

“building **excellence**  
in materials supply”

# Builders Merchant Building Index



Quarter 1 2020

# Building the Industry & Building Brands from Knowledge



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# Introduction



This Builders Merchant Building Index (BMBI) report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain. GfK's Builders Merchant Point of Sale Tracking Data sets a gold standard in reliable market trends. Unlike data from sources based on relatively small samples or estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders and other trades. It's therefore a very good proxy for housing RMI.

BMBI trend data 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 the industry access to far more accurate and comprehensive insights than that available to other construction sectors. BMBI data is highlighted by the Department for Business, Energy & Industrial Strategy in its monthly construction update, alongside the ONS, CPA, Experian, IHS Markit and the Bank of England.

MRA Marketing produces the Builders Merchant Building Index, a brand of the BMF, to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands. This quarter we welcome Andy Scothern, Managing Director eCommonSense as BMBI Expert for Website & Product Data Management Solutions, who joins British Gypsum, Wienerberger, Midland Lead, Polypipe, The Crystal Group, Keylite Roof Windows, Hanson Cement, Keystone Lintels, Knauf Insulation, Talasey Group, Heatrae Sadia, Dulux Trade and Lakes. Unfortunately, we are missing Heatrae's Expert comment this time as Jeff House, Head of External Affairs, is furloughed but we look forward to welcoming him back next quarter.

## **Further recognition for BMBI**

One of the aims of BMBI is to reach across and beyond construction. It is now syndicated to a growing number of trade magazines in different sectors on a regular basis. Outside the industry, economists, banks, consultancies, investment bodies and the big accountants regularly refer to it. In addition, the Sunday Times and BBC News have both sought comments from BMBI Experts and MRA.

## **More data available**

This BMBI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and include sales value data. GfK can quantify market values and drill down into contributing categories, tracing product group performance, to focus on aspects that are critical 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 acquiring data or getting involved should contact Emile van der Ryst at [emile.van-der-ryst@gfk.com](mailto:emile.van-der-ryst@gfk.com).

# Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



Most people would agree that 2019 was a memorable year, mostly for the wrong reasons, as Brexit kept dragging its feet. The thought at the beginning of 2020 was a new year and decade would see some positive shifts in the Builders' Merchant industry and a period of growth was ahead.

I remember reading a news article at the beginning of January about the initial outbreak in Wuhan, when about 80 people contracted the Coronavirus. Four months later and we're in an upside-down world that will never be the same when things return to normal.

For builders' merchants this upside-down world became a reality towards the end of March as a nationwide lockdown was enforced. Sales come to a standstill overnight, with only essential deliveries done.

Overall, Q1 2020 was down by -6.7% in value, with all core categories affected. The shift becomes more evident comparing February to March figures for the two most recent years. In 2019, February to March saw an increase of 14.6%, but in 2020 a decrease of -1.9% took place.

Heavy Building Materials was down by -6.5% from Q1 2019, with Bricks, Blocks and Insulation seeing the largest declines. Timber & Joinery saw an even larger decline of -11.1%, with Timber and Sheet Materials most affected and Cladding the only area that saw growth from 2019.

Other noticeable market shifts include a -12.7% decline for Tools, and a -7.4% decline for Plumbing, Heating & Electrical. In the former, Power Tools is the driving factor behind the drop, while the latter has been negatively affected by both Plumbing and Electrical Equipment. The one interesting shift was a 24.2% growth in Workwear and Safetywear, which could be expected under current circumstances.

Projections for the remainder of 2020 are difficult to make, but we know there will be a significant drop in April sales. The next few months will be critical in determining how the industry adapts to the new "normal". Online sales will continue to grow and start to play an even bigger role going forward. The journey to recovery has only just started, but the positive light in all of this is that the industry remains as resolute and determined as ever.

**“Overall, Q1 2020 was down by -6.7% in value, with all core categories affected. Heavy Building Materials was down by -6.5% from Q1 2019, with Bricks, Blocks and Insulation seeing the largest declines. Timber & Joinery saw an even larger decline of -11.1%.”**

# Merchants' View

John Newcomb, CEO BMF



As Donald Rumsfeld once said, there are known knowns, known unknowns and unknown unknowns. The first quarter of 2020 has certainly led us into “unknown unknowns” territory. Daily life in the UK, along with almost every other country in the world, changed radically as governments first acknowledged the deadly threat of Covid-19 and then struggled to find the “right” way to keep citizens safe and reduce its impact.

Merchant sales figures revealed in this report are the first results within our sector to reflect the negative impact of the Covid-19 pandemic and Government measures to reduce transmission of the virus.

In the current circumstances no-one will be surprised by these figures. They reflect a period when confidence dropped as coronavirus spread across the world to the UK and many building sites and builders’ merchants shut down completely when the lockdown took effect on 24 March.

Due to the method of collection, we can be sure that the BMBI results are an accurate reflection of the period. Whereas the estimates published this month by the Office of National Statistics (ONS) came with a caveat that they are subject to more uncertainty than usual as a result of the challenges they faced in collecting data during the coronavirus pandemic.

Nonetheless the ONS figures make interesting reading. Total construction output fell by -2.6% during Q1 2020 over Q4 2019, and by -3% in Q1 2020 vs Q1 2019. A closer look reveals a poorer performance in RMI work, down -3.5% this quarter vs Q4 2019 and by -6.0% vs Q1 2019. Drilling down further, Private Housing RMI work – a mainstay of builders’ merchants’ sales – fell by 14.6% compared with Q1 2019, having dropped -18.6% in March 2020 vs March 2019 and by -8.6% vs February 2020. The decline in the first quarter reported by the ONS is the largest since data was first published in Q2 2012.

So where are we now? Sites are beginning a gradual return to work whilst maintaining enhanced safe working practices. Although this demonstrates the construction industry’s desire to assist in the recovery of the UK economy, with contractors reporting a slump in new orders and reports of projects being postponed, we remain in the land of “unknowns” and it is far too early to say how long that recovery will take.

“Sites are beginning a gradual return to work whilst maintaining enhanced safe working practices. Although this demonstrates the construction industry’s desire to assist in the recovery of the UK economy...we remain in the land of “unknowns”...”

# Quarterly: Index and Categories

Quarter 1 2019\* to Quarter 1 2020

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
<b>Total Builders Merchants</b>	<b>100</b>	<b>113.1</b>	<b>123.3</b>	<b>123.6</b>	<b>106.4</b>	<b>105.6</b>
Timber & Joinery Products	100	117.4	123.8	123.5	107.4	104.3
Heavy Building Materials	100	112.1	122.4	123.2	105.0	104.8
Decorating	100	108.0	111.4	117.1	106.0	102.5
Tools	100	103.5	100.7	101.8	96.0	90.3
Workwear & Safetywear	100	103.9	98.6	106.0	117.9	129.1
Ironmongery	100	121.3	123.4	125.8	113.8	112.7
Landscaping	100	105.7	157.5	142.6	95.3	102.6
Plumbing, Heating & Electrical	100	130.6	117.0	121.3	125.8	121.0
Renewables & Water Saving	100	72.8	68.2	78.5	68.3	79.2
Kitchens & Bathrooms	100	116.7	115.6	122.3	114.6	111.9
Miscellaneous	100	117.2	117.3	128.4	115.0	129.5
Services	100	101.4	114.0	118.3	107.7	102.0

\*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

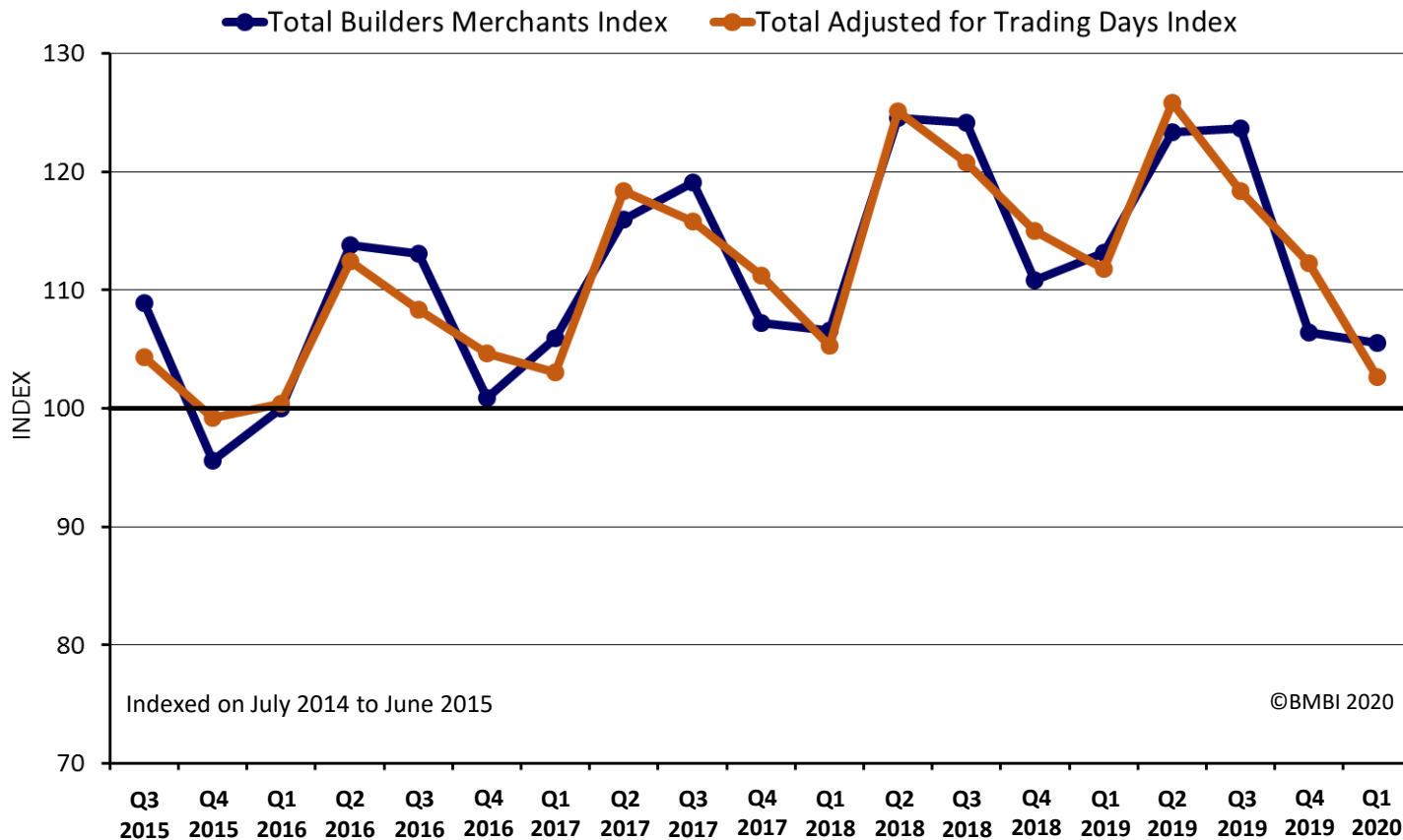

**Source:** GfK's  
 Builders Merchants  
 Total Category Report  
 July 2015 to March 2020



# Quarterly: Index

Adjusted and unadjusted for trading days

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



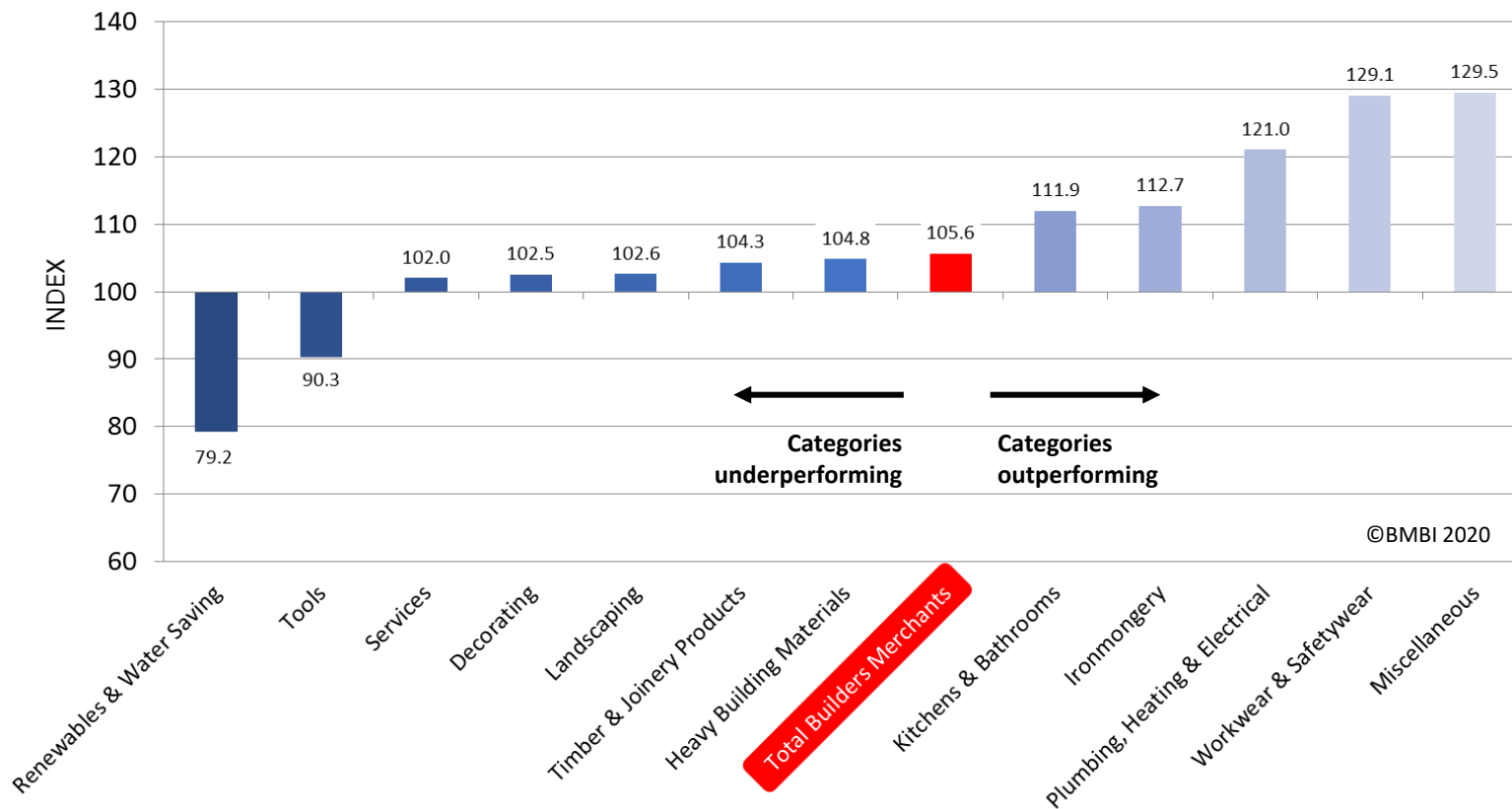
 Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Index and Categories

Q1 2020 index



## Quarter 1 2020



©BMBI 2020

Indexed on July 2014 to June 2015

**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

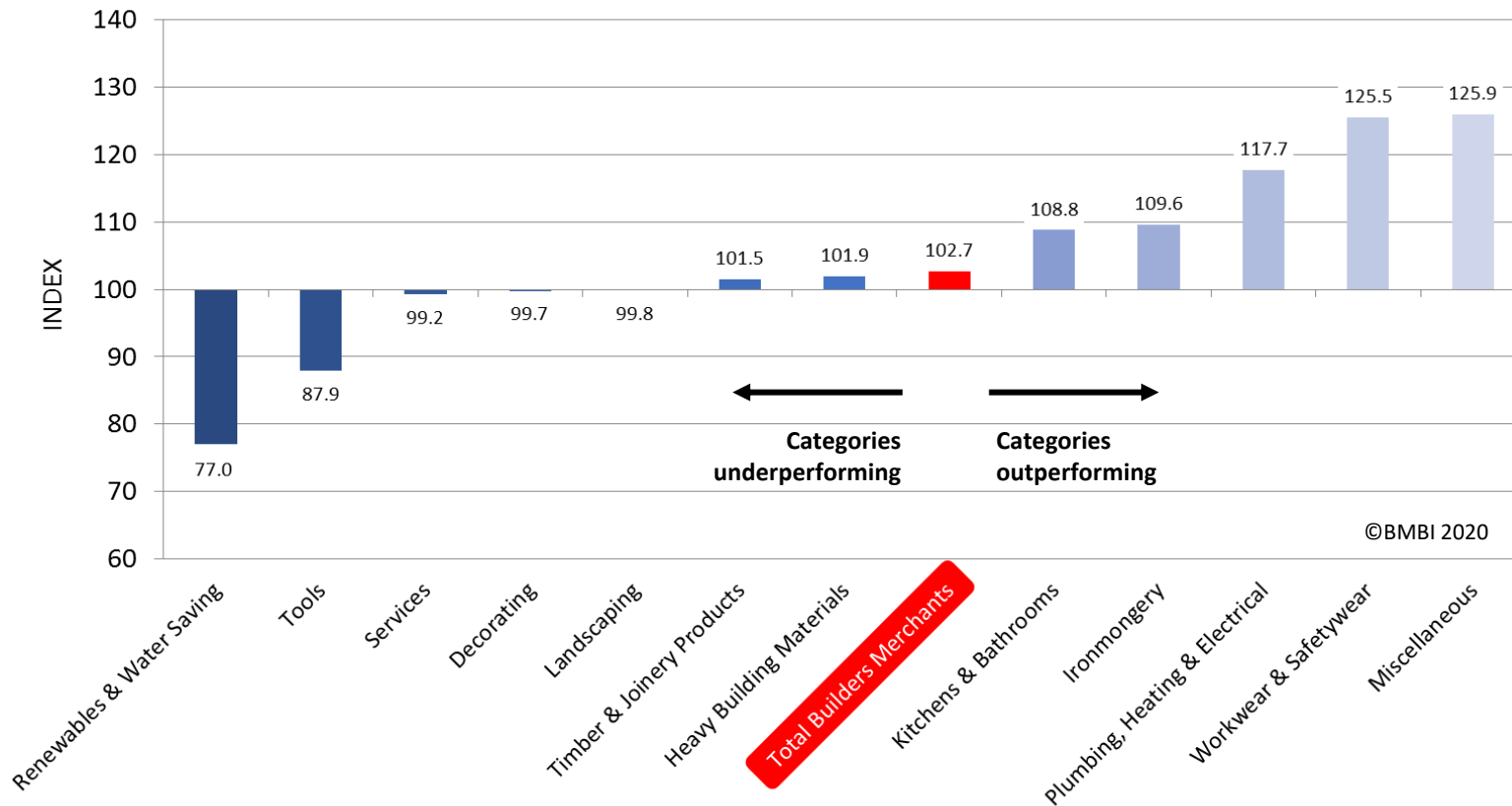
# Quarterly: Index and Categories

Q1 2020 average sales a day index



## Quarter 1 2020

Average sales a day



©BMBI 2020

Indexed on July 2014 to June 2015

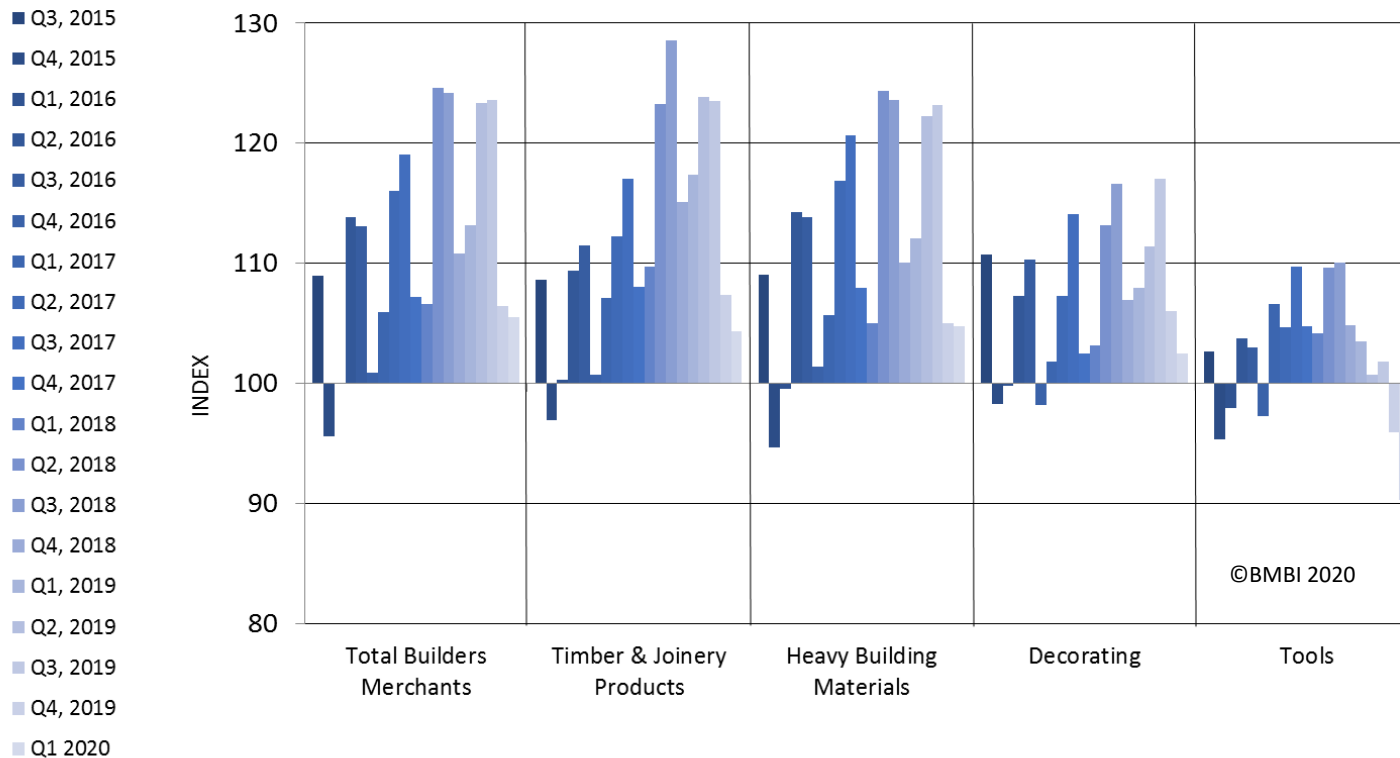
Source: GfK's Builders Merchants Total Category Report July 2015 to March 2020

# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q1 2020



Indexed on July 2014 to June 2015

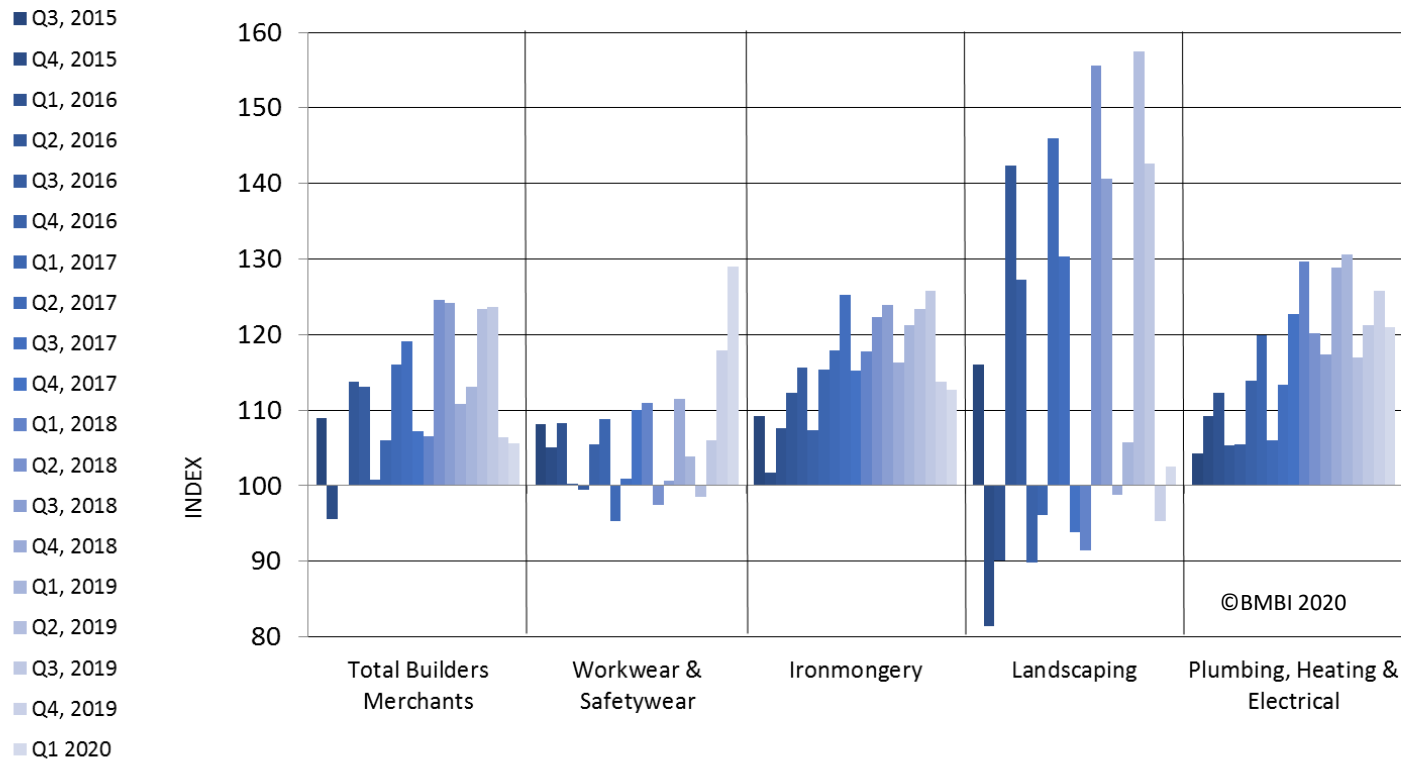
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q1 2020



Indexed on July 2014 to June 2015

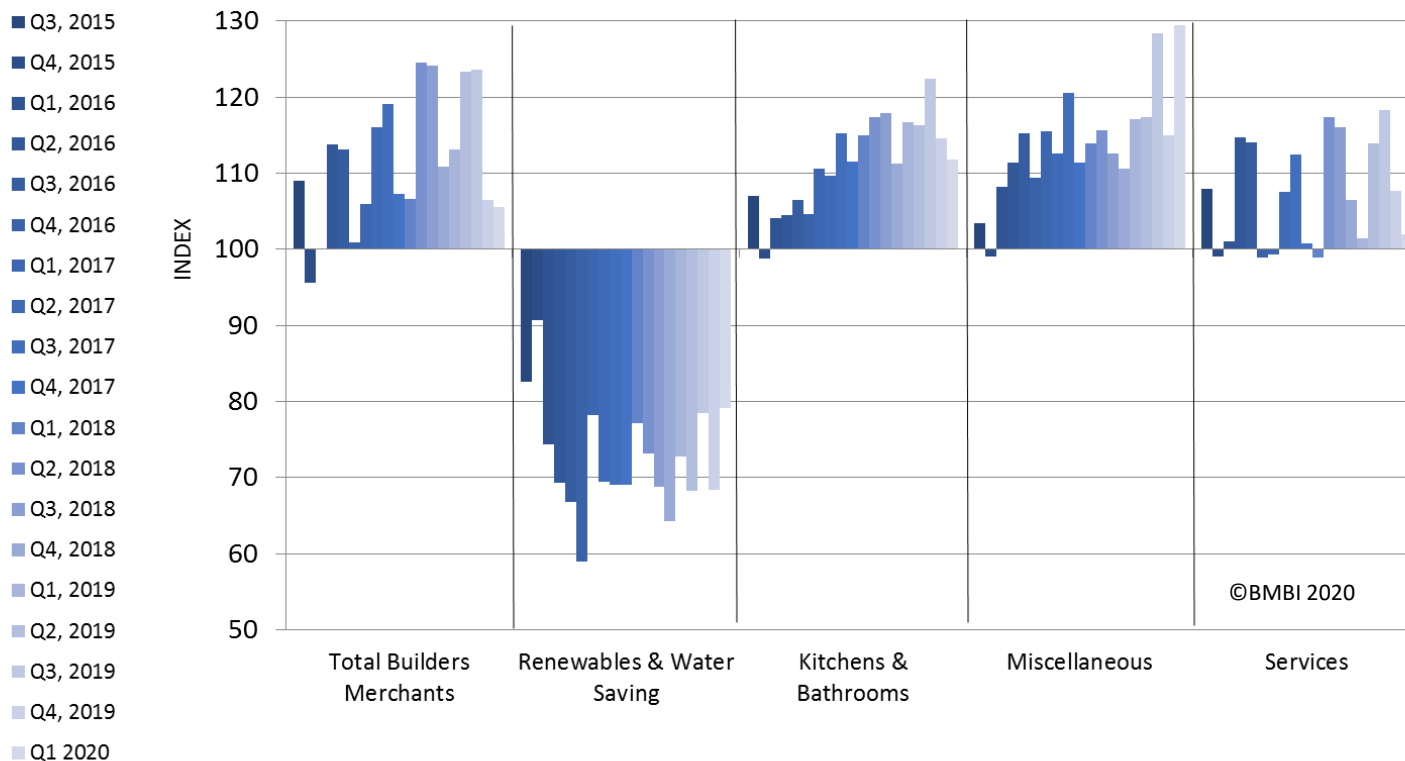
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q1 2020



Indexed on July 2014 to June 2015

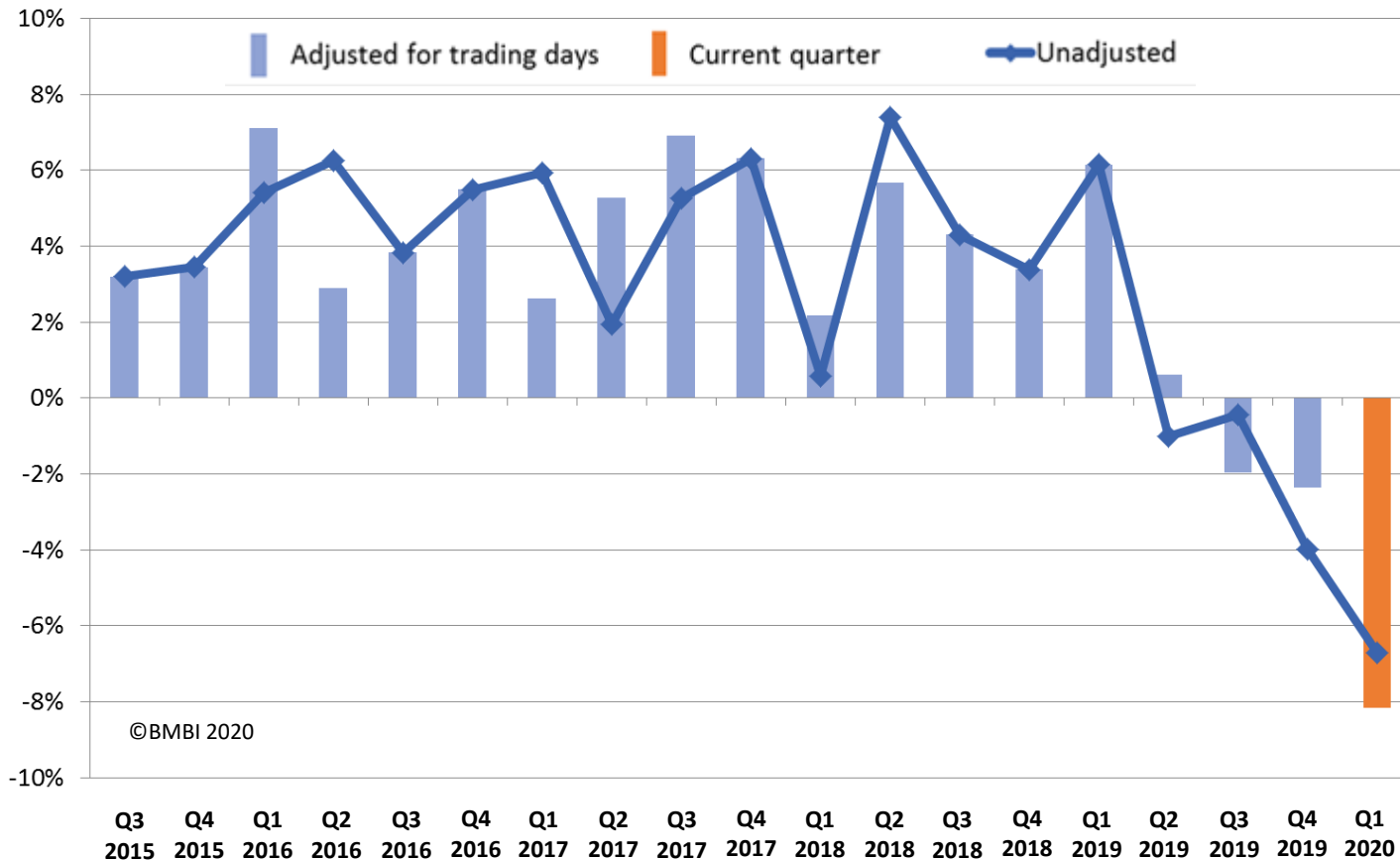
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Sales Indices

Adjusted and unadjusted for trading days



## Quarterly Indices: Year on Year



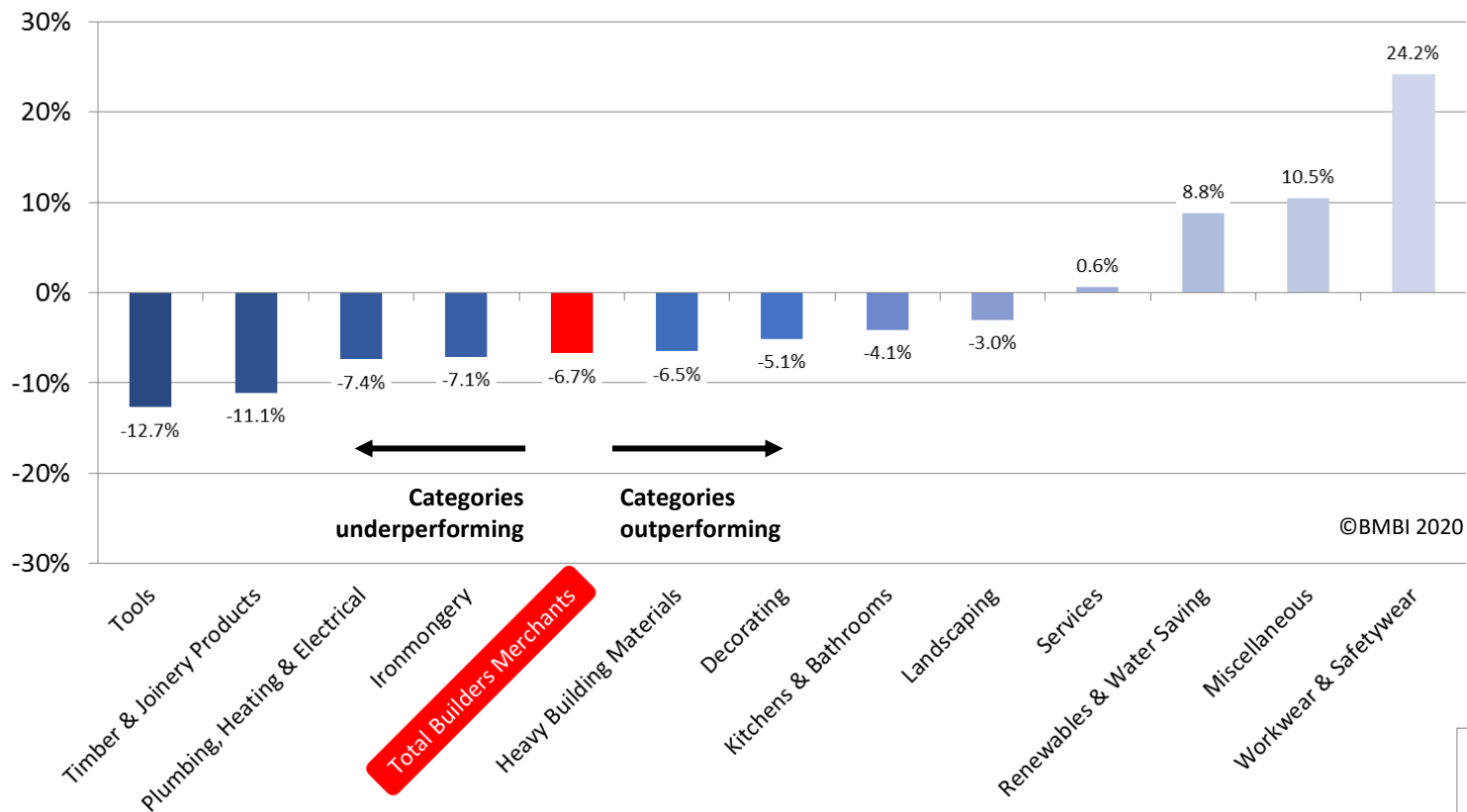
Source: GfK's Builders Merchants Total Category Report July 2015 to March 2020

# Quarterly: This Year v Last Year

Q1 2020 sales indices



## Quarter 1 2020 index v Quarter 1 2019 index



©BMBI 2020

**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020



# Quarterly: This Year v Last Year

Q1 2020 average sales a day indices



## Quarter 1 2020 index v Quarter 1 2019 index



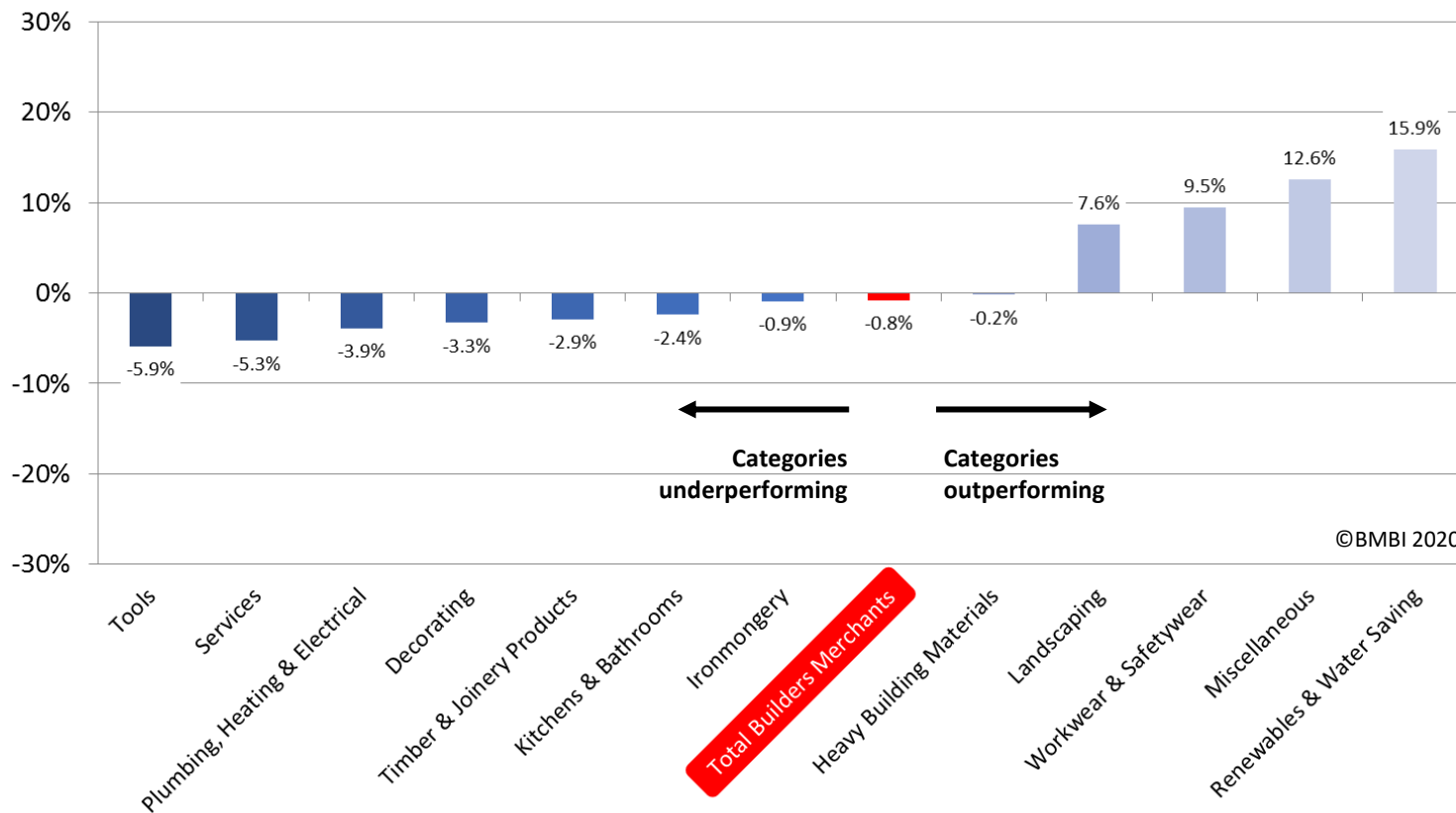
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Quarter on Quarter

Q1 2020 sales indices



## Quarter 1 2020 v Quarter 4 2019



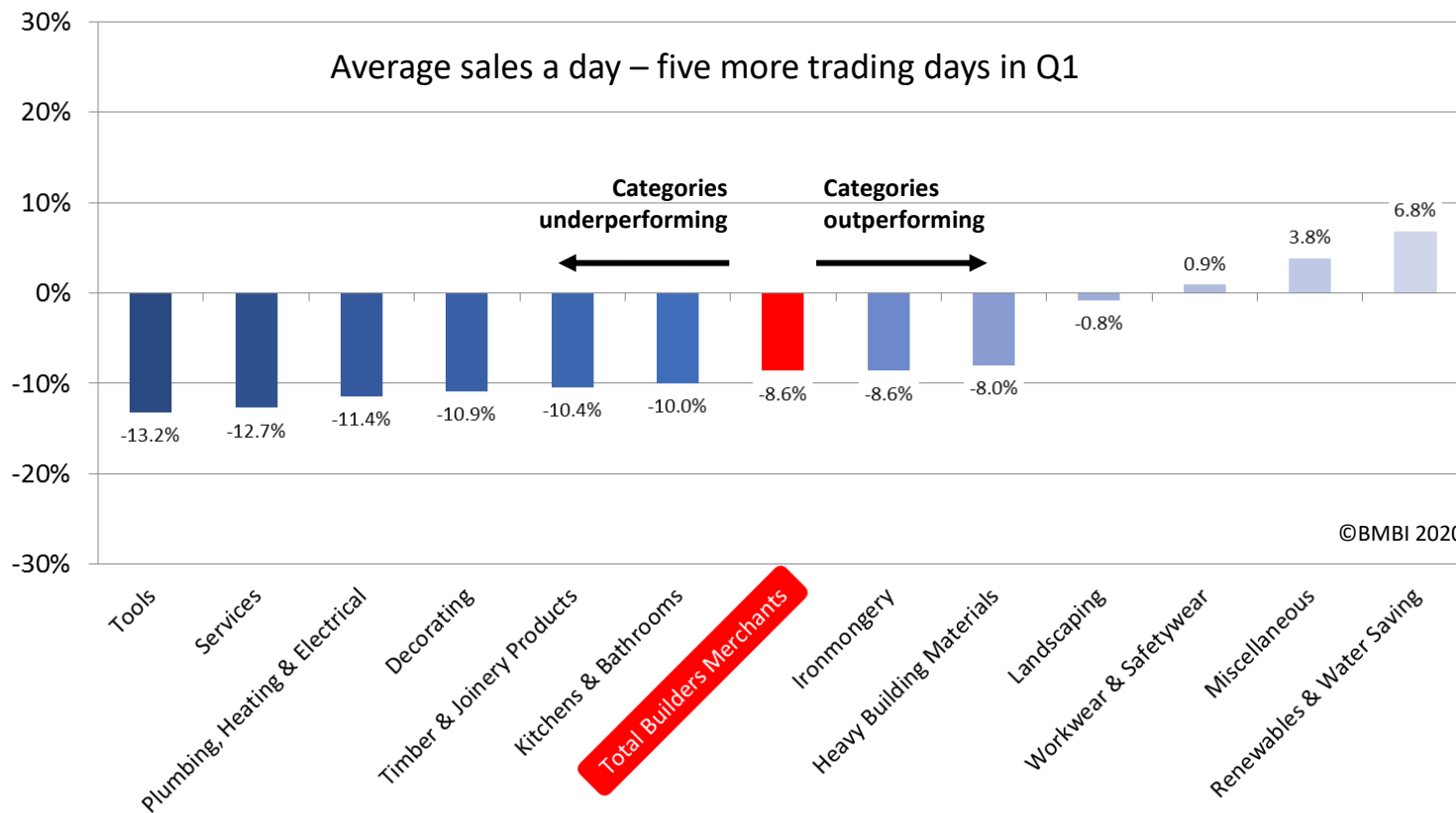
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Quarterly: Quarter on Quarter

Q1 2020 average sales a day indices



## Quarter 1 2020 v Quarter 4 2019



Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly: Index and Categories

March 2019\* – March 2020

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



		2019										2020		
MONTHLY SALES VALUE INDEX	Index	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Total Builders Merchants</b>	<b>100</b>	<b>122.3</b>	<b>122.4</b>	<b>129.8</b>	<b>117.7</b>	<b>133.3</b>	<b>118.2</b>	<b>119.4</b>	<b>126.8</b>	<b>114.1</b>	<b>78.4</b>	<b>105.3</b>	<b>107.6</b>	<b>103.8</b>
Timber & Joinery Products	100	124.1	123.3	128.9	119.3	131.9	118.1	120.5	128.8	115.9	77.4	107.2	104.9	100.8
Heavy Building Materials	100	121.4	121.3	129.4	116.5	132.8	117.5	119.3	126.3	112.5	76.3	103.8	106.2	104.4
Decorating	100	115.1	110.1	115.5	108.5	124.7	113.6	112.9	122.7	113.7	81.6	104.9	105.8	96.7
Tools	100	109.3	100.0	104.9	97.2	107.3	97.7	100.4	113.7	103.9	70.3	94.8	96.2	80.0
Workwear & Safetywear	100	102.0	95.8	100.5	99.5	109.1	97.3	111.7	135.4	135.1	83.2	119.9	128.0	139.3
Ironmongery	100	126.2	123.2	128.4	118.6	134.0	121.6	121.7	132.9	119.9	88.4	118.4	115.9	103.8
Landscaping	100	131.7	154.6	171.1	146.7	165.5	136.8	125.5	120.2	99.0	66.7	90.5	105.5	111.7
Plumbing, Heating & Electrical	100	132.6	118.7	121.3	110.8	124.9	112.9	126.0	143.0	135.9	98.5	128.9	126.9	107.1
Renewables & Water Saving	100	81.0	66.1	63.6	74.8	78.3	79.6	77.5	76.7	74.2	54.1	79.7	88.0	69.9
Kitchens & Bathrooms	100	123.5	115.9	117.3	113.6	130.2	117.4	119.5	128.7	126.7	88.3	111.4	120.1	104.0
Miscellaneous	100	115.7	114.2	123.1	114.6	136.8	119.6	128.7	132.4	121.9	90.8	120.3	115.1	152.9
Services	100	110.0	113.6	121.8	106.5	125.6	116.0	113.2	122.7	113.1	87.2	100.1	103.2	102.7

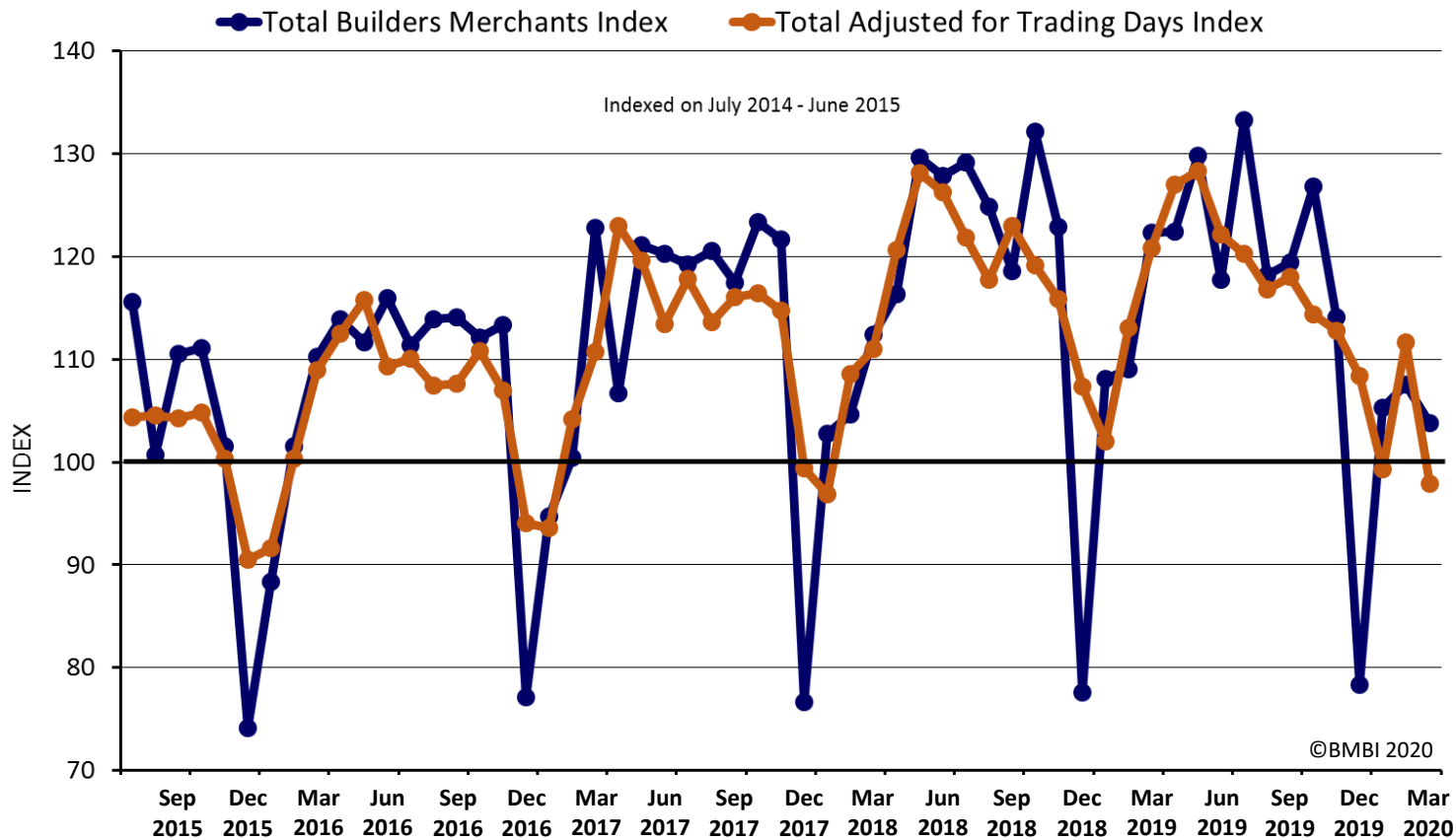
\*Click the web link below to see the complete series of indices from July 2015.


 Source: GfK's  
 Builders Merchants  
 Total Category Report  
 July 2015 to March 2020

# Monthly: Index

Adjusted and unadjusted for trading days

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



Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

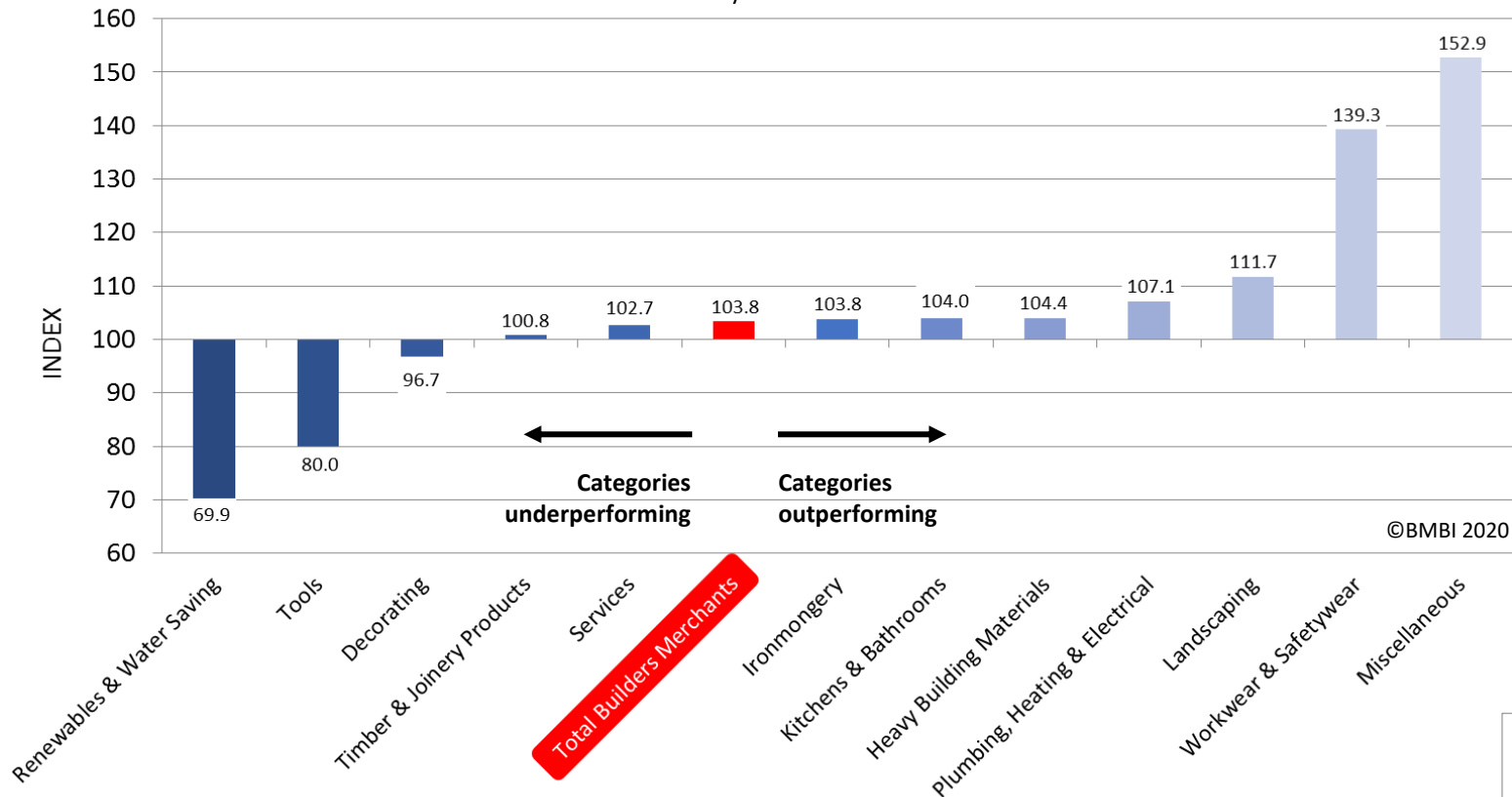
# Monthly: Index and Categories

March 2020 index



## March 2020 Index

Indexed on July 2014 to June 2015



©BMBI 2020

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2020

# Monthly: Index and Categories

March 2019 average sales a day index



## March 2020 Index

Indexed on July 2014 to June 2015

Average sales a day – one more trading day this year



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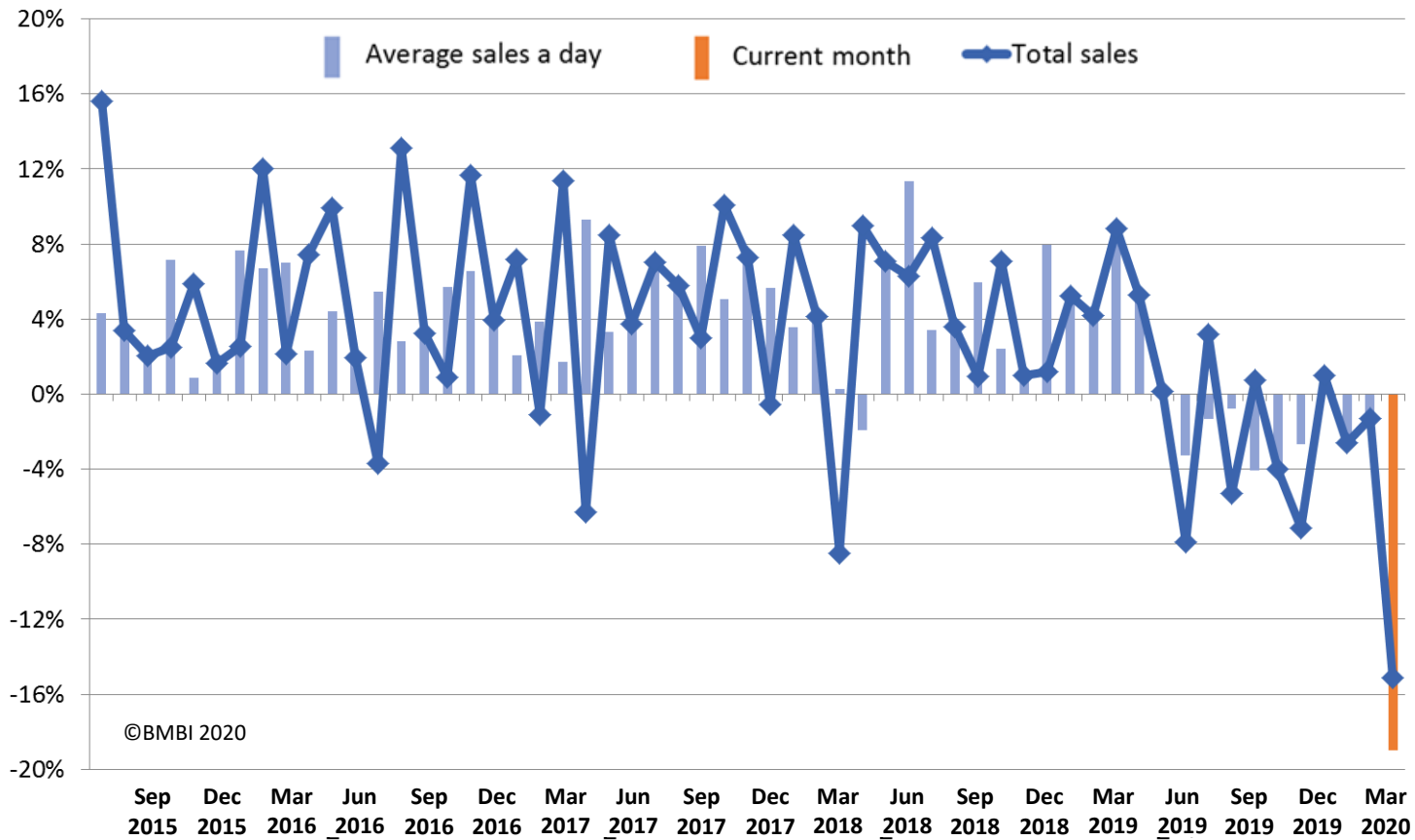
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly: Sales Indices Year on Year

Adjusted and unadjusted for trading days



## Monthly: Year on Year



©BMBI 2020

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2020

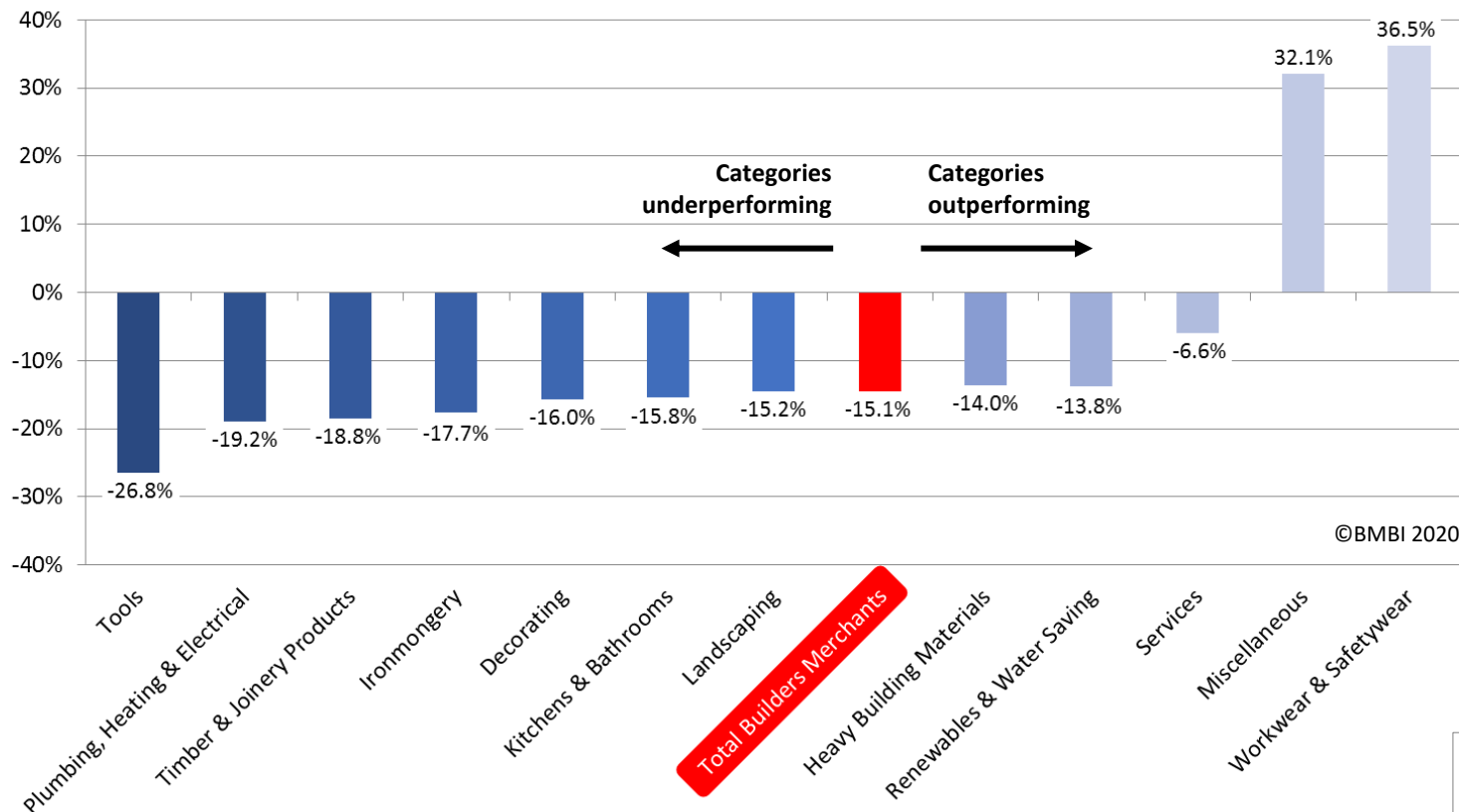


# Monthly: This year v last year

March 2020 sales indices



## March 2020 index v March 2019 index



Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly: This year v last year

March 2020 average sales a day indices



## March 2020 index v March 2019 index



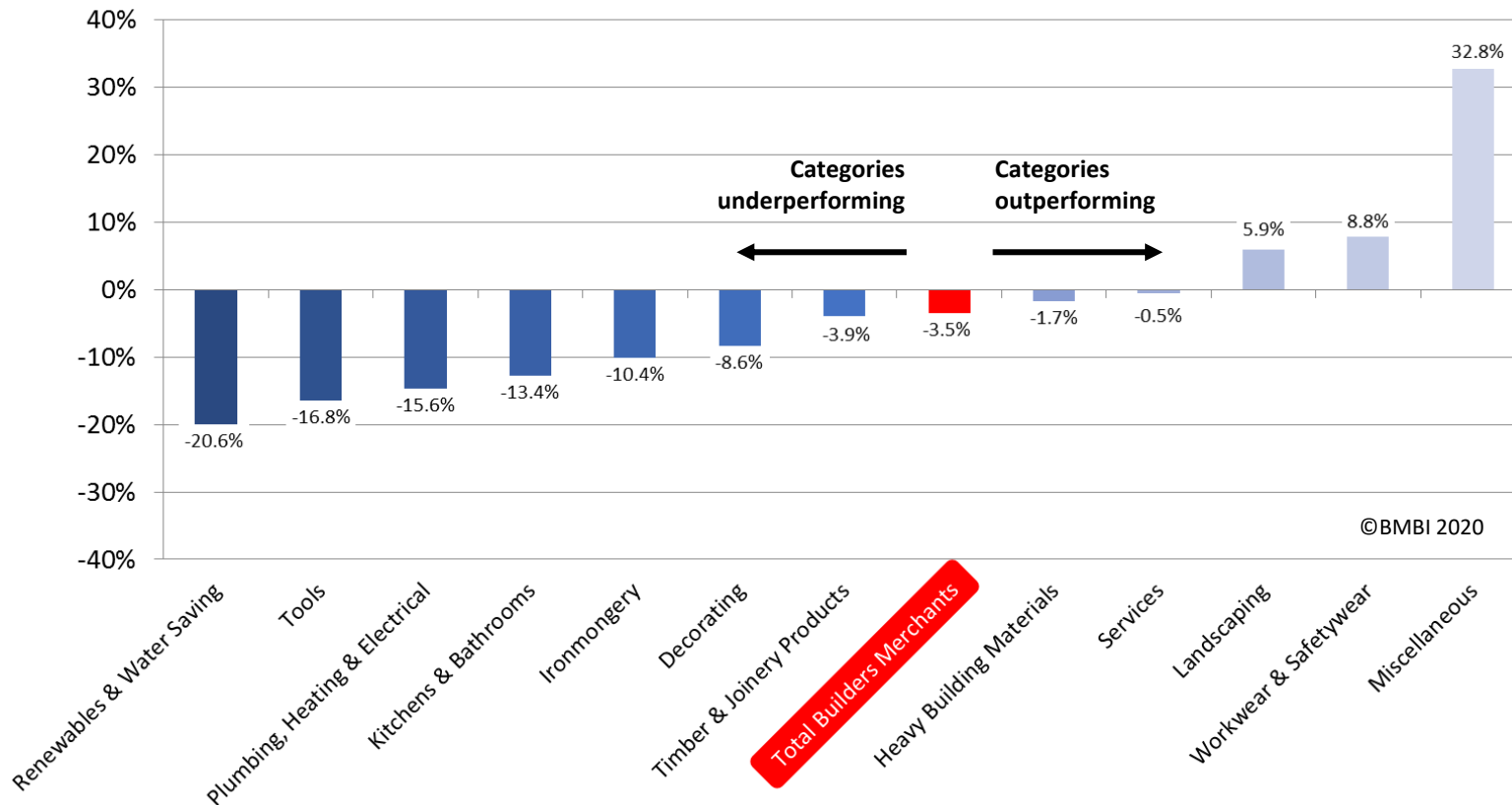
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly: This month v last month

March 2020 sales indices



## March 2020 index v February 2020 index



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**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

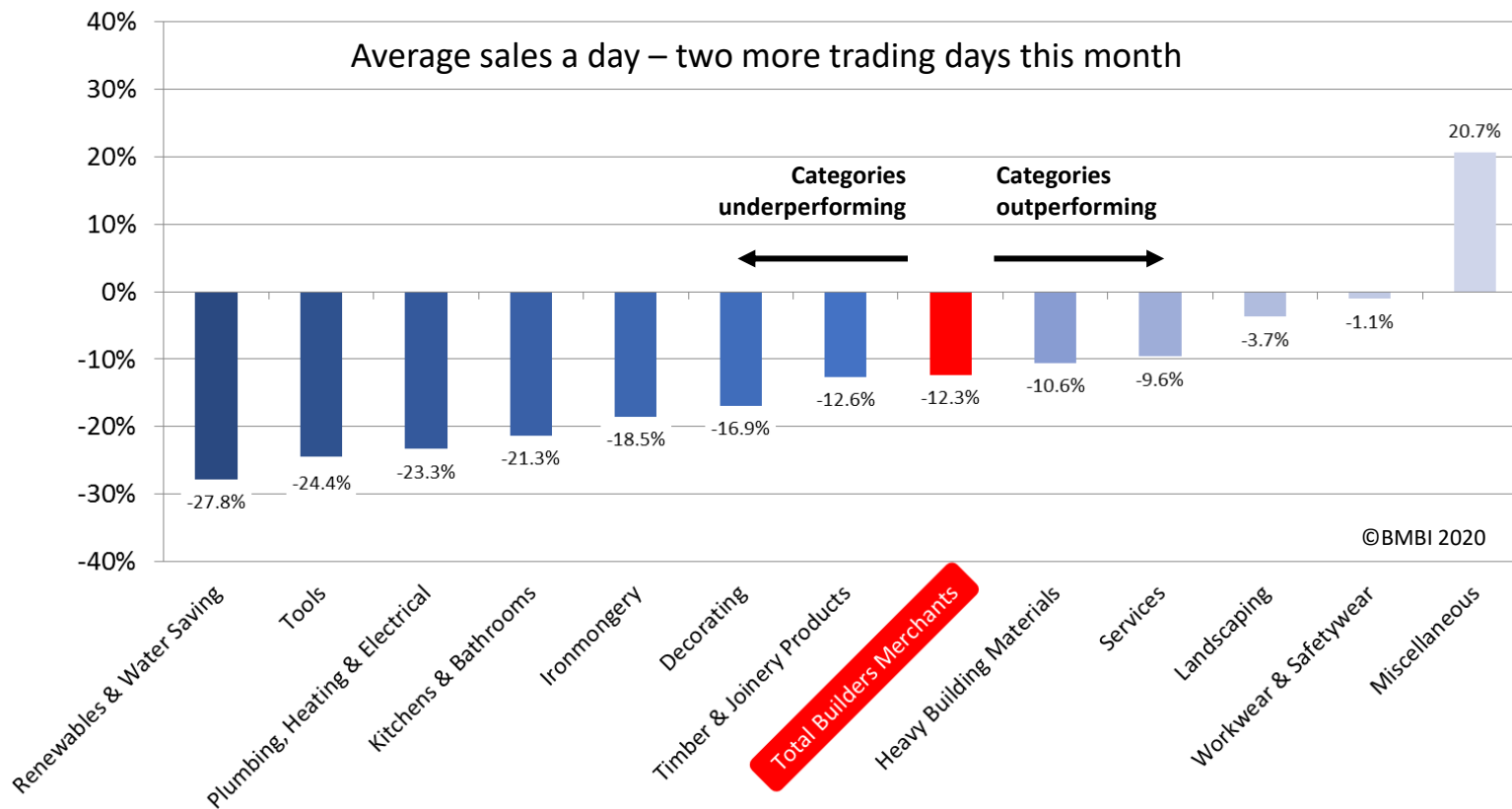
# Monthly: This month v last month

March 2020 average sales a day indices



## March 2020 index v February 2020 index

Average sales a day – two more trading days this month



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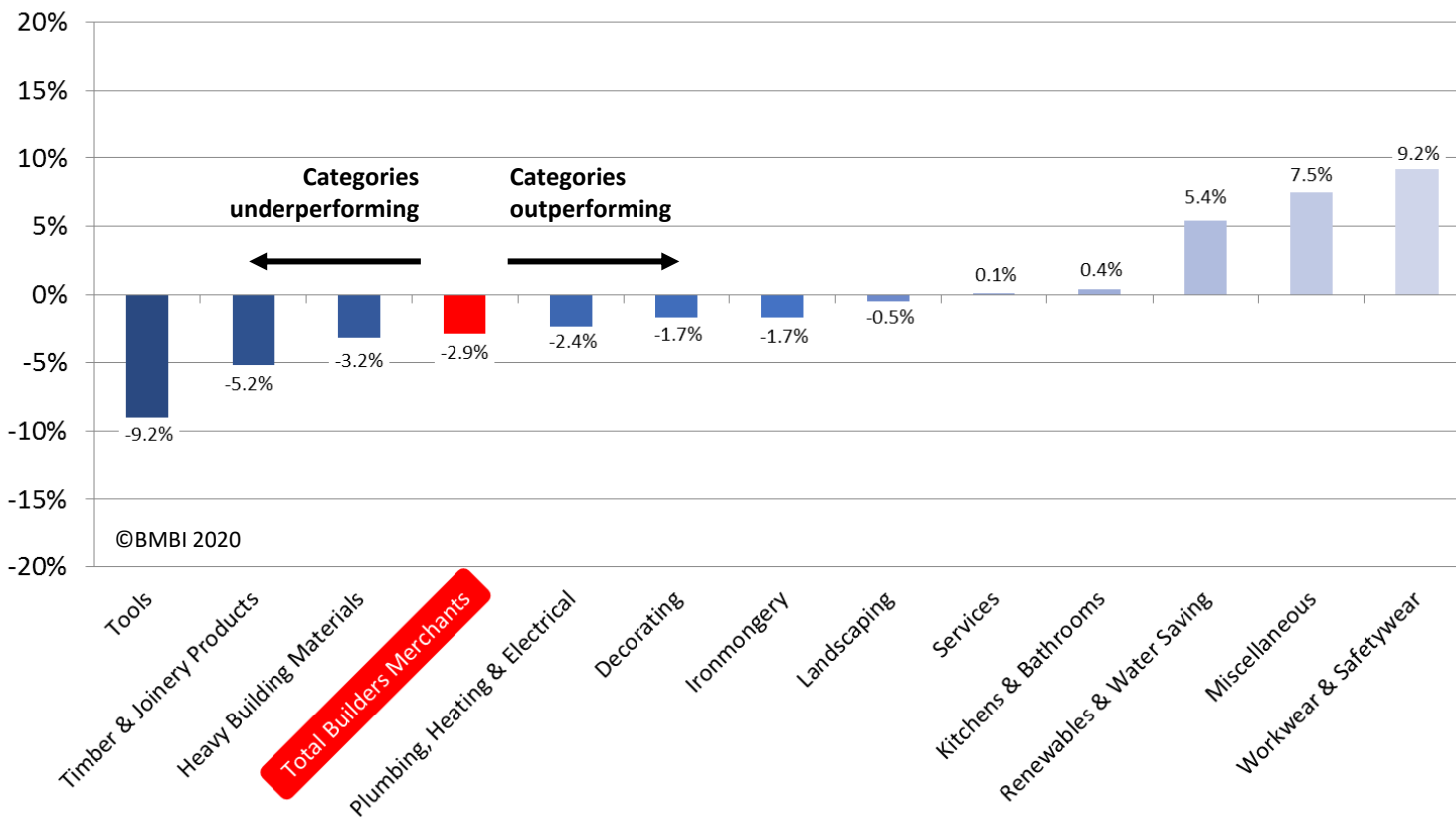
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Last 12 Months: Year on Year

Rolling 12 months sales indices



## 12 months Apr 19 to Mar 20 v 12 months Apr 18 to Mar 19



Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Expert Panel

## Website & Product Data Management Solutions



### **Andy Scothern, Managing Director eCommonSense is BMBI Expert for Website & Product Data Management Solutions.**

The far-reaching effects of the coronavirus pandemic will have lasting impacts on all sectors of the economy, including builders' merchants and their suppliers. Those not planning for the permanent changes in buyer behaviour will be at a significant disadvantage, or worse.

The builders' merchant sector was already undergoing massive structural changes due to the changing demographics of the UK workforce and increasing digitalisation. The coronavirus pandemic is accelerating that transformation, with online trade predicted to increase from around 3% to 20% by the end of 2020. Continuing to trade while keeping employees and customers safe has persuaded many builders and DIYers to find other ways to order building products, which are delivered without them needing to go into the stores.

Merchants with integrated websites that include merchant services and organised product data are experiencing record-breaking online sales. Some have seen their website become the highest revenue generating part of their business overnight. Merchants without a fit for purpose digital platform, are having the opposite experience. Phone lines are unable to cope with high call volumes, while sales are lost as customers find merchants with a better online service.

Retail is already undergoing profound changes, and Covid-19 is accelerating these trends. In response, many retailers and merchants are revisiting their digital strategy and investments to provide customers with a compelling omnichannel experience. Thomas O'Connor, a senior analyst at Gartner, said: demand is shifting from physical stores to the online channel as consumers avoid public places under government restrictions on the movement of citizens. Many retailers are laying off staff as sales volumes decline, while the retail giant Amazon has launched a recruitment drive to hire an additional 100,000 staff in its fulfilment centres.

With their customers looking for frictionless ways to buy online, Builders' merchants need to secure their future. But it won't be one thing or another: creating a genuinely compelling omnichannel experience will be key to merchants' success.

Things will never return to the old normal, so business models will need to adapt quickly to the new normal.

“Merchants with integrated websites that include merchant services and organised product data are experiencing record-breaking online sales. Some have seen their website become the highest revenue generating part of their business overnight.”

# Expert Panel

## Drylining Systems

(Part of Heavy Building Materials)



### Stacey Temprell, Marketing Director British Gypsum is BMBI's Expert for Drylining Systems.

How the world has changed. In my last quarterly summary, I reported we were entering 2020 with renewed energy and drive – and then COVID-19 hit us all.

As we now enter a recession of unparalleled speed and depth it's difficult to draw on the insights of economic studies, for the most part the global impact of Coronavirus has been so sudden there is a real lack of evidence-based data to make any solid predictions about the next month, let alone any real longer-term economic predictions. What we can do, and must do, is respond to the immediate challenges before us.

What we can anticipate is a sharp decline in Q2 with a gradual recovery in Q3 and Q4, with construction output falling by 25% this year with a corresponding growth of 25% in certain sectors in 2021.

The contribution of the construction sector to the UK's immediate economic needs is critical, a fact recognised by the Rt Hon Alok Sharma MP, Secretary of State for Business, Energy & Industrial Strategy, addressing business leaders in an open letter of 31st March. At British Gypsum we have responded to this directive by supporting the many and varied 'essential' schemes around the UK and working closely with our customers to meet this vital demand while keeping our own colleagues safe and protected.

As we enter a new phase of gradual easing and the COVID-19 strategy shifts we are now able to begin a phased approach to reinstating manufacturing and despatch, supporting both essential projects and protecting the livelihoods of our customers and colleagues. Without question, we are far from the other side of COVID-19, but as we all look to the next quarter there is a real sense of community that unites this sector that will hopefully remain long after the immediate threat has passed.

“As we enter a new phase of gradual easing and the COVID-19 strategy shifts we are now able to begin a phased approach to reinstating manufacturing and despatch, supporting both essential projects and protecting the livelihoods of our customers and colleagues.”

# Expert Panel

## Civils & Green Infrastructure

(Part of Heavy Building Materials)



### **Steve Durdant-Hollamby, Managing Director Polypipe Civils is BMBI's Expert for Civils & Green Infrastructure.**

In line with all construction sectors, Civils and Green Urbanisation saw a significant reduction in activity as the lockdown came into effect. With the government supporting the continuation of work on essential projects, infrastructure was marginally less affected than the housing and commercial sectors as safe working practices were easier to implement and maintain. The greatly reduced traffic and passenger volumes meant many road and rail projects have been able to progress safely throughout this period.

As the lockdown is eased, Polypipe is continuing with the safety measures implemented at the beginning of the COVID-19 crisis. With greater numbers of furloughed employees now returning, these measures have been scaled up and reinforced with additional procedures and requirements around hand washing and face protection which go beyond government recommendations. These are being constantly reviewed as we gradually see an upturn in sector activity.

Adapting to the restrictions of lockdown has seen us rely more heavily on digital communication platforms, not only to keep both our customers and colleagues regularly updated, but also to host training sessions and presentations internally and externally via webinars and online CPDs. We are now learning to integrate these platforms into our 'new normal', exploiting their efficiency and versatility to introduce innovative, more effective ways of working.

The restrictions imposed on personal movement during lockdown focussed attention on the value of having easy access to green urban spaces. The Green Urbanisation approach, which enables the creation of sustainable green assets across the spectrum of urban development, offers the potential to transform how we plan for a more resilient future – not just in the context of climate change but also in enhancing the health and wellbeing of urban populations.

Dramatic reductions in air pollution levels have given us a brief window on what a net zero emission environment might look like. If we are to learn from this experience, it is essential that we shape our planning legislation to recognise the critical importance of biophilic design and optimised nature-based solutions. Essential to this is the sustainable management of water on a catchment-wide basis. A new generation of Green Urbanisation solutions that combine innovative storage and re-use techniques with emerging SMART technologies are now creating opportunities to achieve this.

“The restrictions imposed on personal movement during lockdown focussed attention on the value of having easy access to green urban spaces. The Green Urbanisation approach offers the potential to transform how we plan for a more resilient future.”



# Expert Panel

## Lead

(Part of Heavy Building Materials)



### Lynn Street, Sales & Marketing Manager Midland Lead is BMBI's Expert for Lead.

The last few months have been challenging at best, confusing at worst and the whole supply chain has been affected. For our industry the COVID-19 lockdown, announced on the 23<sup>rd</sup> March, meant that many companies needed to adapt to change quickly and drastically.

Due to the ambiguity of Government guidelines, and the need to protect the welfare of employees, many construction firms and builders' merchants had no choice but to temporarily close their doors and halt projects. The industry is not only affected by less demand in some areas, but many production lines could not operate to their full capacity due to ensuring the welfare and safety of staff.

Here at Midland Lead the welfare, health and safety of our team is the most important factor in steadily returning to a 'new normal'. Production lines have continued to run with specific measures in place and orders have steadily started to increase.

We remain strong and confident, clear communications with customers has been crucial throughout the whole process as they introduced varying opening times while they tackled staff shortages and additional safety measures. Many business plans will be re-written, and with an unpredictable few months ahead, business models will need to adapt to being responsive to many external factors.

Although we know that e-commerce and good websites are a sound investment, it is now an absolute necessity to have an increased online presence. We have seen many merchants that already had a strong online presence flourish, and long may this continue.

The construction industry has faced many challenges, but none quite so exceptional and unpredictable as the one we continue to face right now. However, our sector is resilient, and we remain positive that we will continue to adjust over the next few months.

“Many business plans will be re-written, and with an unpredictable few months ahead, business models will need to adapt to being responsive to many external factors...It is now an absolute necessity to have an increased online presence.”

# Expert Panel

## Bricks & Roof Tiles

(Part of Heavy Building Materials)



### **Kevin Tolson, Commercial Director Wienerberger UK is BMBI's Expert for Bricks & Roof Tiles.**

The Wienerberger Group closed the first quarter of 2020 with excellent results, continuing the successful course of the previous year despite the first negative effects of the COVID-19 pandemic. Our results in the UK were positive, being broadly in line with expectations across brick and tile, and the quarter closed with a slowing at the end of March.

During the national lockdown, we continued to take orders and ship products from existing stocks for essential projects, however, like many in our sector, we suspended most of our production and chose to furlough some of our colleagues.

Our order profile reflected the national construction picture, where most commercial building sites and housebuilders pressed pause and many merchants closed their doors. However, a number of architects and specifiers continued to work from their home offices, and our technical and architectural design division was also highly active.

As we moved midway into Q2, there has been a phased reopening of merchants, many operating with new collections protocols in place. Housebuilders have gradually restarted their operations and implemented new safety procedures on their sites to enable compliance with government guidance on social distancing. Factories are reopening, and our own production lines are re-starting.

Digital has been one of the clear winners in this lockdown, as companies at all levels in the supply chain switched quickly to online communication with colleagues, customers, and suppliers. We have taken this opportunity to accelerate the digitization of our business and have switched to new means of communicating and collaborating with customers and suppliers. We no longer see these as temporary measures but rather embrace these as opportunities to embed new and improved ways of working for the long term.

As the focus must inevitably be on 'Getting Britain Building' again, we must not lose sight of the inroads we've made in increasing our sustainable offering and in continuing to develop new products and services: flexibility, agility and innovation will be critical. As an industry we need to adopt new ways of working which safeguard the health and safety of our workers while playing a key role in wider economic resurgence.

“Digital has been one of the clear winners in this lockdown... We have taken this opportunity to accelerate the digitization of our business and have switched to new means of communicating and collaborating with customers and suppliers.”

# Expert Panel

## Cement & Aggregates

(Part of Heavy Building Materials)



### Andrew Simpson, Packed Products Director Hanson Cement is BMBI's Expert for Cement & Aggregates.

Demand for mineral products declined in the first quarter of 2020. Adverse weather in February and the COVID-19 outbreak at the end of March contributed to the decline. The decrease in March was unprecedented with mineral product manufacturers reporting volumes 80 to 90% lower than current run rates. Many manufacturers furloughed staff and closed operations in line with demand from end users. Some construction sites stayed open as in other countries which were a few weeks ahead of the UK. Government guidelines for our sector were unclear, causing added disruption as manufacturers and merchants sought guidance on what basis their businesses could operate.

Firms who remained open had to set up safe working practices for operational roles and home working for key office functions within days of lockdown. It's amazing how firms have adapted to operate in very difficult circumstances. Utilising Wi-Fi and video conferencing, home working productivity has increased with less travel and more focus on key areas. Meetings are shorter and more productive with clear agendas and outcomes.

April was a month of scenario planning based on current run rates, market intelligence and analysis of other countries. More merchants are re-opening branches following further Government guidelines, but it will be a concern if safe working cuts capacity and restricts supply as demand recovers.

Some housebuilders are reopening, others are only finishing houses they started pre-COVID-19. If volumes do not return to normal operating levels in 2020, companies will cut fixed costs and planned investments could be postponed to 2021.

The future is very unclear, but it will be different from the past. For instance, commercial visits and face-to-face meetings will be limited until 2021. Employees, companies, and customers will need to adapt to a new way of trading, in a sector that is not at the forefront of technology. It will be interesting to see how this develops and what solutions companies come up with.

While growth will be constrained by the need to contain the virus, construction has demonstrated its resilience. The recent Government announcement endorses the value our sector contributes to the UK economy and was a positive message for many businesses.

**“While growth will be constrained by the need to contain the virus, construction has demonstrated its resilience. The recent Government announcement endorses the value our sector contributes to the UK economy and was a positive message for many businesses.”**

# Expert Panel

## Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



### Mike Tattam, Sales & Marketing Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

Many bathroom and showering products are manufactured in China. While our factory in China is fully open and our UK stocks are high, as a result of the disruption many containers and ships along the global supply chain are in the wrong place, unable to unload or load, and extending the normal 6-8 weeks lead time. Stocks are arriving in the UK, but the lockdown here means many products are sitting in UK docks or on ships with nowhere to go.

The sudden mass closure of builders' merchants, partly driven by media and social media pressure, meant that installers and homeowners were driven to the internet, taking advantage of easy online ordering and direct delivery. Once government eases restrictions and encourages the reopening of showrooms, merchants will have to work hard to win back a customer base that may have become more used to online buying. Making sure your staff are experts in their field, so they add value with advice and support (while adhering to social distancing guidelines), has never been more important.

Construction sites are returning to work, but it will be slower for the RMI market as the general public will be wary of inviting tradespeople into their home. Ensuring that they have full personal protective equipment (PPE) and can demonstrate they are operating to clear safety guidelines is fundamental in getting this sector of the market moving. Tradespeople who behave safely in PPE are more likely to be accepted than those who don't.

As merchants and retailers return credit is a thorny issue, as most businesses will have emptied their cash reserves. The ability to pay suppliers in 30 days will be an issue, and the market will have to make provision for it.

It's not all gloom. Some merchants report homeowners have been using their time at home to plan future building work. Cramped bathrooms, showering spaces that are a hazard for some of the family, or lack of an ensuite, become extremely important when you're locked in for weeks on end. Holiday budgets that can't be enjoyed abroad, may be spent on improving the home. The 'bounce back' may not be immediate but may be sooner than economists would have us believe.

“Construction sites are returning to work, but it will be slower for the RMI market as the general public will be wary of inviting tradespeople into their home. Ensuring that they have full PPE and can demonstrate they are operating to clear safety guidelines is fundamental in getting this sector of the market moving.”

# Expert Panel

## Paint

(Part of Decorating)



### **Paul Roughan, Trade Merchants Sales Director Dulux Trade is BMBI's Expert for Paint.**

With the onset of the pandemic, in the latter part of March and all of April, the trade market was almost virtually shut down whilst the consumer market absolutely boomed. Everyone wanted to decorate and stock up to decorate. The few trade merchants open were only servicing heartland customers with click and collect/deliver orders to service essential projects. Other trades and some consumers, who may have gone to builders' merchants, went instead to consumer stores that remained open throughout, such as B&M, The Range and Wilko; stores with food lines, hence classed as essential.

In Q1 – a period that included a full week of lockdown – year-to-date retail sales volumes were up 10.8% while trade sales were down 6.6%. Our Dulux factory in Ireland was under total lockdown while the two UK sites were running although not at full capacity, as we managed social distancing to ensure the safety of our staff as our priority. Our challenge was the sudden change in product mix from a 50/50 consumer/trade lines split to a heavily weighted consumer lines.

The winners have been merchants with robust e-commerce platforms giving them the capability to service the significant demand. We know of a number of merchants who saw online increase from dozens per day, to thousands per day. Will these new buying habits persist? Some generalist builders and specialist decorators found themselves relying on alternatives and potentially consumer destinations that remained open. Whether they change their buying habits for paint depends on how they found the experience – what will merchants have to do to win them back. Merchants need to demonstrate they are a credible, value for money, one-stop-shop destination for paint, including the provision of expert advice and depth of range.

The economic recession may not have the same shape and recovery as 2008 – will we see all merchants survive? It's important for manufacturers to do all they can at this time to appropriately support merchants through this challenging time to ensure we all have a sustainable, profitable future.

There have been many positives. Please check out #TrueColours, 'Colour The World with Kindness' on Social Media. It's a joint initiative within the industry including Dulux, Travis Perkins, major contractors, and Homebase, highlighting acts of kindness seen by people involved in our industry.

I'm sure others, like us, are now looking at a full review to address the new normal potential: routes to market, product categories and habits of professionals and consumers and of course, the economic forecast. We need to get the balance right between managing the here and now and planning ahead for the bigger market shifts.

“In Q1 – a period that included a full week of lockdown – year-to-date retail sales volumes were up 10.8% while trade sales were down 6.6%... The winners have been merchants with robust e-commerce platforms giving them the capability to service the significant demand.”

# Expert Panel

## Roof Windows

(Part of Timber & Joinery Products)



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

Quarter 1 demand for roof windows was sluggish, but it seems irrelevant now as we face the biggest challenge our industry has seen in decades. Roof window manufacturers saw a considerable drop in volume from mid-March until end of April. Only online sales saw real growth as “White Van Man” looked outside their usual supply chain to get materials to finish jobs and keep themselves in work.

Keylite and other Roof Window Manufacturers remained open with warehouse skeleton staff, and SOP, Technical and Aftersales working from home. The last seven weeks gave us time to implement a new Group wide code of conduct and safe operating procedures so our great staff can restart safely and securely.

Roof window manufacturers have the added complication of working to international guidelines which vary as much as our own regional governments, giving staff in Europe different advice and support, and managing logistics across international borders.

Beyond the pandemic, 2020 will be about getting through, and positioning for better times, which unfortunately are 12 months away. I have conflicting thoughts on the RMI sector in 2020. Uncertainty surrounding job retention and the domestic and global economy will weigh on consumer confidence. Homeowners may put off extensions or renovations, and a stalled housing market (what will happen to house prices?) may suggest moving not improving. With question marks over foreign holidays, will homeowners spend on loft conversions instead? I suspect the answer is somewhere in the middle. Where people have the disposable income and spare time at home, we'll see growth in smaller-ticket improvements such as painting decorating and gardening/landscaping.

As Government tries to get us out of lockdown and back building, housebuilding will be a slow burner. It will be based on completing units sold pre-COVID, and completing units under construction, before a full return based on sales volumes.

Finally, regardless of how you think the government handled this crisis, let's ensure they remember NHS and other essential workers who put themselves at risk to ensure we got through! Applauding them is a great show of appreciation... but it doesn't put food on their tables or buy them homes!

“Beyond the pandemic, 2020 will be about getting through, and positioning for better times... I have conflicting thoughts on the RMI sector in 2020. Uncertainty surrounding job retention and the domestic and global economy will weigh on consumer confidence.”

# Expert Panel

## PVC-U Windows & Doors

(Part of Timber & Joinery Products)



No.1 for choice • No.1 for colour



### Kevin Morgan, Group Commercial Director The Crystal Group is BMBI's Expert for PVC-U Windows & Doors.

In quarter one, we've gone from growth in business confidence and sales after the general election to an enforced lockdown and mothballing our factory. In our sector there will be some who don't come out of it, creating a vacuum in the market.

Everyone is talking about adapting to a new normal but what will this look like in the home improvement market? Homeowners won't want cold callers on the doorstep, or protracted selling and negotiation sessions in their home. This will undoubtedly affect the big national window companies whose marketing strategy relies on getting inside a consumer's property to 'hard sell'. Consumers are comfortable and confident researching online. Some reports indicate home improvement searches were up 42% in the last six weeks.

The new normal will also apply to merchants. Forward-thinking merchants with informative websites, click and collect, delivery options and a proactive attitude will be in a stronger position. The jury's out on the value of face-to-face showroom meetings but consumers will always want to touch and feel products before they buy - albeit in a safe manner.

Installers operating with clear safety guidelines and behaving with proper care will be accepted in the home. But it's a different proposition for salespeople, when consumers can see products displayed, and get product information, pricing, and advice conveniently elsewhere.

Having already developed an online window and door digital configurator so merchants can sell more easily, Crystal is ahead of the curve. It's part of a total package of sales and planning tools so merchants can help their customers sell and buy. The newly launched DoorsandWindows-Compare.com site is also well-timed. It offers consumers a mix of clear advice and honest pricing comparisons and, where traditionally they would not have thought of merchants, it directs them to merchants as one of the main supply choices.

One lesson reinforced in the crisis is that cashflow is king. Government support has been superb, allowing the industry to get through the crisis so companies have space to develop their plans to get back again. Looking at planning, communications, and risk assessment, in advance of official announcements, has been vital to reopening smoothly.

“Everyone is talking about adapting to a new normal but what will this look like in the home improvement market? Consumers are comfortable and confident researching online. Some reports indicate home improvement searches were up 42% in the last six weeks.”

# Expert Panel

## Steel Lintels

(Part of Heavy Building Materials)



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

COVID-19 caused unexpected and widespread disruption. While construction is significantly affected, government recognition of the value of our sector to the economy led to swift action in April with the introduction of new measures and guidelines for safe working. So, from the end of April we've seen a gradual reopening of house building sites and merchant branches.

While Q1 2020 is somewhat irrelevant, the quarter was trending in line with pre-COVID expectations. The main concern being the impact surrounding Brexit conclusions.

The challenge now is survival, and what the next eight months' volumes will be with new social distancing rules. Productivity from building sites, merchants and manufacturers will be restricted as we adopt these stringent procedures to prevent the continuing spread of COVID-19 and avoid another spike.

Steel lintels are essential for most projects, and like many others we operated through the initial lockdown period with a skeleton team. We expanded the team from mid-April and remain open for business, supporting loyal stockists. The safety of our staff, customers and suppliers is our utmost priority and we've implemented a new Code of Conduct for returning staff outlining our new welfare requirements and new working requirements regarding the 2-metre rule. This is supported with detailed standard operating procedures for all tasks in our factories, offices and distribution units.

While the Government has its hands full, building enough homes of the right quality, attractiveness and energy efficiency is still a priority. It may be difficult to achieve the same build numbers with social distancing on site, but there is a housing shortage and Britain needs well-insulated energy-efficient homes that look good. The most advanced steel lintels enable builders to save energy using a more cost-effective solution than other products.

I see a different world ahead where technology enables video conferencing to maintain a visual relationship, cutting travel, which benefits the environment, while increasing efficiency and reducing costs. That said, the building industry traditionally thrives on networking so it's important this continues, albeit in a new format.

On behalf of our sector, I'd like to thank the NHS, health and other key workers who have worked tirelessly through the past weeks and continue to do so. We are indebted to them.

“Building enough homes of the right quality, attractiveness and energy efficiency is still a priority. It may be difficult to achieve the same build numbers with social distancing on site, but there is a housing shortage and Britain needs well-insulated energy-efficient homes...”



# Expert Panel

## Mineral Wool Insulation

(Part of Heavy Building Materials)



### Neil Hargreaves, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation.

It is astonishing how much the landscape has changed since January. In an unprecedented way, COVID-19 has affected UK industries and the construction sector has clearly not been spared. At the time of writing this, the sector is steadily reopening.

Although the economy is restarting there is some uncertainty on how long it will take to recover. It is estimated that new house builds will decrease by around 40% this year whilst the overall UK construction will fall by over 20%. Housebuilders and other construction firms are unlikely to build at the same "pre-virus" rates, with concerns over demand, funding, and supply side challenges such as managing on-site social distancing all having an effect.

Government needs to think carefully about the economic stimuli they will use to relaunch the economy. Lots of people will be reassessing their view of the world and what's important to us. Certain infrastructure projects might not be as relevant as before, as we shift to more homeworking with less travel for work or leisure. The need to build more, better quality houses remains. Furthermore, the drivers to move away from combustible materials in higher rise buildings and to reduce carbon emissions from the building stock have not gone away. It is reassuring to see that the £9bn promised by the government for retrofit energy efficiency measures over the next decade is still planned. The question is now more about how this will all be funded and which areas will be prioritised.

All of these factors make it extremely difficult for builders' merchants and the rest of the supply chain to predict the demand for construction products in the short to medium term. It is therefore more important than ever before that we work together to share thoughts and keep supply flowing, whilst ensuring safe distancing is put in place to keep our people safe and avoid a second peak for the virus.

At Knauf Insulation, after a very quiet April, we are starting to see demand returning - our priorities have not changed and we are ready to support our customers more than ever.

**"The need to build more, better quality houses remains. Furthermore, the drivers to move away from combustible materials in higher rise buildings and to reduce carbon emissions from the building stock have not gone away."**

# Expert Panel

## Natural Stone Landscaping Products

(Part of Landscaping)



### Malcolm Gough, Group Sales & Marketing Director Talasey Group is BMBI's Expert for Natural Stone Landscaping Products, Vitrified Paving & Artificial Grass.

Approaching Easter, we were set for our best year ever. We had a positive weather forecast, full stock levels and new product lines. Our new decking range had arrived from China. Then, at the peak of the season, COVID-19 struck, and the market was shut. We continued to service a few customers and dealt with continuing demand for artificial grass, but in this 'box-moving' world it was a nightmare for China to lockdown first. The previous shortage of containers became even greater as they all backed up in China. We also had to land newly-arrived Indian sandstone, organise transport in a fraught market and get product to distribution centres.

Prices from China – in particular of decking – have started to rise due to a combination of exchange rates, shipping costs and raw material costs. Prices of Indian sandstone are also expected to rise as the lockdown in India halted manufacture, and this will possibly not be resolved before the monsoon season. Manufacture of the popular Italian porcelain has stopped, although there is no sign of pressure on prices.

Our customers are builders' merchants. If they're closed, we're closed. Bigger construction sites are starting to reopen, and when builders and landscapers return to work everyone can. Most merchants are now fully opened, operating click and collect, or just delivery only.

Millions of homeowners have never spent so much time looking so long and so closely at their homes. The result is a surge of interest in improving them. If they can't spend money on a holiday this year, they may spend it on their gardens. April's traditional demand spike for all landscaping lines could be pushed back to August.

We're still not out of the woods, and nowhere near the turnover we need to support large staff numbers. Our concern is what can external sales staff do without traditional branch sales visits. We need inventive ways to communicate with customers.

Sales counters have safety screens and they're taking sales calls but, crucially, they're not placing stock orders, they're buying for orders only. The industry is slowly getting there, but until people get braver and buy in stock things won't change.

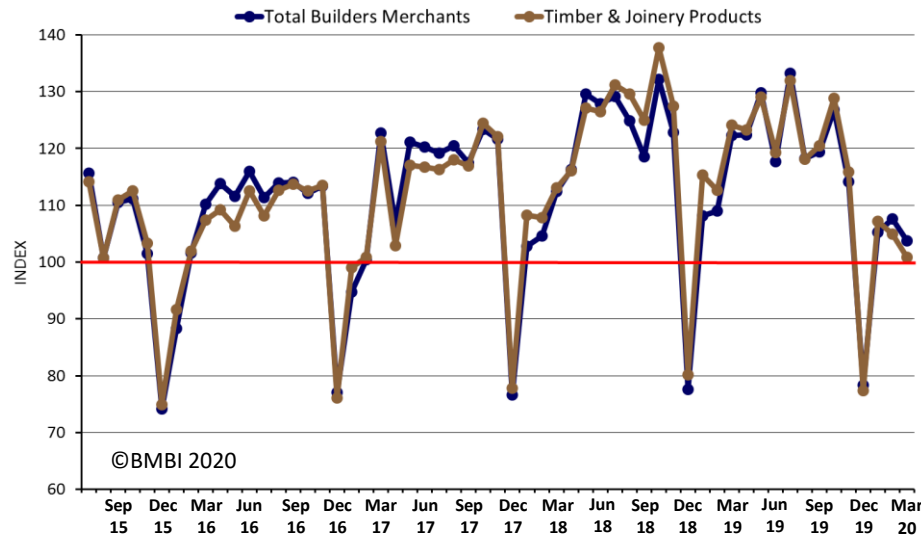
“Millions of homeowners have never spent so much time looking so long and so closely at their homes. The result is a surge of interest in improving them. If they can't spend money on a holiday this year, they may spend it on their gardens.”

# Monthly and Quarterly Indices

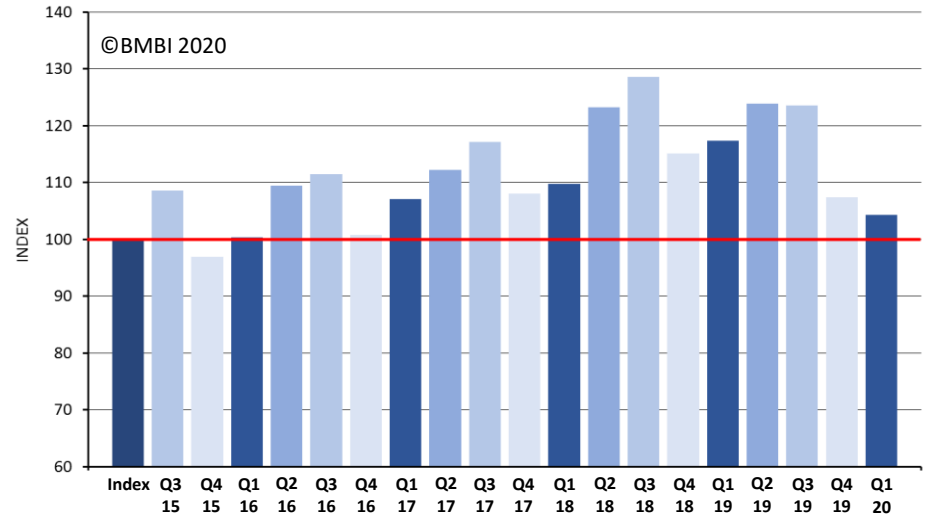
March 2020 and Q1 2020



## Timber & Joinery Products



## Timber & Joinery Products - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

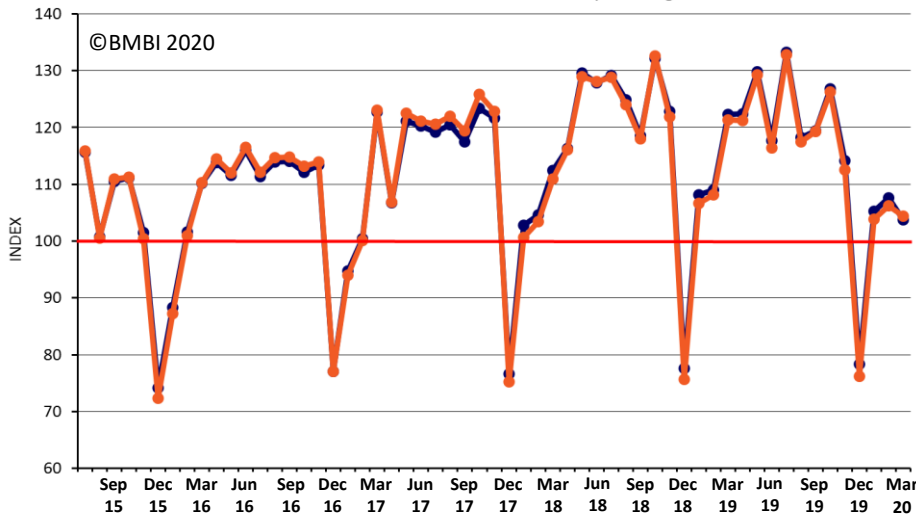
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March 2020 and Q1 2020

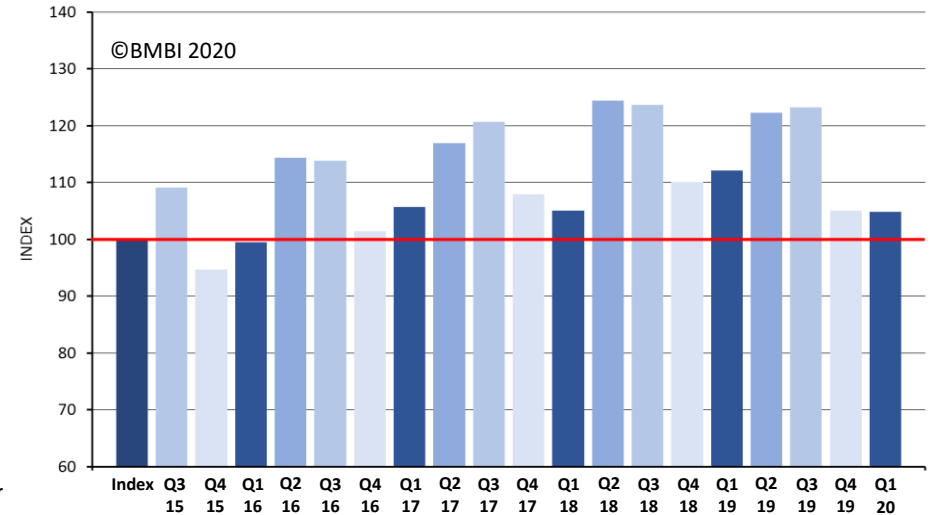


## Heavy Building Materials

● Total Builders Merchants ● Heavy Building Materials



## Heavy Building Materials - Quarterly



Charts indexed on July 2014 – June 2015

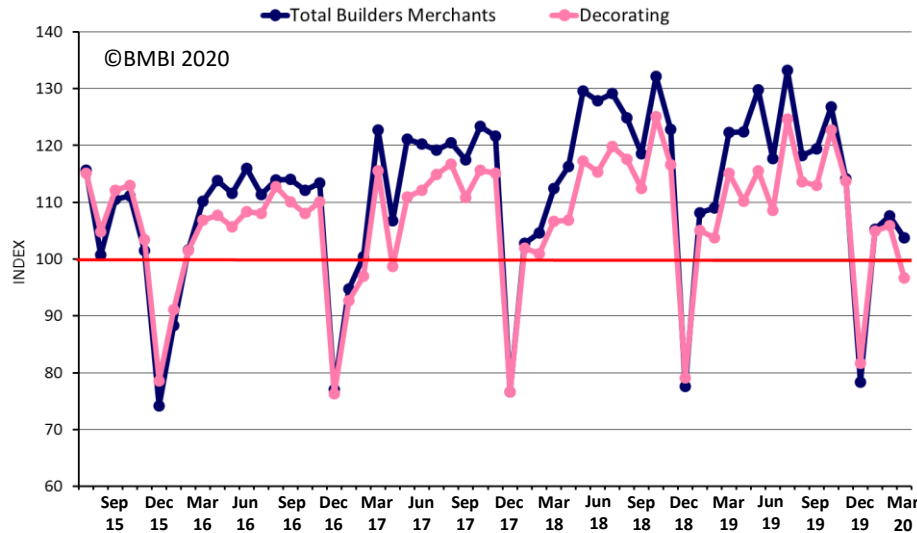
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

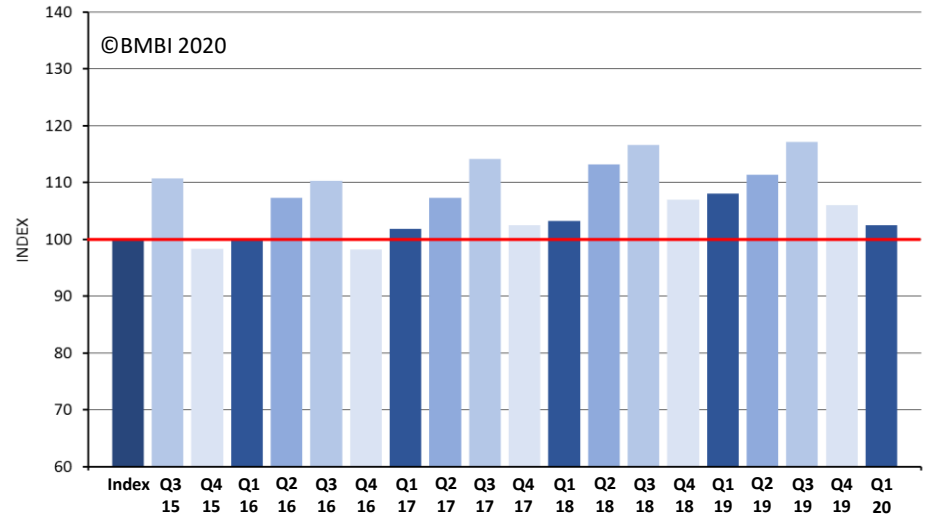
March 2020 and Q1 2020



### Decorating



### Decorating - Quarterly



Charts indexed on July 2014 – June 2015

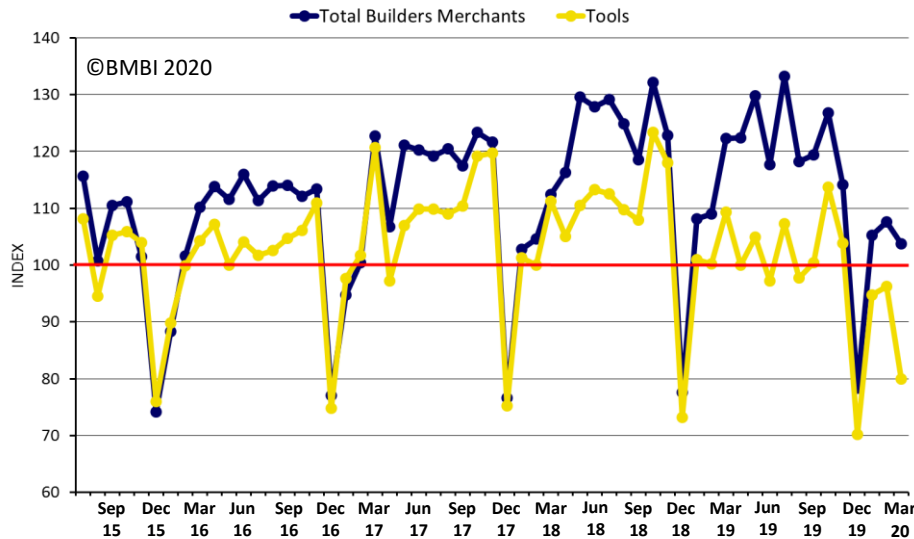
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Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

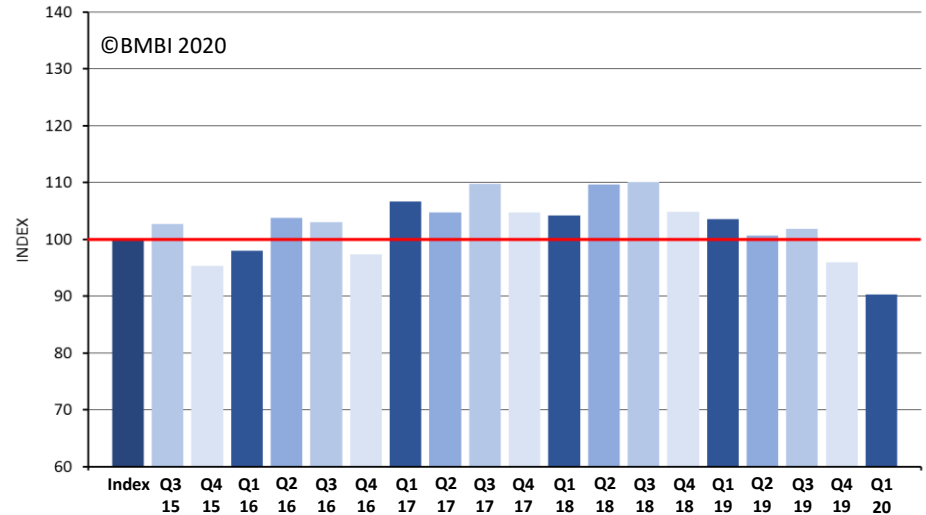
March 2020 and Q1 2020



### Tools



### Tools - Quarterly



Charts indexed on July 2014 – June 2015

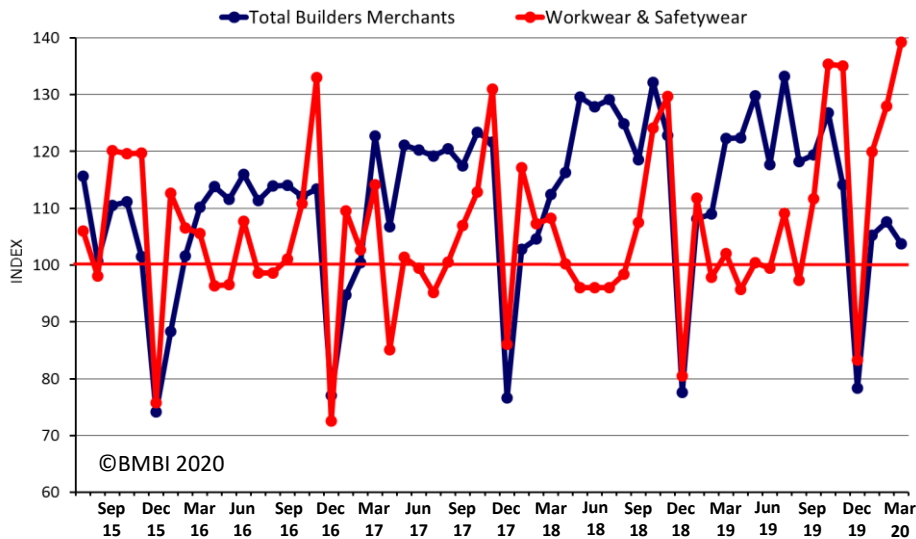
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Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

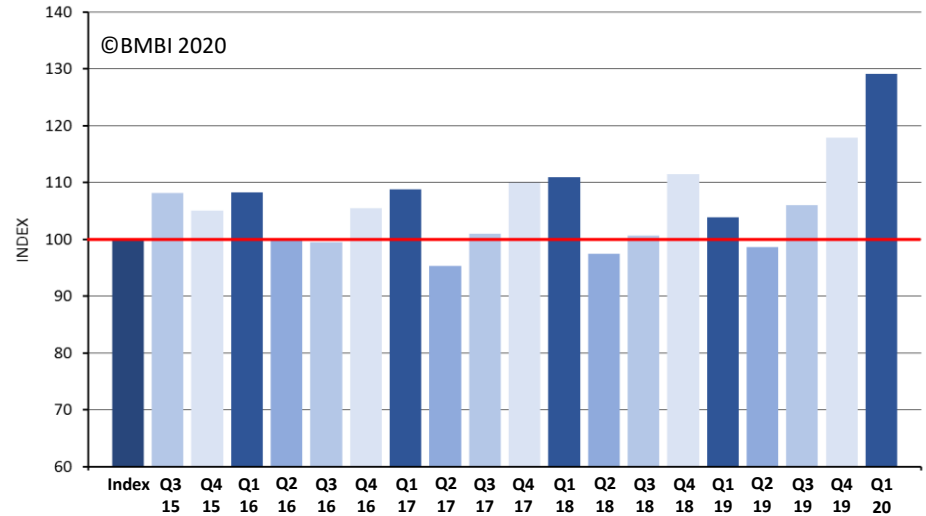
March 2020 and Q1 2020



## Workwear & Safetywear



## Workwear & Safetywear - Quarterly



Charts indexed on July 2014 – June 2015

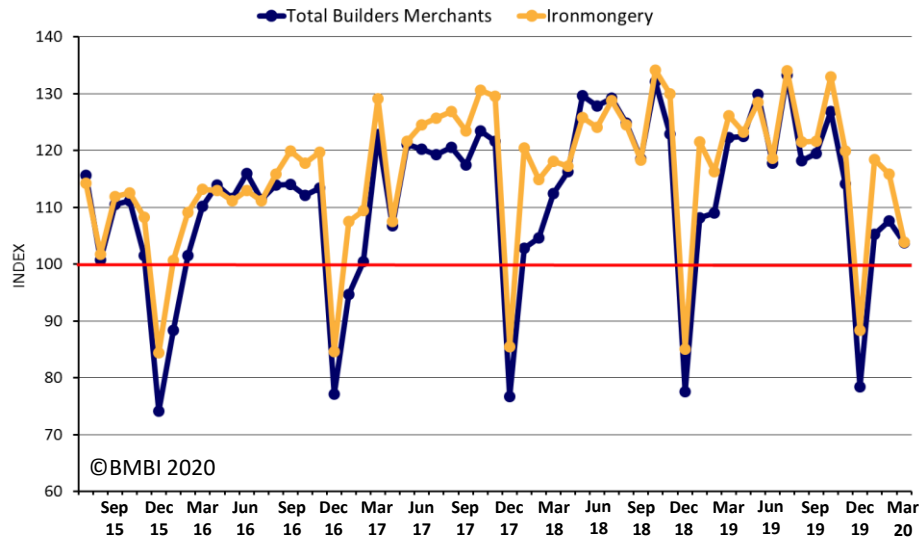
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Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

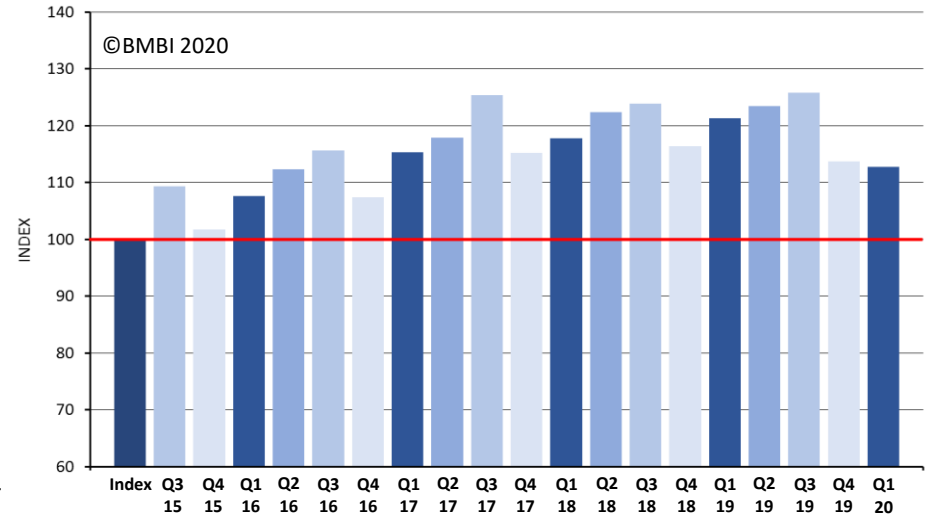
March 2020 and Q1 2020



### Ironmongery



### Ironmongery - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

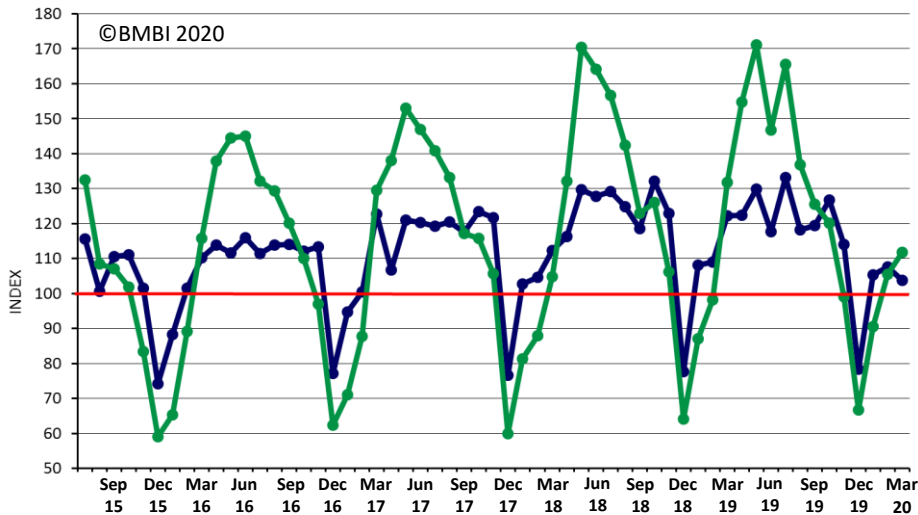


# Monthly and Quarterly Indices

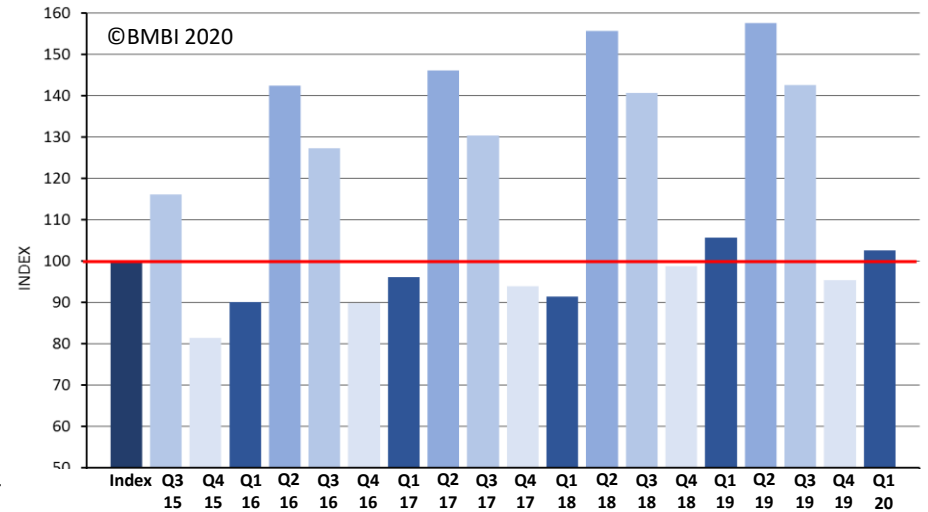
March 2020 and Q1 2020

## Landscaping

◆ Total Builders Merchants    ◆ Landscaping



## Landscaping - Quarterly



Charts indexed on July 2014 – June 2015

**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

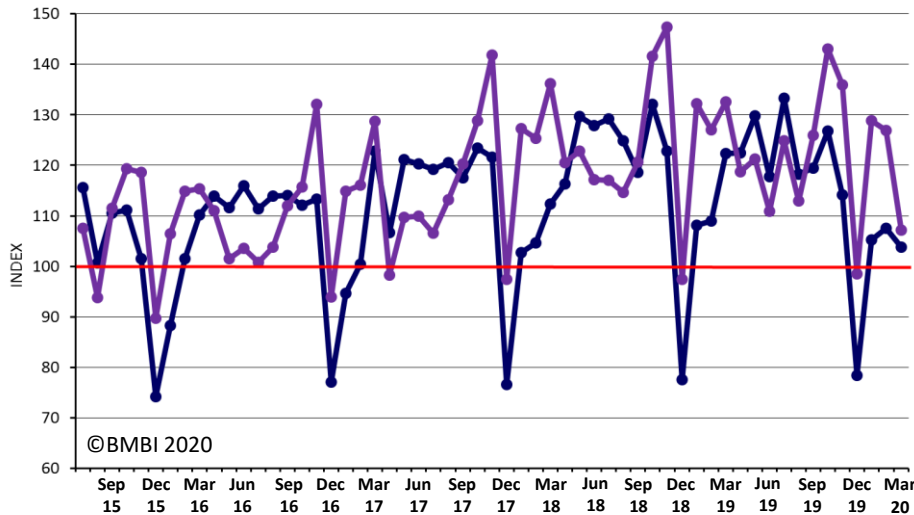
# Monthly and Quarterly Indices

March 2020 and Q1 2020

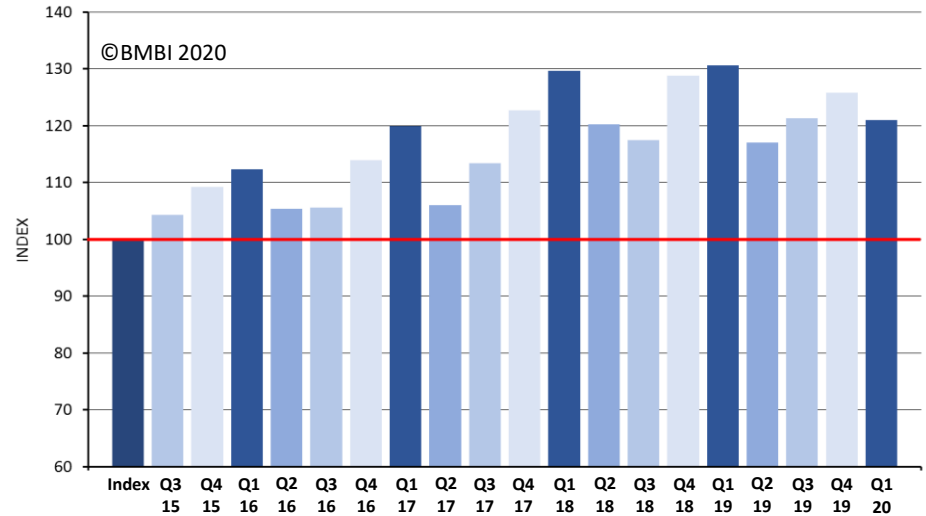


## Plumbing, Heating & Electrical

● Total Builders Merchants ● Plumbing, Heating & Electrical



## Plumbing, Heating & Electrical - Quarterly



Charts indexed on July 2014 – June 2015

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2020

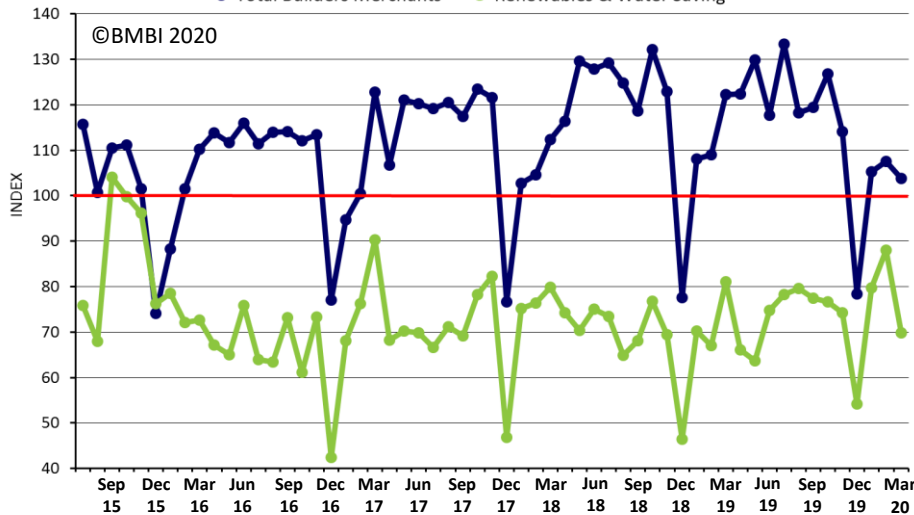
# Monthly and Quarterly Indices

March 2020 and Q1 2020

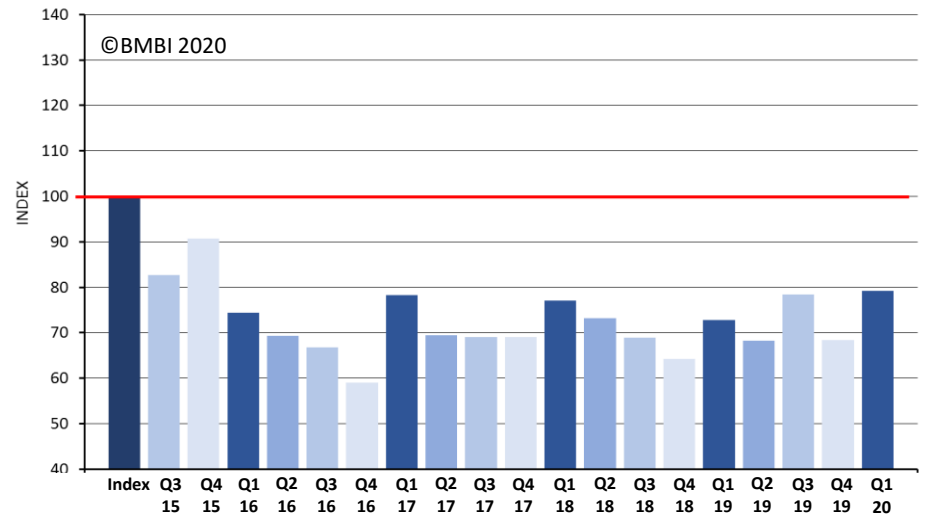


## Renewables & Water Saving

● Total Builders Merchants ● Renewables & Water Saving



## Renewables & Water Saving - Quarterly



Charts indexed on July 2014 – June 2015

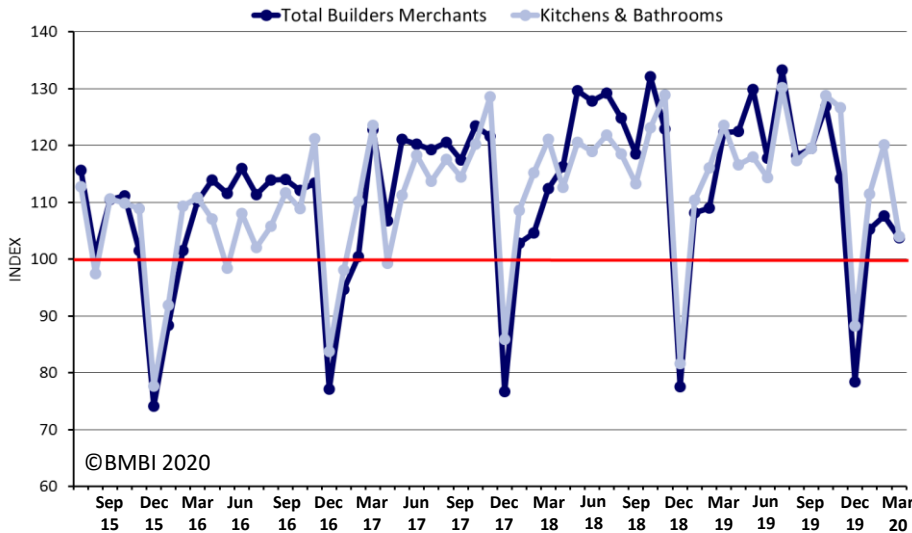
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

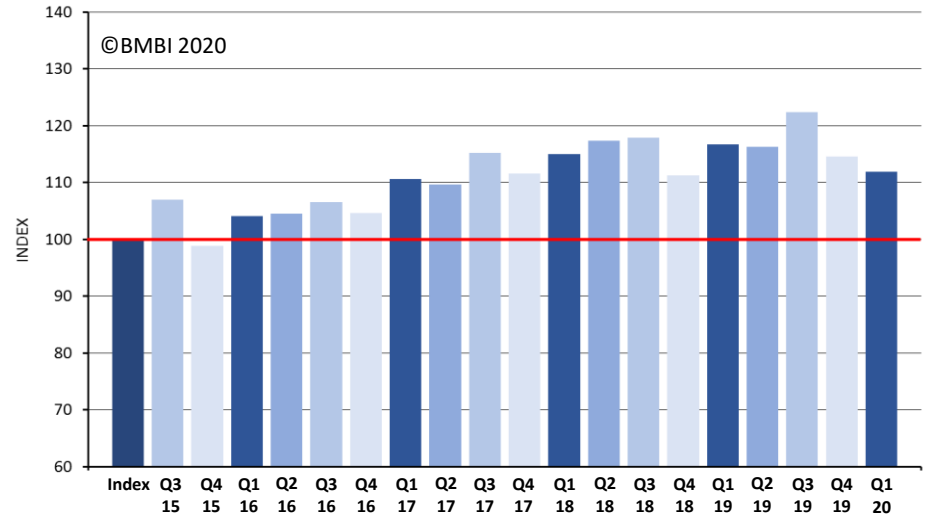
March 2020 and Q1 2020



### Kitchens & Bathrooms



### Kitchens & Bathrooms - Quarterly



Charts indexed on July 2014 – June 2015

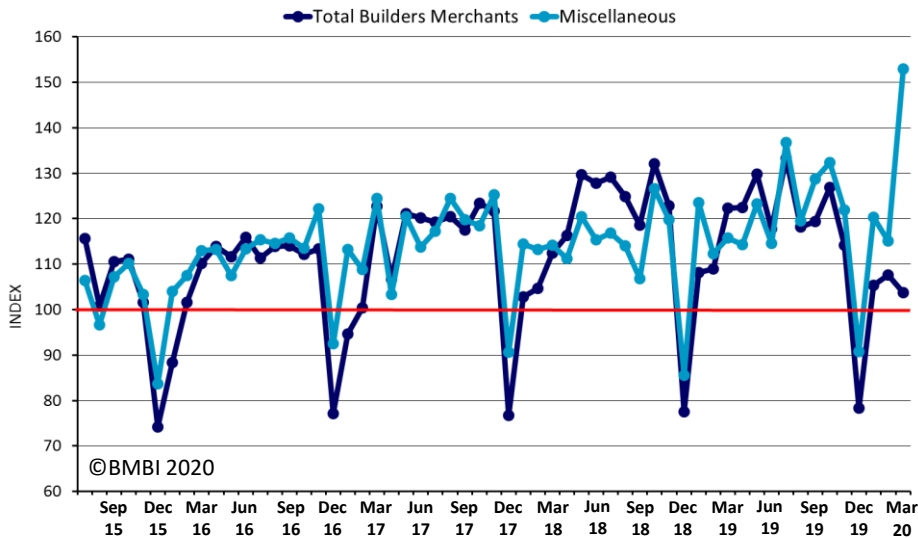
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

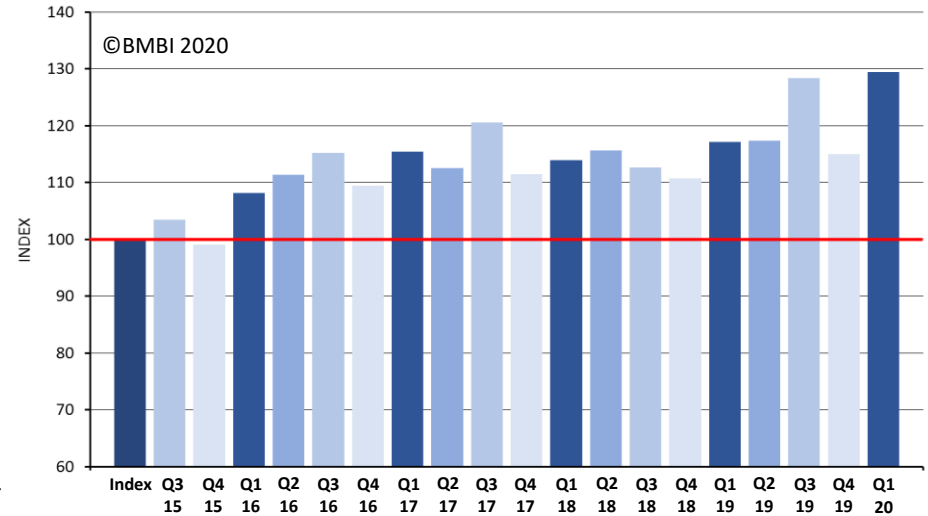
March 2020 and Q1 2020



## Miscellaneous



## Miscellaneous- Quarterly

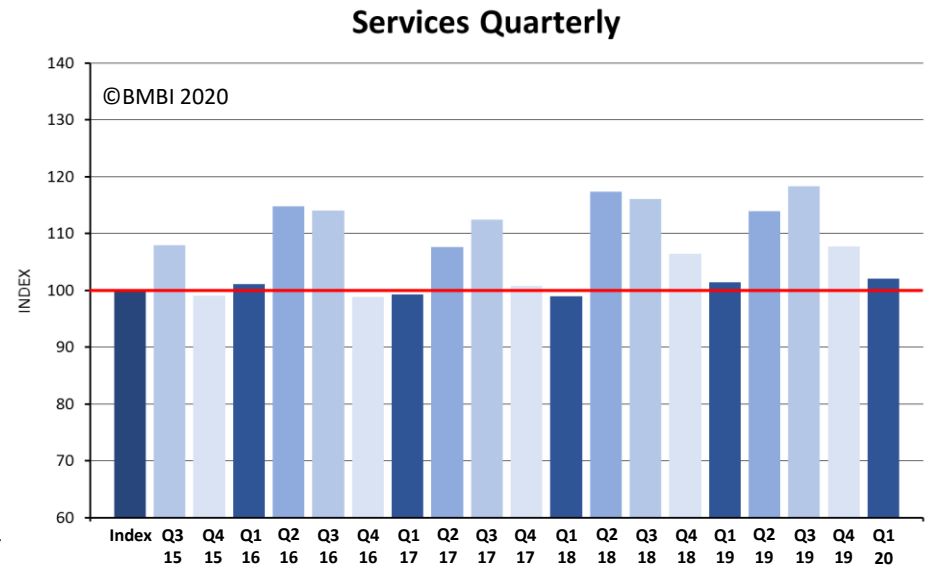
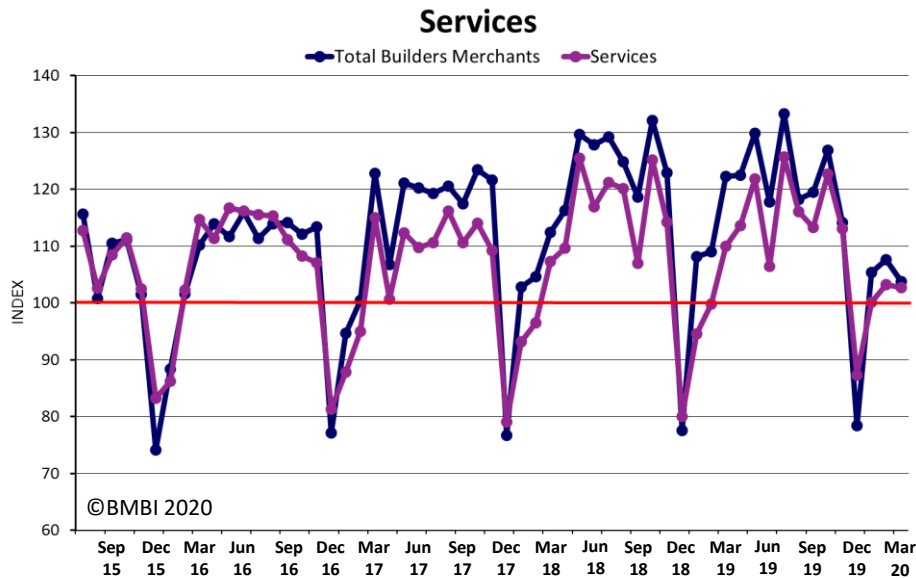


Charts indexed on July 2014 – June 2015

Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Monthly and Quarterly Indices

March 2020 and Q1 2020



Charts indexed on July 2014 – June 2015

Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# Trading Days

## Monthly

Index: 20.8

2015											
						Jul 22	Aug 20	Sep 22	Oct 22	Nov 21	Dec 17
2016											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
20	21	21	21	20	22	21	22	22	21	22	17
2017											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
21	20	23	18	21	22	21	22	21	22	22	16
2018											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	21	22	22	20	23	22	15
2019											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	20	23	21	21	23	21	15
2020											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	22									

## Quarterly

Index: 62.4

2015			
		Q3	Q4
		<b>64</b>	<b>60</b>
2016			
Q1	Q2	Q3	Q4
62	63	65	60
2017			
Q1	Q2	Q3	Q4
64	61	64	60
2018			
Q1	Q2	Q3	Q4
63	62	64	60
2019			
Q1	Q2	Q3	Q4
63	61	65	59
2020			
Q1	Q2	Q3	Q4
64			

## Half Year


Index: 124.8

2015	
	H2
	124
2016	
H1	H2
125	125
2017	
H1	H2
125	124
2018	
H1	H2
125	124
2019	
H1	H2
124	124
2020	
H1	H2

## Full Year

Index: 249.6

2016
<b>250</b>
2017
<b>249</b>
2018
<b>249</b>
2019
<b>248</b>
2020

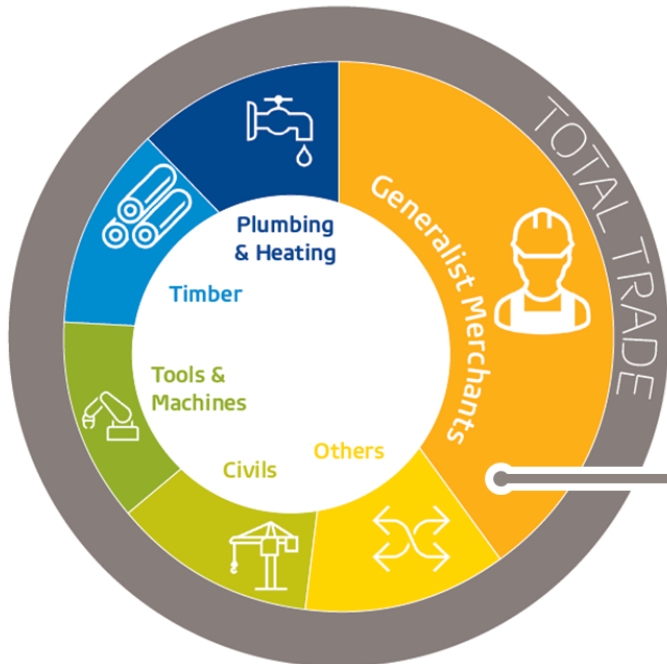
 Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2020

# GfK's Panel

## Generalist Builders Merchant Panel (GBM's)



### 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.

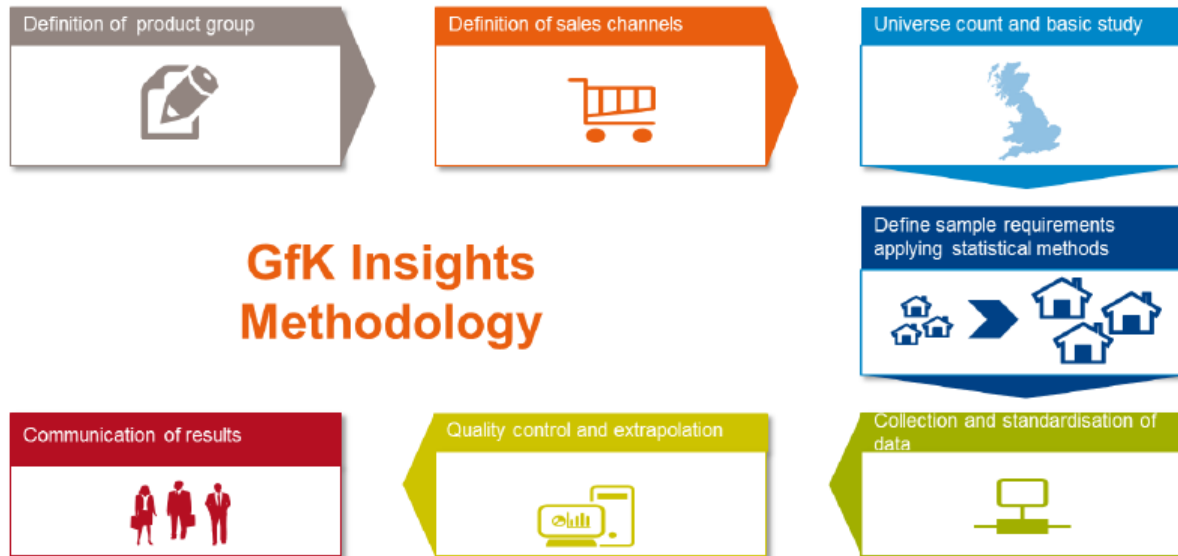
Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

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

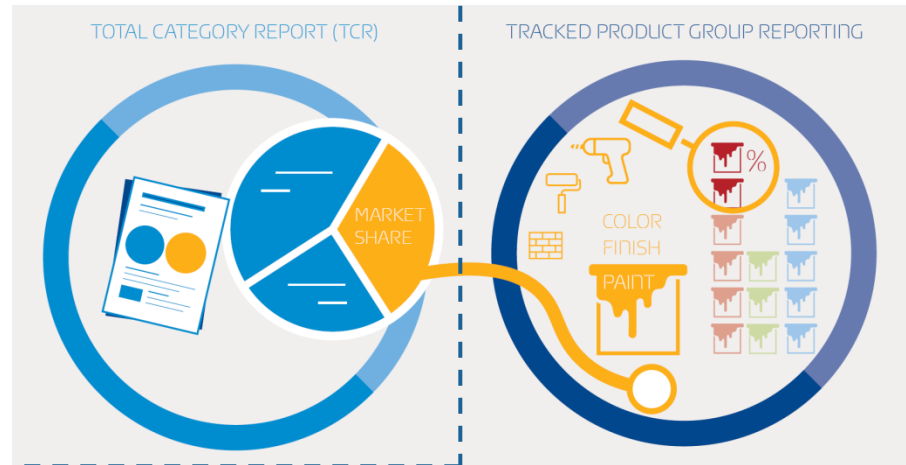
Bathroom (Including Showering)  
Fitted Kitchens  
Major Appliances

### 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)

# Macro factors impacting Merchants



## Bank interest rates

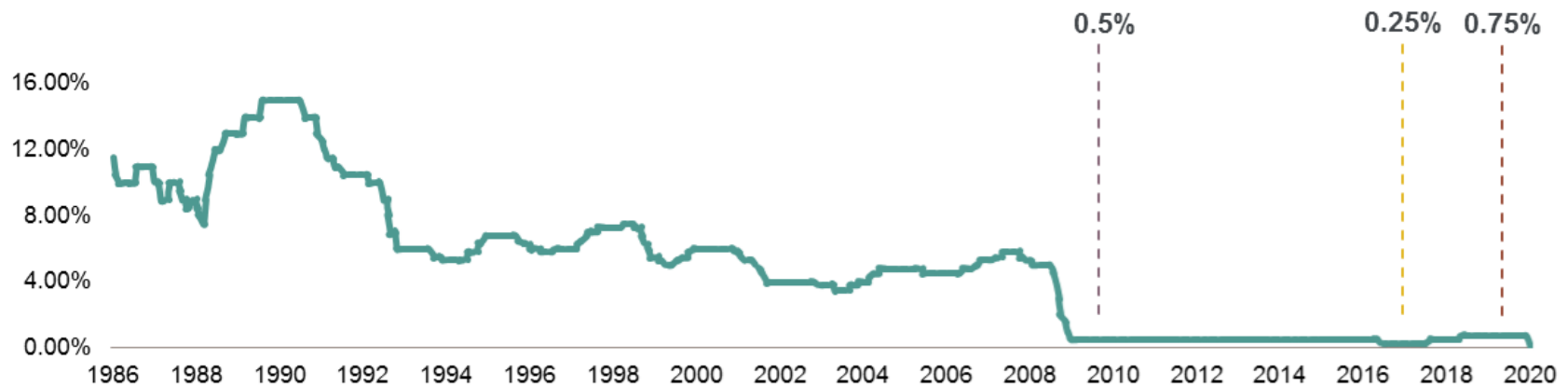
Set monthly by the MPC (Monetary Policy Committee)

▪ The base rate of interest is one of the tools used by the Bank of England to target price stability. Since 1997, when the Bank's Monetary Policy Committee gained autonomy, the rate has been between 7.5% and 0.25%.

▪ The economic crisis caused the Bank to drop rates to 0.5%, as the inflation pressure was considered less important than the stability of the economy.  
▪ The further reduction in August 2016 was designed to further promote growth and achieve the Bank's 2% inflation target.

▪ At its meeting on the 4<sup>th</sup> August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%.

▪ At its meeting ending on the 25<sup>th</sup> March 2020, the MPC voted unanimously to maintain the Bank Rate at 0.1%. The Committee also voted unanimously for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases.



Source: Bank of England

© GfK

# Macro factors impacting Merchants

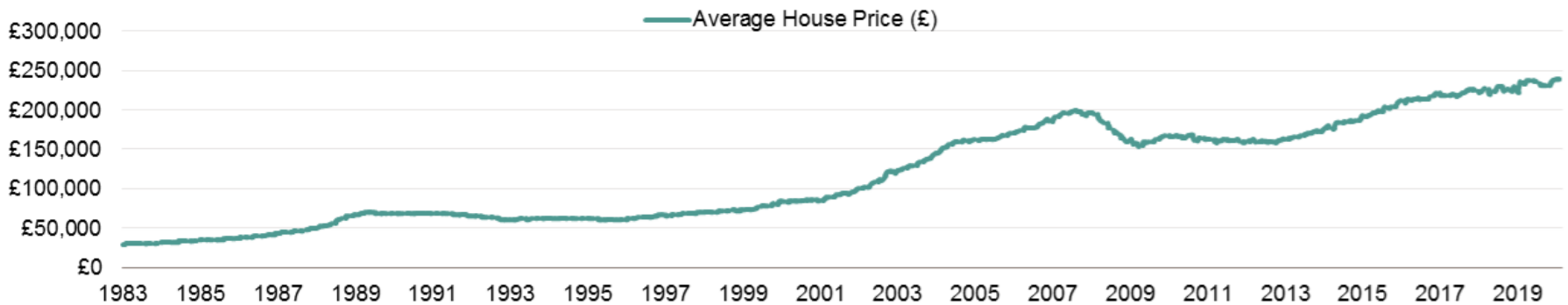


## Standardised average house prices

Average Price (year end)		
2005	£163,139	+92%
2010	£168,390	+3%
2015	£208,286	+10%
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%
2019	£238,963	+2%

- The UK housing market has remained steady heading into early spring, with house prices increasing by 0.3% in February and up 2.8% on the previous year.
- Much like we saw in January, the increases seen in February reflect the continued improvement of key market indicators.

- At the end of March 2020, the average house price in the UK decreased slightly to £240,384 from £240,677 in February 2020.
- House prices in March 2020 were 3.0% higher than in the same month a year earlier.



Source: Halifax House Price Index

© GfK

# Macro factors impacting Merchants



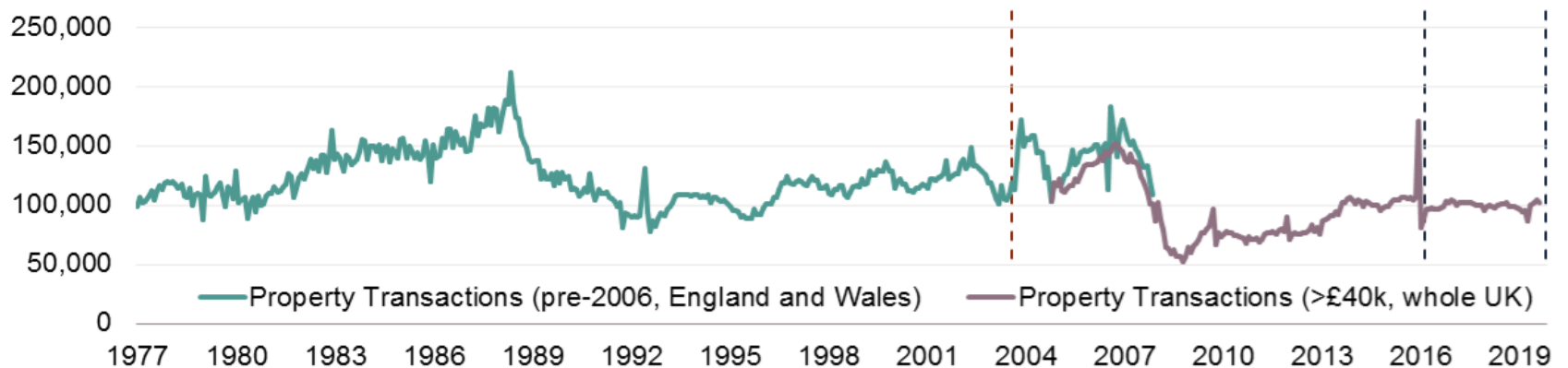
## Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2010	879,050
2015	1,228,710
2016	1,234,500
2017	1,223,400
2018	1,190,350

- Stamp duty was altered significantly on 1<sup>st</sup> December 2003.
- In April 2016, there were 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.

- The seasonally adjusted UK property transaction count for February 2020 was 103,870 residential and 11,150 non-residential transactions.
- The seasonally adjusted count of residential property transactions in February 2020 is 6.0% higher than February 2019 and 4.5% higher than January 2020.



Source: HM Revenue & Customs

© GfK

# Macro factors impacting Merchants



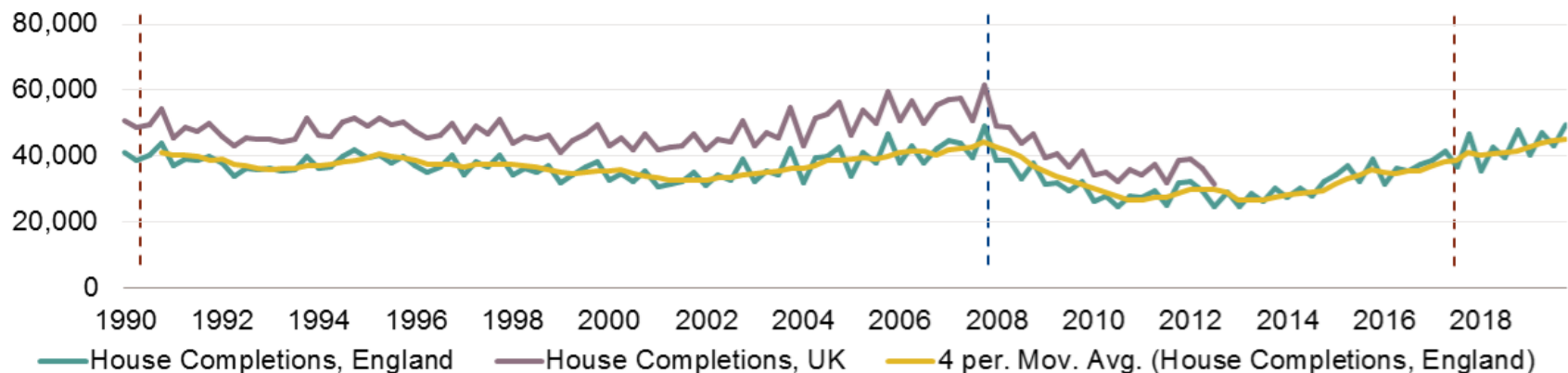
## Mortgage approvals and property transactions

### Monthly residential transactions and mortgage approvals (seasonally adjusted)

Home construction dropped off from the 2007 high, with a large number of construction firms leaving the market. As a result we are now seeing housing price uplifts, as the supply of affordable housing is not meeting current demand.

Looking at a four-period moving average, the recent trend of continued growth had stalled in 2016. However, it appears to have started again in 2017 with a period of growth.

In Q4 2019, 49,560 permanent dwellings were completed, compared to Q3 2019 figures of 43,080 (15% up from the previous quarter).



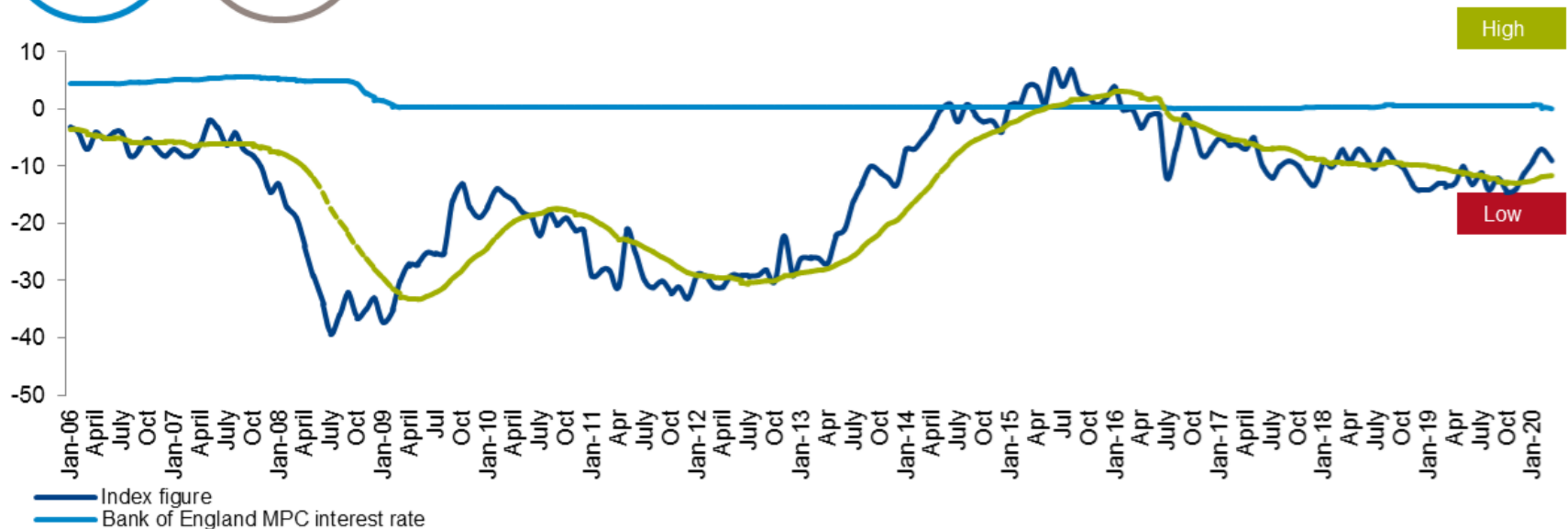
Source: GOV.UK

© GfK

# Macro factors impacting Merchants



## Consumer Confidence Index



The Index Score is calculated using the results of five questions (1,2,3,4, and 8). The mean score from each of these five questions is combined and the Index Score is the average.

© GfK 2020 | Consumer Confidence Barometer | March 2020

# BMF Forecast Report

## Spring 2020 edition



### Builders Merchants Industry Forecast Report

The BMF has released the Spring 2020 edition of its Builders Merchants Industry Forecast.

While Builders Merchants Building Index (BMBI) data, which is provided by GfK and is based on actual sales category performance, has enabled users to see which products and regions are currently growing, the forecast report takes this one stage further to meet the industry's need for accurate forecasting.

The BMF forecast model incorporates several lead indicators to signal future events that will impact our markets.

Using BMBI data coupled with advanced modelling techniques the BMF have developed a channel specific forecasting model to show what is likely to happen in the next 12 months, making it possible for merchants and suppliers to forecast their customers' requirements more accurately.

The report is updated on a quarterly basis, with the Spring 2020 edition available now – and a new forecast will be released in June 2020. The forecast report can be downloaded by BMF members free of charge - once logged in – [here](#).

Non-members can purchase the report by contacting Richard Ellithorne on 024 7685 4984 or email [richard.ellithorne@bmf.org.uk](mailto:richard.ellithorne@bmf.org.uk)



**Builders Merchants  
Industry Forecast**  
2020 - 2022

Spring edition – £195  
Year in Review

The BMF. Building your people. Building your skills. Building your business. Building your voice. Building excellence.



# Contact us

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