

“one **industry**  
one **voice**”

# Builders Merchant Building Index



## Monthly Report for October 2016

# Building the Industry & Building Brands from Knowledge

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# Introduction

**John Newcomb, Managing Director BMF**



This Builders Merchant Building Index (BMBI) report utilises GfK's ground-breaking Builders Merchant Point of Sale Tracking Data, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain.

Trend data in the BMBI is indexed on the 12 month period July 2014 to June 2015. The monthly series tracks what is happening in the market month by month and includes an in-depth review every quarter. This trend series gives our industry access to far more accurate and comprehensive data than that available to other construction sectors.

GfK's Builders Merchant Point of Sale Tracking Data is setting a new standard to give us a reliable market picture. Unlike data from sources based on estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders contractors and other trades.

Measuring the level of Repair Maintenance & Improvement (RMI) work in the economy is hugely important to everyone including Government. Yet until now there has not been any decent measure of RMI, or even an approximation of it. The Builders Merchant Point of Sale Tracking Data provides a reliable measure on a national scale.

We recognise the importance of sharing this data. In this spirit, MRA Marketing produces the Builders Merchant Building Index to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands. We now have 11 Expert Brands: Crystal Direct, Keylite Roof Windows, Timbmet, Alumasc Water Management Solutions, Hanson Cement, IKO PLC, Keystone Lintels, Knauf Insulation, Encon Insulation, Ibstock and Heatrae Sadia providing valuable commentary on market trends and influences.

GfK insights go deeper than the category sectors contained in this document. They can trace product group performance and track features that are relevant to you. GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or Suppliers who are interested in getting involved should contact Ricky Coombes at [Ricky.Coombes@gfk.com](mailto:Ricky.Coombes@gfk.com)

The BMBI website enables you to compare Landscaping with Heavy Building Materials, or Kitchens with Timber on our interactive charts. Download the latest report, read the news or search through comments or blogs at [www.bmbi.co.uk](http://www.bmbi.co.uk). Follow us and the Experts [@theBMBI](https://twitter.com/theBMBI).

# Monthly: Index and Categories

**July 2015 – October 2016** (Indexed on monthly average, July 2014 – June 2015)

VALUE EX VAT £	Index	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16
<b>Total Builders Merchants</b>	<b>100</b>	<b>115.4</b>	<b>100.5</b>	<b>110.3</b>	<b>110.9</b>	<b>101.3</b>	<b>74.0</b>	<b>88.2</b>	<b>101.3</b>	<b>110.0</b>	<b>113.6</b>	<b>111.4</b>	<b>115.7</b>	<b>111.1</b>	<b>113.7</b>	<b>113.8</b>	<b>112.3</b>
Timber & Joinery Products	100	113.8	100.4	110.6	112.1	102.9	74.7	91.3	101.6	107.1	108.9	106.0	112.1	107.8	112.2	113.3	112.8
Heavy Building Materials	100	115.6	100.3	110.8	111.1	100.2	72.2	87.1	100.8	110.1	114.3	111.7	116.2	111.9	114.4	114.6	113.4
Decorating	100	114.8	104.6	111.9	112.7	103.2	78.4	90.9	101.3	106.6	107.5	105.4	108.1	107.8	112.5	109.8	108.3
Tools	100	107.9	94.4	105.1	105.7	103.7	75.9	89.6	99.7	104.1	106.9	99.8	104.0	101.5	102.4	104.6	106.5
Workwear & Safetywear	100	105.9	98.0	120.1	119.4	119.6	75.7	112.6	106.5	105.5	96.3	96.5	107.6	98.5	98.6	101.0	110.9
Ironmongery	100	114.1	101.5	111.7	112.3	108.1	84.3	100.5	108.9	113.0	112.8	110.9	112.8	111.0	115.8	119.8	118.0
Landscaping	100	132.4	108.4	107.0	101.7	83.2	59.0	65.2	88.9	115.7	137.7	144.2	144.7	132.0	129.2	119.9	110.2
Plumbing, Heating & Electrical	100	107.3	93.6	111.4	119.1	118.3	89.6	106.3	114.6	115.2	110.8	101.4	103.3	100.5	103.6	111.7	116.0
Renewables & Water Saving	100	75.7	67.7	104.0	99.6	95.9	76.0	78.1	71.8	72.5	67.1	64.8	75.5	63.7	63.1	72.8	61.2
Kitchens & Bathrooms	100	112.4	97.0	110.3	109.6	108.6	77.5	91.6	109.0	110.5	106.7	98.0	107.6	101.7	105.3	111.4	109.4
Miscellaneous	100	106.3	96.6	107.1	110.1	103.3	83.7	104.0	107.4	112.9	113.1	107.4	113.3	115.3	114.5	115.7	113.6
Services	100	112.7	102.5	108.4	111.4	102.4	83.1	86.2	102.3	114.6	111.3	116.7	116.1	115.5	115.2	111.1	108.3

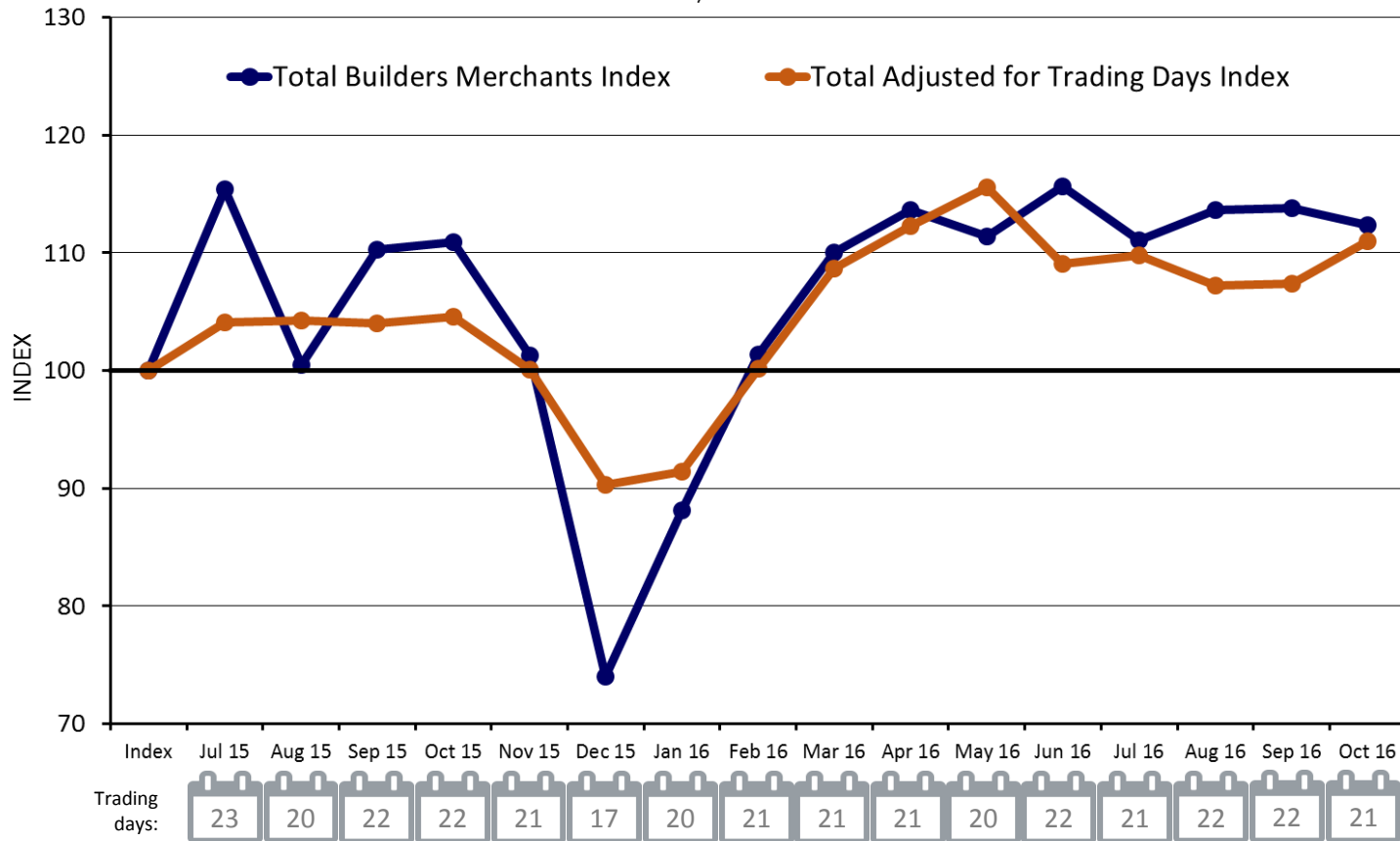
# Monthly Index

Adjusted and Unadjusted for Trading Days



## Total Builders Merchants Index v Total Adjusted for Trading Days Index

Indexed on July 2014 - June 2015



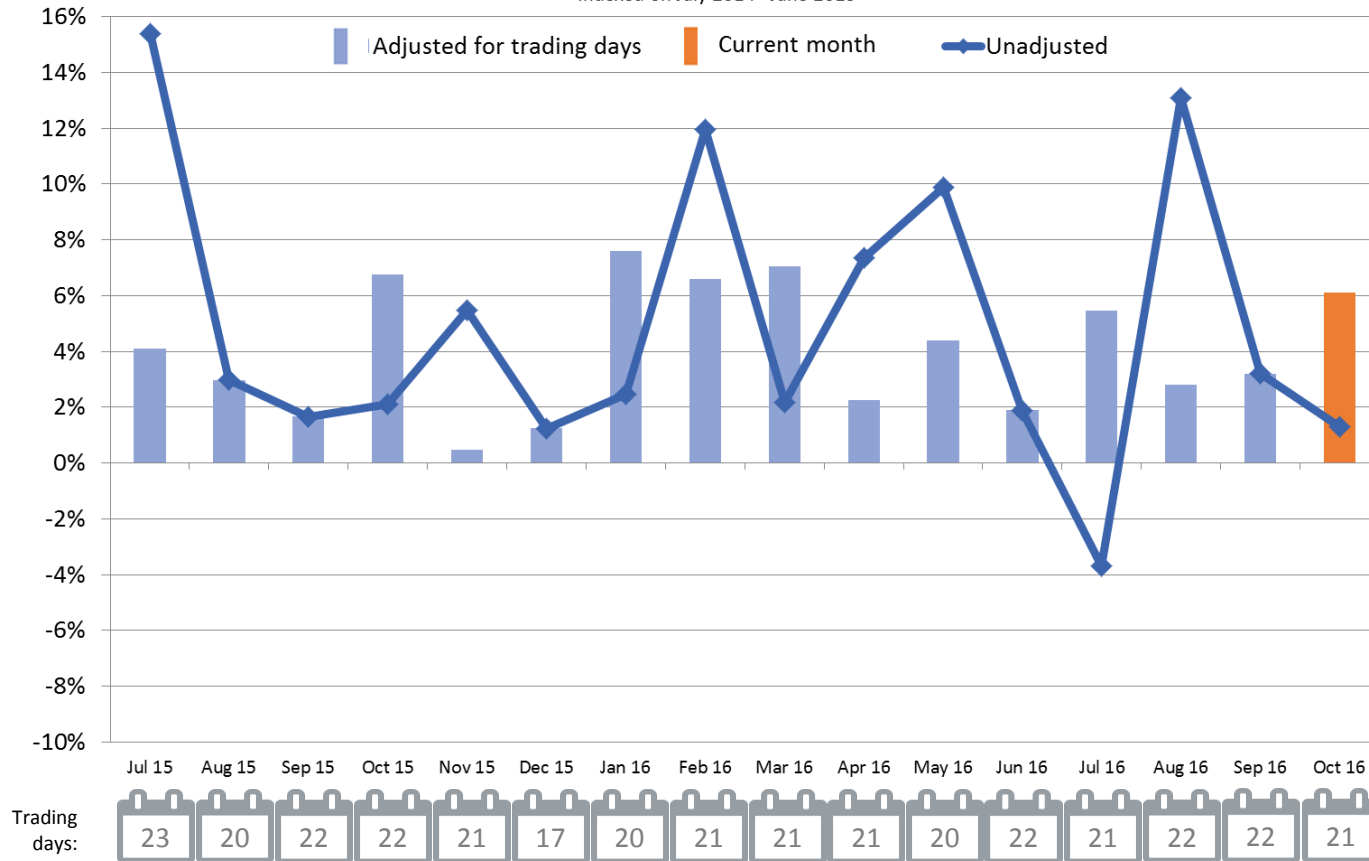
# Monthly Sales

Adjusted and Unadjusted for Trading Days



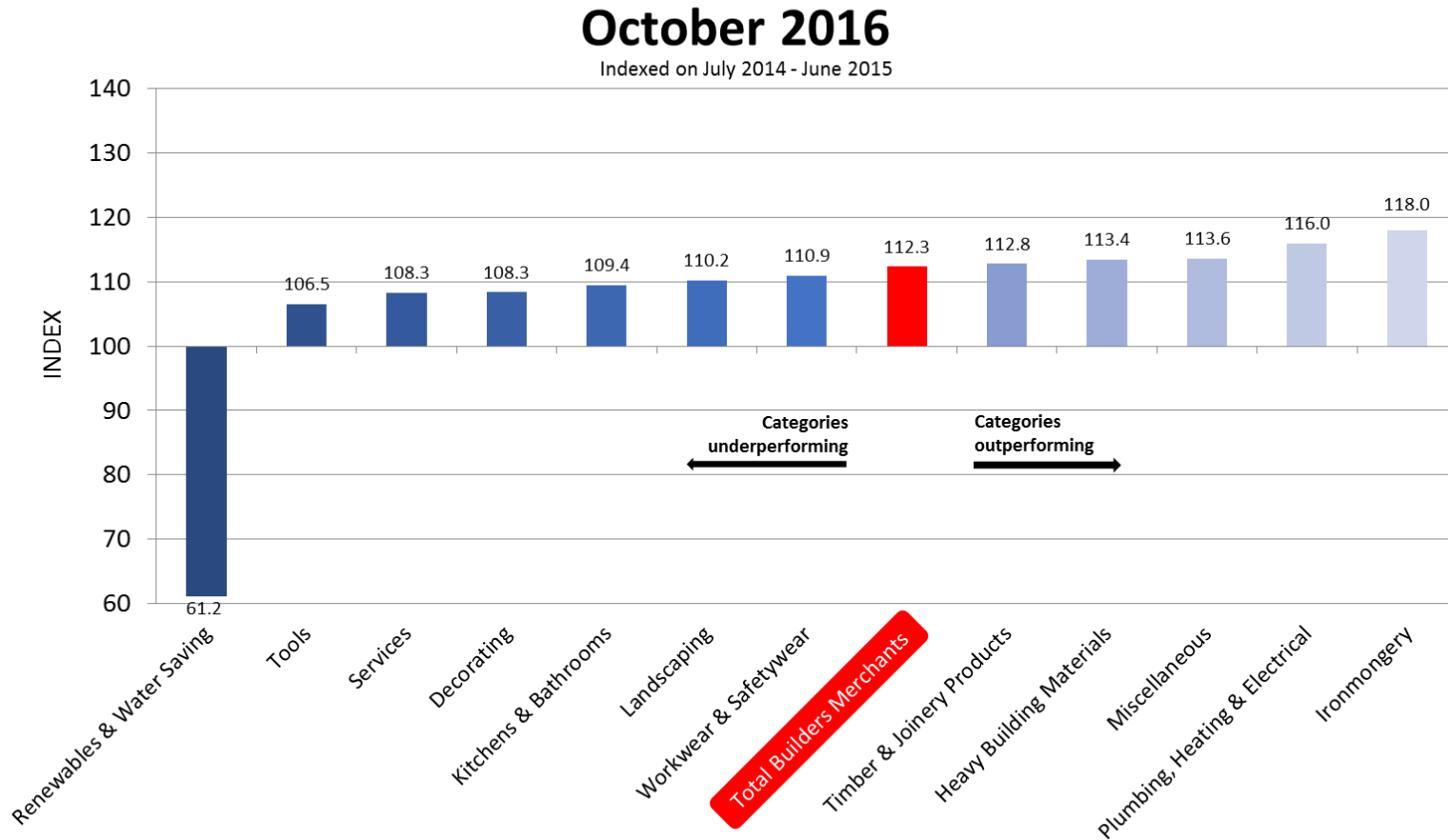
## Monthly: Year on Year

Indexed on July 2014 - June 2015



# Monthly: Index and Categories

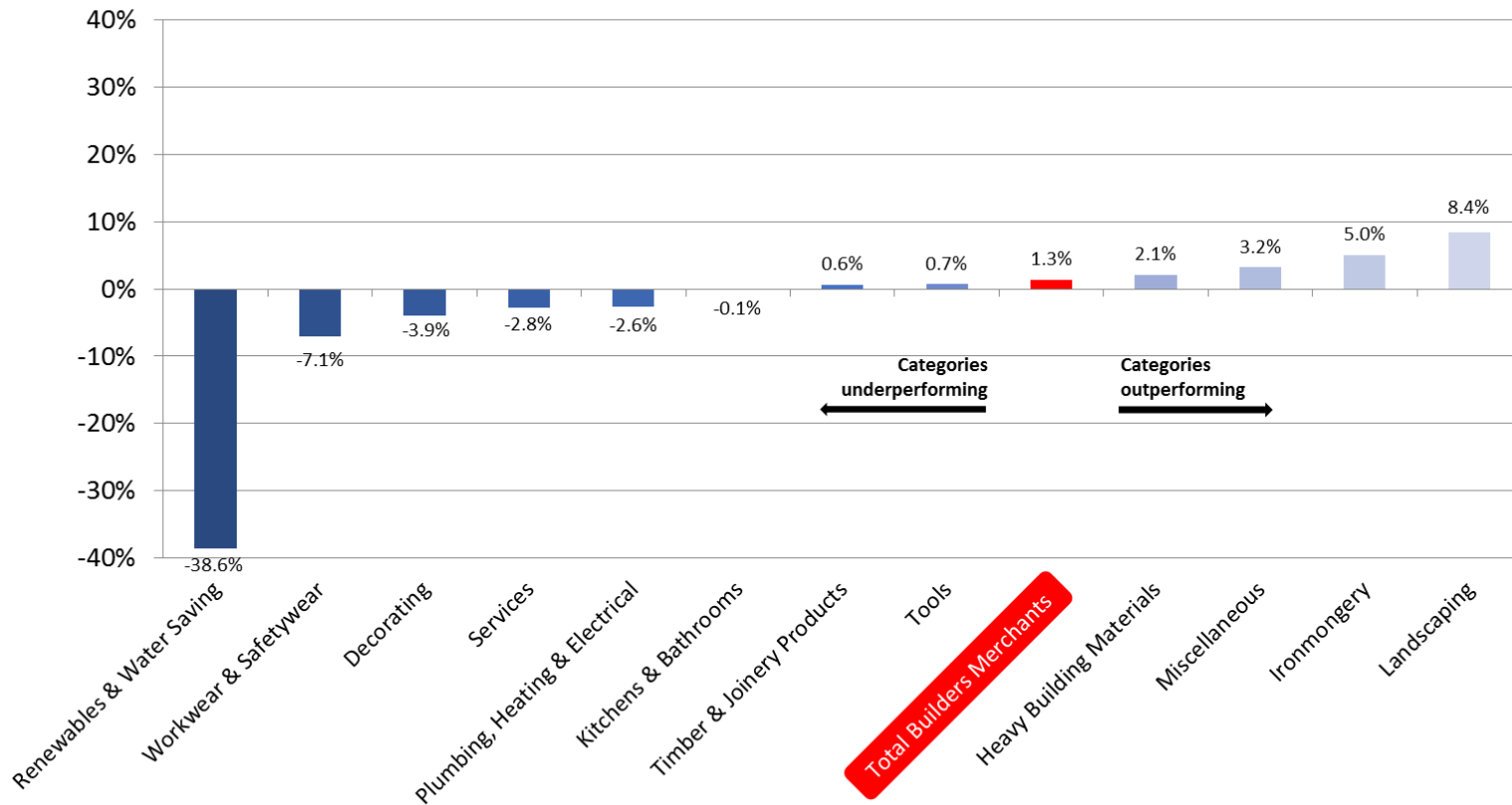
October 2016 index



# Monthly: this year v last year

October 2016 sales

## October 2016 v October 2015

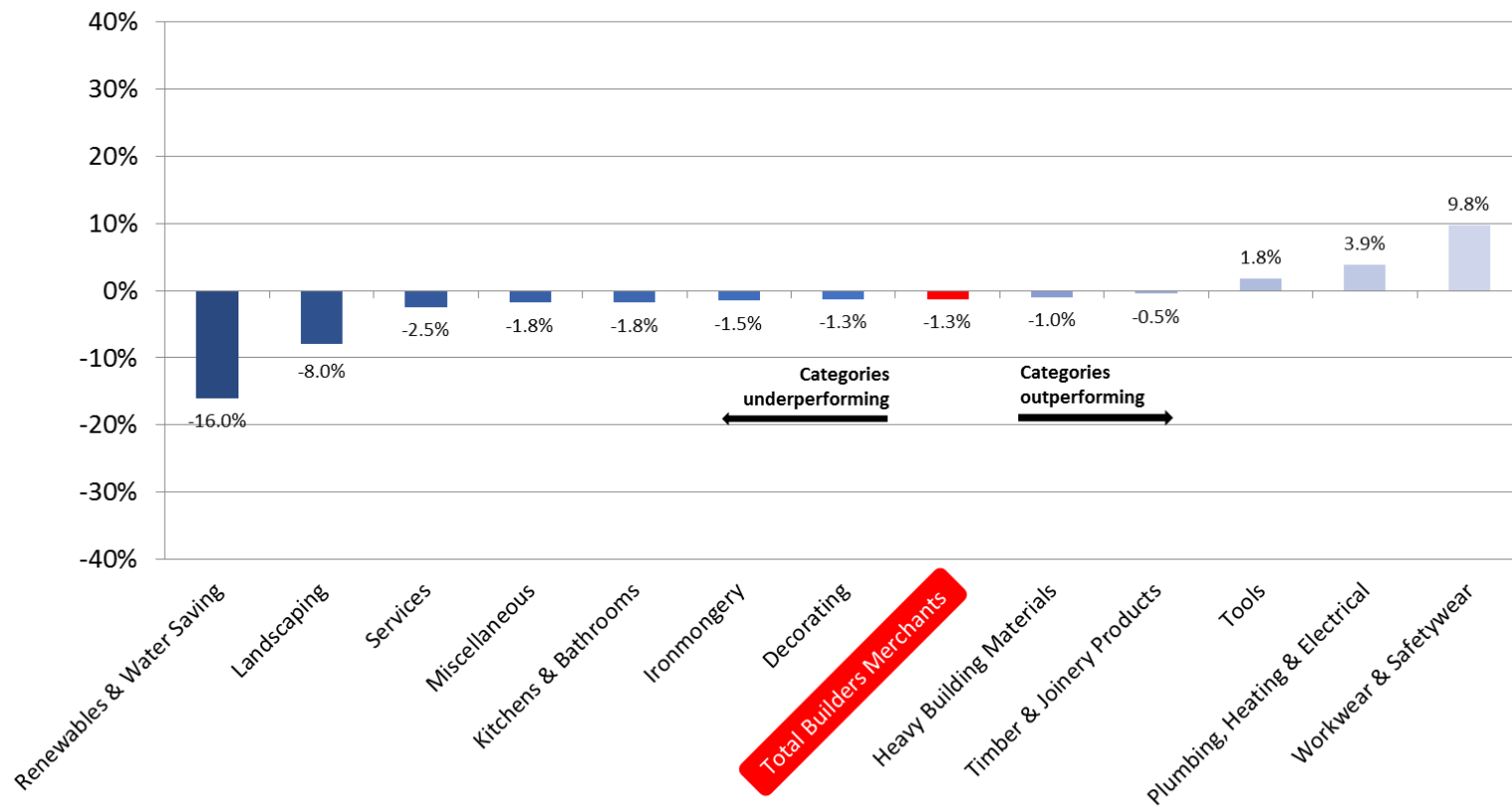




# Monthly: this month v last month

October 2016 sales

## October 2016 v September 2016



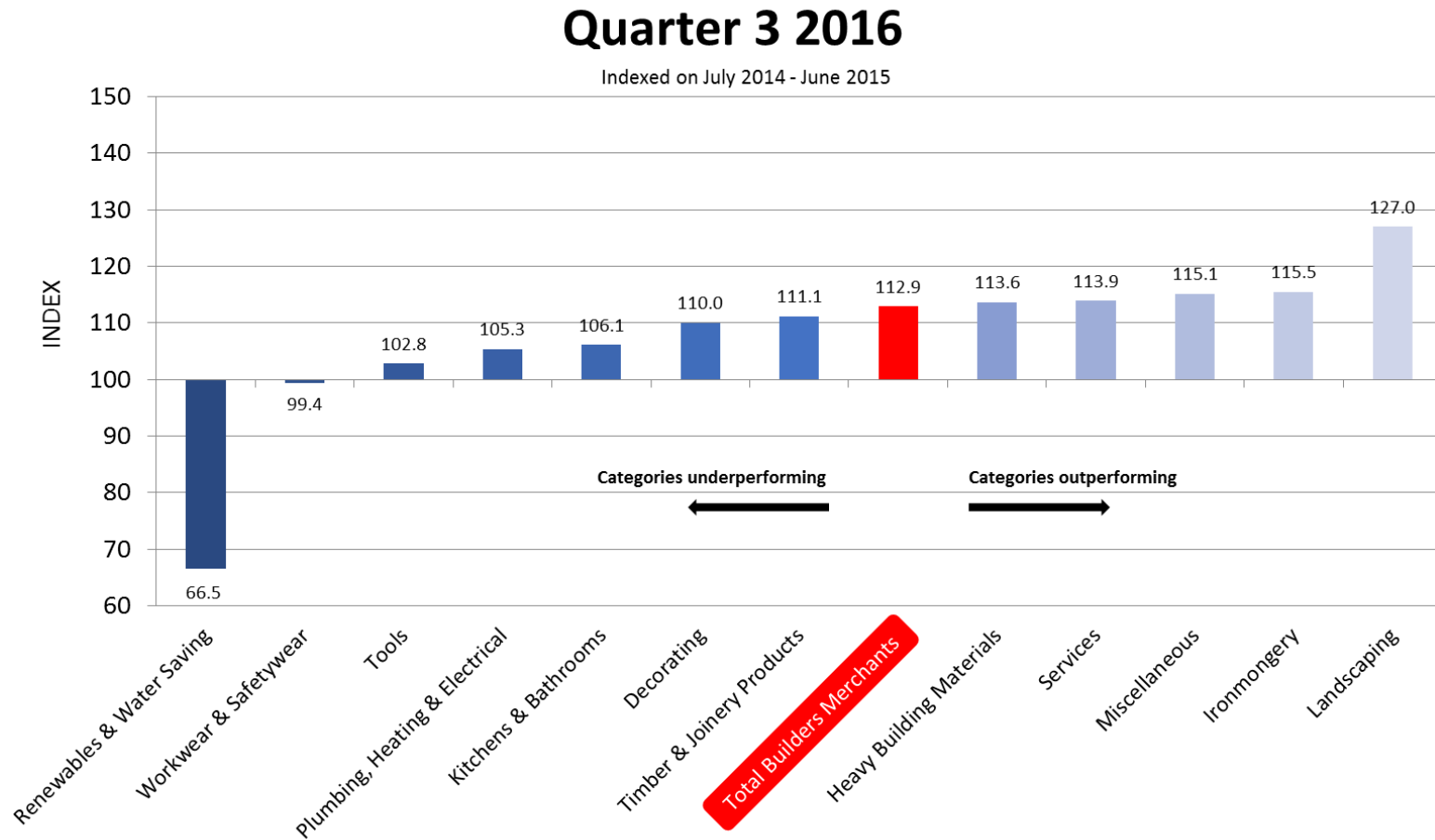
# Quarterly: Index and Categories

**Quarterly** (Indexed on July 2014 to June 2015)

VALUE EX VAT £	Index	Q3, 2015	Q4, 2015	Q1, 2016	Q2, 2016	Q3, 2016
<b>Total Builders Merchants</b>	<b>100</b>	<b>108.7</b>	<b>95.4</b>	<b>99.8</b>	<b>113.6</b>	<b>112.9</b>
Timber & Joinery Products	100	108.3	96.6	100.0	109.0	111.1
Heavy Building Materials	100	108.9	94.5	99.3	114.1	113.6
Decorating	100	110.4	98.1	99.6	107.0	110.0
Tools	100	102.5	95.1	97.8	103.5	102.8
Workwear & Safetywear	100	108.0	104.9	108.2	100.1	99.4
Ironmongery	100	109.1	101.6	107.5	112.2	115.5
Landscaping	100	115.9	81.3	89.9	142.2	127.0
Plumbing, Heating & Electrical	100	104.1	109.0	112.0	105.2	105.3
Renewables & Water Saving	100	82.5	90.5	74.1	69.1	66.5
Kitchens & Bathrooms	100	106.6	98.5	103.7	104.1	106.1
Miscellaneous	100	103.4	99.0	108.1	111.3	115.1
Services	100	107.9	99.0	101.0	114.7	113.9

# Quarterly: Index and Categories

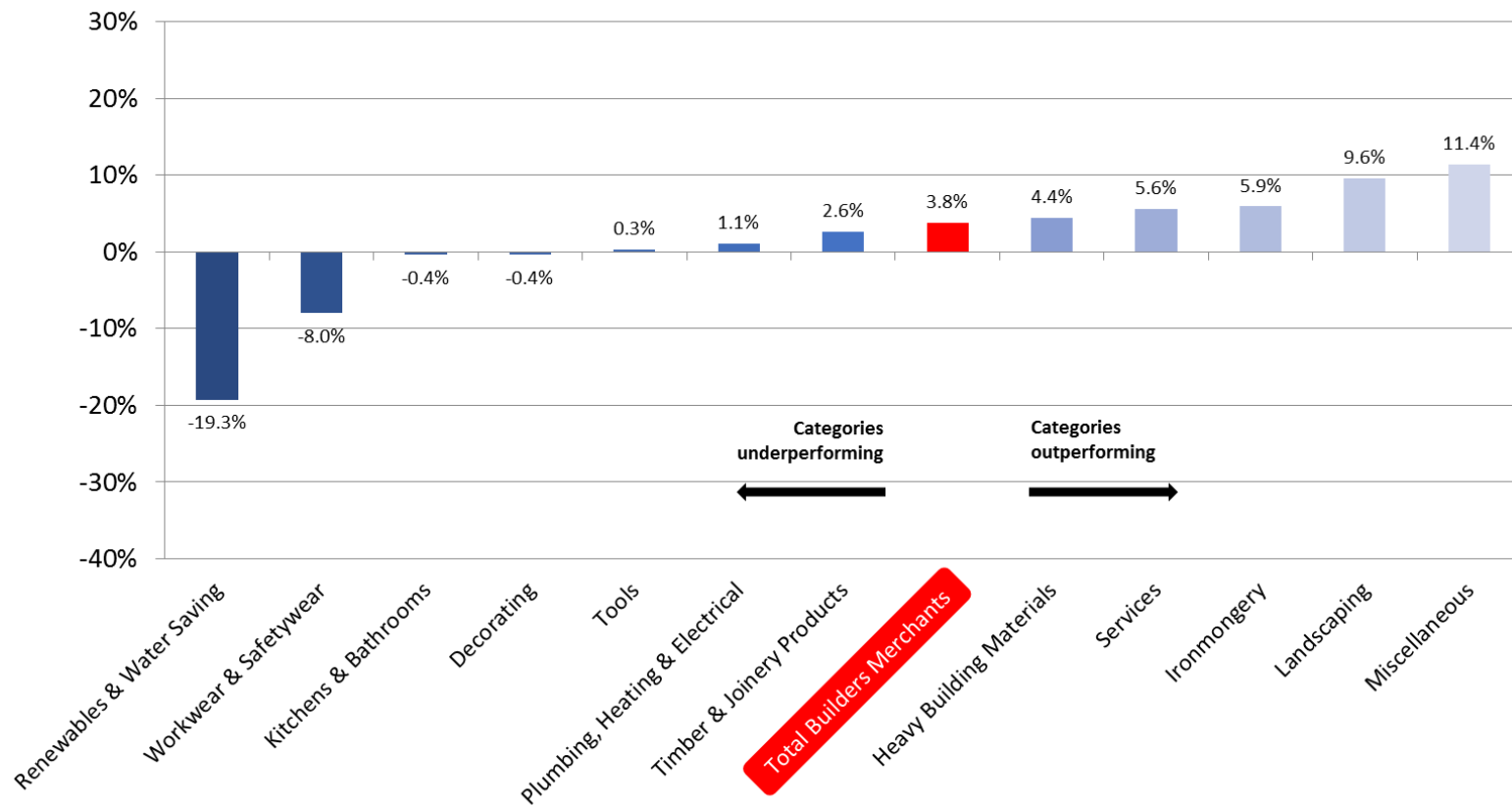
Q3 2016 index



# Quarterly: this year v last year

Q3 2016 sales

## Quarter 3 2016 v Quarter 3 2015



# Quarterly: quarter on quarter

Q3 2016 sales

## Quarter 3 2016 v Quarter 2 2016

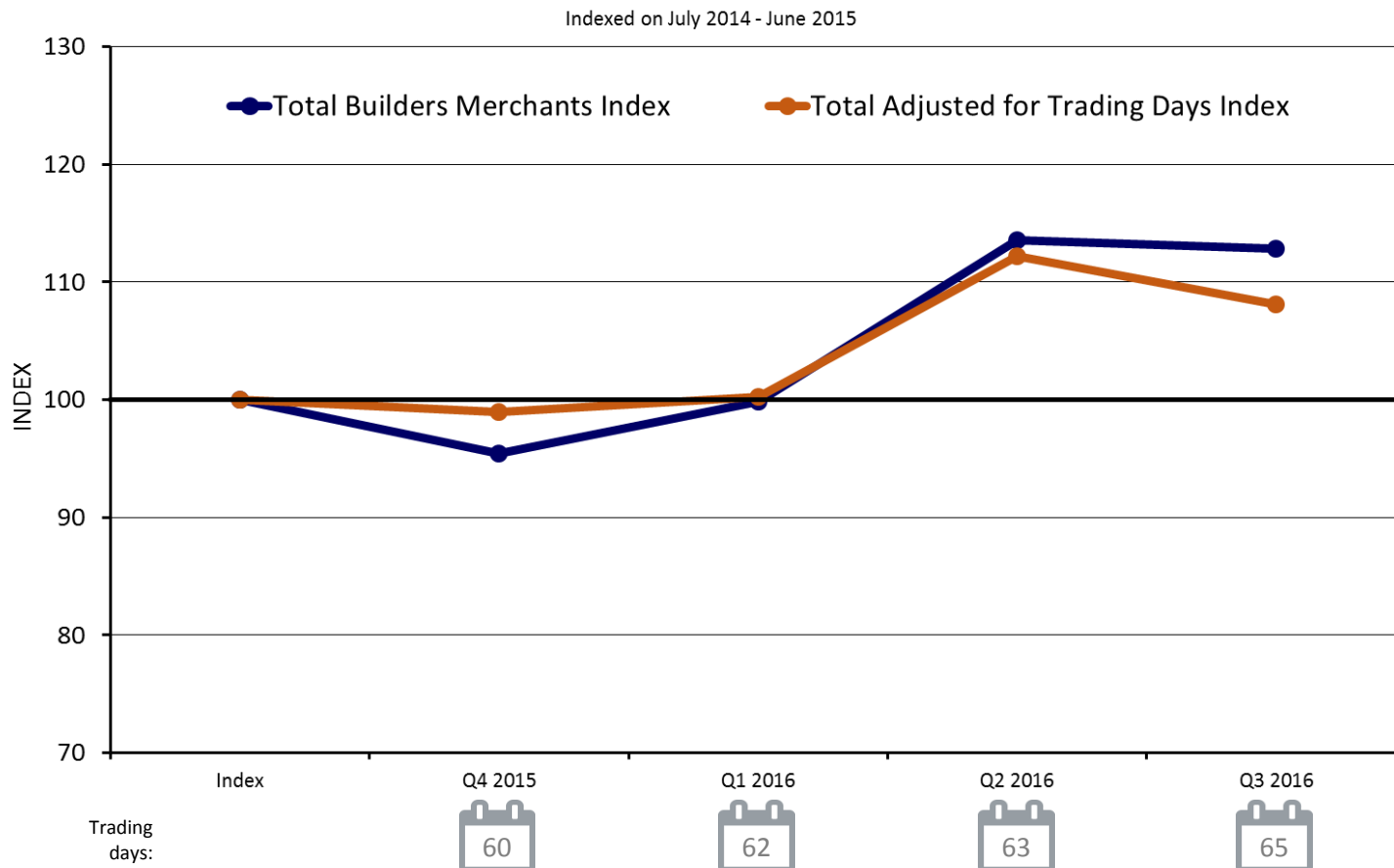


# Quarterly Index

Adjusted and Unadjusted for Trading Days



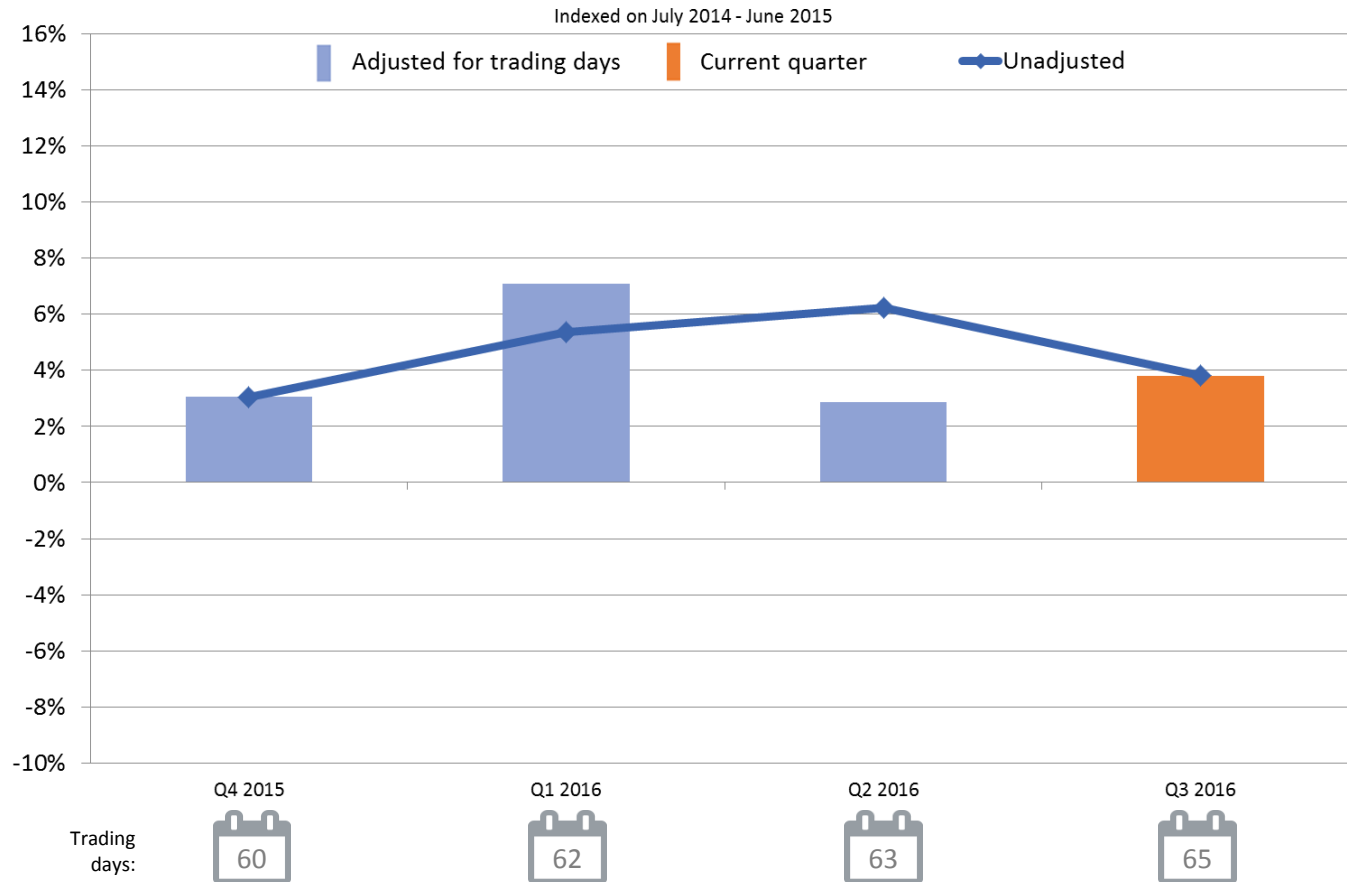
## Total Builders Merchants Index v Total Adjusted for Trading Days Index



# Quarterly Sales

Adjusted and Unadjusted for Trading Days

## Quarterly: Year on Year



# Overview



Builders' Merchants' sales were up again in October, having grown in eleven out of the last twelve months. Year to date sales are up 4.7% compared to 2015.

## Year on Year

Sales in October were 1.6% higher than the same month last year, and average daily sales were 6.1% up when adjusted for one less trading day this year. Landscaping had the largest unadjusted increase, up 8.4%, with Ironmongery (+5.0%) and Heavy Building Materials (+2.1%), the largest category, also performing robustly. Six categories sold less, including Plumbing Heating & Electrical (-2.6%) and Workwear & Safetywear (-7.1%).

## Month on Month

October was 1.3% lower compared with September, but 3.4% higher when adjusted for the difference in trading days. Unadjusted for trading days, Workwear & Safetywear (+9.8%), Plumbing heating & Electrical (+3.9%) and Tools (+1.8%) were up, while Ironmongery (-1.0%), Kitchens & Bathrooms (-1.8%) and Landscaping (-8.0%), a segment reaching the end of its main season, were down.

## Rolling three months.

Sales in the three months August to October were 0.5% higher than in May to July. Eight of the twelve categories sold more in absolute terms. Unadjusted sales of Plumbing Heating & Electrical grew +8.6% followed by Kitchens & Bathrooms +6.1%. However with two additional trading days factored in, average sales per day across all merchants were 2.6% lower.

## Index

October's Builders Merchant Building Index was 112.3, with Ironmongery (118.0), Plumbing Heating & Electrical (116.0) and Timber & Joinery Products (112.8).

October's ONS construction figure, which reflects construction as a whole, shows more conservative growth (+0.7% year on year) than these builders' merchants sales. But it's worth noting that the initial ONS figures are usually based on just 40% of the data, and almost always revised up as more data is collected. September's ONS figure has already been revised up from 0.2% to 2.5%, which more closely reflects BMBI's 3.2%, and may be revised further. The comparison highlights the quality of BMBI data which are actual builders' merchants' sales to builders and contractors, not estimates.

For greater detail and benchmarking your market contact Ricky Coombes at GfK.



# The Expert Panel

## Speaking for their markets



The Builders Merchant Building Index (BMBI) includes a growing panel of industry Experts. In each quarterly report they comment on the market, with a particular focus on the story behind the trends. Experts are leading brands, or brands aspiring to become leaders, who are the voice of their markets.

The Q3 2016 report, which includes commentary from our experts is available [here](#)

### Meet the Builders Merchant Building Index Experts:

**Steve Halford**, Group Managing Director, Crystal Direct is BMBI's Expert for PVCU Windows and Doors



**Jim Claydon**, Managing Director, Hanson Cement is BMBI's Expert for Cement and Aggregates



**Mike Beard**, Merchant Development Director, Encon Insulation is BMBI's Expert for Insulation Products - Distribution



**John Duffin**, Managing Director, Keylite Roof Windows is BMBI's Expert for Roof Windows



**Andy Williamson**, Group Managing Director, IKO PLC is BMBI's Expert for Roofing Products



**Tony France**, Sales Director, Ibstock is BMBI's Expert for Bricks



**Nigel Cox**, Managing Director, Timbmet is BMBI's Expert for Timber & Panel Products



**Derrick McFarland**, Managing Director, Keystone Lintels is BMBI's Expert for Lintels



**Paul Rivett**, Managing Director, Heatrae Sadia is BMBI's Expert for Water Heating



**Steve Durdant-Hollamby**, Managing Director, AWMS is BMBI's Expert for Civils, Metal Rainwater & Drainage



**John Sinfield**, Managing Director, Knauf Insulation is BMBI's Expert for Mineral Wool Insulation



Additional Experts will be joining the panel in 2017

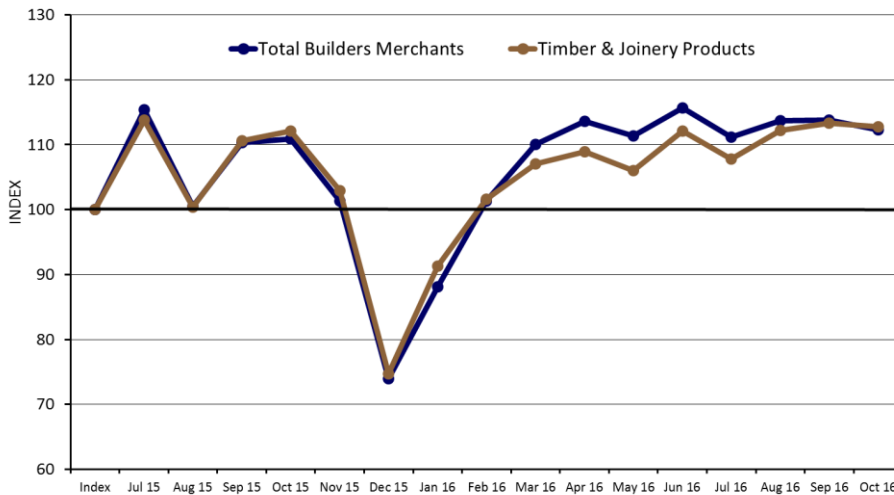


# Monthly Report

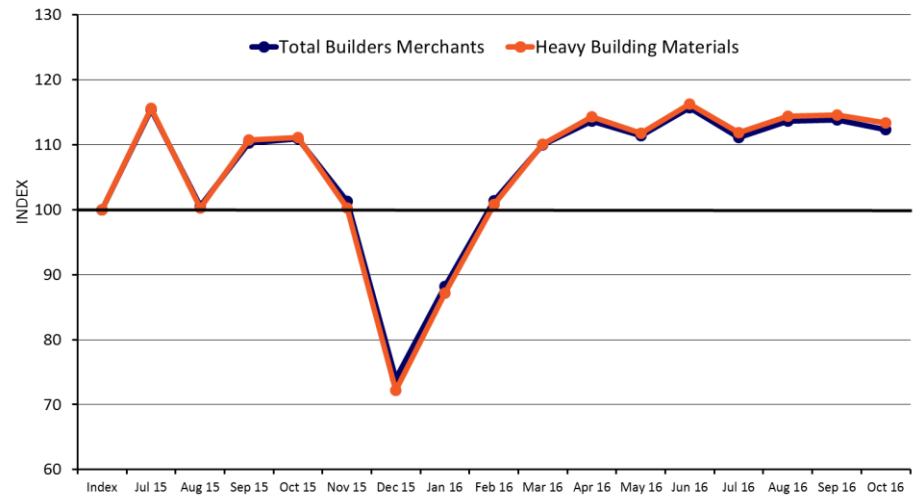
October 2016



### Timber & Joinery Products



### Heavy Building Materials



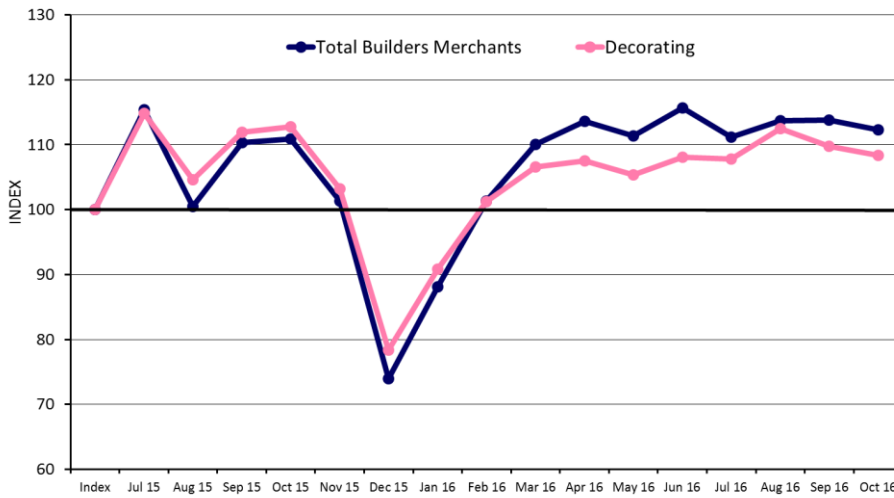
Charts indexed on July 2014 – June 2015

# Monthly Report

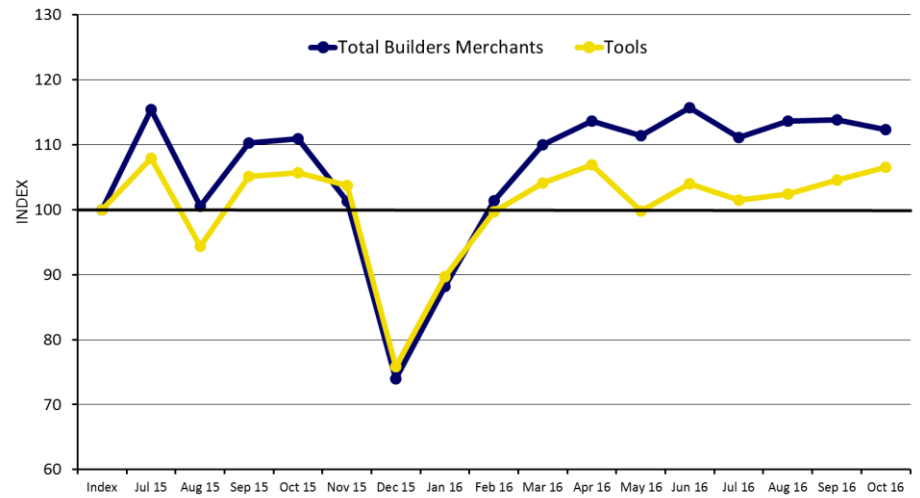
October 2016



## Decorating



## Tools



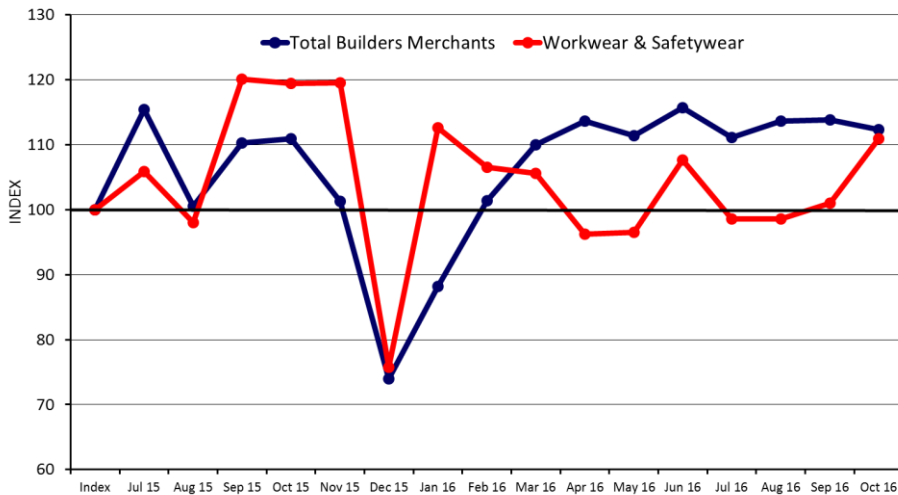
Charts indexed on July 2014 – June 2015

# Monthly Report

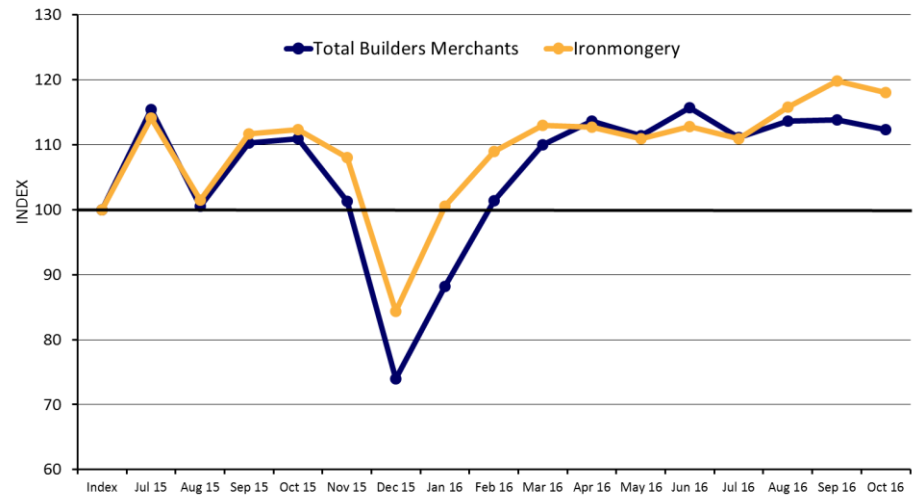
October 2016



## Workwear & Safetywear



## Ironmongery



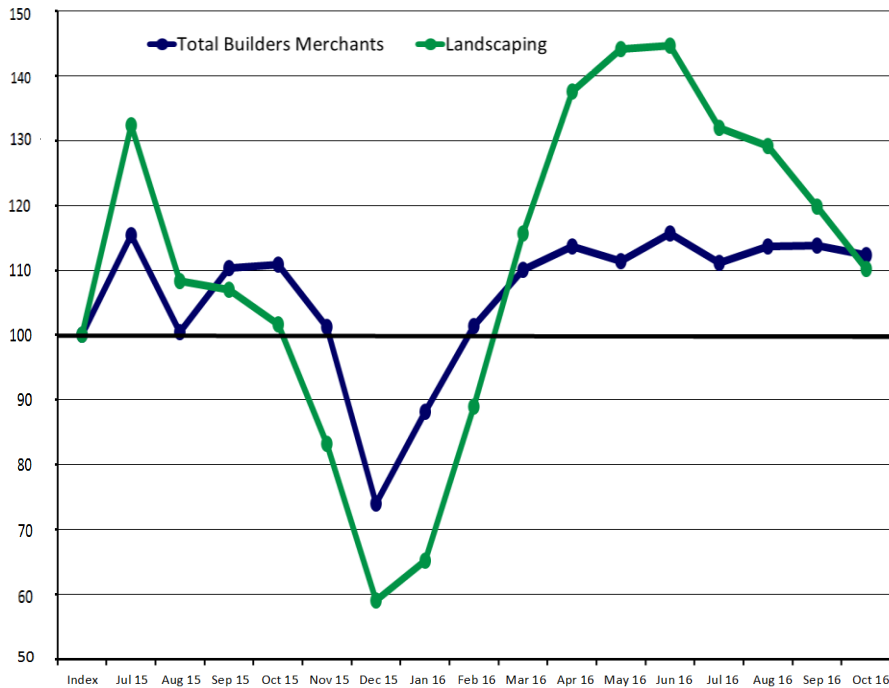
Charts indexed on July 2014 – June 2015

# Monthly Report

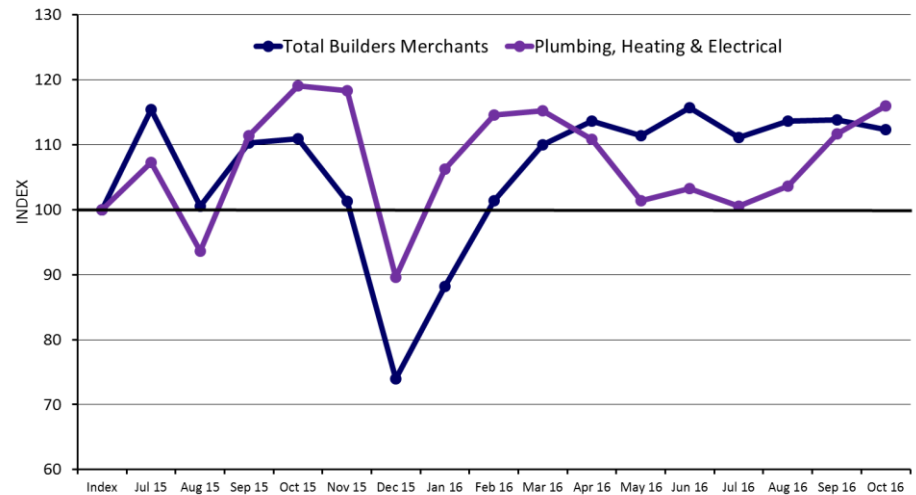
October 2016



## Landscaping



## Plumbing, Heating & Electrical



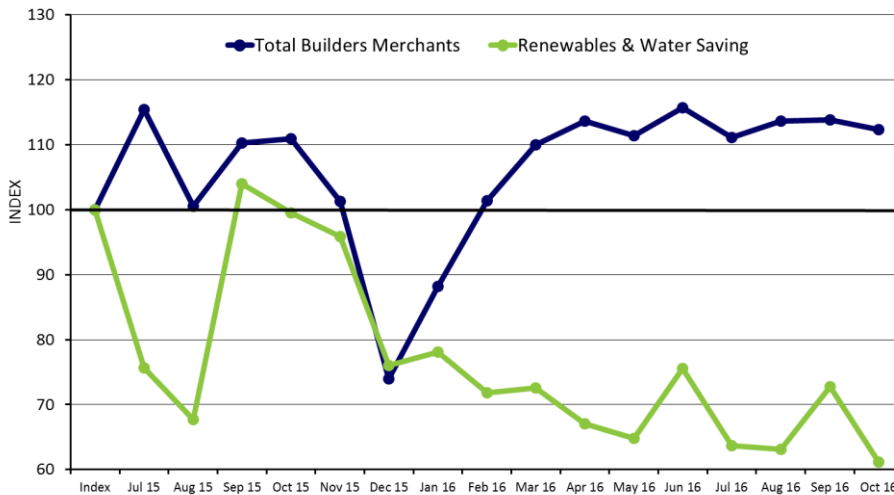
Charts indexed on July 2014 – June 2015

# Monthly Report

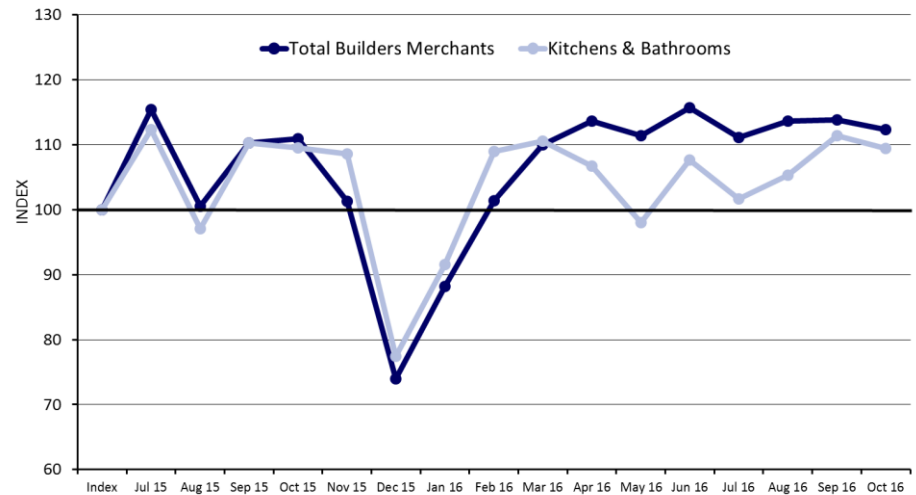
October 2016



## Renewables & Water Saving



## Kitchens & Bathrooms



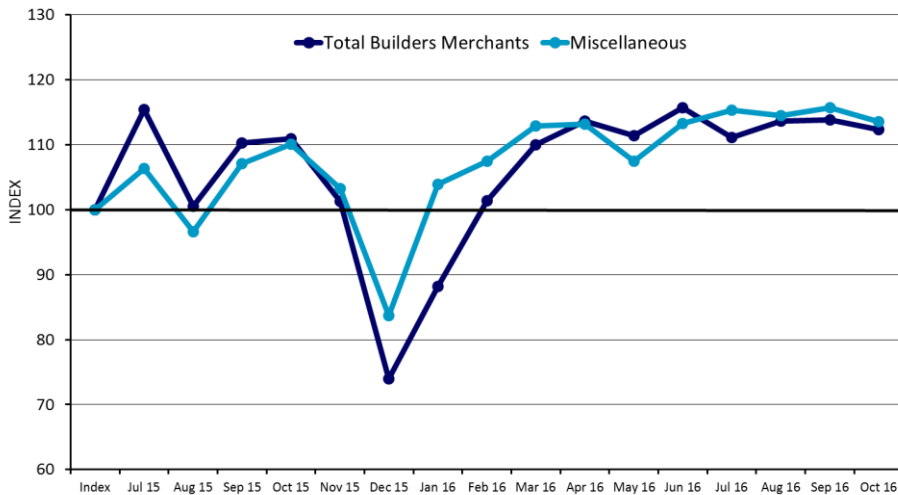
Charts indexed on July 2014 – June 2015

# Monthly Report

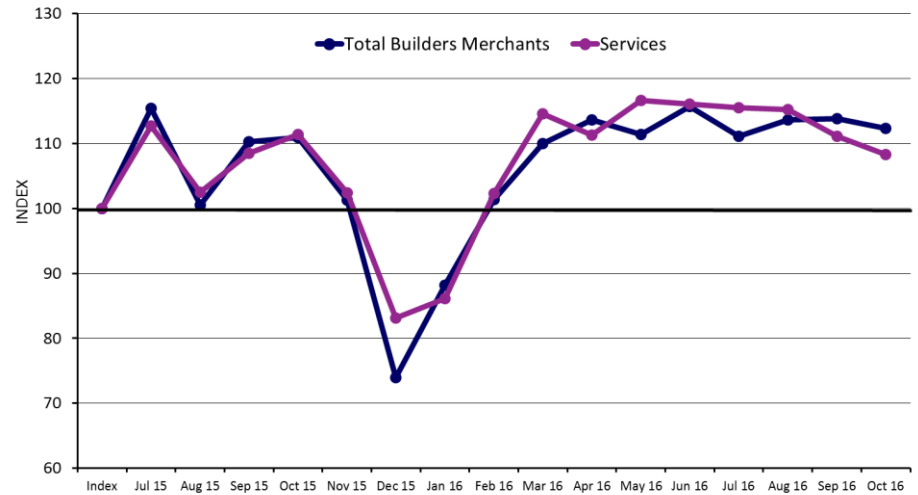
October 2016



## Miscellaneous



## Services



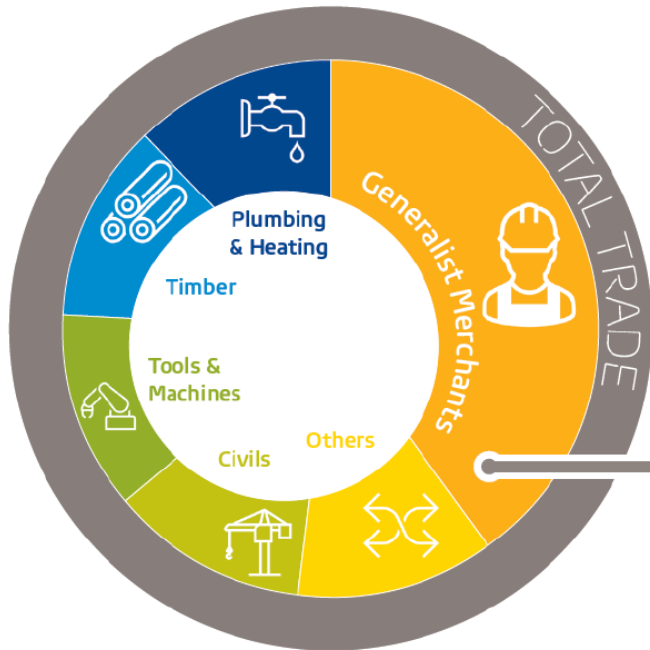
Charts indexed on July 2014 – June 2015

# GfK's Panel

## Generalists Builders Merchant Panel (GBMs)



### The Multiple Generalist Builders Merchants Channel



#### Generalist Builders Merchants

Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

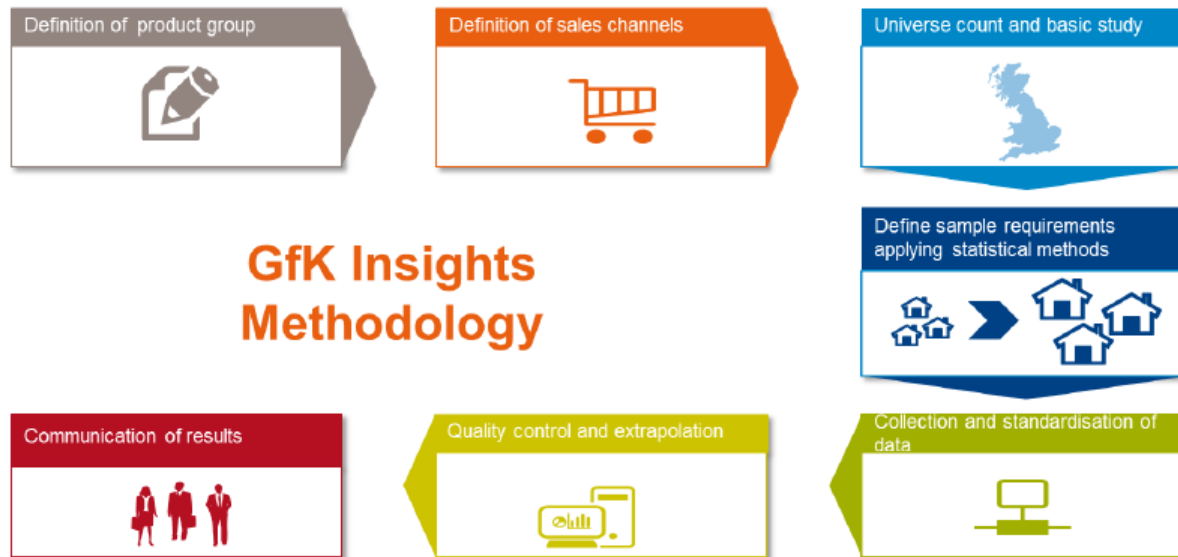
Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

Examples include:





# GfK Insights Methodology



GfK collect live sales-out data from our panel of merchant partners.

We add value to that data through the application of each sold product's unique technical features. We compare like-for-like products and categories from like-for-like merchants and aggregate this within our reports.

Our international methodology is based on robust scientific principles and delivers continuous, reliable information that can be applied to your business requirements.

# GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



## Headline values available

### Timber & Joinery Products

Timber  
Sheet Materials  
Cladding  
Flooring & Flooring Accessories  
Mouldings  
Stairs & Stairparts  
Window & Frames  
Doors/Door Frames

### Heavy Building Materials

Bricks Blocks & Damp Proofing  
Drainage/Civils/Guttering  
Lintels  
Cement/Aggregate/Cement Accs  
Concrete Mix/Products  
Plasters Plasterboards And Accessories  
Roofing Products  
Insulation  
Cement Mixers/Mixing Buckets Products  
Builders Metalwork  
Other Heavy Building Equipment/Material

### Decorating

Paint/Woodcare  
Paint Brushes Rollers & Pads  
Adhesives/Sealants/Fillers  
Tiles And Tiling Accessories  
Decoration Preparation & Decorating Sundries  
Wall Coverings

### Tools

Hand Tools  
Power Tools  
Power Tool Accessories  
Ladders & Access Equipment

### Workwear And Safetywear

Clothing  
Safety Equipment

### Ironmongery

Fixings And Fastenings  
Security  
Other Ironmongery

### Landscaping

Garden Walling/Paving  
Driveways/Block Paving/Kerbs  
Decorative Aggregates  
Fencing And Gates  
Decking  
Other Gardening Equipment

### Plumbing Heating & Electrical

Plumbing Equipment  
Boilers Tanks & Accessories  
Heating Equipment/Water Heaters/Temperature Control/Air Treatment  
Radiators And Accessories  
Electrical Equipment  
Lighting And Light Bulbs

### Renewables And Water Management

Water Saving  
Renewables & Ventilation

### Kitchens & Bathrooms

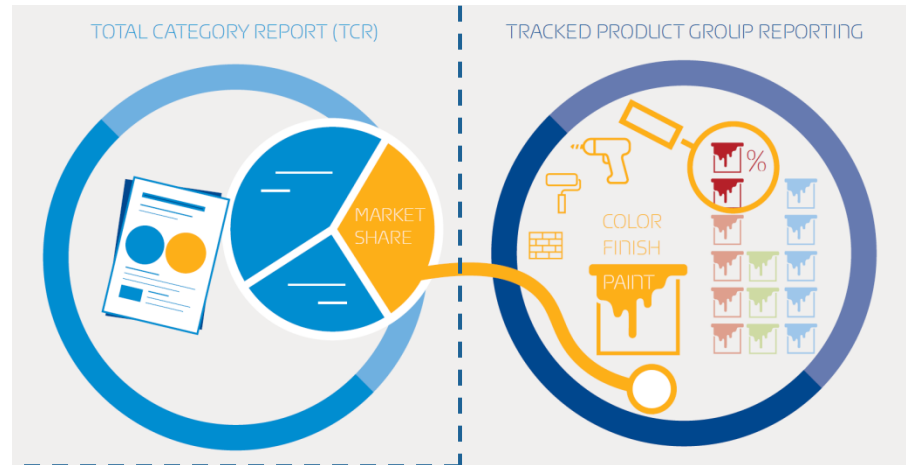
Bathroom (Including Showering)  
Fitted Kitchens  
Major Appliances

### Miscellaneous

Cleaning/Domestic/Personal  
Automotive  
Glass  
Other Furniture & Shelving  
Other Misc

### Services

Toolhire / Hire Services  
Other Services



## In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Pete Church at GfK ([pete.church@gfk.com](mailto:pete.church@gfk.com)).

### Available categories:

#### Heavyside

Bricks  
Insulation

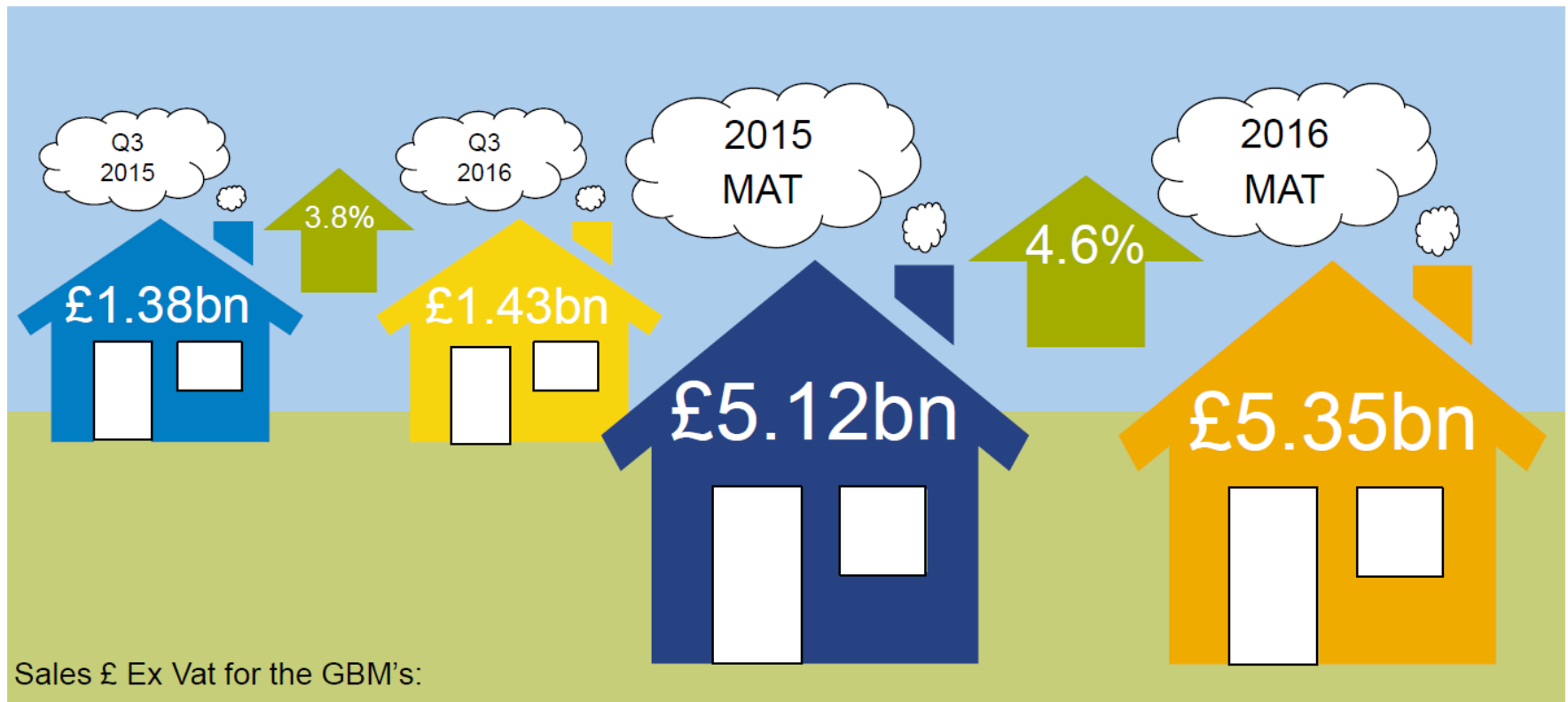
#### Lightside

Emulsion Paints (incl. Masonry & Base)  
Trim Paints  
Primers/Undercoats  
Woodcare  
Adhesives  
Sealants  
Fillers/PU Foam  
Tile Fixing (Adhesives/Grout)

# GfK Insights



Continued quarter YoY growth for the GBM's, however, slower than MAT for the first time this year. Is this the start of a slow down?



Sales £ Ex Vat for the GBM's:

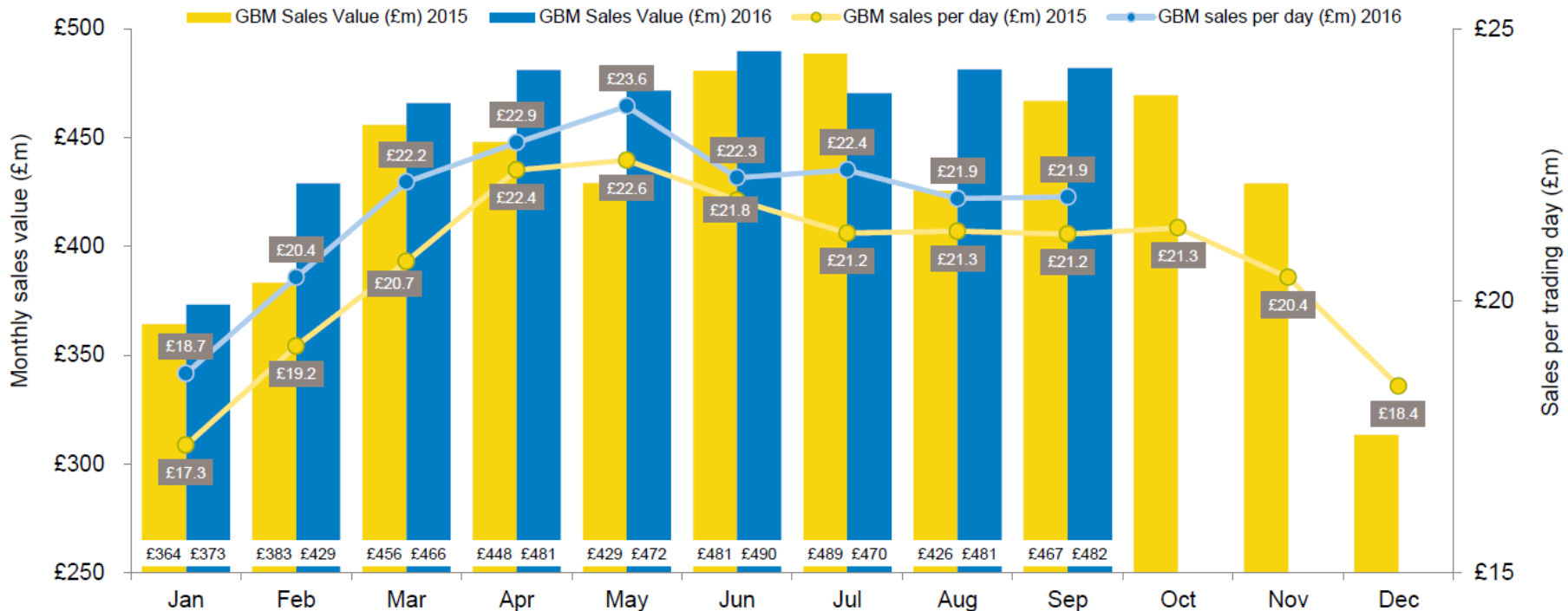
Source: GfK's GBM TCR report. Data July 2014 to Sept 2016 showing £ ex VAT

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# GfK Insights



Variation in August trading days gives a false sense of growth YoY, when viewed in isolation. Growth seen in all months, YTD, when taking into account trading days.



Source: GfK's GBM TCR report. Data July 2014 to Sept 2016 showing £ ex VAT

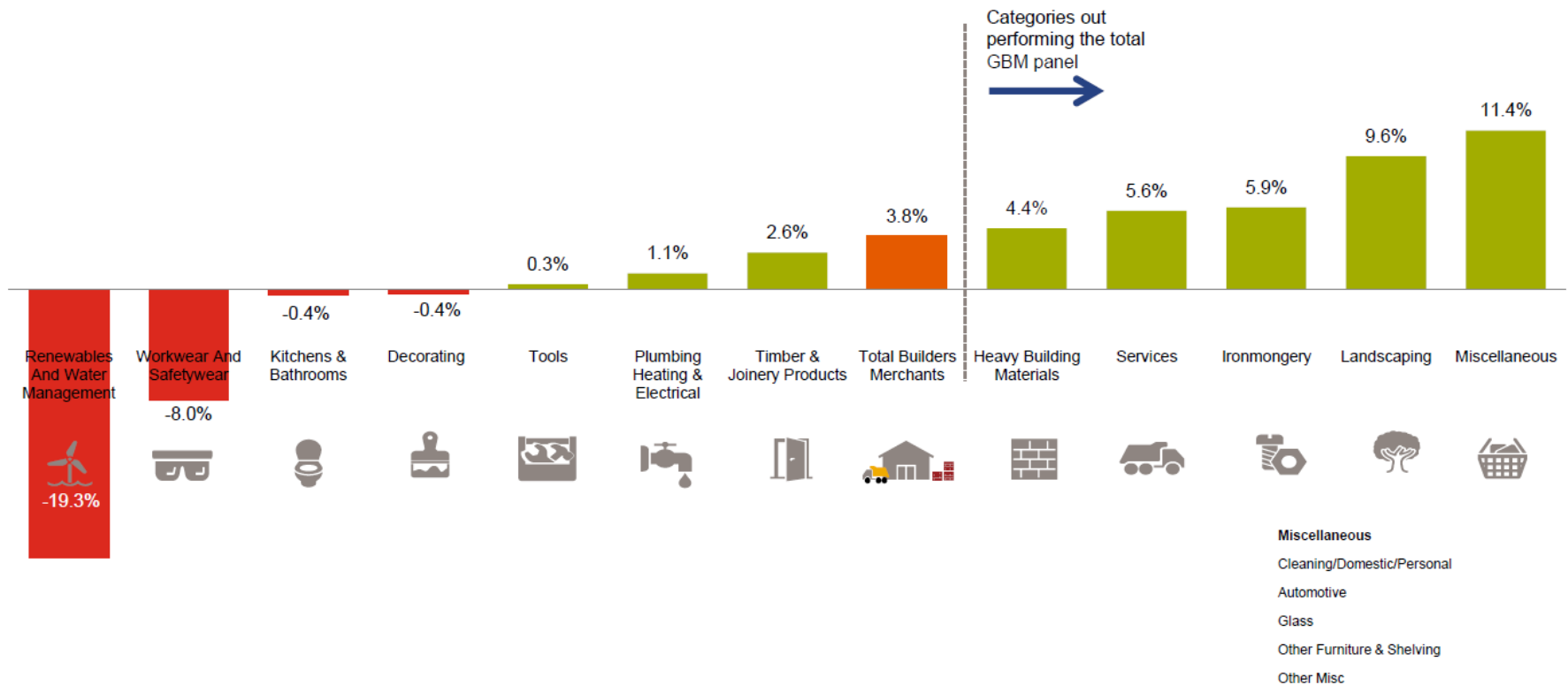
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TRADING DAYS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
2015	21	20	22	20	19	22	23	20	22
2016	20	21	21	21	20	22	21	22	22

# GfK Insights



Continued decline in Renewables but declines also seen in Decorating, K&B and Workwear, not seen in Q2.



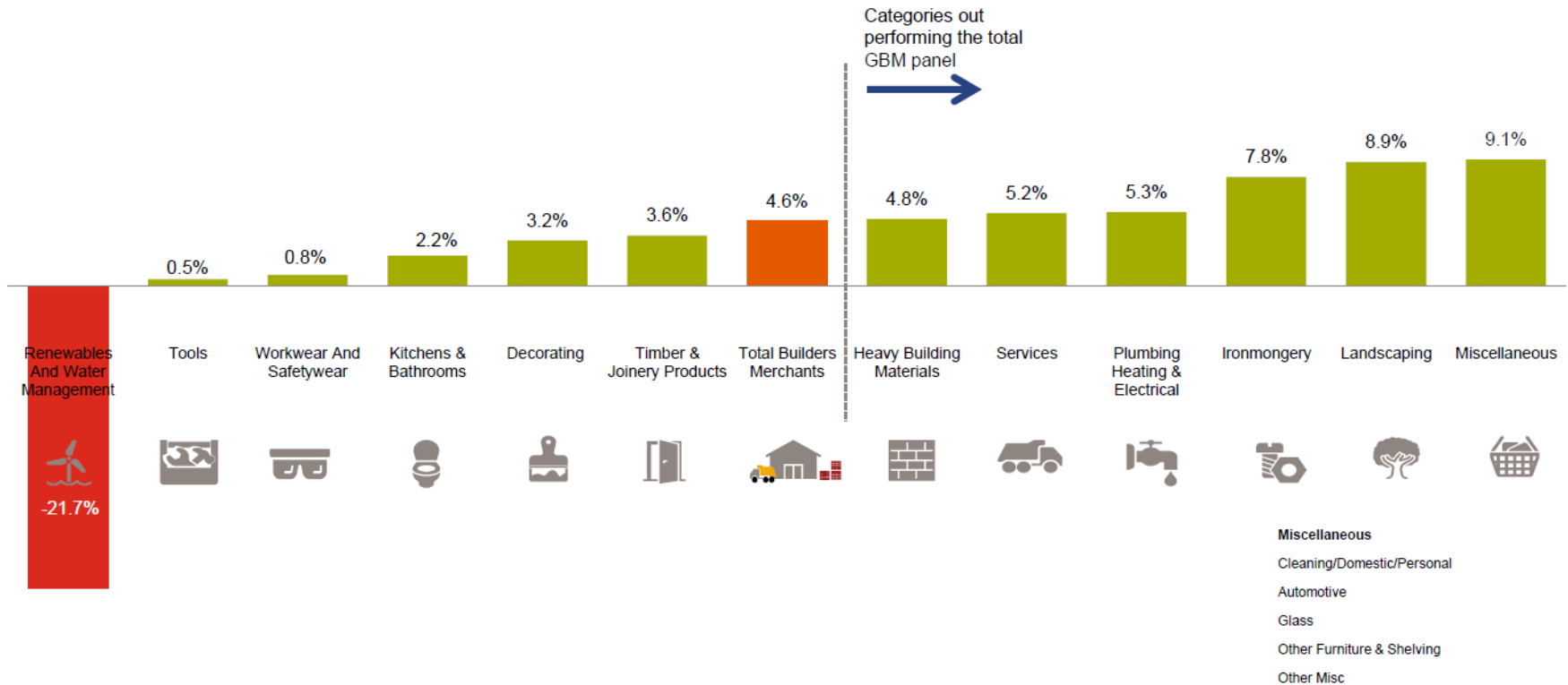
Source: GfK's GBM TCR report. Data July 2014 to Sept 2016 showing £ ex VAT

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# GfK Insights



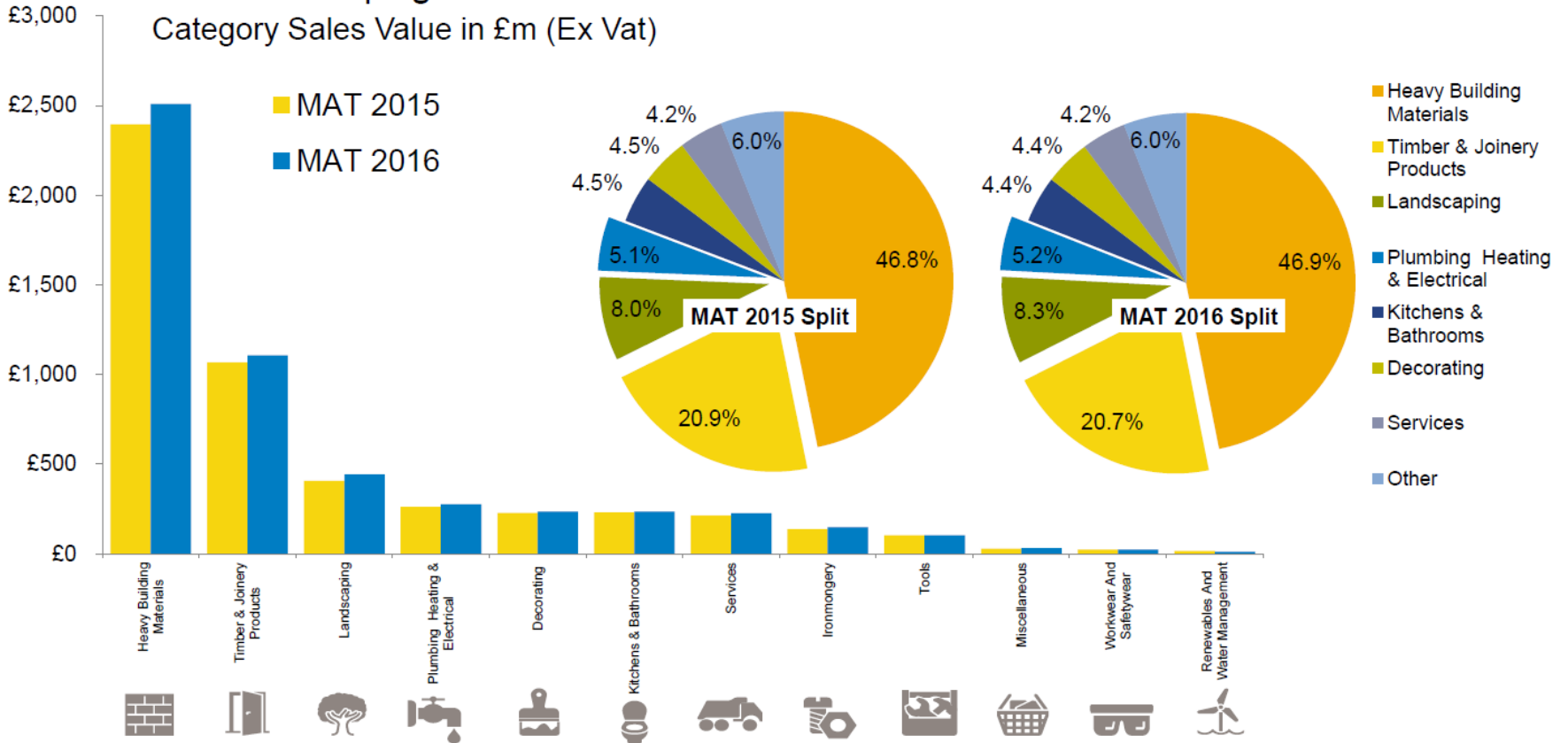
MAT Value growth still showing in all categories except Renewables.



Source: GfK's GBM TCR report. Data July 2014 to Sept 2016 showing £ ex VAT

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## Total GBM sales value by Category showing growth in the share of Landscaping sales YoY



Source: GfK's GBM TCR report. Data July 2014 to Sept 2016 showing £ ex VAT

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# GfK Insights



How can these top level insights help.



GfK's insights can go much further! Gain competitive advantage.

GfK provides the most detailed trade insights in the UK down to product feature level

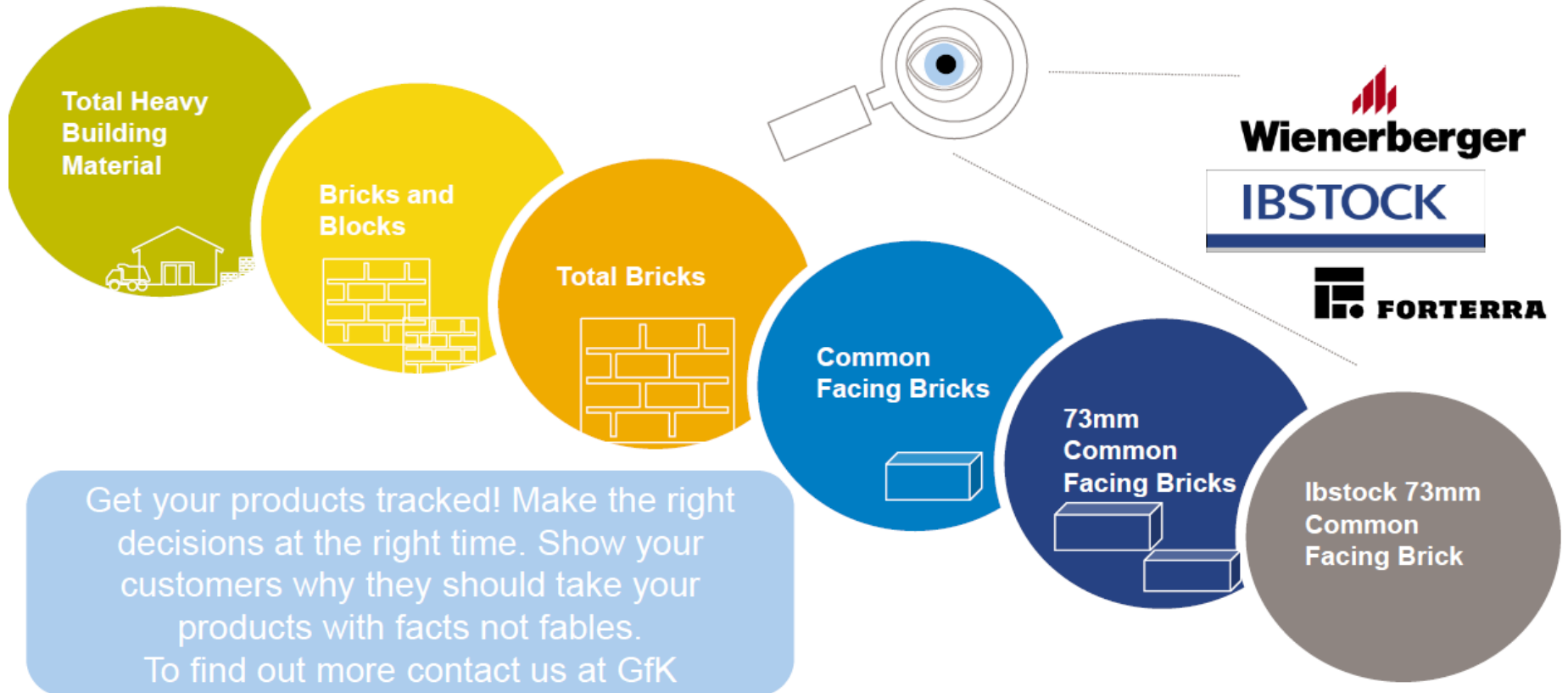
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# GfK Insights



Bricks Product Group insights at feature by brand level are now available! Enabling informed strategic and tactical decision making.

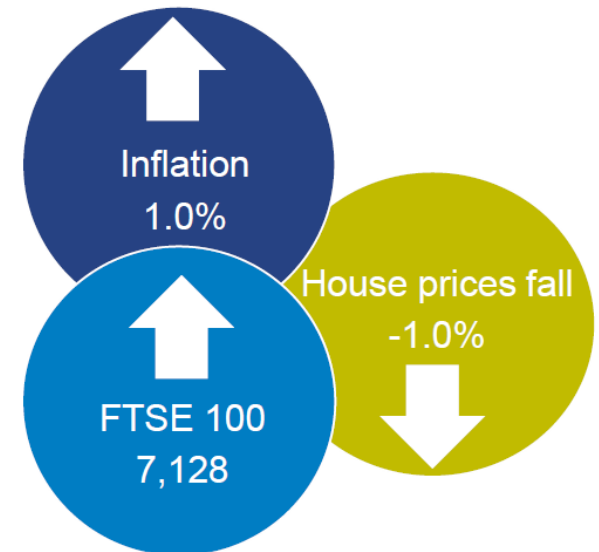


# Macro factors impacting Merchants



## Economic overview

- Inflation rose to 1.0% in September 2016, up from 0.6% the previous month. Rising prices for clothes, hotel rooms and petrol have led to the highest rate of inflation in nearly two years
- **FTSE 100** index hit a record intraday high of 7,128 points on the 4<sup>th</sup> October 2016, surpassing its previous intraday high of 7,123 in April 2015
- House prices in the three months to September 2016 were 1.0% lower than in the preceding three months. This is the first quarterly decline in house prices since 2012
- The UK Consumer Confidence Index returns to June's pre-Brexit levels in September 2016 (following a 6 point gain), driven by improved expectations in our personal financial situation, perceptions of the general economic situation and intentions to make major purchases.



# Macro factors impacting Merchants

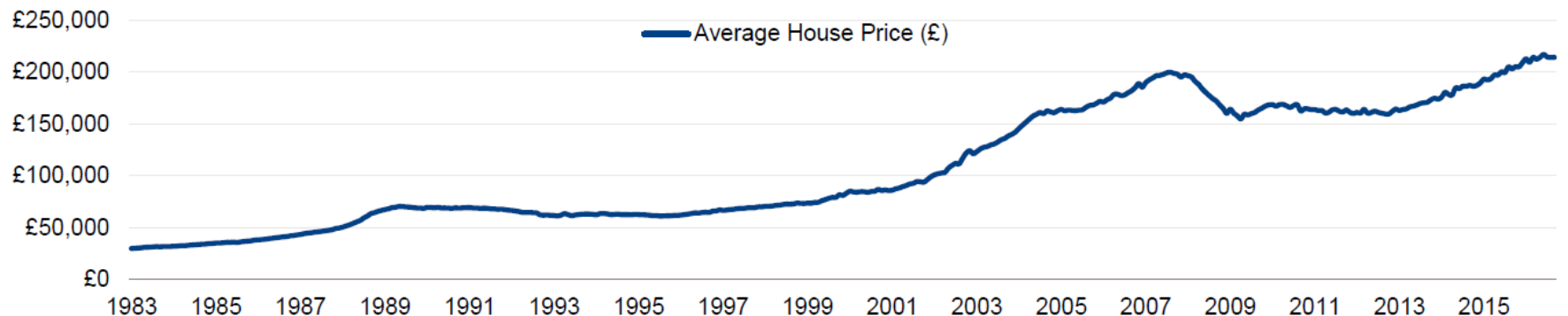


## Standardised average house prices

Average Price (year end)		
1995	£62,374	-10%
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2013	£174,220	+3%
2014	£189,426	+8%
2015	£208,286	+10%

- The housing market has seen an easing in house price inflation over the last 6 month.
- This follows a period of sustained growth, fuelled by the economic recovery and rising employment

- At the end of September 2016, the average house price in the UK fell to £214,024 from £216,726 in June 2016.



Source: Lloyds Banking Group plc

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# Macro factors impacting Merchants



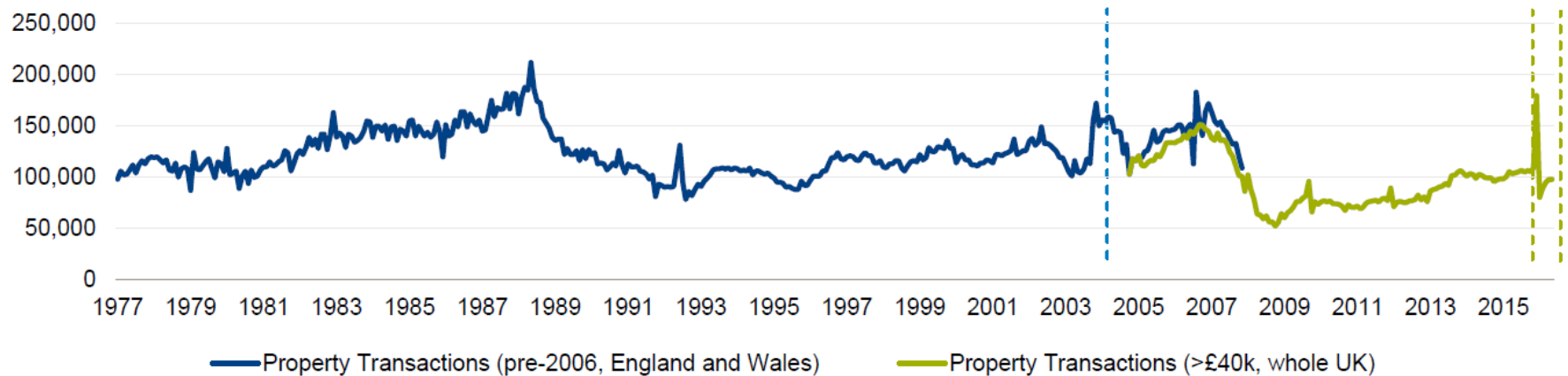
## Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2006	1,668,470
2009	847,540
2010	879,050
2011	883,770
2012	932,000
2013	1,067,700
2014	1,223,120
2015	1,228,710

- Stamp duty was altered significantly on 1st December 2003
- April 2016, major changes to the amount of Stamp Duty property investors will have to pay when purchasing a second home or a buy to let property

- Levels of seasonally adjusted property transactions remained largely unchanged in September 2016 compared to the previous month.
- This follows the March/April 2016 peak and fall, as people rushed to beat the new stamp duty changes coming into force in April 2016



Source: HM Revenue & Customs

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# Macro factors impacting Merchants



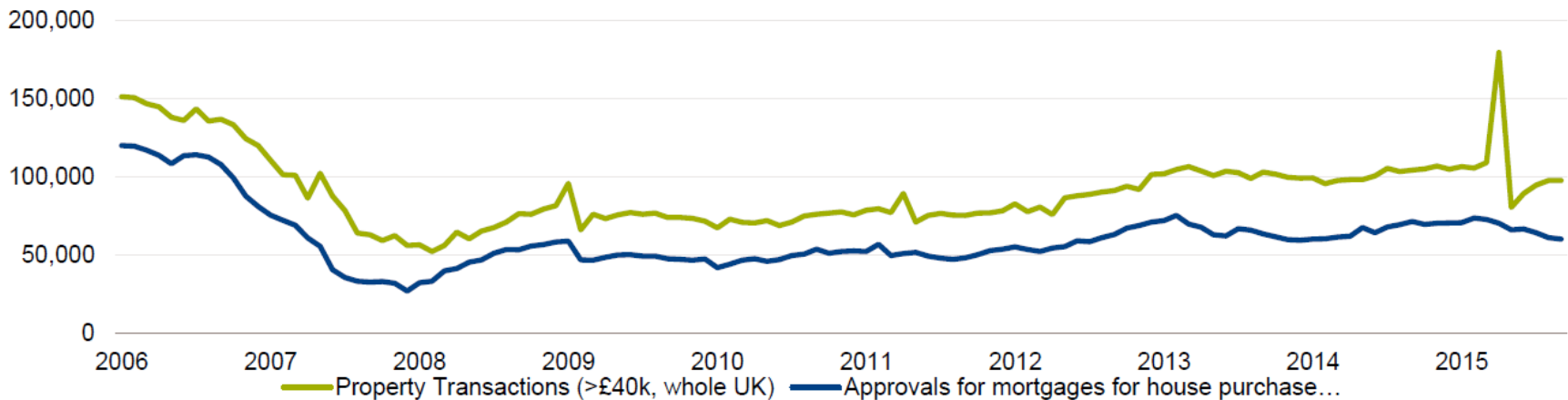
## Mortgage approvals and property transactions

Monthly residential transactions and mortgage approvals (seasonally adjusted)

▪ There were 60,058 mortgage approvals in August 2016, down from 71,337 in August 2015

▪ Mortgage approvals in August 2016 were 16.0% lower than a year ago, and have declined for each of the last 3 months

▪ The March/April 2016 peak and subsequent fall in property transactions, may be attributed to people rushing to beat the new stamp duty changes coming into force in April 2016



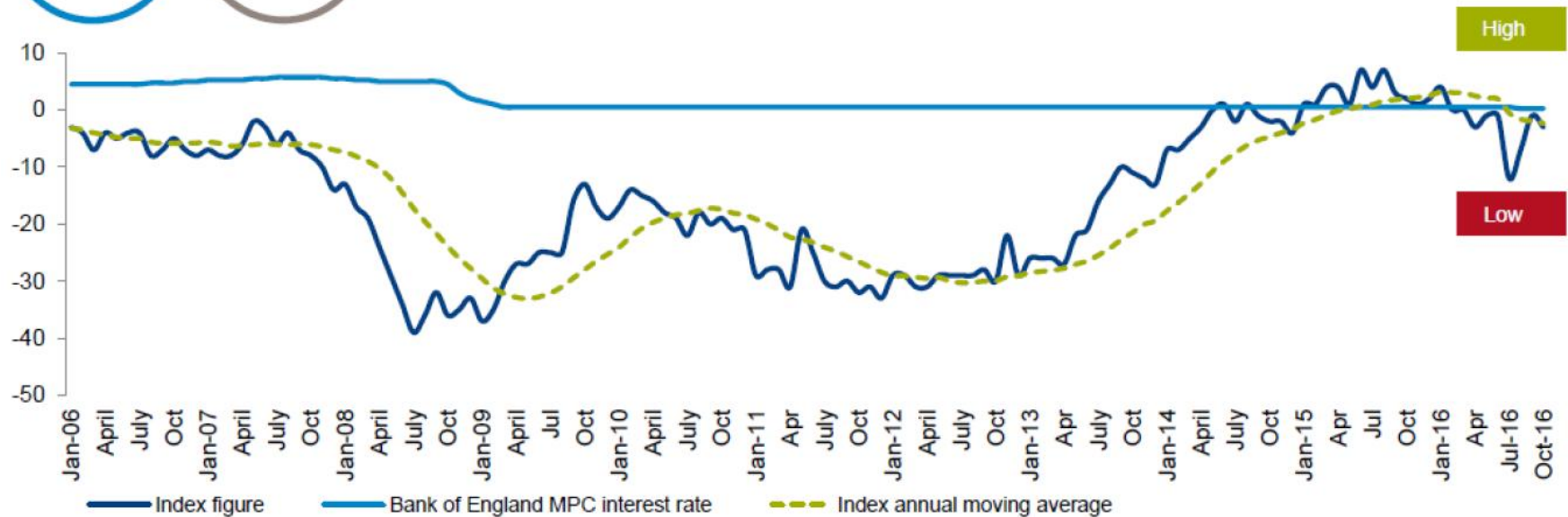
Source: HM Revenue & Customs

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# Macro factors impacting Merchants



A long term view shows the historic high level of consumer confidence in general



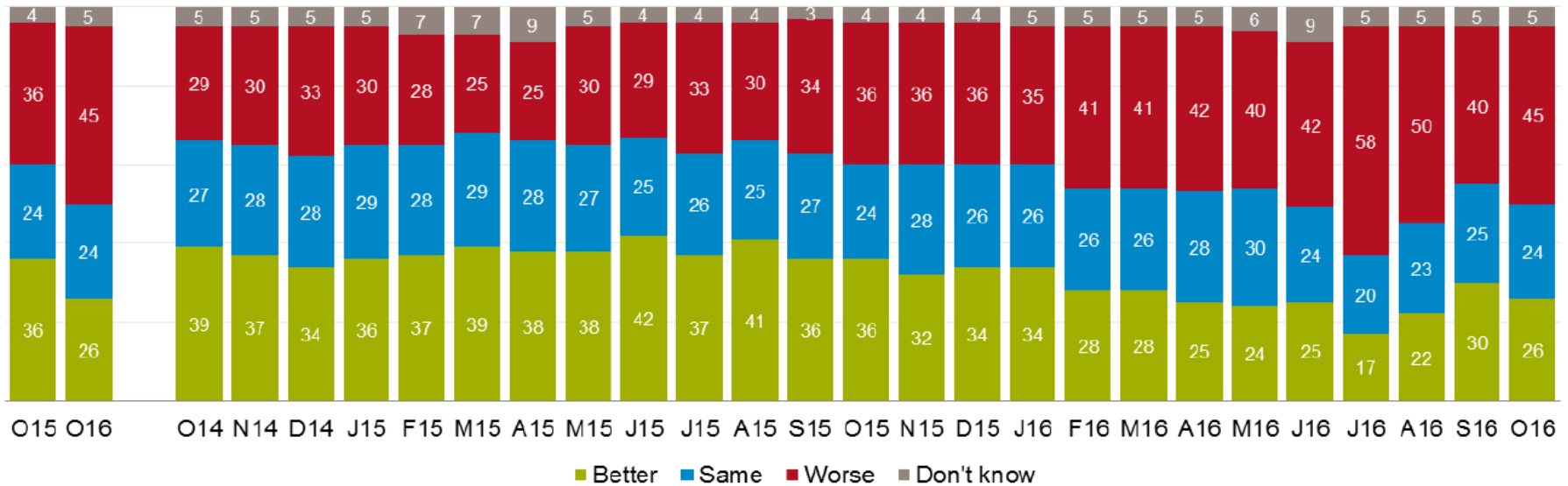
# Macro factors impacting Merchants



## Consumer Confidence Barometer



How do you think the general economic situation in this country will develop over the next twelve months?



# Macro factors impacting Merchants

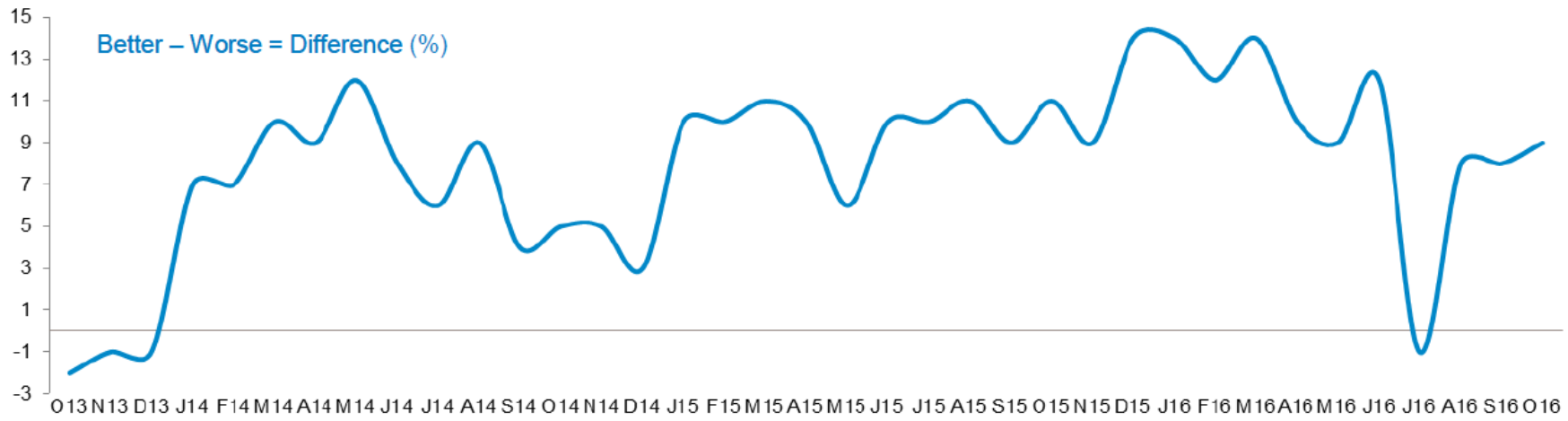


## Consumer Confidence Barometer



How do you think your household's financial position will change over the next twelve months?

Better – Worse = Difference (%)



	O13	N13	D13	J14	F14	M14	A14	M14	J14	J14	A14	S14	O14	N14	D14	J15	F15	M15	A15	M15	J15	J15	A15	S15	O15	N15	D15	J16	F16	M16	A16	M16	J16	J16	A16	S16	O16
Difference (%)	-2	-1	-1	7	7	10	9	12	8	6	9	4	5	5	3	10	10	11	10	6	10	10	11	9	11	9	14	14	12	14	10	9	12	-1	8	8	9
Better	25	25	25	27	27	29	28	30	28	27	28	26	28	27	26	31	31	32	31	29	32	33	33	31	33	31	35	35	34	36	34	31	33	28	32	32	31
Same	45	46	46	49	50	48	51	48	48	48	49	48	45	47	48	45	44	44	44	44	43	41	42	44	42	44	41	41	41	39	39	44	43	40	41	41	43
Worse	27	26	26	20	20	19	19	18	20	21	19	22	23	22	23	21	21	21	21	23	22	23	22	22	22	22	21	21	22	22	24	22	21	29	24	24	22



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