

**NEW**  
Now including  
Plumbing & Heating Merchant Index  
See page 2

“building **excellence**  
in materials supply”

# Builders Merchant Building Index



## Quarter 4 2020

(Published 25 February 2021)

# Introduction:

## Plumbing & Heating Merchant Index



Building on the success of the Builders Merchant Building Index (BMBI), we have introduced the new **Plumbing & Heating Merchant Index (PHMI)** on pages 68-82.

PHMI contains data from GfK's ground-breaking Plumbing & Heating Merchants Panel. It analyses data from Plumbing & Heating Merchants accounting for around £3bn representing 75-80% of total value sales to this market. There is no overlap or double counting between PHMI and BMBI sales data.

GfK's Plumbing & Heating Point of Sale Tracking Data is 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 specialist plumbing & heating merchants. It is, in effect, the market.

PHMI trend data is indexed on the 12 months of 2019. Currently, data is available by total monthly value sales and the series tracks what is happening in the plumbing and heating market month by month. This trend series gives the industry access to far more accurate insights than has been available. MRA Research produces the Plumbing & Heating Merchant Index, a brand of the BMF, to provide reliable data, and a platform and voice for this important industry and for leading plumbing and heating brands to communicate to the wider market.

### PHMI Experts

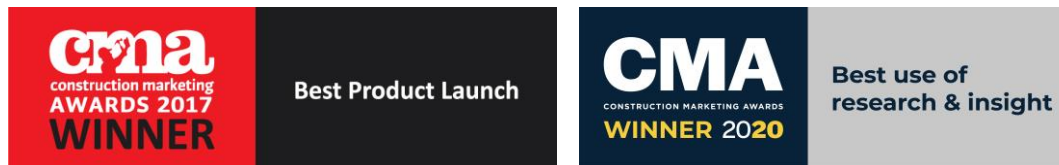
Plumbing & Heating brands who are interested in becoming PHMI Experts and speaking for their markets and building their brands should contact Tom Rigby or Ralph Sutcliffe: [Tom@mra-research.co.uk](mailto:Tom@mra-research.co.uk) / [Ralph@mra-research.co.uk](mailto:Ralph@mra-research.co.uk)

### More data available

This PHMI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and 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 produce like-for-like market comparability tailored to the requirements of an individual business. 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).

# Building the Industry & Building Brands from Knowledge



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# Introduction:

## Builders Merchant Building Index



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.

MRA Research 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: eCommonSense, British Gypsum, Wienerberger, Midland Lead, Polypipe, The Crystal Group, Keylite Roof Windows, Hanson Cement, Keystone Lintels, Knauf Insulation, Talasey Group, Dulux Trade and Lakes. Meet the Experts [here](#) and on pages 23 to 35 of this report.

### Recognition for BMBI

One of the aims of BMBI is to reach across and beyond construction. It's 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 and BMBI is referenced alongside the Office for National Statistics (ONS) data in the Government Department for Business, Energy and Industrial Strategy (BEIS) monthly construction update. From time to time, news outlets, including the BBC contact BMBI Experts and MRA for commentary on the industry.

### 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.

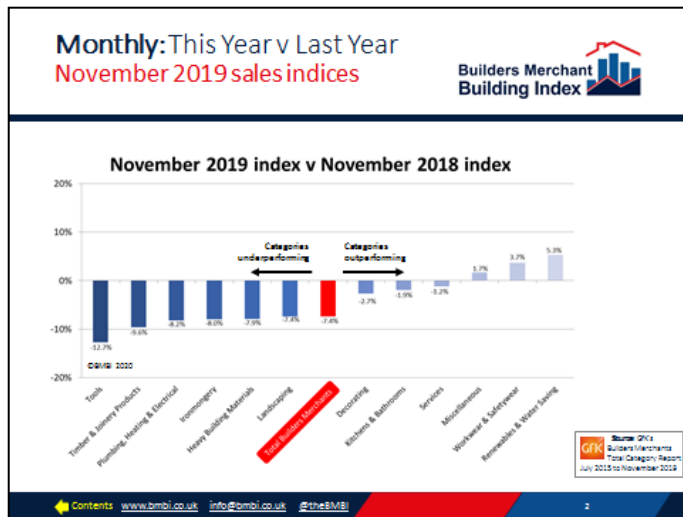
GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or suppliers who are interested in 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).

# Trading day differences explained

BMBI reports track changes in Merchants' performance over a variety of time periods. However, the number of trading days in a period can change how we judge relative performance. More trading days in a month could boost total sales, whereas the level of sales a day could be lower.

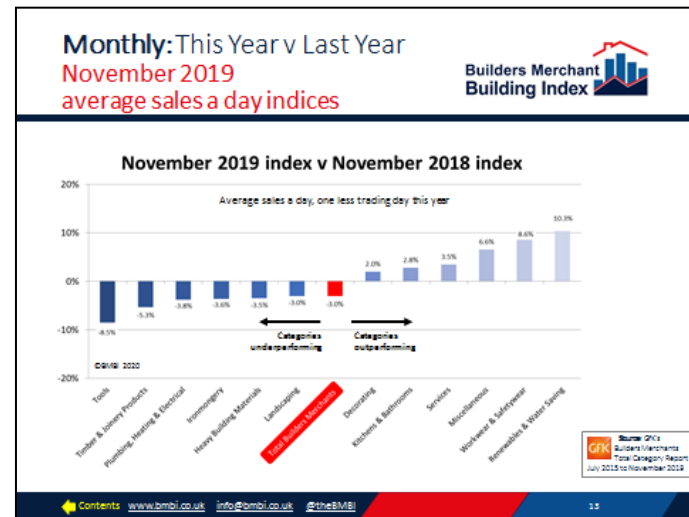
So, it's useful to also show average sales a day so we can compare apples with apples. Where trading days are different, we include two charts for the particular period under review:

## Direct comparison of sales indices:



The first of the two charts directly compares revenue in the two periods, regardless of the number of trading days. Total Builders Merchants sales (the red column) were 7.4% lower.

## Average sales a day indices comparison:



In the second chart, revenue has been divided by the number of trading days. In this example, revenue in November 2019 has been divided by 21 days, the revenue November 2018 by 22 days and the results compared, showing a 3.0% fall in Total Builders Merchants sales activity (the red column) stripped of trading day differences.

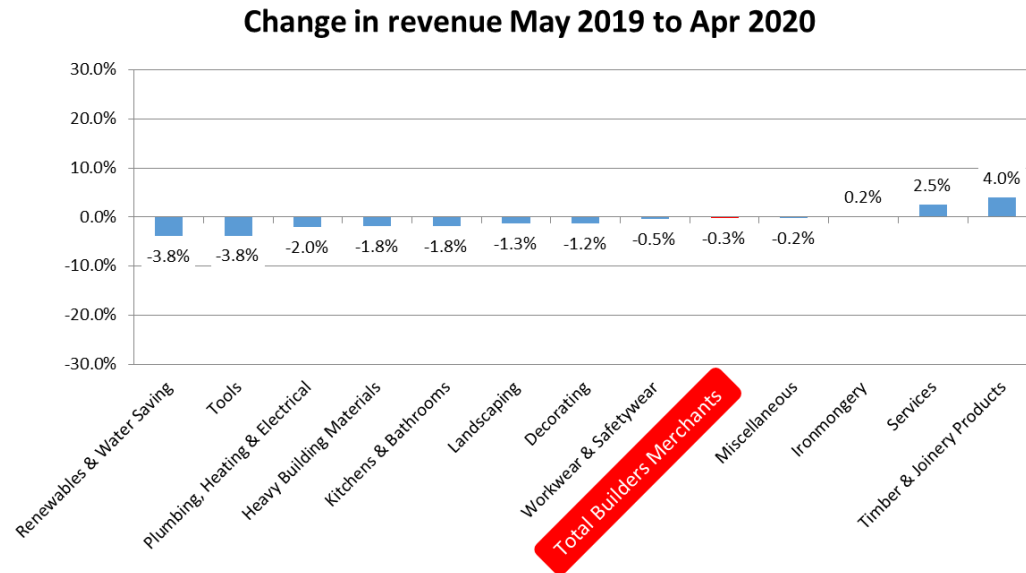
The charts provide two valid views of the same data. Direct comparisons (on the left) show what happened in absolute numbers – average sales a day (on the right) enables trading day differences to be set aside.

# GfK's Builders Merchant Panel update



After almost six years without change, GfK's Builders Merchant Panel, which powers the Builders Merchant Building Index, saw three merchants leave and three join in Spring 2020. A lengthy transition period took place in the background and as a result, data covering January 2019 onwards now reflects the new panel. This has ensured the robust nature of the Builders Merchant Building Index has been maintained.

The overall impact of the changes was very small, with total revenue for the 12 months May 2019 to April 2020 being just -0.3% different to that previously published. Individual categories had mostly small changes, some a little up and some a little down, depending on the mix of sales contributed by the joining and leaving merchants. Small category Renewables & Water Saving was more significant, and only Timber & Joinery Products and Tools among the main categories were appreciably different, as illustrated in this chart.



The tables and charts in this report use the refreshed data from January 2019 onwards. For example, the values between December 2019 and April 2020 in the Indices tables on pages 11 and 36 are marginally different to those in reports published prior to May 2020. The charts on pages 12, 37, and 47-58 incorporate the new values from January 2019 onwards but the differences are relatively small.

Incorporating the new data back to January 2019 has also meant that year-on-year, month-on-month, year-to-date and (from December 2020) MAT comparisons are all calculated using the refreshed data throughout, to ensure accurate reporting – a hallmark of the Builders Merchant Building Index.

If you have questions on the changes email [Tom@mra-marketing.com](mailto:Tom@mra-marketing.com) or [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



Everything noteworthy about the year 2020, the pandemic, and the lockdown has already been said. However, a final review of this year highlights just how well the sector has bounced back from the April lockdown. During Q2 the economic outlook for the remainder of 2020 seemed perilous, but a combination of RMI activity plus relaxed restrictions in Q3, followed by Brexit uncertainty combined with anticipated stock shortages in Q4 turned the ship. The final annual result of a -10.7% value decline seems a lot more palatable taking all of the above into consideration.

After Q2 2020 saw a decrease of -38.6% in value against Q2 2019, Q3 bounced back to see an increase of 1.0%. This positive trend continued into Q4, where growth of 5.4% was seen against Q4 2019. These results therefore paint a tale of two halves in 2020. The first half of the year was down by -23.9% against 2019, with the second half up by 3.0%. Landscaping was the only category to see annual growth against 2019, increasing by 5.4%.

Q4's positive activity was driven by a combination of Timber & Joinery and Landscaping, with these respectively increasing by 12.7% and 22.9% in value against Q4 2019. The Timber & Joinery growth in Q4 was predominantly driven by Timber, with the well documented stock shortages a key driver. Heavy Building Materials also saw a positive trend, increasing by 4.3%.

Interestingly, all other categories saw a decline which could be reflective of the emphasis on essential services and by extension core building materials. These more lightside orientated categories continuously decreased each quarter with Tools and Kitchens & Bathrooms the most affected, seeing annual decreases of -20.2% and -18.1% respectively.

2021 provides realistic hope of a return to normality and an expected economic upswing. Brexit is done and dusted and enables more long-term planning, while the previously mentioned digital transformation of the trade sector should continue at a strong pace.

In Q4 2020  
“...growth of 5.4%  
was seen against Q4  
2019. Q4's positive  
activity was driven  
by a combination of  
Timber & Joinery  
and Landscaping,  
with these  
respectively  
increasing by 12.7%  
and 22.9% in value  
against Q4 2019.”

# Merchants' View

John Newcomb, CEO BMF



The final quarter of this topsy-turvy year brought further evidence of market recovery. This is evidenced in the Q4 2020 Builders Merchants Building Index (BMBI) as well as other market statistics.

The Office of National Statistics (ONS) found construction output in Q4 2020 grew by 4.6% compared to Q3 2020, driven by quarterly growth in both new work (+4%) and repair and maintenance (+5.5%).

Drilling down further into the ONS report reveals that monthly growth in both October (+1.3%) and November (+1.7%) offset a -2.9% fall in December 2020. December's figure was due to output falling in the new-build and infrastructure sectors, while all repair and maintenance sectors remained above the February pre-coronavirus level.

Given widespread site closures during March and April, the ONS found overall output this year fell by -12.5% compared with 2019 – the largest decline in annual growth since 2009 when output fell by -13.2%. While the circumstances around the 2020 pandemic caused a sharper fall, the ONS noted how much quicker the construction industry is recovering in comparison to the 2008/2009 recession.

Both the BMBI and the Construction Products Association State of Trade for Q4 2020 reported a second quarterly increase in sales. However, as co-chairs of the CLC groups monitoring the subject, both organisations are extremely aware of a number of product availability issues which are leading to extended lead times and increased prices. Whether this will have a longer-term impact throughout 2021 remains to be seen.

Meanwhile, Travis Perkins latest survey for its Maintenance and Improvement Index, undertaken in January 2021, confirms the resilience of the nation's tradespeople. Nine out of ten respondents believed their workloads will either increase or stay the same in 2021 versus 2020, with much of that activity geared to higher value projects that reflect "the new normal" such as home office conversions and extensions.

The Covid effect will continue to be felt for some time to come but merchants' trade customers and their clients are adapting to the enforced changes it has brought about, leading me to conclude with a cautious degree of optimism for the coming year.

“The final quarter of this topsy-turvy year brought further evidence of market recovery. This is evidenced in the Q4 2020 Builders Merchants Building Index (BMBI) as well as other market statistics.”

# Quarterly: Index and Categories

Quarter 4 2019\* to Quarter 4 2020

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>Total Builders Merchants</b>	<b>100</b>	<b>105.4</b>	<b>104.9</b>	<b>76.4</b>	<b>124.6</b>	<b>111.1</b>
Timber & Joinery Products	100	111.3	108.5	78.0	133.4	125.4
Heavy Building Materials	100	102.3	102.5	75.1	119.9	106.8
Decorating	100	104.7	101.1	56.3	108.5	99.5
Tools	100	92.2	86.0	41.0	94.4	90.7
Workwear & Safetywear	100	117.4	128.7	67.5	113.7	113.3
Ironmongery	100	113.6	112.9	65.0	123.2	112.6
Landscaping	100	91.2	100.1	138.8	175.5	112.1
Plumbing, Heating & Electrical	100	123.4	118.5	53.9	104.6	116.0
Renewables & Water Saving	100	65.8	76.6	31.5	66.4	62.6
Kitchens & Bathrooms	100	112.8	109.4	48.4	111.6	109.8
Miscellaneous	100	114.9	129.1	63.3	111.0	108.6
Services	100	110.3	104.8	72.8	115.9	107.3

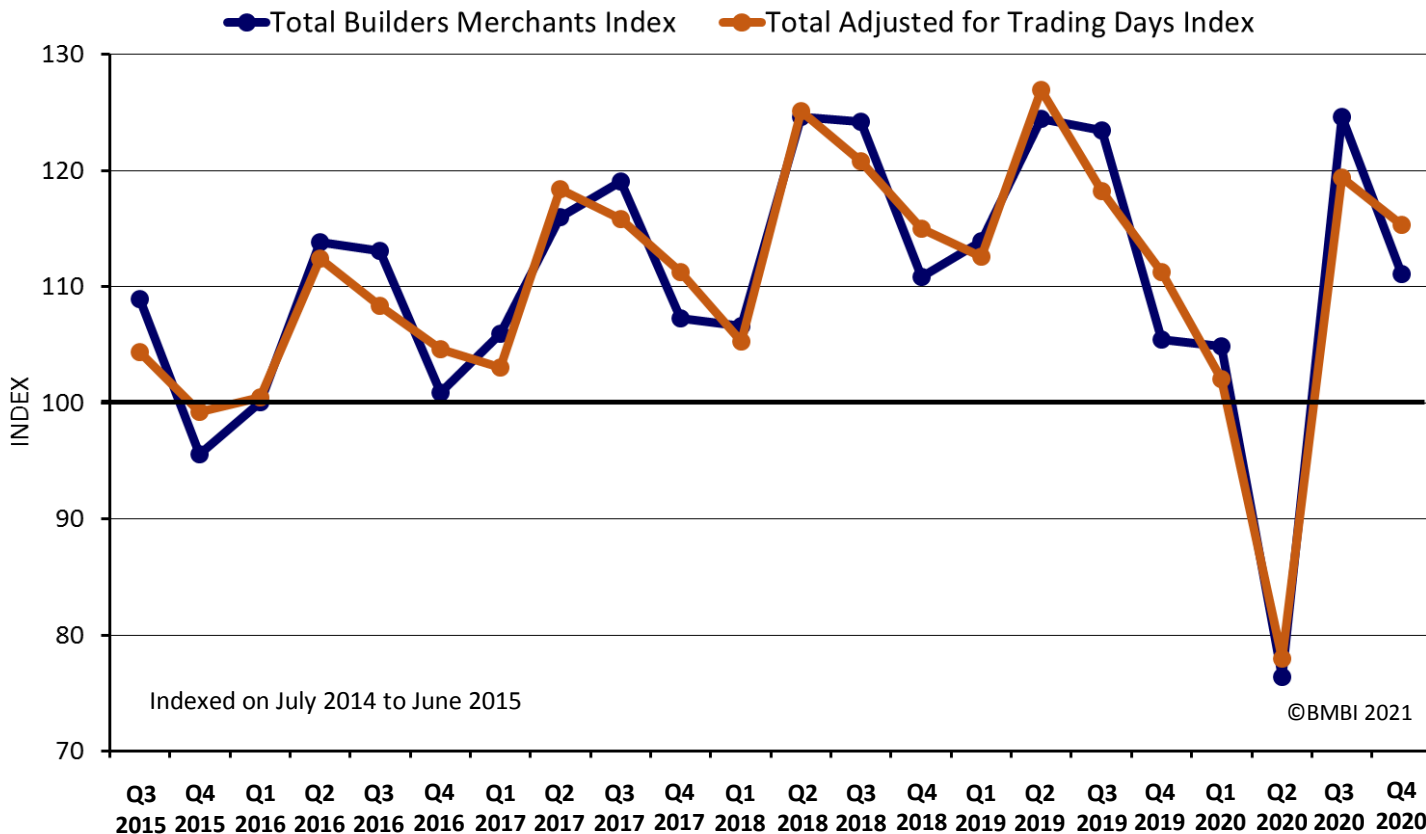
\*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

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

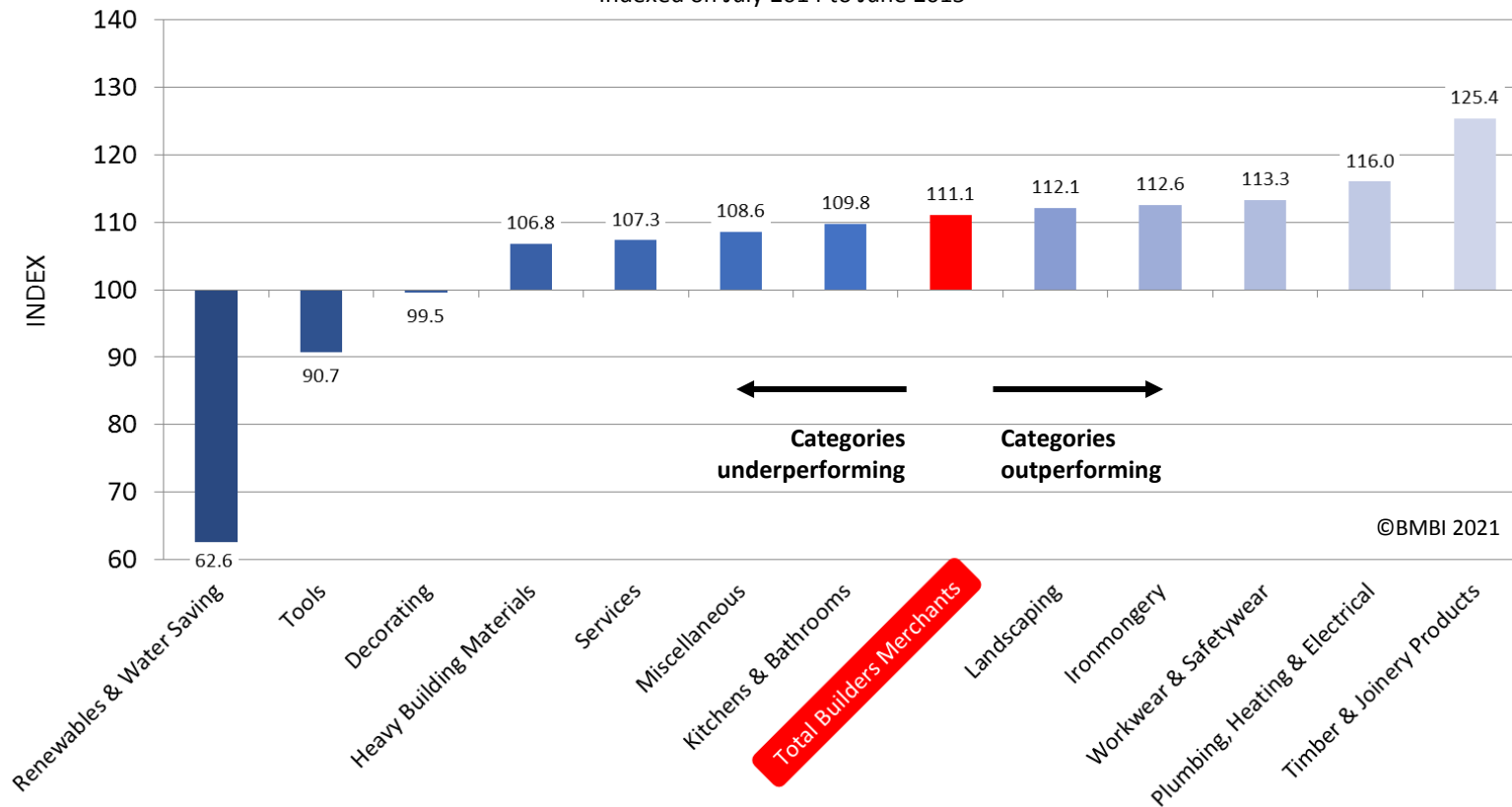
# Quarterly: Index and Categories

Q4 2020 index



## Quarter 4 2020

Indexed on July 2014 to June 2015



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

# Quarterly: Index and Categories

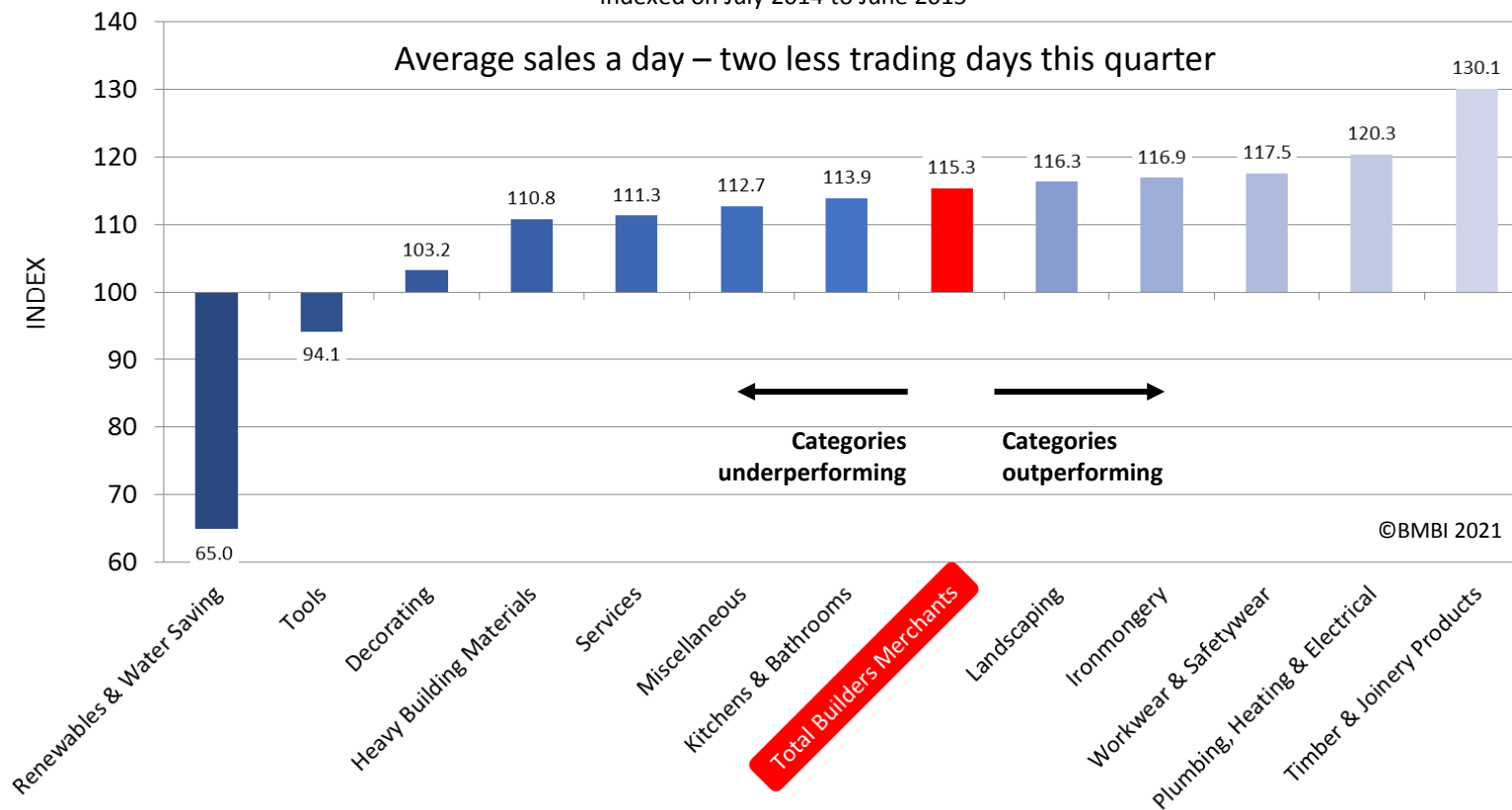
Q4 2020 average sales a day index



## Quarter 4 2020

Indexed on July 2014 to June 2015

Average sales a day – two less trading days this quarter



©BMBI 2021

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

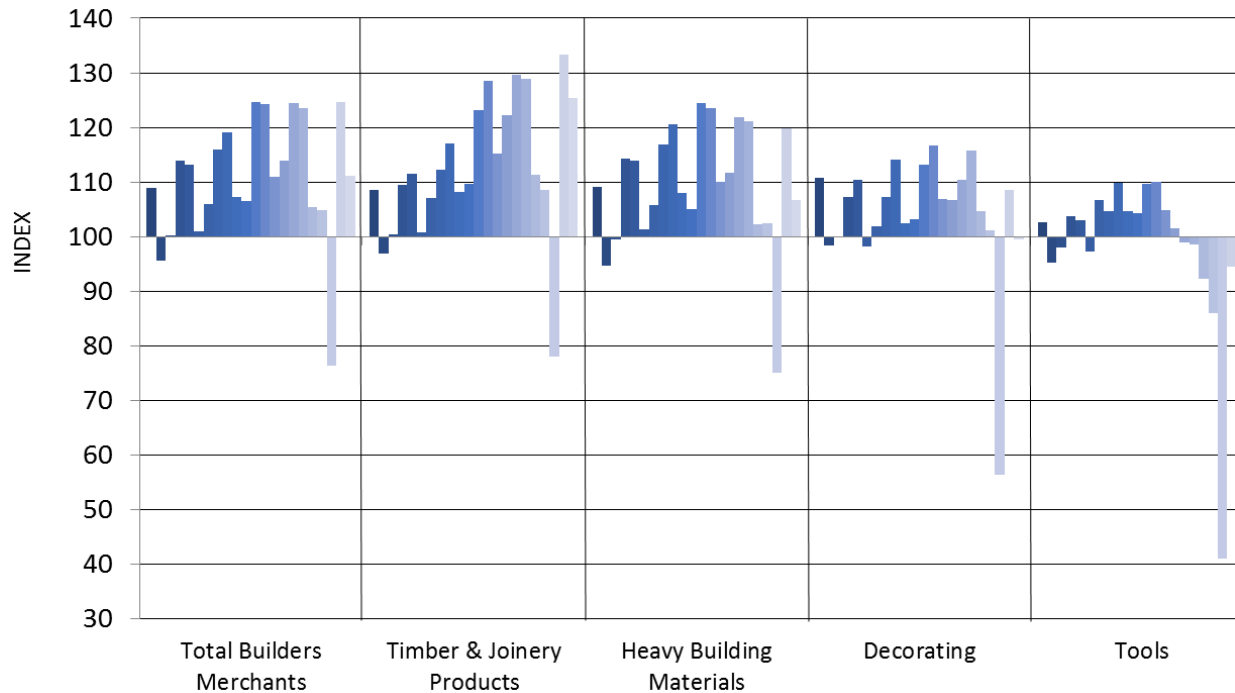
# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q4 2020

- Q3, 2015
- Q4, 2015
- Q1, 2016
- Q2, 2016
- Q3, 2016
- Q4, 2016
- Q1, 2017
- Q2, 2017
- Q3, 2017
- Q4, 2017
- Q1, 2018
- Q2, 2018
- Q3, 2018
- Q4, 2018
- Q1, 2019
- Q2, 2019
- Q3, 2019
- Q4, 2019
- Q1 2020
- Q2 2020
- Q3 2020
- Q4 2020



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

# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q4 2020

- Q3, 2015
- Q4, 2015
- Q1, 2016
- Q2, 2016
- Q3, 2016
- Q4, 2016
- Q1, 2017
- Q2, 2017
- Q3, 2017
- Q4, 2017
- Q1, 2018
- Q2, 2018
- Q3, 2018
- Q4, 2018
- Q1, 2019
- Q2, 2019
- Q3, 2019
- Q4, 2019
- Q1 2020
- Q2 2020
- Q3 2020
- Q4 2020



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



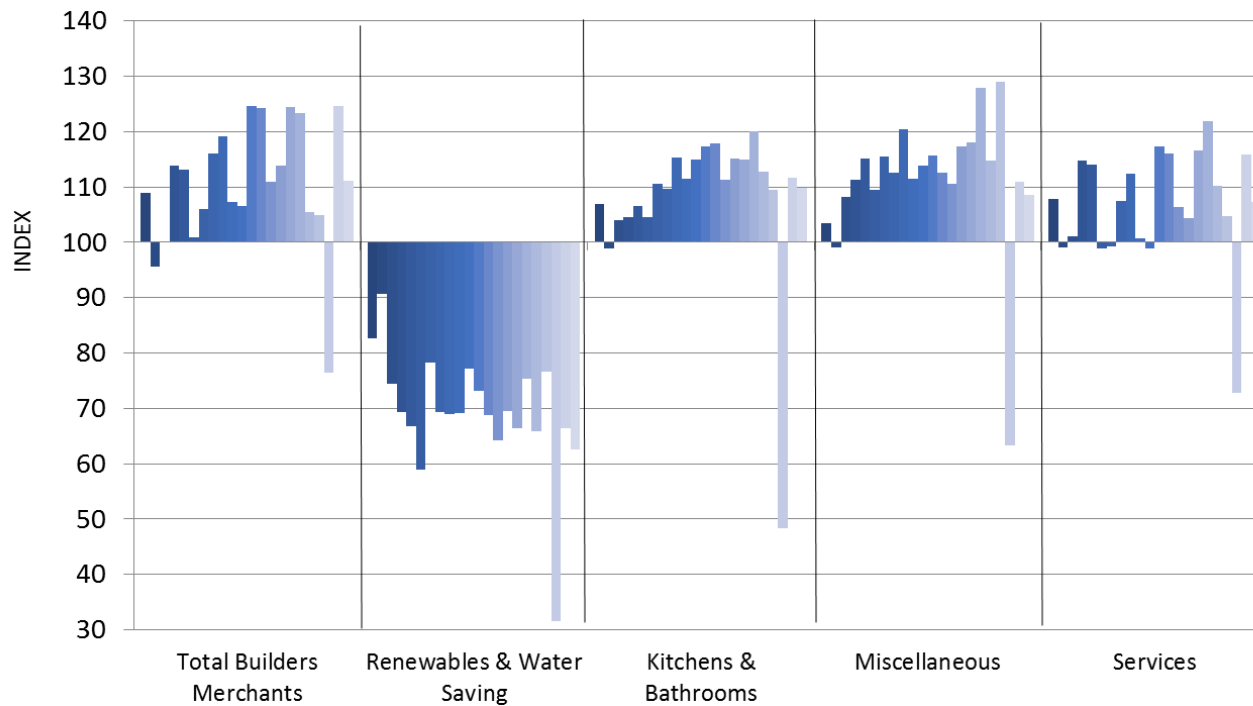
# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices Q3 2015 to Q4 2020

- Q3, 2015
- Q4, 2015
- Q1, 2016
- Q2, 2016
- Q3, 2016
- Q4, 2016
- Q1, 2017
- Q2, 2017
- Q3, 2017
- Q4, 2017
- Q1, 2018
- Q2, 2018
- Q3, 2018
- Q4, 2018
- Q1, 2019
- Q2, 2019
- Q3, 2019
- Q4, 2019
- Q1 2020
- Q2 2020
- Q3 2020
- Q4 2020



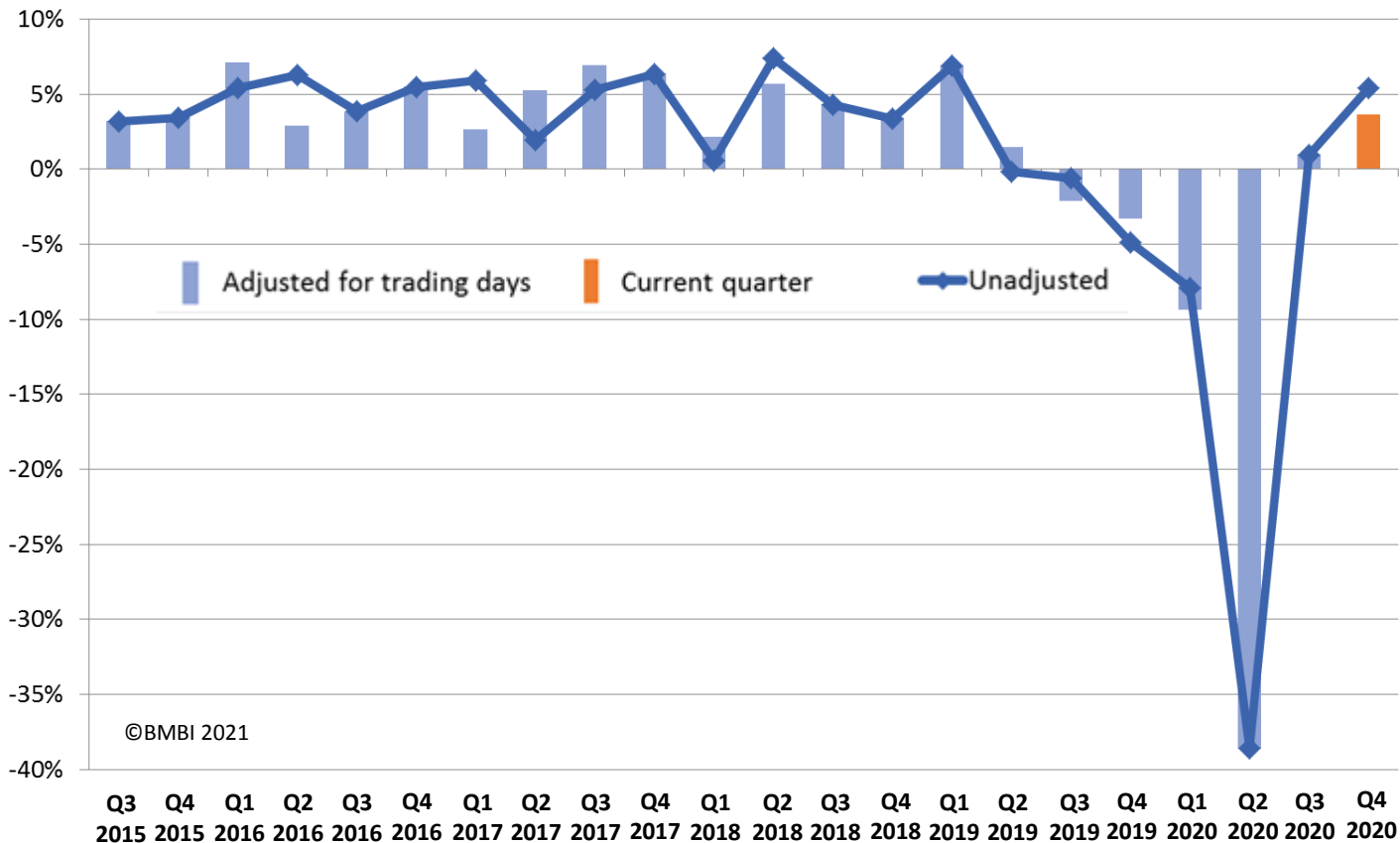
 Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Quarterly: Sales Indices

Adjusted and unadjusted for trading days



## Quarterly Indices: Year on Year



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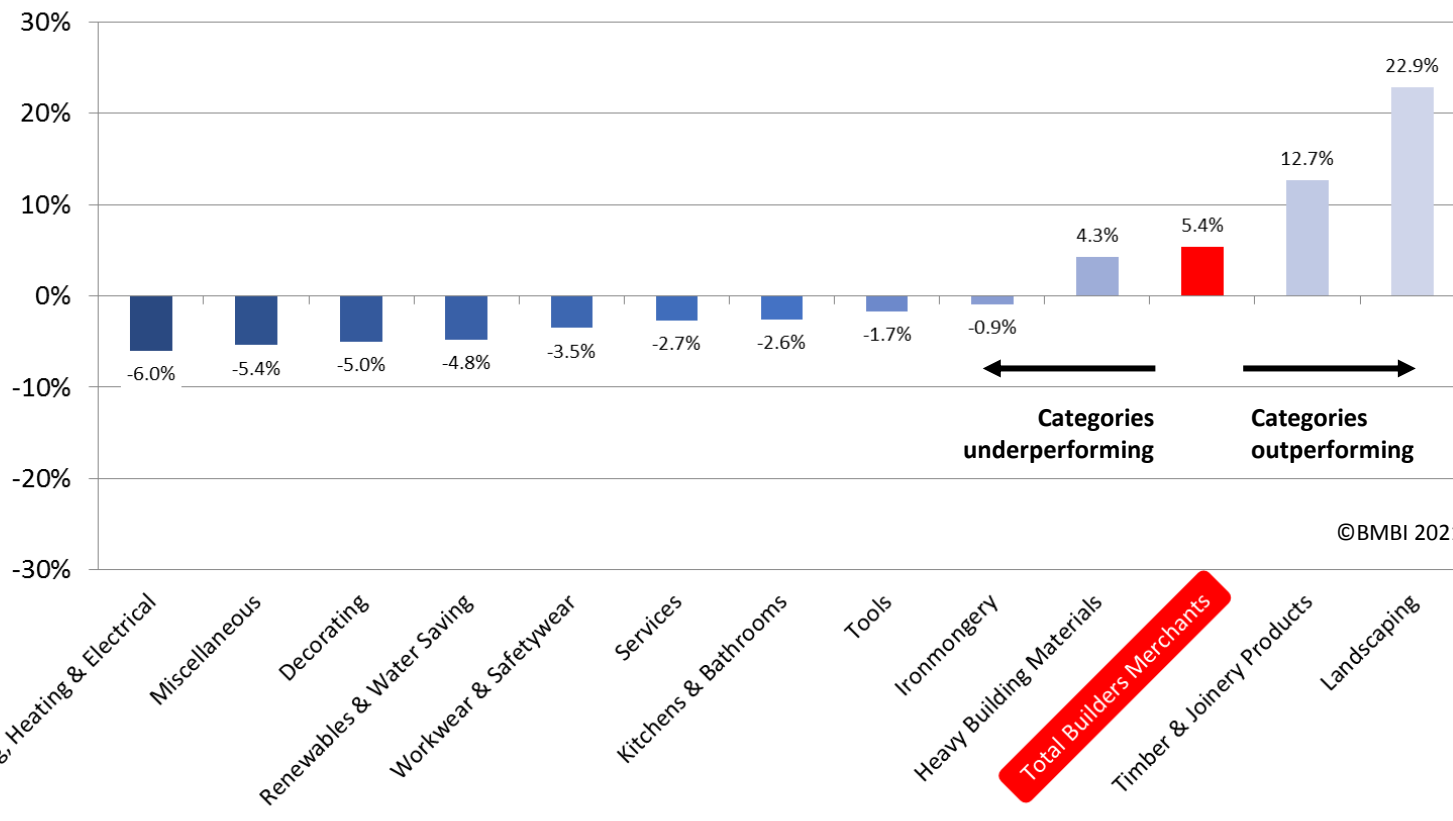
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2020

# Quarterly: This Year v Last Year

Q4 2020 sales indices



## Quarter 4 2020 index v Quarter 4 2019 index



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

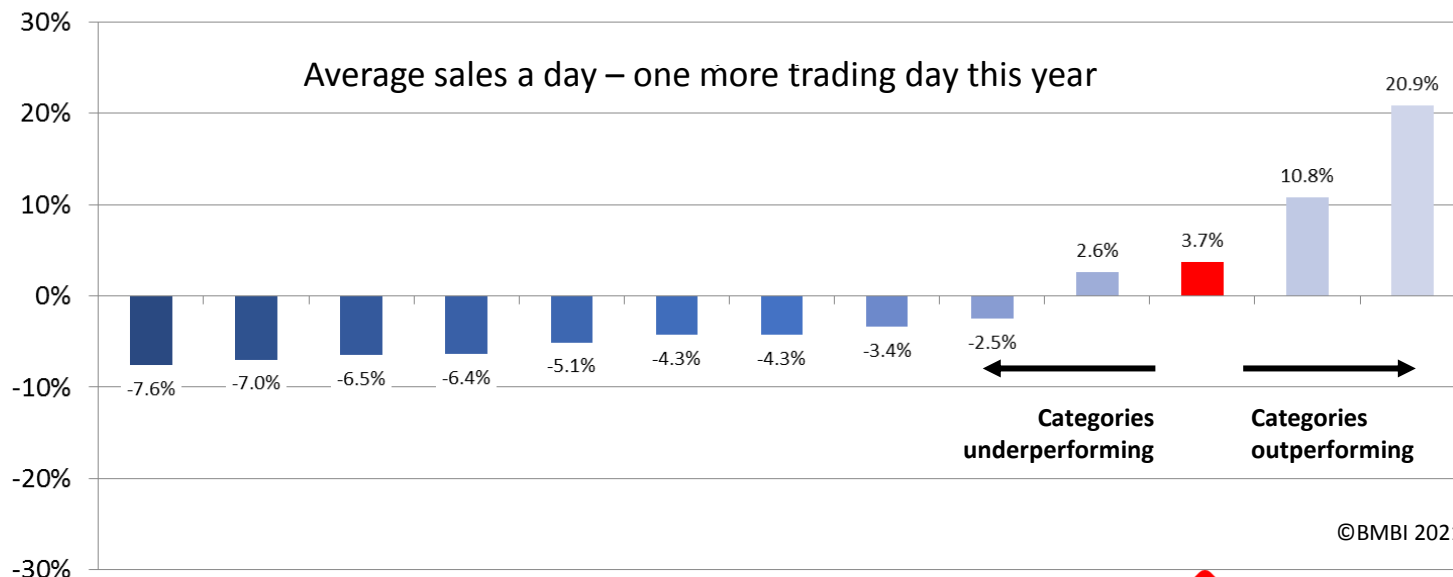
# Quarterly: This Year v Last Year

Q4 2020 average sales a day indices



## Quarter 4 2020 index v Quarter 4 2019 index

Average sales a day – one more trading day this year



Categories underperforming

Categories outperforming

©BMBI 2021

**Total Builders Merchants**

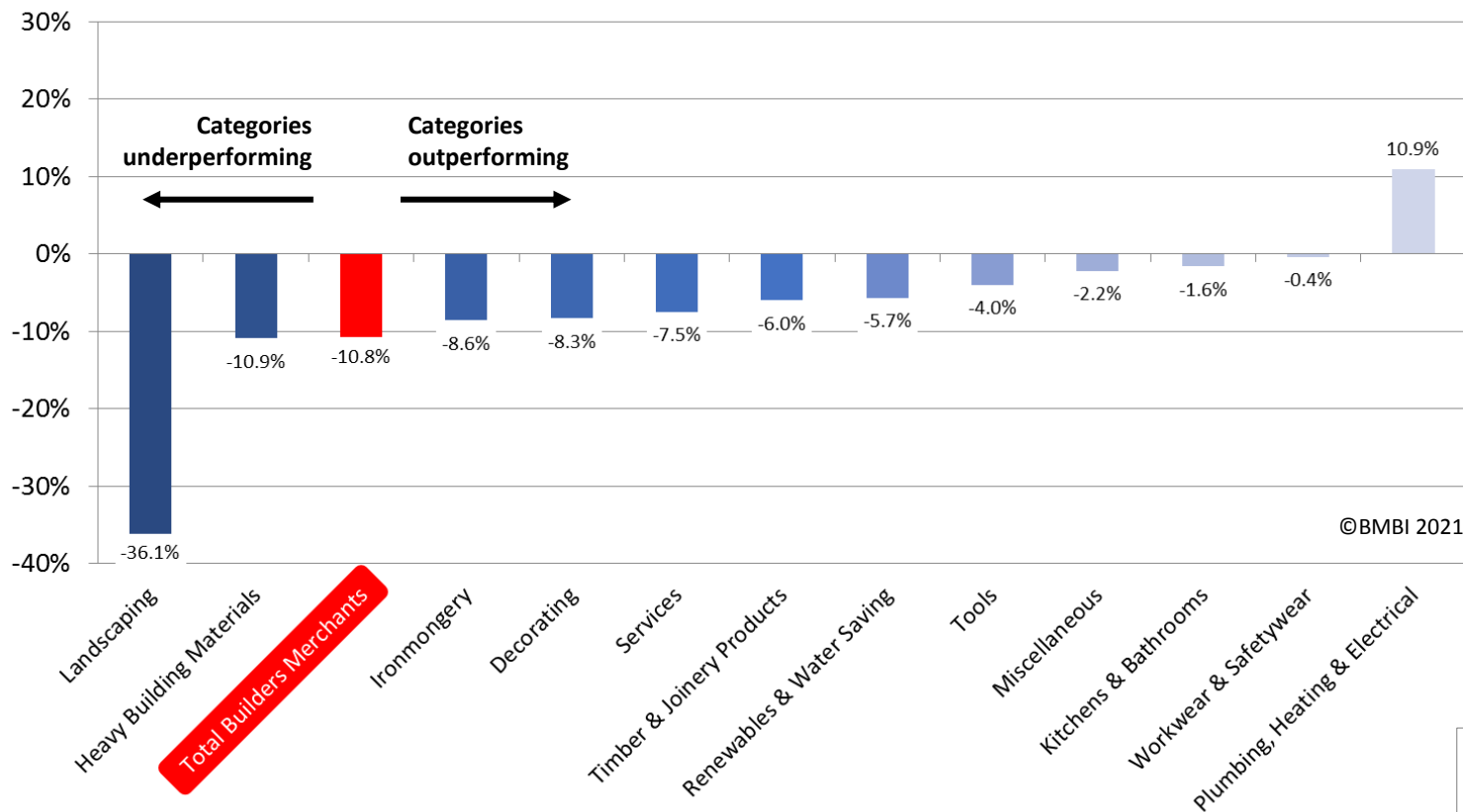
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Quarterly: Quarter on Quarter

Q4 2020 sales indices



## Quarter 4 2020 index v Quarter 3 2020 index



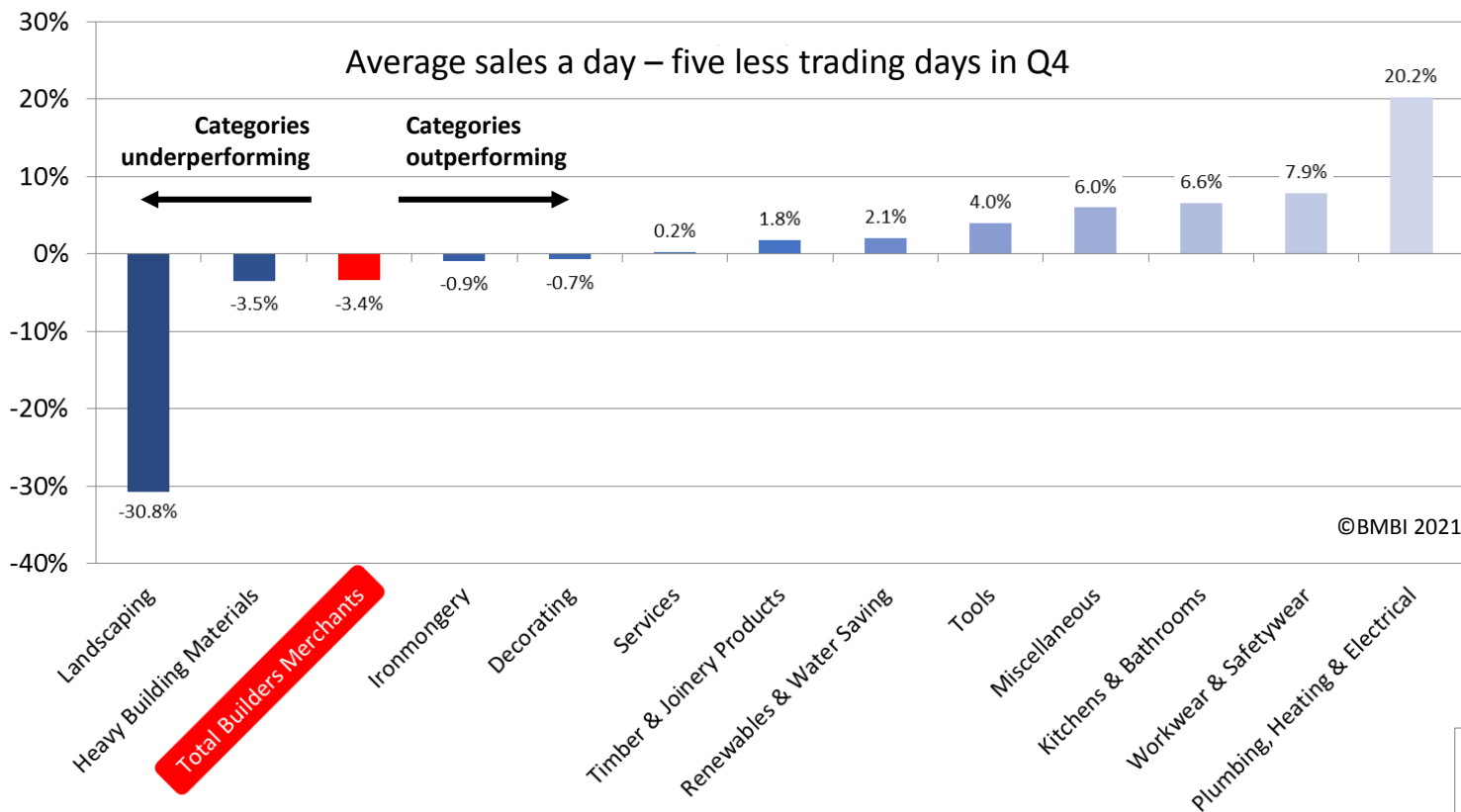
©BMBI 2021

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

# Quarterly: Quarter on Quarter

Q4 2020 average sales a day indices

## Quarter 4 2020 index v Quarter 3 2020 index



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

# Expert Panel

## Website & Product Data Management Solutions



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

Finally, there are signs with the vaccine roll-out that we are coming out the other side. This will create much-needed hope for many builders' merchants. So what should merchants be doing to emerge in the strongest shape possible and take advantage of the opportunities to make sure that their business thrives during 2021?

Research and case studies examining recent recessions and their impacts on companies help provide the answers. The most interesting findings focus on four areas of difference between success and failure: debt, decision making, workforce management, and digital transformation. The main message running through all of them is that recessions are a high-pressure exercise in change management and those that emerge the strongest need to be flexible and ready to adjust.

During the recessions of 1980, 1990, and 2000, a Harvard Business Review article\* showed how 9% of companies didn't just recover in the following three years, they flourished, outperforming competitors by at least 10% in sales and profit growth. The reason was down to one factor: preparation. Firms that made contingency plans or thought through the possible scenarios, fared best. Those who make deep cuts and switch to survival mode in recession are the slowest to recover.

History shows that downturns encourage the adoption of new technologies, but many merchants are asking if they should invest in new digital technologies when money is tight? One reason is that digital makes companies more agile and therefore better able to handle uncertainty. For merchants, digital creates more flexibility around product and volume changes and, importantly, it opens new markets.

One example that supports this strategy has been the emergence of strong growth in retail spend which is predicted to continue with many households holding excess cash for home improvements as they get ready for the post-lockdown party. Most of this spend has come through online and those with high-performing, optimised eCommerce operations have fared the best.

McKinsey warns that investment in digital transformation can create wide performance gaps between companies. Merchants who fail to invest in digital transformation may find those gaps insurmountable.

\*Harvard Business Review article : <https://hbr.org/2019/05/how-to-survive-a-recession-and-thrive-afterward>

“...many merchants are asking if they should invest in new technologies when money is tight? One reason is that digital makes companies more agile and therefore better able to handle uncertainty.”

# Expert Panel

## Drylining Systems

(Part of Heavy Building Materials)



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

2020 was a rollercoaster but with clear guidance from the government, we've been able to keep our mining and production facilities open since the end of April, carrying out rigorous reviews of health and safety procedures to evolve and ensure compliance with the latest COVID guidelines. We've adapted well to the new normal, proud to be playing our part in helping the economy to recover from the impact of the pandemic, and we ended the year with a strong performance.

A Brexit deal was finally signed, but there were no last-minute negotiations for us. We'd spent three years preparing so there is minimal disruption to the supply of raw materials and drylining system accessories. We also carry additional stocks of production equipment typically imported in the event of machinery malfunctioning. We've taken steps to ensure our business remains robust, focussing on three key areas: product availability, customs clearance and product legislative compliance.

To overcome customs delays, we have an automatic clearance system to ensure the movement of materials and other goods is as seamless as possible. All our materials and products are compliant with current EU regulation. As UK specific guidance develops, we will adhere to all UK legal requirements.

In response to the Hackitt review, the government announced a new national construction products regulator to ensure homes are built from safe materials. The Construction Products Association (CPA) launched an industry-wide consultation into its proposals for a new Code for Construction Product Information (CCPI) to establish a benchmark for how product information is presented and marketed. The consultation is open from February 1st to 31st March. Click [here](#) to find out more. We were part of the CPA's Marketing Integrity Group (MIG) that helped to develop the proposed code and would urge all construction product manufacturers to review and respond to this consultation. Ensuring construction product information is clear, accurate, up-to-date, accessible and unambiguous is a fundamental step forward in ensuring the safety of buildings.

As the roll out of the COVID vaccination programme gathers pace, with construction workers set to receive the vaccine by late Spring, there is cause for optimism for 2021.

“In response to the Hackitt review...The CPA launched an industry-wide consultation into its proposals for a new Code for Construction Product Information (CCPI). We urge all construction product manufacturers to review and respond to this consultation...”



# 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.

With the majority of sites open and supply chains functioning under health and safety restrictions, our industry is now having to deal with the challenge of increased absenteeism brought on by higher numbers of positive tests and their resulting self-isolation requirements. Added to this, we now have to cope with the growing severity of local lockdowns imposed to limit the spread of new Covid variants. Asking already stretched workforces to provide cover and perhaps work longer shifts while they also deal with family issues requires careful, sympathetic management.

Businesses also need to be aware of the personal impact of long-term isolation. Virtual platforms are life-savers, but they filter those human exchanges that are an essential part of a healthy and balanced working life. Bad weather confinement amplifies these effects. Hopefully with spring around the corner, the opportunity to get out and interact more normally will lift everyone's spirits.

Civils activity is steady with quote and order books looking strong in Q1 2021. Bad weather is of course a concern at this time of year, but no significant delays have been reported.

As the Covid crisis rolls on, so the monetary value of urban green assets and the need to justify their creation and maintenance remains vitally important, but it's being overtaken to some degree by wider ambitions set by politicians and high profile organisations. With the built environment responsible for around 40% of the country's carbon load, we must all align ourselves to these ambitions. Responsible materials sourcing, packaging, recycled materials, and on-site renewables are areas where there is scope for innovation - but these must be supported by changes in construction practice and building standards.

Data will be the key to change. As the industry develops towards achieving sustainability goals, we need to trust the information we work with. Post-Grenfell, the CPA has been developing a Code for Construction Products Information that will address shortcomings in data and create a level playing field for all manufacturers, particularly in testing, certification and marketing. We look forward to reviewing the first draft of the Code which is out for consultation in Q1 2021.

“As the Covid crisis rolls on, so the monetary value of urban green assets and the need to justify their creation and maintenance remains vitally important, but it's being overtaken to some degree by wider ambitions set by politicians and high-profile organisations.”

# Expert Panel

## Lead

(Part of Heavy Building Materials)



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

Following a turbulent 2020, the last three months have affected every business, wherever they are in the construction supply chain. With so much uncertainty, many businesses had a plan A and a plan B, and then when the time came, plan C was implemented. Impossible to plan but in practice, businesses applied flexibility and resilience. There is no better way of describing how collectively we managed and adapted.

We can't underestimate the fact that businesses helped each other too including staff, suppliers and customers. Our staff continuously adjusted and supported each other; our suppliers kept us updated to potential supply problems; and our customers have been patient and understanding. It was true flexibility and resilience.

The construction sector remained open and reacted quickly to new working practices, even when the third national lockdown was announced. Manufacturers invested in e-commerce so customers could maintain and promote sales online.

However, many challenges that construction will face won't be resolved quickly, including the shortage of labour, which continues to be a major problem. It's a challenge the industry needs to address urgently.

Extended lead times and access to raw materials, coupled with the 'teething problems' of logistics and movement of goods has impacted the whole construction supply chain. We would expect this to settle down over the next twelve months as we continue to acclimatise.

Price increases due to Brexit, and added costs as a result of Covid restrictions, will have a knock-on effect to the supply chain and 2021 will be time to re-group and consolidate. We remain focussed on the customer, but also on the welfare of our staff, sustainability and investing in our business.

My last comment is about the reputation of our market, which shouldn't go unmentioned as the CMA investigation is still not concluded around the two manufacturers in our sector. Competition is good for everyone - it encourages innovation, better customer service and ethical practices. But we must always uphold the integrity of best business practices and not bring our industry into disrepute, no matter what challenges we face.

“Price increases due to Brexit, and added costs as a result of Covid restrictions, will have a knock-on effect to the supply chain and 2021 will be time to re-group and consolidate.”

# 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 end of 2020 saw continued high demand for brick and tile products across the market, resulting in a strong finish in Q4 to round off a COVID-impacted year.

Brexit also kept us busy. We took the best mitigating actions we could against the potential risks, whether moving shipments away from vulnerable routes, increasing inventory of machinery parts for repairs and maintenance, or establishing trading accounts with the Customs Declaration Service. It was a phenomenal effort from an already stretched supply chain to prepare for what felt like 'the unknown'.

The outlook is still uncertain. We await the results of the full year impact of the Stamp Duty Holiday, however since its introduction in July 2020, the UK property market has risen. Provisional data available at the time of writing shows almost 130,000 property sales went through in December 2020, up 32% year-on-year.

In Q3, according to the ONS, housing starts were up 111% and dwellings completed up 185% on Q2 when lockdown restrictions were much tighter. We await more recent figures, but indicators suggest it was a positive finish against both these metrics.

The attraction of 'improve not move' continues too. As the nation faces up to a potential second summer of cancelled holidays, this shows no sign of abating and we expect the demand for RMI projects to continue.

There are further spots of optimism ahead too, as we look to the Government's response to consultations for the new proposed Part L and Part F Building Regulations on New Dwellings. The Government's roadmap continues, focusing on energy efficiency, carbon reduction and future proofing new homes, with a drive to ensure net zero greenhouse gas emissions by 2050. Although the roadmap is behind schedule there is now a clear path forward.

Following the consultation process, the cornerstone of the new Part L 2021 will be a fabric-first approach forming the transition into the Future Homes Standard. This provides excellent opportunities for manufacturers of construction products to optimise their role in the provision of fabric and materials to contribute to the targets. The next area to target will then be improvements to existing homes.

“The end of 2020 saw continued high demand for brick and tile products across the market, resulting in a strong finish in Q4 to round off a COVID-impacted year. Brexit also kept us busy.”

# Expert Panel

## Cement & Aggregates

(Part of Heavy Building Materials)



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

Despite a roller-coaster of a first half, 2020 ended strongly for many manufacturers and stockists. In construction, the RMI (Repair, Maintenance & Improvement) and housing markets benefited most.

A second lockdown triggered huge growth in home improvements including repurposing rooms, garage conversions, house extensions, and well-appointed sheds as homeowners and families adapted quickly to a new way of life. The Government's stamp duty scheme also boosted the market. According to Nationwide, house prices climbed 7.5% in 2020, the highest growth rate for six years.

According to the Mineral Products Association, sales volumes of asphalt and aggregates dropped 8.6% and 10.5% respectively in 2020 compared to 2019. Demand for ready-mixed concrete (RMC) and mortar was most impacted, with sales volumes down 18.5% and 23.5% respectively over the same period, mainly due to construction site closures during the first lockdown. However, demand improved during the second half of 2020, with volumes picking up faster than expected in Q3 and continuing to grow. Q4 quarter-on-quarter volumes increased 9.1% for RMC, 7.8% for aggregates, 5.5% for asphalt and 3.1% for mortar.

We forecast continued growth in 2021. The Government's strong support for construction, and its focus on national infrastructure projects, including nuclear, rail and road, will drive demand for core aggregates and cement. Barbour ABI identifies 700 major projects worth £300 billion over the next five years.

While the UK is leading with its vaccination programme, the pandemic and the challenge of managing Covid infections will be with us for some time. The industry has been quick to implement robust measures for safe working so production facilities remain open, but it's important for business, our mental health and wellbeing that we get back soon to interacting normally with people. Teams, Zoom and other video software have changed how we communicate, and they have shown us how we can be much more productive, but not everything works well virtually. Networking events and meeting people remains an important part of our industry and are essential for establishing and building customer relationships. We look forward to resuming safely the human, personal and social side of lives from summer onwards!

“The Government's strong support for construction, and its focus on national infrastructure projects, including nuclear, rail and road, will drive demand for core aggregates and cement.”

# Expert Panel

## Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



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

Leaving the EU with a last-minute deal made supply problems more difficult, but it didn't create the worldwide shipping problems which are affecting availability and prices.

As Covid spread across the world at the end of Q1 2020, there were widespread lockdowns. So shipping companies left ships in ports around the globe, along with sailors and containers. Anticipating a slow recovery, they also cut capacity. Now, a shortage of containers worldwide and unexpected, unprecedented demand is creating bottlenecks in many ports and driving prices skyward.

In normal years, companies importing from China order well ahead of the Chinese New Year to ensure continuity of supply. New Year is a big event with factories closing from 11<sup>th</sup>-17<sup>th</sup> February. This year UK importers ordered more, anticipating a hard Brexit.

UK container ports such as Felixstowe and Southampton bottlenecked in January. With containers waiting to be shipped or hauled away by road, and many stocked full of PPE supplies just waiting, there's little room to unload ships. Seeing long queues of ships waiting to unload, other ships sailed on to other ports and looked in on the way back. Some freight forwarders refused to ship to the UK until it returned to normal, while carriers were reluctant to take bookings for the UK because of the congestion. Container freight rates (for a 40ft High Cube) have rocketed in response, reaching \$15,000 by the end of January 2021, from \$1,675 in August 2020.

In response to these extraordinary costs, some companies are sweating stocks, gambling that container rates will have come down by the time they need to resupply. According to Maersk and Hapag Lloyd, that's not likely in the short term, so those businesses are likely to have supply problems in Q2 2021. Others are adding temporary surcharges which will be removed when rates return to normal.

Aside from supply problems, demand for bathroom products is constrained by the closure of showrooms during lockdown. However, merchants and retailers without transactional websites can use online showrooms, such as Lakes Online Showrooms, embedded on their websites to generate and respond to demand. Customers can browse remotely and contact staff directly to ask questions or place an order. Selling doesn't have to stop because showrooms close.

**“A shortage of containers worldwide and unexpected, unprecedented demand is creating bottlenecks in many ports and driving prices skyward. In response to these extraordinary costs, some companies are sweating stocks...others are adding temporary surcharges.”**

# Expert Panel

## Paint

(Part of Decorating)



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

Q4 was dominated again by BREXIT, deal or no deal, COVID, and the ongoing demand surge for decorative finishes.

With BREXIT, quite rightly, many merchants were seeking clarity on anticipated supply challenges, comfort on continuity of supply, and the options to stockpile, the latter putting more pressure on an already squeezed supply chain.

Thankfully, we got a deal and our own BREXIT team had taken the appropriate steps to have processes in place to help us with classification, labelling, import and export declarations, and REACH regulations amongst other things.

For the Trade paint market, Q4 continued with the amazing recovery we saw in September. Lockdown measures as we know relaxed around construction sites and allowing trades into properties. This helped drive December year-on-year growth above 20%.

For the full year, Trade paint exited 2020 down 2% year-on-year, with Retail paint growing in excess of 20% year-on-year. Covid-19 has significantly shifted the dynamics of both trade and retail with data suggesting consumers purchased 29 million litres more in 2020 than 2019. For the first time in a number of years, the retail market was bigger in volume than Trade. That's probably not a surprise as Trade Merchants were mostly shut in the early part of lockdown 1, and consumers wanted to freshen their homes and their new home working environments.

We conducted a small survey of applicators in December and asked them how far out their order book was. Fifty percent had an order book further out than two months, 23% had 1-2 months of work booked, but 27% had less than one month or no work at all. It really is an unknown as to how the market will perform in 2021. We do know that challenges on supply will continue at least in the short term. Packaging suppliers are facing their own challenges as their supply chain is squeezed, and we monitor closely raw material supply as Covid, and Brexit continue to pose challenges.

We all deserve a better 2021!

“For the Trade paint market, Q4 continued with the amazing recovery we saw in September. Lockdown measures as we know relaxed around construction sites and allowing trades into properties. This helped drive December year-on-year growth above 20%.”

# Expert Panel

## Roof Windows

(Part of Timber & Joinery Products)



### **Jim Blanthorne Managing Director of Keylite Roof Windows is BMBI's Expert for Roof Windows.**

The year 2020 must go down as one of the most uncertain years of all time and the uncertainty continued right up to the wire in Q4, with Brexit and Covid competing to be the most disruptive. However, while Brexit and Covid related angst ruled the headlines, the UK construction and RMI sectors showed remarkable resilience in the face of continued restrictions. The fact that demand remained so strong is to be celebrated in these difficult times.

Demand was fuelled by a combination of revealed need and accumulating funds to satisfy that need. With a large proportion of the working population sent home to work, or furloughed, often sharing their too small living spaces with young children, homeowners' priorities shifted rapidly to improving the comfort and convenience of their living spaces, including rooms in the roof. Unable to spend on holidays and entertainment, bank balances of some have continued to swell. By December, the Bank of England reported over £100bn in their bank accounts. Currently, this is estimated to have grown to around £125bn, and forecasts suggest it could be £250bn by July.

There were well documented supply issues, with manufacturers battling to meet strong demand due to factors ranging from severe disruption in Global shipping to Covid related staff absences. This will inevitably flow through in material prices, with timber in particular continuing to pose challenges.

As a multi-national business with operations in Northern Ireland, Poland, and the UK, Keylite Roof Windows prepared comprehensively for Brexit, and all those preparations stood us in good stead. Strict Covid controls also remained in place across our operating sites to ensure we kept our people safe and our supply uninterrupted.

Our sales teams also adapted to new ways of working, getting busy on the phones and video calls. We were rewarded with exceptional sales demand, with double digit growth in Q4 over the previous year. December was particularly strong, driven by merchant customers stocking-up to avoid potential Brexit related disruption as the end of the transition period approached.

As we enter 2021, the market remains strong. Shipping challenges are abating, and we continue to build stock in support of what we expect to be a strong year.

“December was particularly strong, driven by merchant customers stocking-up to avoid potential Brexit related disruption... As we enter 2021, the market remains strong. Shipping challenges are abating, and we continue to build stock in support of what we expect to be a strong year.”

# 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.

Adapting businesses to keep construction going has not been without challenges. There was some nervousness with the extension of lockdown, but performance has been very encouraging and the RMI sector is buoyant. For Crystal, 2021 started really well with January order generation over 30% up year-on-year. The year ahead looks promising too.

The second half of last year was stronger than the first. Those fortunate enough to keep their jobs spent money on their homes. Online and DIY sector sales have been phenomenal. We benefited particularly from this activity, yet all our routes to market performed well: construction, home improvement and DIY.

In the second half of 2021, no longer under lockdown, home spending may ease as people look to spend elsewhere. But forecasts suggest otherwise, especially if there's a boost from the continuation of the Green Homes Grant. We're pushing for the inclusion of double glazing as a primary measure. Currently it's a secondary measure that can only be included after the purchase of a primary measure such as insulation. There is a lot of older double glazing in the UK that could be sensibly replaced to improve an individual home's thermal performance and the UK housing stock's energy efficiency.

Two issues inhibit take up of the Green Homes Grant. Lack of customer awareness, and the qualifications and approvals required by an installation company to be accepted. As they're already busy, and they take time, effort and money to get, they may not apply. It needs to be promoted strongly if it's to succeed.

Supply chain issues are moderating, and lead times are improving. As others, we faced a number of challenges in 2020 and came through them all by:

- Securing our supply chain with increased focus on projections, priorities and buying agreements.
- Investing in machinery to improve productivity and capacity.
- Upskilling to cope with a range of Covid-related adaptations.
- Outsourcing logistics to make us more agile.

Whatever was thrown at us, we faced it as a business and a sector, and are stronger as a result.

“The second half of last year was stronger than the first. Those fortunate enough to keep their jobs spent money on their homes. Online and DIY sector sales have been phenomenal.”



# Expert Panel

## Steel Lintels

(Part of Heavy Building Materials)



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

Q4 2020 delivered a strong performance to close the year off. Steel lintel sales achieved double digit growth on Q4 2019, driven by a stimulus of accelerated purchasing ahead of the Brexit deadline. On further analysis, this is fairly evenly split by the volume house builders calling off additional material, and steel lintels for merchant stock yards' over the counter business.

We have to be thankful that the construction sector remains open, in what have been very distressing times for many loved ones, and very challenging times managing social distancing and positives tests at places of work. This will remain a challenge for 2021.

We are seeing the raw material steel prices for steel lintels increase at rates never seen before, and the future market shows no sign of this receding. This is not necessarily a result of Brexit but is more linked to production cuts in 2020 driven by worldwide lockdowns in response to Covid. We remain watchful on availability, specifically in relation to the levels of steel production across Europe and steel demand. The roll out of vaccinations in Britain is a positive, and we also need our European neighbours to increase the intensity of their vaccination programmes if we are to obtain all the building materials we need in the UK.

Hi-thermal performing lintels with accreditation are the future. At last the new building regulations have been agreed with Part L requiring a 31% improvement in CO2 targets. Critically for the environment, 'Fabric First' remains the acknowledged improvement strategy. Fabric First means improving the fabric of the building first before reaching for costlier and less efficient solutions. This is due to be implemented in June 2022, and any plot with current regulations not 'started' within one year will need to be updated to the new building regulations. With tighter quality control requirements from Building Control, we expect the larger sites will switch quicker than we have previously experienced with Building regulation changes.

“Q4 2020 delivered a strong performance to close the year off. Steel lintel sales achieved double digit growth on Q4 2019, driven by a stimulus of accelerated purchasing ahead of the Brexit deadline.”

# Expert Panel

## Mineral Wool Insulation

(Part of Heavy Building Materials)



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

If Q3 saw a rebound in Mineral Wool demand after the first lockdown, Q4 picked up where we left off. A strong housing market helps: the stamp duty holiday means more people moving, and prolonged periods at home has encouraged renovation. The housing market may cool as the holiday deadline approaches, but we expect demand for Mineral Wool to remain high into 2021.

This year we expect to see a renewed focus on building sustainability, and rightly so, especially with the UK hosting the UN Climate Change Conference. In the previous BMBI report, I wrote about the big imminent changes to the regulatory landscape around energy efficiency, and we're now in the final consultation stages for Part L 2020, due to come into force early next year.

This time, I want to talk about another important aspect of sustainability: the environmental impact of construction products. Why? Because we can only create low-carbon buildings if we reduce the industry's carbon footprint.

Merchants have their own role to play in making our industry more sustainable, but when it comes to product choice, what should they do? The longer answer is to take a closer look at manufacturers' environmental footprints. Look at the materials they use. What proportion are recycled or come from abundant natural resources? Are any oil-based, or do they contain harmful chemicals? And are the products packaged and distributed to minimise waste and road miles?

The short answer is simply to partner with manufacturers who take sustainability seriously. In my view, that means businesses that have made firm commitments to address their environmental impact, with clear targets. Progressive manufacturers will make this information readily available to merchants and their customers through Declaration of Performance documents, for example.

Low-carbon construction is inevitable. In the future, merchants will play a key role in supplying the right products to help their customers create energy efficient buildings with minimal environmental impact.

“If Q3 saw a rebound in Mineral Wool demand after the first lockdown, Q4 picked up where we left off. A strong housing market helps: the stamp duty holiday means more people moving, and prolonged periods at home has encouraged renovation...”

# 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.

Demand for landscaping materials was very strong in Q4 2020. By the end of 2020, Talasey achieved annual sales well above expectations. Other landscaping firms also grew.

But now, in Q1 2021, the industry is at the epicentre of shipping problems from an unholy combination of Covid, Brexit, and container shortages. It's a global shipping problem, so freight costs have risen to ridiculous levels for everyone, and it is not letting up. Some freight companies are even avoiding the UK due to long delays and excess paperwork. All areas in our sector are affected, and end users will inevitably be paying more for their landscaping products in 2021. Despite this we got every pack of stone we could get over the water in Q4 as we predicted stock would be king in Q1 with demand not letting up.

We kept shipping throughout December, even though it has been costly for us. Strategically that was a good decision because suppliers with stock on the ground can better support merchants. Merchants say, having stock on the ground is a priority and being put on a back-order waiting list does not generate sales.

High shipping costs and delays affect all our ranges coming from other countries like China, Italy, and Turkey. So, composite decking, porcelain and artificial grass could all be affected but having the foresight to build large stock reserves of these products we should be able to weather the storm until shipping prices soften. Companies who have not planned for this could be affected by having no stock or large price increases.

Customers are learning to adapt and increasing their knowledge about the ranges of products that are more easily available, for example considering porcelain as an alternative to sandstone. For ourselves, we have helped customers to get clear product information online and this will continue. We also have a strong marketing team assisting merchants with online images and product data. Feedback shows merchants appreciate this help and support.

It is still early in the landscaping season, but we're already seeing merchants stocking up for what we expect will be a bumper 2021.

“Demand for landscaping materials was very strong in Q4 2020... But now, in Q1 2021, the industry is at the epicentre of shipping problems from an unholy combination of Covid, Brexit, and container shortages. It's a global shipping problem...”

# Monthly: Index and Categories

December 2019\* – December 2020

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



MONTHLY SALES VALUE INDEX	Index	2019	2020											
		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
<b>Total Builders Merchants</b>	<b>100</b>	<b>76.8</b>	<b>104.7</b>	<b>106.9</b>	<b>103.1</b>	<b>29.0</b>	<b>78.7</b>	<b>121.4</b>	<b>131.9</b>	<b>113.3</b>	<b>128.7</b>	<b>126.4</b>	<b>123.5</b>	<b>83.5</b>
Timber & Joinery Products	100	79.1	111.5	109.0	105.0	26.9	80.5	126.7	140.3	120.6	139.3	141.1	139.9	95.2
Heavy Building Materials	100	73.5	101.7	103.8	102.0	30.5	78.5	116.4	125.6	108.6	125.4	122.8	119.4	78.1
Decorating	100	80.0	103.6	104.5	95.2	19.8	54.8	94.4	112.4	100.1	113.1	111.7	110.5	76.2
Tools	100	67.0	91.8	91.9	74.2	8.6	35.1	79.3	99.0	85.8	98.5	101.0	100.0	70.9
Workwear & Safetywear	100	82.4	119.4	127.7	139.1	37.7	66.6	98.2	131.7	98.4	111.1	125.2	126.7	87.9
Ironmongery	100	87.7	118.7	116.1	104.0	27.3	58.9	108.8	128.7	113.6	127.3	127.3	122.9	87.8
Landscaping	100	62.4	86.9	103.0	110.4	40.3	152.5	223.7	208.2	157.2	161.0	135.6	122.8	78.0
Plumbing, Heating & Electrical	100	95.9	126.3	124.8	104.3	25.4	51.8	84.4	103.1	95.3	115.4	126.0	125.9	96.1
Renewables & Water Saving	100	51.4	75.2	86.1	68.6	12.7	26.7	55.1	69.3	58.2	71.9	67.2	70.3	50.4
Kitchens & Bathrooms	100	85.4	109.1	117.5	101.7	14.1	43.7	87.3	111.1	106.3	117.3	119.3	122.7	87.4
Miscellaneous	100	90.8	119.9	114.7	152.6	36.7	55.1	98.0	112.4	98.2	122.3	120.8	118.9	86.1
Services	100	89.7	103.0	106.1	105.3	42.3	70.2	105.9	119.4	109.2	119.2	117.5	115.4	89.0

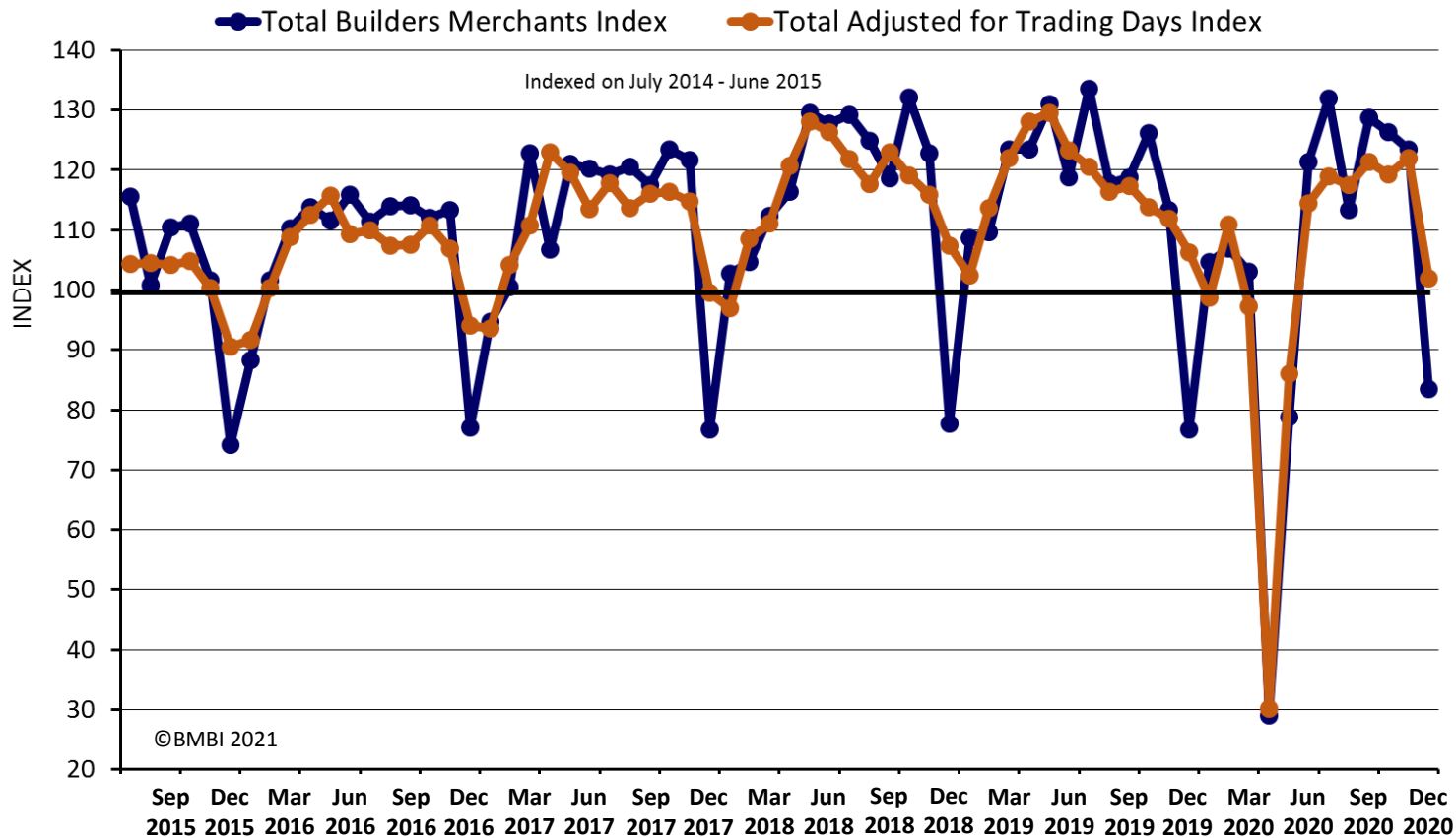
\*Click the web link below to see the complete series of indices from July 2015.

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

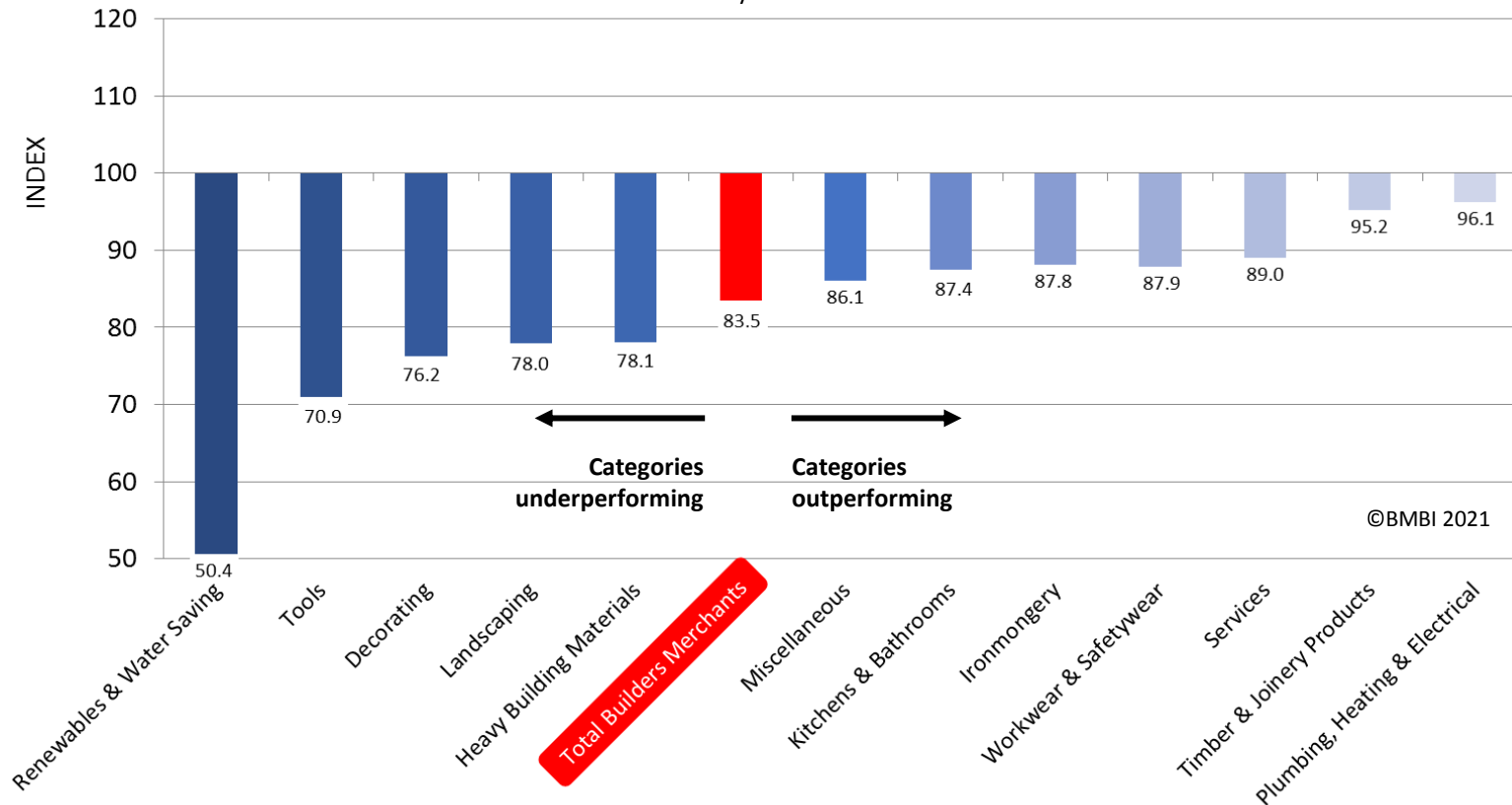
# Monthly: Index and Categories

December 2020 index



## December 2020 Index

Indexed on July 2014 to June 2015



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

# Monthly: Index and Categories

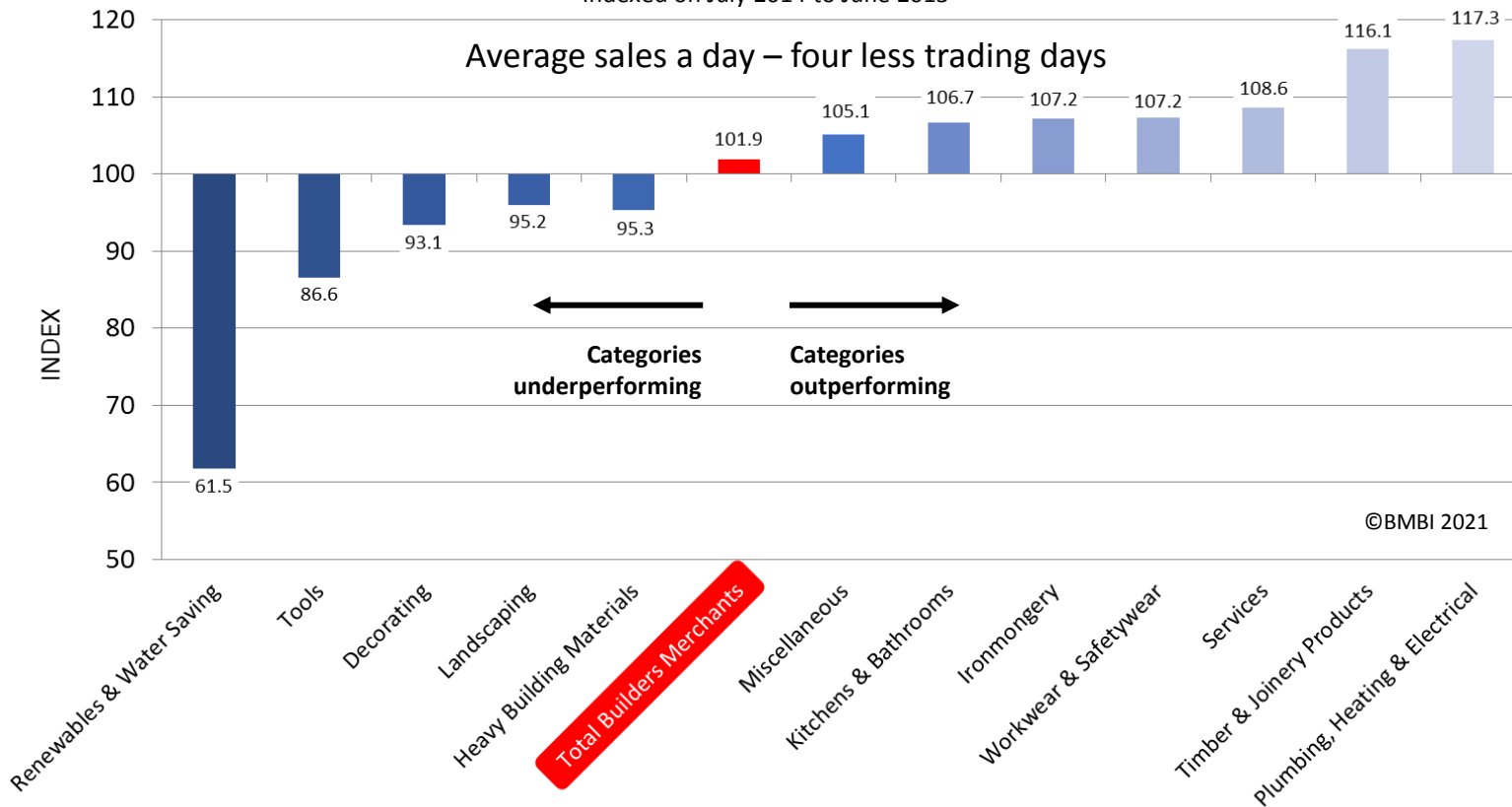
December 2020 average sales a day index



## December 2020 Index

Indexed on July 2014 to June 2015

Average sales a day – four less trading days



©BMBI 2021

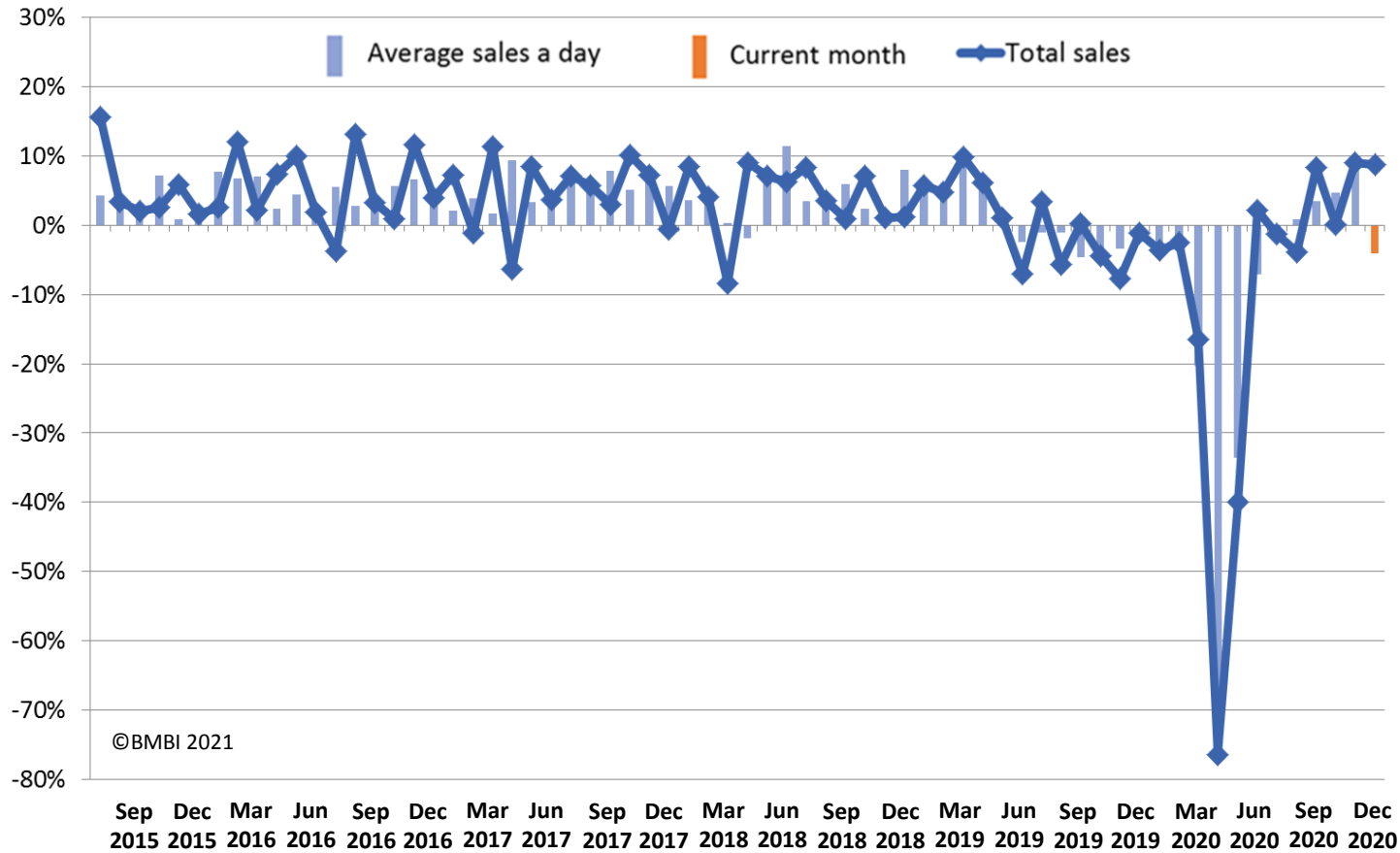
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly: Sales Indices Year on Year

Adjusted and unadjusted for trading days



## Monthly: Year on Year



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

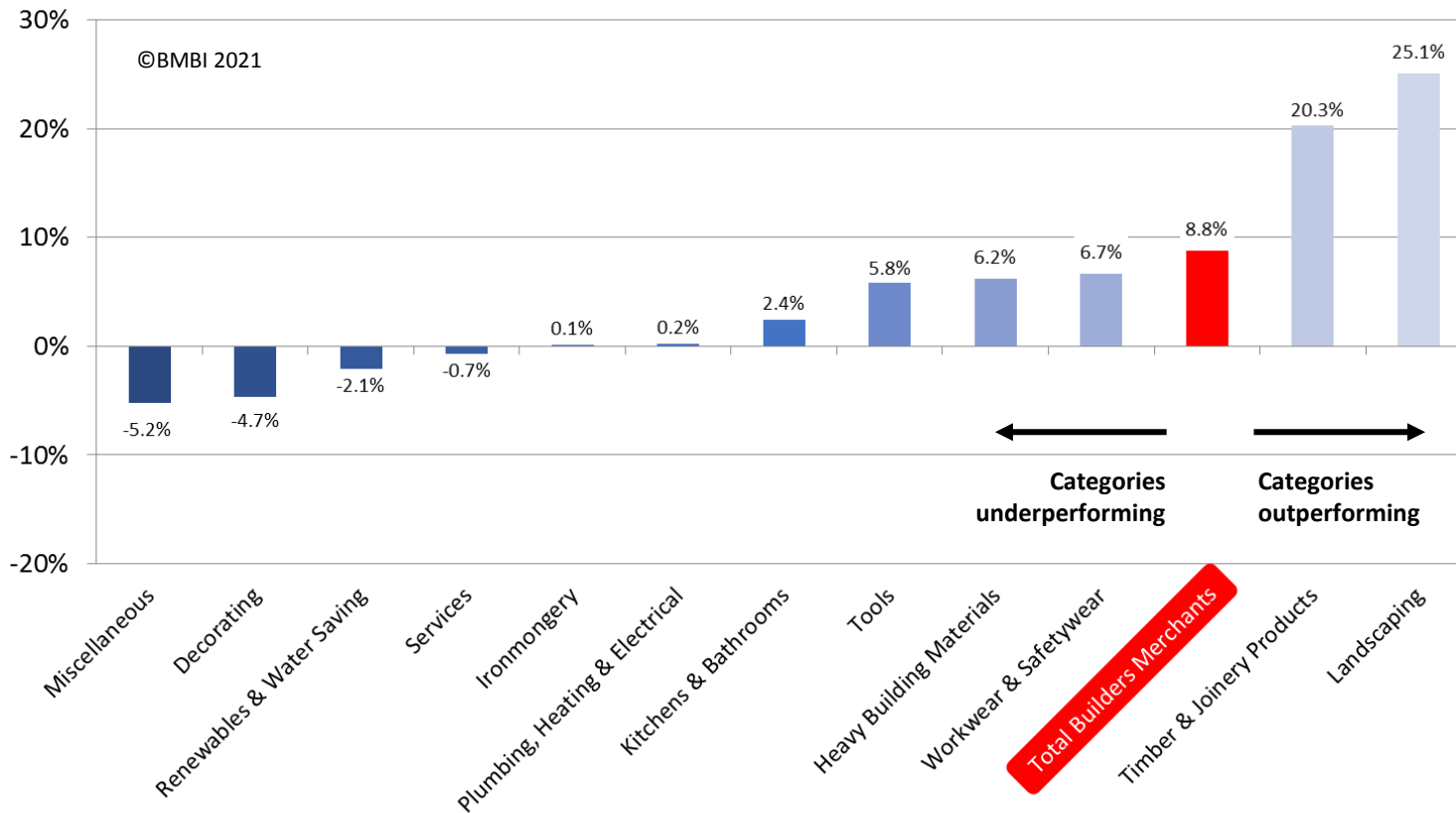


# Monthly: This year v last year

December 2020 sales indices



## December 2020 index v December 2019 index



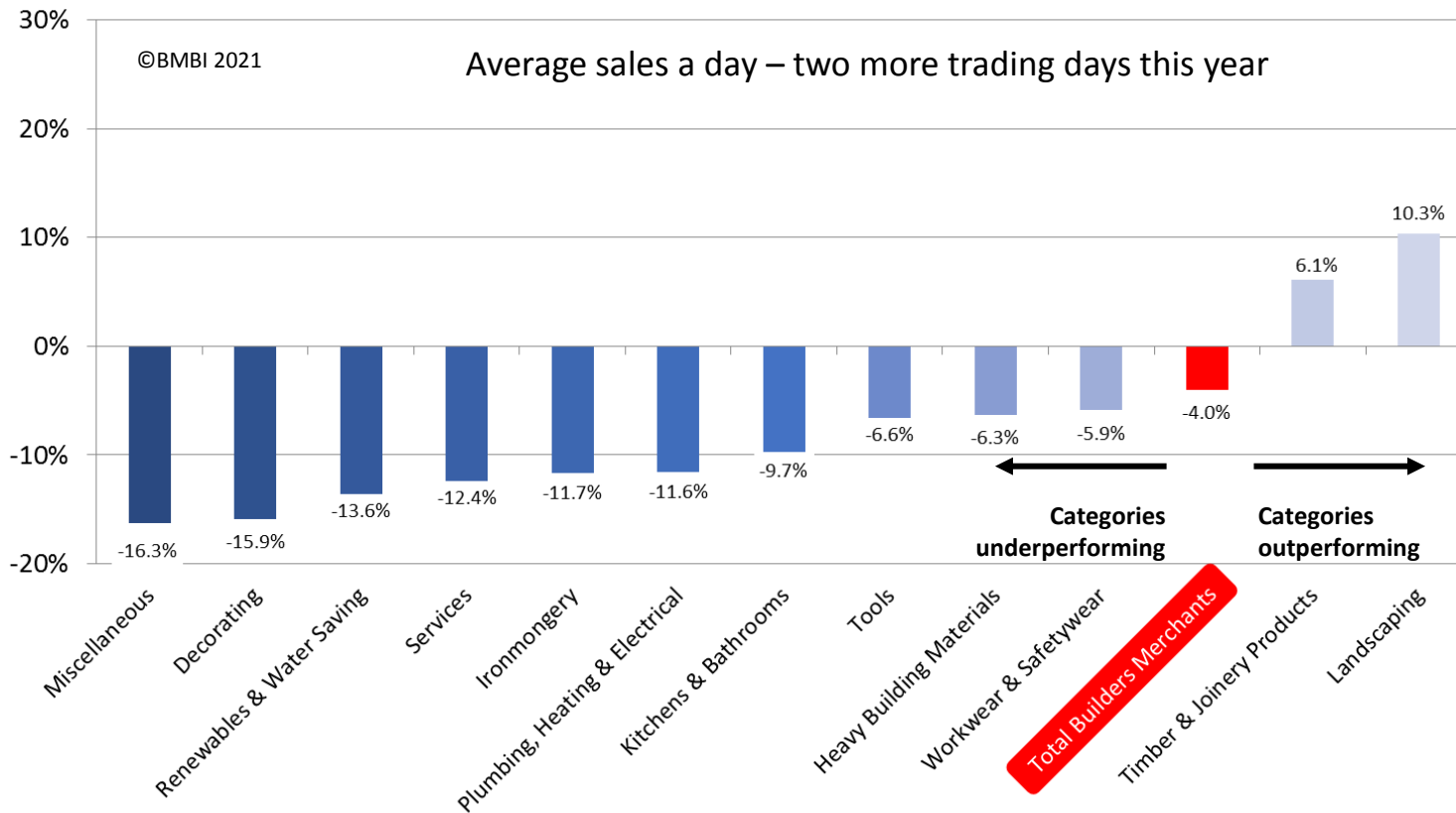
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2020

# Monthly: This year v last year

December 2020 average sales a day indices



## December 2020 index v December 2019 index

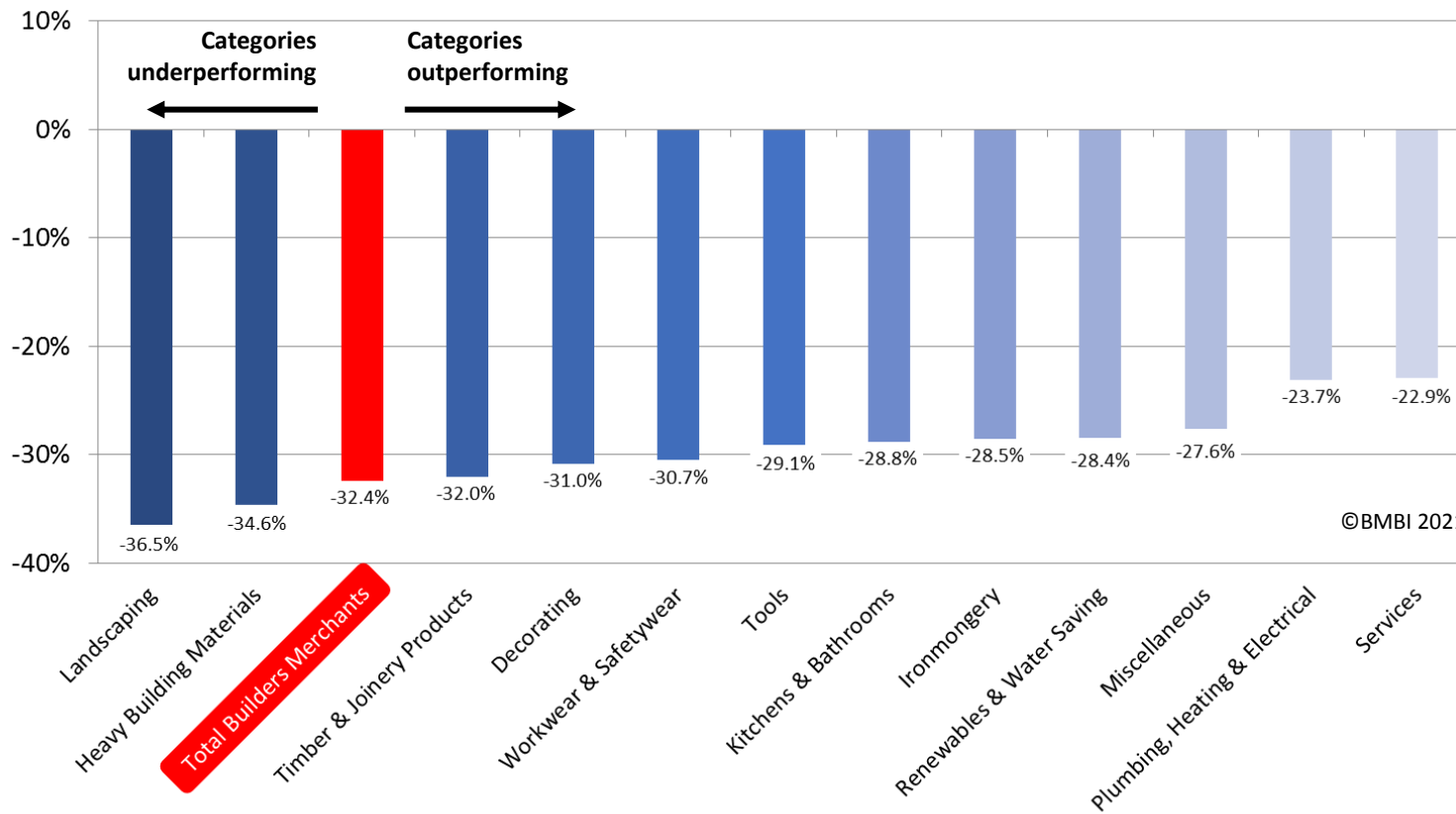


Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly: This month v last month

December 2020 sales indices

## December 2020 Index v November 2020 Index



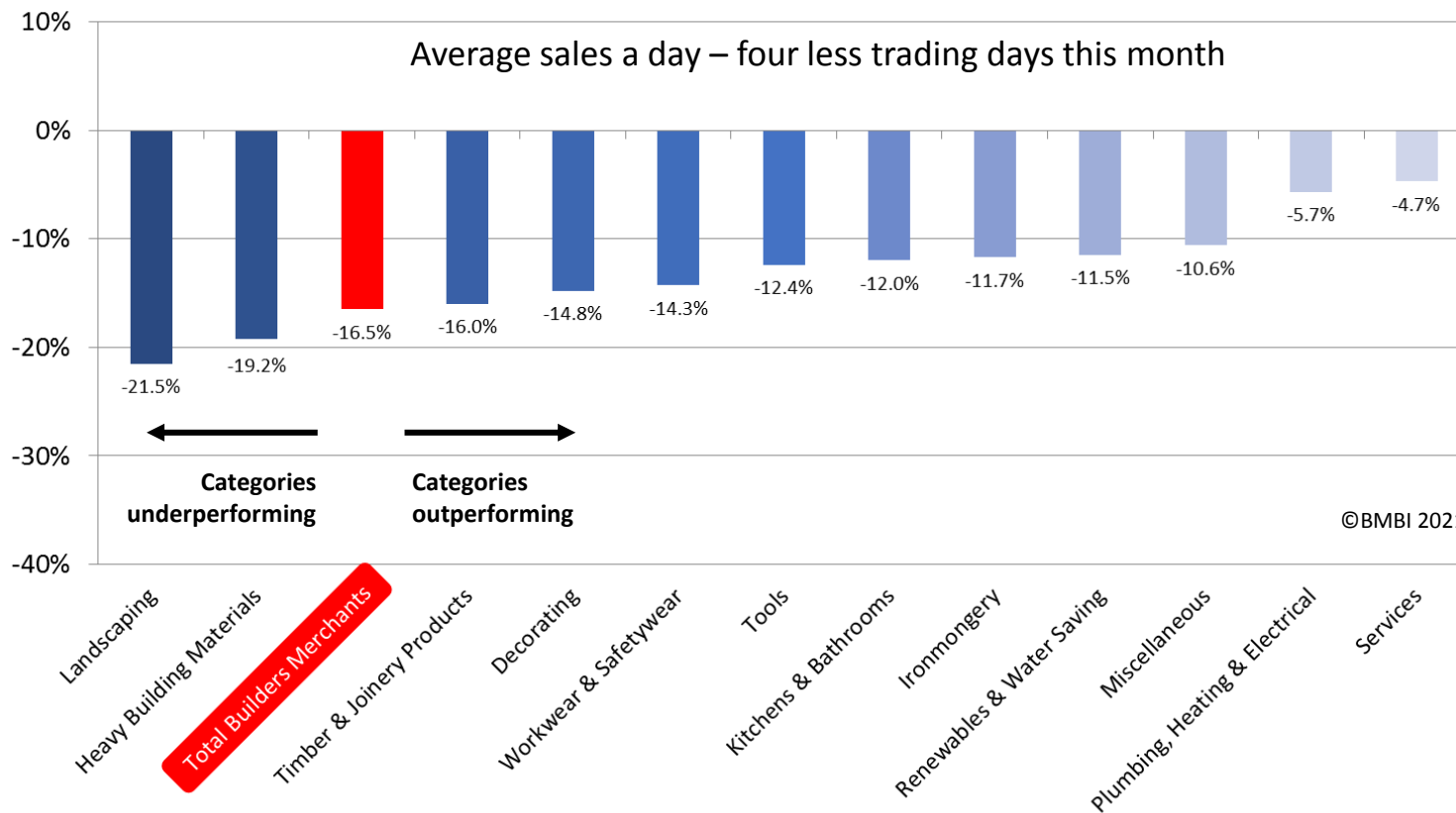
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly: This month v last month

December 2020 average sales a day indices



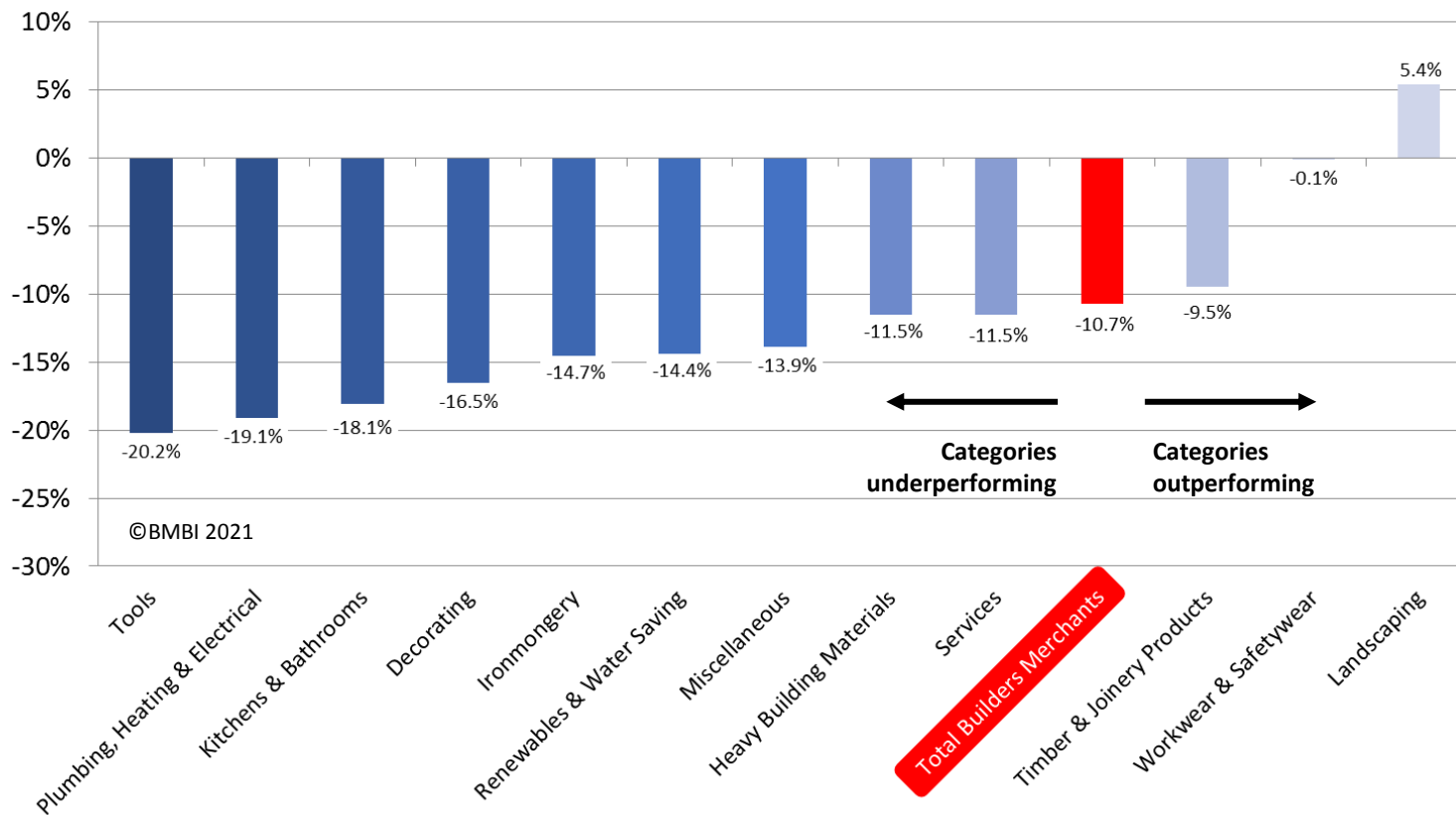
## December 2020 Index v November 2020 Index



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

# Last 12 Months: Year on Year

## 12 months Jan 20 to Dec 20 v 12 months Jan 19 to Dec 19



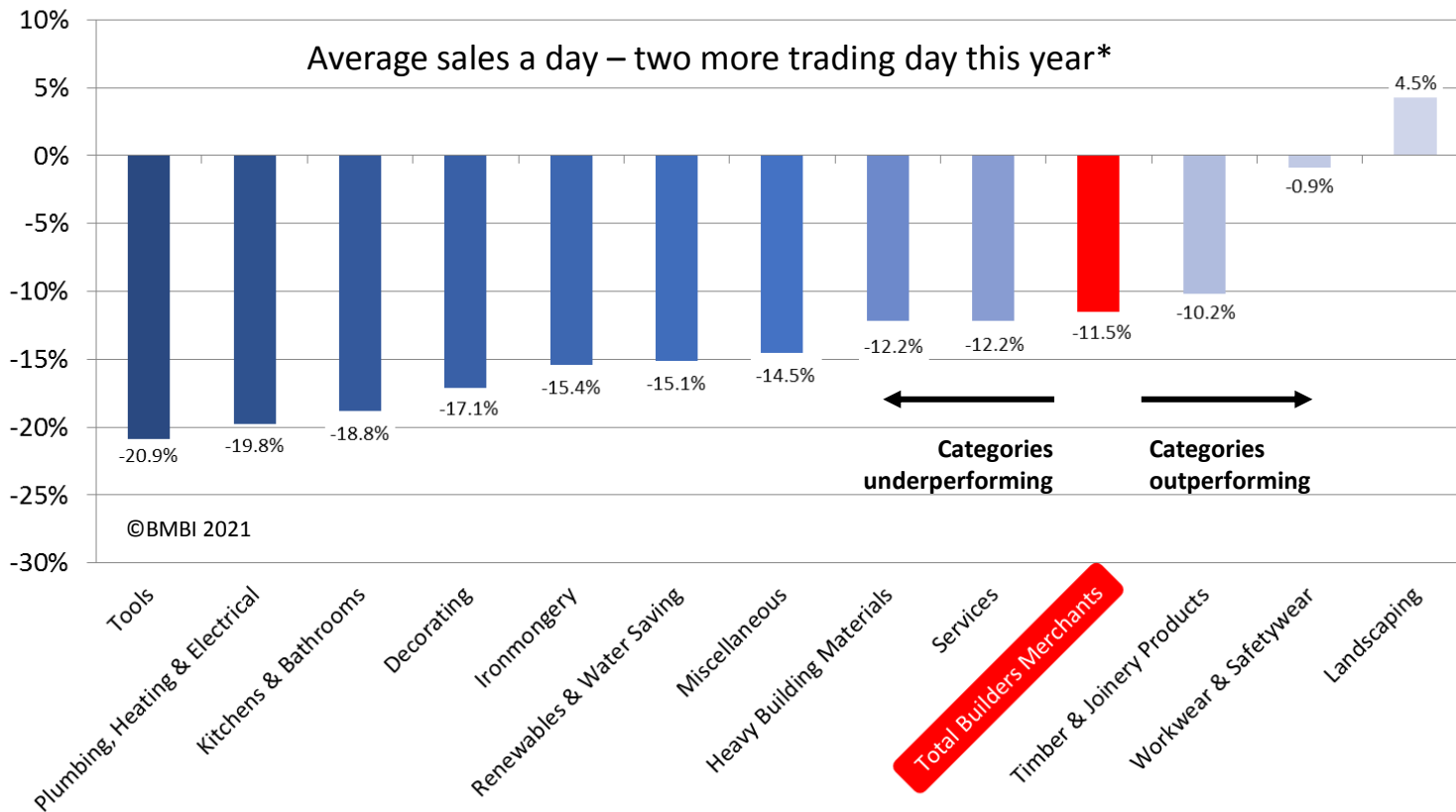
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Last 12 Months: Year on Year

Average sales a day indices



## 12 months Jan 20 to Dec 20 v 12 months Jan 19 to Dec 19



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

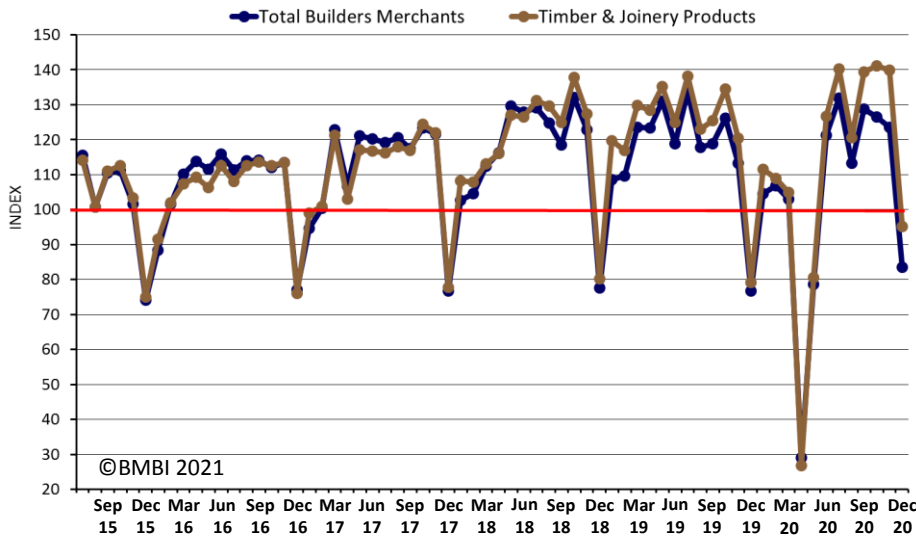
\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

# Monthly and Quarterly Indices

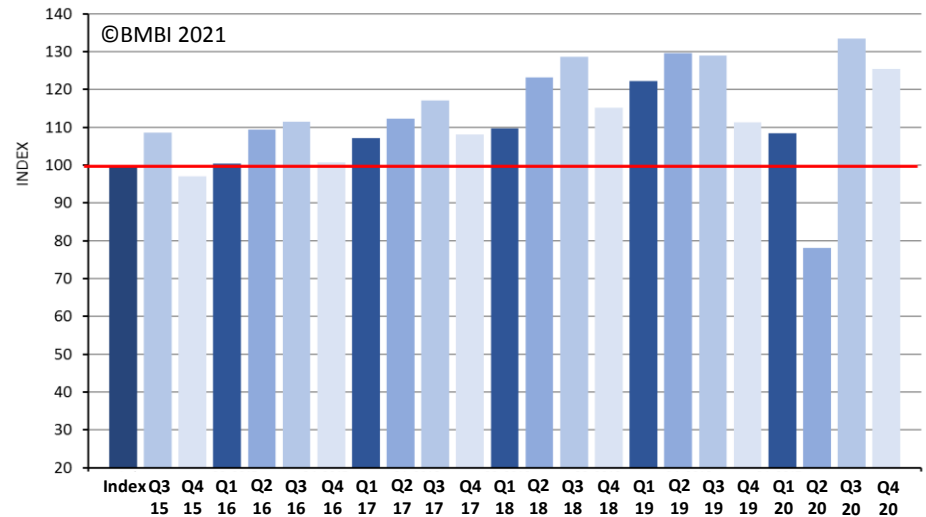
December 2020 and Q4 2020



## Timber & Joinery Products



## Timber & Joinery Products - Quarterly



Charts indexed on July 2014 – June 2015

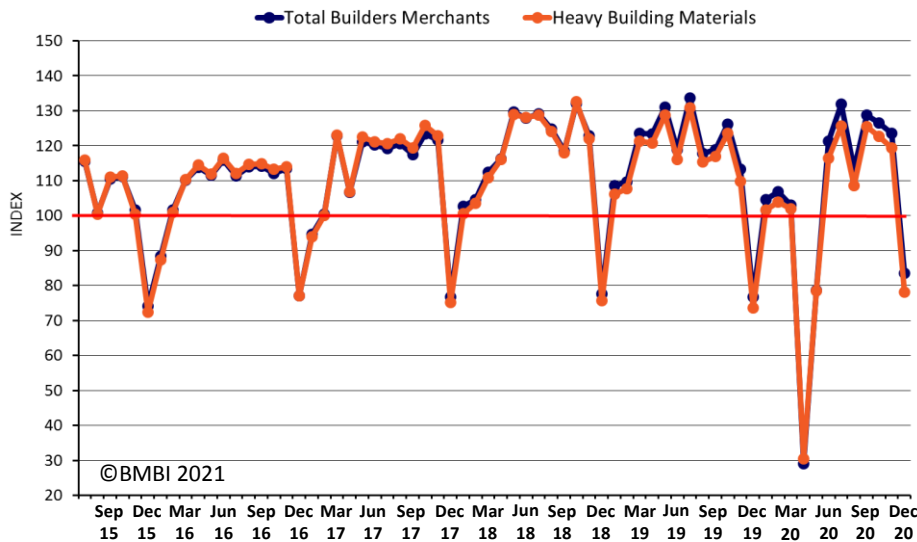
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly and Quarterly Indices

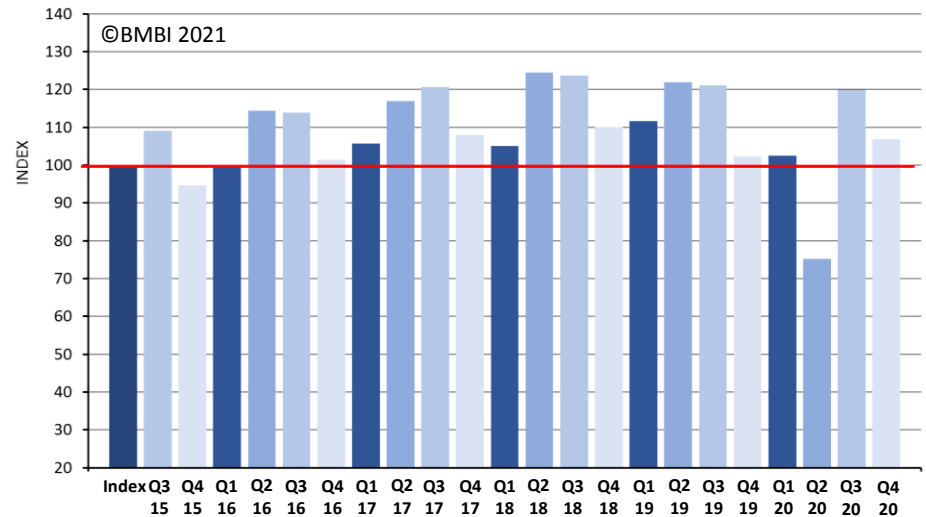
December 2020 and Q4 2020



## 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 December 2020

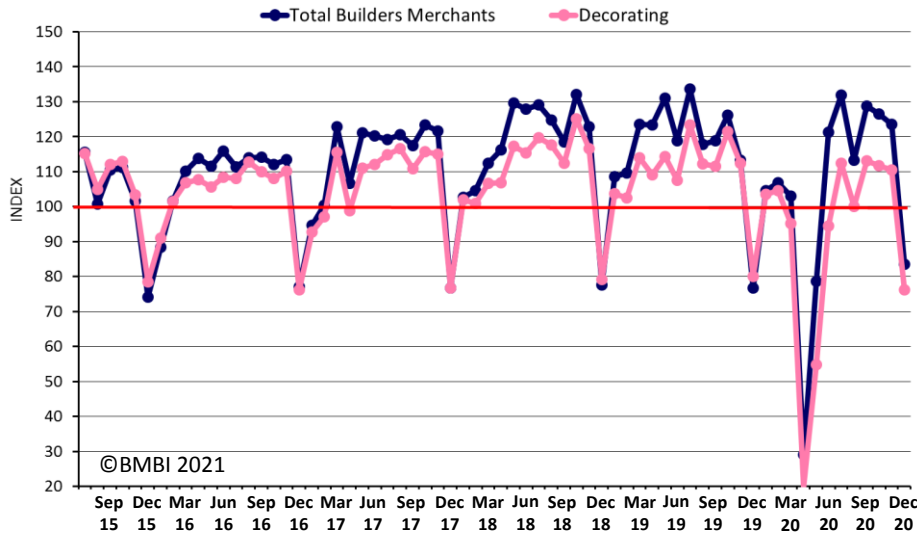


# Monthly and Quarterly Indices

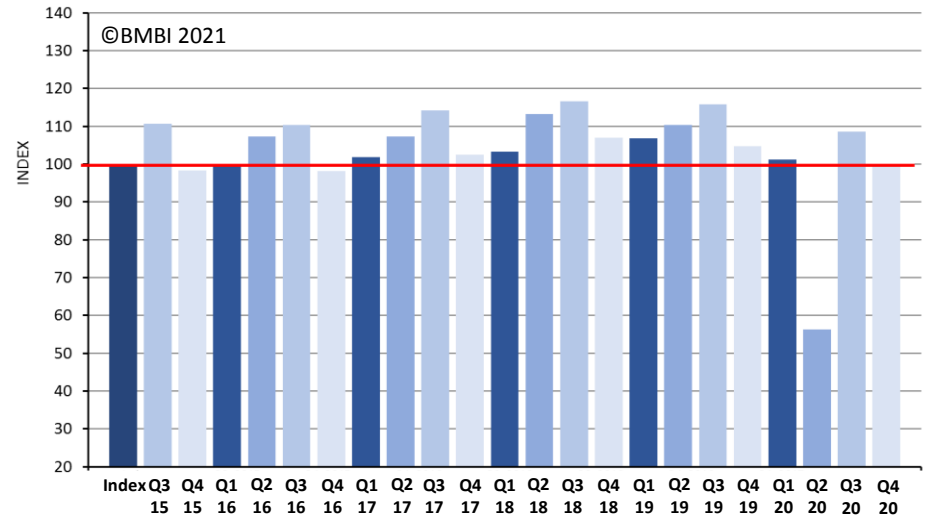
December 2020 and Q4 2020



## Decorating



## Decorating - Quarterly



Charts indexed on July 2014 – June 2015

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

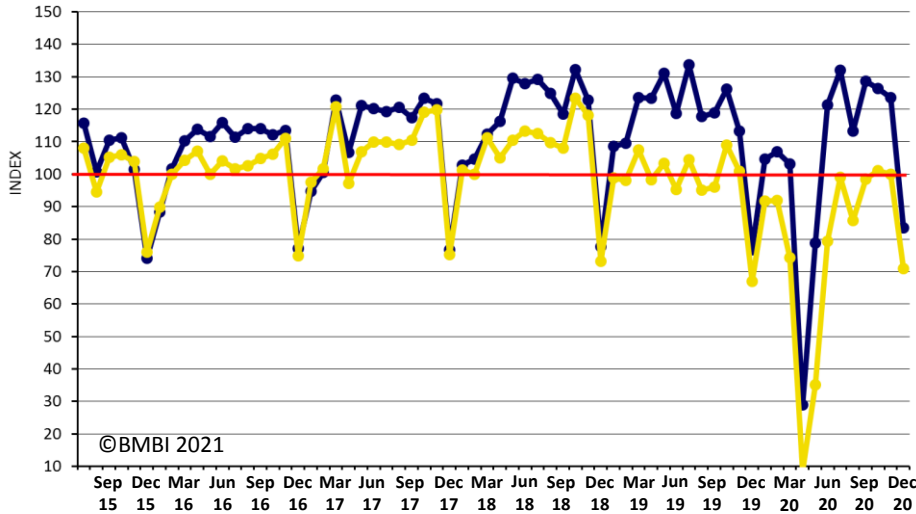
# Monthly and Quarterly Indices

December 2020 and Q4 2020

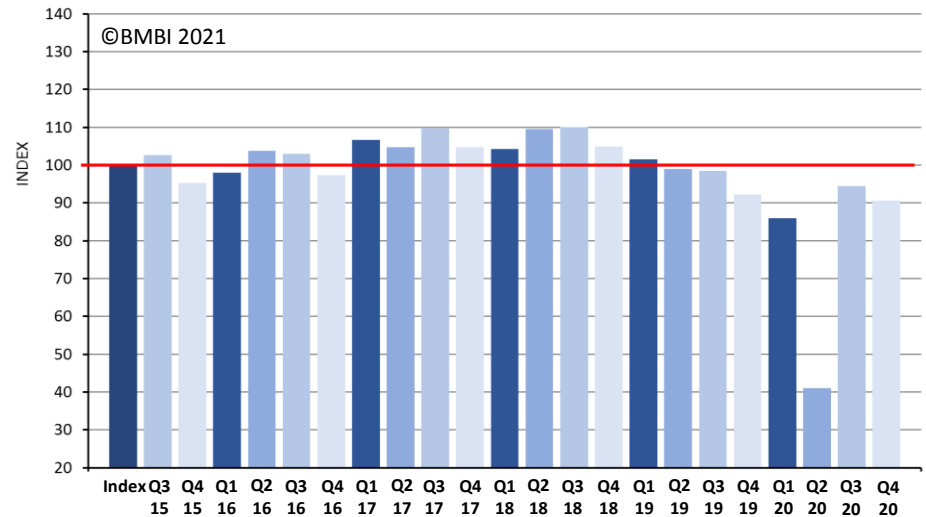


## Tools

● Total Builders Merchants ● Tools



## Tools - Quarterly



Charts indexed on July 2014 – June 2015

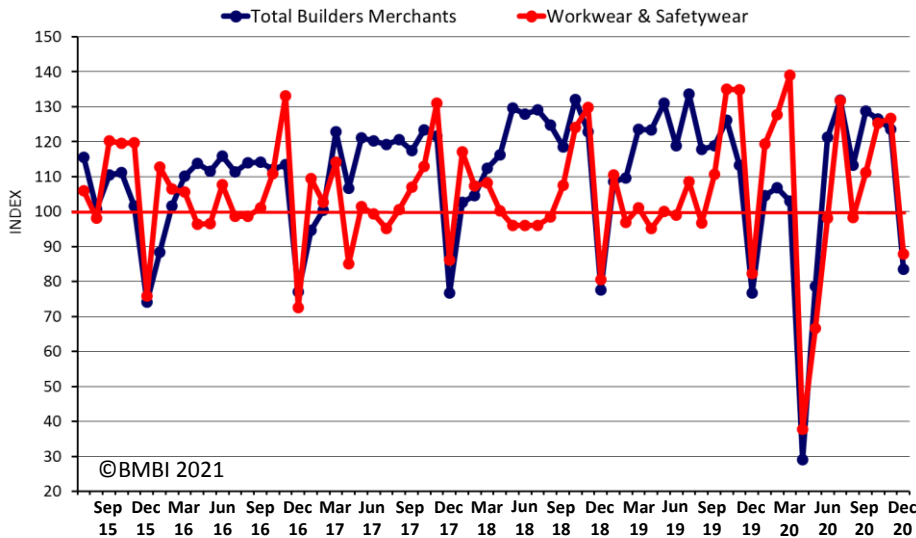
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly and Quarterly Indices

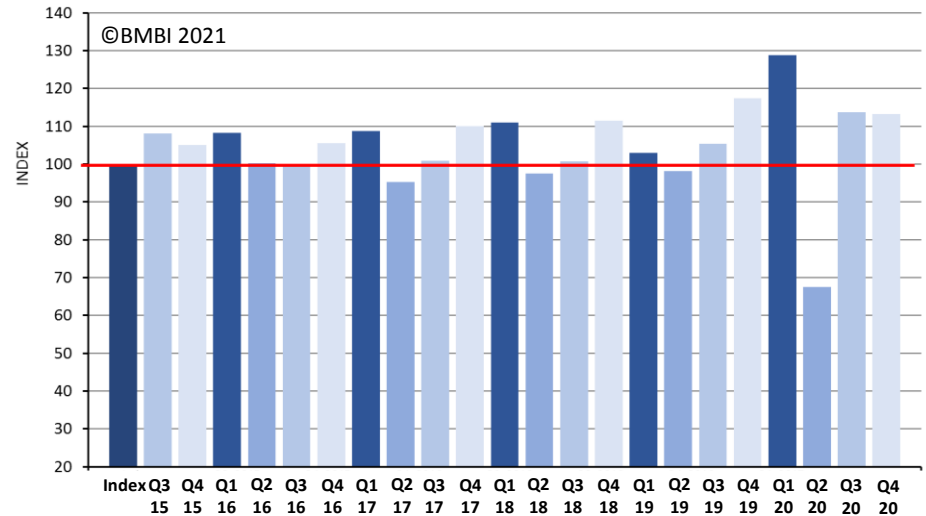
December 2020 and Q4 2020



## Workwear & Safetywear



## Workwear & Safetywear - Quarterly



Charts indexed on July 2014 – June 2015

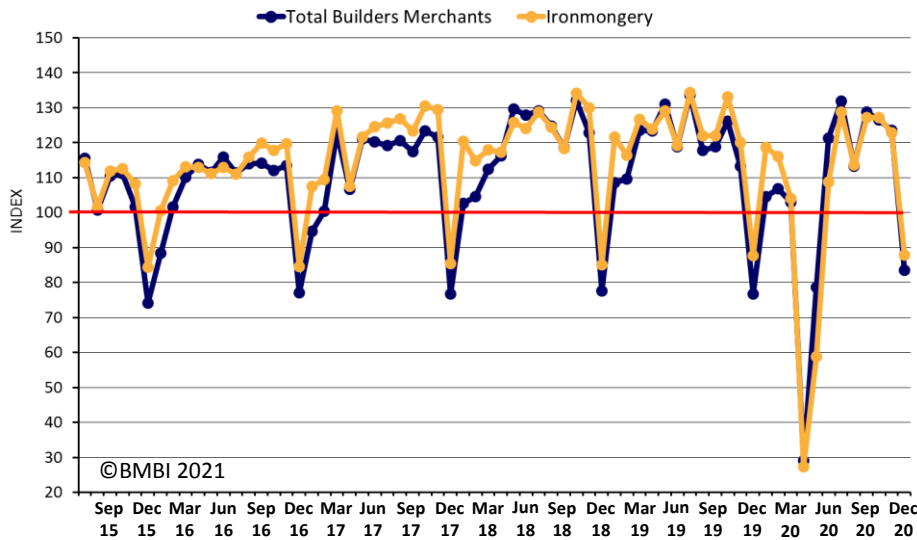
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly and Quarterly Indices

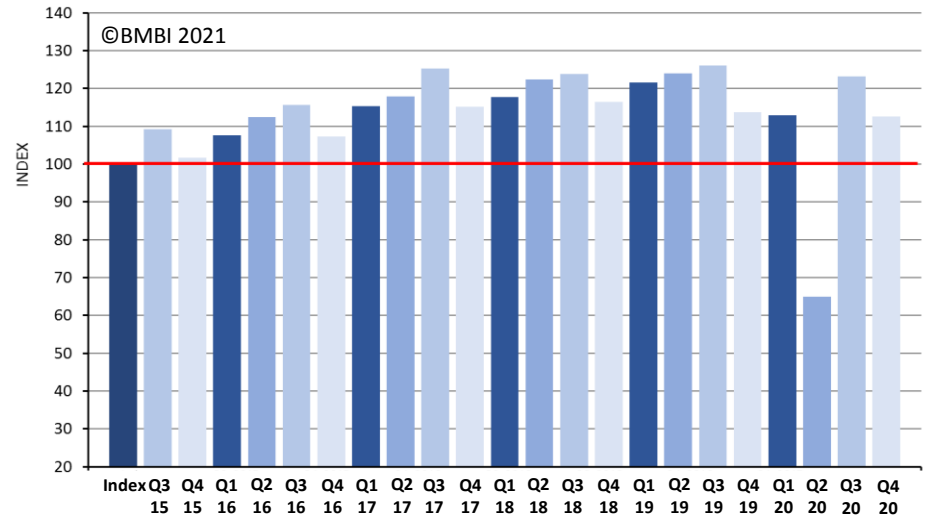
December 2020 and Q4 2020



## Ironmongery



## Ironmongery - Quarterly



Charts indexed on July 2014 – June 2015

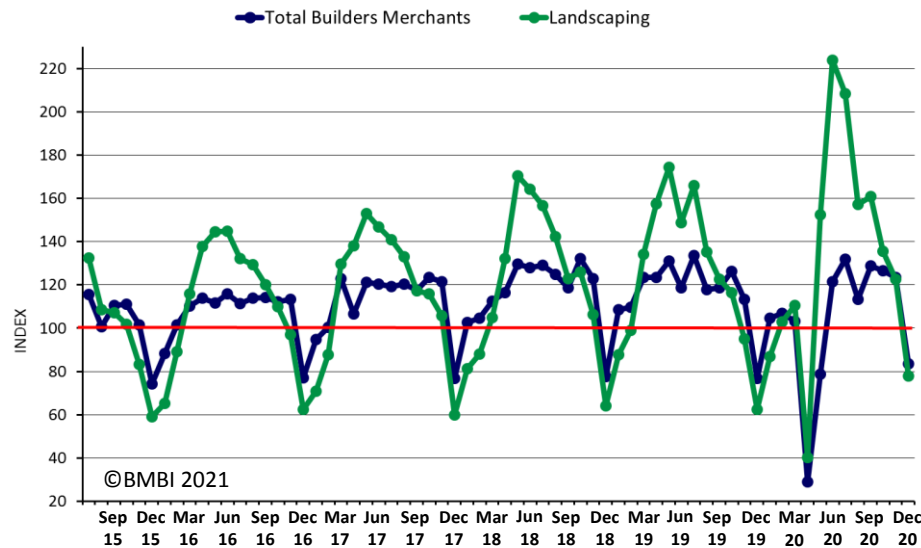
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly and Quarterly Indices

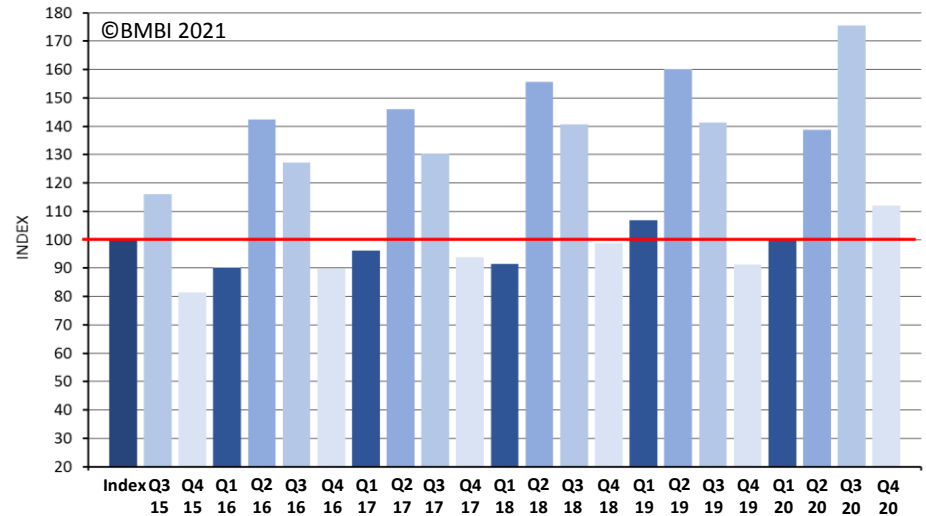
December 2020 and Q4 2020



## Landscaping



## Landscaping - Quarterly



Charts indexed on July 2014 – June 2015

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

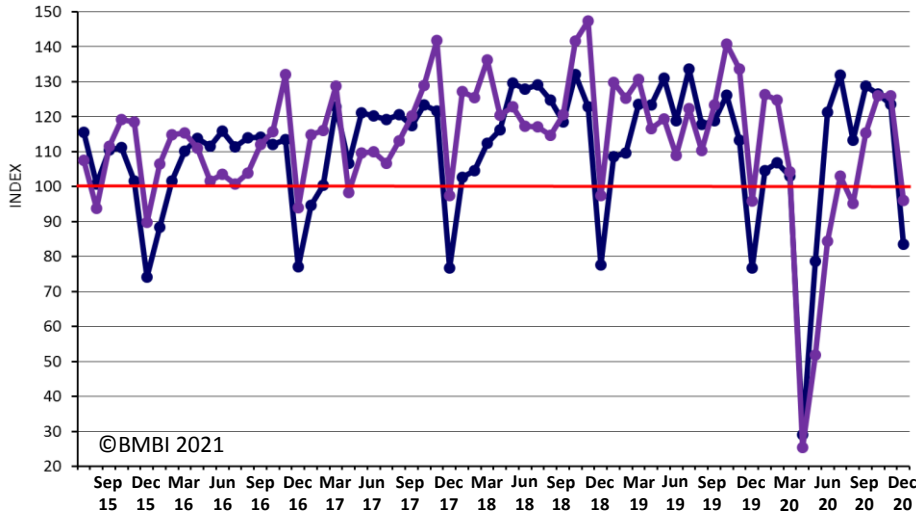
# Monthly and Quarterly Indices

December 2020 and Q4 2020

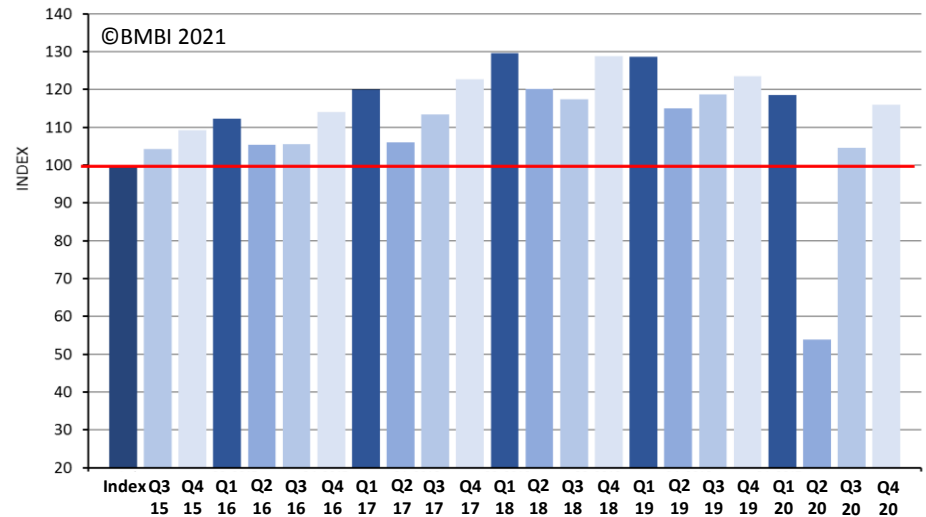


## Plumbing, Heating & Electrical

● Total Builders Merchants ● Plumbing, Heating & Electrical



## Plumbing, Heating & Electrical - Quarterly



Charts indexed on July 2014 – June 2015

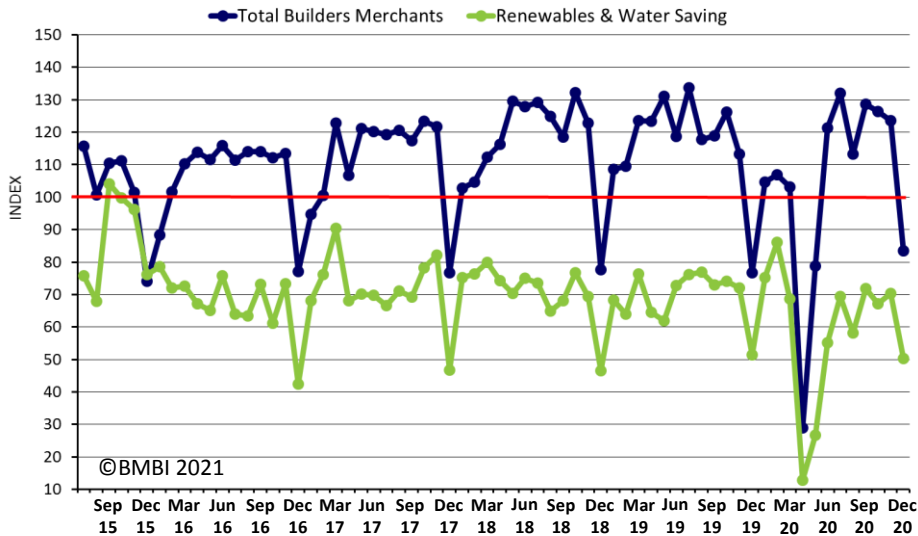
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to December 2020

# Monthly and Quarterly Indices

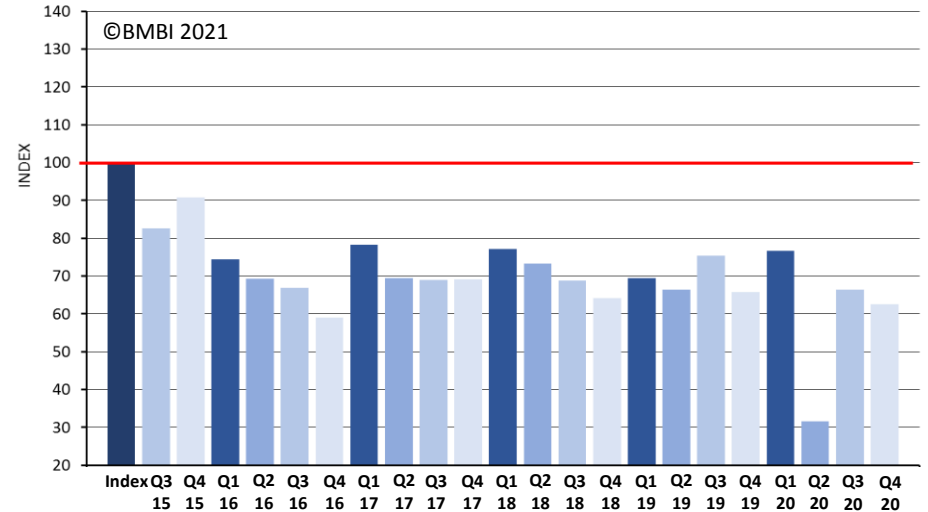
December 2020 and Q4 2020



## Renewables & Water Saving



## Renewables & Water Saving - Quarterly



Charts indexed on July 2014 – June 2015

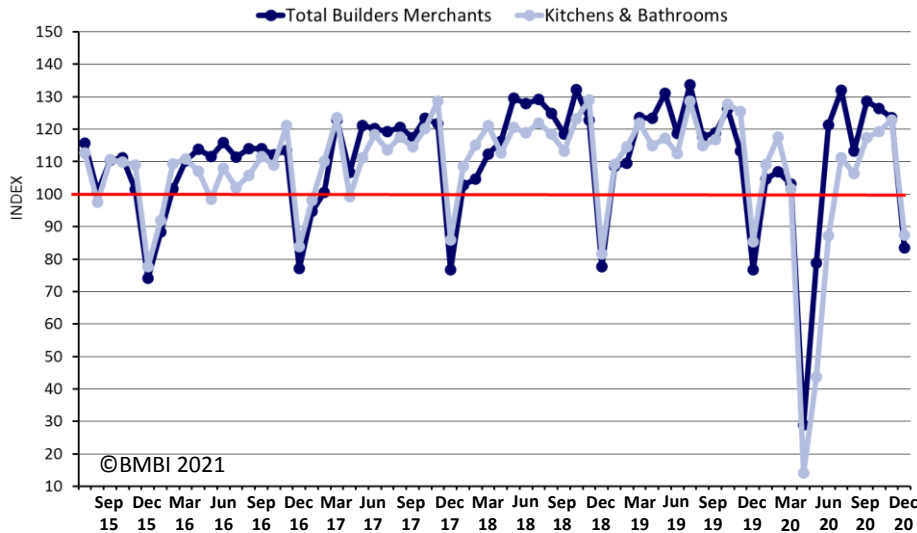
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2020

# Monthly and Quarterly Indices

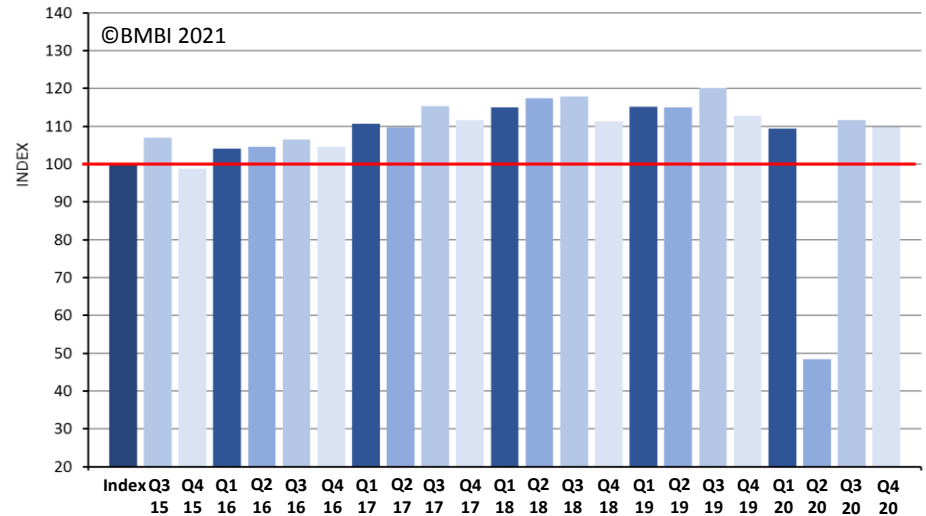
December 2020 and Q4 2020



### Kitchens & Bathrooms



### Kitchens & Bathrooms - Quarterly



Charts indexed on July 2014 – June 2015

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

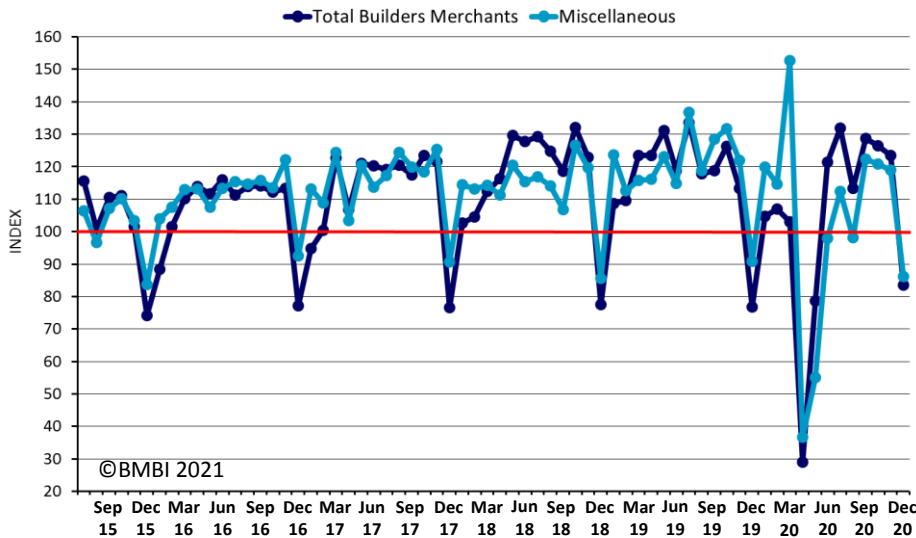


# Monthly and Quarterly Indices

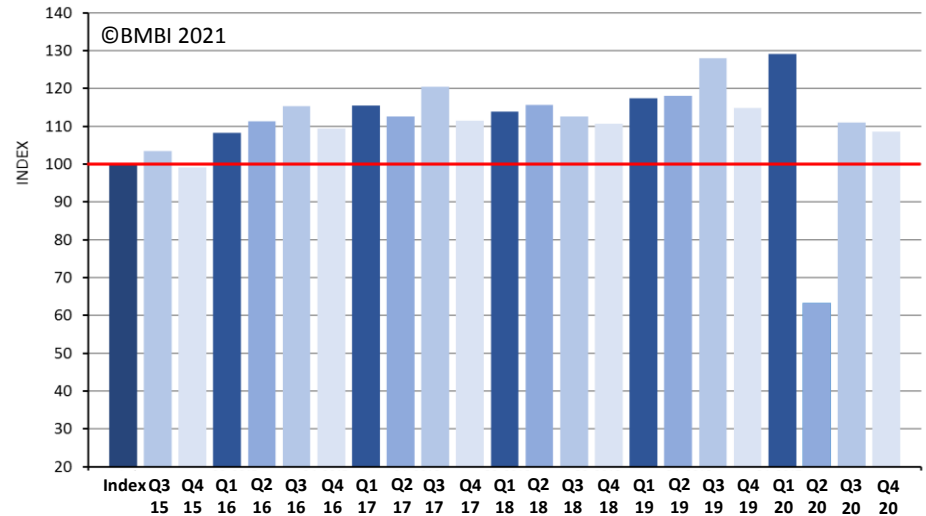
December 2020 and Q4 2020



## Miscellaneous



## Miscellaneous- Quarterly

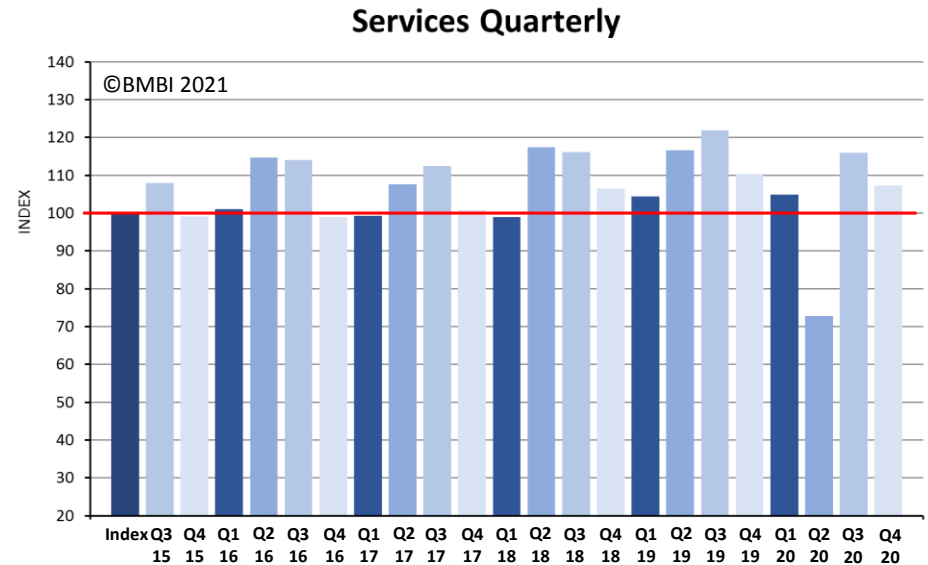
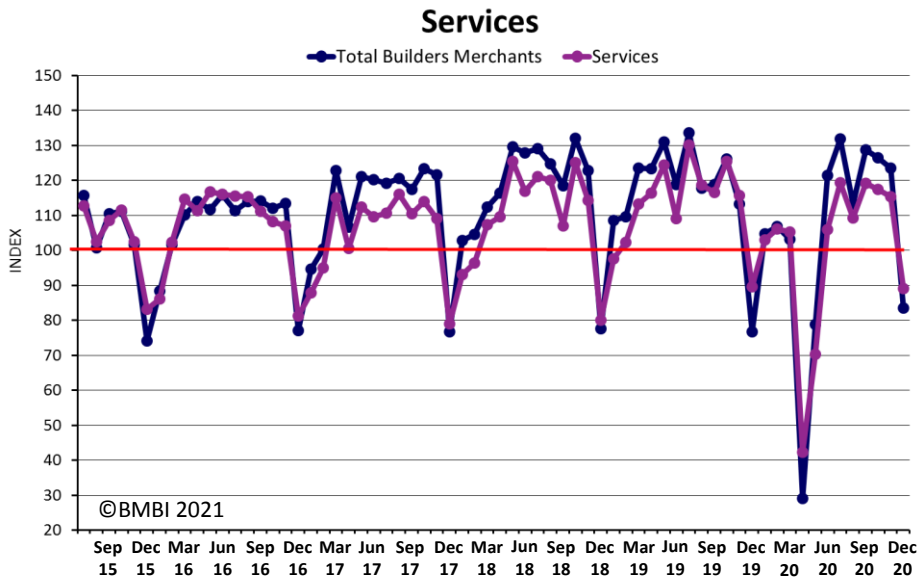


Charts indexed on July 2014 – June 2015

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

# Monthly and Quarterly Indices

December 2020 and Q4 2020



Charts indexed on July 2014 – June 2015

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

# Trading Days



## Monthly

Index: 20.8

2015											
						Jul	Aug	Sep	Oct	Nov	Dec
						22	20	22	22	21	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	20	19	22	23	20	22	22	21	17

## Quarterly

Index: 62.3

2015				2015		2016	
			Q3	Q4			H2
			64	60			124
2016				2016		2016	
Q1	Q2	Q3	Q4	H1	H2	250	
62	63	65	60	125	125		
2017				2017		2017	
Q1	Q2	Q3	Q4	H1	H2	249	
64	61	64	60	125	124		
2018				2018		2018	
Q1	Q2	Q3	Q4	H1	H2	249	
63	62	64	60	125	124		
2019				2019		2019	
Q1	Q2	Q3	Q4	H1	H2	248	
63	61	65	59	124	124		
2020				2020		2020	
Q1	Q2	Q3	Q4	H1	H2	250	
64	61	65	60	125	125		

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

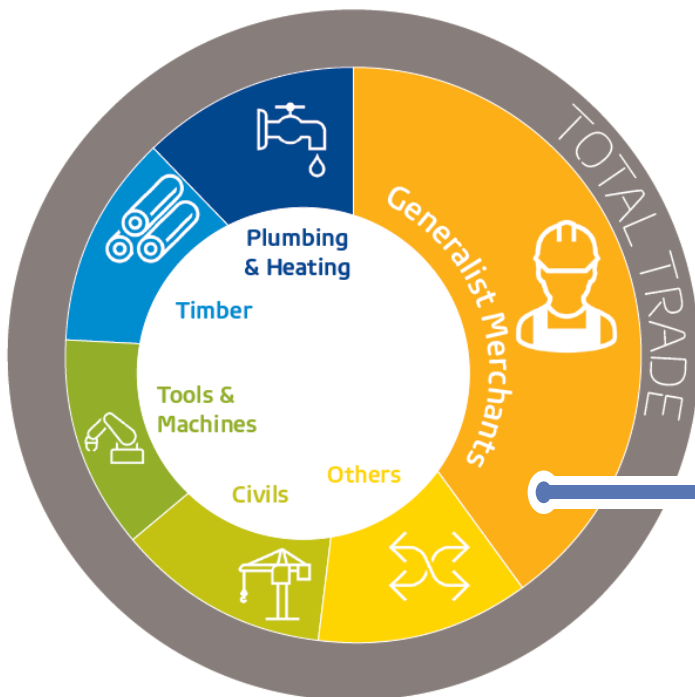
# GfK's Definition of Builders Merchant Panel



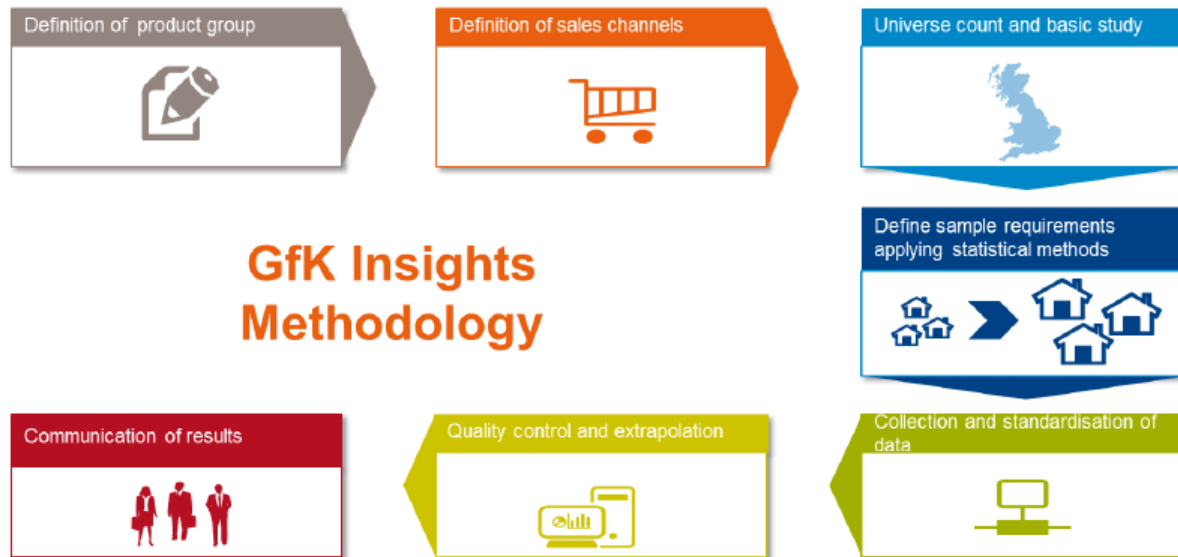
## Generalist Builders Merchants definition:

- 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. Only multiple merchants are considered; they are defined as having more than 3 outlets or a turnover of greater than £3m p.a.
- This excludes branches that generate all their sales from specialized areas such as Civils, Tiles and Tools. Estimated coverage of this channel sits at 82%.

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

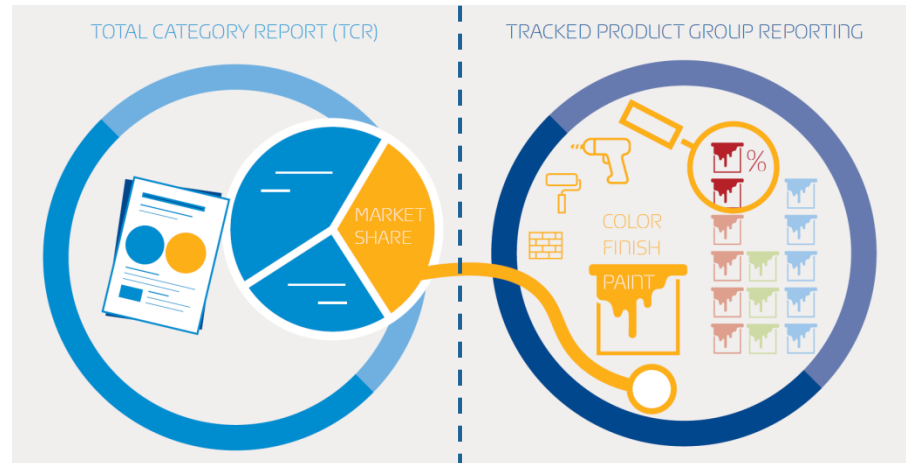
- Bathroom (Including Showering)
- Fitted Kitchens
- Major Appliances

#### 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 Emile van der Ryst at GfK

[emile.van-der-ryst@gfk.com](mailto:emile.van-der-ryst@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

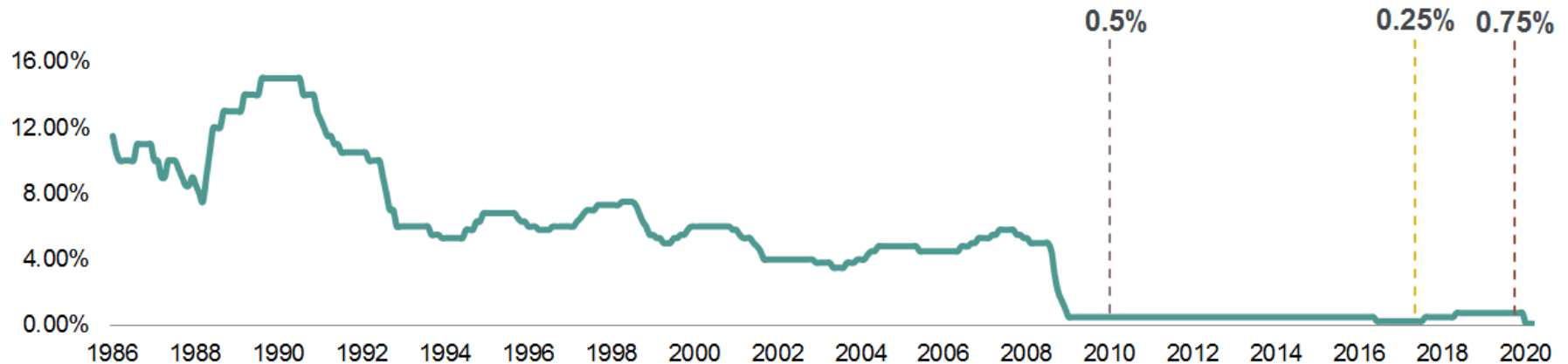
Set monthly by the MPC (Monetary Policy Committee)

▪ 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 4 August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%.

▪ The MPC voted unanimously to maintain Bank Rate at 0.1% in December 2020.  
▪ The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion.



Source: Bank of England

© GfK 2020 | Consumer Confidence Barometer | December 2020

# Macro factors impacting Merchants

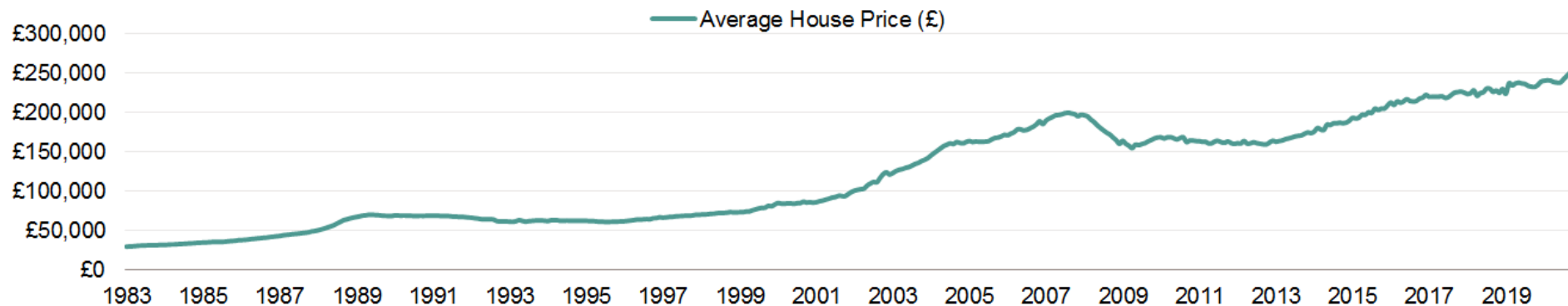


## Standardised average house prices

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%

- House prices rose by more than 1% in November, adding almost £3,000 to the cost of a typical UK home.
- At just over £253,000, the average property price has risen by more than £15,000 since June. In percentage terms that equates to 6.5% - the strongest five-monthly gain since 2004.

- At the end of November 2020, the average house price in the UK increased to £253,243 from £250,457 in October 2020.
- House prices in November were 7.6% higher than in the same month a year earlier – the strongest growth since June 2016.



Source: Halifax House Price Index

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# Macro factors impacting Merchants



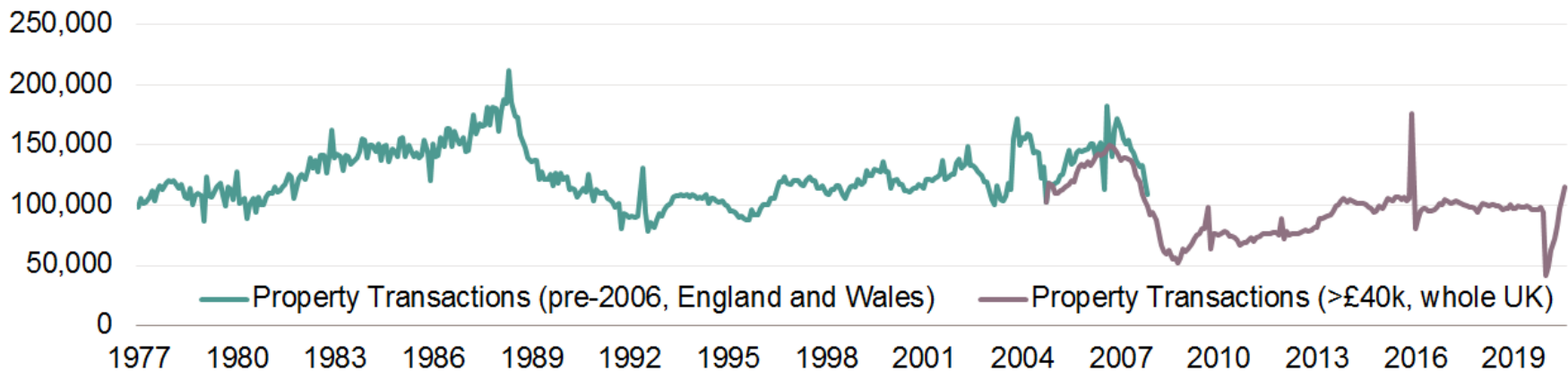
## Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2015	1,228,710
2016	1,234,500
2017	1,223,400
2018	1,190,350
2019	1,171,520

- Stamp duty was altered significantly on 1 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 November 2020 was 115,190 residential and 9,970 non-residential transactions.
- The seasonally adjusted count of residential property transactions in November 2020 is 19.3% higher than November 2019 and 8.6% higher than October 2020.



Source: HM Revenue & Customs

© GfK 2020 | Consumer Confidence Barometer | December 2020

# Macro factors impacting Merchants



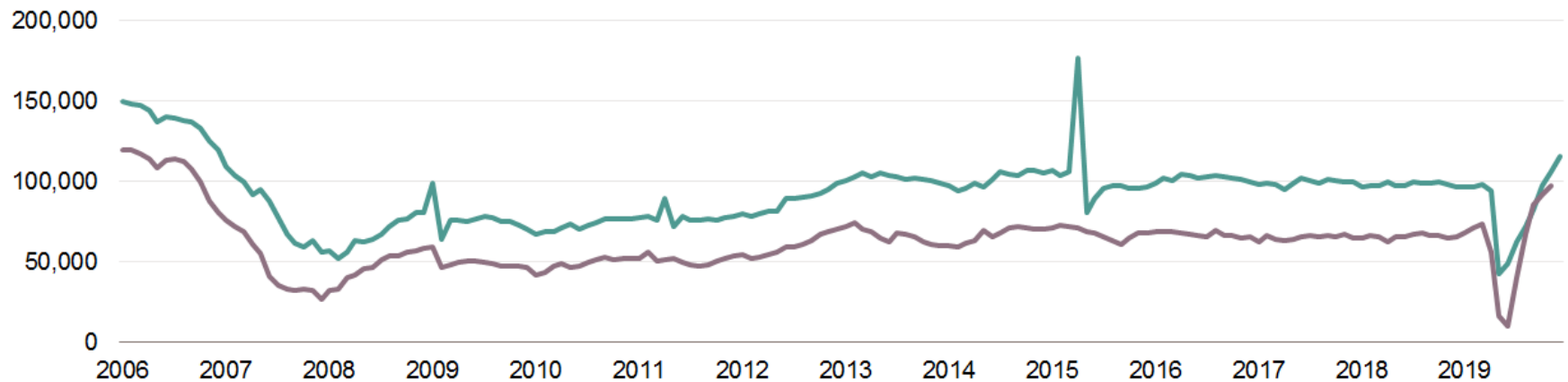
## Mortgage approvals and property transactions

Monthly residential transactions and mortgage approvals (seasonally adjusted)

▪ Mortgage approvals for house purchase refers to the firm offers of lenders to advance credit secured on specific dwellings to their customers.

▪ The number of loan approvals for house purchase in the United Kingdom rose to 97,532 in October 2020 - this represents a 6% increase from September 2020.

▪ 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.



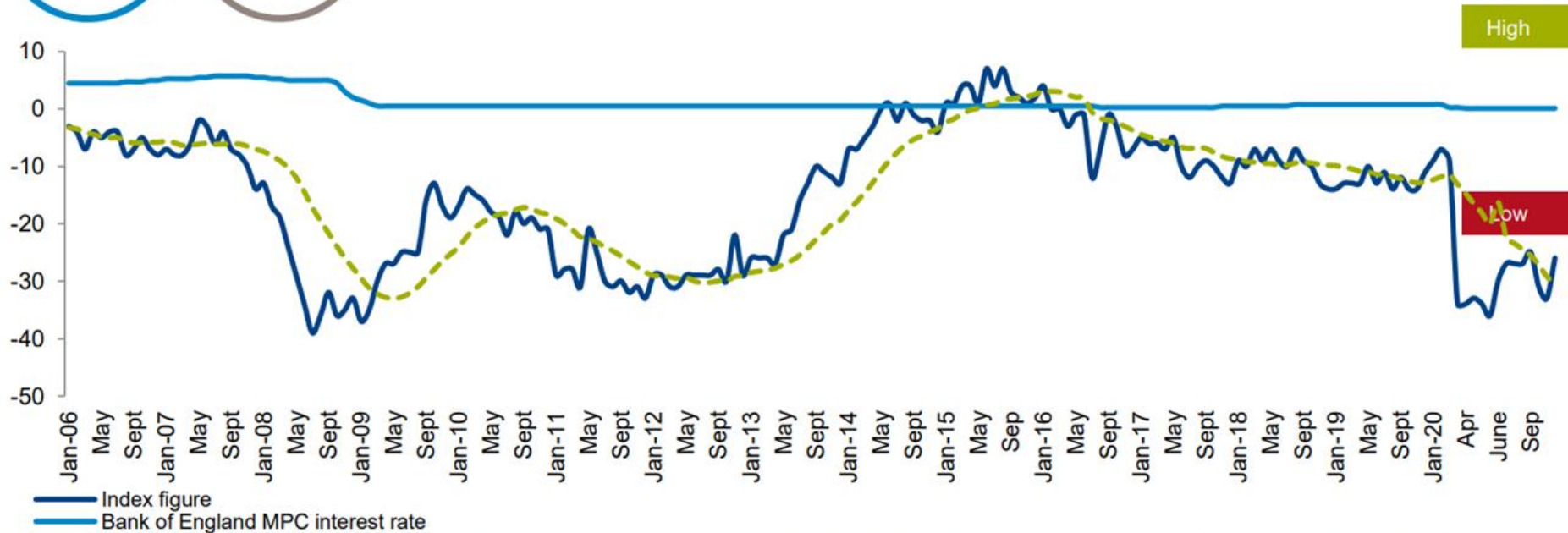
Source: HM Revenue & Customs

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# Macro factors impacting Merchants



## 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.

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“building **excellence**  
in materials supply”

# Plumbing & Heating Merchant Index



**Quarter 4 2020**

(Published 25 February 2021)

A Builders Merchant Building Index Publication

# Introduction:

## Plumbing & Heating Merchant Index

PHMI contains data from GfK's ground-breaking Plumbing & Heating Merchants Panel. It analyses data from Plumbing & Heating Merchants accounting for around £3bn representing 75-80% of total value sales to this market. There is no overlap or double counting between PHMI and BMBI sales data.

GfK's Plumbing & Heating Point of Sale Tracking Data is 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 specialist plumbing & heating merchants. It is, in effect, the market.

PHMI trend data is indexed on the 12 months of 2019. Currently, data is available by total monthly value sales and the series tracks what is happening in the plumbing and heating market month by month. This trend series gives the industry access to far more accurate insights than has been available.

MRA Research produces the Plumbing & Heating Merchant Index, a brand of the BMF, to provide reliable data, and a platform and voice for this important industry and for leading plumbing and heating brands to communicate to the wider market.

### PHMI Experts

Plumbing & Heating brands who are interested in becoming PHMI Experts and speaking for their markets and building their brands should contact Ralph Sutcliffe: [Ralph@mra-research.co.uk](mailto:Ralph@mra-research.co.uk) or Tom Rigby: [Tom@mra-research.co.uk](mailto:Tom@mra-research.co.uk)

### More data available

This PHMI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and 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 produce like-for-like market comparability tailored to the requirements of an individual business. 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

## Fourth quarter plumbing and heating merchant sales back to 2019 levels

Fourth quarter plumbing and heating product sales by plumbing and heating merchants, representing over 80% of sales to plumbing and heating firms, were down 0.4% on Q4 2019. There was one more trading day this year. (See [page 73](#)). This continues the recovery seen in Q3 (-5.3% on Q3 2019) following the impact of the first lockdown in Q2 (-46.3% compared with Q2 2019).

Compared with Q3, sales in the final quarter were 11.9% higher ([page 74](#)). However, with Q4 having five fewer trading days, average sales a day (which take trading days into account) were up 21.3%.

The fourth quarter PHMI index (based on 2019 sales) was 103.4, making it the first quarter to exceed 100 in 2020 ([page 72](#)).

December's sales were 4.4% higher than December 2019, with two more trading days this year ([page 76](#)). This was the highest monthly year-on-year sales increase in 2020. September (+2.8%) was second-highest. Average sales a day for December were 7.9% lower than the same month in 2019.

Compared with November 2020, sales in December were 24.5% lower ([page 78](#)). Much of this was attributable to December having four fewer trading days, as average sales a day were only 6.8% lower.

Cumulative year-to-date sales turned negative in March, and fell sharply in April (-17.8%) and May (-24.5%) – see [page 80](#). Since then, sales have steadily improved, finishing down 13.2% on 2019 by the year end.

“Compared with Q3, sales in the final quarter were 11.9% higher. However, with Q4 having five fewer trading days, average sales a day (which take trading days into account) were up 21.3%.”

# Indices: Monthly and quarterly

January to December 2020

(Indexed on January to December 2019)

<b>Jan 20</b>	<b>Feb 20</b>	<b>Mar 20</b>	<b>Quarter 1</b>
<b>104.7</b>	<b>101.1</b>	<b>93.8</b>	<b>99.9</b>
<b>Apr 20</b>	<b>May 20</b>	<b>Jun 20</b>	<b>Quarter 2</b>
<b>34.8</b>	<b>46.0</b>	<b>73.4</b>	<b>51.4</b>
<b>Jul 20</b>	<b>Aug 20</b>	<b>Sep 20</b>	<b>Quarter 3</b>
<b>88.3</b>	<b>85.9</b>	<b>103.0</b>	<b>92.4</b>
<b>Oct 20</b>	<b>Nov 20</b>	<b>Dec 20</b>	<b>Quarter 4</b>
<b>115.2</b>	<b>111.1</b>	<b>83.9</b>	<b>103.4</b>

Indices are a measure that express sales values relative to a fixed base, enabling rapid performance comparisons to be made. The Plumbing & Heating Merchant Index uses total sales in 2019 to create monthly and quarterly base periods. These represent average performance.

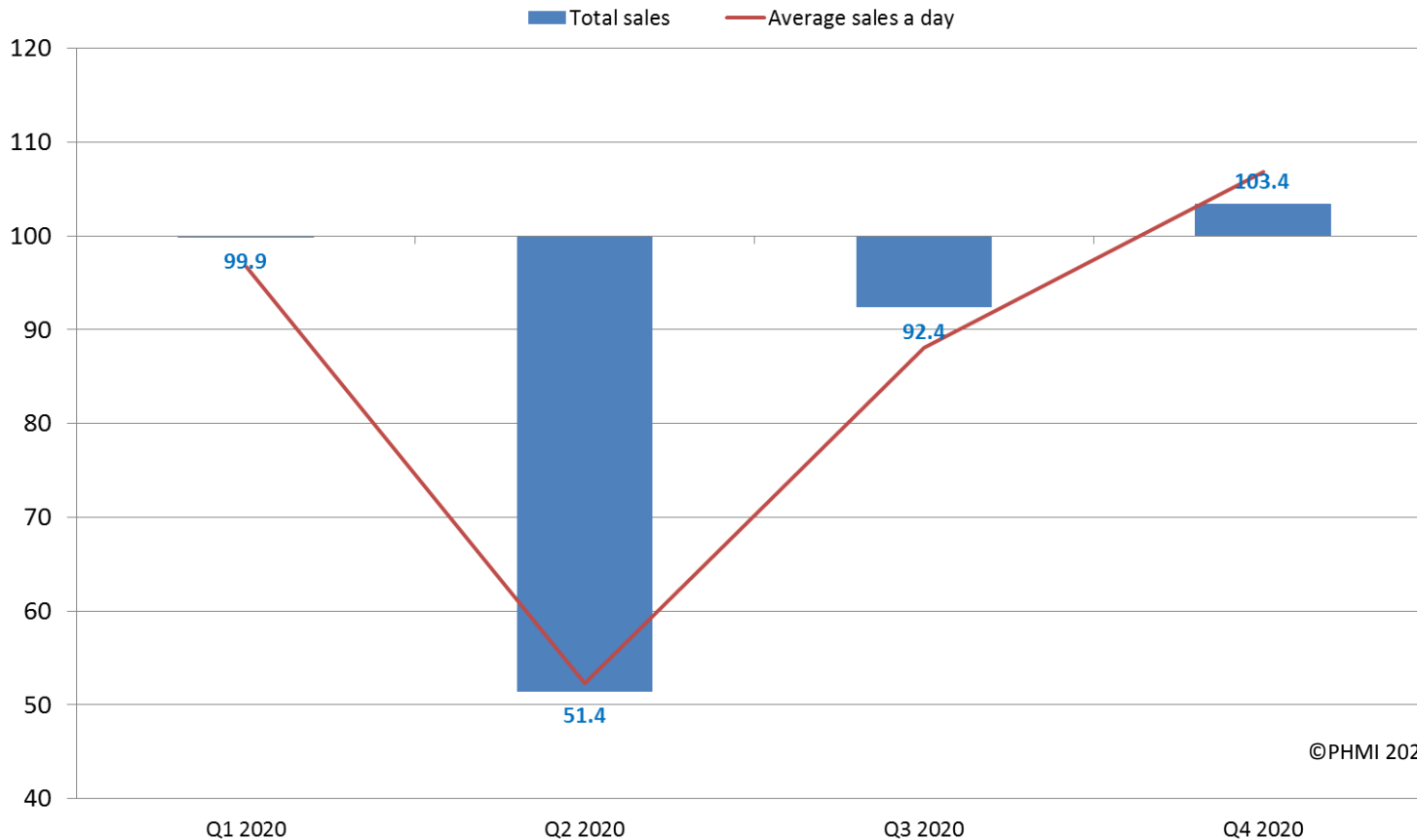
The figures above express how the periods compare with the 2019 base:

- If turnover was exactly the same, the Index would be 100.
- Values over 100 indicate higher turnover in that period. For example, January's index of 104.7 means turnover was 4.7% above the base value.
- Values below 100 indicate lower turnover in that period. March's Index of 93.8 means turnover was 6.2% lower than the base period.

# Quarterly: Index

Adjusted and unadjusted for trading days

## Indices: Q1 2020 to Q4 2020



Value figures  
shown for Total  
sales

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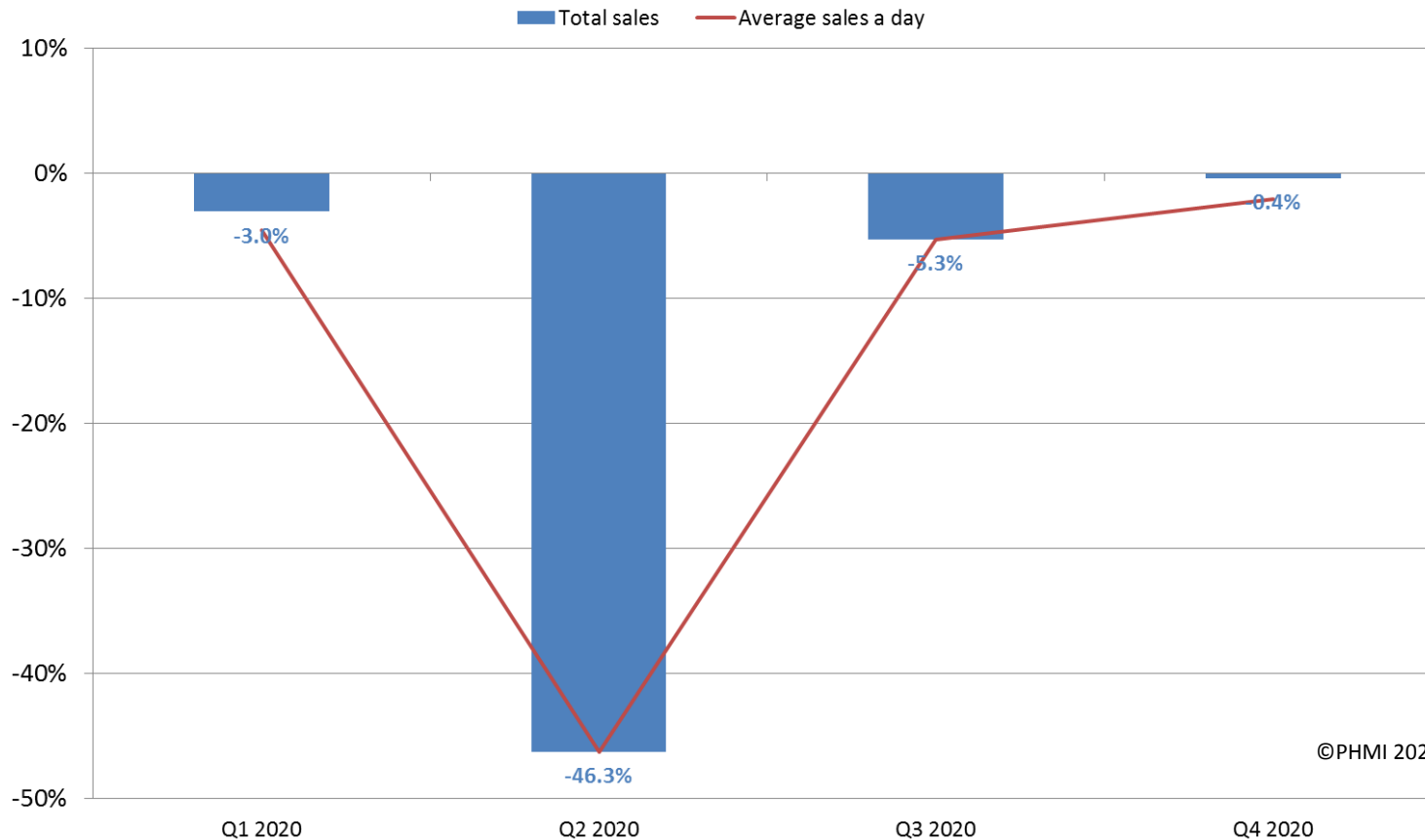
 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020



# Quarterly: This Year v Last Year

Sales indices, adjusted and unadjusted  
for trading days\*

## Quarter: year on year



Value figures  
shown for Total  
sales

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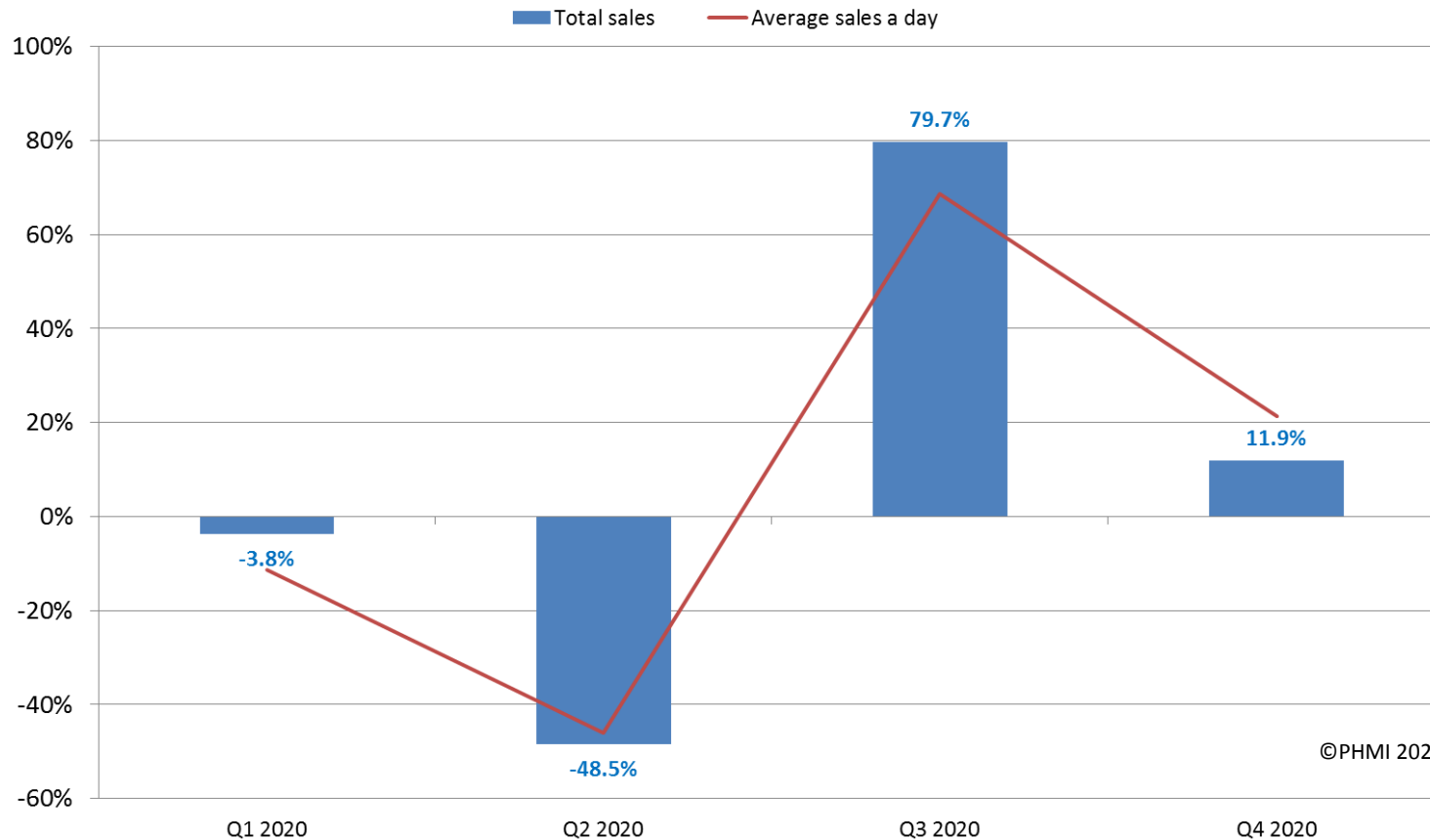
 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020

\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

# Quarterly: Quarter v previous quarter

Sales indices, adjusted and unadjusted  
for trading days

## Quarter v previous quarter



Value figures  
shown for Total  
sales

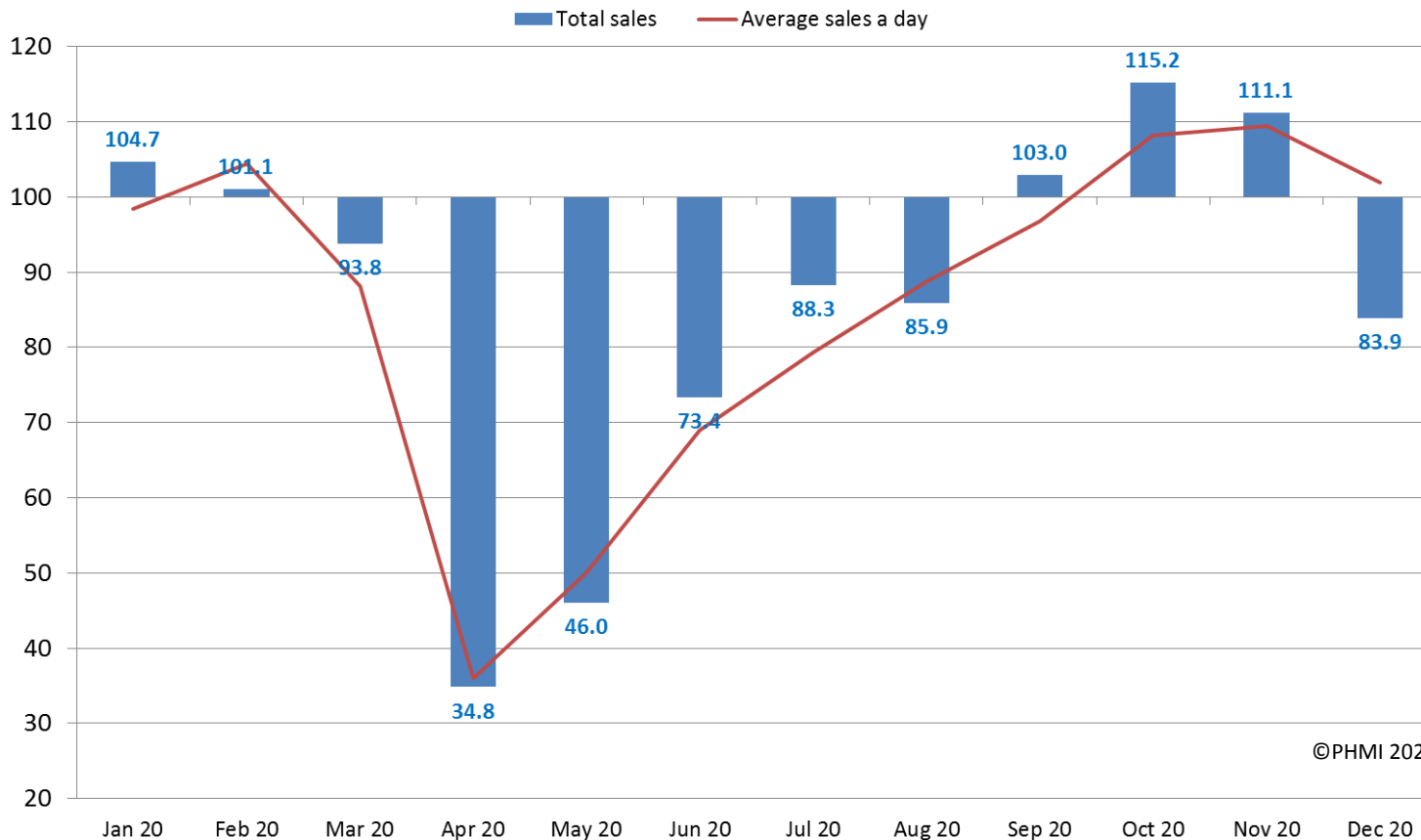
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 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020

# Monthly: Index


Adjusted and unadjusted for trading days\*

## Indices: January 2020 to December 2020



Value figures shown for Total sales

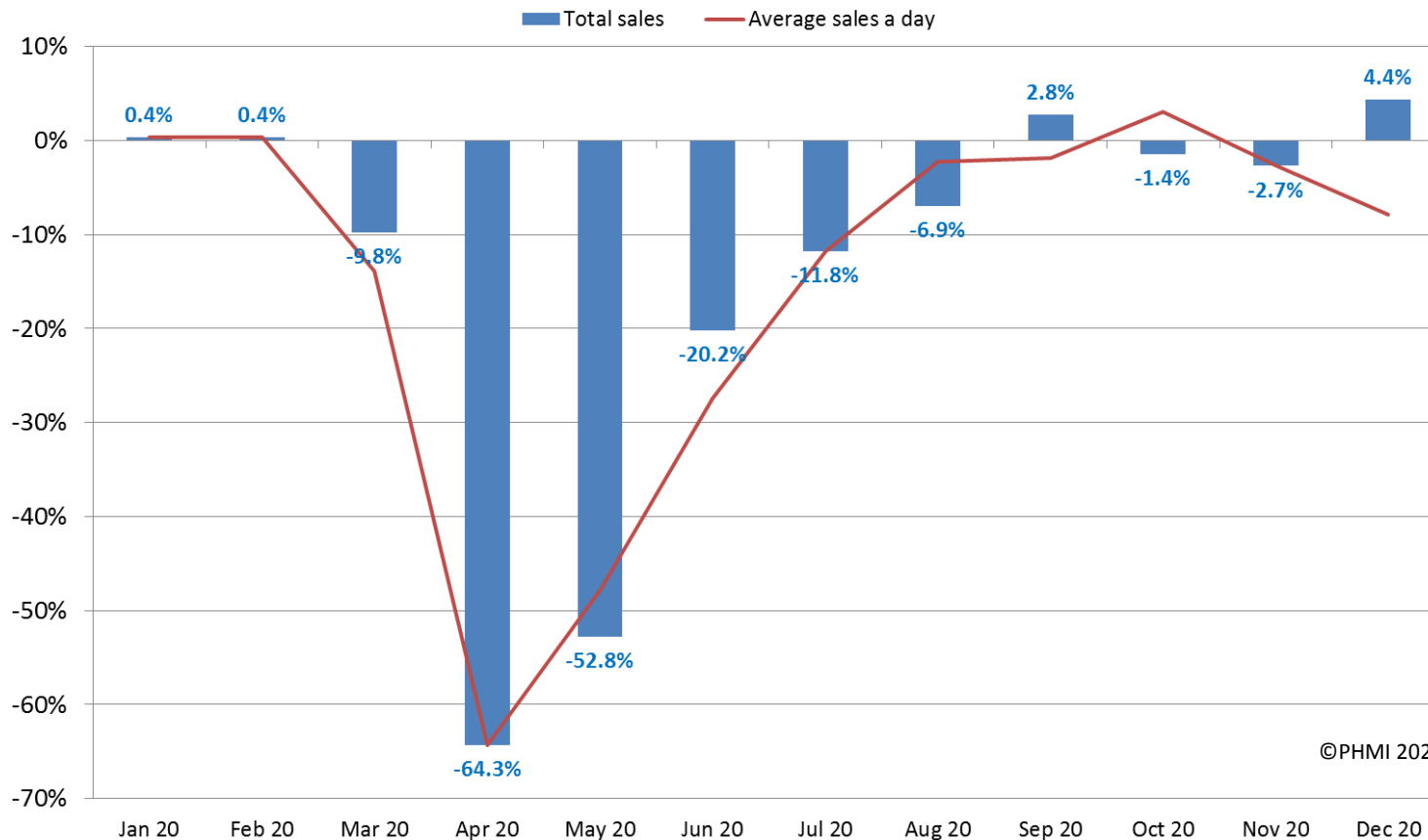
©PHMI 2021

 Source: GfK's Plumbing & Heating Point of Sale Tracking Data, Jan 2019 to Dec 2020

# Monthly: This Year v Last Year

Sales indices, adjusted and unadjusted  
for trading days\*

## Month: year on year



Value figures  
shown for Total  
sales

©PHMI 2021

 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020

\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

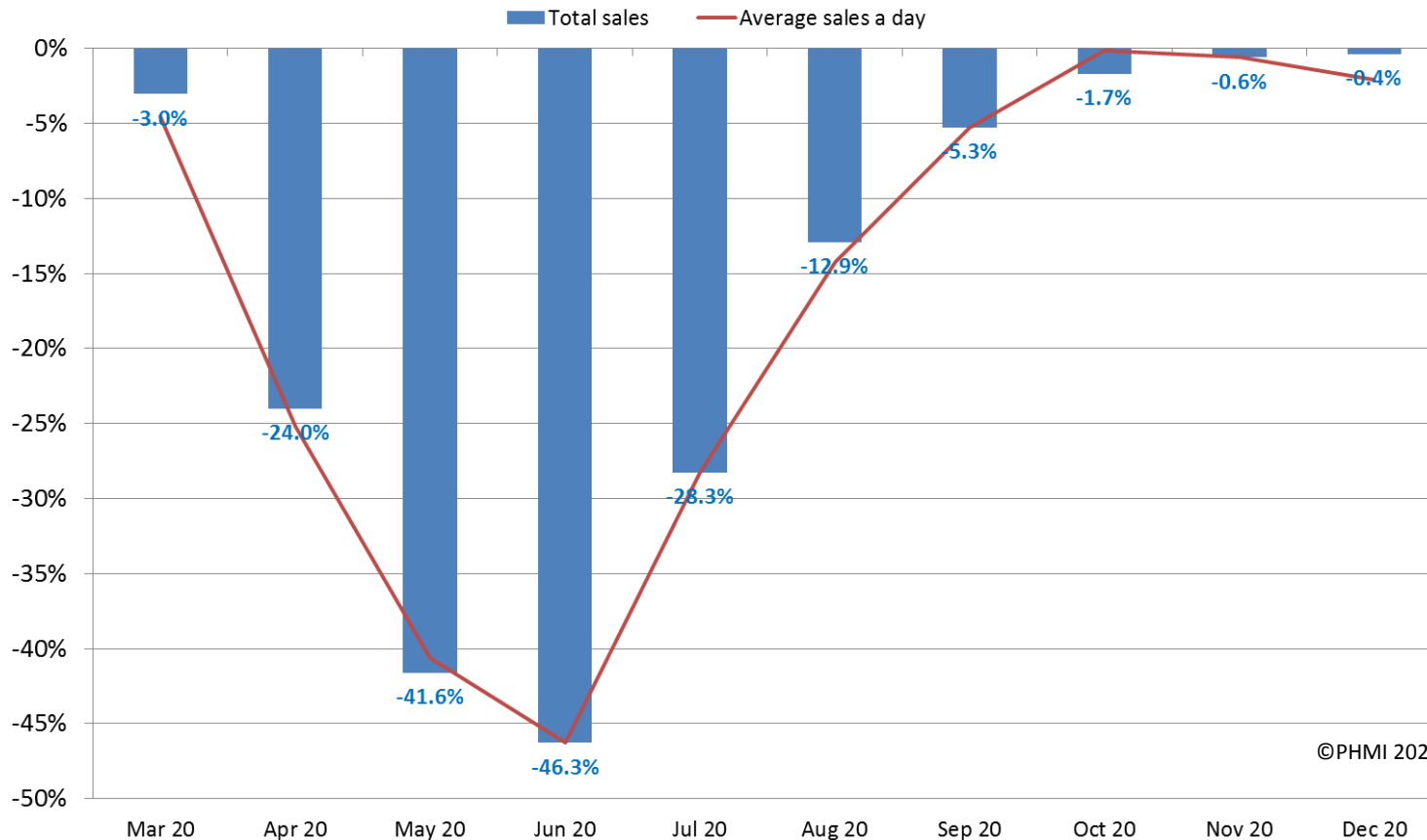
# Rolling 3-monthly: This year v last year

Sales indices, adjusted and unadjusted  
for trading days\*

Plumbing & Heating  
Merchant Index



## Rolling 3 months: year on year



Value figures  
shown for Total  
sales

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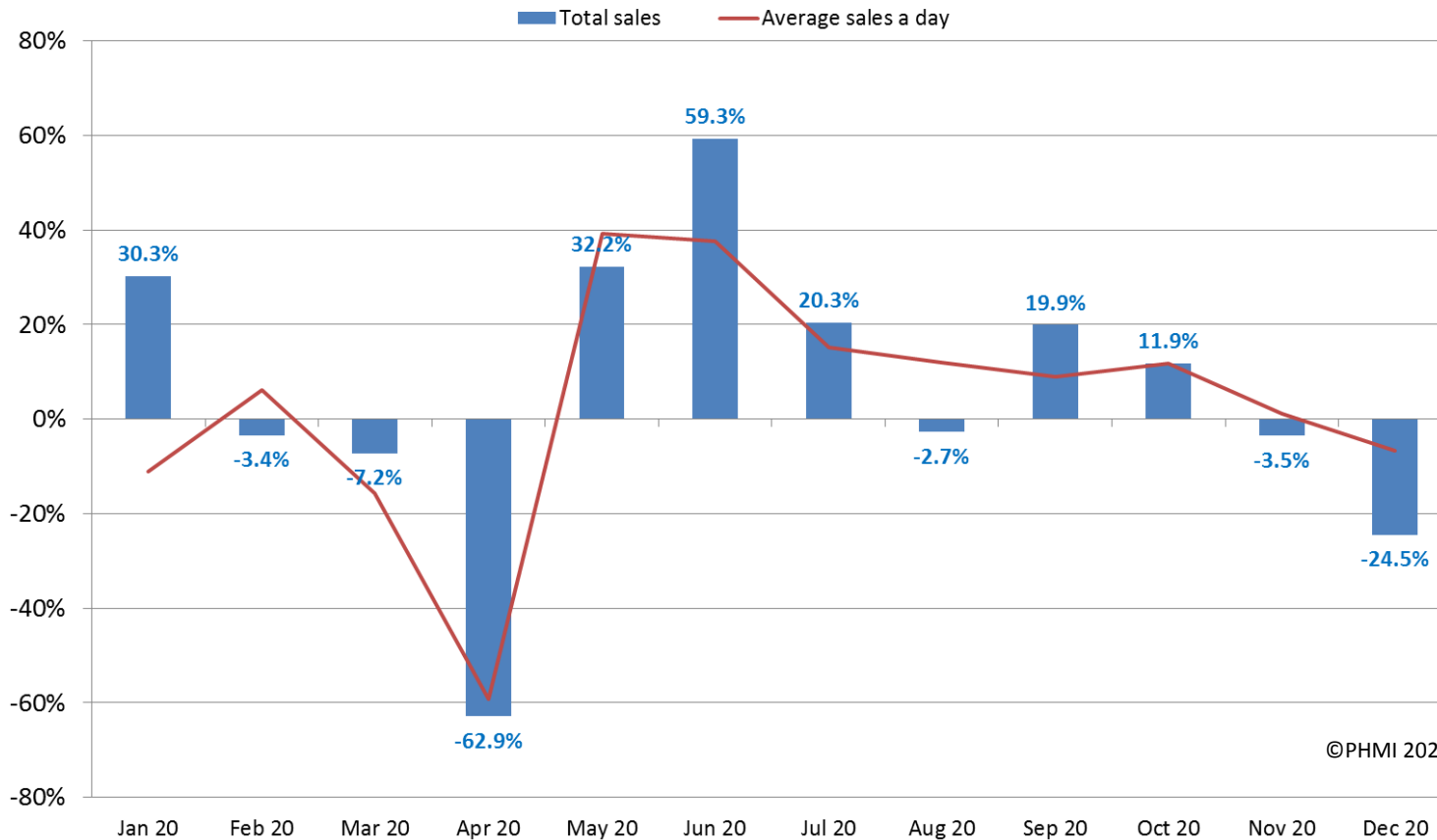
**GfK** Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020

\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

# Monthly: Month v previous month

Sales indices, adjusted and unadjusted  
for trading days

## Month v previous month



Value figures  
shown for Total  
sales

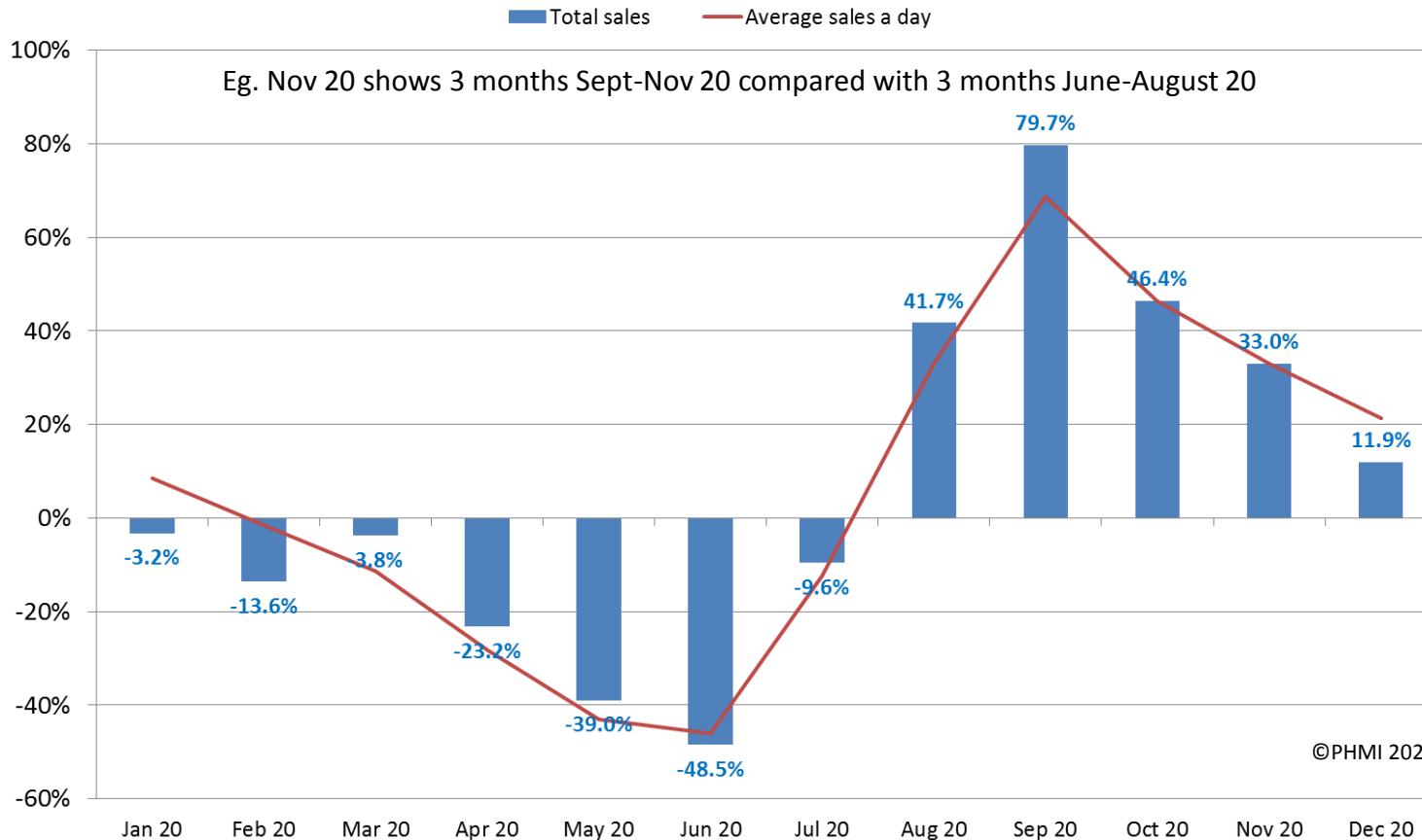
©PHMI 2021

 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020

# Rolling 3-monthly: v previous 3 months

Sales indices, adjusted and unadjusted for trading days\*

## Rolling 3 months v previous 3 months



Value figures shown for Total sales

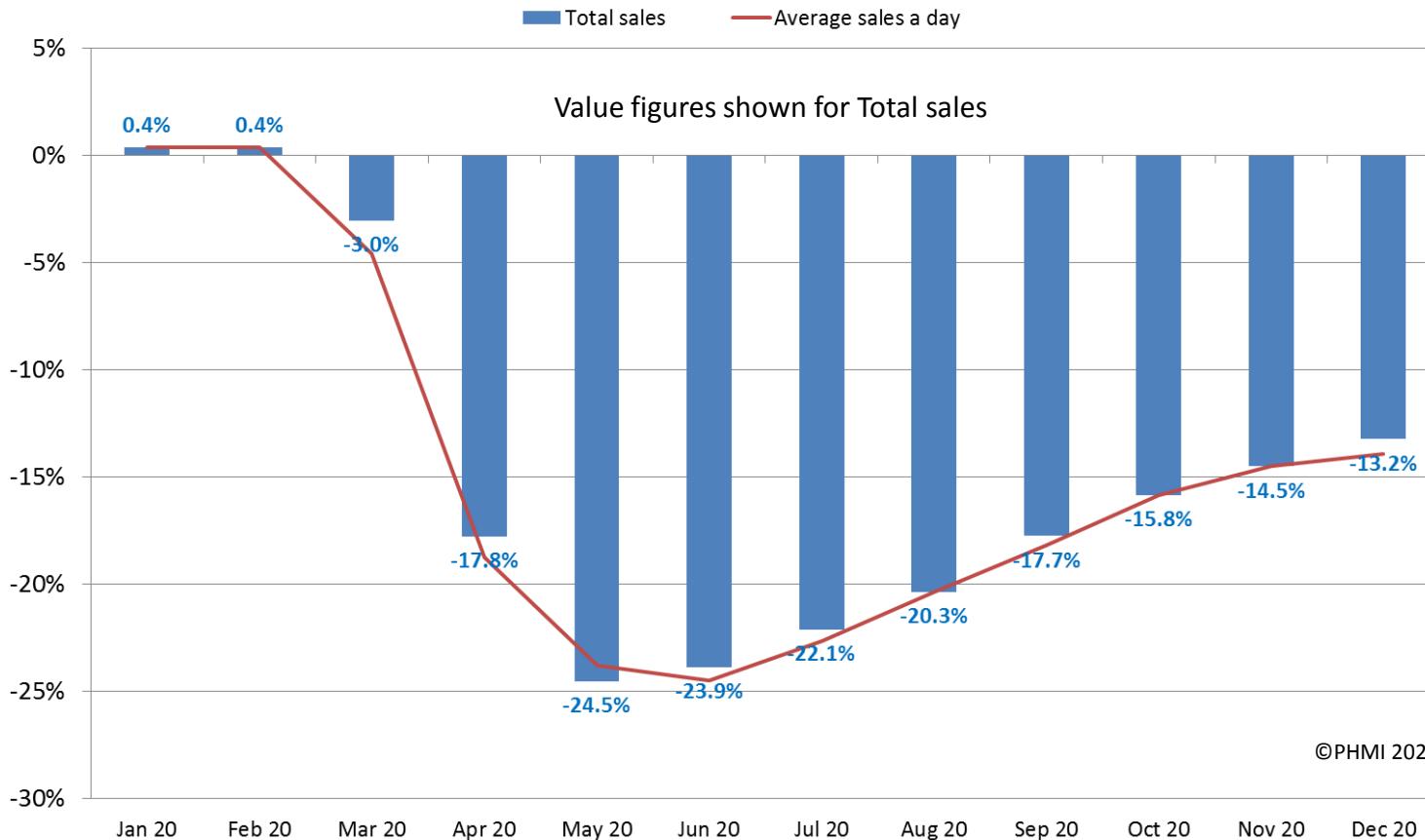
\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

 Source: GfK's Plumbing & Heating Point of Sale Tracking Data, Jan 2019 to Dec 2020

# Monthly: cumulative year to date

Sales indices, adjusted and unadjusted  
for trading days\*

## Cumulative year to date: Jan 20 to Dec 20 v last year



Value figures  
shown for Total  
sales

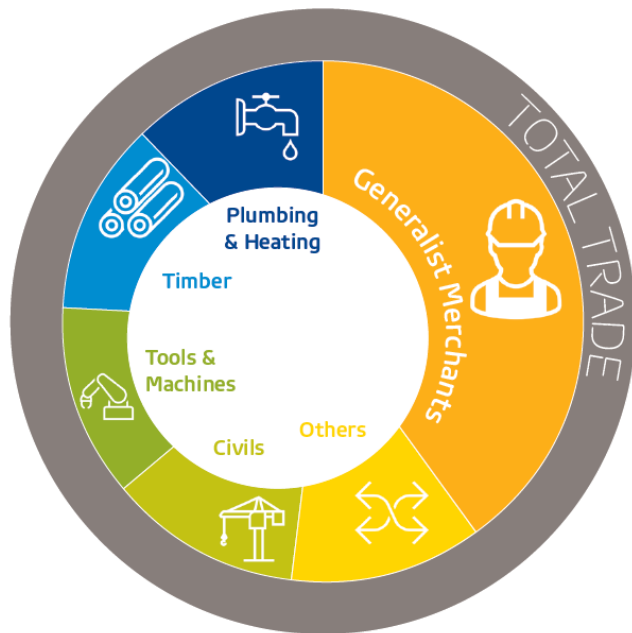
\*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

 Source: GfK's  
Plumbing & Heating  
Point of Sale Tracking  
Data, Jan 2019 to Dec 2020



# Plumbing & Heating channel definition and merchants

## Plumbing & Heating Merchant Index



### Plumbing Specialists

Plumbing & Hardware Specialists are small outlets handling nails, hardware products, pipes, ironware, paint, faucets, sanitary products, bathroom accessories, ceramic tiles and heating equipment such as boilers, radiators & heating controls.

Their main turnover is generated with product groups such as installation, paint & plumbing/hardware product groups (e.g. nails, saws, scissors, keys).

### Plumbing Merchants

Large outlets handling nails, hardware products, pipes, ironware, paint, faucets, sanitary products, bathroom accessories & kitchen, bathroom furniture, bath tubs and heating equipment such as boilers, radiators & heating controls. Compared with Plumbing Specialists they are bigger & generate a higher turnover.

Their main turnover is generated with bath/kitchen faucets, sanitary & complementary products, bathroom accessories, tiles and bath tubs and bathroom furniture.

Turnover is generated with professional end users (B2B) as well as private end users (B2C).

Merchant partners include:



Plumbing Trade Supplies



# Contacting PHMI

## PHMI Experts

Plumbing & Heating brands who are interested in becoming PHMI Experts and speaking for their markets and building their brands should contact Tom Rigby or Ralph Sutcliffe :



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+44 (0) 7392 081276



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Business Development  
Director

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+44 (0) 1453 521621

## More data available

The PHMI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and 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 produce like-for-like market comparability tailored to the requirements of an individual business. Merchants or suppliers who are interested in acquiring data or getting involved should contact Emile van der Ryst:



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Trade

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in materials supply”



## BMF Forecast Report

# BMF Forecast Report

## Winter 2020 edition



### Builders Merchants Industry Forecast Report

The BMF has released the sixth edition of its Builders Merchants Industry Forecast, covering the period October 2020 – December 2021.

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 has 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 Winter 2020 edition available now. The forecast report can be downloaded by BMF members free of charge - once logged in – [here](#).

Non-members can purchase the report by contacting Nyssa Patel on 024 7685 4984 or email [nyssa.patel@bmf.org.uk](mailto:nyssa.patel@bmf.org.uk)



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**Brexit Report  
Winter Edition**  
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# Contact us

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