



**the Pulse**  
Expectations. Prospects. Confidence.

October 2020

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

# Overview

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## Merchant expectations and confidence cool

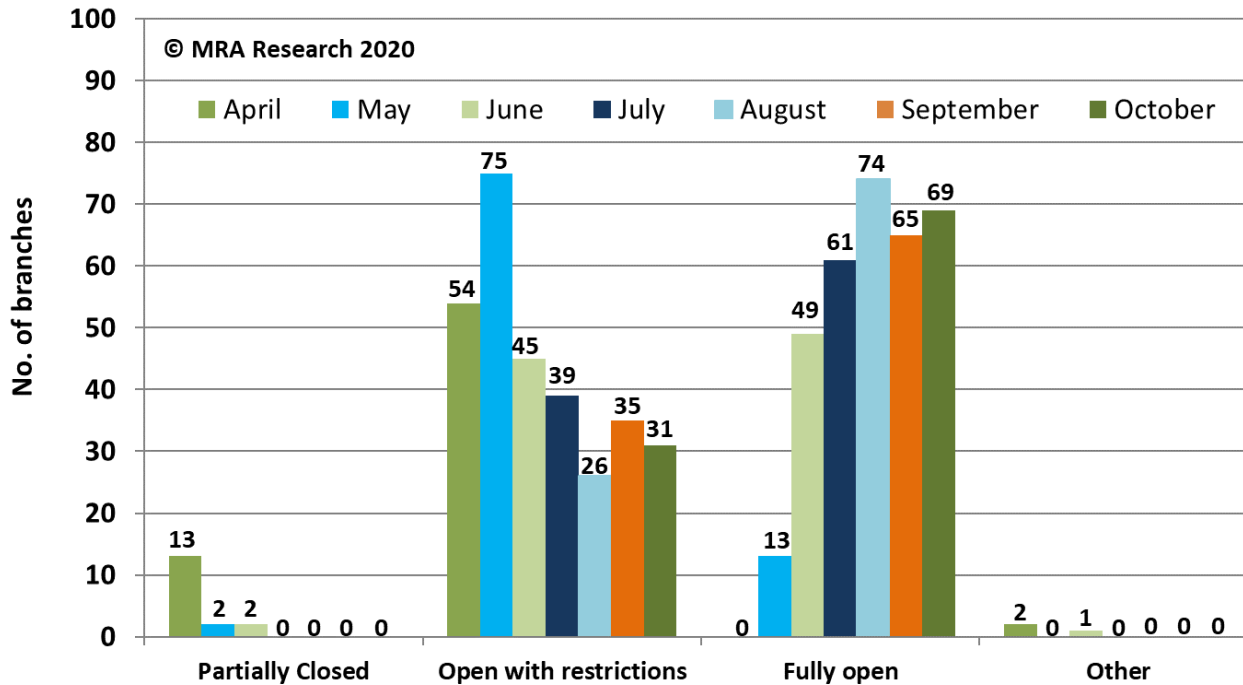
As we approach the winter months, merchants' expectations and confidence are cooling. However, the overall outlook remains positive with merchants particularly confident in their own business.

At the time of interviewing, the Government's announcement on a new one-month lockdown had not yet happened, although the risk of another lockdown and managing a second wave of the virus was already weighing on merchants' minds.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1<sup>st</sup> and 7<sup>th</sup> October.

# Impact of COVID-19 on branch openings

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

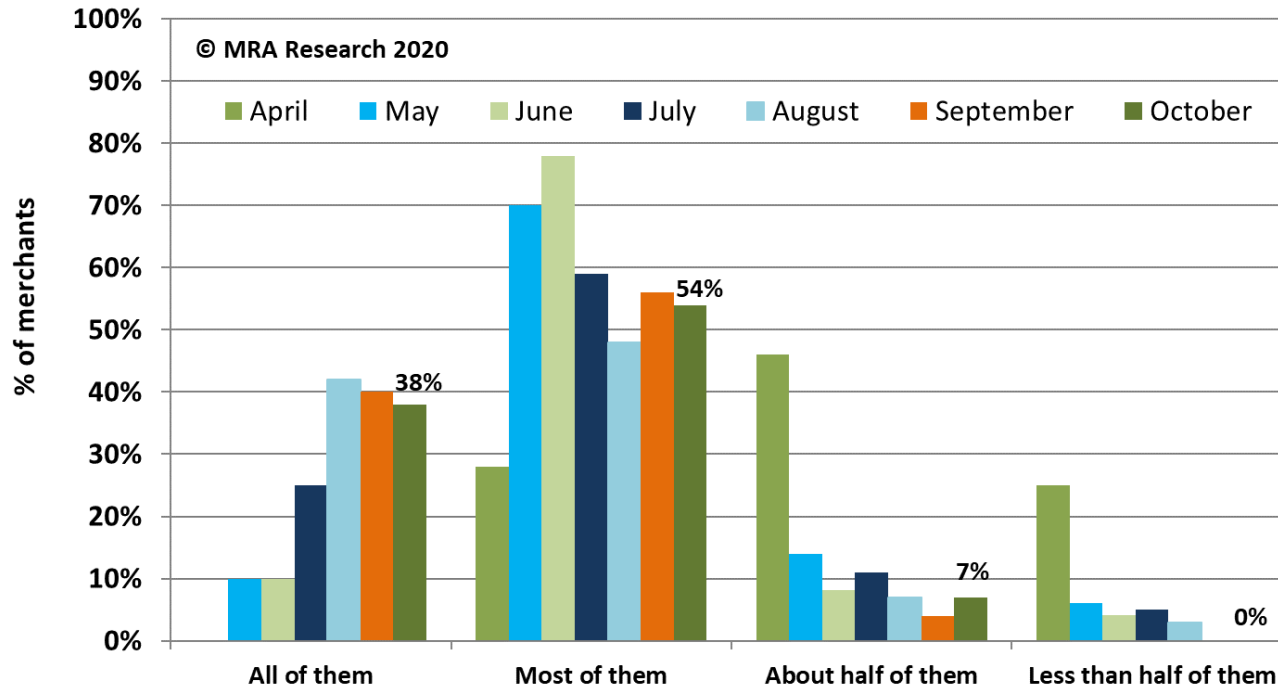


The shift to 'Fully open' continues, with just under 7 in 10 merchants back to operating normally, in accordance with Government guidance.

**Sample base:**  
October: 100  
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?

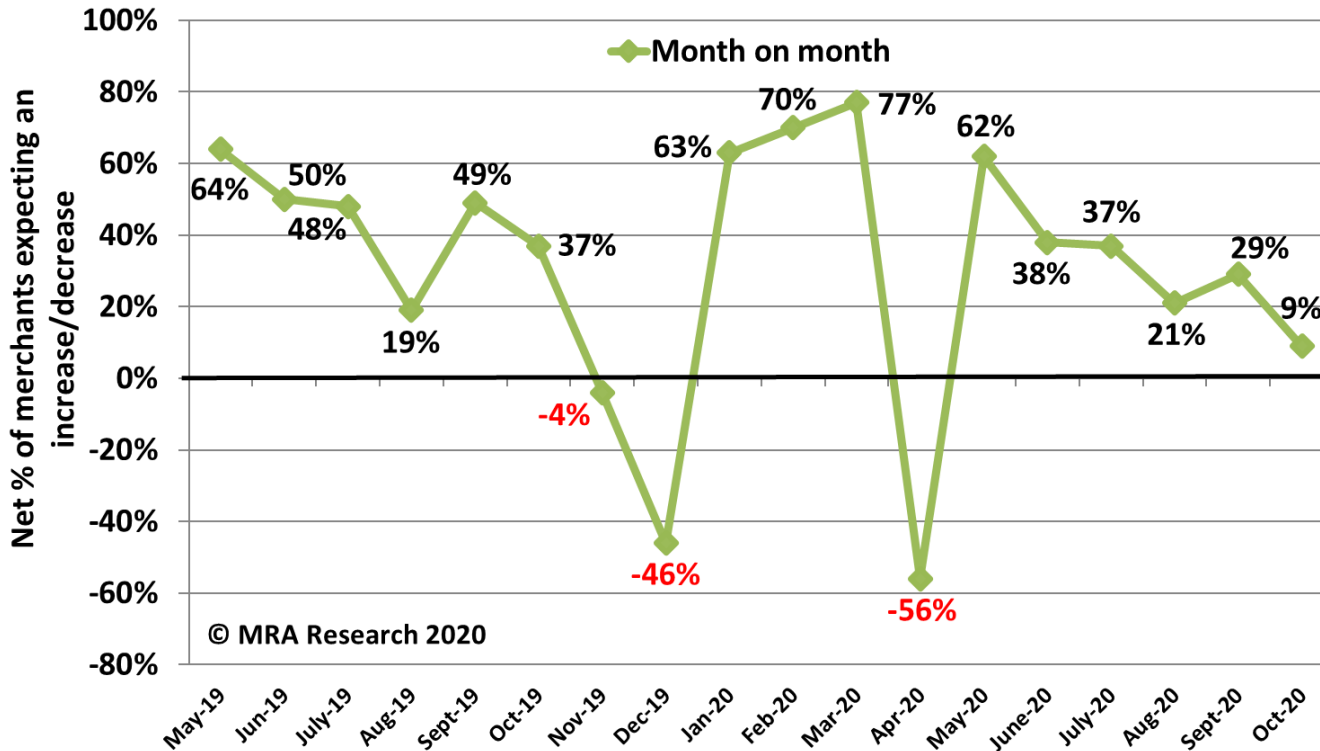


Over 90% of merchants say all or most of their suppliers are able to supply them.

But there are longer lead times and stock shortages of some materials, particularly plaster, timber and bricks.

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

### Sales Expectations October 2020 v September 2020

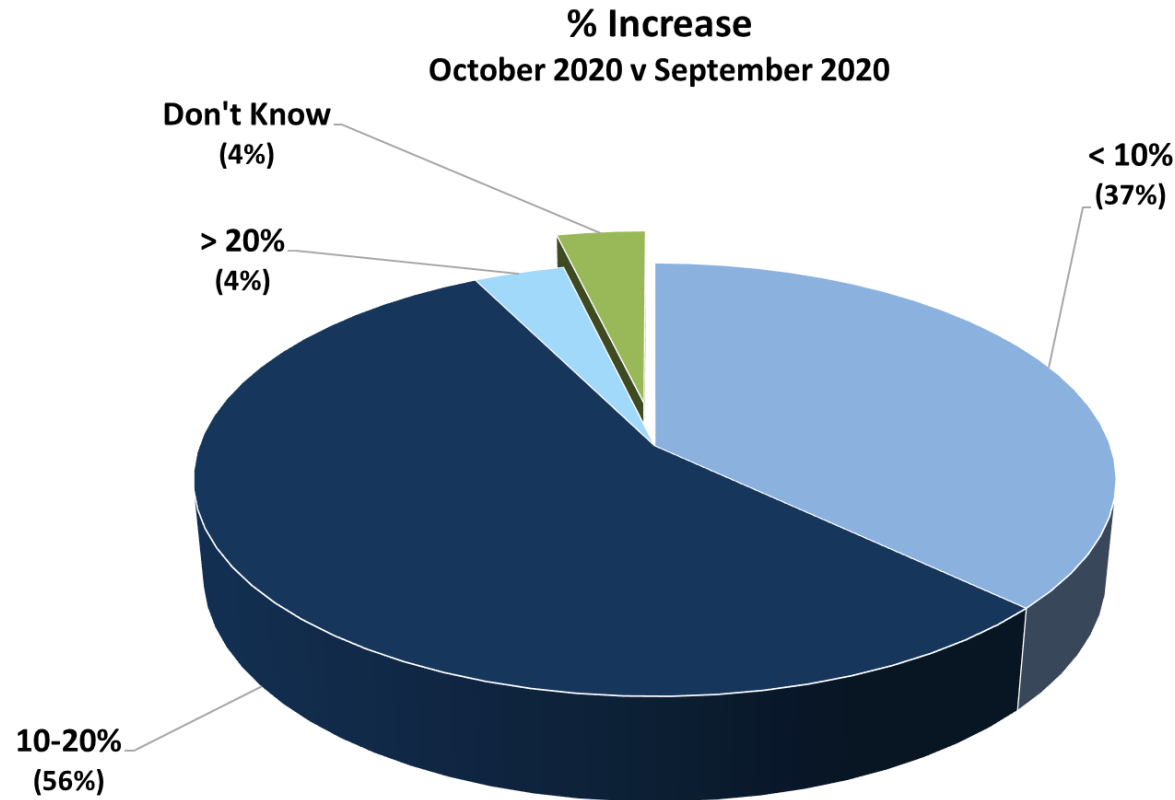


Although sales expectations are weaker in October compared to September, merchants remain positive.

Small branches (net +22%), merchants in the South (+16%) and Nationals (+19%) are most bullish.

Mid-sized outlets (-3%) and independent branches (-13%) are the only ones forecasting a decline over the period.

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

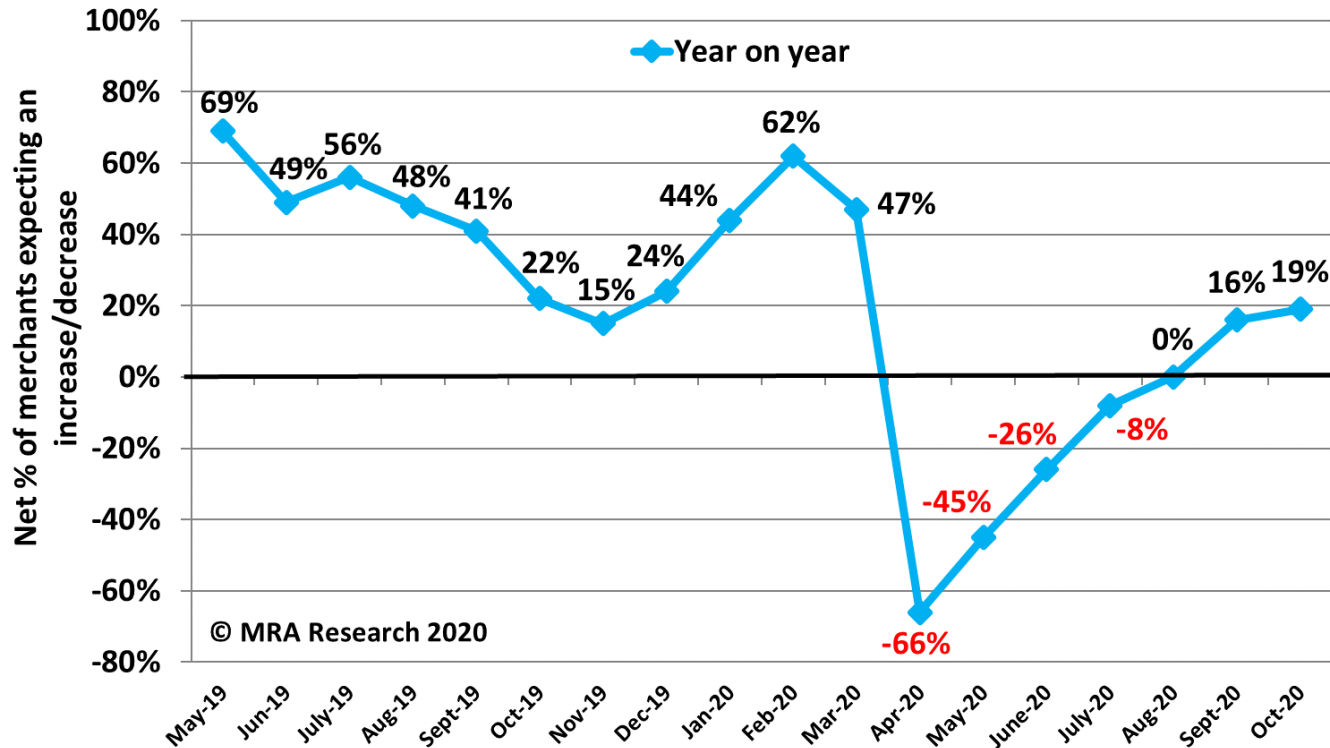


Among merchants anticipating higher sales, over a third expected October sales to grow up to 10% compared to September.

More than half anticipated an increase of 10-20%.

# Sales Expectations: Year-on-year...1

### Sales Expectations October 2020 v October 2019



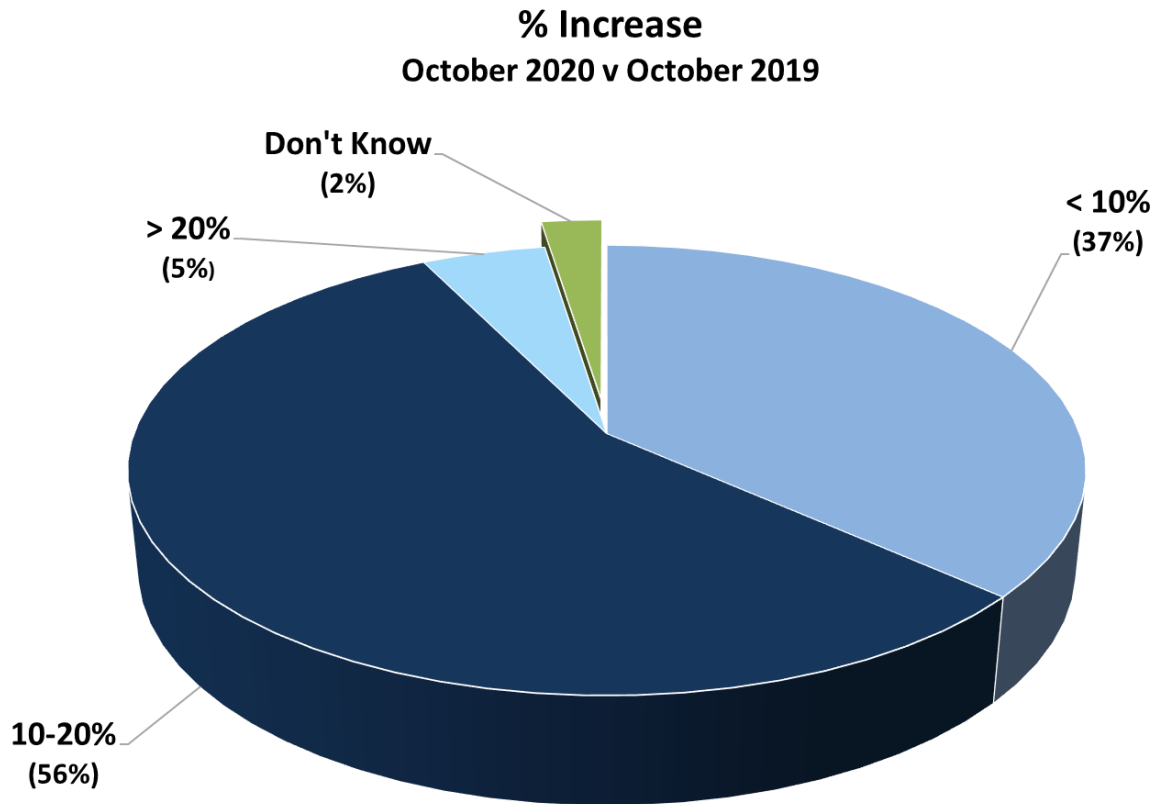
Year-on-year, merchants expectations continue to strengthen.

By branch size, mid-sized outlets are most positive (net +32%).

Significantly more merchants in the North (+41%) and Scotland (+47%) are forecasting improved sales. This compares with only +8% in the South. A net -4% of merchants in the Midlands expect sales to drop.

While Regional and National merchants predict better sales over the period (net +32% and +11% respectively), independent merchants forecast no change.

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



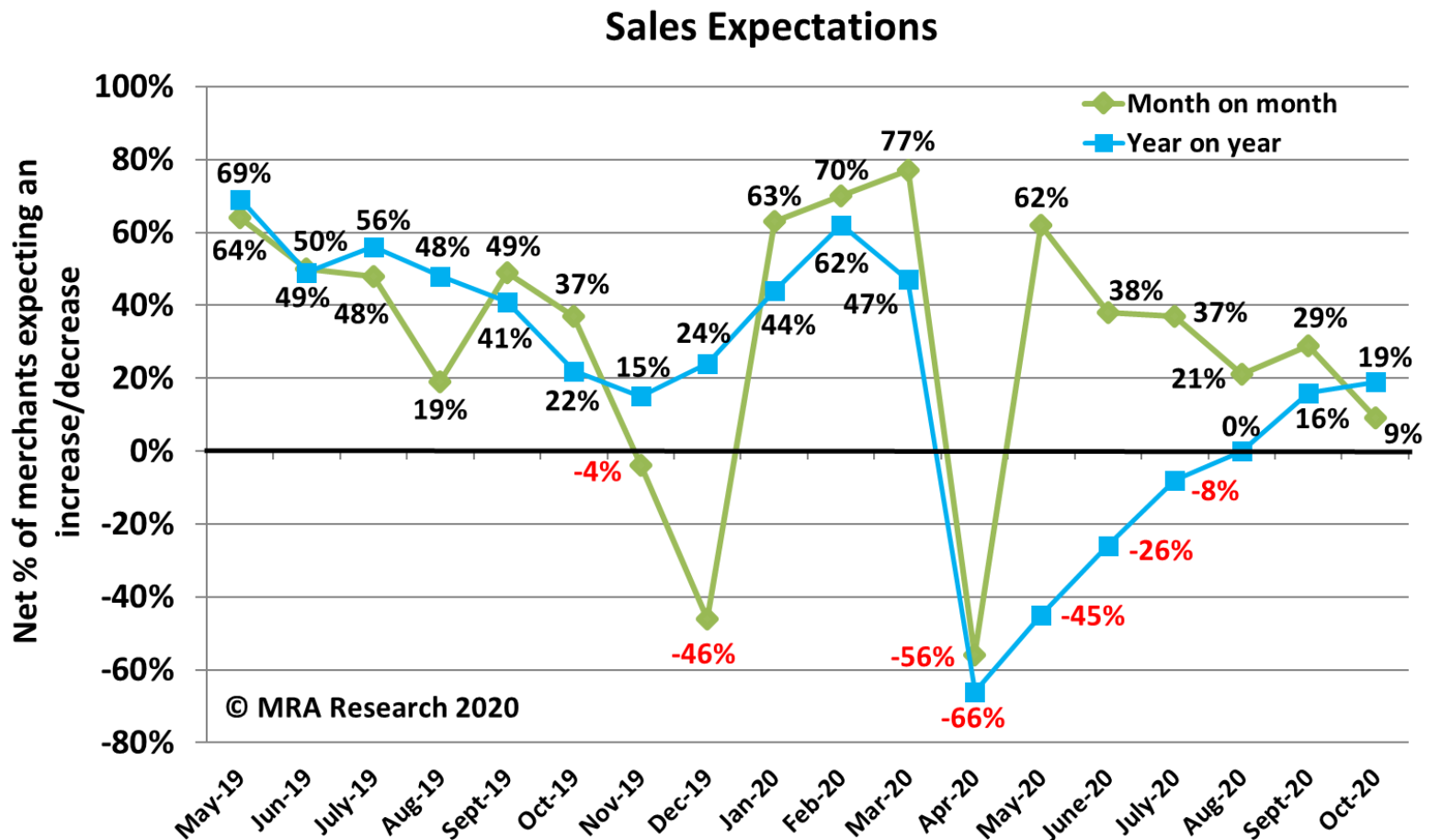
Year-on-year expectations are also strong with nearly 4 in 10 merchants expecting up to 10% growth in October compared to the same month last year.

Over half forecast an increase of 10-20%.



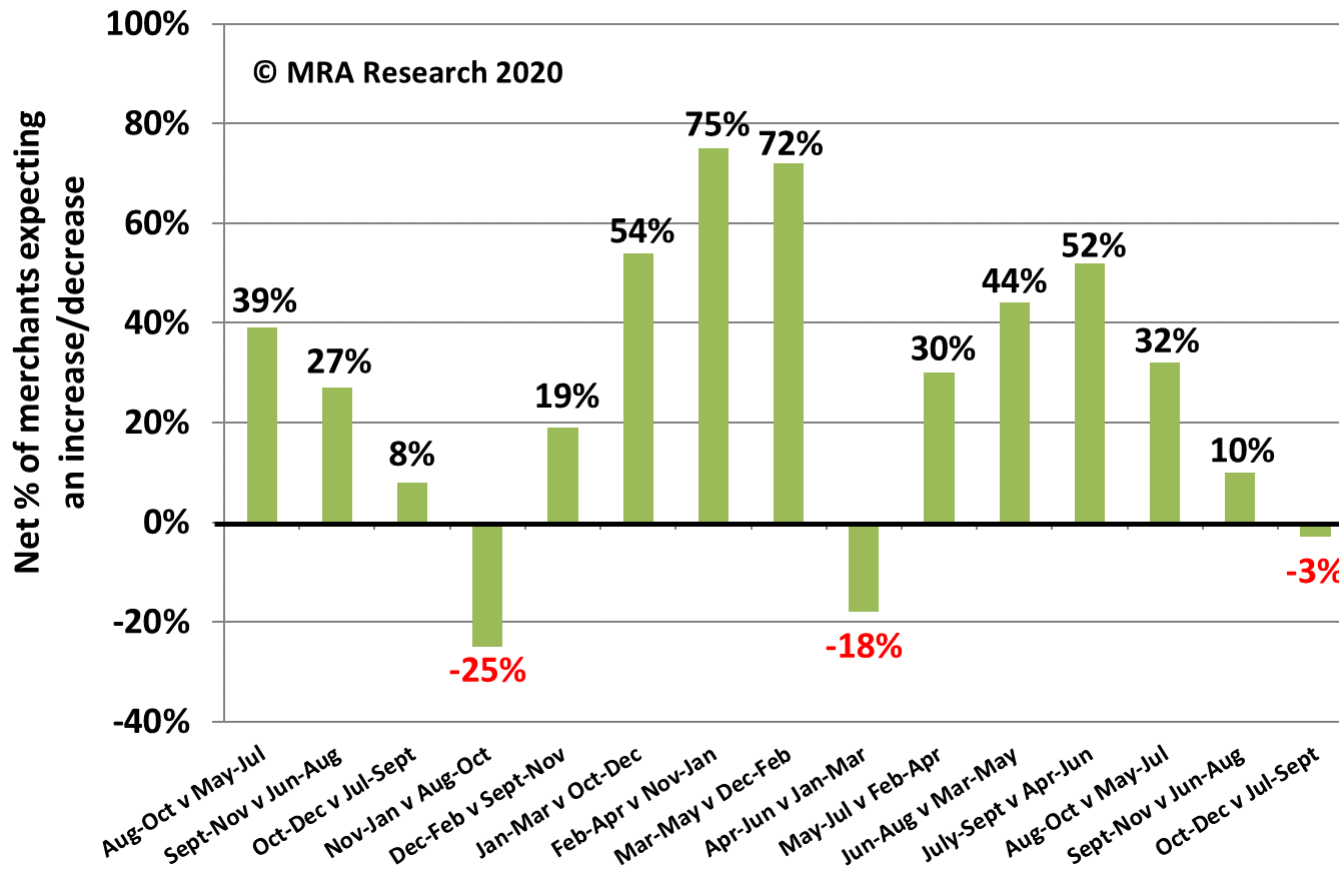
# Sales Expectations

## Month-on-month v Year-on-Year



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

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



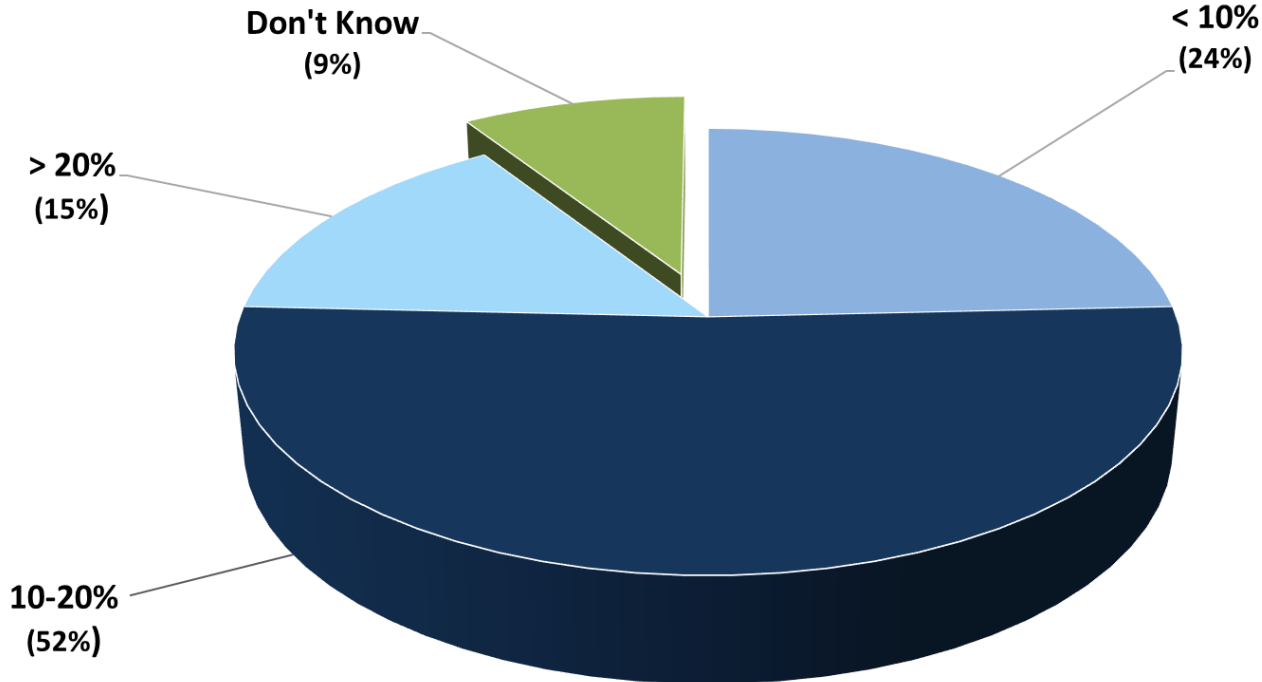
The outlook for the quarter ahead weakens.

Large merchants are still upbeat with a net +22% forecasting growth. Mid-sized branches expect sales to fall (-20%).

Merchants across the country are predicting lower sales in the next quarter.

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

**% Decrease**  
Next 3 months (Oct-Dec) v Previous 3 months (Jul-Sep)

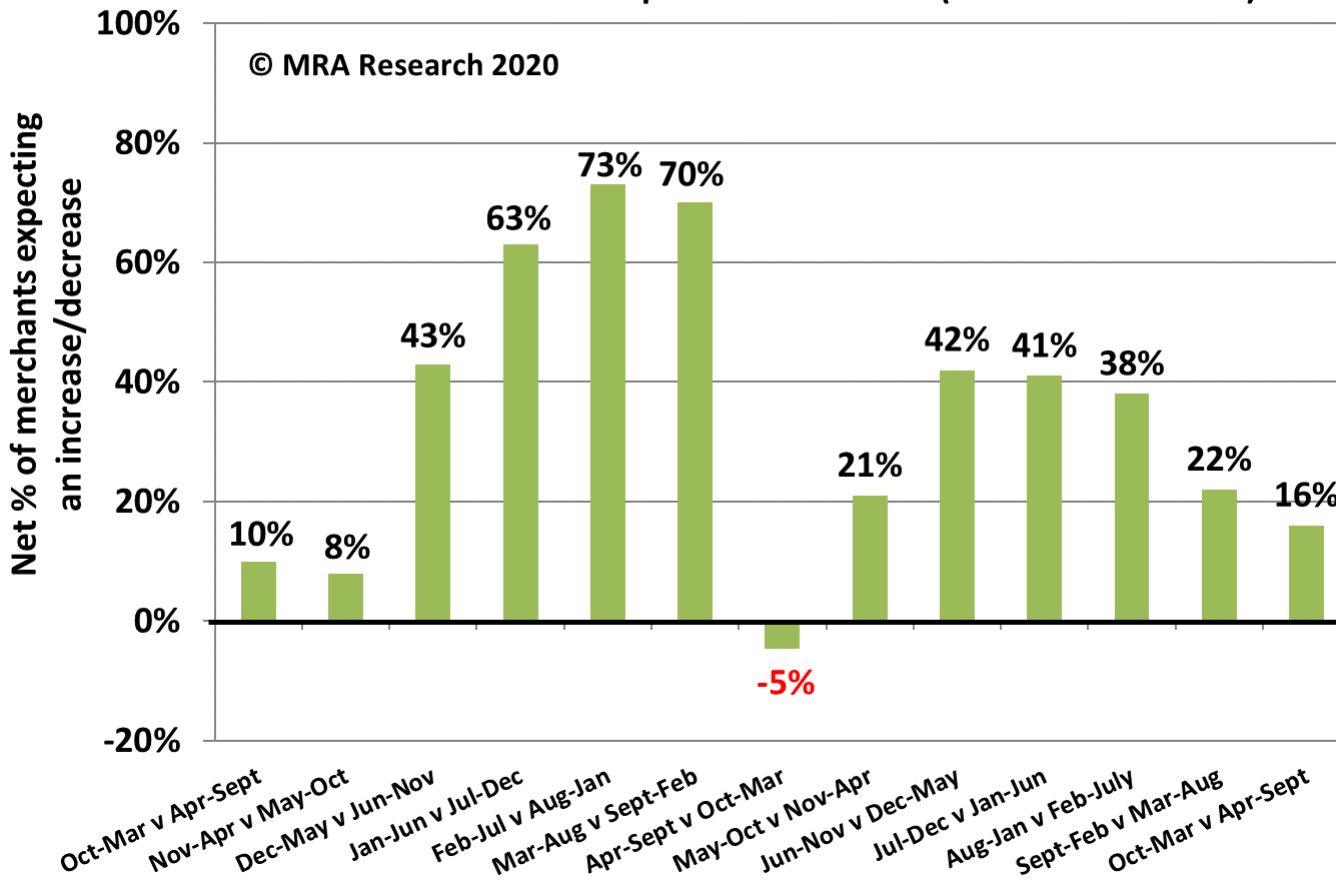


Of those forecasting lower sales over the next quarter, 24% expect sales to drop up to 10%.

Over 50% expect the decrease to be 10-20%.

# Sales Expectations: Next six months...1

**Sales Expectations**  
Next 6 months v previous 6 months (from October 2019)



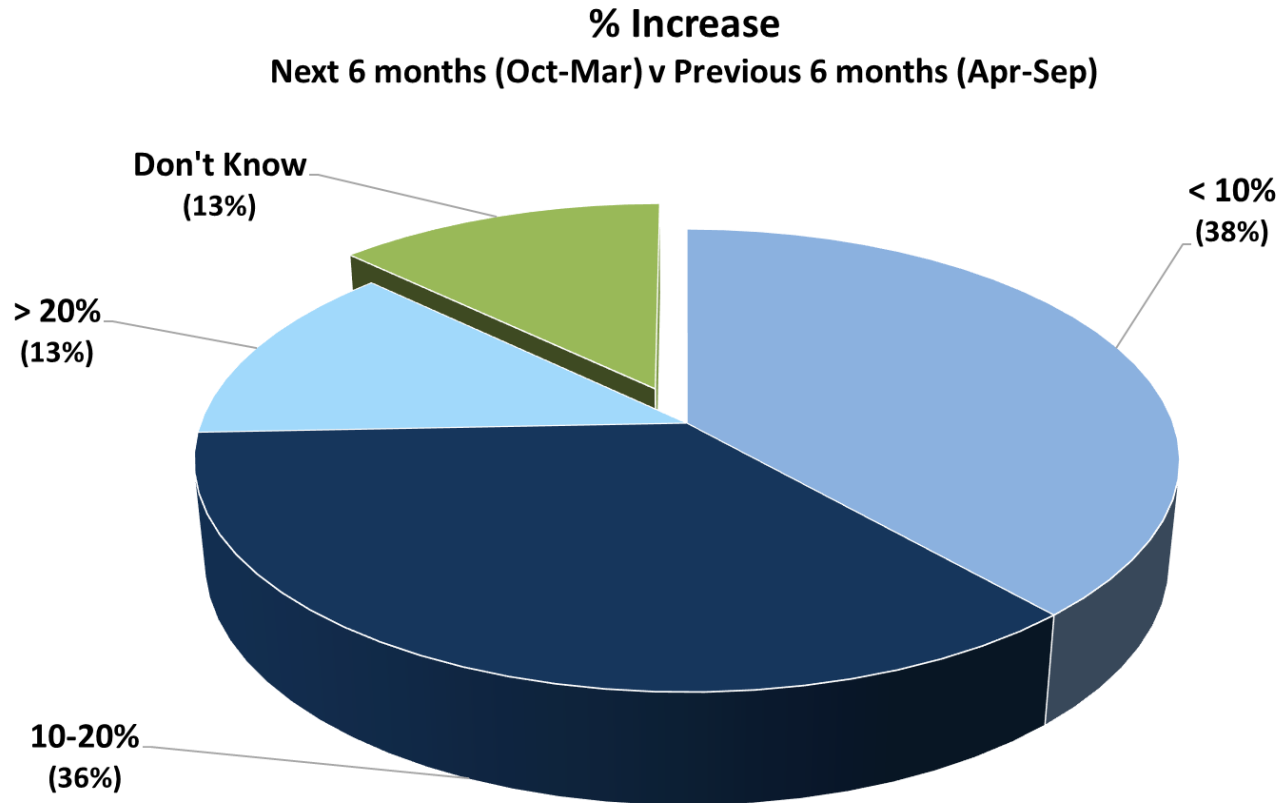
Over the next six months merchants predict an upturn.

Expectations are similar across the board with large outlets (net +33%) and Nationals (+30%) the most positive.

Mid-sized branches (+2%) and merchants in the Midlands (+4%) expect slower growth. A net -6% of independent branches forecast a decline.

# Sales Expectations: Next six months...2

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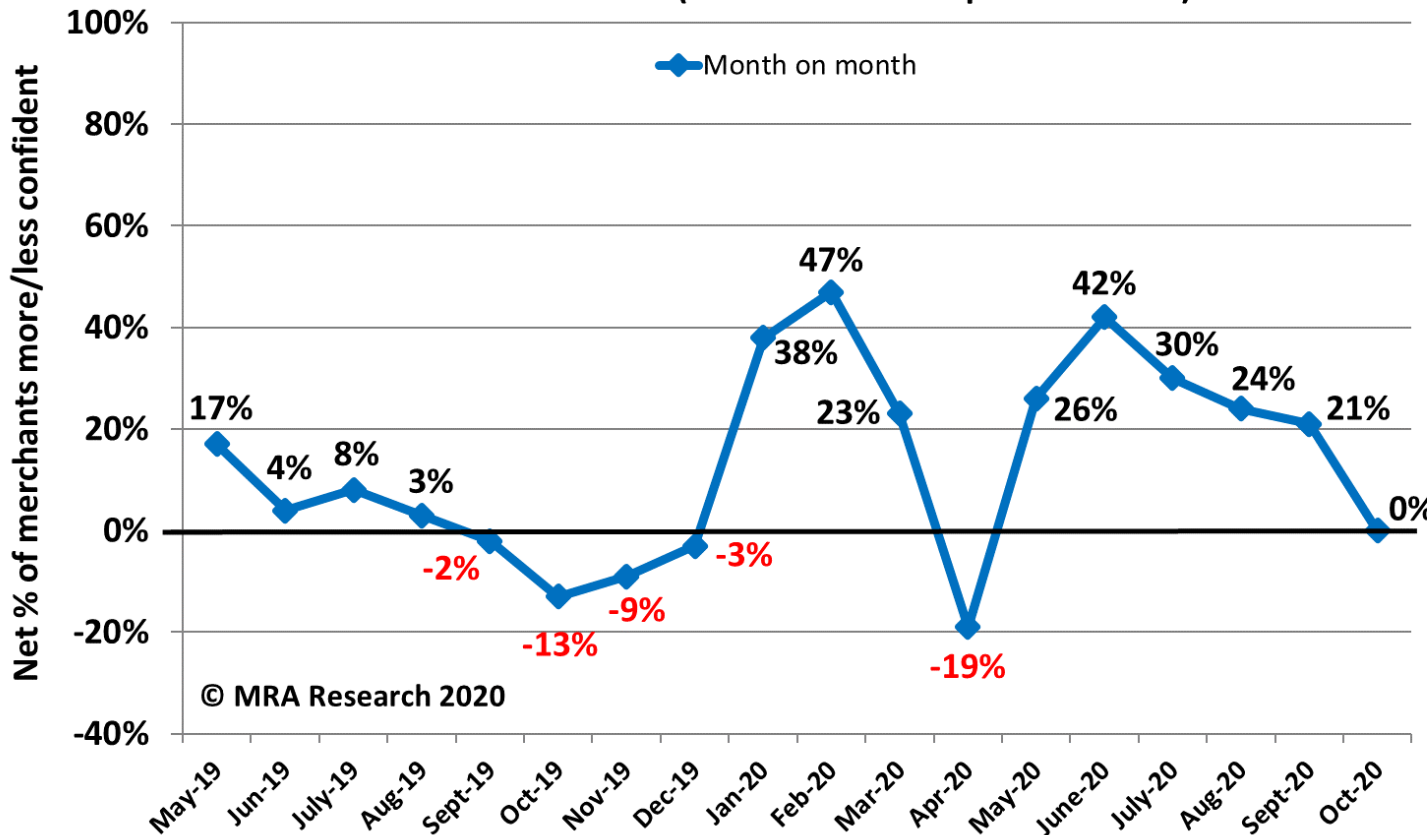
Merchants' outlook six months ahead is strong.

Of those anticipating an increase in sales over the period, nearly three quarters forecast growth of up to 20%.

A further one in eight expect sales to improve by more than 20%.

# Confidence in the market: Month-on-month

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



Confidence in the market is ebbing.

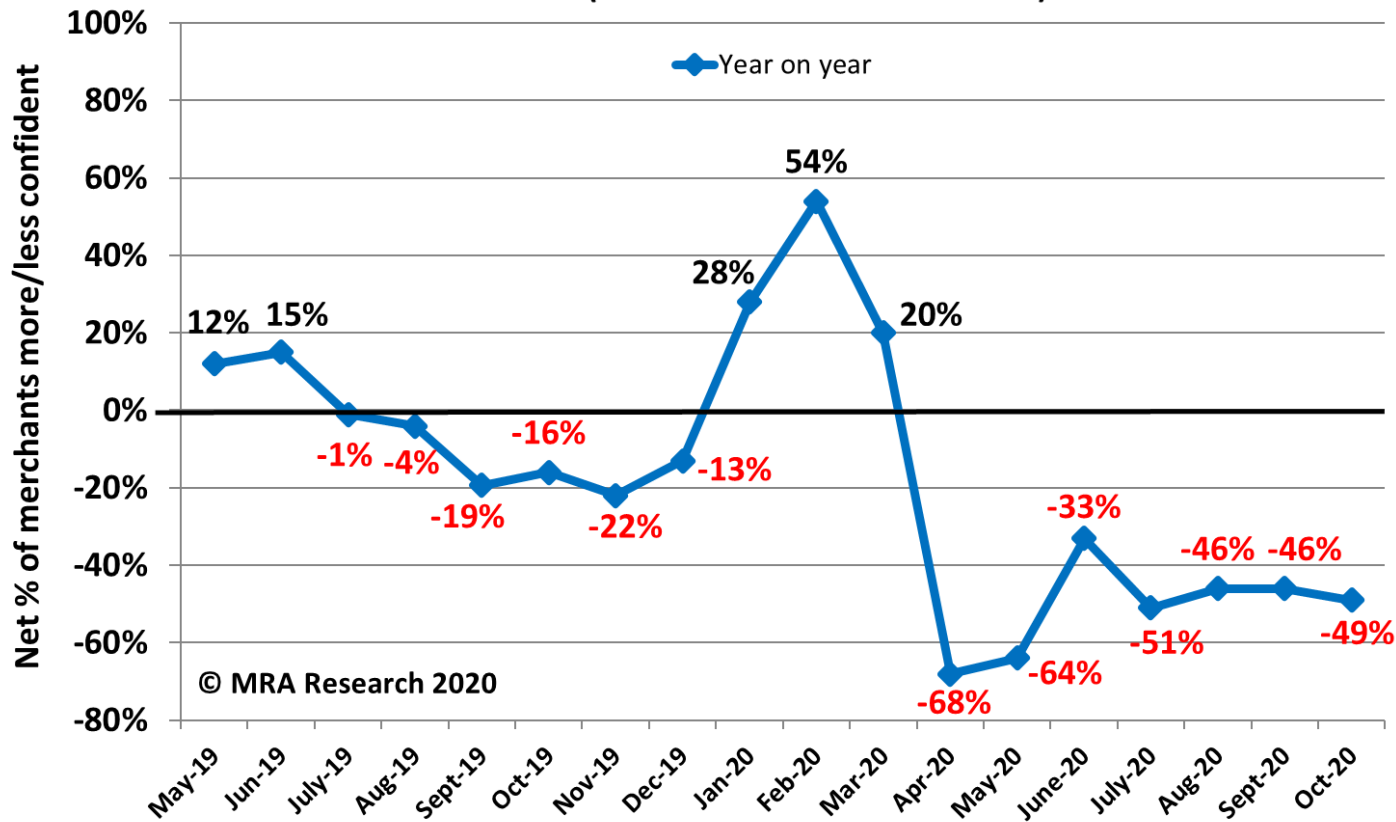
However, while small and large outlets (net +15% and +22% respectively) are still bullish, mid-sized branches (-24%) are concerned about the market.

Merchants in the South (+13%) and Scotland (+6%) are still confident, but a net -26% of merchants in the Midlands are not.

Independent (net +13%) and Regional branches (+4%) are more confident than Nationals (-11%).

# Confidence in the market: Year-on-year

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



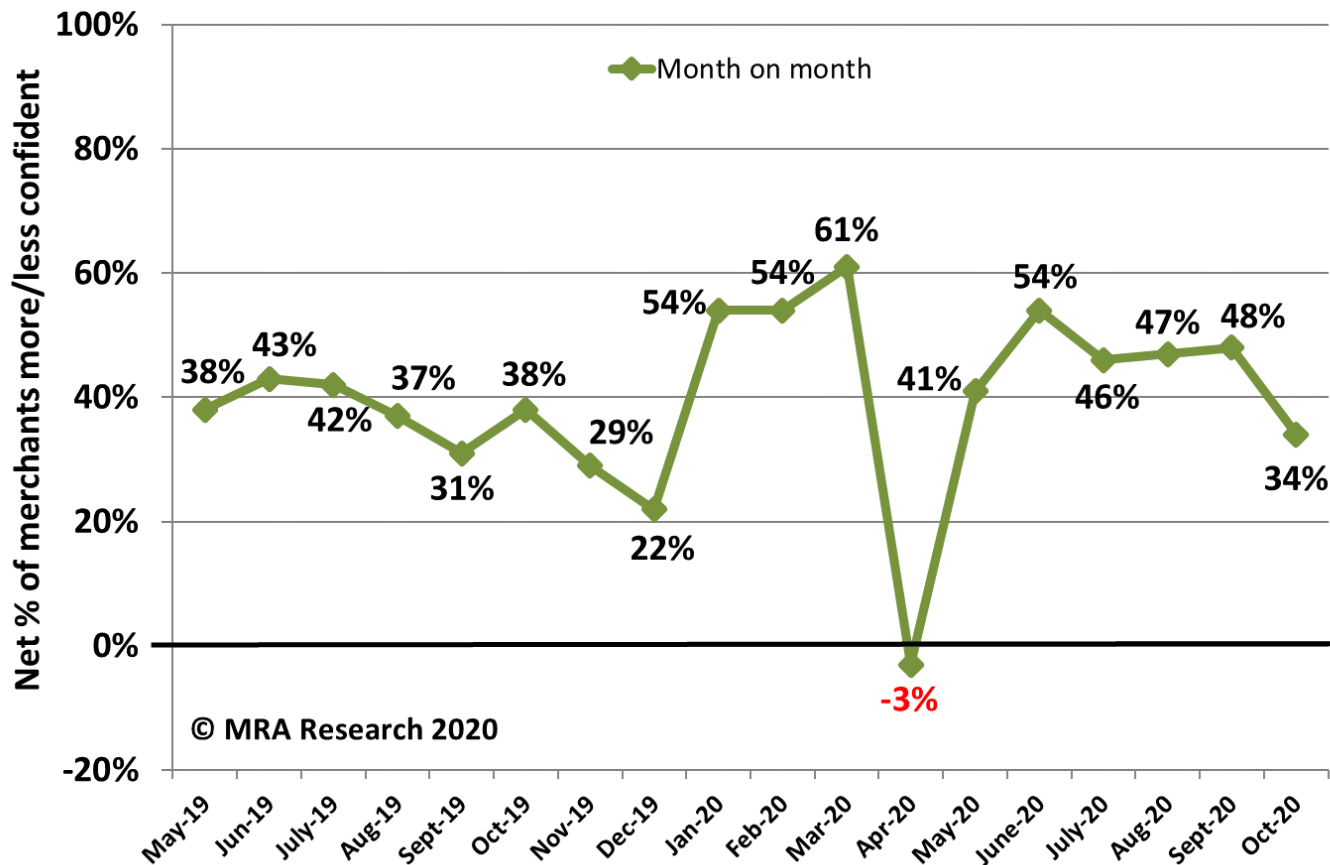
Confidence in the market is not improving year-on-year.

Mid-sized merchants (net -68%) and merchants in the Midlands (-83%) are least confident in the market.

Merchants are concerned about lockdown and a second wave, stocks and supplies, with Brexit starting to feature again too.

# Confidence in their own business: Month-on-month

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



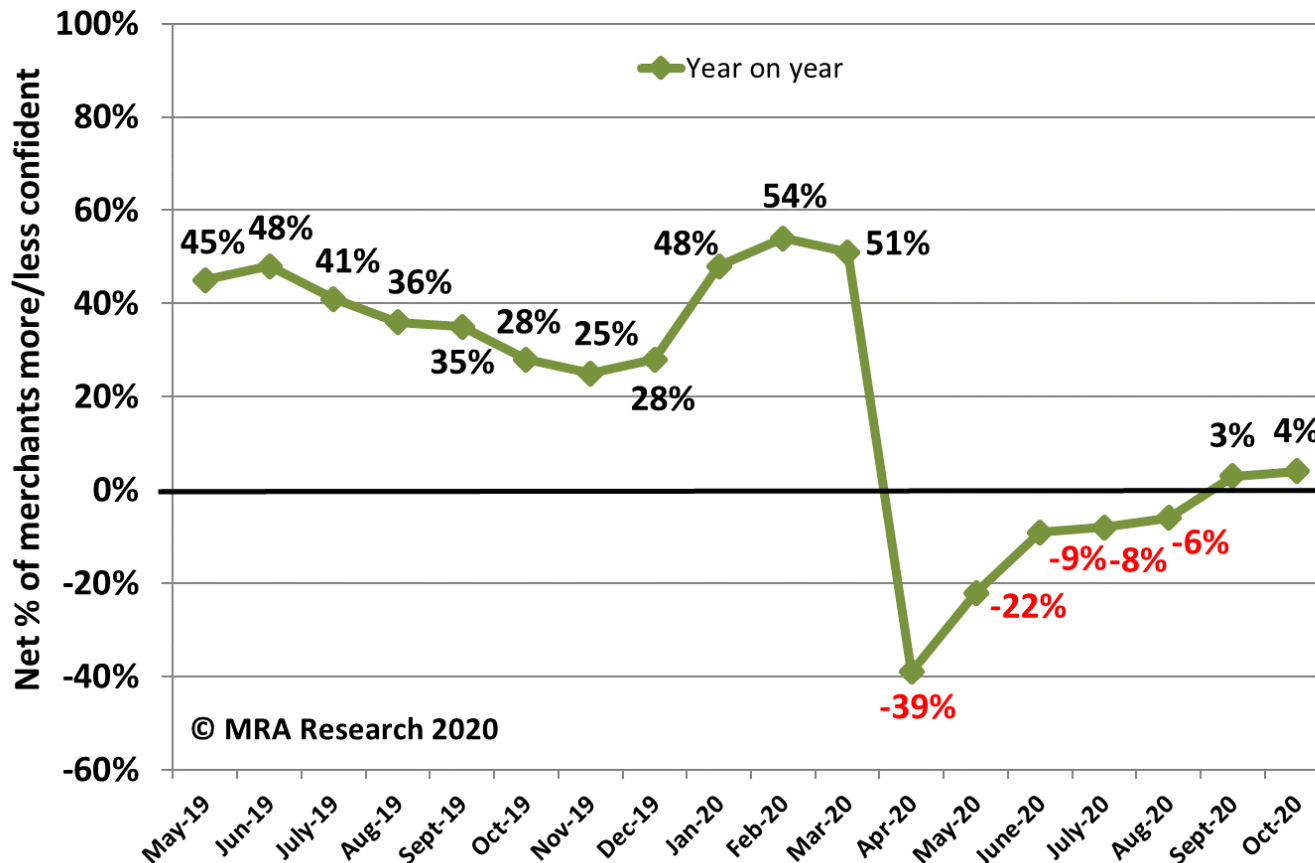
Although merchants' confidence in their own business is down compared to previous surveys, it remains strong.

Merchants in the North are particularly buoyant (net +59%), with none of those interviewed less confident.



# Confidence in their own business: Year-on-year

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



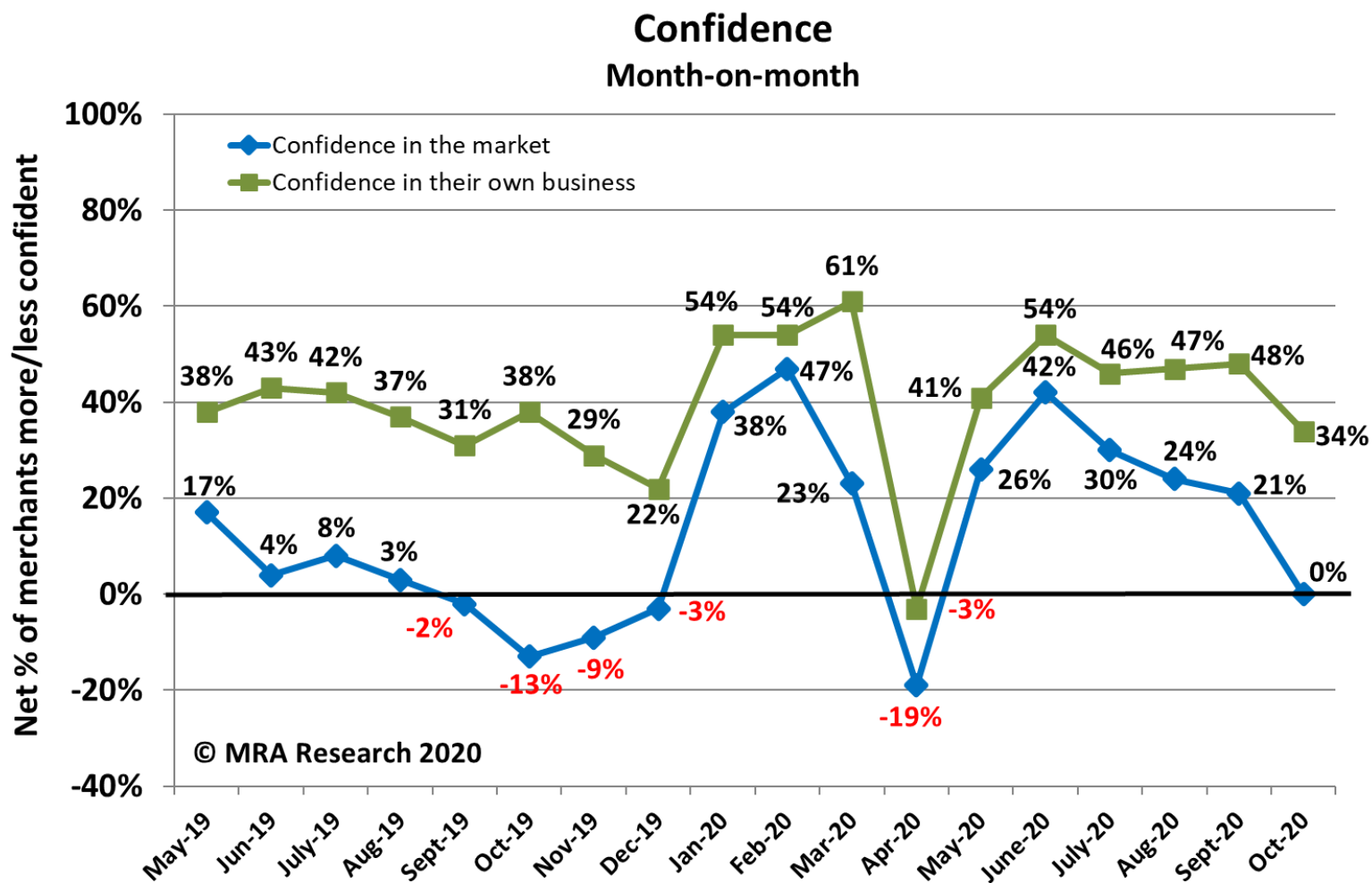
A net +22% of large branches are more confident year-on-year in their own business.

Merchants in the Midlands (+17%) and the North (+10%) are more bullish than merchants in Scotland (0%) and the South (-5%).

While Regional (net +13%) and National merchants (+3%) are positive about the prospects for their own business, independent branches (-19%) are less confident.

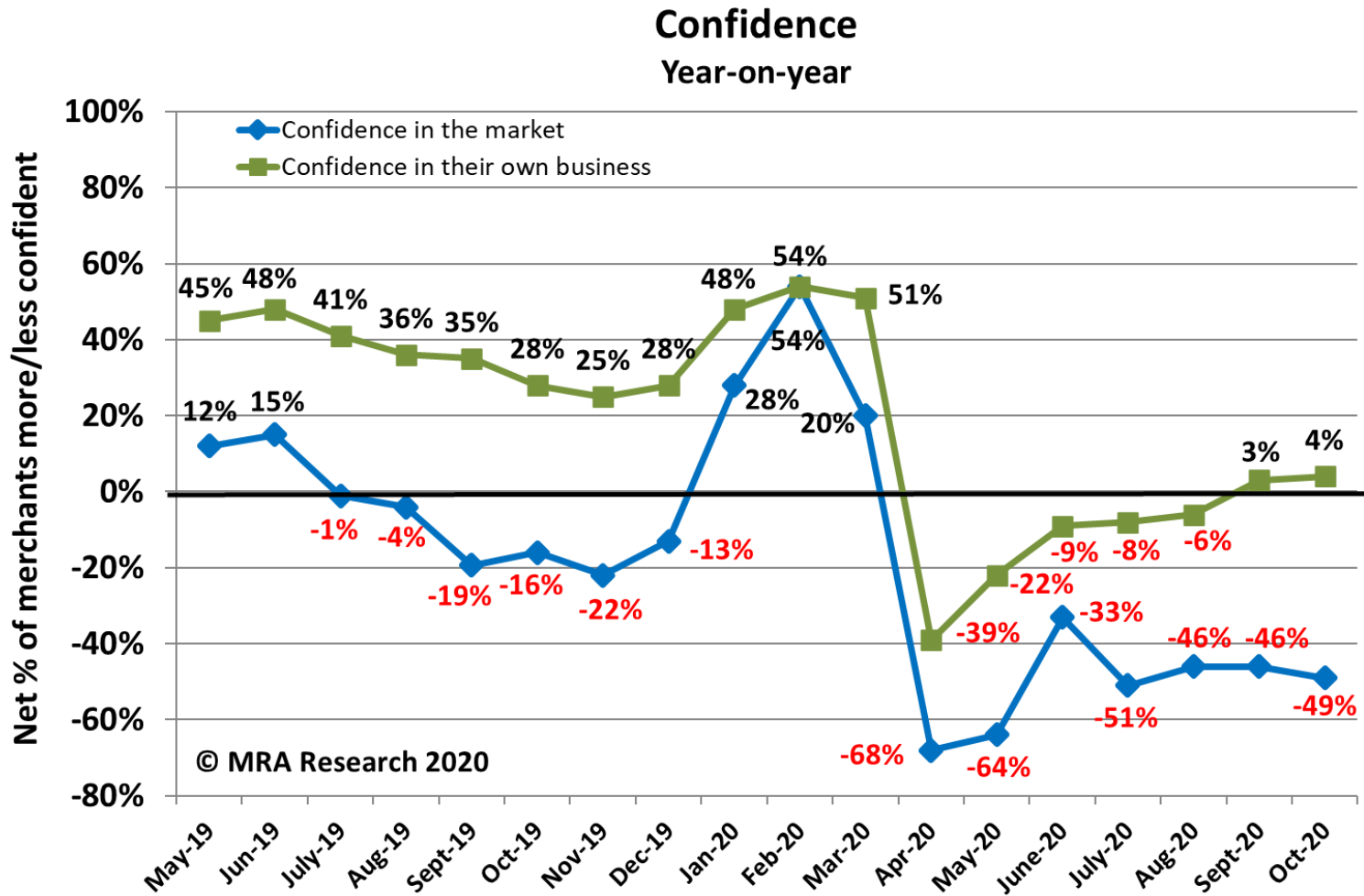
# Confidence in the market v own business

## Month-on-Month



# Confidence in the market v own business

## Year-on-Year



# About The Pulse

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**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 18<sup>th</sup> in the series, with interviews conducted by MRA Research between 1<sup>st</sup> and 7<sup>th</sup> October 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](http://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

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## 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

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](http://www.mra-marketing.com)



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](http://www.bmbi.co.uk).



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**Paul Hetherington, Hetherington International Services Ltd**



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