



Merchants' views on big industry issues

April 2021

As featured in:



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A lot has happened since last year's Leading Lights. When that research was done at the beginning of March 2020, we were about to step into the unknown. Twelve months on, the UK is emerging from a third national lockdown with confidence built on the most successful vaccination programme in Europe. According to the Bank of England, we're also on course to see £250bn in consumer bank accounts by mid-year, and it's itching to be let out. No wonder confidence is bouncing back, and forecasts are on the up.

It's been a year of constant learning and adjustment to the new normal as merchants dived into digital and changed their traditional ways of working to adapt to a rapidly evolving market. Working with Covid restrictions and managing staff and teams to work safely and effectively is the new reality.

With Covid dominating headlines and priorities, Brexit got done, and other industry issues were dealt with or discarded (Green Homes Grant!). Merchant confidence is high, driven by the successful vaccine rollout and the Government's plans to steer us out of lockdown.

Putting Covid aside, a significant legacy from Brexit will be product testing and certification as CE marking is replaced with the new UKCA mark at the end of the year. The implications for manufacturers and the knock-on for merchants and their customers have yet to be realised. The Government needs to press on with key infrastructure and housing projects to meet its targets. And then there's Grenfell! As the Inquiry's grim revelations continue and the industry starts adjusting to the challenge of new building codes and new behaviours we are all on a journey to build more safely.

For this year's Leading Lights, MRA Research spoke to builders' merchants and BMBI Experts for their views on industry issues and the main challenges and opportunities in 2021.

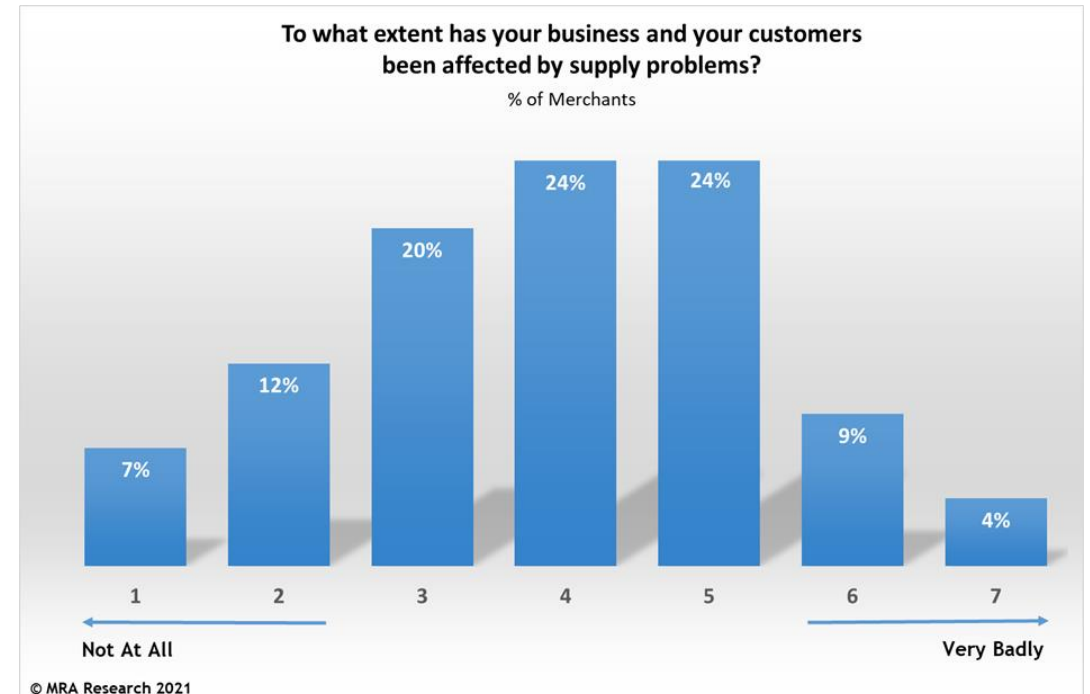
Survey Results

Material Supply: In light of Covid-19, to what extent has your business and your customers been affected by supply problems?

Supply of materials has been impacted over the last 12 months, with a combination of factors in play. These include: manufacturers powering down during the first lockdown; delays and shortages in subsequent months; rising demand from a booming home improvement and housebuilding market; and container shortages and congestion at ports affecting particular sectors such as landscaping and bathrooms.

By the time of this research in early March, a net 5% of merchants were at either end of the spectrum between experiencing no supply issues or being affected badly. Most merchants were somewhere in the middle with an average rating score of 3.89, suggesting supply remains an issue but merchants are managing.

Extended lead times and material shortages have led to increased costs. One merchant emphasised: *“Can’t get materials. Never in history has there been that amount of people stuck in their homes. Everyone wants to do stuff to the house. Just unmanageably busy.”*



The difference between the percentage of merchants not affected by supply problems (rated 1 or 2) and those affected badly (rated 6 or 7) is the net figure, expressed as a percentage.

Survey Results cont...

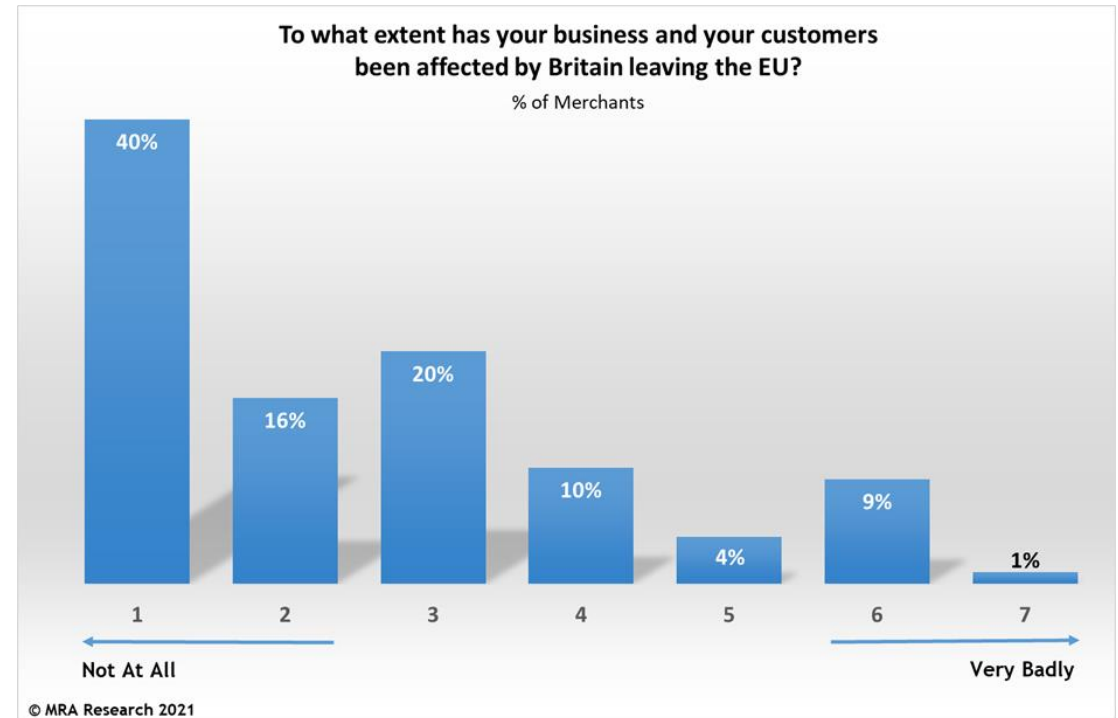
Brexit Impact: To what extent has your business and your customers been affected by Britain leaving the EU?

Most merchants are not feeling any major impact from Britain leaving the EU, with a net 24% not experiencing any impact. Only a net 8% of merchants said they have been affected badly.

It may be early days to appreciate the true affect, and it will depend on specific product sectors and the reliance particular merchants have on materials from Europe.

One merchant commented: *“Supply chains have been affected in mainland Europe, so we cannot get stock”.*

Another says: *“The price of timber from Sweden has gone up 27%, so this cost has to be passed onto our customers.”* Surcharges and price increases due to *“materials stuck in port”* were still affecting merchants.



The difference between the percentage of merchants not affected by Britain leaving the EU (rated 1 or 2) and those affected badly (rated 6 or 7) is the net figure, expressed as a percentage.

Survey Results cont...

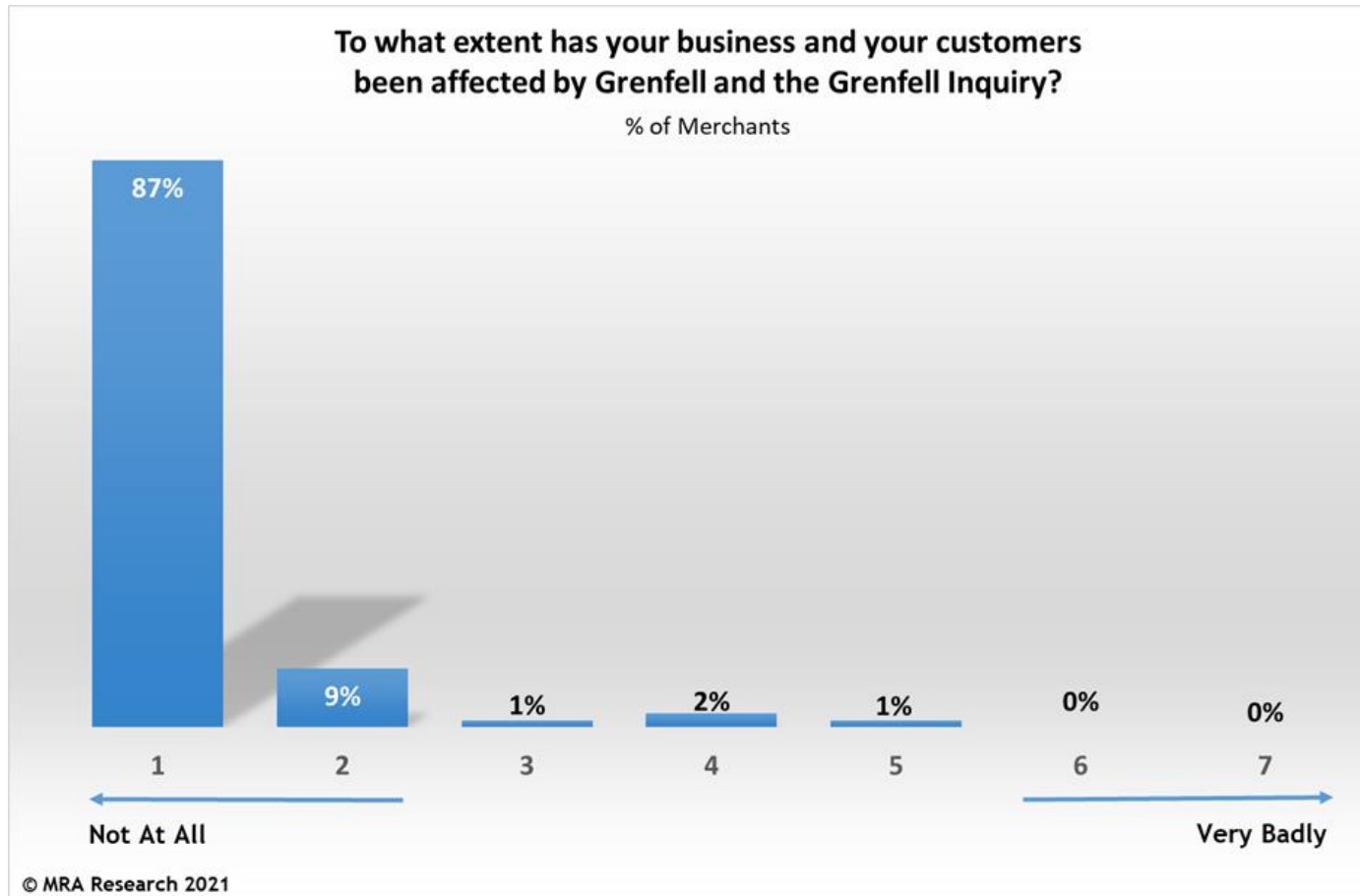
Grenfell Impact: To what extent has your business and your customers been affected by Grenfell and the Grenfell Inquiry?

While the Grenfell Inquiry continues to reveal some embarrassingly bad practice and continues to skewer some leading brands, merchants are largely unaffected. A net 78% of merchants interviewed said their business or customers have not been affected.

Most merchants interviewed (94%) were also personally unaware of the new Code for Construction Product Information (CCPI), developed by the CPA's Marketing Integrity Group (MIG) in response to Dame Judith Hackitt report 'Building A Safer Future'. The report confirmed the radical change needed for construction products following Grenfell, particularly in the areas of testing, information and marketing. The MIG was set up to tackle shortcomings in 'Product Information' identified in Chapter 7. The Code aims to set a level playing field for all construction product manufacturers to ensure that the product and performance information they provide is clear, accurate, up-to-date, accessible and unambiguous. Results from a 'Call For Evidence' survey in 2018 confirmed the key criteria for the new Code and its 11 Clauses.

The CPA's recent industry-wide consultation called for views on the Code before its launch later this year. Merchants' low awareness and low contribution to the consultation suggests the sector has some way to go in realising the potential credibility and reputational damage of Grenfell on construction, and the importance of the Code in helping to address some of the key issues. Yet the proposed Code will affect merchants who sell construction products under their own name or trademark. So, any merchant who sells 'bought-in', 'own-label' products, or creates a system from multiple products, is classed as a 'manufacturer'.

Survey Results cont...



The difference between the percentage of merchants not affected by Grenfell (rated 1 or 2) is the net figure, expressed as a percentage.

Survey Results cont...

Market Confidence

Merchants' confidence in the market surged in March 2021 compared to the same month last year and is well ahead of last March's pre-Covid levels.

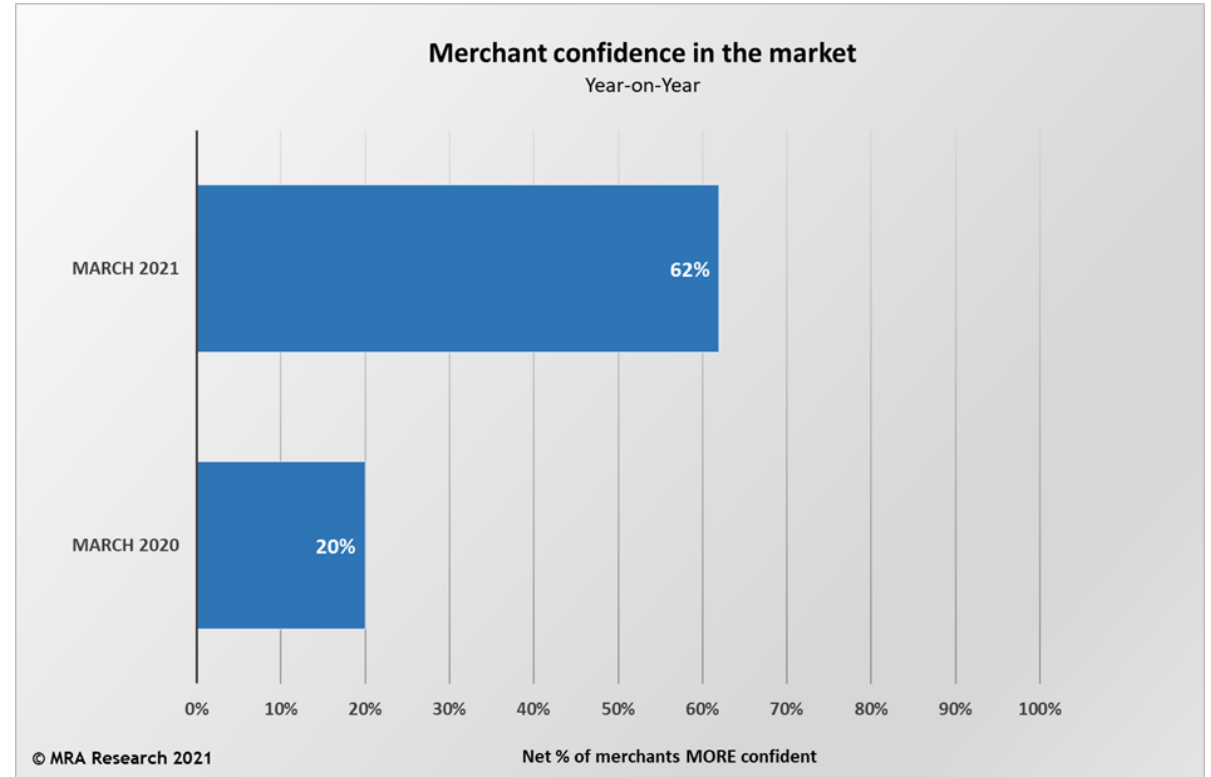
"Last year we were going into the pandemic, this year there is light at the end of tunnel with vaccine, there's a lot more going on, more positivity, last year was a dark place."

"Because we know what we're dealing with now, vaccine rollout and roadmap coming together."

"Suppliers are dealing with it better."

"No holidays, people doing more DIY."

"The Government has supported the construction industry during this crisis, so prospects should improve."

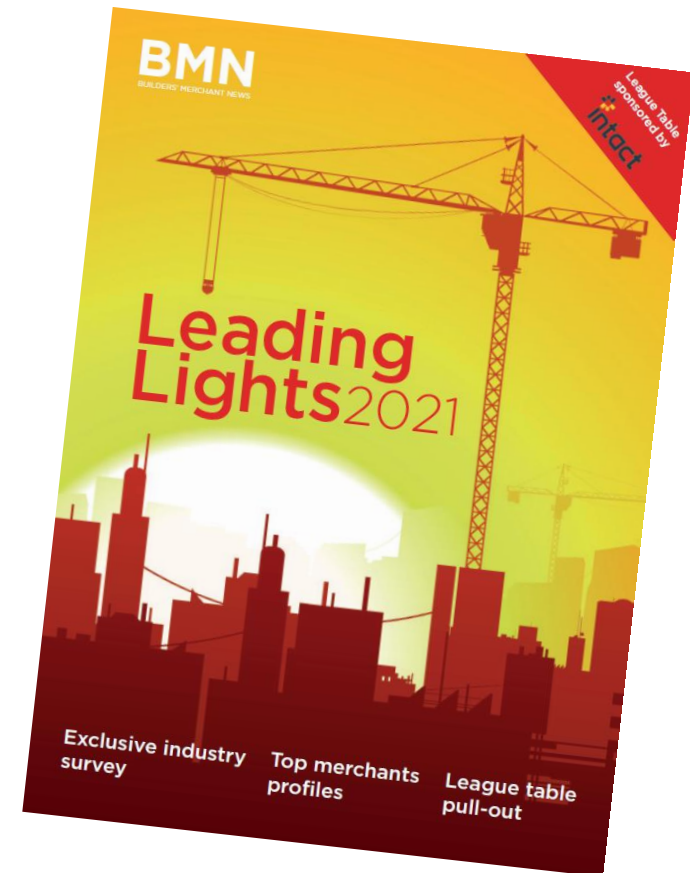


About the Survey

This survey was conducted and produced by MRA Research exclusively for Builders' Merchants News Leading Lights.

Telephone interviews were conducted with a representative sample of 100 builders' merchants between 2nd and 5th March 2021. The sample was balanced by region, size and type of merchant, including nationals, regional multi-branch independents, and smaller independent merchants.

Downloaded the report at www.mra-research.co.uk, visit or www.buildersmerchantsnews.co.uk or click on the image opposite.





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