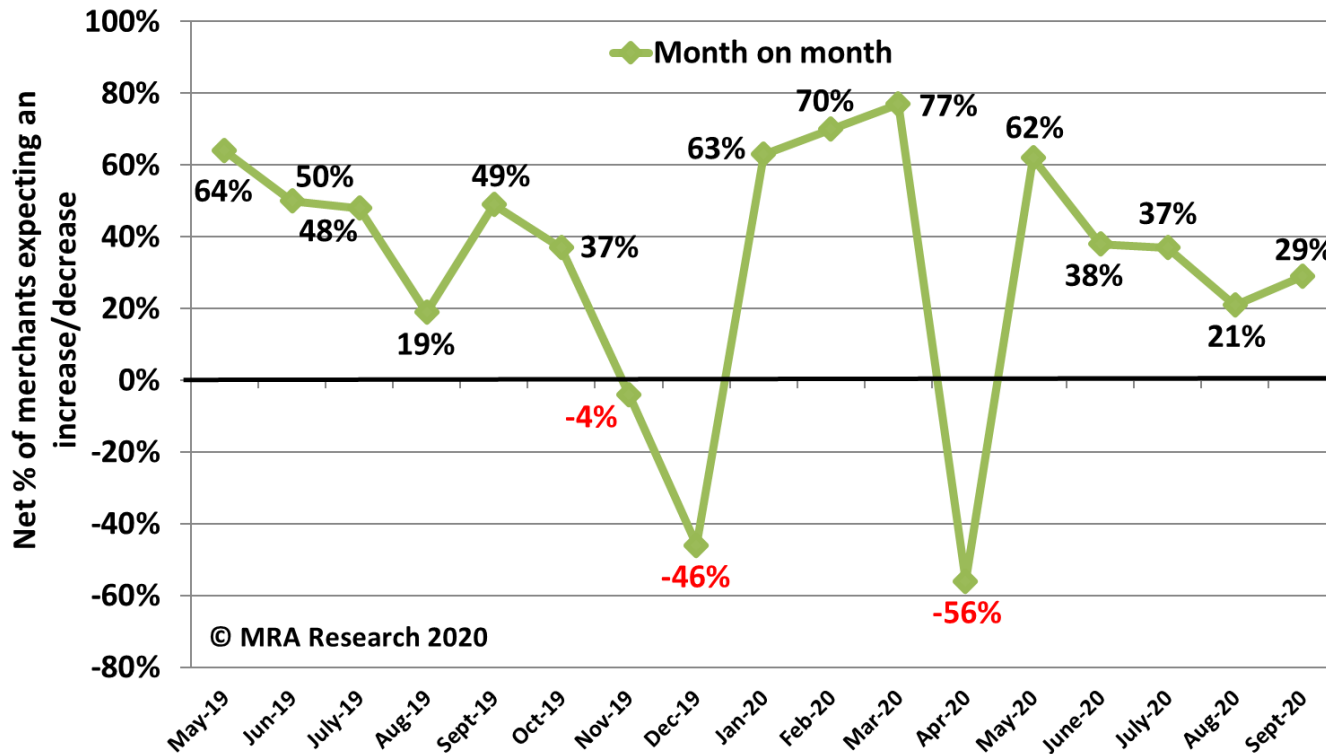


Material supply continues to improve, with over 90% of merchants reporting that all or most of their suppliers are now able to supply them.

Longer lead times and stock shortages remain an issue.

Sales Expectations: Month-on-month...1

Sales Expectations September 2020 v August 2020



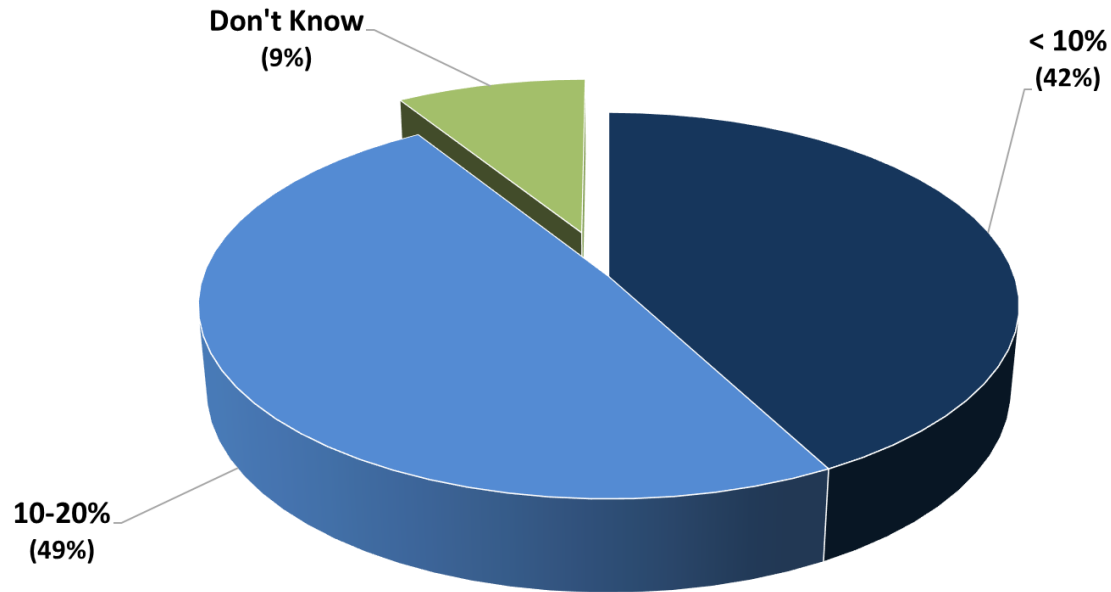
Sales expectations were broadly similar for merchants of all sizes and region.

Small branches (net +39%) and merchants in the South (+42%) were most upbeat. Those in the North were more cautious (+9%).

While on balance independents expected no change month-on-month, Regional merchants and Nationals forecasted growth (+26% and +46% respectively).

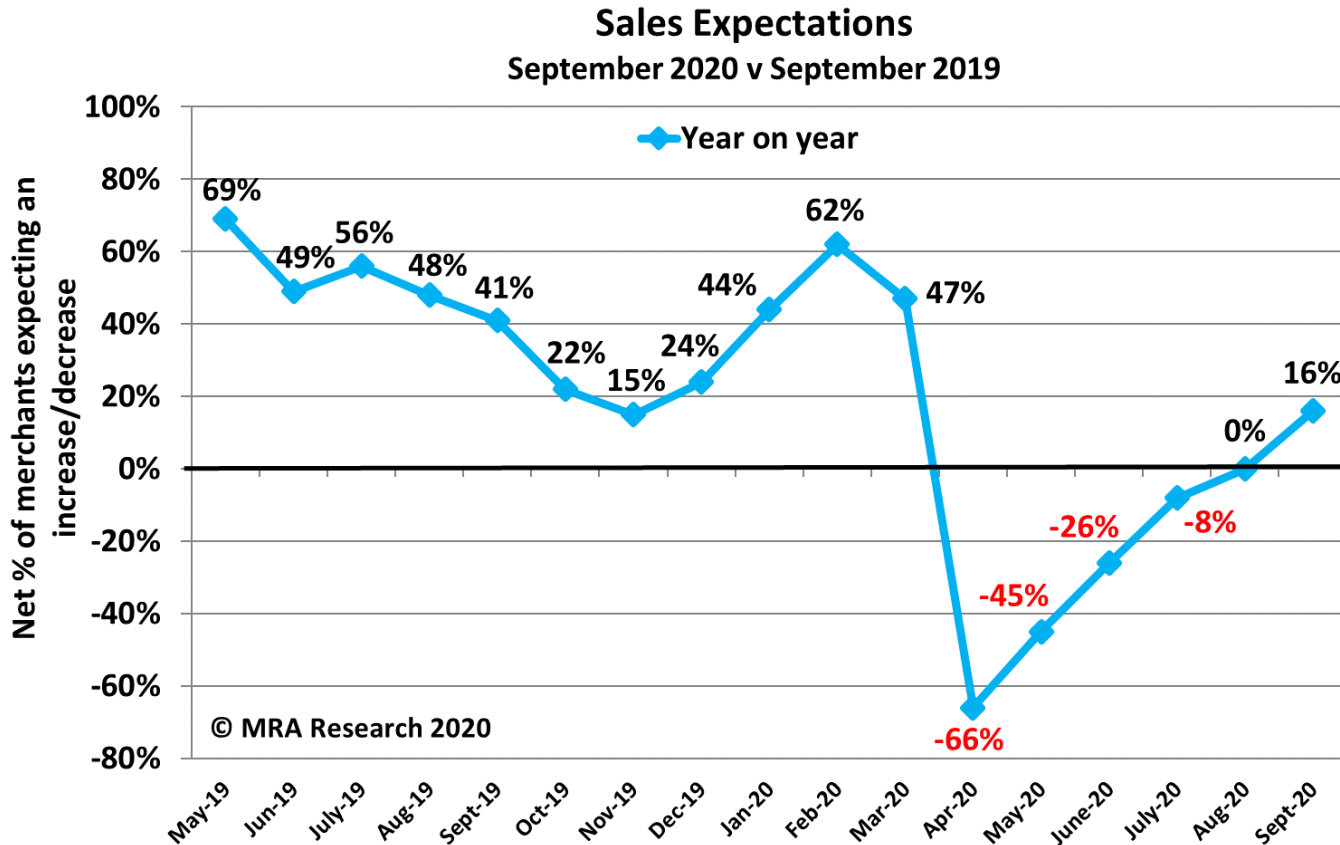
Sales Expectations: Month-on-month...2

**% Increase
September 2020 v August 2020**



Nine out of ten merchants expected September sales to grow up to 20% compared to August.

Sales Expectations: Year-on-year



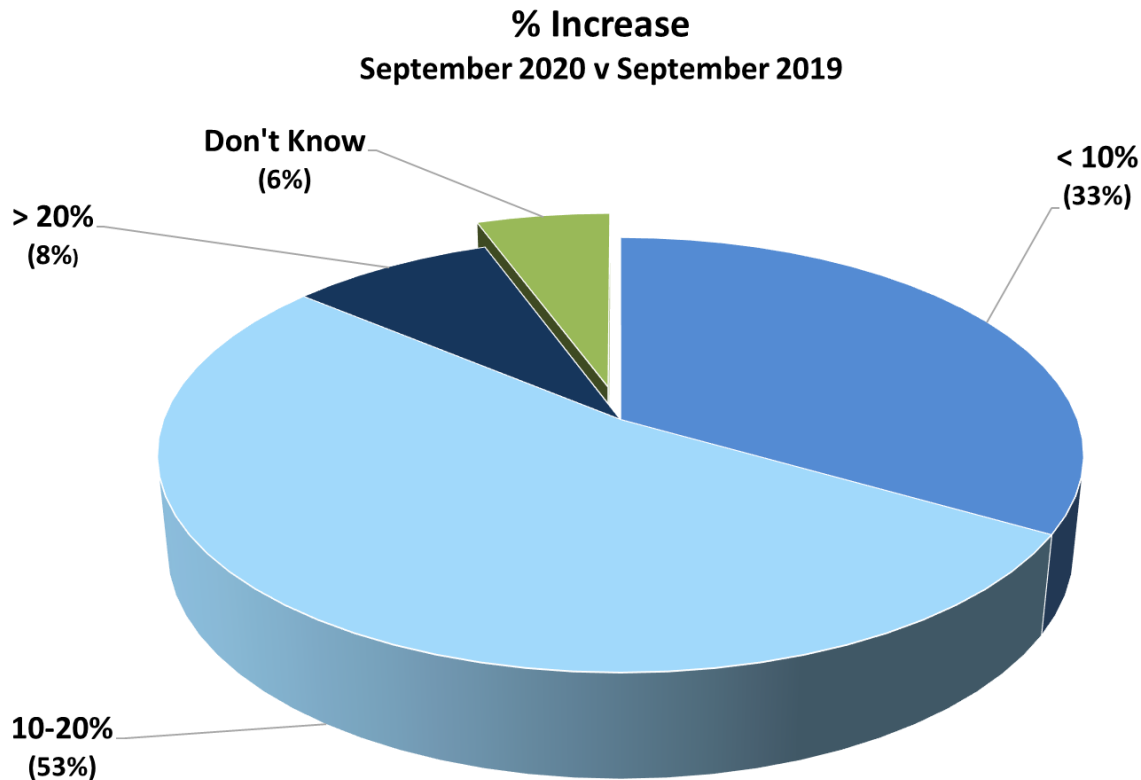
Merchants' year-on-year sales expectations indicate a continuing V-shaped recovery.

While a net +25% of small branches and +17% of mid-sized companies predicted an increase over the period, a net -6% of large branches expected a drop.

Regionally the picture was mixed. A net +36% of merchants in the Midlands and North expected to grow against just +3% of merchants in the South. A net -6% of merchants in Scotland expected sales to decline.

Regional merchant groups (net +36%) were most bullish.

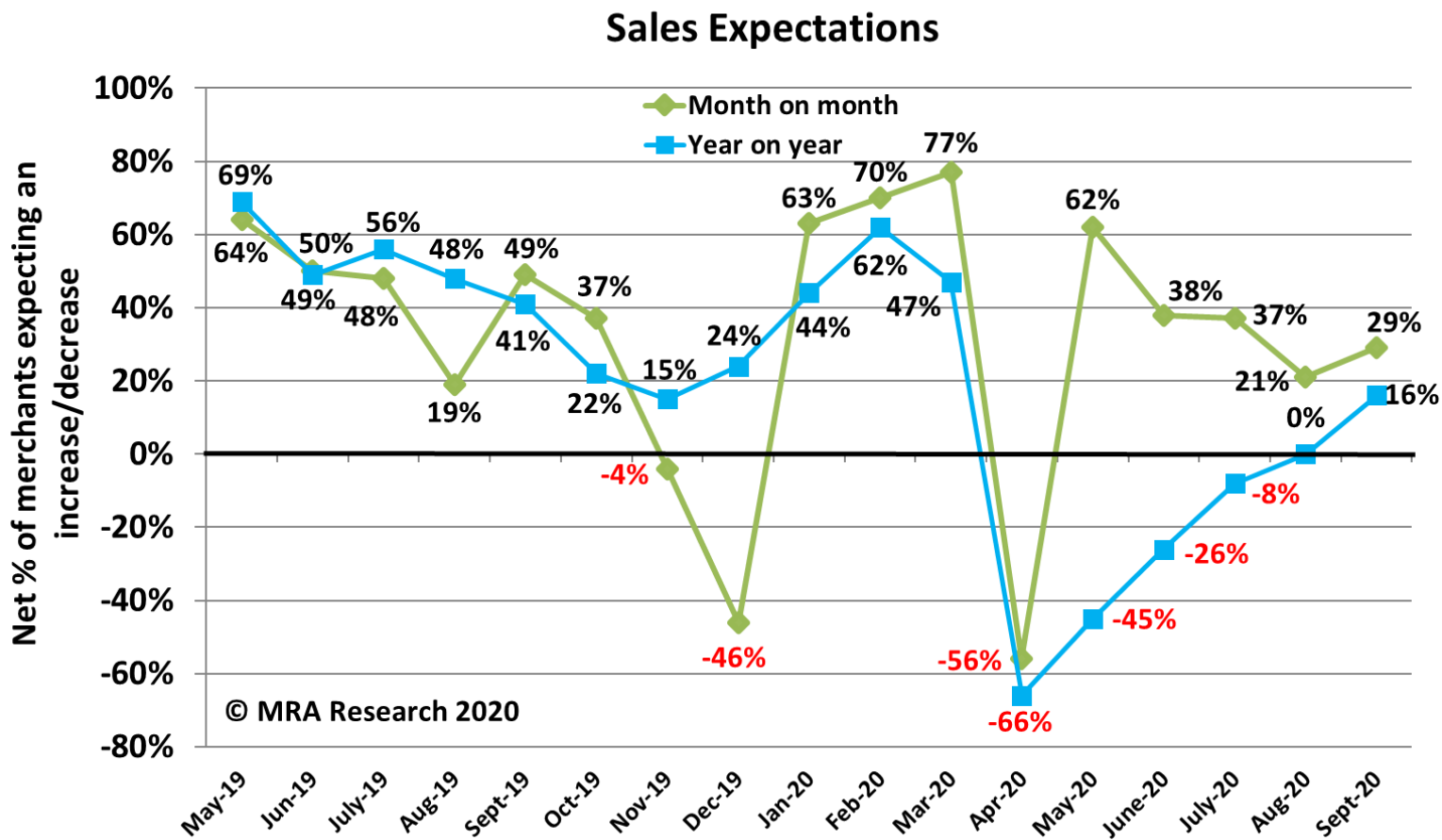
Sales Expectations: Year-on-year...2



While a third of merchants expected less than 10% growth in September compared to the same month last year, over half expected stronger growth of 10-20%.

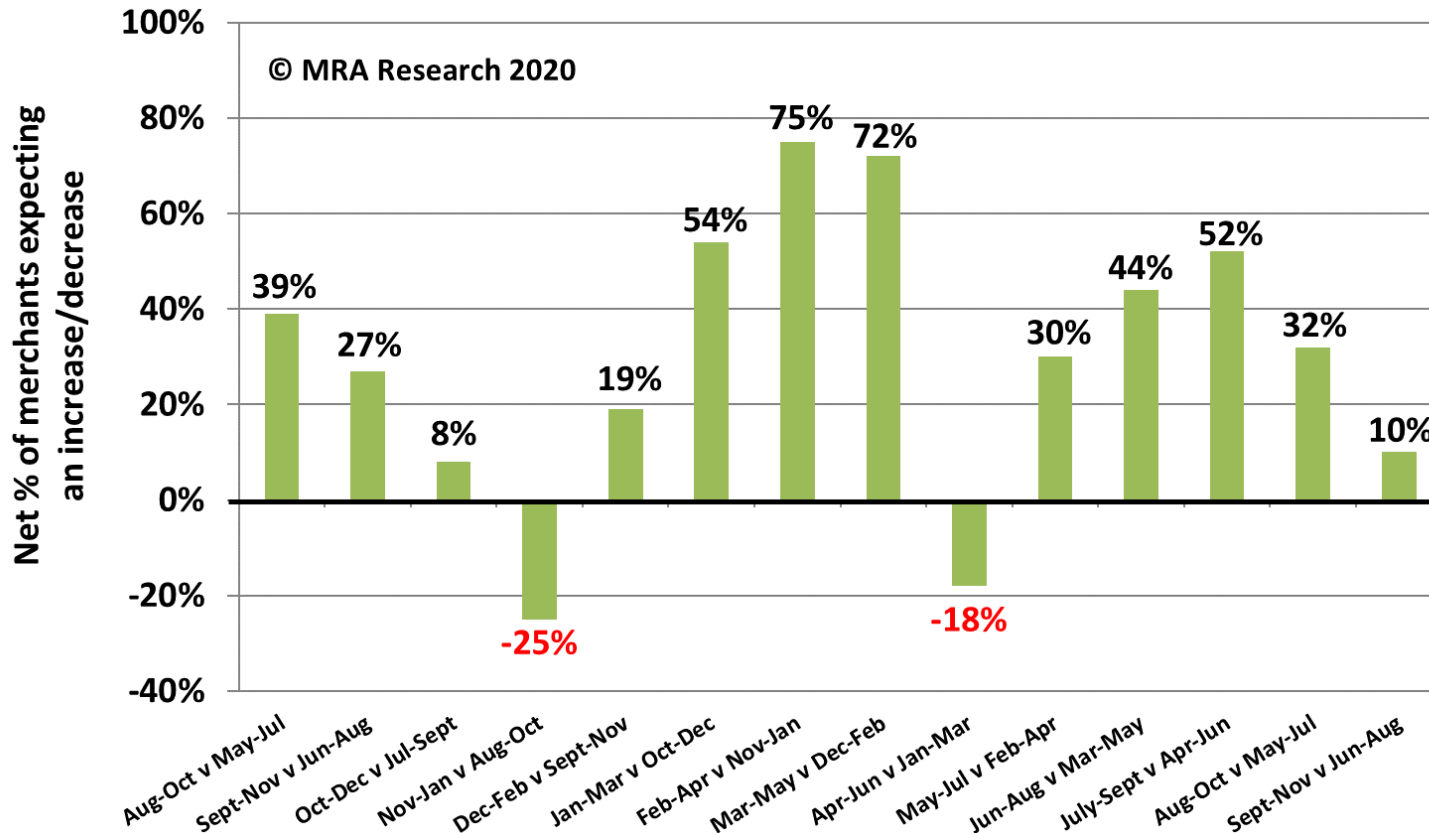
Sales Expectations

Month-on-month v Year-on-Year



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

Sales Expectations
Quarter-on-Quarter (from August 2019)

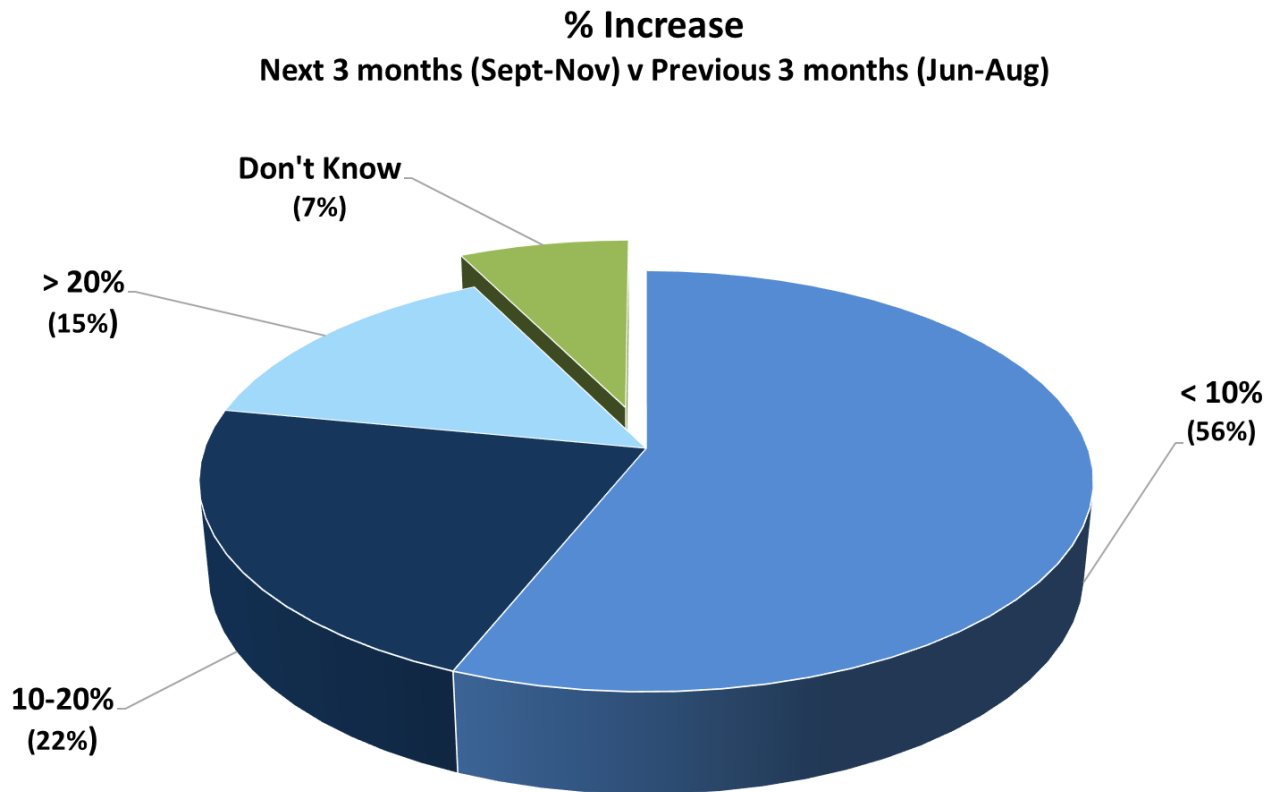


Quarter-on-quarter sales expectations eased in September. The outlook is similar for branches of all sizes.

Merchants in the South (net +42%) and Nationals (+33%) are most positive.

Those in the Midlands (net -13%), Scotland (-6%) and Independents (-18%) anticipate lower sales over the next quarter.

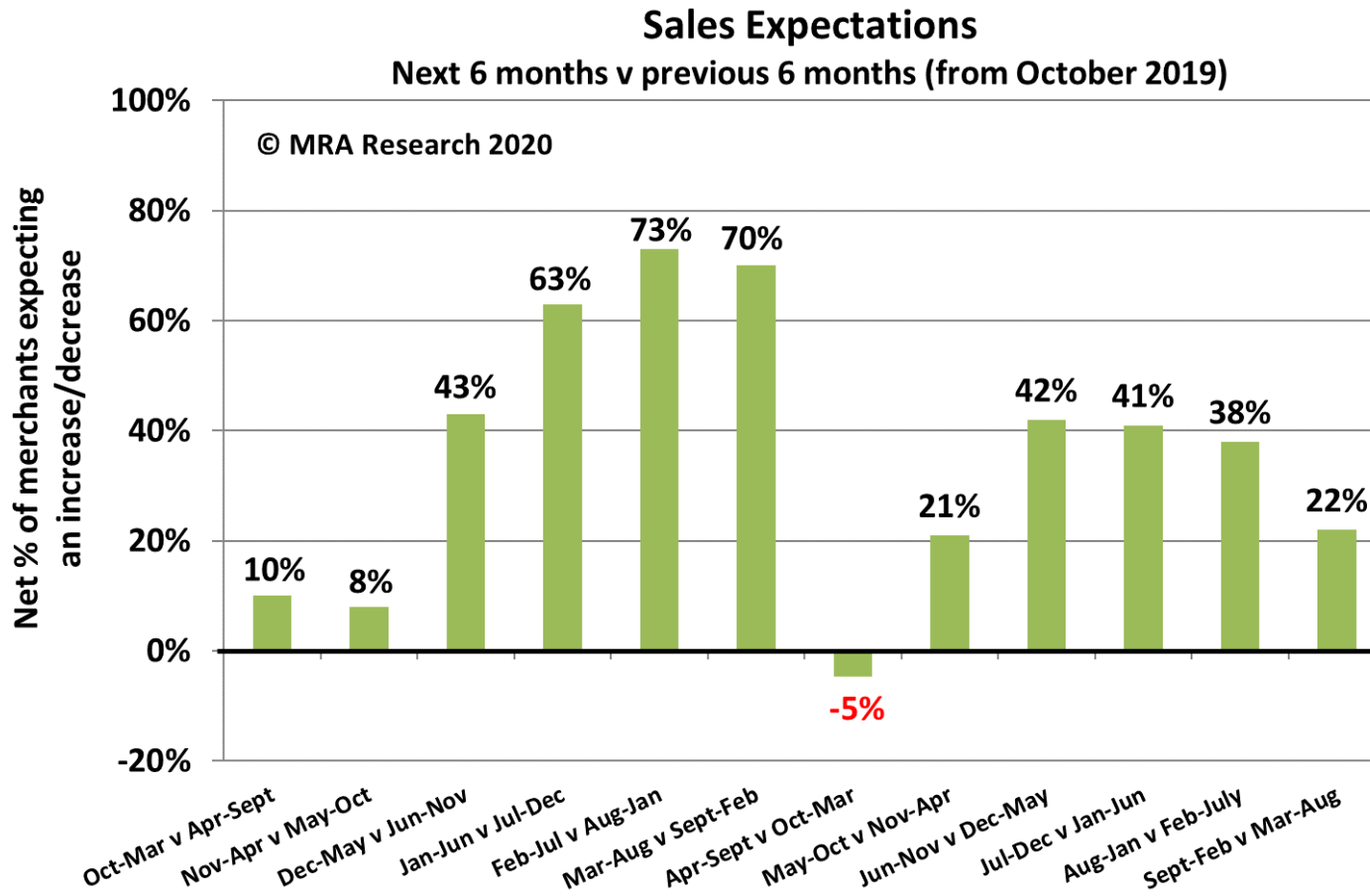
Sales Expectations: Quarter-on-quarter...2



Over half expect sales to increase up to 10% in the next three months.

But just over one in five merchants expect growth of 10-20%. Some expect even stronger growth.

Sales Expectations: Next six months...1

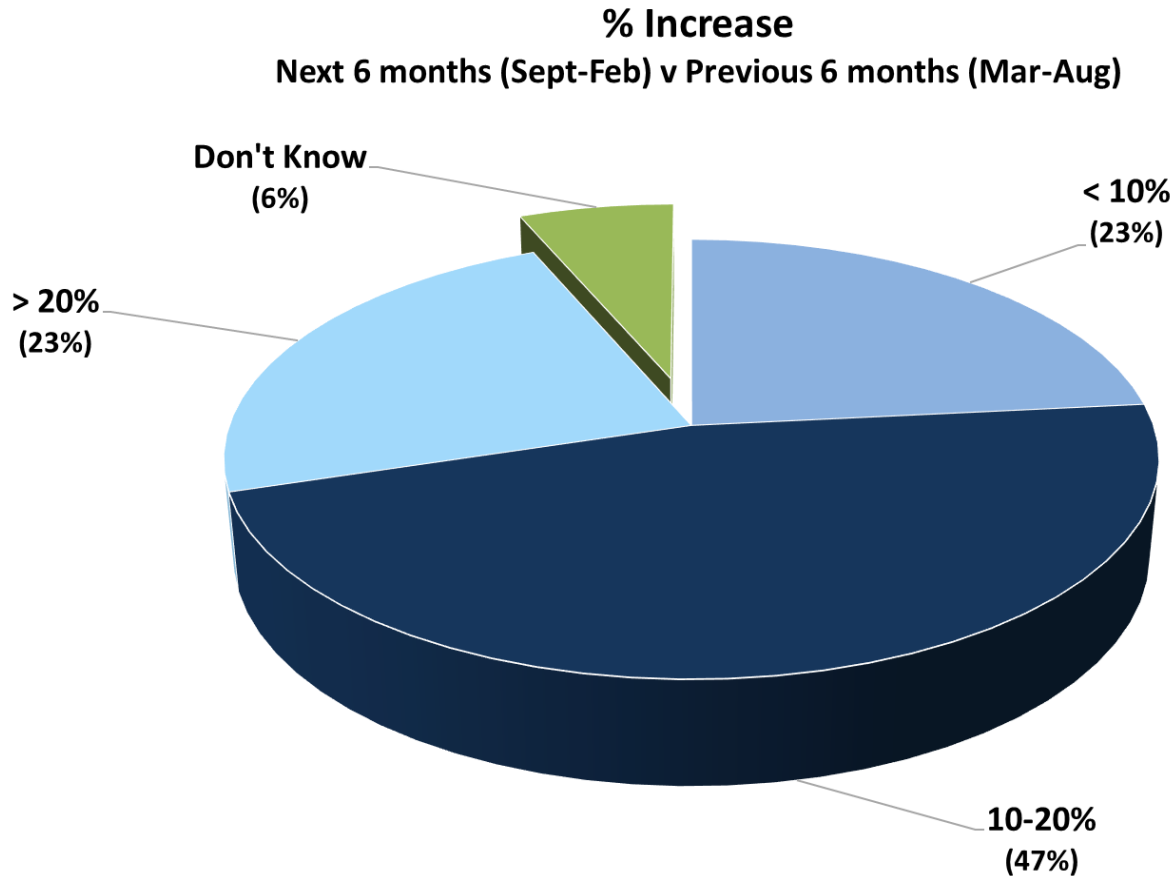


While the outlook for the six months ahead is positive, merchants are cautious.

Expectations are mixed with more small and large branches (net +32% and +28% respectively) forecasting better sales over the period compared to mid-sized companies (+10%).

Regionally, merchants in the South are most confident (net +53%) compared to those in the North (+9%) and Scotland (+6%). A net -4% of merchants in the Midlands expect sales to drop.

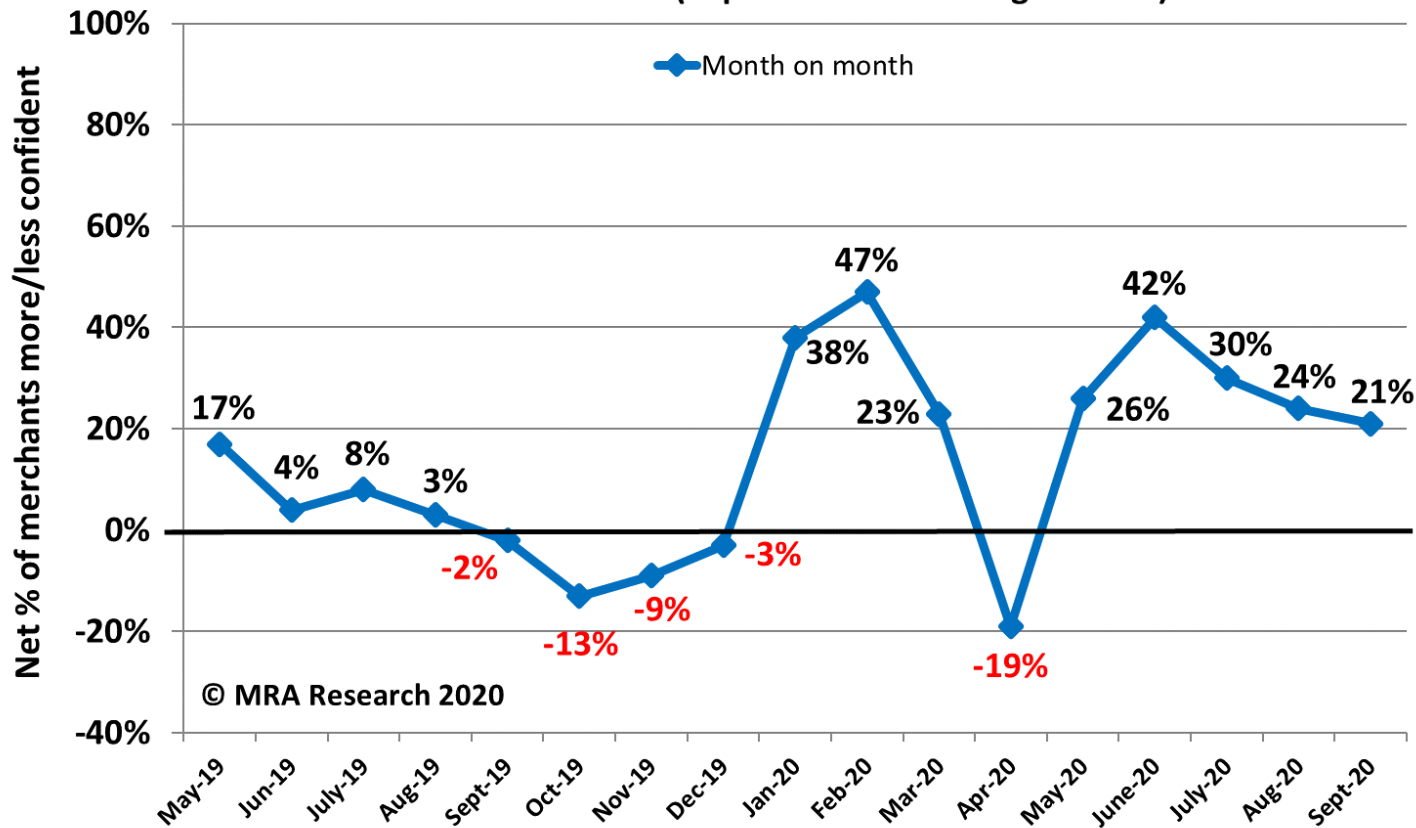
Sales Expectations: Next six months...2



Merchants' outlook six months ahead is more positive with nearly half anticipating growth of 10-20% and nearly a quarter expecting sales to improve by more than 20%.

Confidence in the market: Month-on-month

Confidence in the market Month-on-month (September 2020 v August 2020)

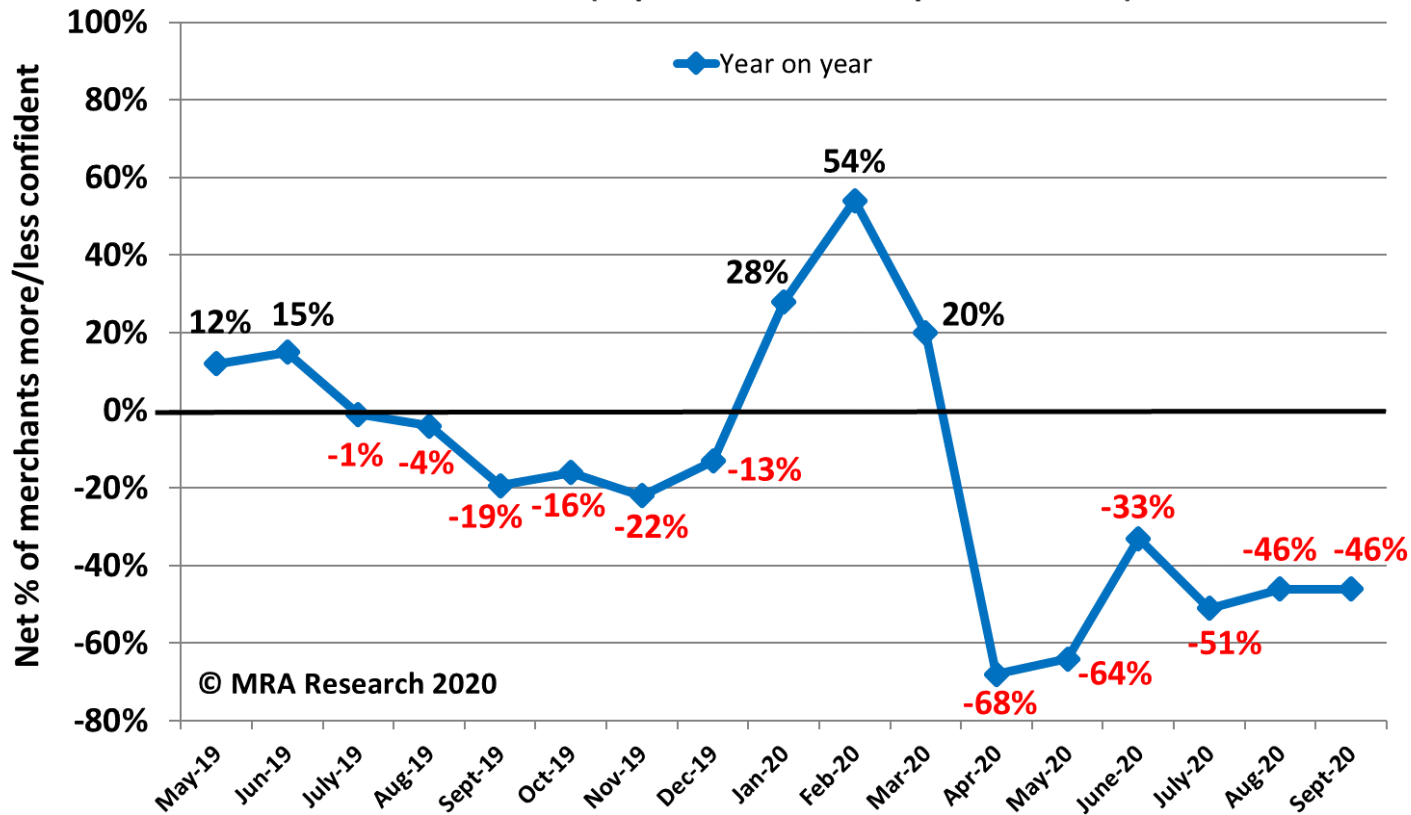


Compared to August, confidence in the market softened for the third consecutive month.

However, it's still a positive picture across the board with merchants in the North (net +46%) most confident, followed by Nationals (+32%).

Confidence in the market: Year-on-year

Confidence in the market Year-on-Year (September 2020 v September 2019)



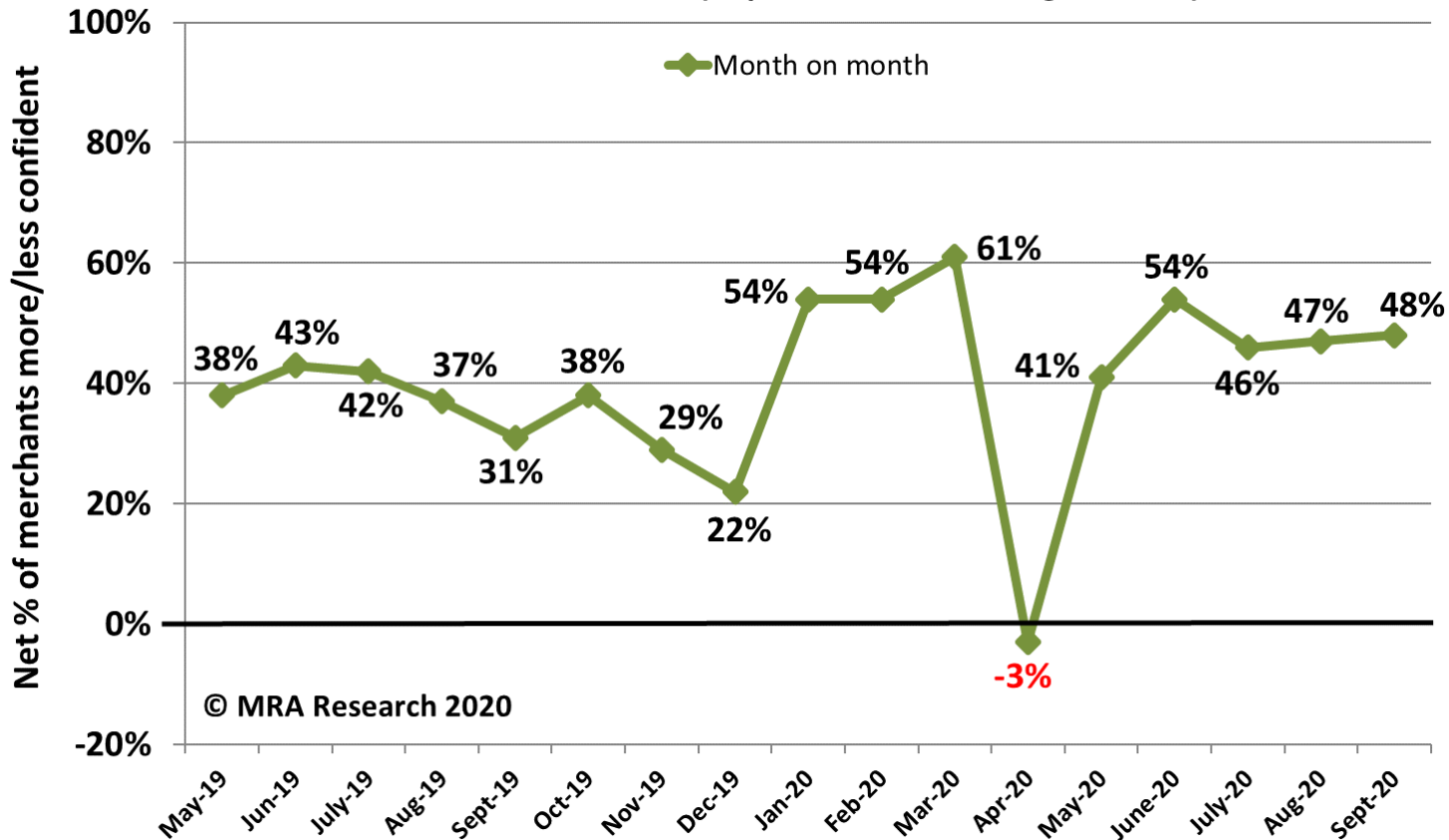
Compared to last year, though, confidence in the market has plateaued.

Mid-sized and large branches (net -51% and -56% respectively) and merchants in the Midlands (-70%) are least confident.

The concerns about recession and potential redundancies across the sector due to the pandemic were merchants' main concerns.

Confidence in their own business: Month-on-month

Confidence in their own business Month-on-month (September 2020 v August 2020)

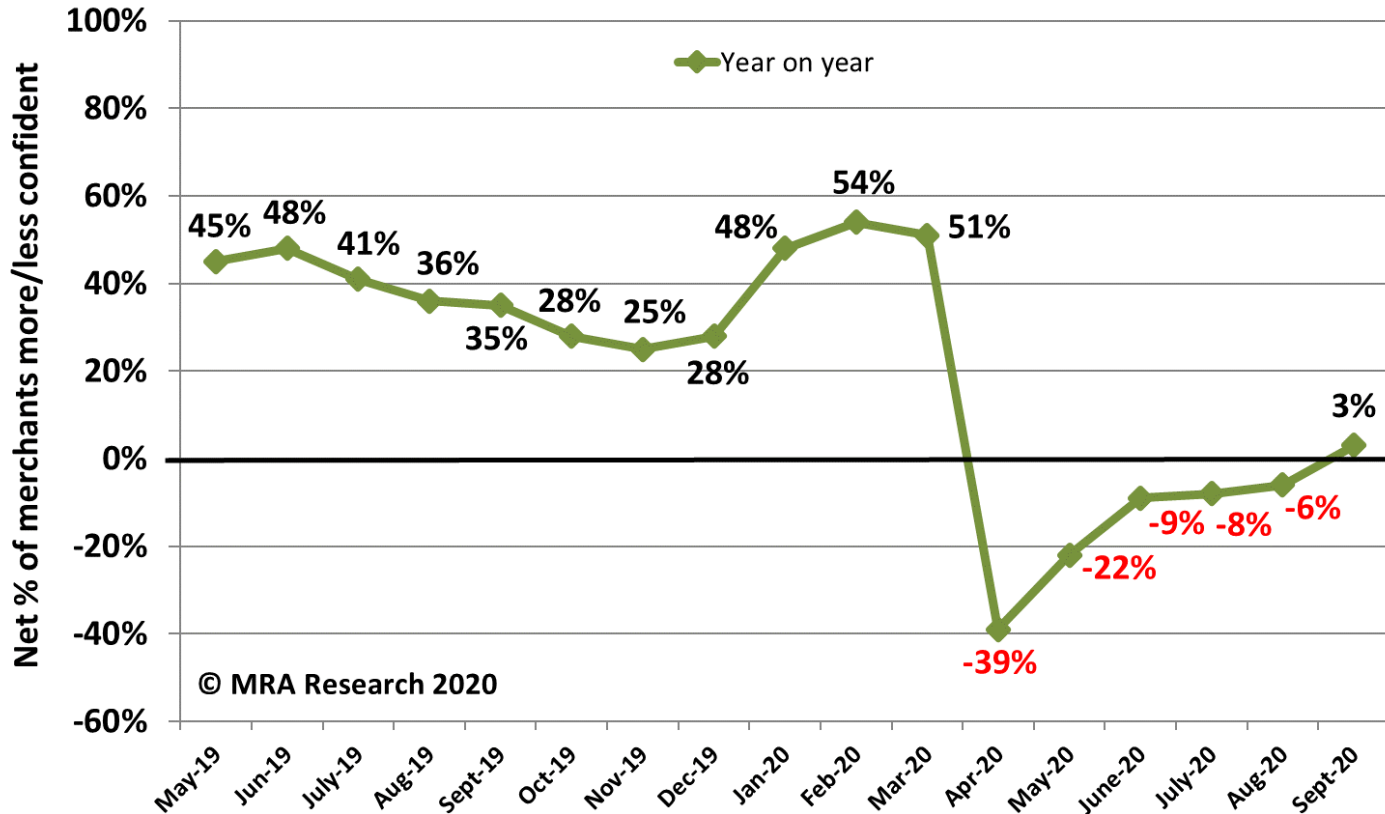


Confidence in merchants' own businesses however continues to be strong, and this is reflected across the board.

Merchants in the North (net +73%) are particularly buoyant.

Confidence in their own business: Year-on-year

Confidence in their own business Year-on-year (September 2020 v September 2019)

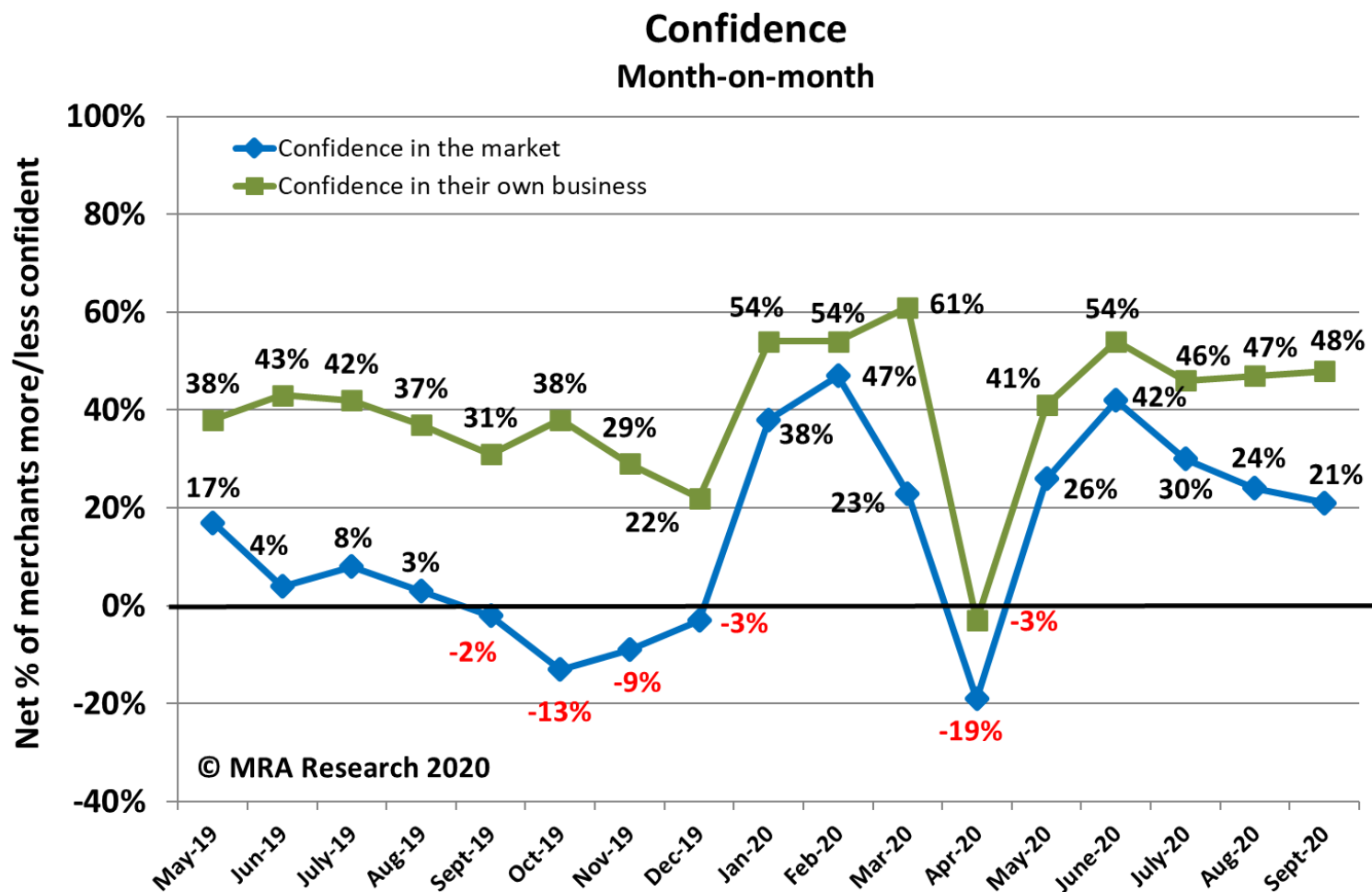


Year-on-year, merchants' confidence in their own business continues to strengthen, with a net +3% more confident over the period.

Large merchants (net -17%) and Nationals (-22%) are least confident.

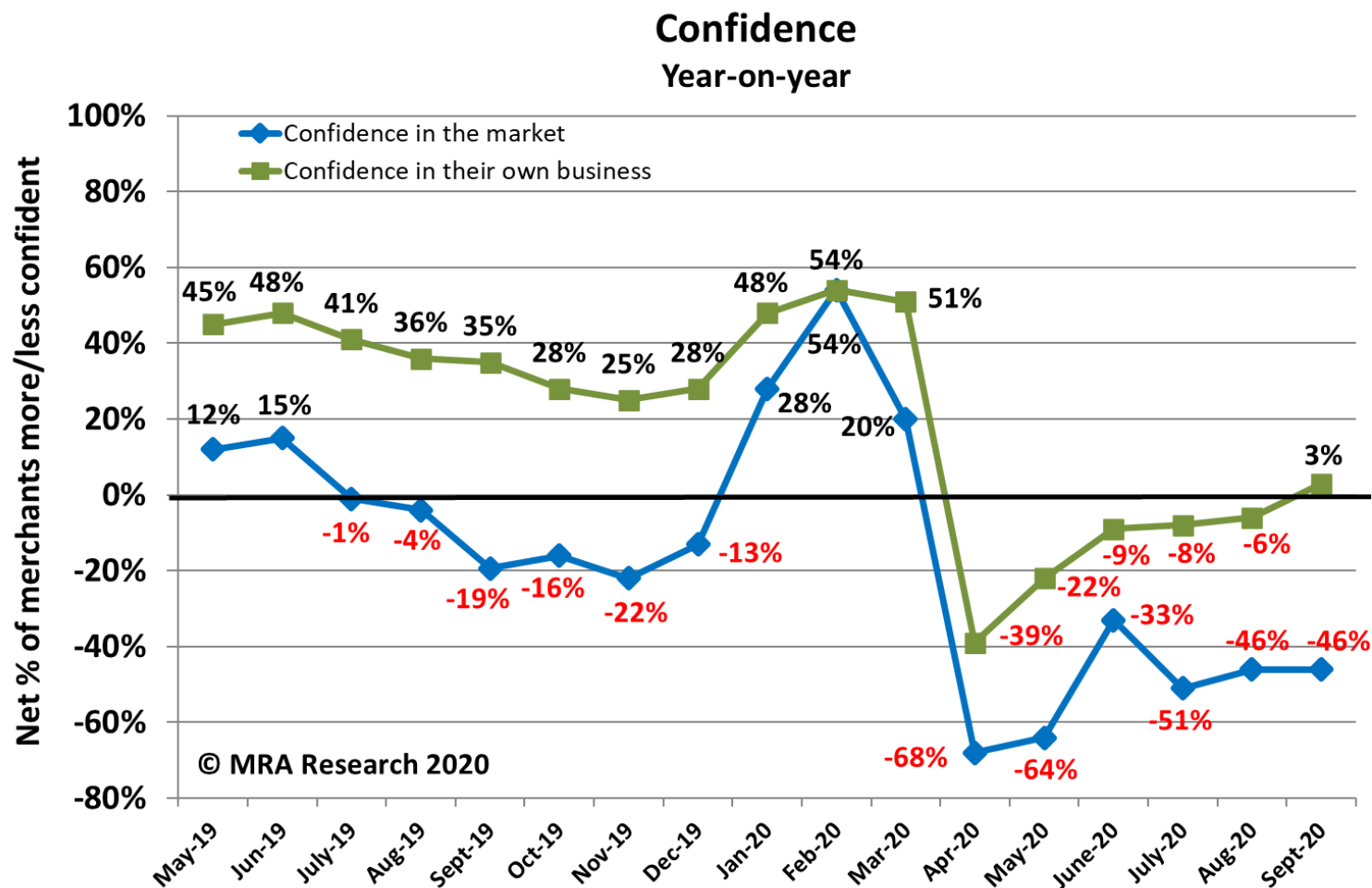
Confidence in the market v own business

Month-on-Month



Confidence in the market v own business

Year-on-Year



About The Pulse

20

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 17th in the series, with interviews conducted by MRA Research between 1st and 8th September 2020. Each month a representative sample of 100 merchants is interviewed. The sample is balanced by region, size and type of merchant, including nationals, regional multi-branch independents, and smaller independent merchants.

The report can be downloaded from www.mra-research.co.uk/the-pulse or call 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

21

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 Marketing

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