

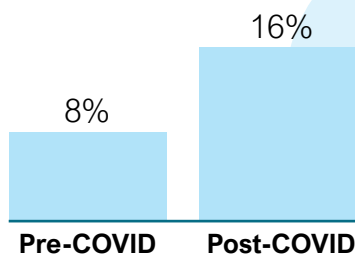
DID MY BUILDER GHOST ME?

A steep rise in home improvement demand combined with supply-side constraints and an increased use of online has led to many potential home improvers being left in the lurch as busy tradespeople 'ghost' potential leads. Here we discuss what's behind this shift, as well as the opportunities created for those that can adapt.

COVID HAS FUNDAMENTALLY REBASED HOUSEHOLD EXPECTATIONS AND DEMAND FOR HOME IMPROVEMENTS

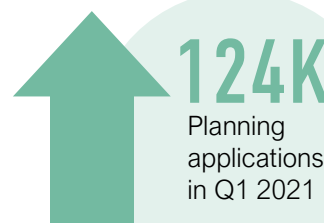
CIL's analysis suggests that this is more profound than just a short-term response to household savings and lockdown frustrations.

SAVINGS RATIO (AVERAGES)



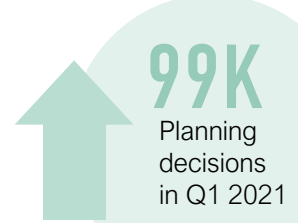
Source: ONS, UKEA dataset

PLANNING DATA - APPLICATIONS OUTGROWING DECISIONS



Growing at 20% YoY

Source: MHCLG



Growing at 12% YoY

INCREASED SPENDING IN HOME IMPROVEMENTS



Feb 2021

May 2021

Aug 2021

Next 12 months

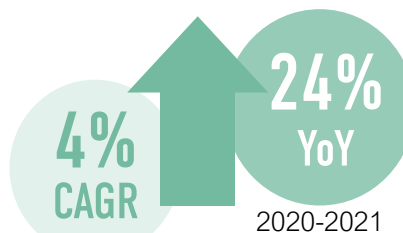
Source: CIL Consumer Pulse Survey

THE SUPPLY CHAIN IS STRUCTURALLY BROKEN IN A WAY THAT WILL TAKE A LONG TIME TO UNWIND

CIL's analysis shows that there are no quick fixes to material and skills shortages. Inbound materials require smooth post-Brexit borders and the normalisation of international freight. The skilled labour market is even more complex – here, it requires a clear approach to immigration in the near-term and vocational training in the long term, though the latter will be slow to come through. We expect a prolonged period of disruption.

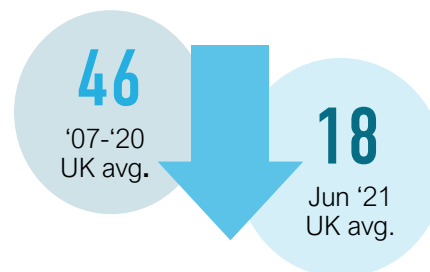
INCREASES IN MATERIAL PRICES...

...AND LEAD TIMES ARE GETTING LONGER



2006-2021

Source: ONS, Monthly statistics of building materials and components



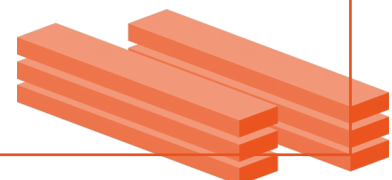
Since previous months:
Above 50 = lead times getting shorter
Below 50 = lead times getting longer

Source: UK Construction PMI Suppliers' Delivery Times Index

RETIREMENT AND MIGRATION



Source: Annual ONS population survey on job description



THERE HAS BEEN A MASSIVE SHIFT TO ONLINE IN A FAST-PACED AND HARDER MARKET

Tradespeople being busy and increasingly meeting new clients virtually means that it's easy to selectively ignore inbounds and go quiet on attractive leads, effectively 'ghosting' potential work.

CIL's modelling and market referencing shows a profound shift to online channels for buying products, finding tradespeople and communicating via text or another mobile-friendly platform.

67%

of consumers buying building products online more often compared to three years prior

Source: CIL analysis

vs



82%

of trade respondents buying building products online more often compared to three years prior

Source: CIL analysis

25%

increase in consumer visits to online tradespeople directories

Source: Company accounts 2021

vs

10%

increase in number of tradespeople active on online jobs boards

Source: Company accounts 2021

COVID has fundamentally rebased household expectations and demand for home improvements



WHY THE HOME IMPROVEMENTS MARKET IS BROKEN AND HOW MILLENNIAL WAYS OF WORKING ARE TAKING OVER IN A POST-COVID MARKET

There has been a massive shift to online in a fast-paced and harder market

The supply chain is structurally broken in a way that will take a long time to unwind

Focus areas for those that can adapt and change in the home improvements supply chain include:

- Leads aggregation and panel management
- Drop ship as well as clicks and mortar distribution
- Online cataloguing and stocking
- Network and jobs optimisation
- Recruitment and retention
- Remote compliance and training
- Supply chain continuity
- Pricing in early, paying well
- Being millennial friendly



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