



the Pulse
Expectations. Prospects. Confidence.

November 2020

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

Overview

Merchants see light at the end of the tunnel

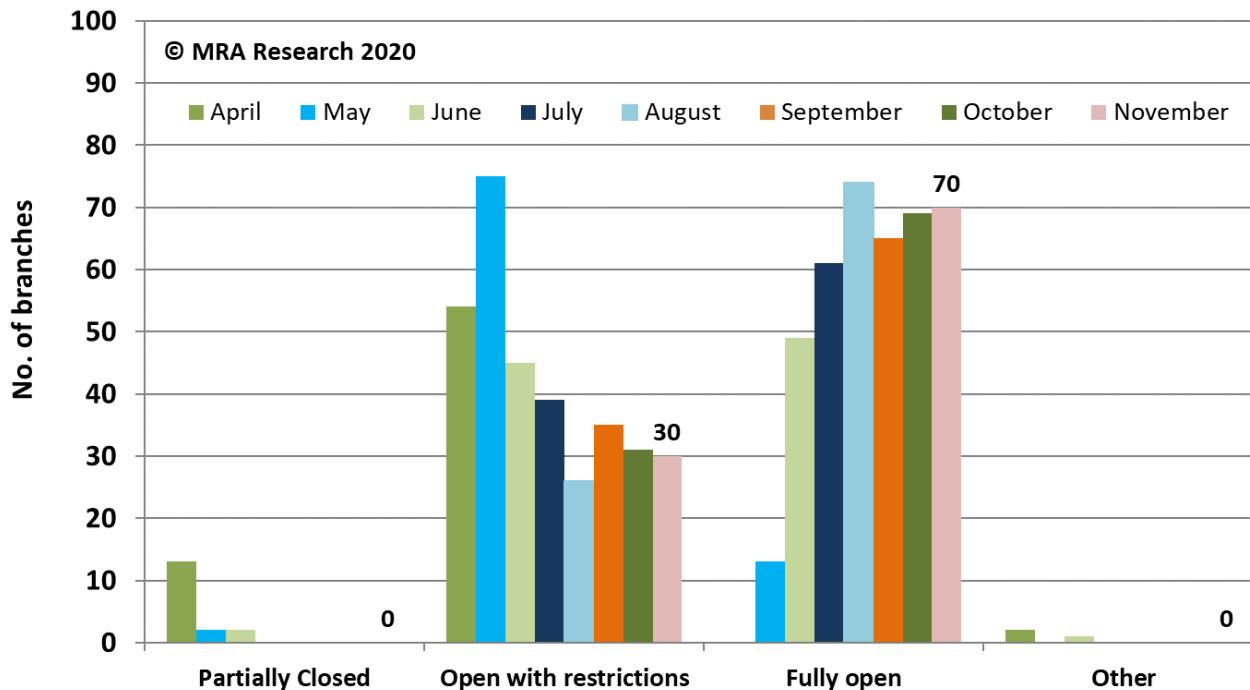
Interviews took place during the week before the second lockdown. Against this background, merchants were cautious about prospects in the near future, but anticipated better times ahead.

While merchants were realistic about the potential impact on their businesses and the market of the imminent restrictions, they were still optimistic.

The Pulse, by MRA Research, is a monthly tracking survey of merchants' confidence and prospects. Telephone interviewing took place between 2nd and 5th November.

Impact of COVID-19 on branch openings

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



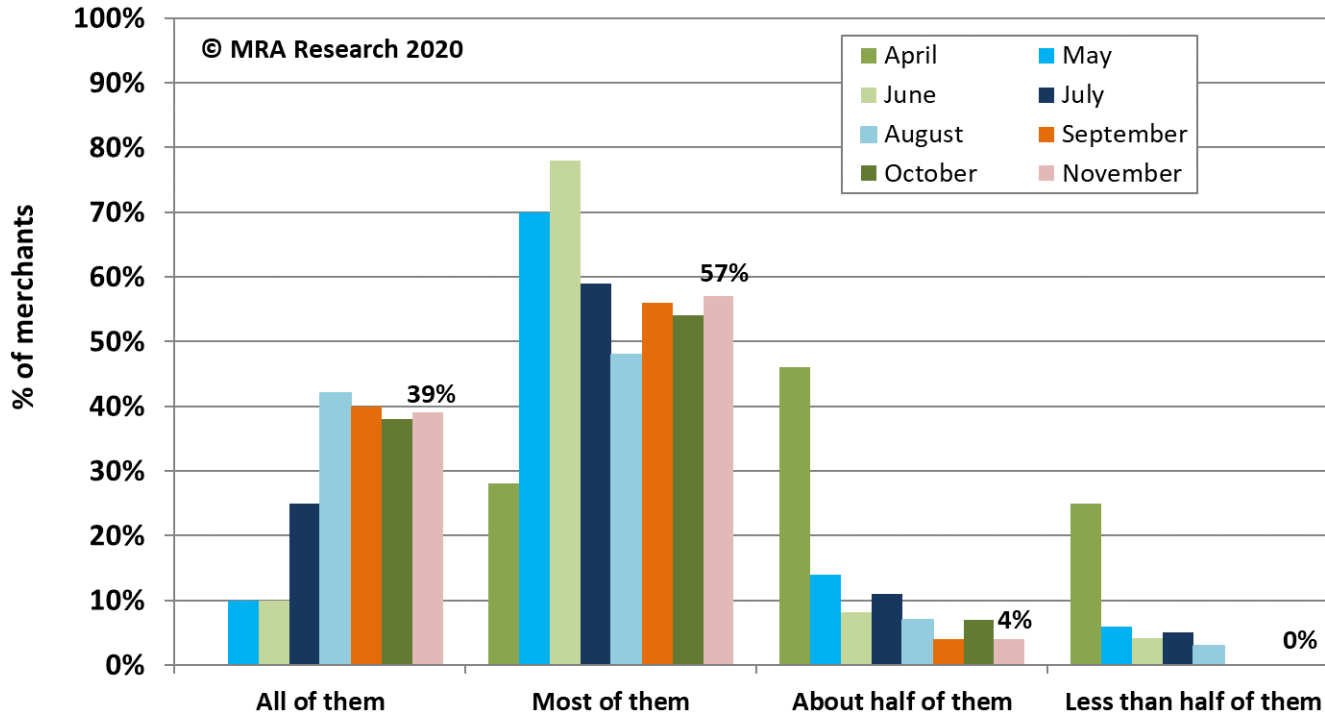
Overall, 7 out of 10 merchants nationally were fully open.

9 out of 10 were fully open in the South.

Sample base:
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?

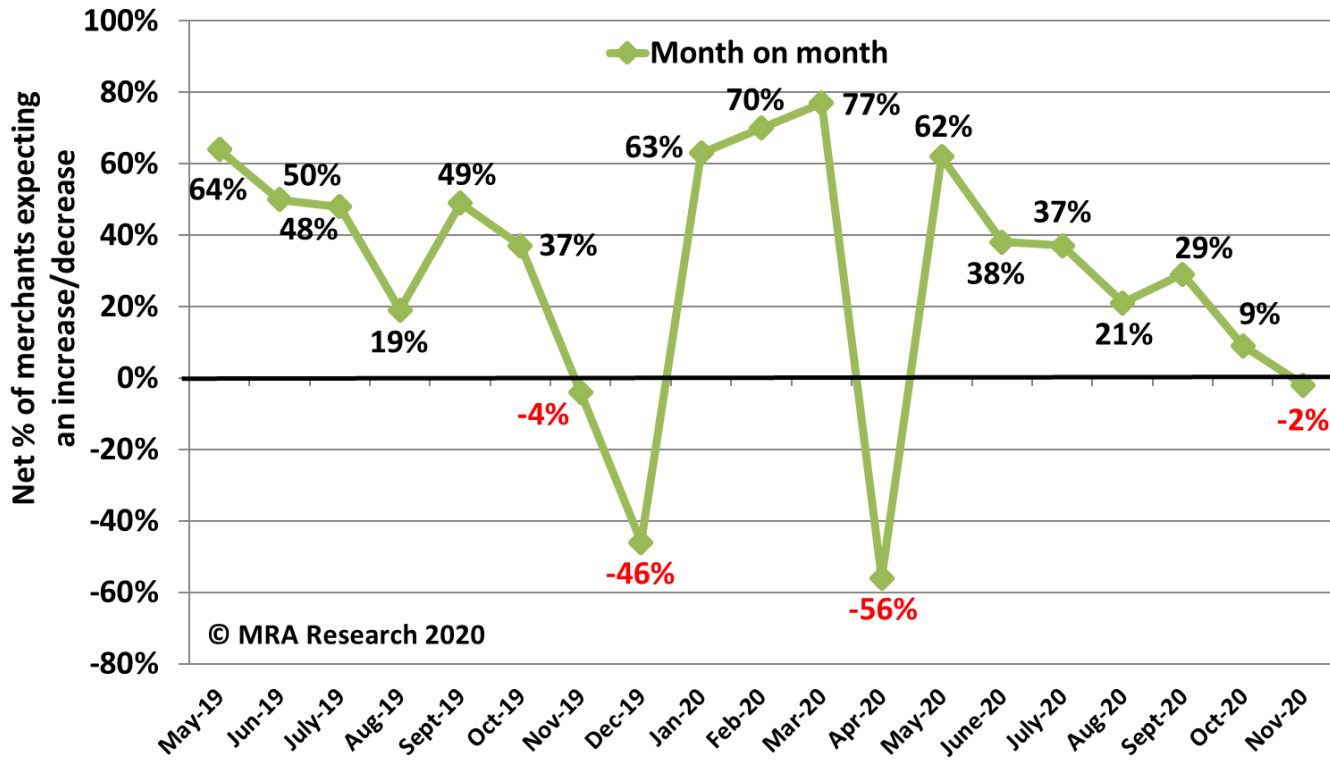


96% of merchants say all or most of their suppliers are currently able to supply them.

However, extended lead times and stock availability continue to be issues.

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

Sales Expectations November 2020 v October 2020

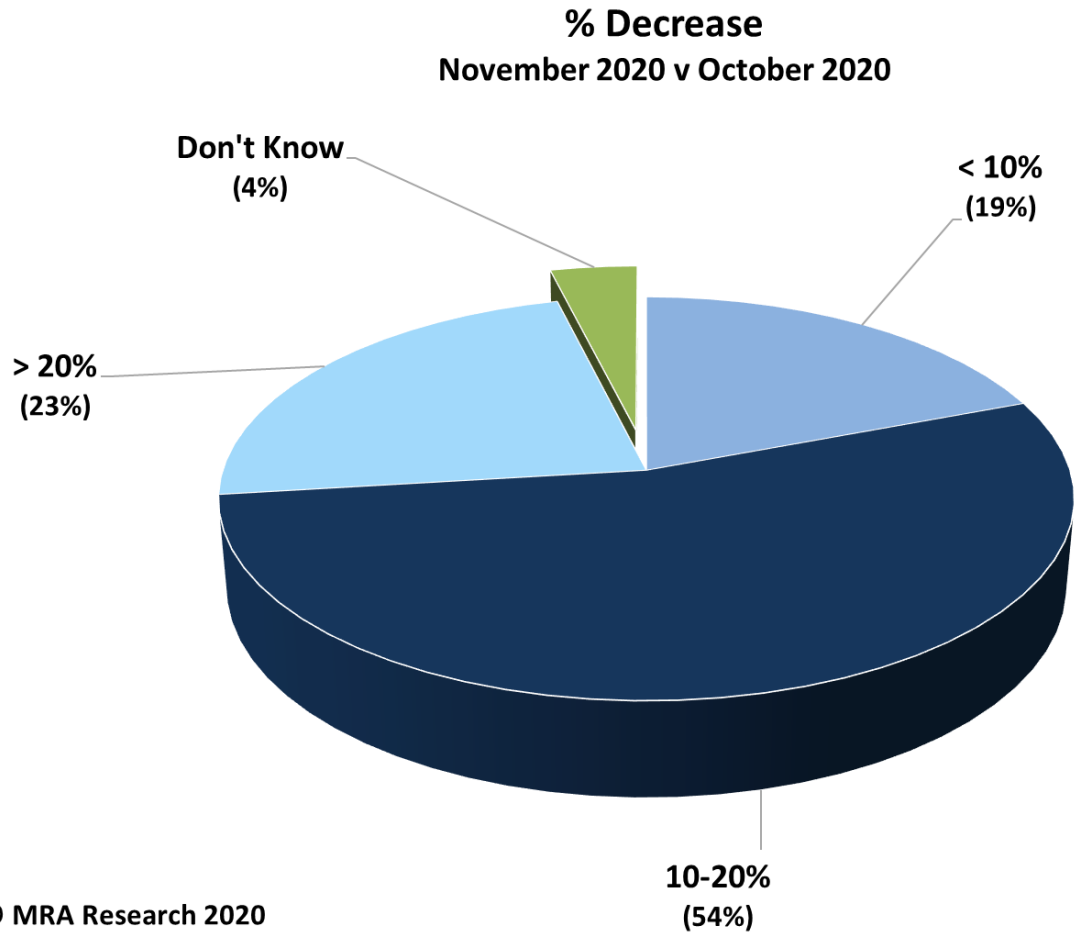


Sales expectations were weaker in November than October.

Small branches (net +10%) and merchants in the South and in Scotland (+18) are most bullish.

Large outlets (-28%) and the Midlands (-29%) forecast weaker sales.

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

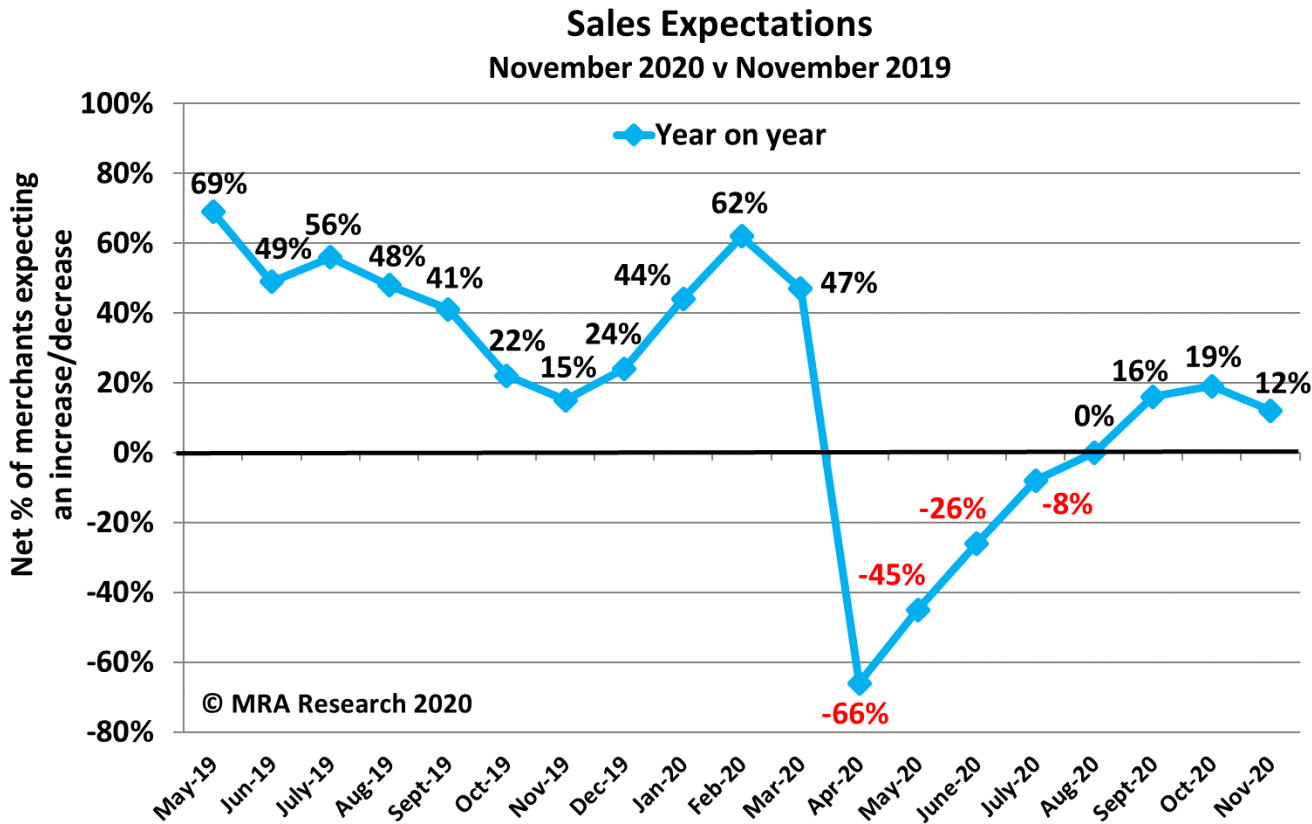


Among merchants anticipating lower sales, one in five expected November sales to fall up to 10% compared to October.

More than half expected a decrease of 10-20%.

Nearly a quarter expected a decrease of over 20%.

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

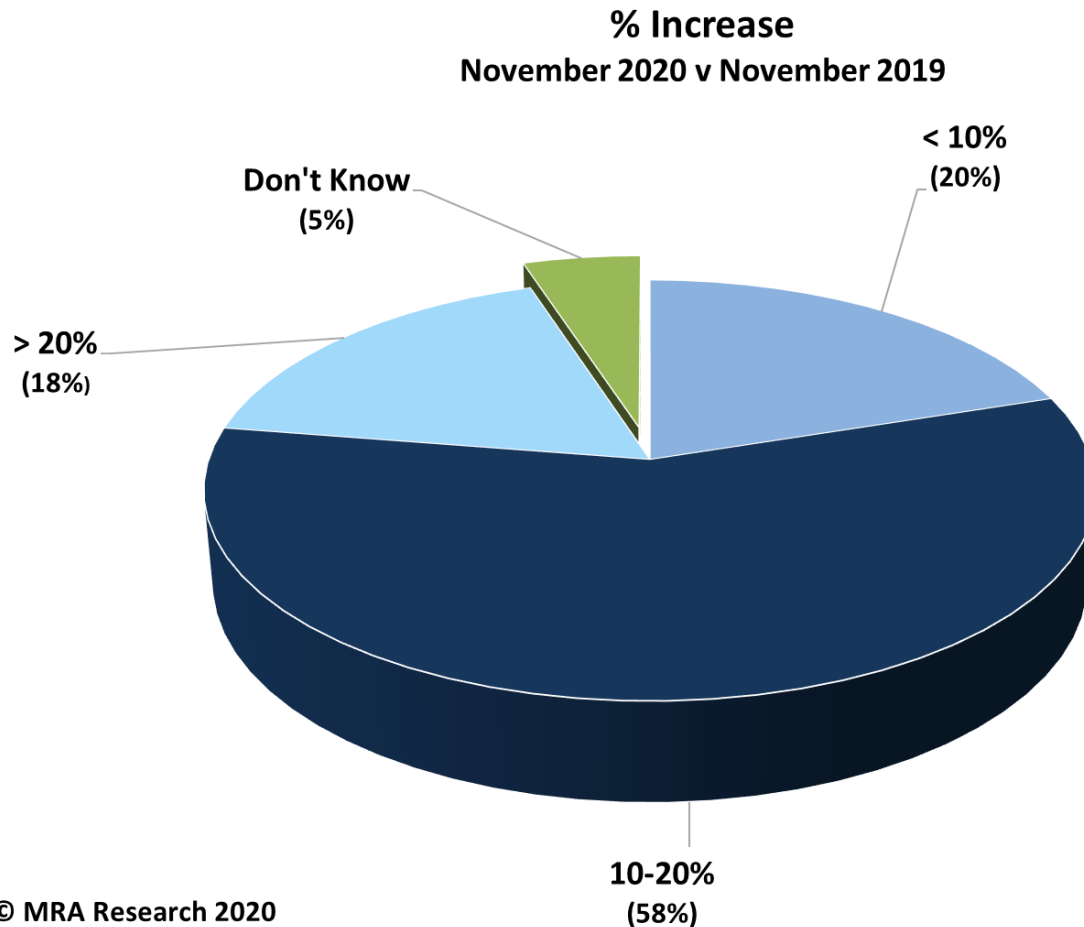


Year-on-year, merchants' expectations are positive.

Merchants in the South (net +29%) are forecasting improved sales, while merchants in the North expect sales to drop (-9%).

Regional merchants predict better sales over the period (net +28%), while National merchants forecast a decline (-14%).

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

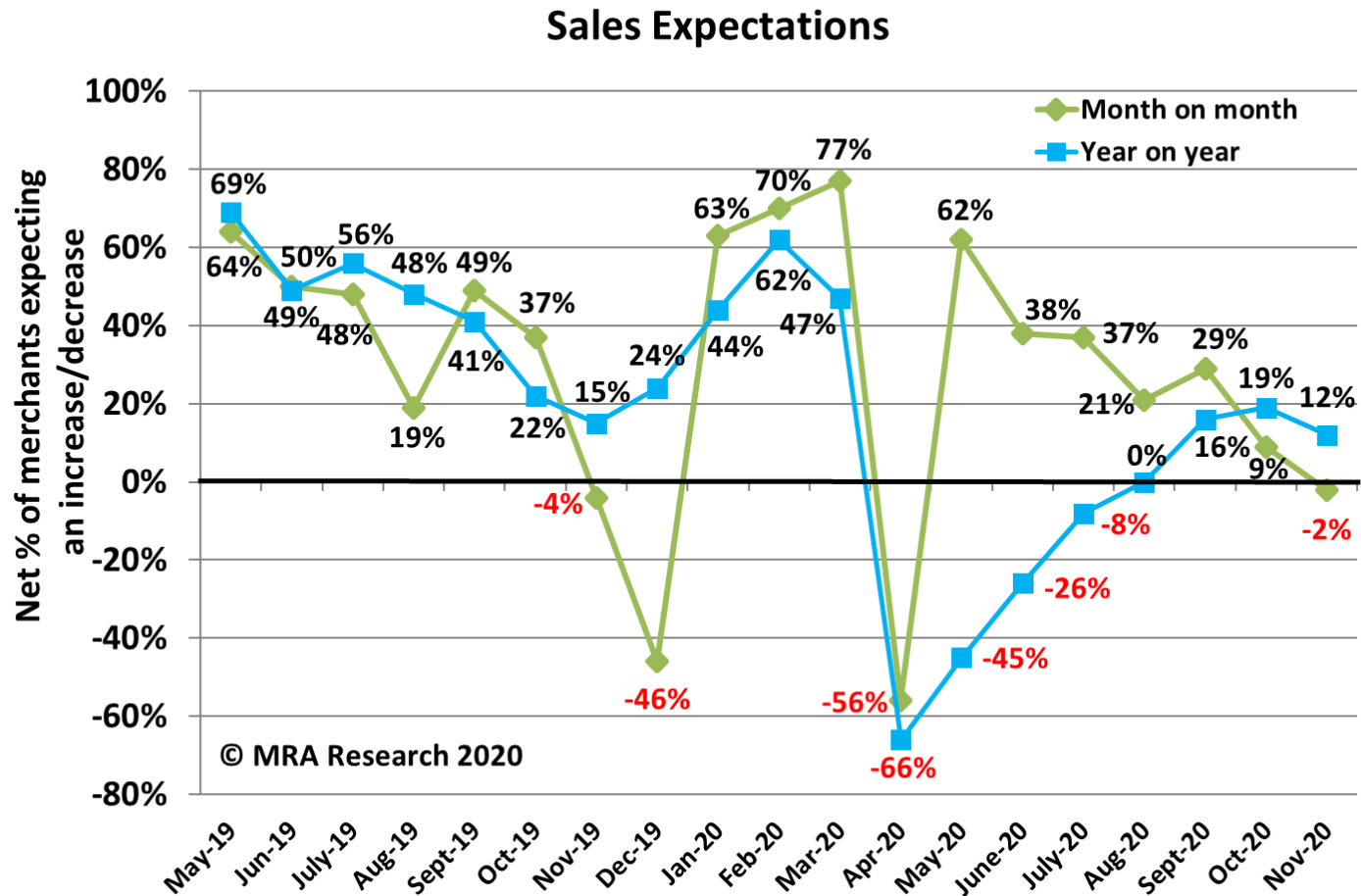


Year-on-year expectations are strong with nearly 8 in 10 merchants expecting up to 20% growth in November compared to the same month last year.

Nearly a fifth forecast an increase of over 20%.

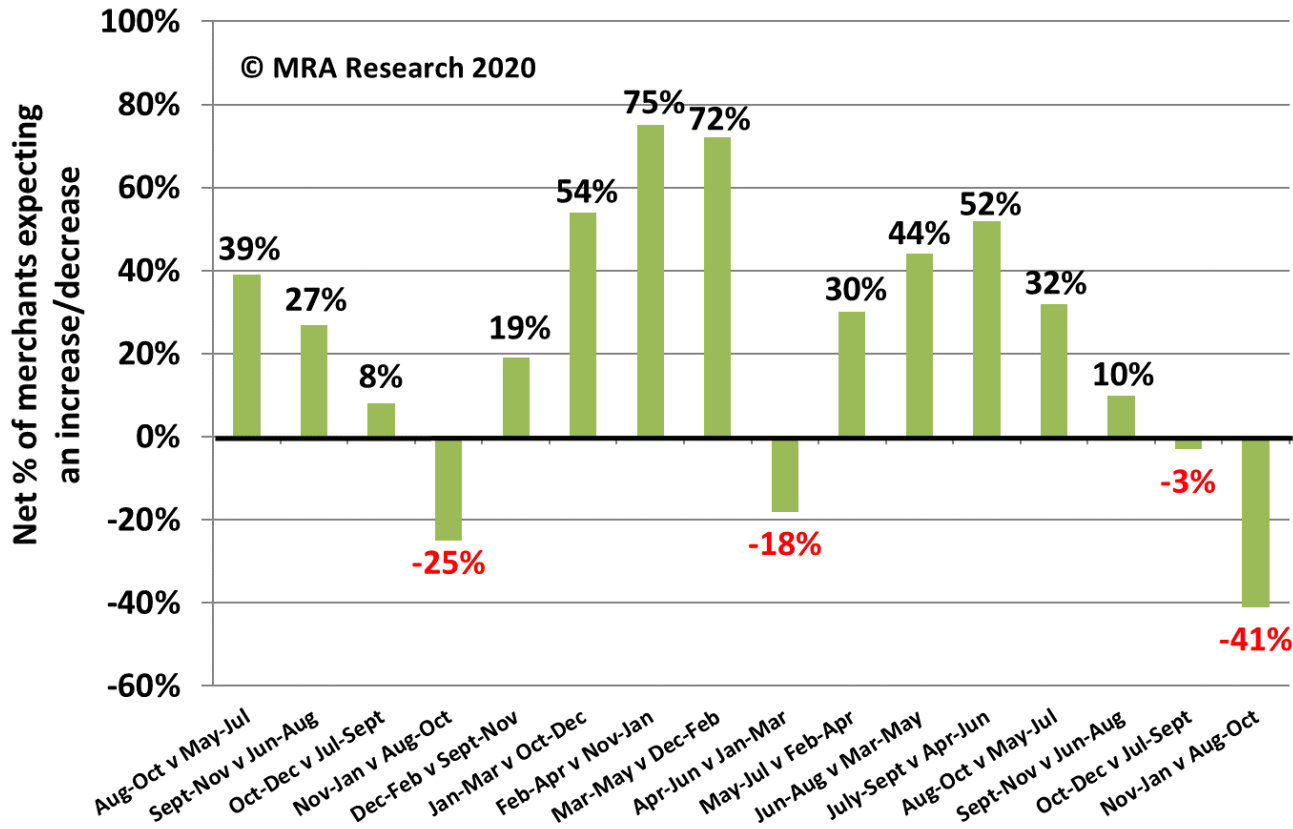
Sales Expectations

Month-on-month v Year-on-Year



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

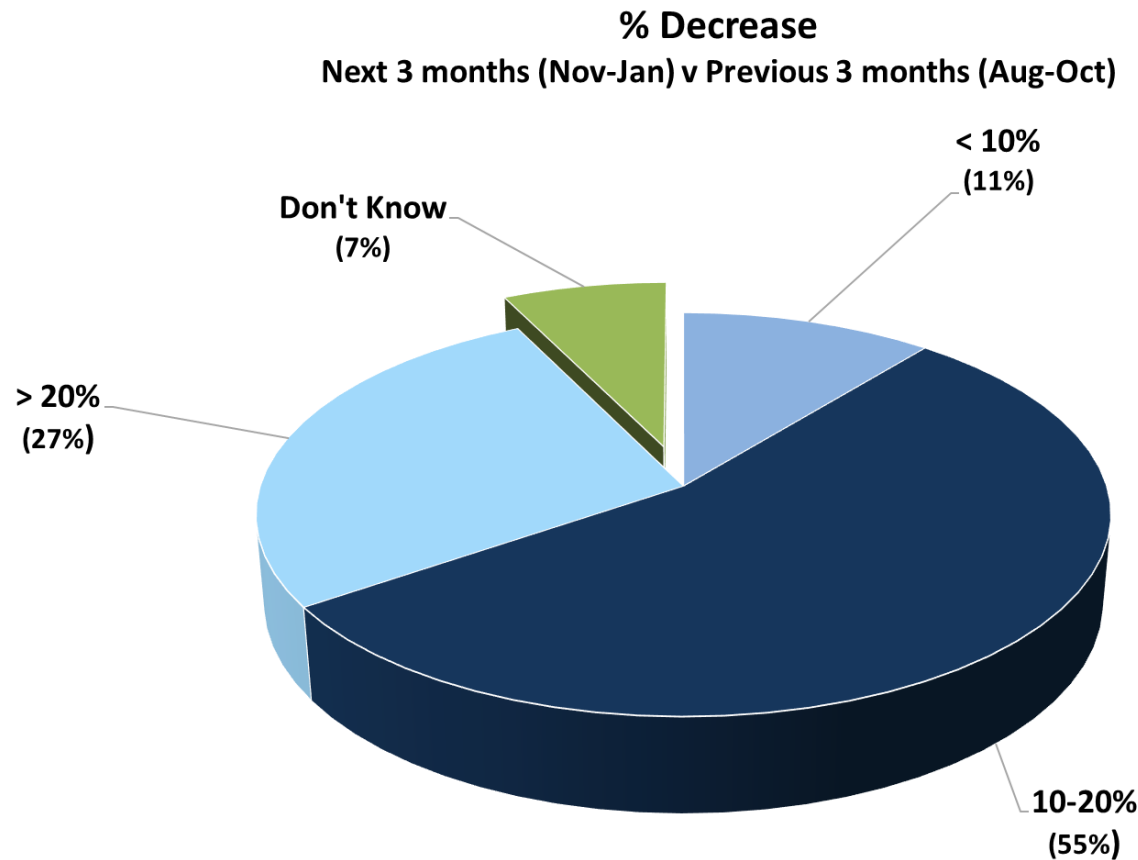
Sales Expectations
Quarter-on-Quarter (from August 2019)



The outlook for the quarter ahead weakened significantly.

Independents (-65%), those in the North (-62%) and large merchants (-50%) were most pessimistic.

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

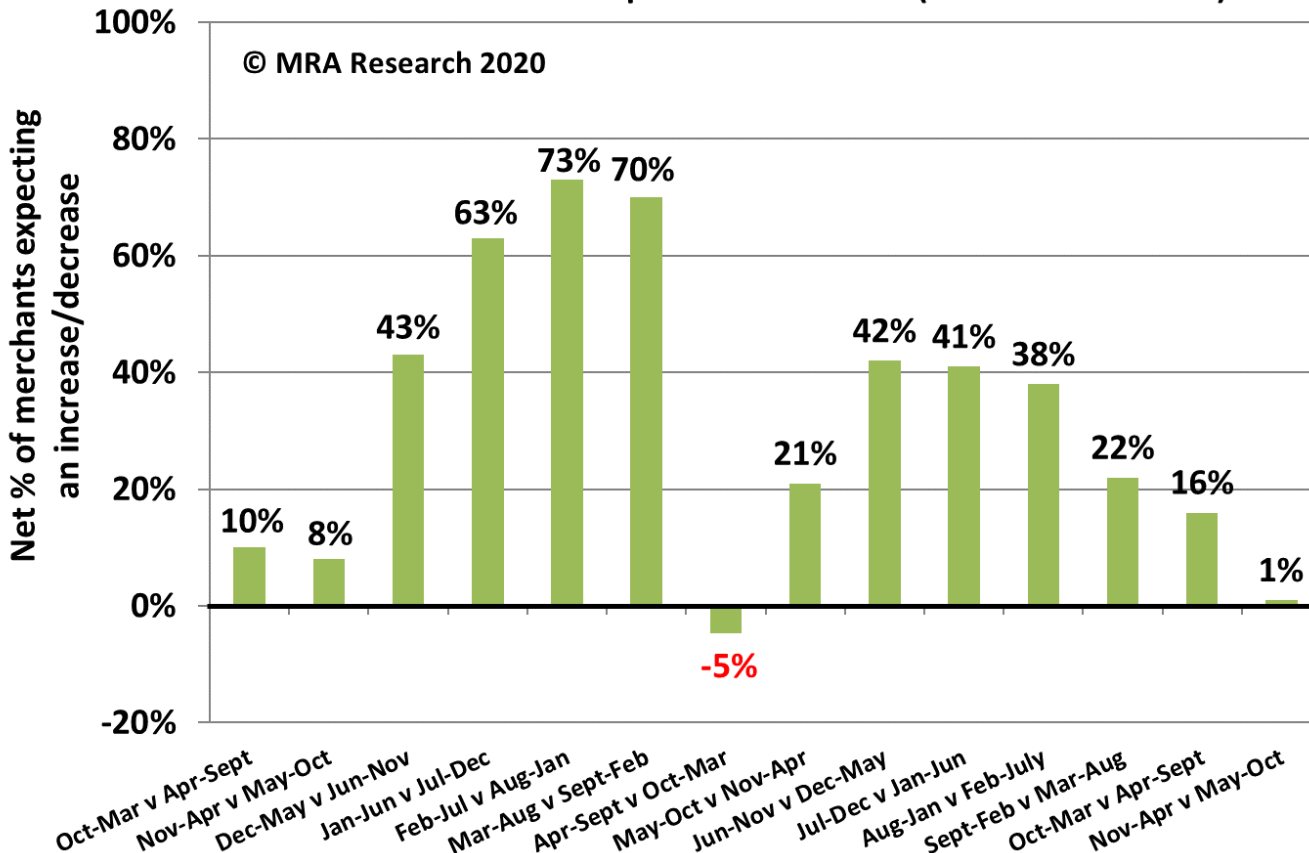


Of those forecasting lower sales over the next quarter, two thirds expect sales to drop up to 20%.

Over a quarter expect the decrease to be more than 20%.

Sales Expectations: Next six months...1

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

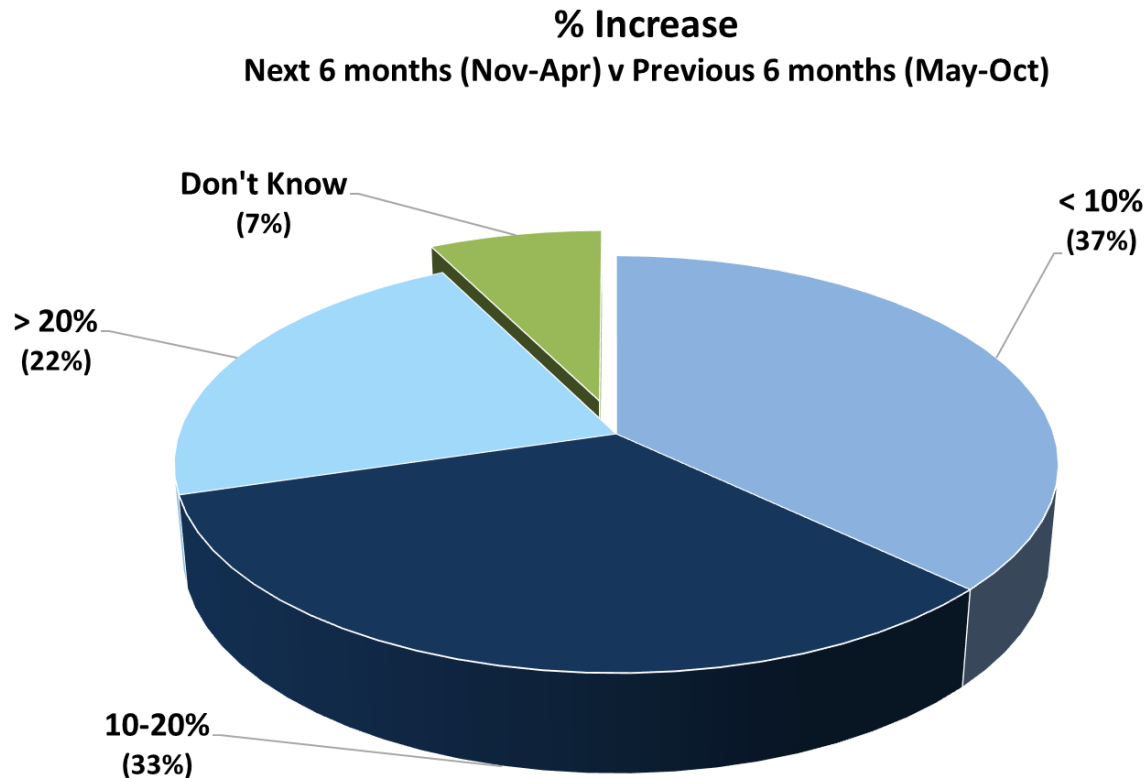


Merchants expectations for the six months ahead continue to weaken.

Expectations vary. Merchants in Scotland (net +18%), Nationals (+14%) and large outlets (+11%) are most positive.

The Midlands (-13%), Regional outlets (-9%) and mid-sized branches (-5%) forecast a decline.

Sales Expectations: Next six months...2

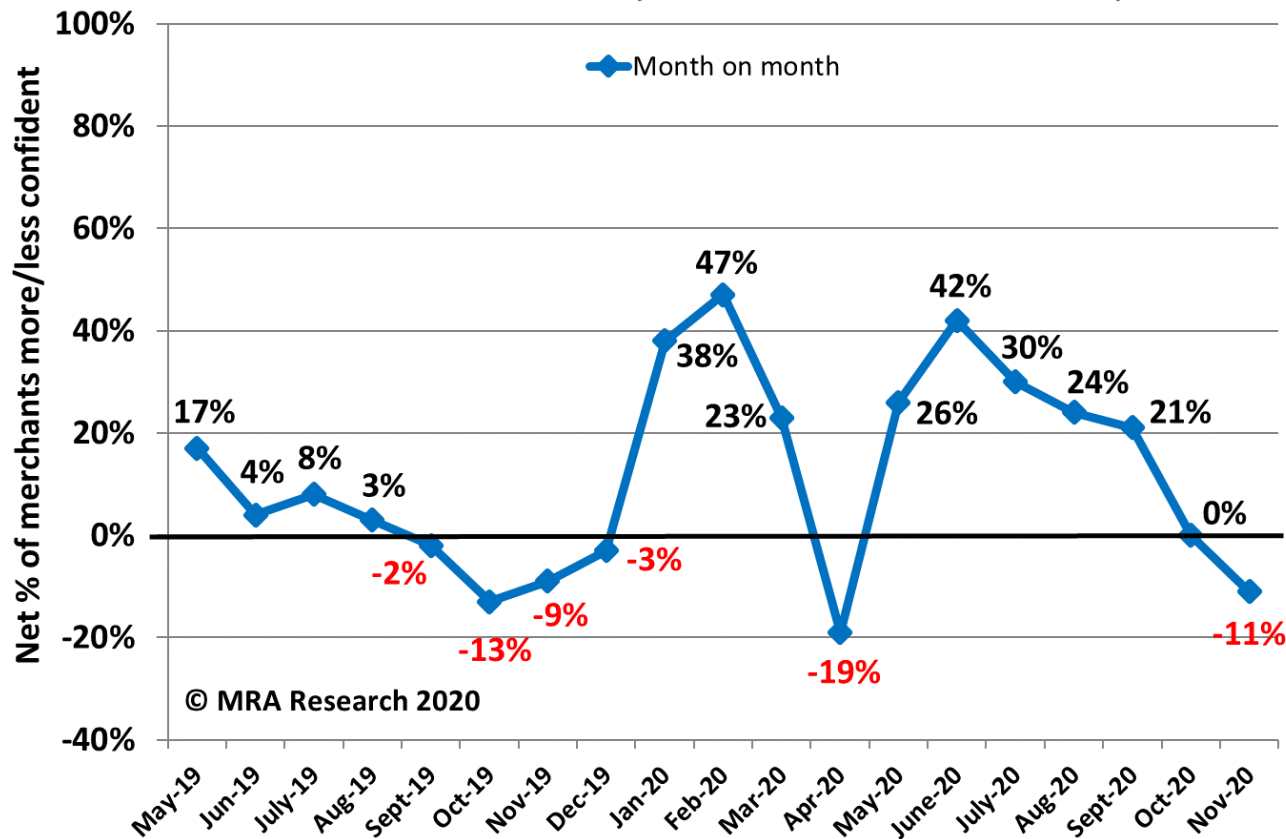


7 in 10 of those anticipating an increase in sales expect growth of up to 20%.

A further 22% expect sales to improve by more.

Confidence in the market: Month-on-month

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

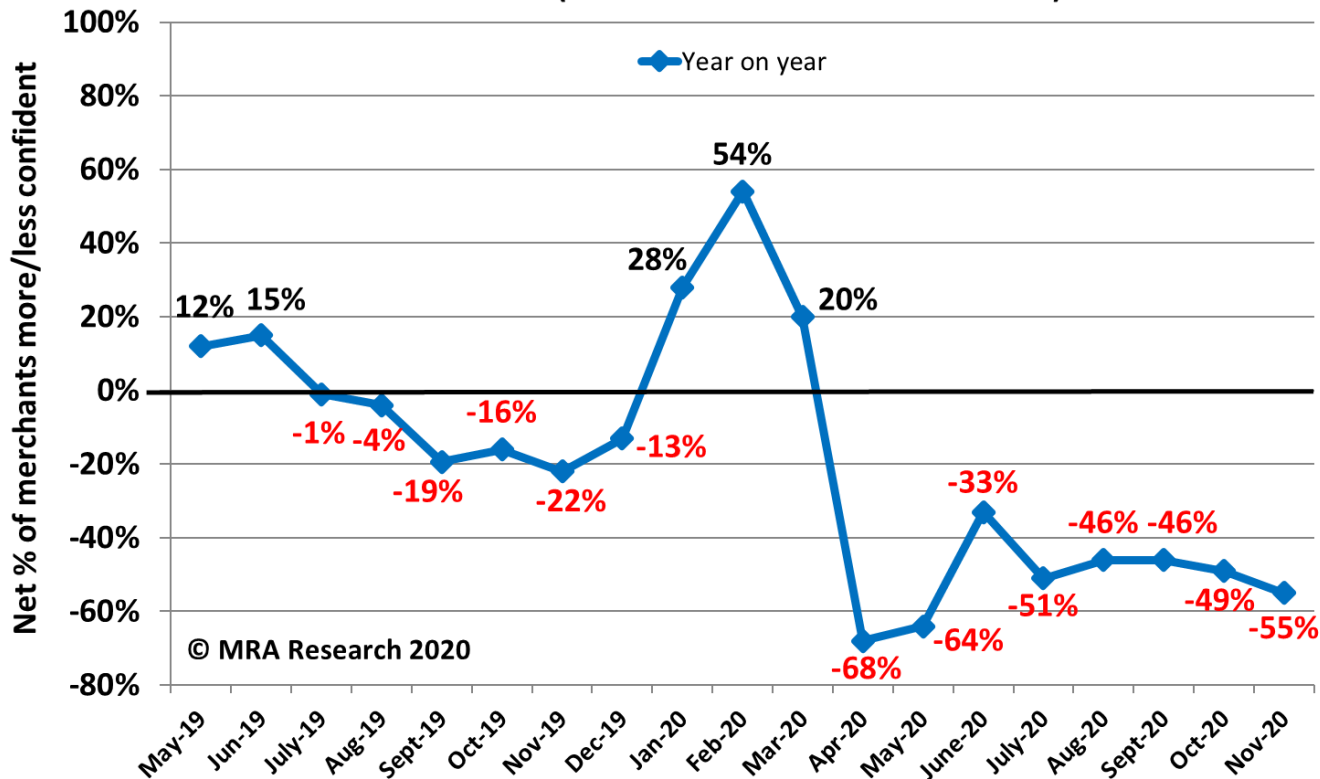


Confidence in the market weakened in November.

While confidence is consistent across the country, it varies by type and size of merchant, ranging from a net +29% for Independents to a net -29% for mid-sized branches.

Confidence in the market: Year-on-year

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



Compared to last year, confidence in the market is weak.

Year-on-year, merchants were less confident in November than the previous month.

Large merchants (net -83%) were least positive, with Independents (-35%) and small merchants (-34%) also uncertain about market prospects.

Confidence in the market:

Why LESS confident about the market than this time last year?

16

Merchants who said they were **less confident** about the market than this time last year were asked why. Out of 65 comments, 35 referred to Covid and 16 mentioned 'uncertainty'. Other interesting observations included:

“A lot of uncertainty over Covid. Uncertainty over 80% furlough, affecting people’s ability to spend money. If travel restrictions get lifted early next year, will people want to spend on home improvements when they can travel again.”

“People panic buying at the moment so we're in a sort of bubble where business is good but don't think this will last especially when unemployment kicks in.”

“Plenty of business around at the moment as builders playing catch up from the summer & stocking up for lockdown but not feeling as confident going forward due to uncertainty & possible increase in unemployment.”

“Think all uncertainty with everything, people aren't spending money. Builders not taking jobs as not sure they'll get paid.”

Confidence in the market:

Why **MORE** confident about the market than this time last year?

17

Merchants who said they were **more confident** about the market said:

“Covid helping the building trade.”

“Getting more supplies coming through, despite Covid, still getting stock.”

“Good footfall coming in. Sales going well. Benefitted from being open over lockdown-gained new customers and they have stayed.”

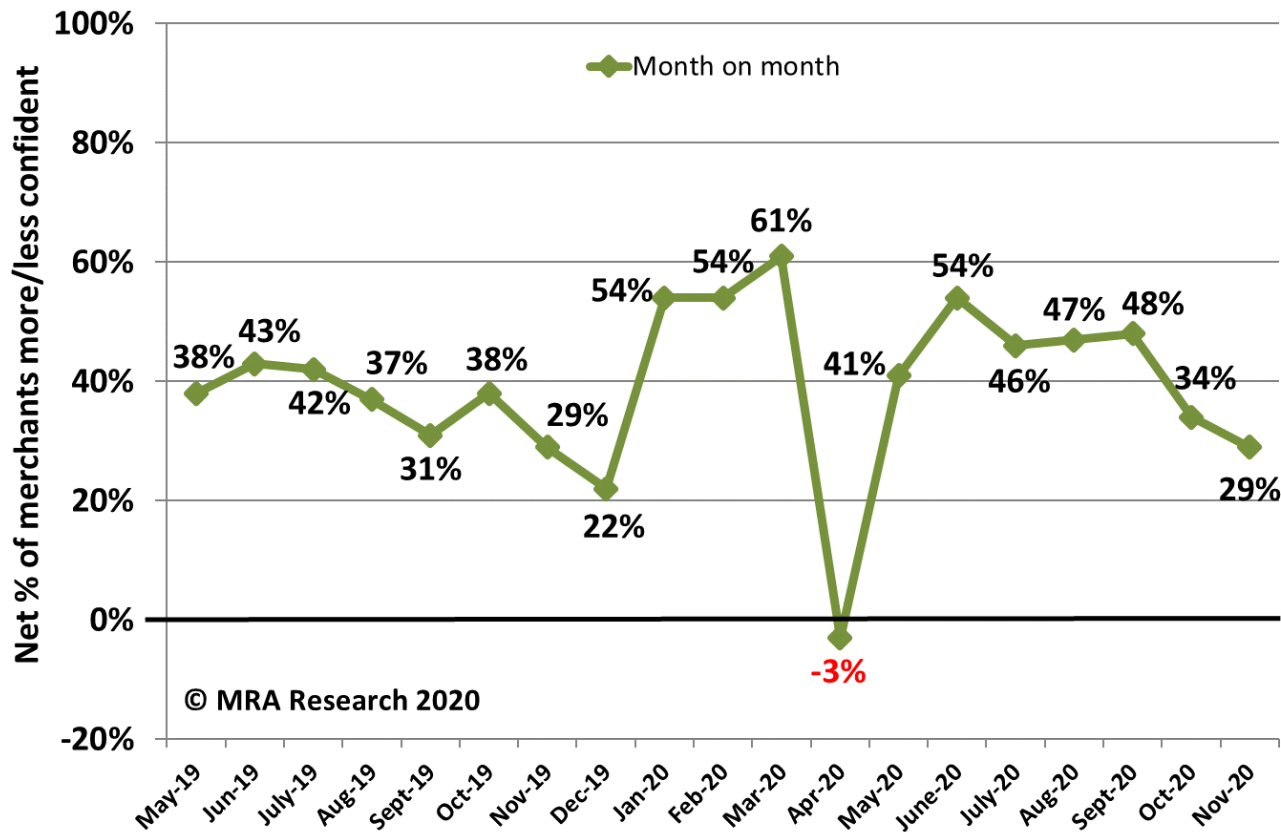
“How well we've done throughout the year has given us enough to get through.”

“People are panic buying, getting as much in while they can. We were peaking 12,000 phone calls per day. People wondering what's happening after Thursday. We'll be open, but people are nervous it's all going to stop again.”

“Very busy, like the world's going to end. Just crazy.”

Confidence in their own business: Month-on-month

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



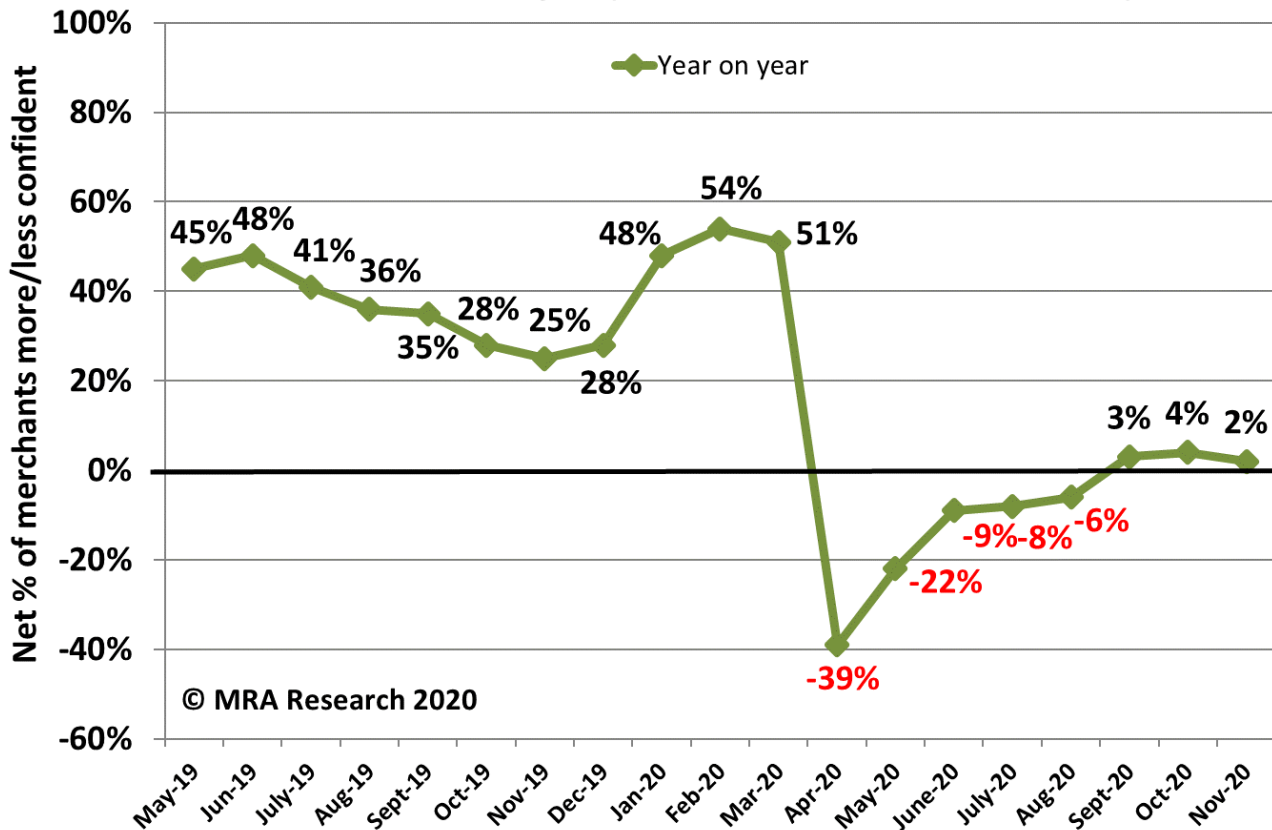
Merchants' confidence in their own business, however, remains strong.

A net +56% of large merchants are confident (none of those interviewed were less confident).

A net +38% of those in the Midlands were more confident.

Confidence in their own business: Year-on-year

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



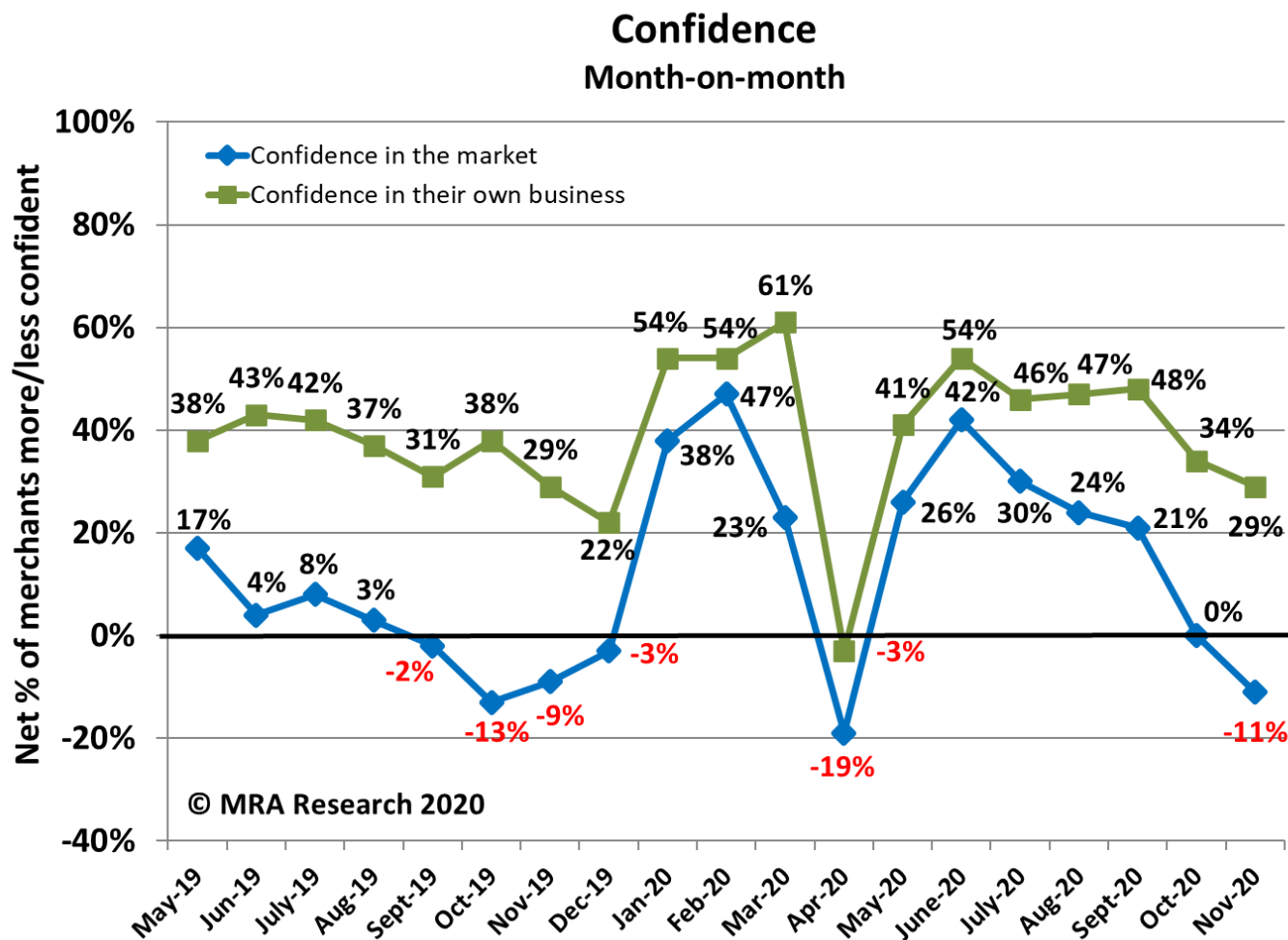
Year-on-year confidence in their own business is broadly in line with the previous two surveys.

Merchants in the North (-29%) and large outlets (-28%) are less confident in their own business.

A net +30% of Independent branches are more confident compared to a net -32% of Nationals.

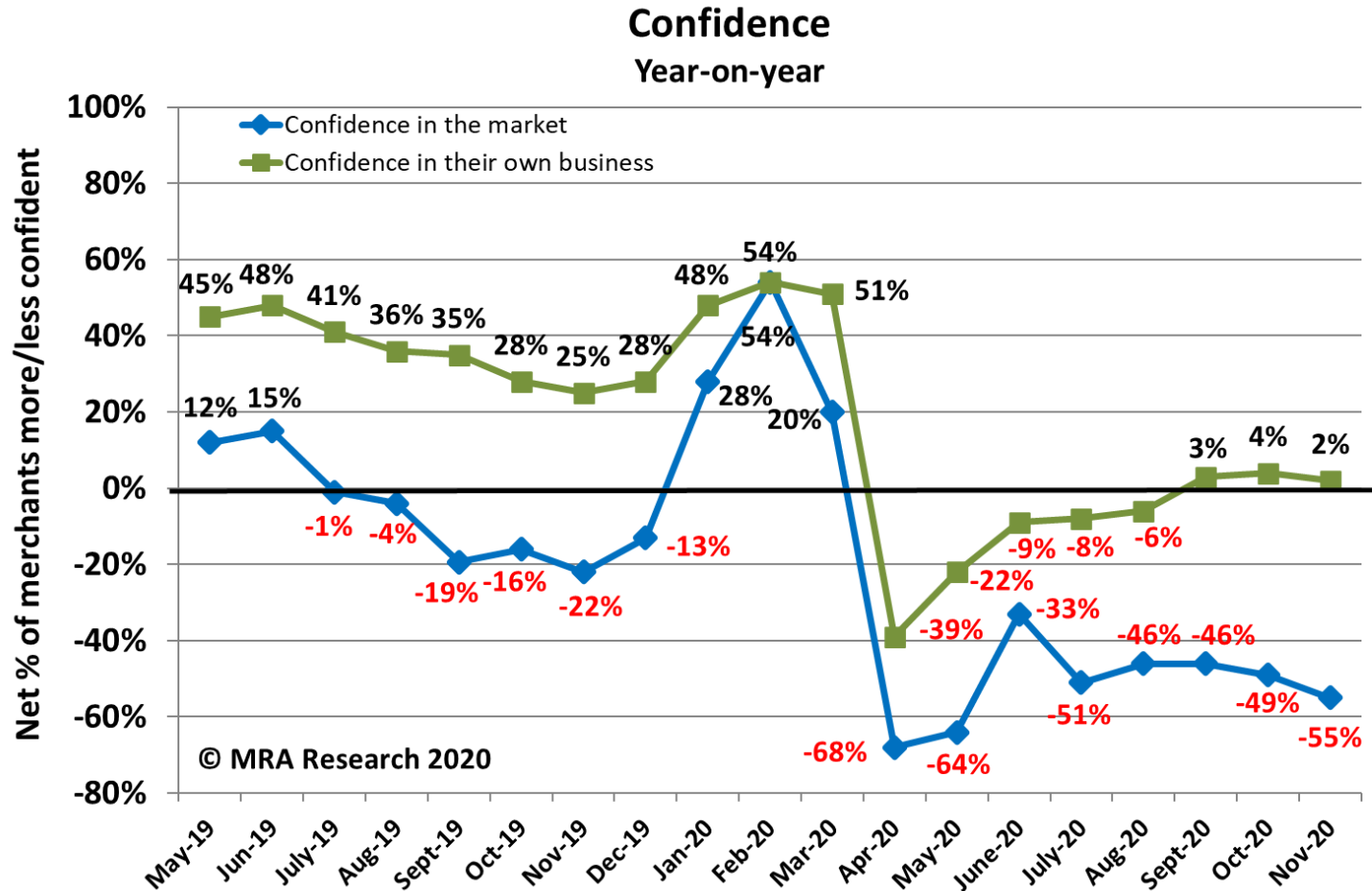
Confidence in the market v own business

Month-on-Month



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 19th in the series, with interviews conducted by MRA Research between 2nd and 5th November 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.



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