



the Pulse
Expectations. Prospects. Confidence.

December 2020

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

Overview

2

Merchants' upbeat for 2021

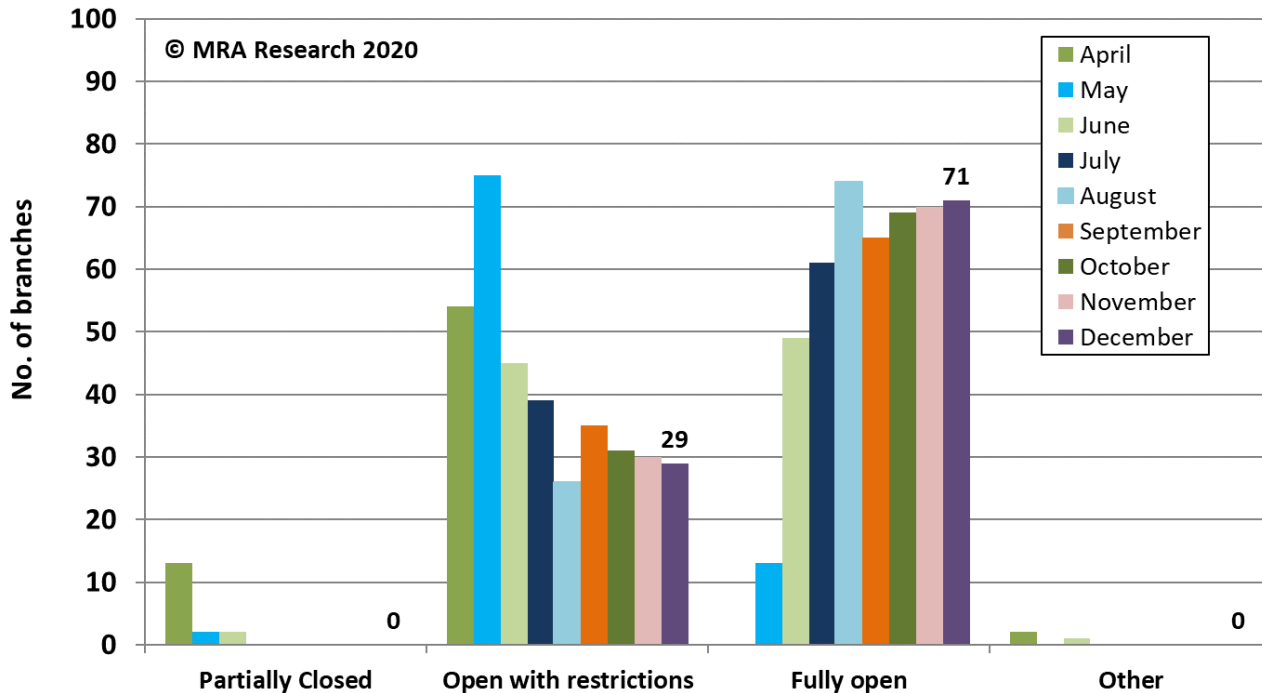
While short term sales expectations are cautious, merchants' outlook for the next three and six months rose markedly in December.

Merchants' confidence in the market and in their own business, both month-on-month and year-on-year, improved significantly too.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 1st and 4th December 2020.

Impact of COVID-19 on branch openings

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



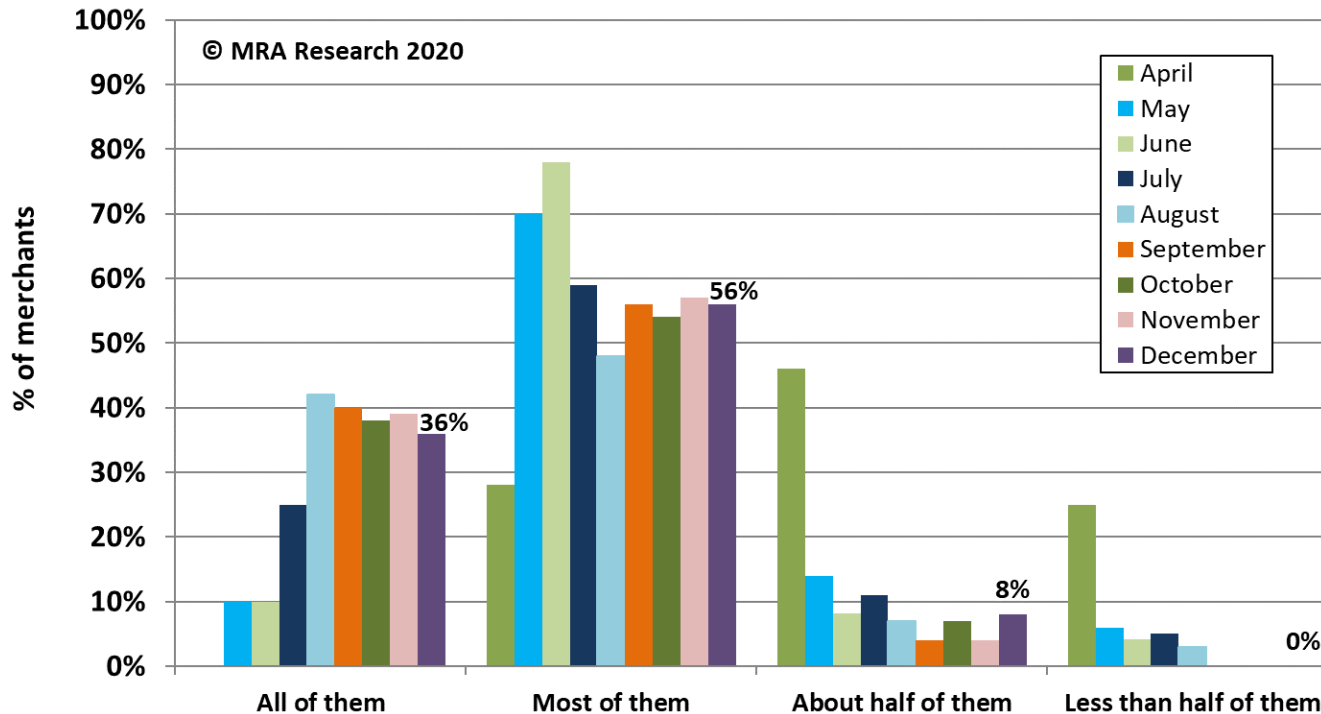
The number of merchants fully open increased marginally month-on-month and reached 71% in December.

93% were fully open in Scotland.

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

Impact of COVID-19 on Material Supply

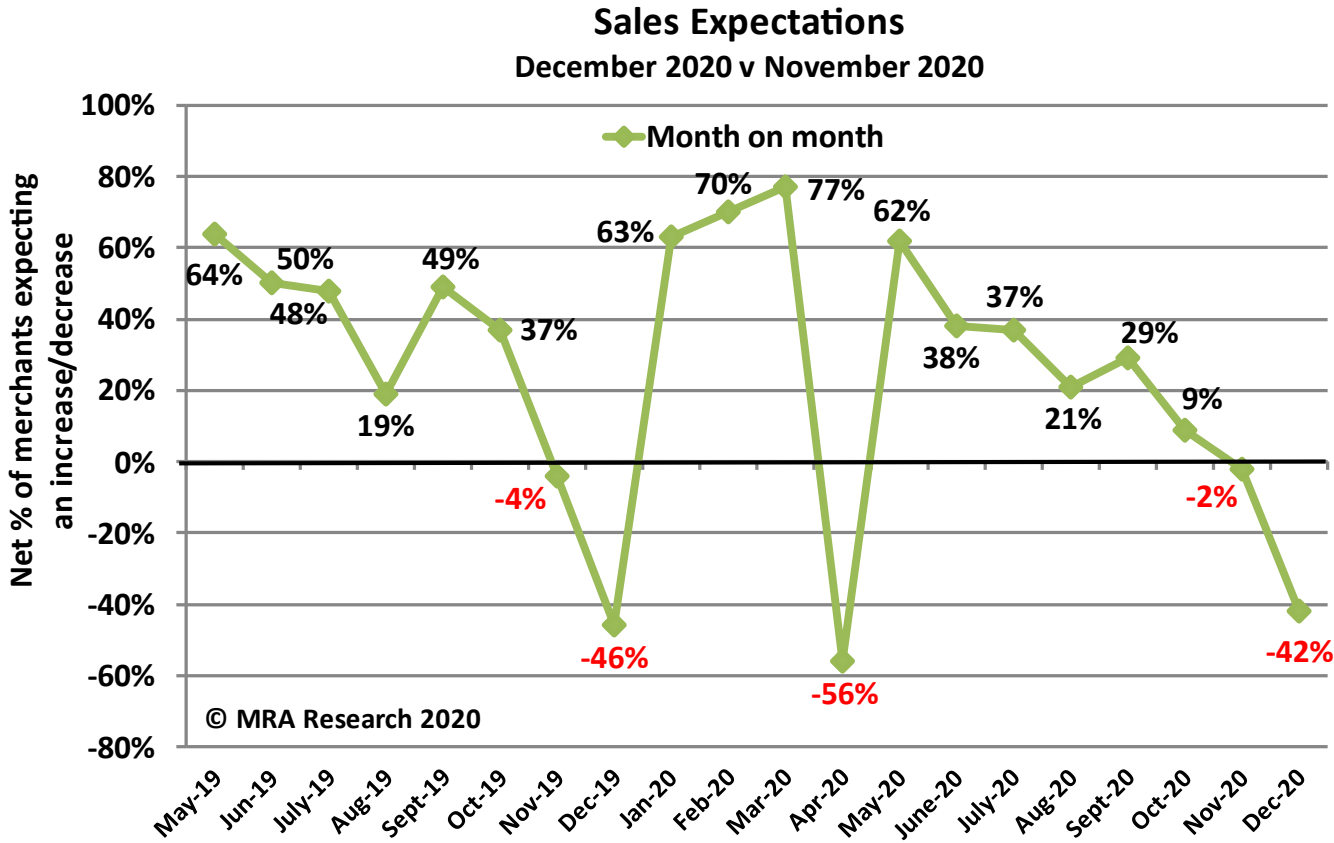
What proportion of your suppliers are **CURRENTLY** able to supply you?



Over 9 out of 10 of merchants say most or all of their suppliers are currently able to supply them.

Stock availability and extended lead times are still cited as problems.

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



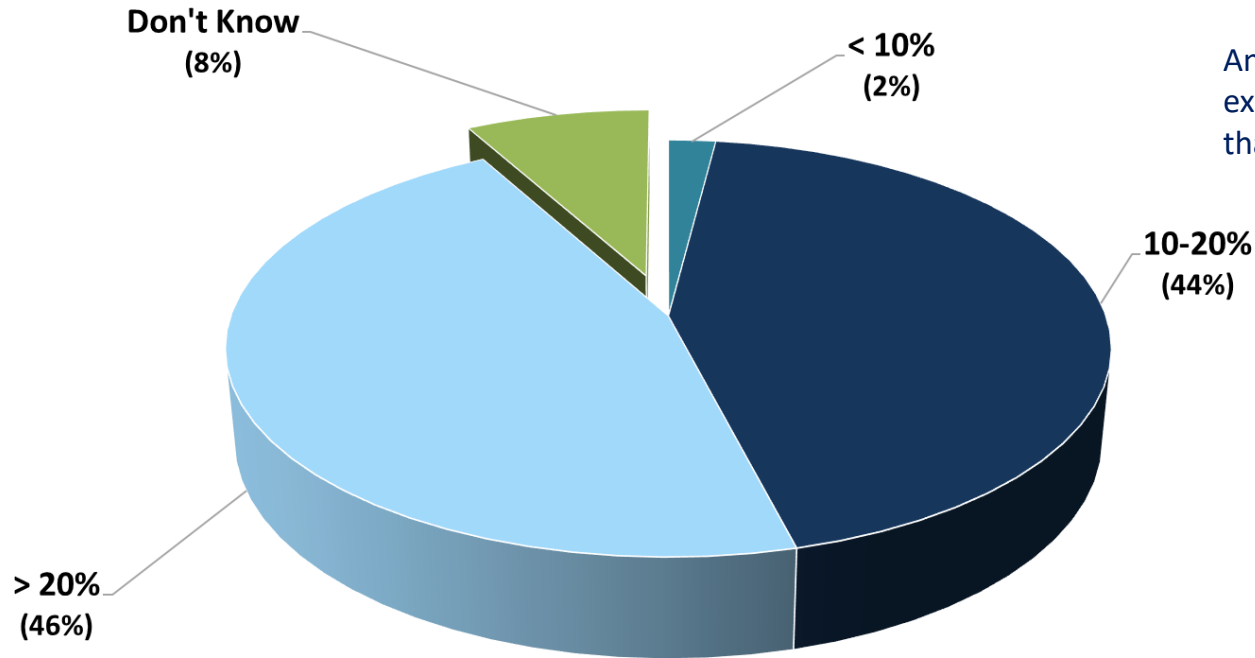
With fewer trading days, sales expectations for December compared to November weakened sharply.

A net -27% of small branches and merchants in the North forecasted lower sales.

Merchants in the South (net -51%) and large outlets (-56%) were least positive.

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

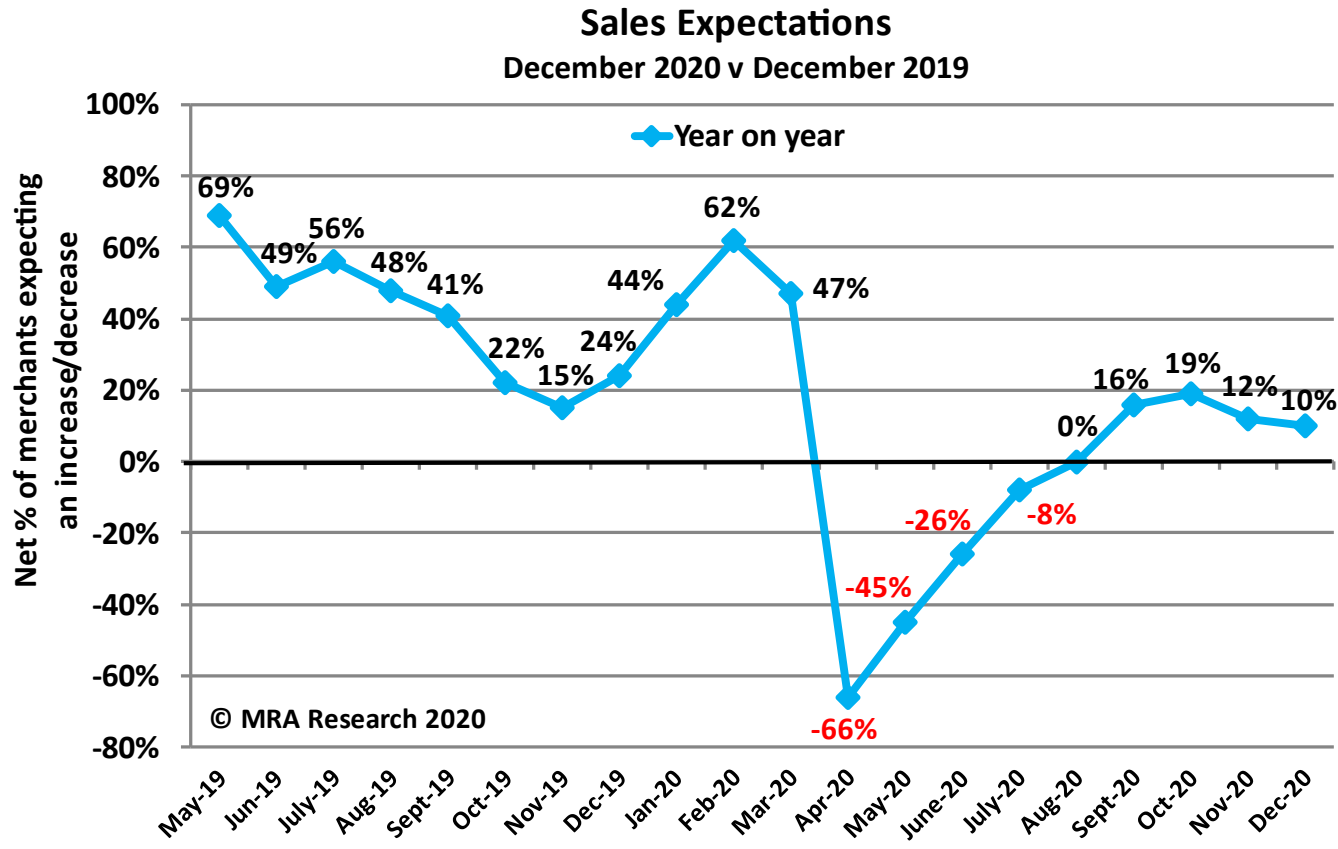
% Decrease
December 2020 v November 2020



Just under half the merchants anticipating lower sales, expected December sales to fall up to 20% compared to November.

An equal number of merchants expected sales to fall by more than 20%.

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



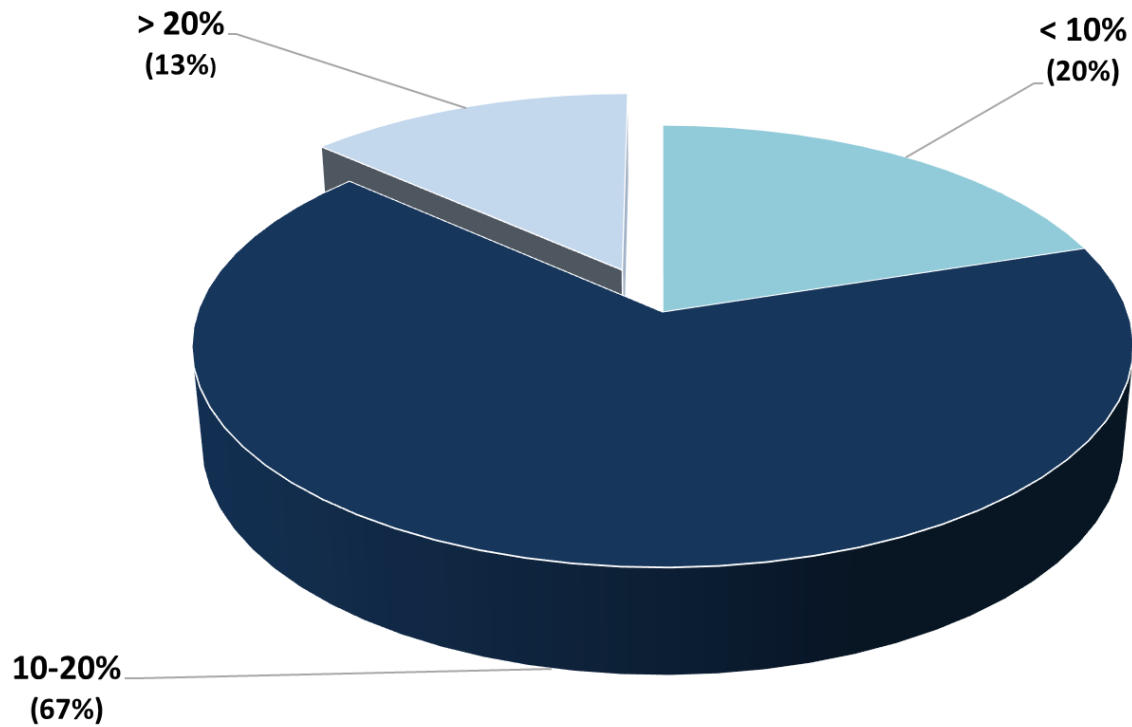
Merchants' expectations remain positive.

Merchants in the North (net -9%) and the Midlands (-4%) expected lower sales, while those in Scotland (+27%) and the South (+23%) forecasted an increase.

Independent merchants expected a decline (net -17%), but Regional and National merchants forecasted improved sales over the period (+16%).

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

**% Increase
December 2020 v December 2019**



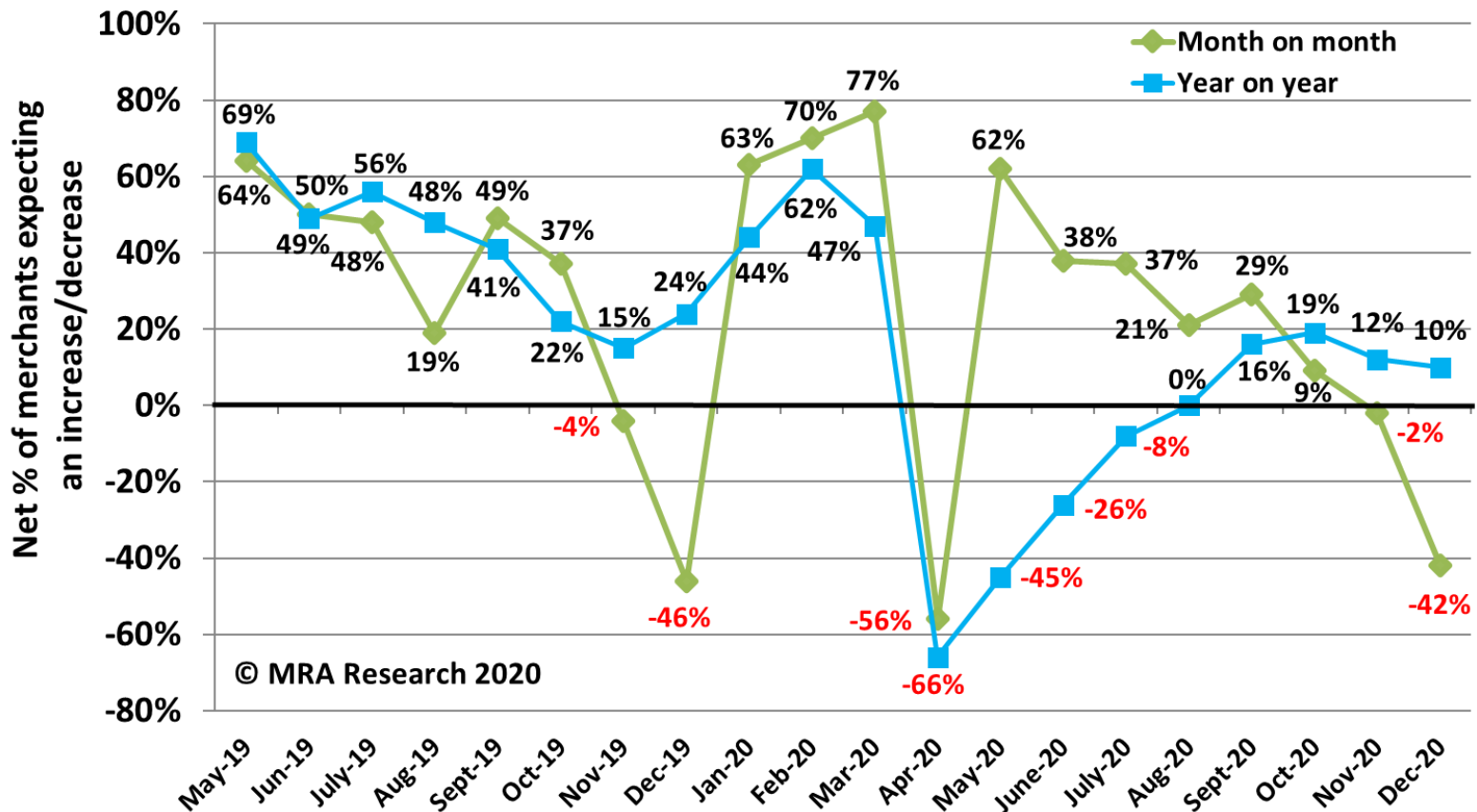
One in five of those forecasting stronger sales year-on year expected sales to rise by up to 10%.

Two thirds forecasted an improvement of 10-20%.

Sales Expectations

Month-on-month v Year-on-Year

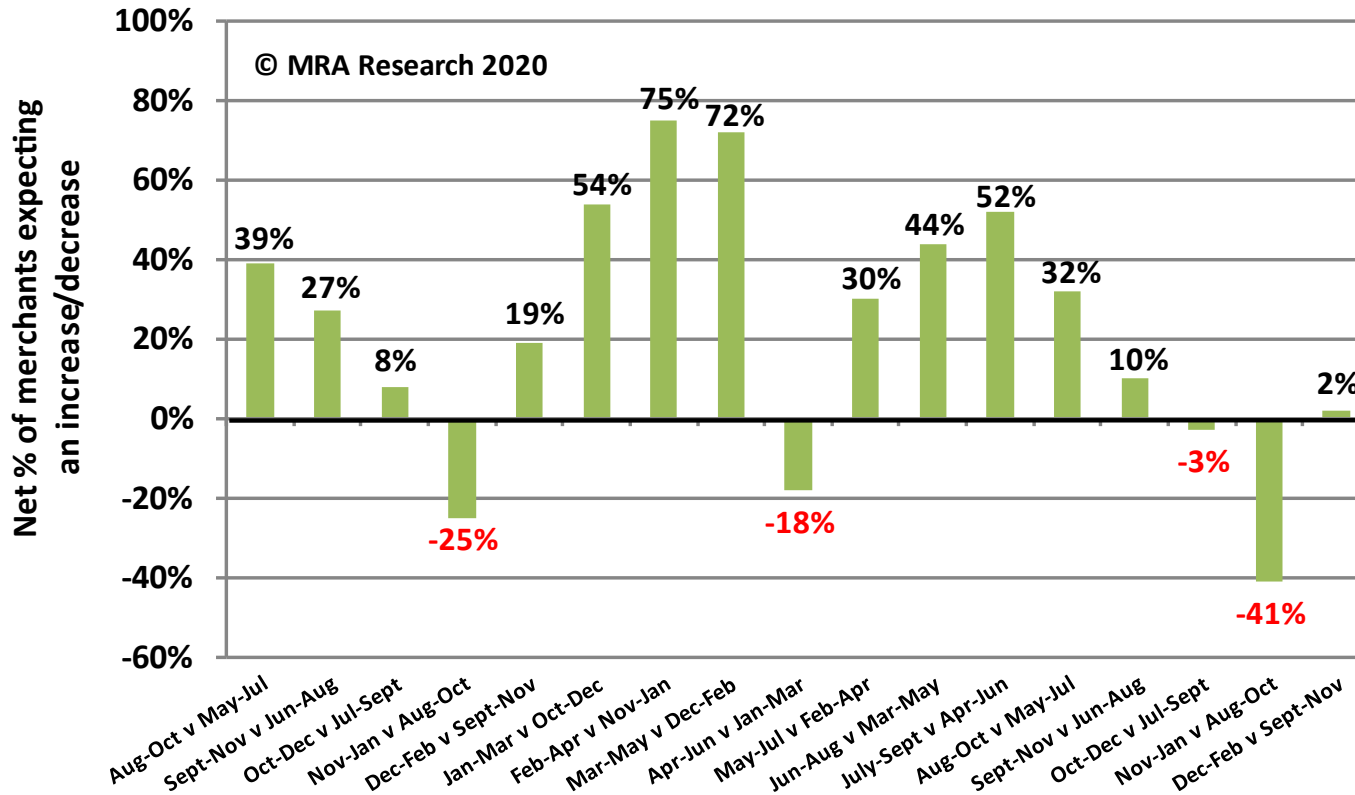
Sales Expectations



© MRA Research 2020

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

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

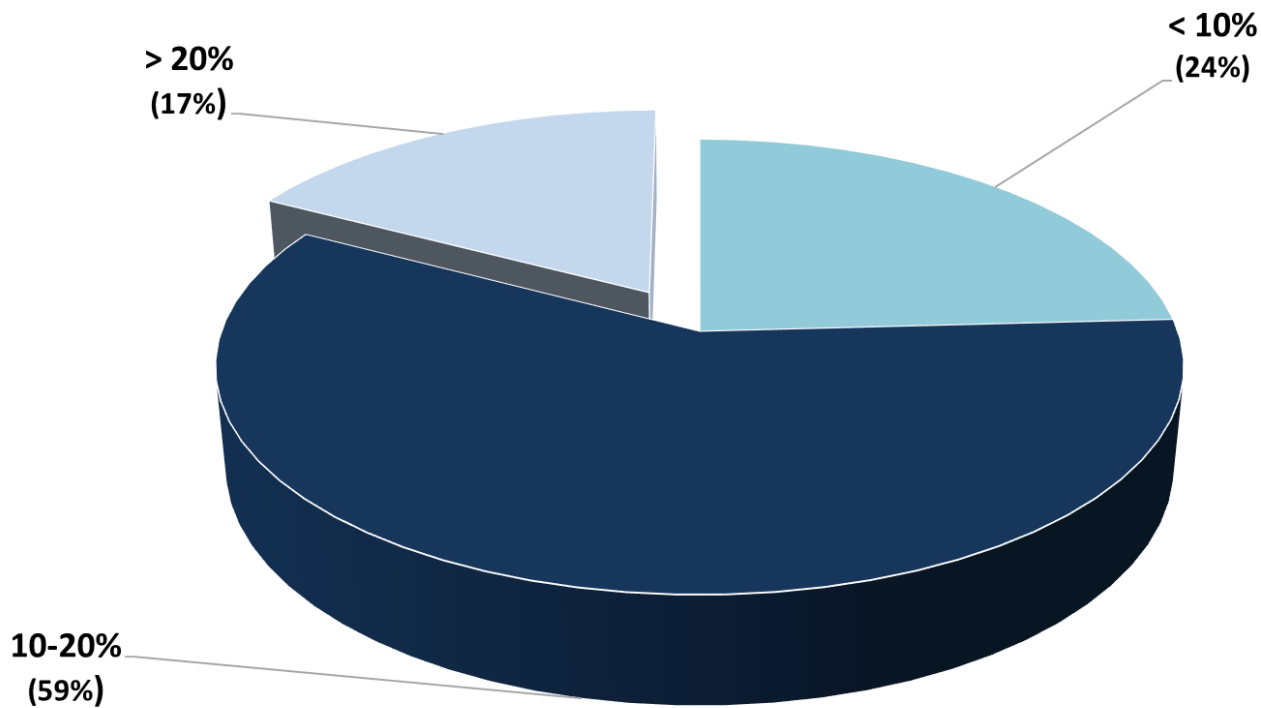


The outlook for the next three months (December 2020 to February 2021) strengthened significantly.

National merchants, those in the North and small merchants (net +27%) were most positive.

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

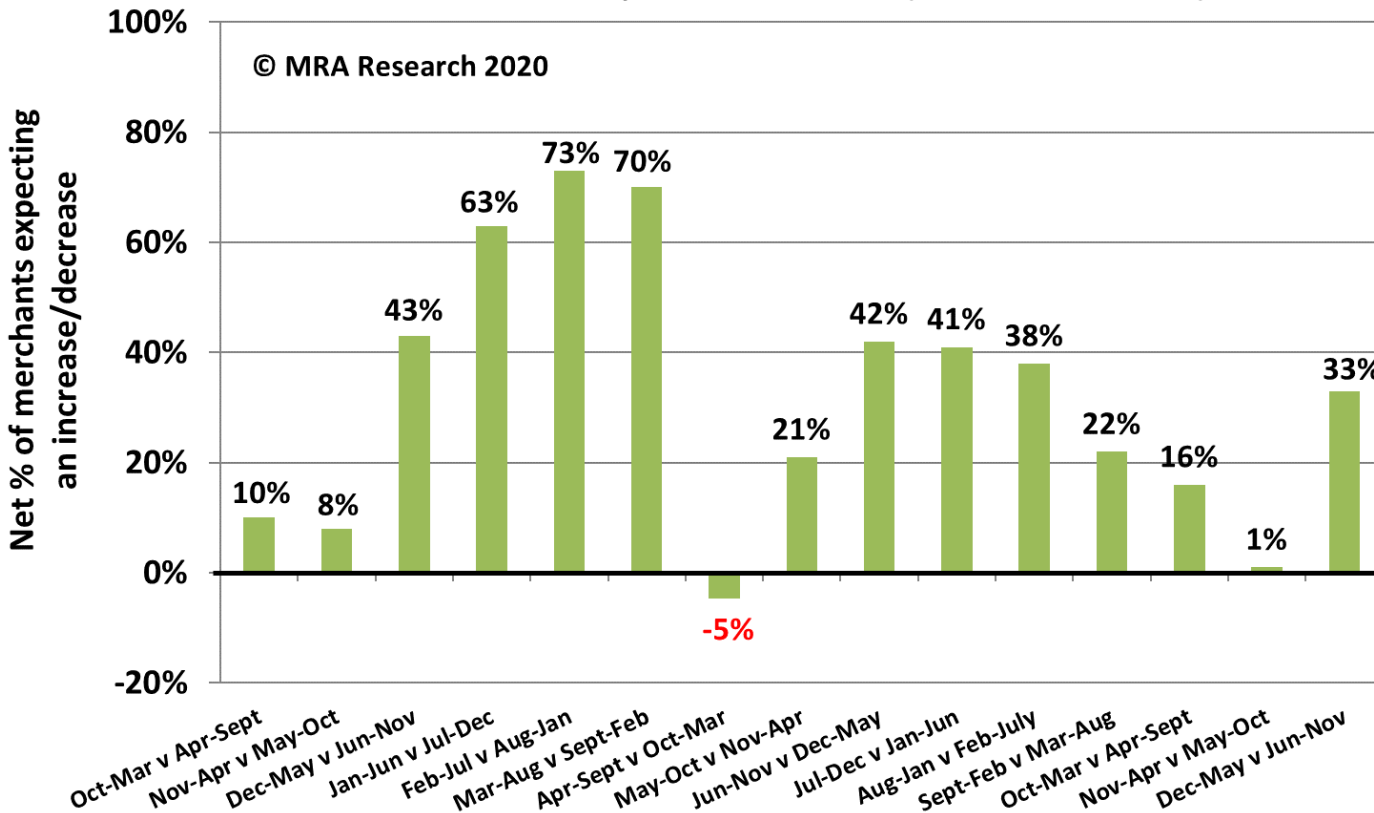
% Decrease
Next 3 months (Dec-Feb) v Previous 3 months (Sep-Nov)



One in four of those forecasting higher quarter-on-quarter sales, expect an increase of up to 10%. Three quarters anticipate growth of 10% or more.

Sales Expectations: Next six months...1

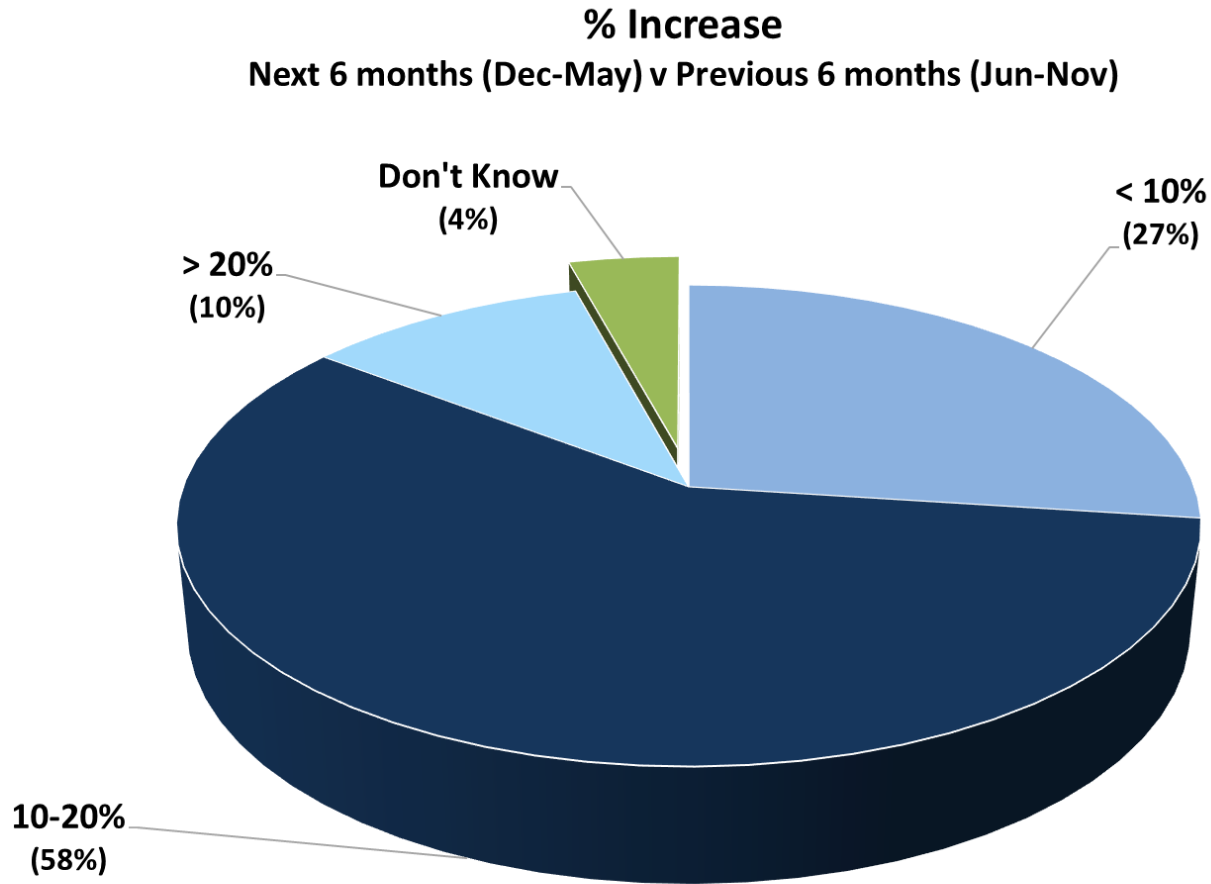
Sales Expectations
Next 6 months v previous 6 months (from October 2019)



Following a steady weakening of sales expectations, merchants' outlook for the next six months bounced back strongly in December.

Merchants in the South (net +44%), small outlets (+41%) and Nationals (+38%) are most positive.

Sales Expectations: Next six months...2

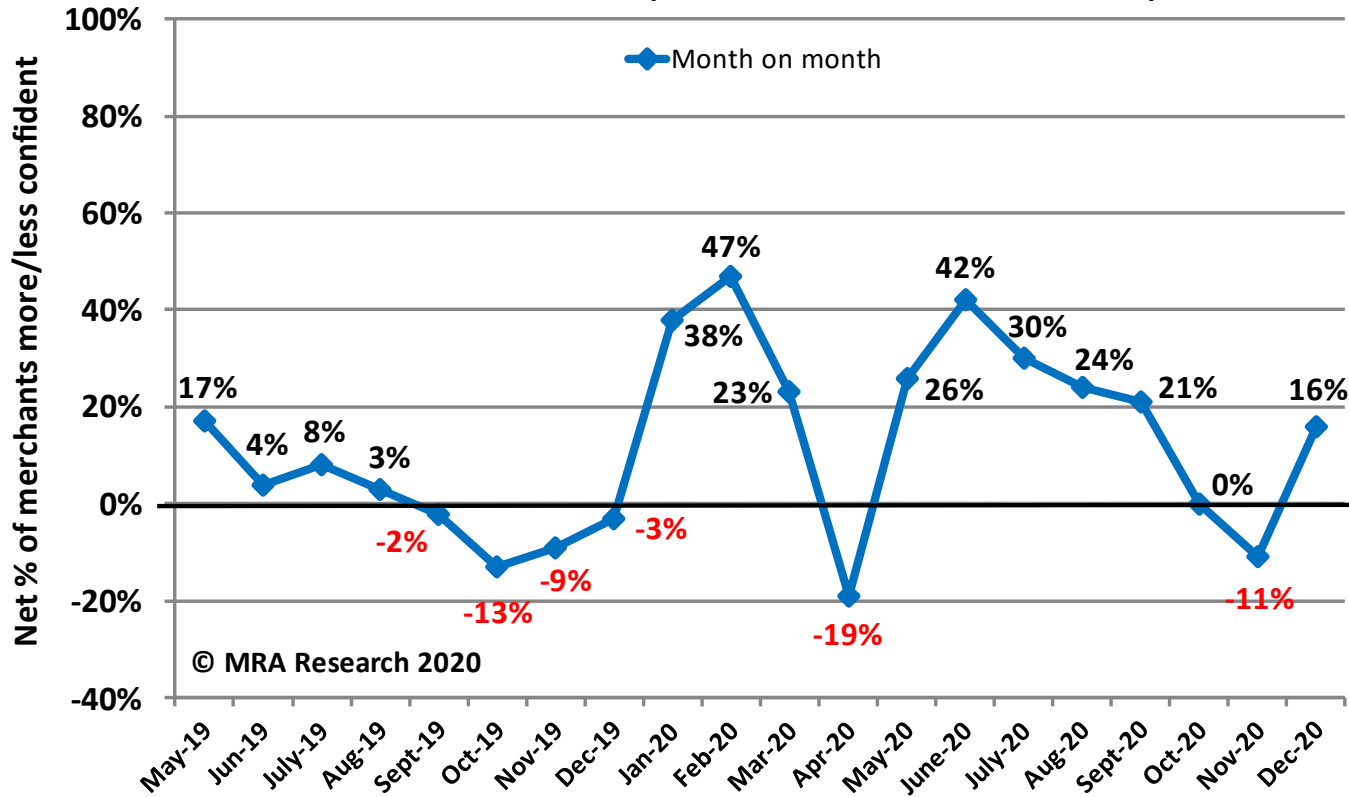


Sales expectations for the next 6 months are strong. More than 8 out of 10 merchants expect growth of up to 20%.

One in ten forecast even stronger growth.

Confidence in the market: Month-on-month

Confidence in the market
Month-on-month (December 2020 v November 2020)

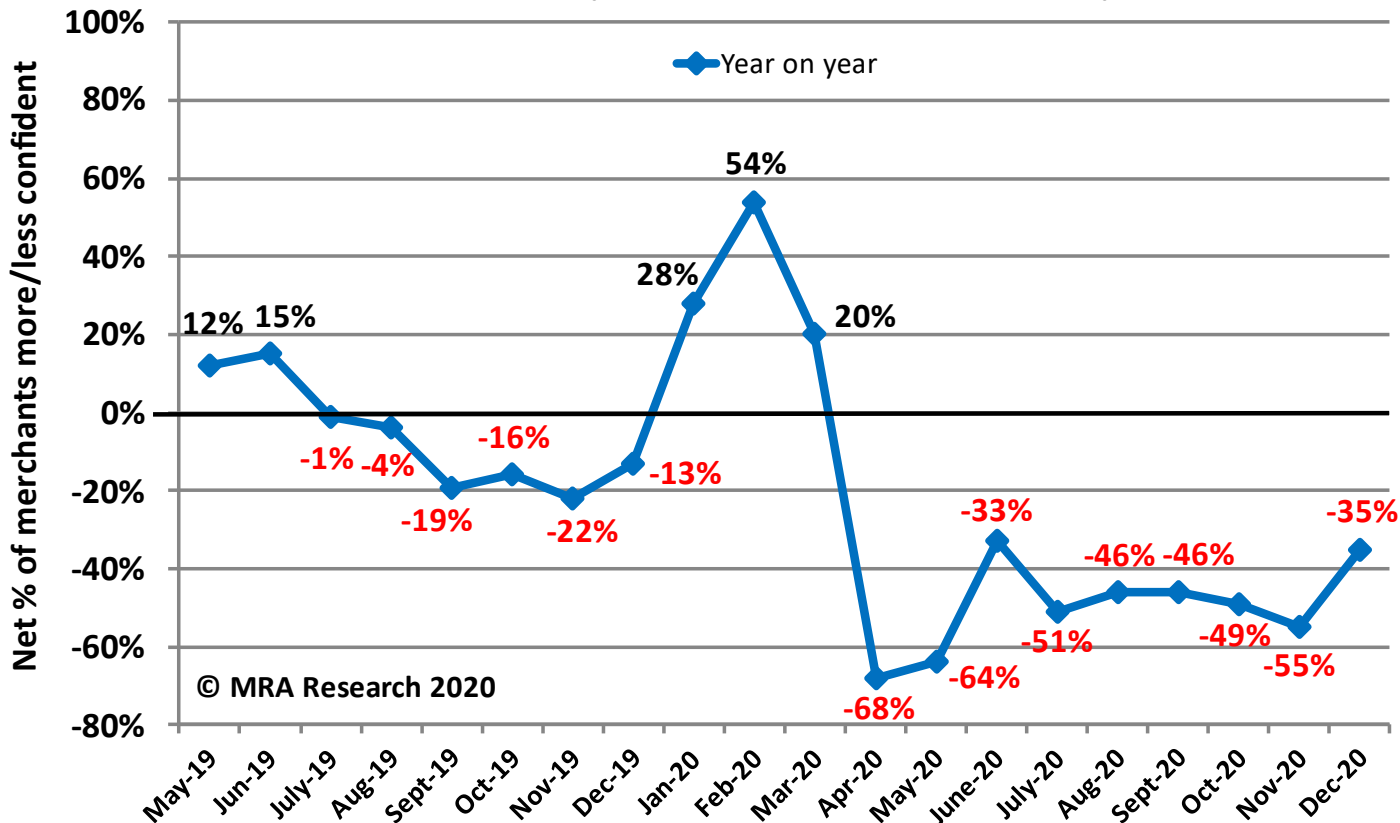


Confidence in the market strengthened markedly in December. It varies widely by region - from a net +41% of merchants in the North who are more confident to -40% less confident in Scotland.

Regional outlets (net +20%) and Nationals (+19%) are more confident than Independent merchants (net 0%).

Confidence in the market: Year-on-year

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



While year-on-year confidence in the market remains somewhat weak, it improved significantly compared to November's survey.

Merchants in Scotland (net -47%) and the Midlands (-46%) were least confident.

Confidence in the market:

Why LESS confident about the market than this time last year? (Base 52)

16

Merchants who were **LESS confident** about the market than this time last year were asked why. Out of 52 comments, 39 referred to Covid and/or Brexit.

Other reasons for being less confident included:

“Basically, eventually people’s money is going to run out.”

“Have the business. It's supply issues. Whoever gets the stock first gets the business.”

“The lockdown’s been a saving grace. People have had money in their pockets we had a great last quarter but we're going to pay the price now. Nov/Dec are usually very busy, but we had it at the end of summer. People will batten down the hatches now and not spending.”

“More supply issues. Get our timber from abroad, supply chains, lead times.”

“Not trading the same. People losing jobs, a struggle for lots of people.”

“Very busy last year, less confident but hopeful for New Year.”

Confidence in the market:

Why **MORE** confident about the market than this time last year? (Base 17)

17

Merchants who were **MORE confident** about the market said:

“Because we've adapted to what we need to do and forward planning.”

“Just think we've come this far, we're better prepared.”

“Think people are getting on with it. Plenty of work going on and in the pipeline.”

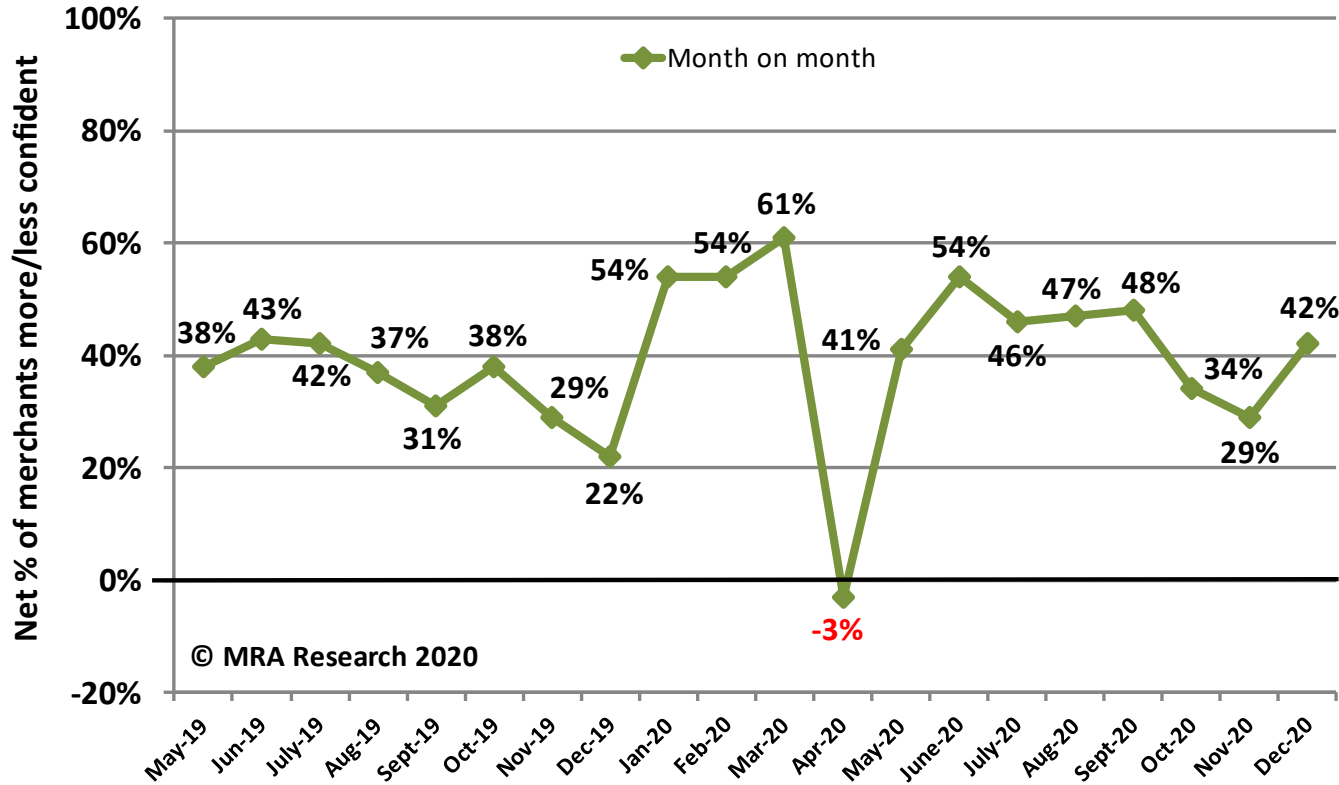
“Way everything is going. Sites getting busier.”

“We're involved in lots of house building, gone crazy. Can't see it stopping any time soon. In our 12 years we've just had the best 3 months we've ever had.”

“With Covid more people are spending time at home and spending money.”

Confidence in their own business: Month-on-month

Confidence in their own business
Month-on-month (December 2020 v November 2020)

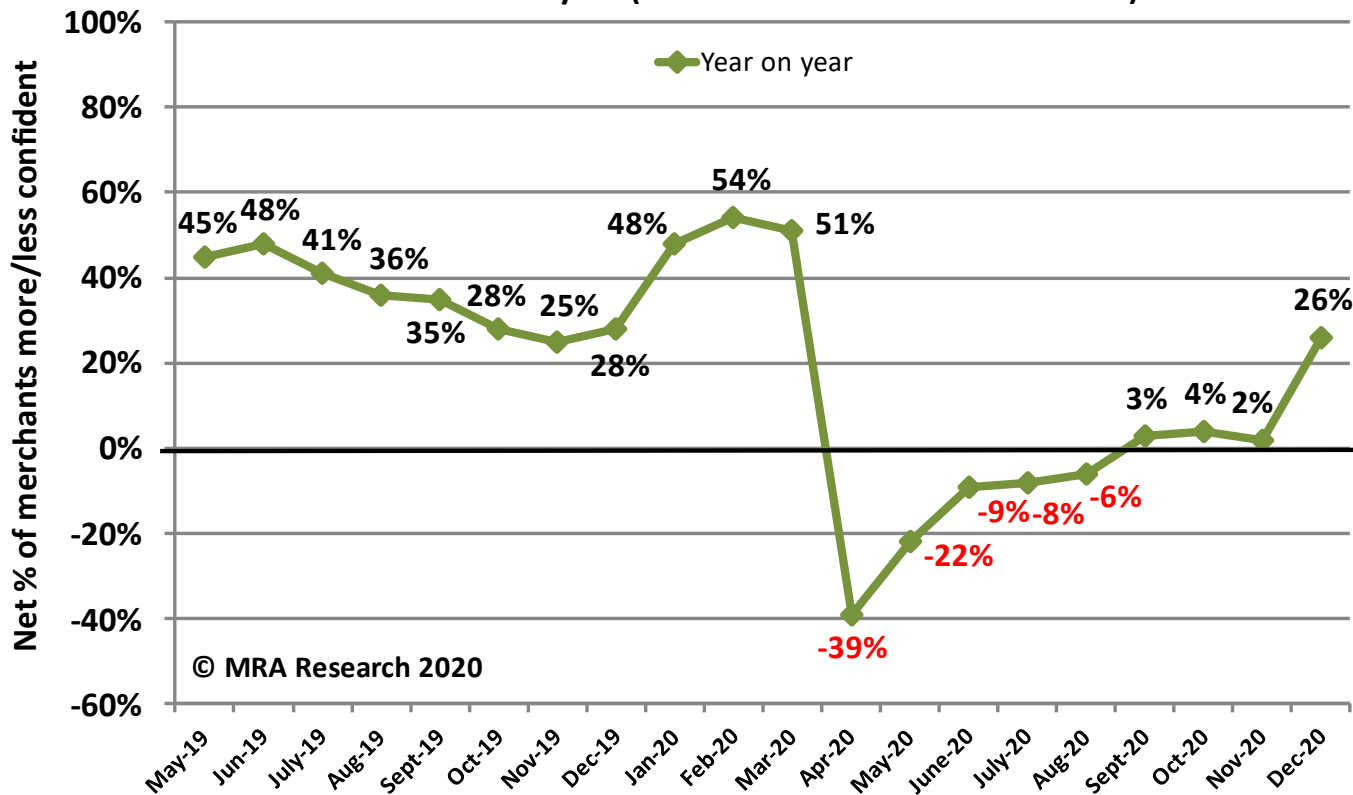


Merchants' confidence in their own business increased sharply in December's survey compared to November.

Merchants in the North are particularly bullish (net +73%), while those in Scotland are a little less so (+20%).

Confidence in their own business: Year-on-year

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



Merchants' year-on year confidence in their own business increased steeply.

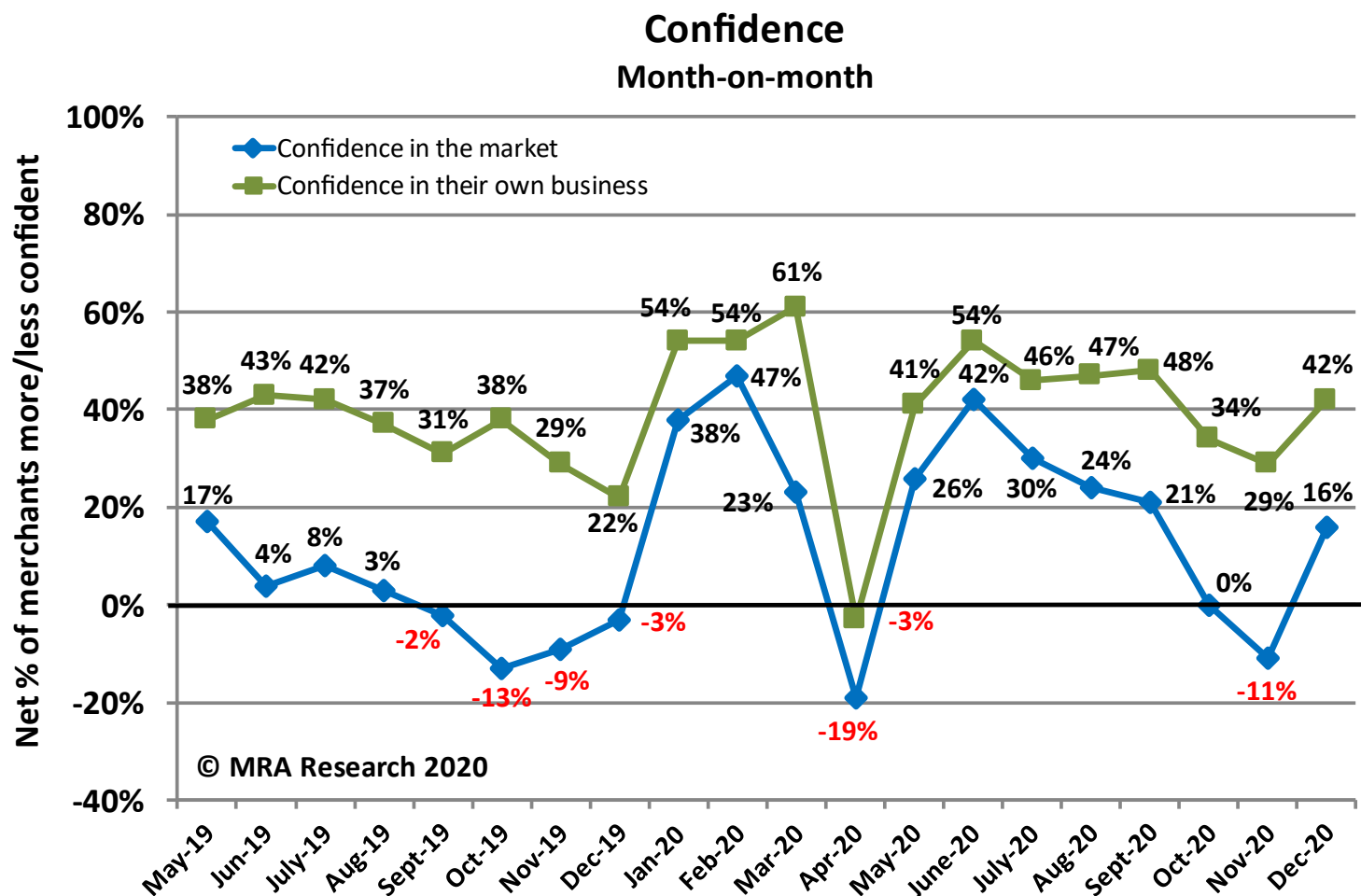
Regionals (net +38%), small branches (+35%) and those in the North (+33%) were most confident.

Only large outlets (net -6%) were less positive.

Confidence in the market v own business

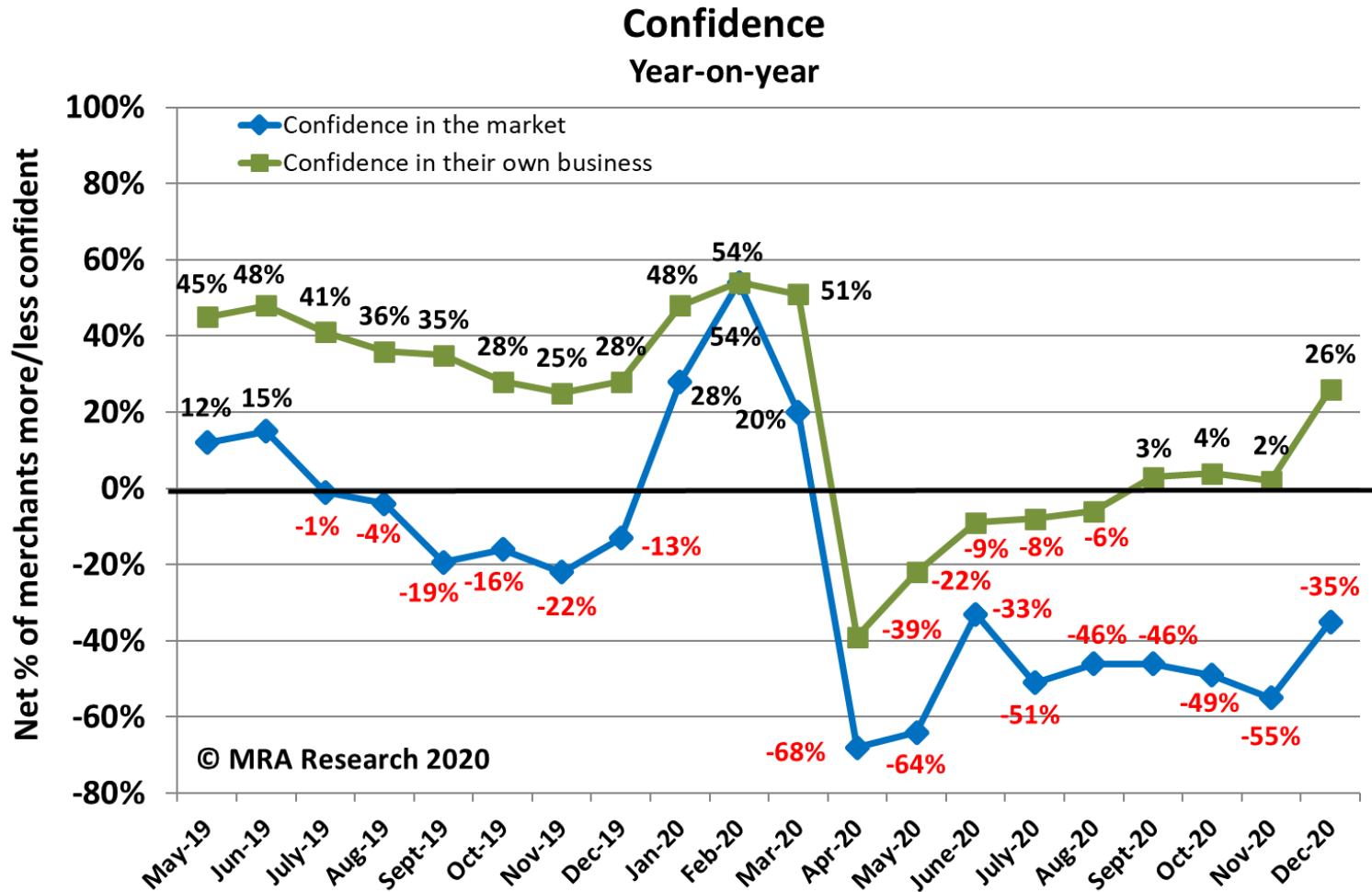
Month-on-Month

20



Confidence in the market v own business

Year-on-Year



About The Pulse

22

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 20th in the series, with interviews conducted by MRA Research between 1st and 4th December 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

23

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



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.



Winners 19 times 2002 - 2019
 No.1 in the CMA Agency League
 Agency of the Year 2017



MARKET INSIGHT & STRATEGY



“ It’s great what you are doing with The Pulse. It is an outstanding, must read, for all in the building materials market from a first class research & marketing agency. I’ve always been a fan of top quality market research and currently it’s moved beyond vital to critical. It’s £000s of great value for free. ”

Paul Hetherington, Hetherington International Services Ltd



MRA Research is the Research division of Michael Rigby Associates
 © copyright MRA Research 2020

Old Crown House, 18 Market Street, Wotton-under-Edge, Gloucestershire GL12 7AE
 t: 01453 521621 • e: hello@mra-research.co.uk • w: www.mra-research.co.uk