

Presents

# **BUILDERS & BUILDERS MERCHANTS REVIEW**

April 2020



Welcome to Insight Data's 2020 Builders & Builders Merchants review. It's certainly been an extraordinary end of 2019 for the UK and beginning of 2020!

We've had our first December General Election since 1923, which subsequently led to the UK & the EU signing the 'Brexit withdrawal agreement' on the 24th of January, the question now is, will be back to some kind of normal? Covid-19 will have a gigantic impact on the construction industry, something which we may not know the full effect until the virus passes. Despite the uncertain future, and the question of, 'what happens next' the construction industry must plough on into 2020.

An integral part of the construction chain is the link between builders, tradesman and builders' merchants. Builders buying

habits are changing. The market for Builders Merchants now is as prosperous as ever and we are seeing Builders Merchants rapidly expanding their product ranges to meet the demand. I can proudly present to you a unique and insightful snapshot of the builders and builders' merchants' sectors told by themselves and what the future holds. Using Insight Data's expert market research team, we have managed to conduct a telephone research campaign reaching over 190 of the top builders and builders' merchants across the UK to get their thoughts and opinions on multiple subjects. As with all our market research projects, we could not have produced this without the help and integrity of the respondents who undertook the survey.

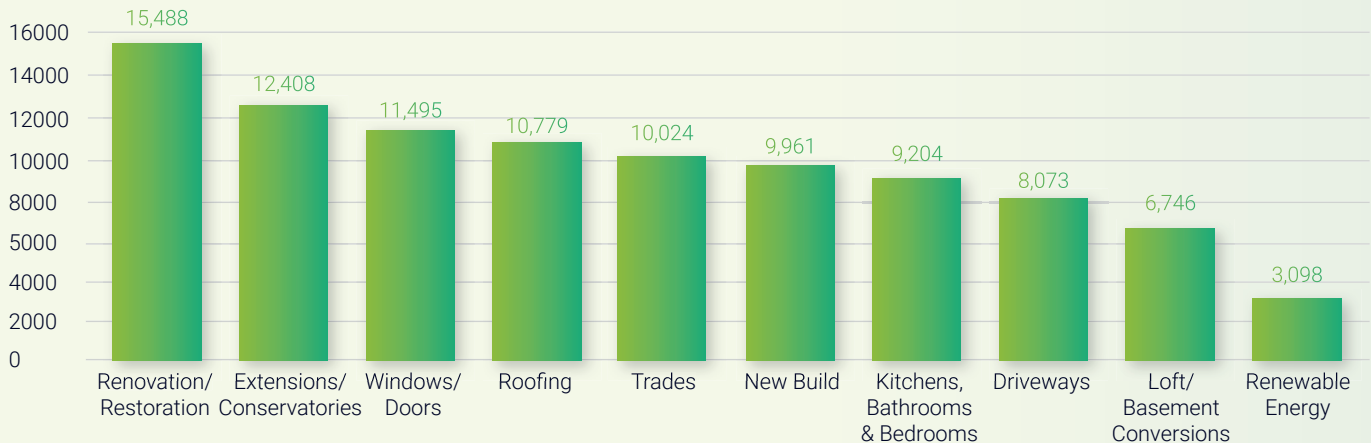
*Jade*

Jade Greenhow  
Operations Director, Insight Data

## Builders

Insight Data currently hold information on over 23,000 builders with a turnover capped at £5m. The builders are split into 10 sectors by what services they provide. Builders typically deal with more than one sector.

The builder's market has remained consistent over a number of years, and looks to continue in that vein. With house prices and mortgage applications stabilising despite the recent political uncertainty, there are still opportunities for builders in the new-build and home improvement markets.

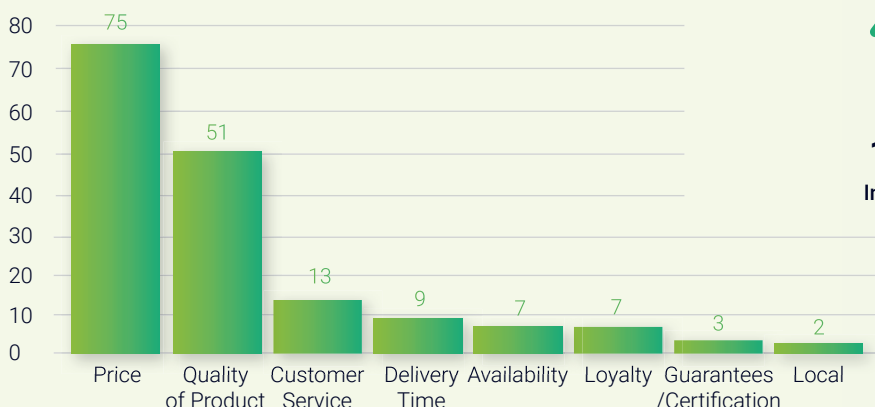


\*Please note some builders will deal with more than one sector.

## What is the key factor influencing purchases of building products?

It's been predicted that the cost of materials will rise throughout 2020, which means it's important building products suppliers market themselves correctly in the months ahead.

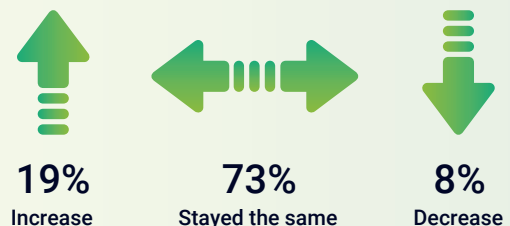
Perhaps unsurprisingly, our research found that price was the key factor influencing purchasing decisions, closely followed by product quality. Factors like customer service, delivery time, guarantees and others all lagged far behind.



## "Have you experienced an increase, a decrease, or have your sales stayed the same since the General Election in December 2019?"

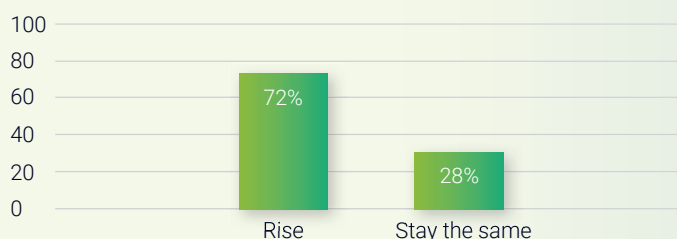
73% of respondents reported that their sales have stayed the same since last year's General Election, while 19% said they'd registered an increase, and 8% had seen a decrease.

Given that the New Year typically sees a post-Christmas slowdown in consumer spending on high-ticket items like home improvements, these neutral responses are not unexpected.



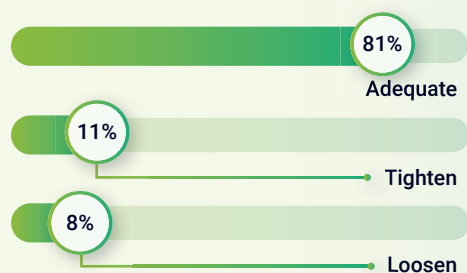
## Will material costs have risen, fallen or stayed the same by the end of 2020?

Despite the neutral responses received regarding sales, 72% of builders believe that material costs will rise in the year ahead. 28% believed they would stay the same, while tellingly no respondents thought there would be a fall. A rise in material costs could hit the industry hard. This, alongside an increase in the national living wage due to come into force in April, and stricter post-Brexit immigration policies, could have a huge impact on SMEs, both in terms of margins and the availability of skills. This could ultimately mean an increase in costs for the consumer down the line.



## Do you think building regulations need to be tightened/loosened, or are they adequate as they are?

Builders have revealed they are very happy with current building regulations. 81% responded saying current building regs are adequate. 11% want building regulations to be tightened, and 8% think they need to be eased.



## Do you purchase more of your building products online, over the phone or by visiting a merchant/distributor?

Despite the technological innovation flourishing across all business sectors, 54% of builders still like to purchase their products in store or from a merchant. Only 19% of builders choose to purchase online, while 27% of respondents preferred to buy over the phone.



**54%**  
Purchase instore



**27%**  
Purchase by phone



**19%**  
Purchase online

## Will the amount of glazing products (windows, doors, conservatory roofs etc) you purchase increase, decrease or stay the same in the next 6 months?

A third of respondents stated they would increase their glazing product purchases in the next 6 months. Alongside higher ticket home improvement products, builders are increasingly adding glazing products into their portfolios.



**33%**  
Increase



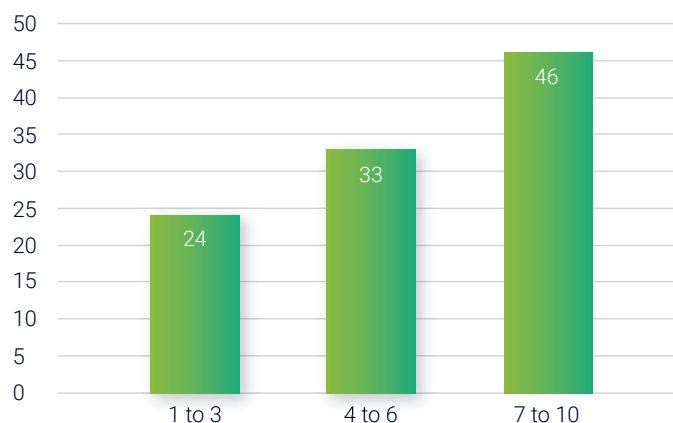
**66%**  
Stayed the same



**1%**  
Decrease

## Out of 10, how interested are your customers in energy saving and green building products?

Last year, the UK became the first major economy to commit to becoming carbon neutral by 2050. This will likely lead to a big increase in the number of sustainable, eco-friendly products available. However, when asked to gauge their customers' feelings on this issue, builders gave mixed responses. 45% of respondents scored customer concern between 7 and 10, while 55% scored it as 6 or under.



## Builders Merchants

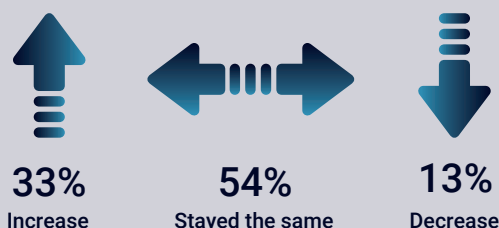
We divide builders' merchants by merchant type. These include typical trade merchants, such as building plastic merchants, plumbing merchants, electrical merchants, timber merchants, kitchen merchants, bathroom merchants, and general building merchants. We have also included large DIY merchants into the survey as they do contain trade account sections of the store. All play a vital role within the supply chain.

Builders' Merchants range from large national organisations who have multiple networks and branches across the UK, to small independent merchants operating at a local level. Larger main contractors, are the biggest purchaser in the merchants market, these are not included in the report. This sector shows no signs of slowing down, having already created a market worth in excess of £5 billion. Furthermore, it presents a wealth of valuable opportunities for companies to win new business.

Acquisitions within the sector are also continuing to thrive, and it continues to present a lucrative market for investors.

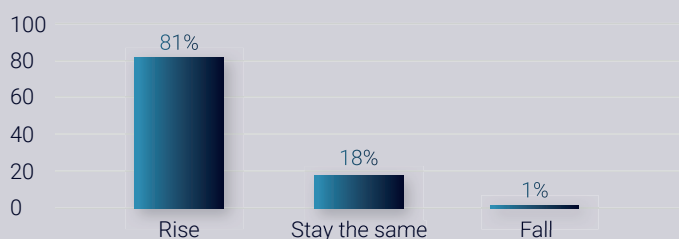
## Have you experienced an increase, a decrease or have your sales stayed the same since the General Election in December?

Builders' merchants have noticed a slightly bigger increase in sales since the general election in 2019. 33% of builders' merchants experienced an increase, while 54% reported sales had stayed the same, and 13% registered a decrease.



## Will material costs have risen, fallen or remained the same by the end of 2020?

Like the builders, builders' merchants agreed almost overwhelmingly that a rise in material costs is inevitable by the end of 2020. 81% forecasted a rise, while 18% thought they would stay the same. Just 1% predicted a fall in prices.

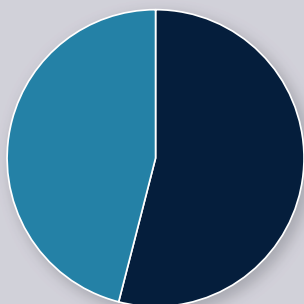


## Do you agree that the industry as a whole is doing enough to tackle climate change?

The majority of builders' merchants think that the industry as a whole is not doing enough to tackle climate change.

Technology will have a huge part to play if the UK is going to hit its 2050 carbon neutrality target. Many manufacturers will be developing more sustainable products, and it looks inevitable that this market will grow extensively in the years ahead.

■ No 54%  
■ Yes 46%



## Merchants by products

Builders' merchants are the key 'middlemen' in the supply chain - allowing building product suppliers to get their products in front of builders, an audience who are notoriously difficult to get hold of. Insight Data holds records for 7,680 branches of builders' merchants, which are split up into the following different types\*.

Timber and Joinery Products	3208
Plumbing Products	3134
Heating Products	2708
Decorating	2578
Bricks	2332
Concrete Blocks	2285
Cement	2252
Sand	2243
Landscaping	2180
Ironmongery	2176
Electrical Products	2159
Insulation Products	2148
Roofing materials	2108
Workwear and Safety Wear	2084
Bathrooms	1977
DIY Products	1740
Kitchens	1604
Windows / Doors	1394
Roofline	967
Roof Windows	533
Balustrades	201

\*Please note some merchants will deal with more than one type.

## What is the key factor influencing purchases of building products?

48% of respondents cited price as the key influence when buying in products. Quality of the product was the second most popular choice, mirroring the response from the builders at 24%.

Merchants placed more emphasis on customer service than builders, however. 20% cited it as their biggest influence when purchasing products for their branch.



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