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The 'Road to Recovery' for the Plumbing & Heating sector

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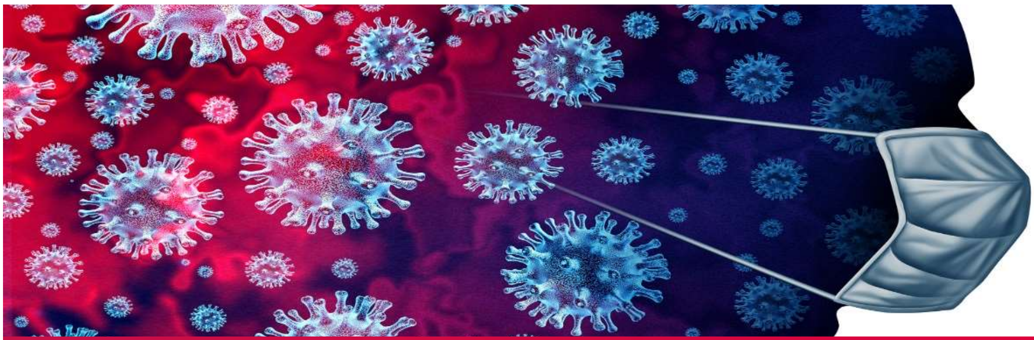
Research Report: Summer 2020



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A unique cross sector collaboration, devised by Eureka Research, to understand the challenges faced by P&H business owners at this unprecedented time. Leading brands and representative bodies partnered with Eureka! to deliver the survey to the trade.

IN PARTNERSHIP WITH...

APHC – Association of Plumbing & Heating Contractors Limited

British Institute of KBB Installation

CORGI – Celebrating 50 Years 1970–2020

bma – Bathroom Manufacturers Association

Installer

CIPHE – Chartered Institute of Plumbing and Heating Engineering

HHIC – Heating & Hotwater Industry Council

BMF – Builders Merchants Federation

AND SUPPORTED BY...

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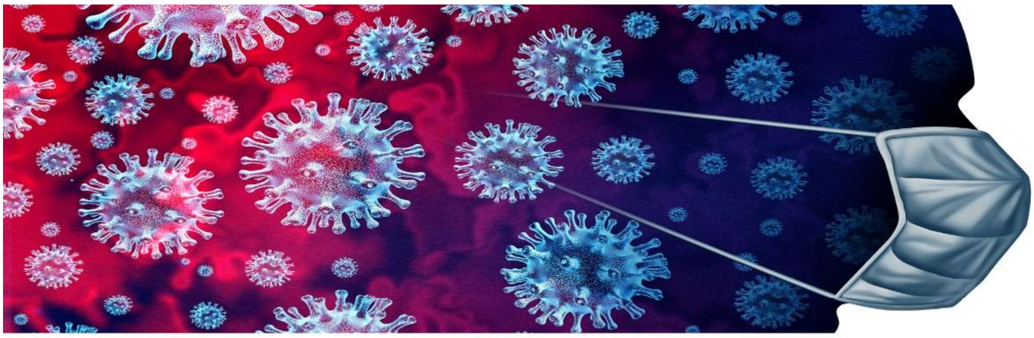

Contents

Overview

An unprecedented consultation with the trade in terms of scale and depth:

Early lockdown ***– early April***

1,115 interviews

June/ July 2020

892 interviews

2,007 interviews with P&H business owners

	Limited companies	Sole traders	Heating specialists	Plumbing and heating	General plumbing
April	43%	57%	52%	59%	22%
June-July	37%	62%	47%	60%	28%

A spread of businesses consulted across the plumbing, heating and bathroom sector

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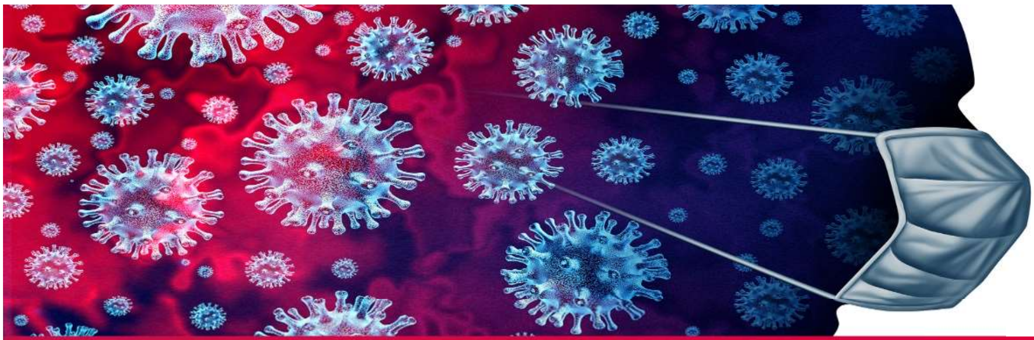

Background to this research

Against the backdrop of the COVID-19 pandemic, Eureka! launched an ambitious project with installers in the P&H sector in April 2020. The response from the installer community was extraordinary with over 1,100 business owners responding to our first in-depth consultation. This was a fantastic achievement and provided stakeholders with a free-to-download insight into the real-world experiences of tradespeople during those early days of lockdown.

Now, three months later, we are leading another phase of research with an even wider number of brands, merchants and representative bodies. Our mission is to help the bathroom and heating sector get back on its feet as quickly as possible.

In late June we reached out to business owners and were again inundated with replies, almost 900 taking the time to explain how they were coping and navigating their own ‘Road to Recovery’. This report delves into their responses and compares and contrasts with the findings from phase 1. We hope this again proves invaluable to those with a stake in this sector.

About the authors

Eureka! is a full-service Market Research agency that specialises in the Plumbing, Heating and Bathroom Sector. We have decades worth of experience in helping businesses understand their target market and customers. Services we offer this sector include:

- Product testing with installers and engineers
- Test brochures and collateral with consumers
- Usage and attitude studies
- Track evolving tastes amongst home owners and route to market
- Mystery shopping (in merchant or showroom)
- Measure satisfaction and loyalty in merchants

Enquiries: hello@eurekaresearch.co.uk

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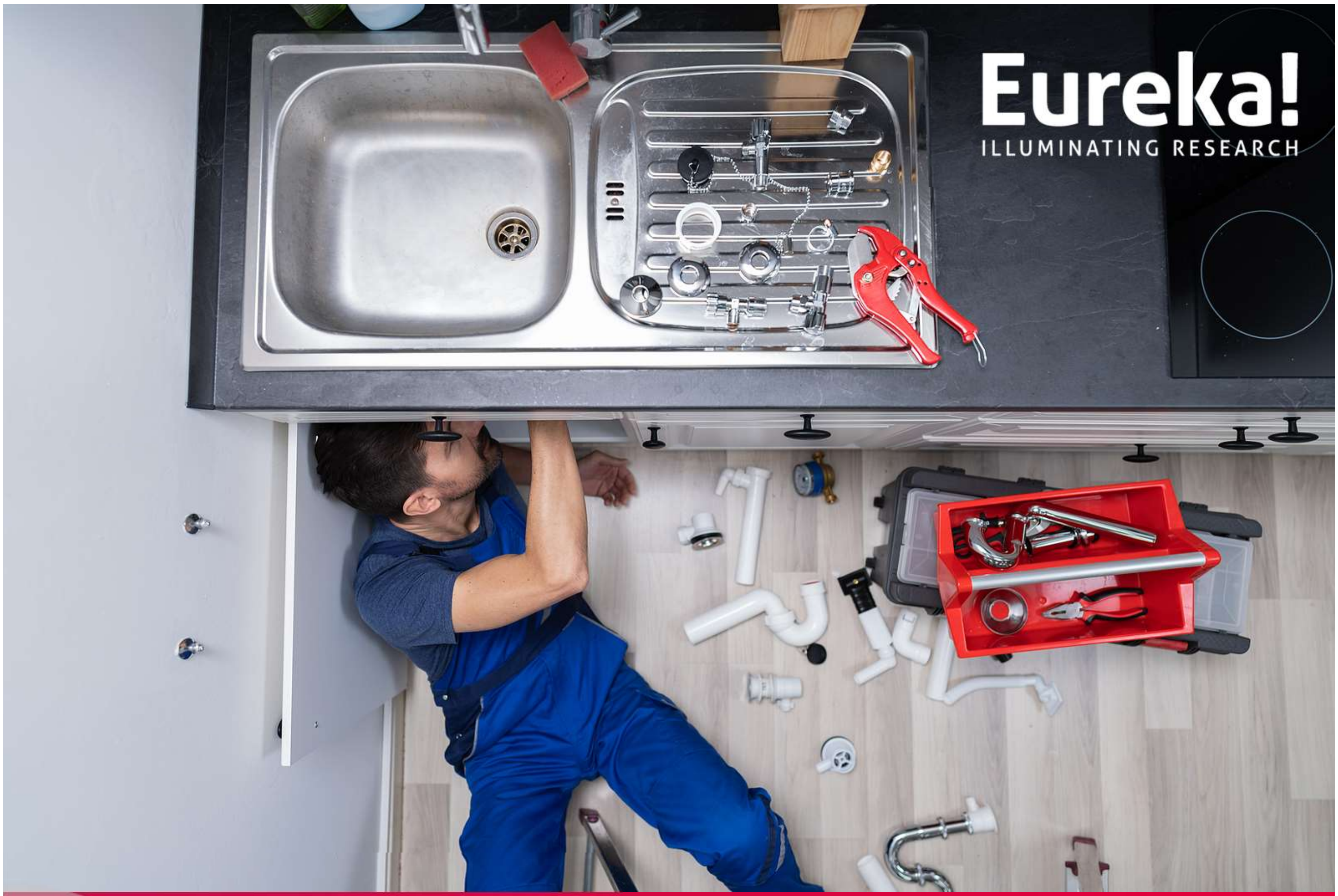

Theme 1

Business and economic impact

COVID chronology

March

16th Mar
Govt advise against travel and social contact

20th Mar
Furlough scheme announced

31st Mar
Govt clarify essential work in construction

April

12th Apr
Hospital COVID deaths passes 10,000

May

6th May
COVID deaths passes 30,000

10th May
New Govt "Alert" messaging

29th May
Sunak announces Furlough extension

June

1st June
Groups of 6 can meet outside

15th June
Non essential retail reopen

July

4th July
Social distancing relaxations incl. hospitality

18th July
Growing emphasis on local decisions

August onwards

1st Aug
New back to work guidance

3rd-16th April Eureka! survey

26th June – 12th July Eureka! survey

	3rd-16th April	26th June – 12th July
'Operational' working capacity	13%	42%
Business confidence	29%	36%

The P&H sector is slowly getting back on its feet but confidence is fragile

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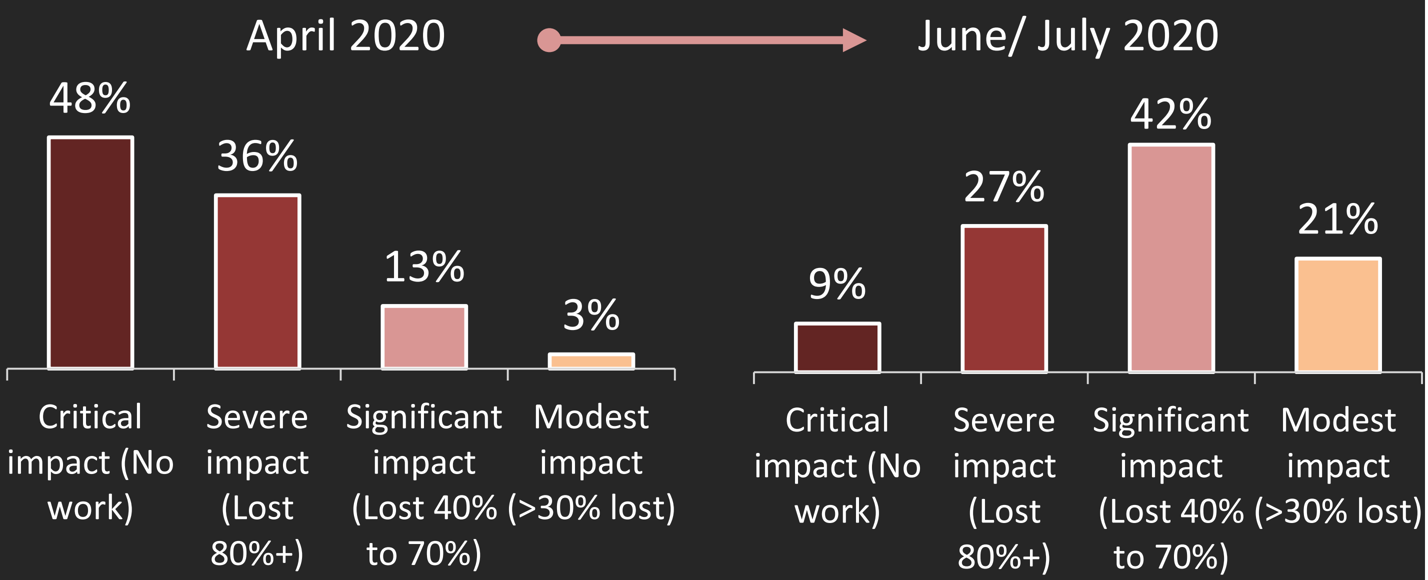
Impact on current work levels



While there are definitely more P&H businesses 'back to work' (just 9% now citing no work), the impact of COVID-19 is still proving stubborn, with the sector only operating at an average 42% of its normal level of reported business.

The P&H sector is operating at just 42% of normal capacity

7 in 10 report a continued significant or severe impact on their normal workload, re-emphasising the destructive nature of the enforced shutdown.

This sector is still a long way away from being 'back to normal'.

Q4. What impact has Coronavirus had on your normal workload? Please use the scale of 1 to 10, where 1 is no impact and 10 is severe impact. Base: 892

Wider economic impact

Current turnover hit

Usual business performance

£152,600
Annual turnover

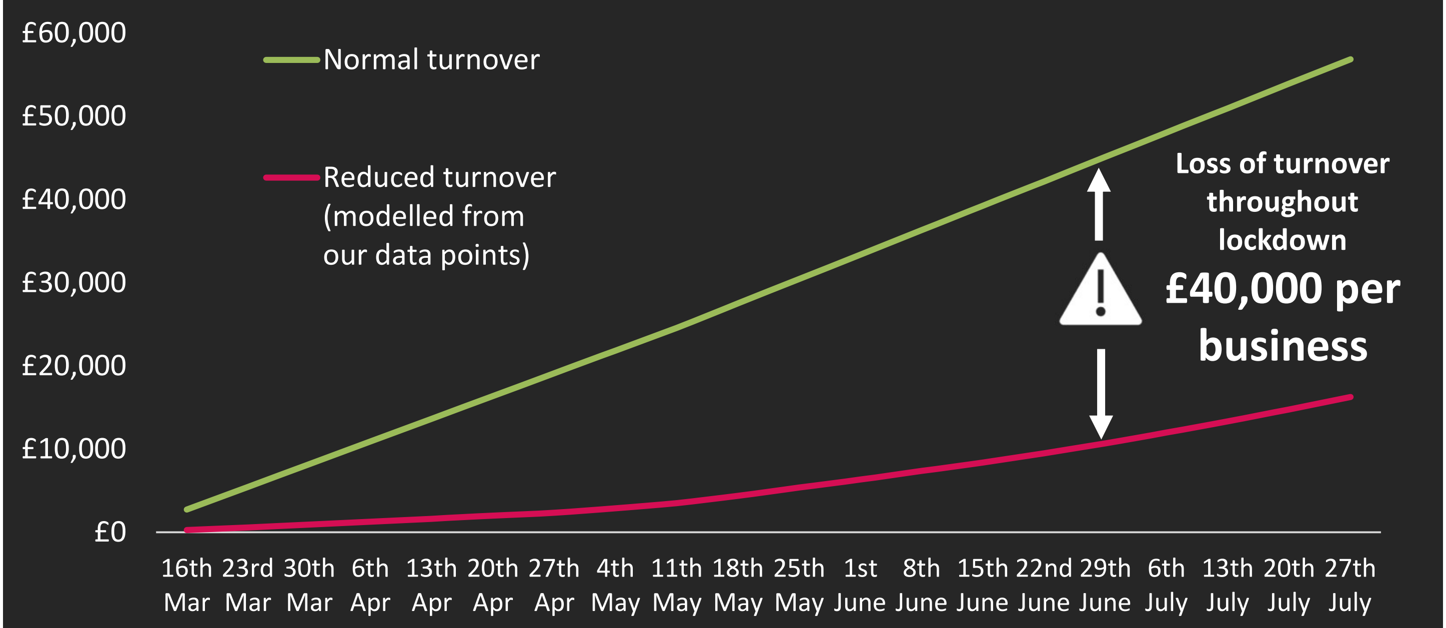
£2,935
Weekly equivalent

Current loss of income per business

42%
Working capacity

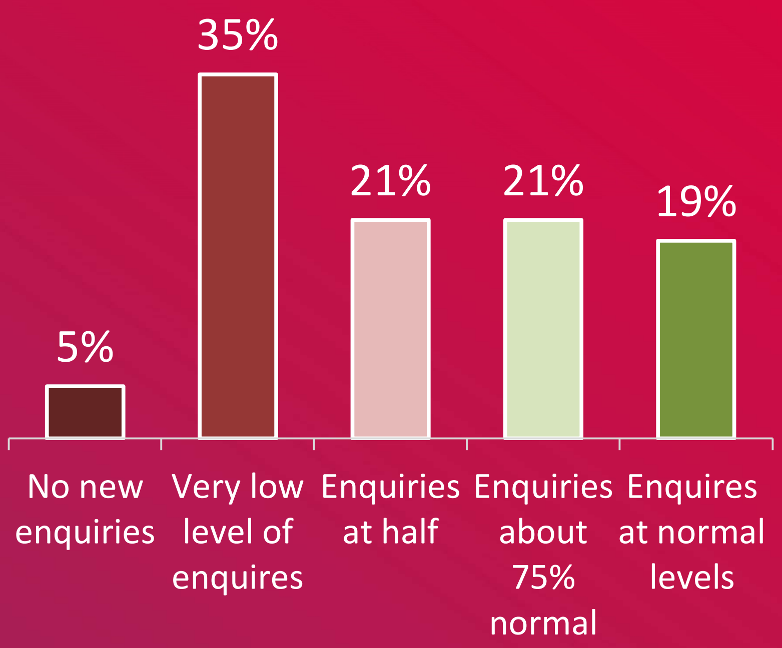
£1,526
Weekly 'hit' to turnover

£150m weekly loss to the P&H sector



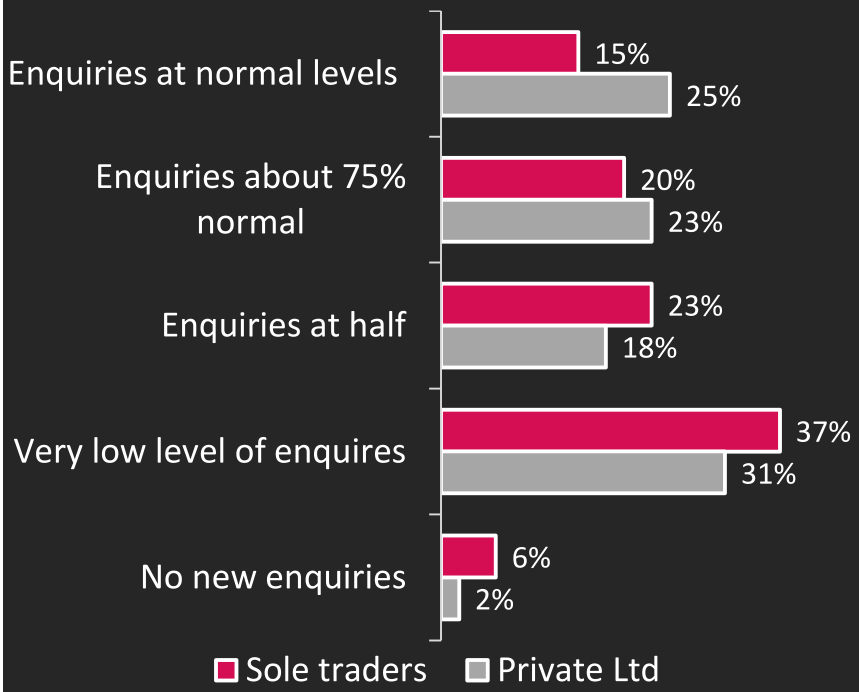
Q32. Approximately, how much did your business turnover last tax year? Valid base: 820

New job enquiries



The job pipeline is sluggish, with fewer than one fifth stating that enquiries are back to 'normal' levels.

For the majority (two thirds), enquiries are less than half of their pre-COVID levels.



At a time where we are being encouraged to get back to work safely there are considerable challenges to overcome.

Limited companies appear to be getting 'back to normal' more quickly than their sole trader counterparts; one quarter state enquiries are back to normal.

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Q5. How would you describe the current level of new job enquiries versus 'normality'? Base: 892

Nature of job enquiries

w/c 29th June
47%
of normal

w/c 6th July
53%
of normal

Although the work pipeline is challenging, the trajectory looks more promising – with more customer enquiries in the second week of our research compared with the first.

If a similar trajectory is maintained, enquiry levels will not return to ‘normal’ until nearly October.

Those businesses getting back up to “normal” levels of enquiry:

- Full bathroom install up 33%
- General repairs up 38%
- Heating system install up 32%

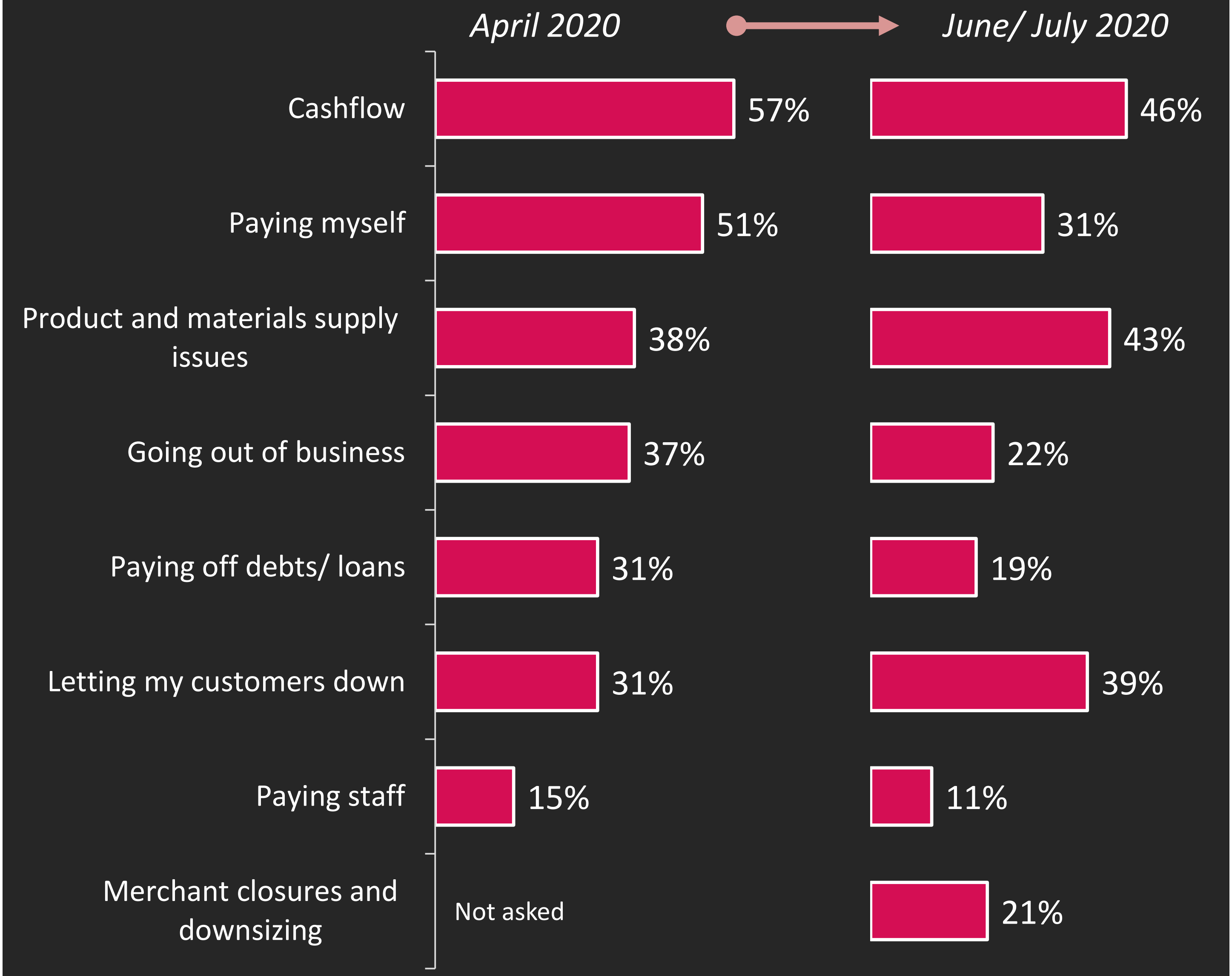
But those reporting more sluggish enquiries:

- General repairs up 35%
- Emergency work up 27%
- Boiler servicing up 21%

Q5. How would you describe the current level of new job enquiries versus 'normality'? Base: 892
Q7. Compared to 'normality', are you seeing more job enquiries for ... Base: 466

Top business concerns today

Cashflow is still a major concern for many, although as some have gone back to work, supply chain concerns have increased markedly – 60% for those with 'normal job enquiries', showing the impact of enforced shutdowns on supply chains. A loyalty to customers has risen and is cited by 4 in 10, reflective of the repeat business that many in this sector need to survive.



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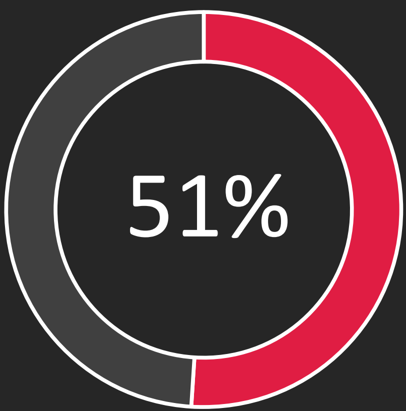
Q8. Other than everyone's health and welfare, what are the THREE biggest concerns facing your business today? (Please tick up to 3 concerns) Base: 1110, 726

Merchant supply issues



51% of P&H business owners identify supply chain issues as a top three concern, either ‘product and material supply issues’ or impending merchant closures and downsizing of branch numbers.

For those who say enquiries are ‘back to normal’, this concern rises to 70%.

	Limited companies	Sole traders	Heating specialists	Plumbing and heating	General plumbing
Merchant Impact	47%	54%	43%	49%	58%

Supply chain issues are felt across the working spectrum, although are higher with those specialising in ‘General plumbing’ (58%), versus Heating Specialists (43%).

Regardless of the merchant/ supplier used (e.g. Nationals, independents, Screwfix style, DIY stores), concern regarding supply of goods is consistently experienced by over half.

Q8. Other than everyone's health and welfare, what are the THREE biggest concerns facing your business today? (Please tick up to 3 concerns) Base: 726

Installer viewpoint

"Better Government guidance. Available PPE. Big simple government low carbon incentive. Lets make UK rock on renewables including manufacturing our own products. Insulation. And general energy saving. Lower VAT for a period of time. And reduce bureaucracy. Spend more time doing paper work than i do working and everything is based on how good your paper work is and if it complies with this or that. Last thing required is can you carry out good safe work. Not important anymore"

"At the moment we are keeping our heads above water but only just. The general public are delaying or just not having work done mainly for financial or social distancing issues. Last month alone we lost over 50 regular boiler services. This work will I hope come back but these jobs are gone. It is going to be really tough for at least the next 12 months."

"A cut in VAT rate would help. No increase in prices from manufacturers. Reduced fees from Gas Safe (a lot of businesses have will have had 1 or 2 days work a week for 6 months)."

The supply of materials from national merchants needs to improve dramatically.

"It is more difficult and time consuming to source materials at the moment."

"I think we need as much help as possible from manufacturers and suppliers in keeping their costs down or even reducing them now, so we can pass on savings which may enable us to win more work. Also if manufacturers and suppliers try to make and supply British made products, to help all British companies, as well as having a better greener approach to delivery of products i.e. less distance for products to travel from manufacture to the end user."

"I resent that as a Limited Company Director there was no financial support available to me nor my business (I have no rateable premises), other than loading up with debt and I'll be expected to foot the bill alongside all the other businesses given grants, income replacement, etc... whilst many have carried on working regardless of furlough rules and COVID restrictions."

Theme 2

How the sector is adapting

Key business decisions taken

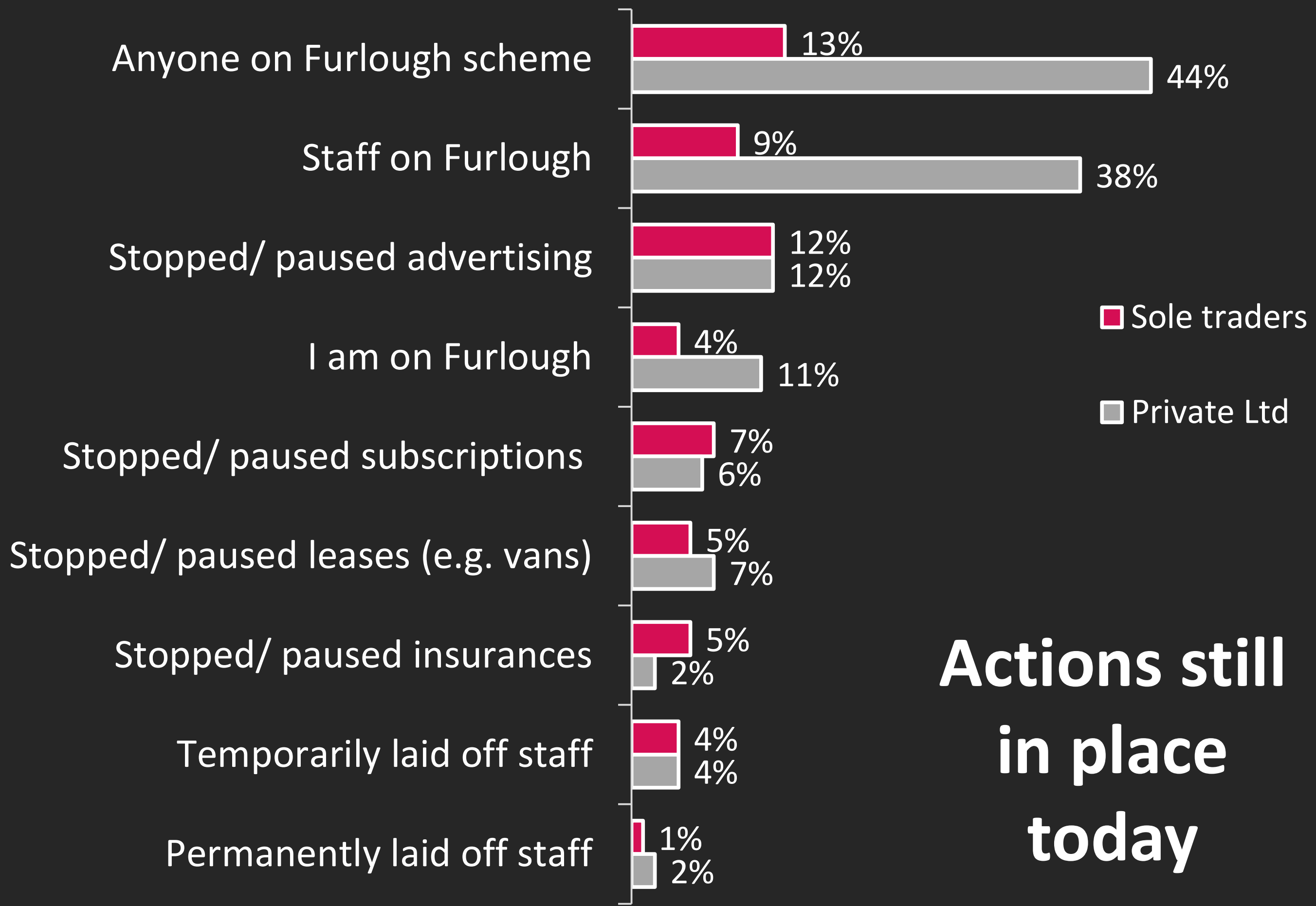
April 2020

58%

Furloughed staff (LTD companies)

In April, almost 6 in 10 Private Ltd businesses had already furloughed staff. Three months later, this number is still high, 4 in 10 are still furloughed; around 1 in 10 owners are also still furloughed. With enquiries still low, what does the future hold for these employees?

Actions still in place today



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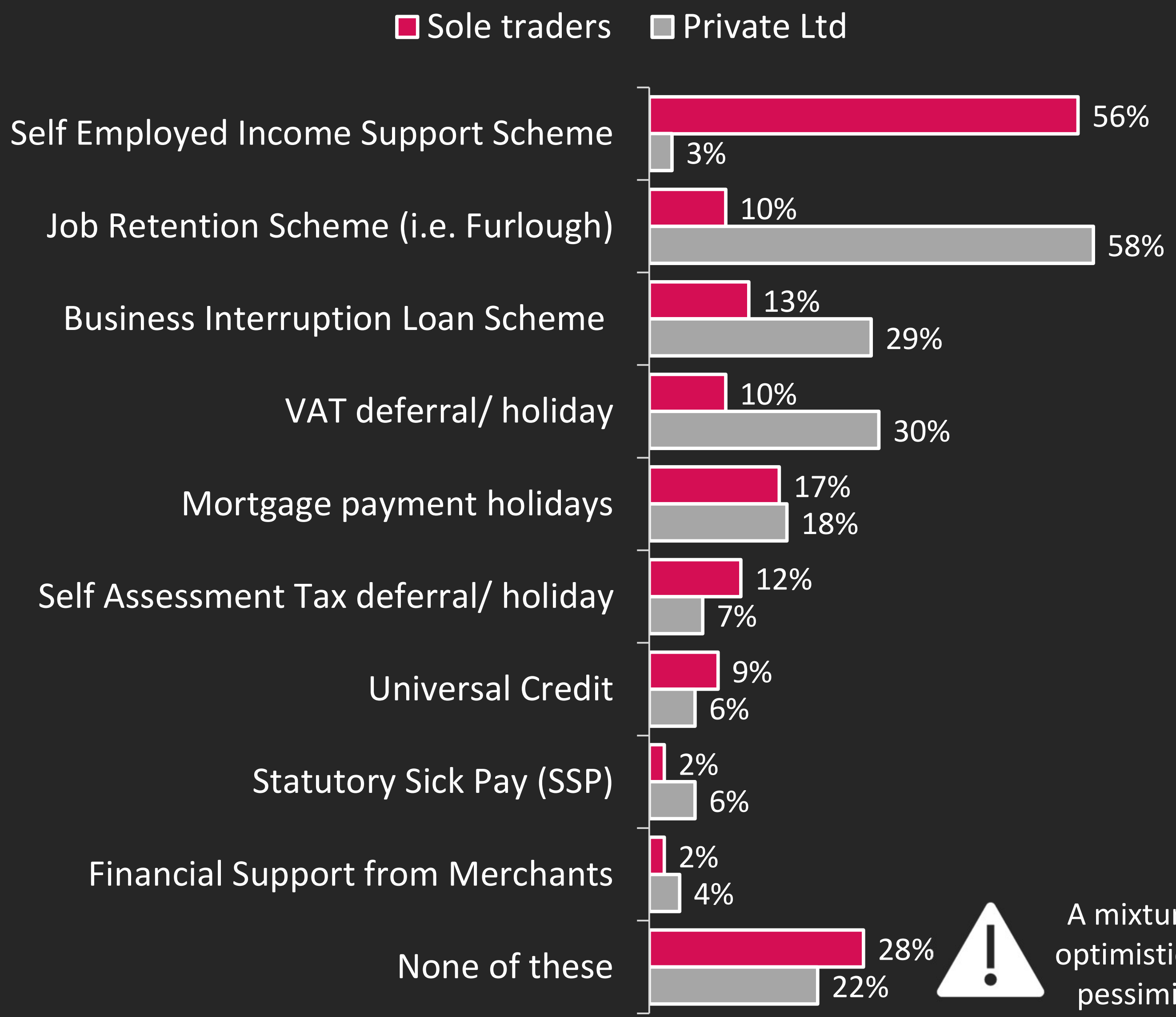
Q11. As of today, which of these currently apply to your business? Base: 859

Use of financial assistance

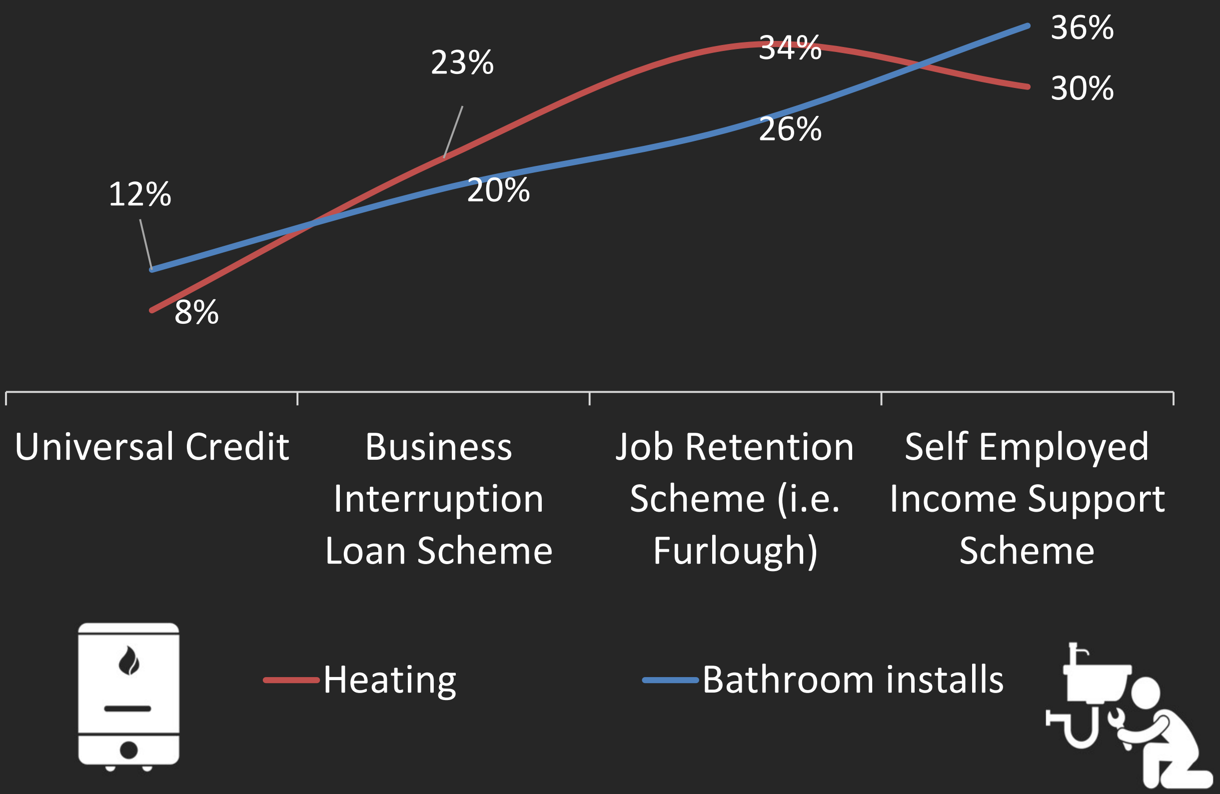
The take-up of financial support has been understandably strong and widespread across all business types. In keeping with previous findings however, 1 in 4 businesses have not accessed any support, a worryingly high proportion.



A mixture of optimistic and pessimistic owners

Q19. Which of the following have you used, if any? Base: 842

Use of financial assistance



There are clear differences in the take up of support, reinforcing that there is no ‘one size fits all’ approach to this sector. Those specialising in bathroom installs are 50% more likely to be claiming Universal Credit compared to Heating specialists. Reflecting the size of businesses, bathroom installers are more likely to claim for Self Employed Income Support rather than the Furlough scheme.

Q19. Which of the following have you used, if any? Base: 404,340

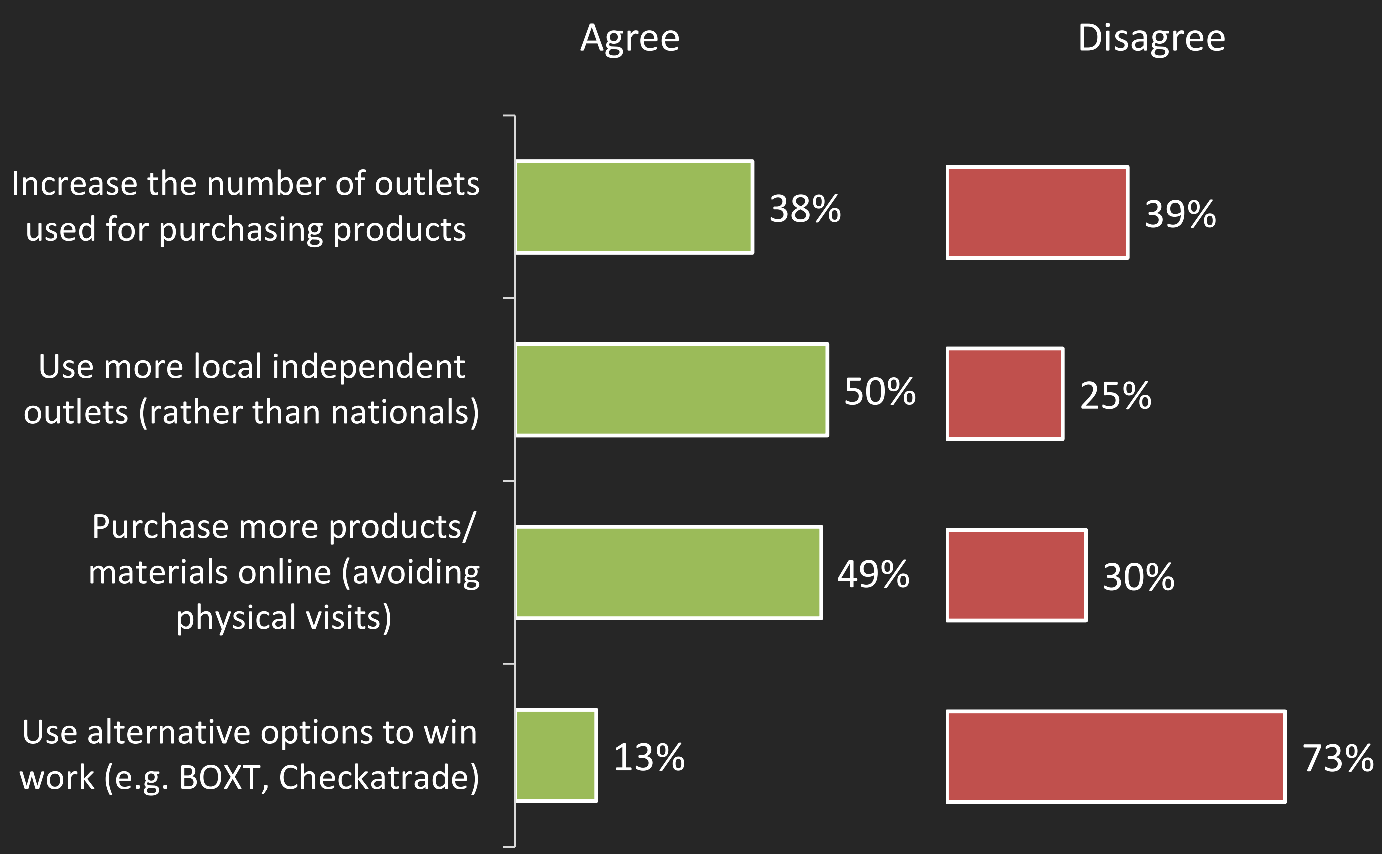
Operational changes

6 in 10 are changing to a model that increasingly uses the online channel for purchasing, led by sole traders. Around one third have developed dedicated COVID-secure procedures, rising to almost half of limited companies. The pandemic is also motivating some to change their usual suppliers and brands due to their perceived performance and availability during lockdown.

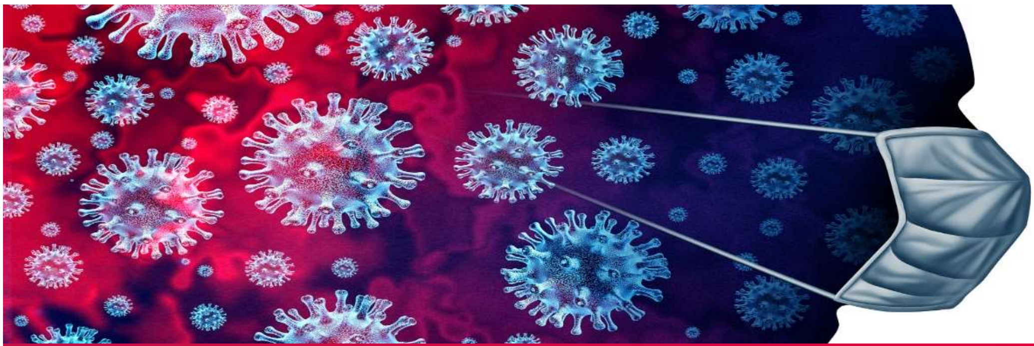
Q9. How has your business operation changed, if at all? Base: 726

Buying behaviours

As a direct result of the pandemic and echoing earlier findings, online purchasing has increased dramatically. In line with wider retail, there is also clearly a move to shop local, with an increase in the use of local independents, at the expense of nationals. Despite clear challenges with regards consumer demand and a weak pipeline, few identify other channels such as BOXT and Checkatrade as viable alternatives for sourcing work. This echoes our own findings in qualitative sessions where installers typically exhibit little warmth.

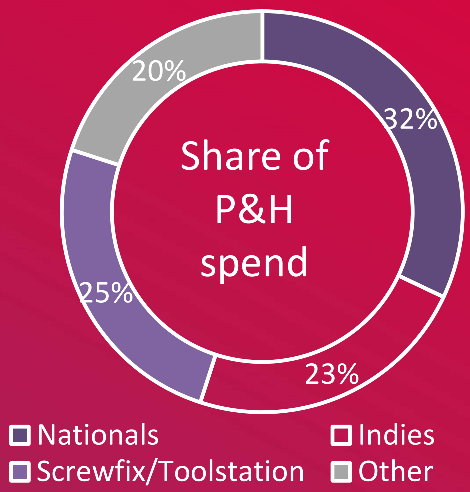


Q22. Base: 819



Merchant type

Merchant type



We can investigate changes in behaviour by the outlet used to purchase supplies. We can see the depth of commitment to digital channels in the Screwfix /Toolstation sub-group in particular.

	Total	Screwfix/ Toolstation	Nationals	Indie merchants
Use more local independents	50%	50%	47%	54%
Purchasing more online	44%	53%	44%	45%
Only using click and collect	39%	47%	40%	37%
Changed Merchant/ supplier	26%	29%	29%	28%
Changed the brands I use	16%	20%	16%	17%
Asking consumers to purchase	10%	13%	11%	10%
		N=422	*N=502*	*N=374*

Q9. How has your business operation changed, if at all? Base: 726

Adoption of work practices

81% are conscious of maintaining a social distance

57% wear a Face mask

57% calling ahead to check

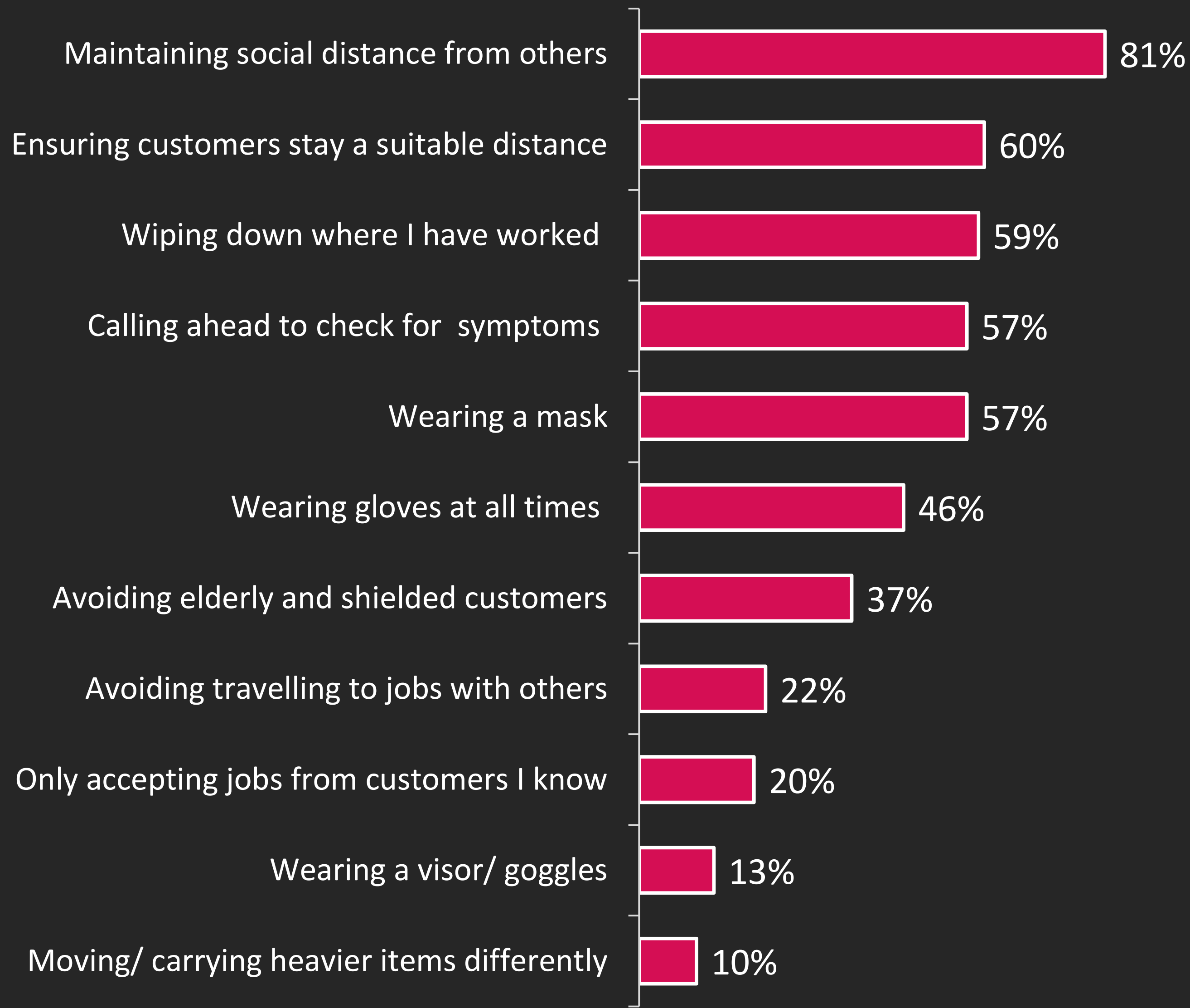
46% Using Gloves

Only 31% have created an explicit 'COVID secure' policy

Around 6 in 10 keep away from customers

'Safe' workplace adaptions

Businesses are adapting quickly to work within and beyond Government guidelines. Installers attempts at maintaining appropriate social distance can be compromised on site by over zealous customers, but many are working hard to ensure their own health and that of their customers is protected with COVID protocols for cleaning and personal PPE



Q8. What adaptations have you made to your own working behaviour, if any? Base: 726

Installer viewpoint

"Basic supplies need to be restored. Opening times need maximising. I always shopped at Screwfix online before, the only issue is next day products need to return to next day products! Not 3 days later. Business wise, I am booked up to November now! So very happy as I have made my business smaller and easier to manage."

"The price difference on materials and consumables varies considerably from merchant to merchant. I spend a lot of time researching the costs and then ordering from different ones. Its not penny pinching but about running a competitive business allowing me to offer the lowest price to my customers and increasing my work. It appears that all merchants have headline prices for certain things in the hope you don't shop around."

"I work in an empty kitchen and only see the customers at the end of the day maintaining social distancing. I have PPE equipment and clean my hands and surfaces on a regular basis. It just takes longer nipping to the shops for stock but I mainly order beforehand online."

"It is really important to be able to get the materials needed to complete the job. Just recently completed 3 boiler exchanges and struggled to find all materials through one supplier resulting in time away from the job queuing etc."

"Suppliers need to hold more stock, instead of being run by accountants that do not permit higher stock levels"

"Slowly starting to get back to normal although no guidance has been advised for returning to domestic work just site work. Struggling for basic PPE like facemasks for dust protection."

"II work mainly in gas boiler service and maintenance - cost of spare parts has increased to an extent that I am increasingly having to buy online through ebay and amazon to allow me margins - it is difficult to compete with manufacturers' fixed price repair charge - moving forward I am increasingly recommending replacement of modern boilers from approximately 10 years old - products with standard connections and flue should be promoted by the manufacturers."

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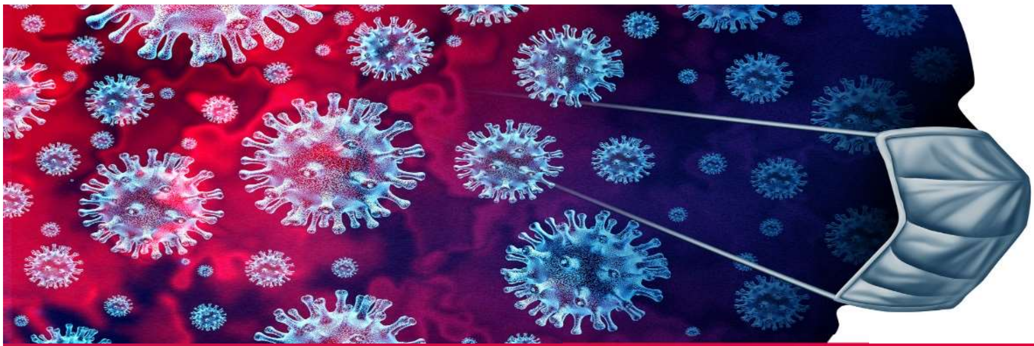
Theme 3

Barriers to full recovery across the sector

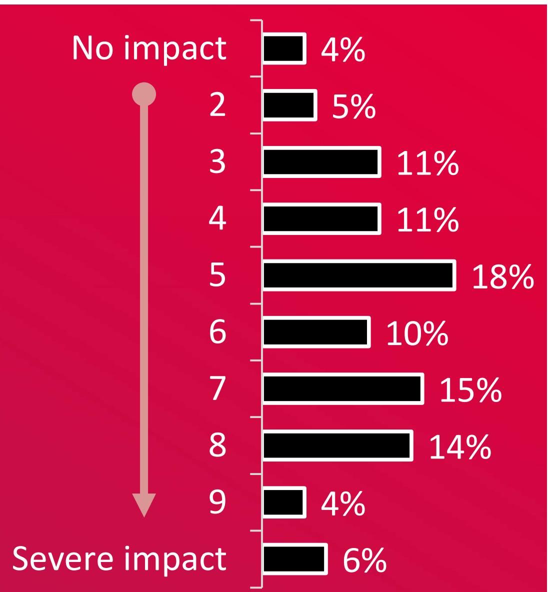


Impact of measures on productivity

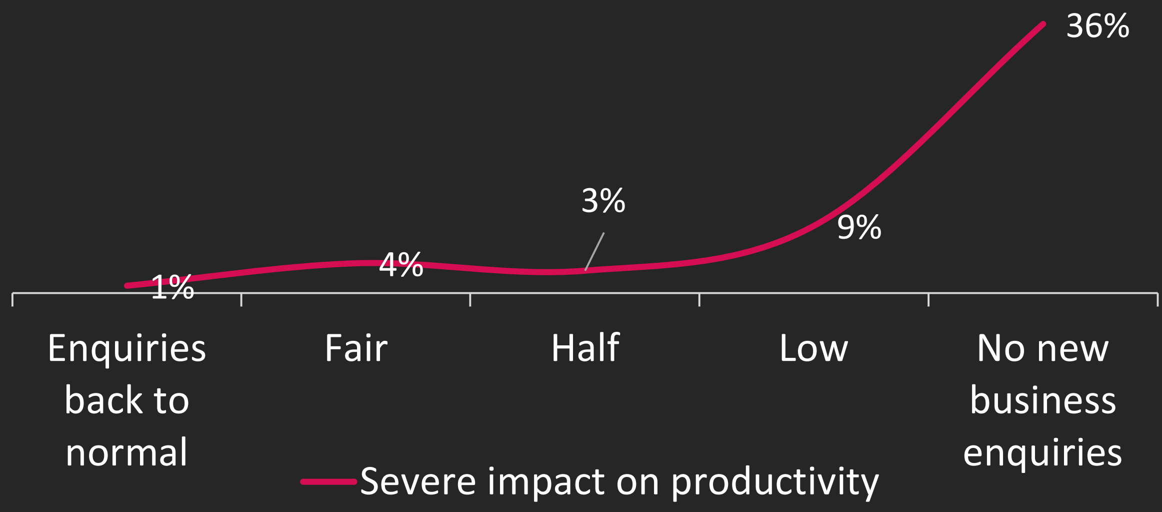
4 in 10 businesses expect measures put in place to mitigate COVID will have a significant impact on the productivity of their business.

46%

ave. business 'productivity' due to restrictions in place.



The actual or expected impact on productivity varies considerably. For those 'back to work', the actual impact is minimal, but for those with 'no enquiries' the expectation is that there will be severe impact on their working lives.



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Q18. Overall, what impact do you think social distancing measures and new ways of working will have on your overall productivity (e.g. additional queuing time at merchants, accounting for additional cleaning measures on-site/ in the home, keeping distance from colleagues and homeowners, etc.) Base: 844

Lack of normal demand

7 in 10 businesses

highlight a lack of demand for their services as being the largest obstacle to returning to normality.

This is consistent across business types and those with either a plumbing or heating focus.

Installers who have been 'severely' impacted by COVID, are even more likely to pinpoint lack of demand (77%).

This stark finding illustrates the pressing need to stimulate consumer demand & confidence.

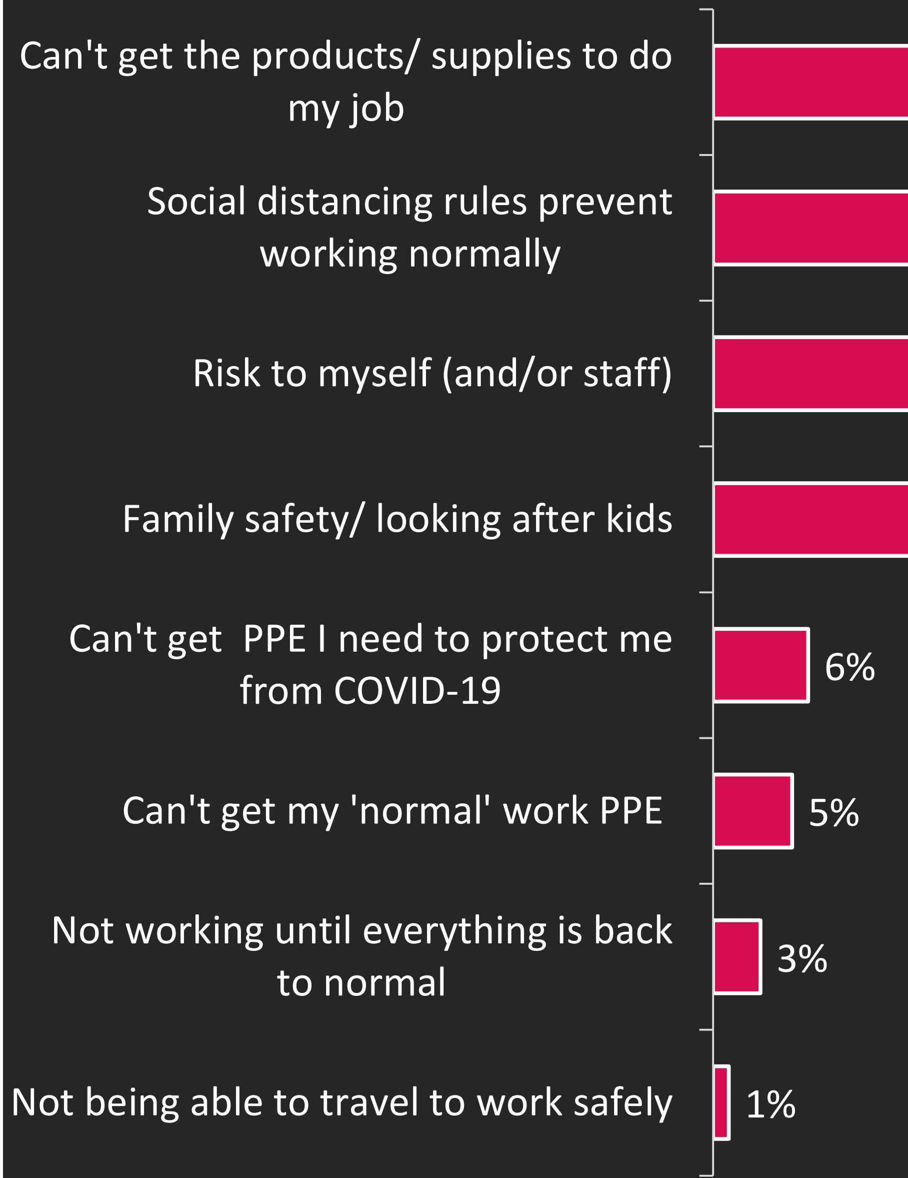
For those with some enquiries, they are tending to be more lower value

Repairs/ maintenance	Emergency work	Heating work
37%	29%	25%

Q6. What in particular is holding you back from returning to 'normality'? Base: 723
Q7. Compared to 'normality', are you seeing more job enquiries for ... Base: 466

Other barriers to operation

Aside from low demand, other obstacles include supply chain issues, social distancing restrictions and health worries.



36% General Plumbers

Amongst installers most critically affected by COVID, 37% cite family concerns & issues, 35% cite health concerns to self or colleagues.

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Q6. What in particular is holding you back from returning to 'normality'? Base: 723

COVID-19 testing & procedures

16%

of Business owners have been tested for COVID-19.

Limited	Sole traders
21%	**12%**

27%

Believe installers should prove they have been tested for COVID-19. Perhaps understandably given a weakness in demand, those with low enquiry rates are more keen that installers should prove this.

31%

Have created dedicated COVID-19 procedures.

Limited	Sole traders
43%	**23%**

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Q16. Has anyone in your business been tested for Coronavirus? Base: 851
Q17. Do you think tradespeople should have to prove they have been tested for Coronavirus before entering a property/ site? Base: 876

Installer viewpoint

"Just doing small jobs for existing trustworthy customers at the moment. I feel its a big time consuming problem getting any materials quickly."

"I can see no prospect of things returning to normal anytime soon. There is simply no demand for bathrooms to be installed at the minute. After 29 years I am seriously and actively looking to change my career."

"The question regarding proof of Covid testing is a good point but equally should this not be applicable to the householder? A number of our operatives have attended to calls and been told after the visit that there is a suspected / confirmed case of Covid-19 present, this is despite the schedulers asking specific Covid questions. There is going to be a new 'normal' but we must all follow the appropriate guidance, maintain safe working methods and be more conscious of basic hygiene measures when working in other peoples properties."

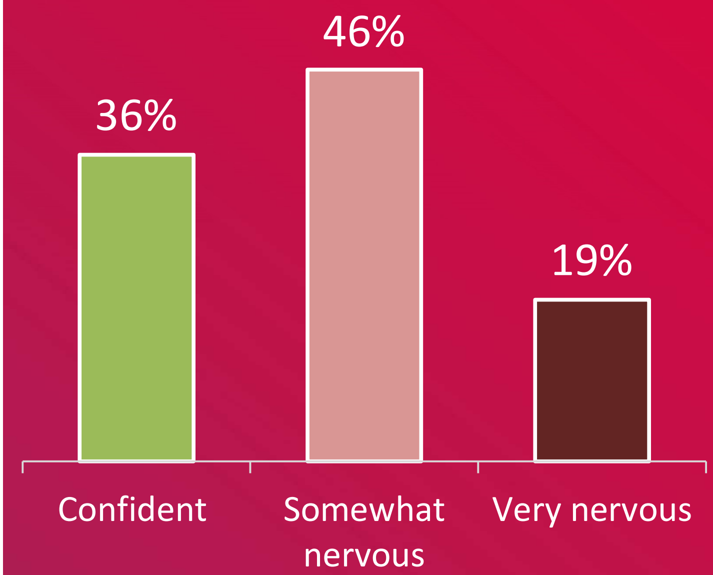
"I am generally finding that the demand I normally get from Feb, March, April and May has now been shifted back - for me it is getting busier by the day almost. I suspect we are going to have a surprisingly busy summer. I think people in the purchase bracket I work in have actually been able to save money and will want to spend money on upgrading. In all my 20+ years of work in the plumbing and heating business I have met more men than ever before - they are easy to negotiate with, they just want to get on with it. Generally I am feeling positive about how the business is going."

"The bread and butter business - like boiler/controls breakdowns and emergency plumbing - will still exist, but we are finding nobody wants to spend money on a new heating system just in case or to upgrade. Customers are holding onto their money in case they need it for bills and food and additional spending is almost non-existent. With regard to Covid-19 testing of engineers to satisfy homeowners - we have no idea if the people in their homes have been tested or not. We have to trust that they will tell us if there are symptoms in their household. If a customer is desperate for heat or hot water - are they going to be honest? It is a risk we have been taking since the beginning of lockdown. Plumbers, gas engineers and electricians need to be classed as key workers straight away because they are putting themselves at risk every day."

Theme 4

The future – a road to recovery?

Future business confidence

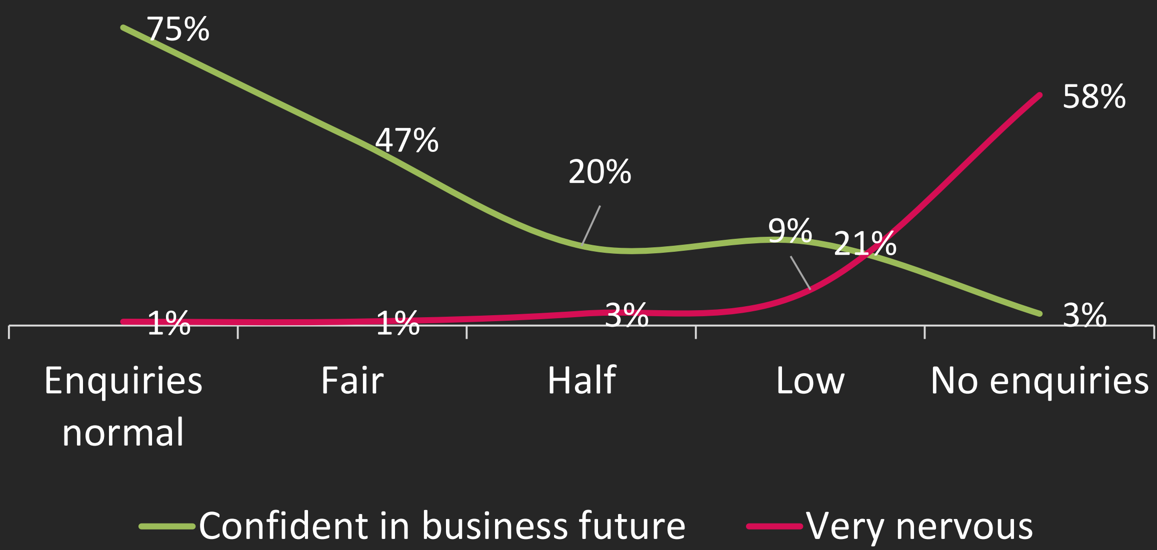


Confidence in your business position in 6-12 months time

As a reminder of the perilous position of many P&H businesses, 1 in 5 are still very nervous about the future of their business, this equates to around 20,000 businesses.

Just over one third are confident.

Confidence is highest amongst Private Limited Companies and conversely weakest with sole traders



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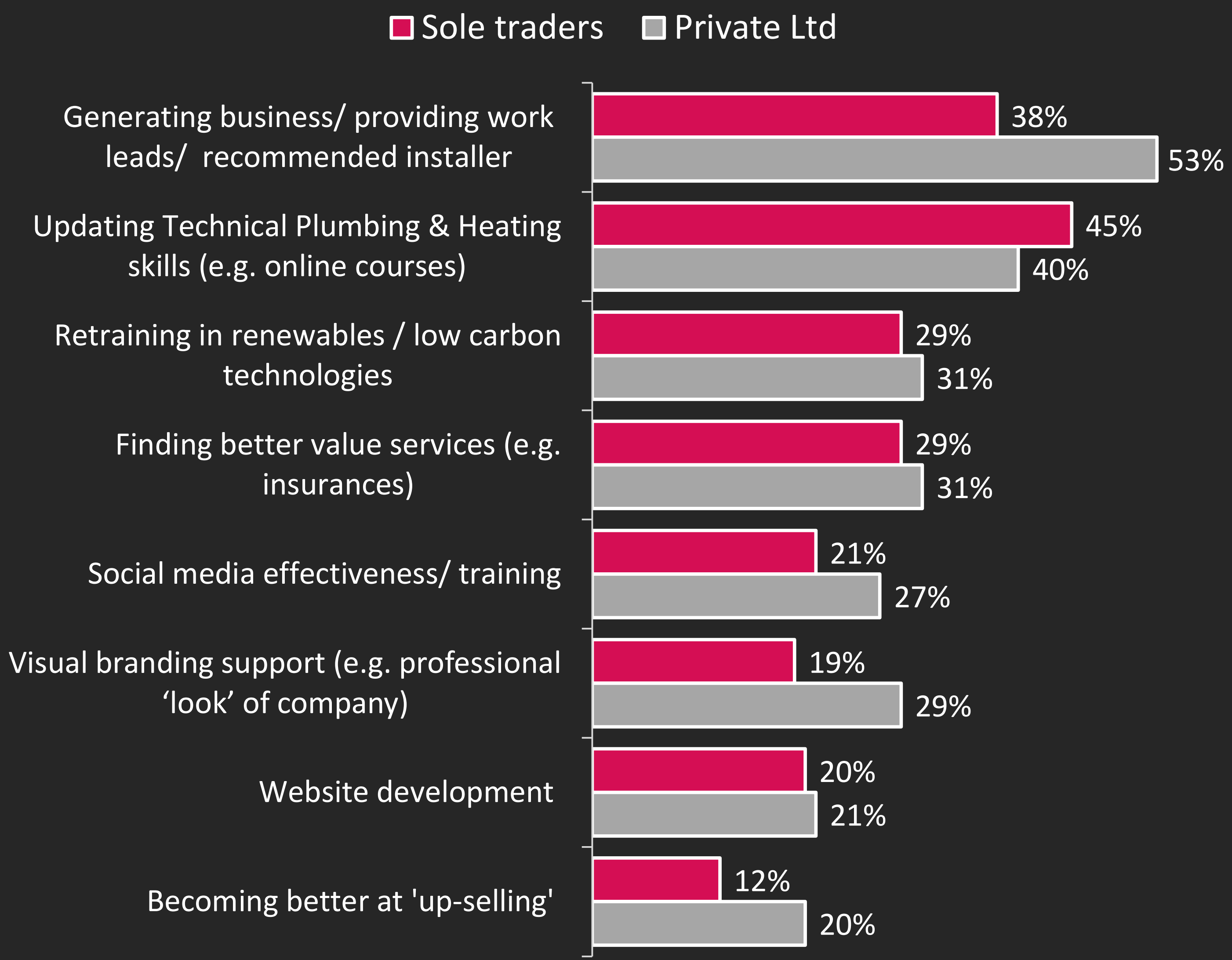
Q20. Thinking about the future of your business, how confident or nervous are you regarding its position in 6 to 12 months time? Use the scale of 1 to 10, where 1 is very confident and 10 is very nervous. Base: 866

Support needed by installers

Business owners identify a range of ways in which sector brands and manufacturers can provide them with much needed support to help them navigate their road to recovery. The majority call for assistance in generating work, e.g. through recommended installer schemes, while over 4 in 10 would utilise skills updates.



Q21. What support would you like to see from manufacturers and merchants to help you now and in the near future? Base: 863

A more digital future

66% are buying more online or using remote diagnosis tools with their customers since the crisis

In a sector that operates fairly traditionally, one major outcome from COVID has been a push towards the use of digital channels and solutions. But what type of businesses are embracing digital, how are they different, and most importantly for those serving the sector, will they permanently migrate or fall back to their traditional ways?

The more digital installer business …

- Representative split across the sector; no one job focus is more digitally focussed than another
- More likely to be working at a ‘normal level’ compared with total sample and have a job enquiry pipeline that is stronger; although challenged by supply chain issues – biggest concern
- More likely to have changed supplier and brands to enable them to fulfil their role online. Advocates of Screwfix/ Toolstation and have dabbled with eBay/ Amazon. 71% of these are buying from Screwfix or Toolstation
- More confident about the long term future of their business and rebounding from COVID

Who needs most help?

High enquiries

Pessimistic outlook

Optimistic outlook

Cautious (20%)

- Buying more online or Click and Collect
- Cashflow is biggest concern (54%)
- Getting more emergency/repair work (46%)

Cracking on (33%)

- More likely to have a COVID secure procedure in place, working at 63% "productivity"
- Most likely to say supply chain is a concern (58%)
- New work on the heating installation side (29%) rather than bathroom (25%)

Struggling (26%)

- Most likely to have personal or family health concerns. Want more wide spread testing for tradespeople
- Looking to reduce business costs (e.g. insurances, subscriptions) and cancelled advertising
- Working at lowest 'productivity' due to measures in place (31%)

Staying calm (22%)

- Keener on updating technical CPD (47%)
- Learning about new product opportunities (e.g. Under Floor Heating, wetrooms)
- More likely to be a sole trader (65%)

Low enquiries

Installer viewpoint

"The boiler installation market is being ruined by the likes of Boxt and other online muppets that subcontract their work to idiots and de value the whole industry causing everyone to lower prices and fight for the scraps."

"There is zero support for one man limited companies who cannot furlough if they have even £100 of work. The difference between the schemes for limited and self employed is huge and we pay as much tax. They get £1,000s in support and can still work as normal."

"I think if larger suppliers and manufacturers keep costs of materials the same and trades keep there prices the same people will still spend money. My only concern would be when people are made redundant they will see the heating sector as a must have skill as people will always need plumbers this will saturate they industry with under skilled people who will work for a lesser wage, I think this should be a looked into and get an idea of what people are going to turn to if they are made jobless. And we should be looking at ways to protect the industry"

"Boiler scrappage scheme similar to the last crash in 2008. Government incentive for retraining in green technologies. Government incentive for green vehicles."

"Merchants giving more than 30 days credit as we've been loyal to them for years, it's time for a little payback."

"Training and better legal protection to incentivise retraining mature students from out side the industry who have been made redundant. I strongly believe this country can build its way out of the mess but UK trades people trained to prevent high wages taking over. We need more company incentives and financial support to encourage taking new staff on. The Renewable heat incentive scheme must be revisited and Tariffs increased to a level to restart an industry that has been dwindling away for over two years. Boiler replacement schemes to be re started but to include renewables .

Conclusion

Key take outs and next steps

Key take outs - merchants

- With the new job enquiry pipeline at a low ebb, tradespeople need help to identify work opportunities. This audience are warm to joining brand-endorsed 'registered installer networks' or similar.
- The sector has been traumatised by lockdown, with material supplies understandably an issue. Installers need certainty over product availability and delivery.
- Financially, many businesses are under pressure and thus extensions of terms and financial leniency from merchants is welcomed. Currently just a small minority state they have agreed renewed financial terms with merchants.
- Social distancing and availability issues have pushed many installers online to source and purchase product. Merchants need to ensure their offer is up to scratch as a post COVID switch to digital is possible for some businesses.
- Poor performing merchants have been ditched in favour of local independents who seem to have been a winner in market share (at the expense of nationals). We know tradespeople have long memories and won't forget being "let down". Have you developed a retention strategy?
- More retail customers (e.g. homeowners) are purchasing products themselves (evidenced in other Eureka! Research). Merchants must ensure their offer is end-user friendly to maintain share.
- Some installers are concerned by the recent announcements concerning merchant closures and downsizing. This audience need to be reassured that their needs will continue to be met by merchants.

Key take outs - brands

- Social distancing and availability issues have pushed many to become ‘more digital’. Brands need to ensure they have a great online experience either direct or through their trusted supplier network.
- There is a clear move to “go local” and independent merchants have particularly benefitted. Brands need to ensure they have strong partnerships with independent networks.
- More retail customers (e.g. homeowners) are purchasing products (evidenced constantly by Eureka! Research). In a post COVID world, we need to understand more about keeping bathrooms aspirational and ensuring products fit into the all-important sustainable/eco-friendly agenda.
- Business owners identified a range of measures by which brands could support them. They need consistent and relevant training opportunities and would benefit by partnerships that investigate ways for businesses to save money on services.
- With the new job enquiry pipeline at a low ebb, tradespeople need help to identify work opportunities. How can brands particularly help the “Struggling segment”? This audience are warm to partnerships with suppliers such as ‘registered installer networks’ or similar that can bring in new opportunities.
- The sector has been traumatised by lockdown, with material supplies understandably challenged. Installers are clearly being challenged by lack of product availability and need certainty over product availability. Brands that have visibility “supported the installer” throughout the crisis have helped their brand equity.

Key take outs – sector supporters

- There has never been a greater time for membership and representative bodies to show leadership and represent the interests of the sector. In the early days of lockdown, our first survey showed that over half of installers were turning to membership associations for information and advice on dealing with the pandemic.
- Since then, many membership organisations have reacted with vigour and supported their members with strong representation and clear guidance. Many have also recognised the financial impacts by pausing membership fees and not pursuing lapsed accounts.
- Given the clear appetite amongst the installer population to use their time for learning and development, there are clear opportunities for partnerships with well-known and trusted supplier brands – this is a win/win.
- Around one fifth of P&H businesses are what we have termed "Struggling" – what can representative bodies do to support and lobby on behalf of these owners and employees as the Furlough period comes to an end? What about the business owners who may not have received any support from the Government at all?
- Inevitably, as the wider economy experiences redundancies, some of the labour market may look to move into the trade. As parts of the sector are still unregulated, how can we guard against the inevitable rise of "rogue trainers" and other cowboys who look to take advantage of the situation?

Eureka! Research

Eureka! is a full-service Market Research agency that specialises in the Plumbing and Heating Sector. We have decades worth of experience in helping businesses understand their target market and customers.

We are finding that more and more businesses in this sector are turning to research to ensure the voice of the customer is embedded in their operation rather than relying on gut feel and a 'we've always done it like that' approach to business.

If you have a new business challenge or just want to understand how Eureka! could add value to your operation, please get in touch. We hope this work showcases our experience and continued commitment to the P&H sector.

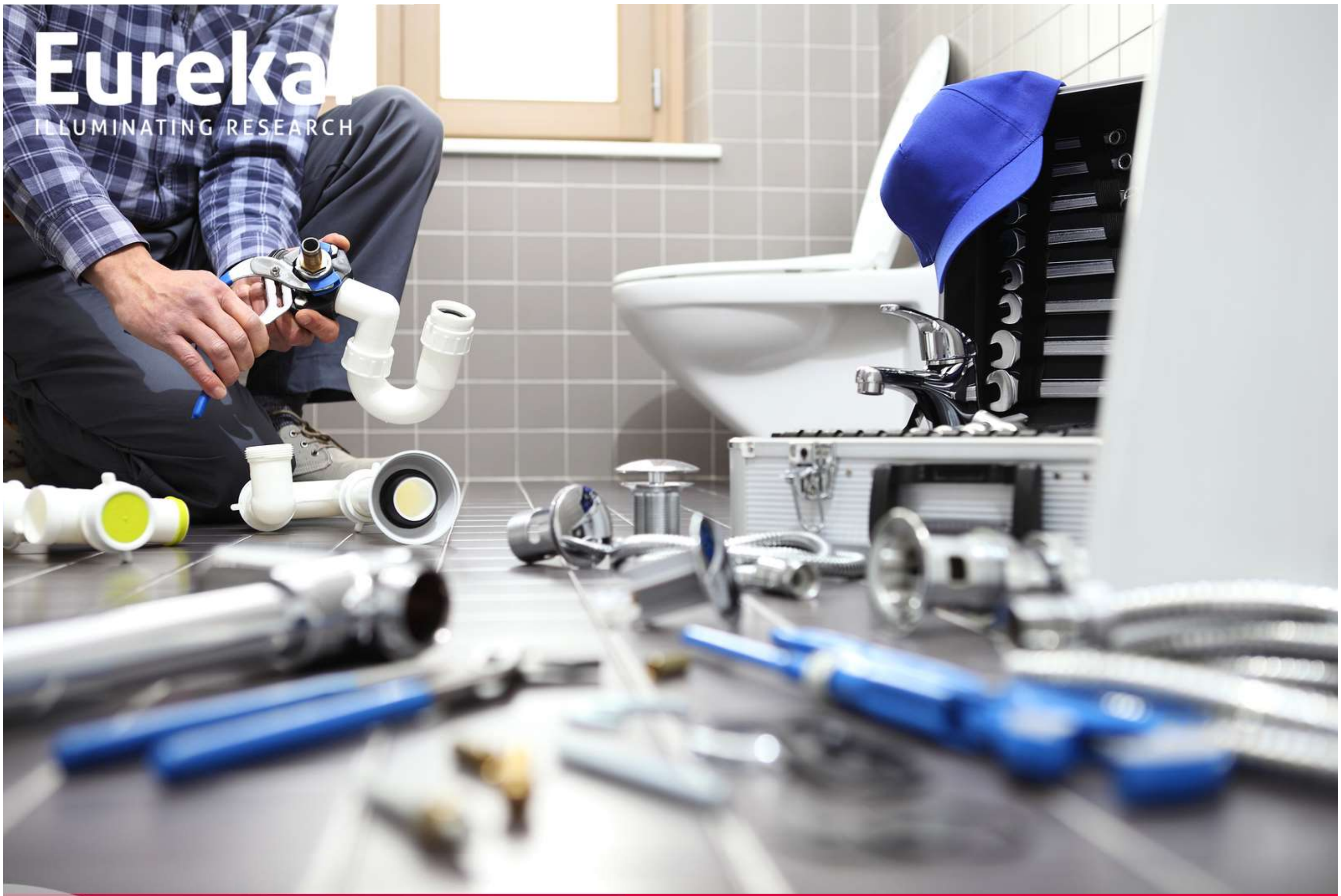
Examples of some our work in your sector

- Brand perception studies with trade, merchant and consumers
- Merchant customer satisfaction research
- Segmentation of tradespeople for marketing messaging
- Future gazing the P&H sector with the trade
- Assessing new product ideas with tradespeople and consumers
- Gauging reaction to marketing and advertising messages
- Assessing the use and impact of brochures and printed materials with customers and the trade versus use of the web
- Reviewing trade website offers with consumers and the trade
- Consumer attitudes to purchasing products and undertaking DIY

Eureka! Research

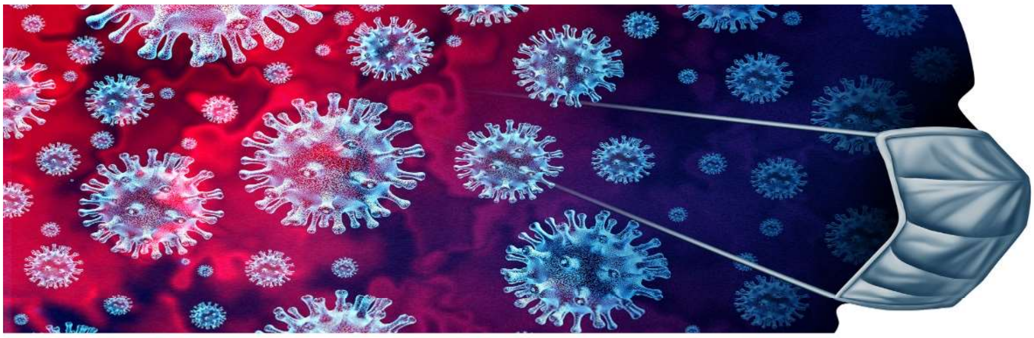
"Dave and Richard at Eureka! Research are both extremely well attuned to the UK plumbing and heating industry and clearly have a wealth of experience when it comes to conducting in-depth research. It was through their contacts and personalities that a wide range of stakeholders, with occasionally competing aims, was able to come together very quickly in order to support an in-depth look of the impact of COVID-19 on the sector. They took the time to understand our organisational needs as a contributor which in turn meant we could play that back to our membership base too. Their strategic approach to the task and their enthusiasm for it mean I wouldn't hesitate to recommend them and I look forward to working with them again in the future."

"Having a better understanding of what drives our customers and how we can improve our products and services is of crucial importance to us as a business. Eureka! have been instrumental in helping us to understand our customers wants and needs, presenting the information in a clear and easy to digest way. Having an understanding of our market sector has also meant the team at Eureka! not only just present the insights but they are able to make well informed recommendations and offer guidance and clarity on what the results could mean. I would have no hesitation in recommending Eureka! to anyone."



Appendices

- Methodology
- Data Tables
- Technical Notes



Method

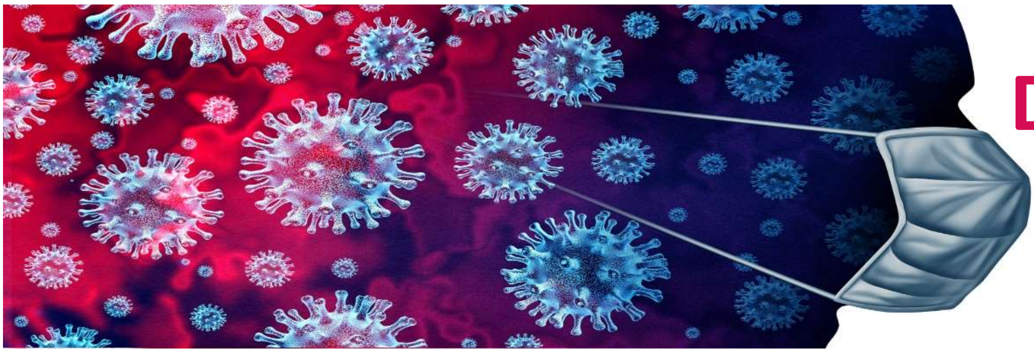
Quantitative Research

Interviewing was undertaken via an online survey platform, developed and hosted by Eureka! Research.

Fieldwork was conducted between 26th June – 12th July 2020 and was kindly promoted by partners listed earlier in this report. We thank them sincerely for their support

The final number of interviews completed is 892. A copy of the questionnaire is available by request from: hello@eurekaresearch.co.uk

Eureka's COVID project research, can be downloaded from its website at: www.eurekaresearch.co.uk/covid19report



Data tables

Q1. Which of these best describes you?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	892	*553*	*334*	*229*	*243*	*134*	*160*
Owner of a Sole Trader business (Sole Proprietorship)	62%	100%	-	88%	70%	51%	13%
Owner/ Director of a Private Limited Company (Ltd)	37%	-	100%	12%	30%	49%	84%

Q2. Where do you normally undertake plumbing and heating work...

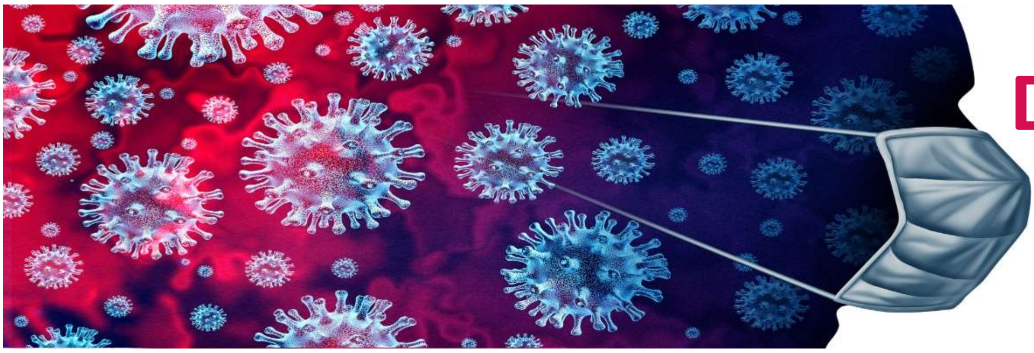
		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	892	*553*	*334*	*229*	*243*	*134*	*160*
Residential properties	92%	95%	89%	97%	96%	94%	83%
New build estates/ sites	16%	13%	20%	12%	9%	18%	28%
Commercial sites (e.g. offices, factories)	21%	15%	29%	16%	14%	22%	35%
Public sector buildings (e.g. NHS, schools)	8%	6%	13%	6%	5%	10%	17%
Social housing/ Council contracts	8%	7%	11%	9%	6%	6%	14%
All of these	5%	4%	6%	3%	4%	4%	9%

Q3. Which of these best describes your main business focus?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	892	*553*	*334*	*229*	*243*	*134*	*160*
Plumbing and Heating - heating, bathroom installs and general plumbing	60%	61%	59%	62%	58%	63%	58%
Heating - specialising in installations/ servicing	47%	43%	55%	38%	50%	53%	58%
General Plumbing - focusing on smaller jobs and repairs	28%	31%	23%	36%	29%	16%	21%
Bathroom installations	26%	26%	25%	27%	28%	19%	29%
Kitchen installations	14%	15%	12%	14%	15%	13%	11%
Renewables (e.g. solar, biomass, air, ground, etc)	7%	4%	12%	4%	3%	6%	18%
Other focus (please tell us below)	2%	1%	3%	0%	1%	2%	3%

Q4. What impact has Coronavirus had on your normal workload? Please use the scale of 1 to 10, where 1 is no impact and 10 is severe impact.

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	892	*553*	*334*	*229*	*243*	*134*	*160*
1 - No impact (we are working as normal)	7%	7%	8%	5%	7%	10%	8%
2	5%	4%	7%	4%	4%	7%	9%
3	9%	9%	8%	6%	11%	7%	13%
4	6%	6%	7%	5%	7%	9%	7%
5	15%	14%	17%	14%	13%	16%	18%
6	9%	8%	10%	7%	9%	8%	9%
7	12%	13%	10%	12%	14%	13%	11%
8	18%	18%	16%	21%	17%	16%	18%
9	9%	9%	9%	12%	11%	7%	4%
10 - Severe impact (we have no work)	9%	11%	7%	13%	8%	9%	4%
Median	6	7	6	7	6	6	5
Mean	6.01	6.17	5.73	6.57	5.98	5.71	5.26



Data tables

Q5. How would you describe the current level of new job enquiries versus 'normality'?

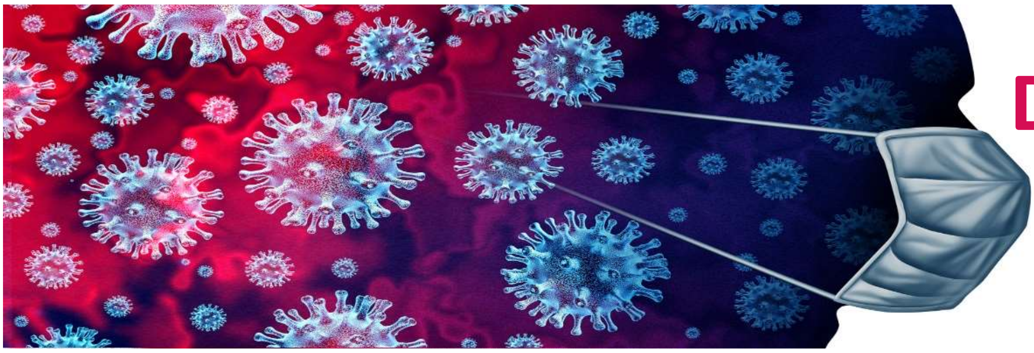
		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	892	*553*	*334*	*229*	*243*	*134*	*160*
1 - Back to normal (typical number of new job enquiries)	12%	9%	17%	9%	11%	16%	19%
2	7%	6%	8%	7%	5%	5%	9%
3	11%	10%	11%	7%	11%	13%	13%
4	10%	9%	12%	10%	12%	7%	13%
5	12%	13%	12%	10%	13%	13%	13%
6	9%	10%	6%	10%	7%	14%	4%
7	12%	13%	11%	13%	12%	7%	13%
8	14%	16%	11%	18%	16%	14%	9%
9	8%	8%	8%	10%	9%	6%	4%
10 - No job enquiries at all	5%	6%	2%	7%	4%	4%	3%
Median	5	6	5	6	5	5	4
Mean	5.3	5.61	4.79	5.83	5.4	5.01	4.42

Q6. What in particular is holding you back from returning to 'normality'?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	723	*470*	*249*	*193*	*203*	*105*	*115*
Lack of consumer/ customer demand for work	70%	69%	71%	69%	76%	69%	68%
Can't get the products/ supplies I need to do my job	27%	26%	29%	25%	30%	21%	28%
Social distancing rules prevent me from working normally	25%	26%	24%	35%	19%	19%	23%
Risk to myself (and/or staff)	22%	22%	21%	28%	16%	26%	17%
Family safety/ shielding someone at home/ looking after kids	22%	24%	18%	27%	22%	14%	10%
Can't get the PPE I need to protect me from COVID-19	6%	7%	3%	9%	4%	2%	2%
Can't get my 'normal' work PPE (e.g. for work in ventilation or hazardous areas etc)	5%	4%	6%	5%	8%	1%	3%
Decided not to do any work at all until everything is back to normal	3%	4%	2%	5%	2%	2%	1%
Not being able to travel to work safely	1%	1%	1%	1%	1%	2%	-
Other (please tell us below)	6%	5%	8%	4%	6%	7%	5%

Q7. Compared to 'normality', are you seeing more job enquiries for ...

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	466	*261*	*202*	*98*	*127*	*73*	*108*
General repairs/ maintenance (smaller jobs)	39%	44%	33%	46%	44%	32%	29%
Emergency work	27%	28%	26%	33%	30%	25%	19%
Boiler/ heating installs	25%	21%	29%	14%	20%	42%	27%
Boiler servicing	24%	21%	28%	22%	27%	30%	24%
Full bathrooms	22%	20%	25%	17%	18%	26%	28%
Kitchen work	11%	12%	9%	7%	11%	11%	13%
Partial bathrooms	9%	11%	6%	7%	14%	7%	7%
Other	5%	4%	6%	6%	5%	1%	6%
Commercial/ site work	5%	2%	8%	3%	1%	4%	8%
Renewables	4%	2%	6%	2%	-	5%	11%
Enquiries have returned more or less to their normal							



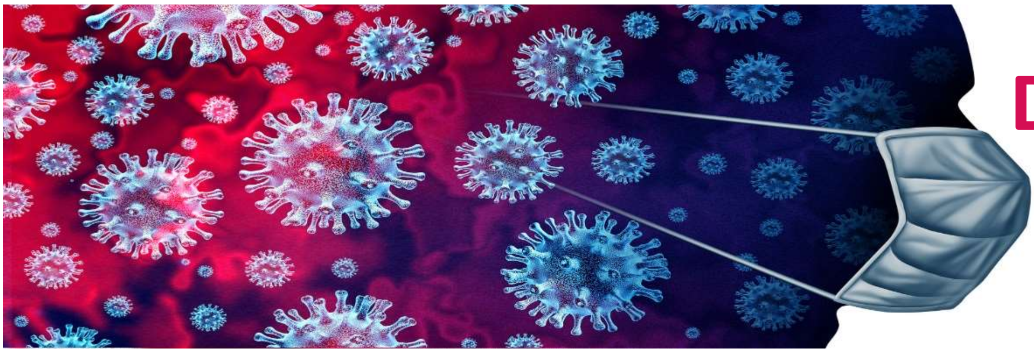
Data tables

Q8. What adaptations have you made to your own working behaviour, if any?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	726	*441*	*281*	*172*	*198*	*113*	*147*
Maintaining an appropriate social distance from other people around me on a job	81%	78%	84%	79%	79%	78%	89%
Ensuring homeowners stay in a different part of the property	60%	58%	64%	60%	58%	59%	69%
Wiping down where I have worked with anti-bac spray/ wipes	59%	56%	65%	59%	53%	52%	75%
Calling ahead to check if customer has any coronavirus symptoms prior to arriving	57%	53%	64%	52%	55%	57%	68%
Wearing a mask	57%	53%	64%	58%	57%	50%	65%
Wearing gloves at all times (when previously I didn't)	46%	44%	49%	46%	44%	42%	52%
Avoiding vulnerable, elderly and shielded customers	37%	36%	38%	37%	34%	29%	46%
Avoiding travelling to jobs with others	22%	20%	25%	23%	15%	25%	32%
Only accepting jobs from customers I already know	20%	25%	12%	29%	20%	23%	6%
Wearing a visor/ goggles	13%	12%	14%	14%	13%	7%	18%
Moving and carrying heavier items differently (i.e. not facing someone else)	10%	9%	11%	9%	7%	10%	16%
Other (please tell us below)	3%	2%	4%	2%	3%	2%	3%
None of these	3%	3%	2%	3%	5%	3%	1%

Q9. How has your business operation changed, if at all?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	726	*441*	*281*	*172*	*198*	*113*	*147*
Purchasing more products online	44%	48%	38%	49%	45%	42%	36%
Only using click and collect merchant services/ (or phone ahead)	38%	42%	32%	44%	40%	35%	27%
Created/ Implemented 'COVID-Secure' procedures	31%	23%	43%	24%	21%	27%	59%
Changed the Merchant/ supplier I have been using due to stock availability/ opening hours	25%	26%	25%	28%	23%	23%	29%
Diagnosing/ Quoting for issues remotely (e.g. by mobile app/ video/ photos)	20%	17%	25%	19%	19%	20%	25%
Changed the brands I usually use due to stock availability	16%	19%	12%	19%	19%	12%	12%
Asking more consumers to purchase products themselves (for me to fit)	10%	12%	9%	18%	13%	5%	2%
Other (please tell us below)	2%	1%	3%	1%	2%	2%	3%
None of these	18%	19%	16%	15%	23%	22%	9%



Data tables

Q10. Other than everyone's health and welfare, what are the THREE biggest concerns facing your business today?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	865	*526*	*334*	*229*	*243*	*134*	*160*
Cashflow	46%	44%	49%	48%	42%	43%	55%
Product and materials supply issues	43%	45%	40%	43%	45%	38%	43%
Letting my customers down	39%	40%	37%	39%	44%	43%	29%
Paying myself	31%	34%	27%	38%	37%	31%	15%
Not getting paid (i.e. due to a customer not paying/ businesses failing)	29%	27%	31%	24%	27%	32%	29%
Going out of business	22%	20%	25%	24%	21%	22%	23%
Merchant closures and downsizing as a result of the pandemic	21%	22%	18%	21%	22%	15%	19%
Paying off debts/ loans	19%	20%	17%	25%	17%	15%	17%
Paying staff	11%	6%	19%	2%	5%	15%	28%
Other (please tell us below)	4%	4%	5%	2%	6%	5%	4%

Q16. Has anyone in your business been tested for Coronavirus?

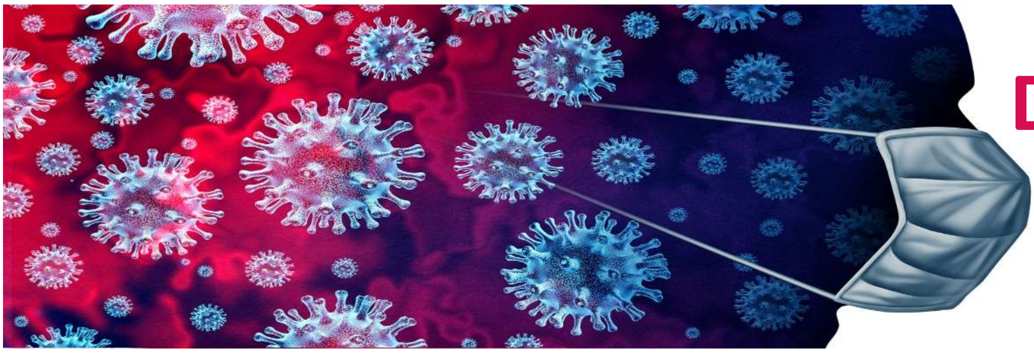
		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	851	*513*	*333*	*229*	*243*	*134*	*160*
Yes	16%	12%	21%	11%	13%	11%	28%
No	82%	87%	75%	86%	86%	88%	65%
Unsure	2%	1%	4%	3%	1%	1%	7%

Q17. Do you think tradespeople should have to prove they have been tested for Coronavirus before entering a property/ site?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	876	*539*	*332*	*229*	*243*	*134*	*160*
Yes	27%	26%	27%	31%	23%	24%	27%
No	47%	45%	51%	39%	51%	49%	54%
Unsure	26%	29%	21%	30%	26%	27%	19%

Q18. Overall, what impact do you think social distancing measures and new ways of working will have on your overall productivity (e.g. additional queuing time at merchants, accounting for additional cleaning measures on-site/ in the home, keeping distance from colleagues and homeowners, etc.)

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	844	*510*	*329*	*229*	*243*	*134*	*160*
1 - 'no impact on productivity'	4%	4%	5%	3%	5%	6%	4%
2	5%	5%	6%	4%	5%	7%	6%
3	11%	10%	13%	9%	9%	17%	13%
4	11%	11%	12%	11%	11%	11%	13%
5	18%	19%	16%	17%	18%	18%	17%
6	10%	12%	7%	13%	12%	2%	10%
7	15%	16%	14%	14%	17%	18%	14%
8	14%	13%	16%	16%	16%	7%	14%
9	4%	4%	5%	7%	3%	7%	3%
10 - 'severe impact on productivity'	6%	7%	5%	7%	5%	7%	6%
Median	5	6	5	6	6	5	5
Mean	5.64	5.72	5.54	5.96	5.68	5.27	5.46



Data tables

Q19. Which of the following have you used, if any?

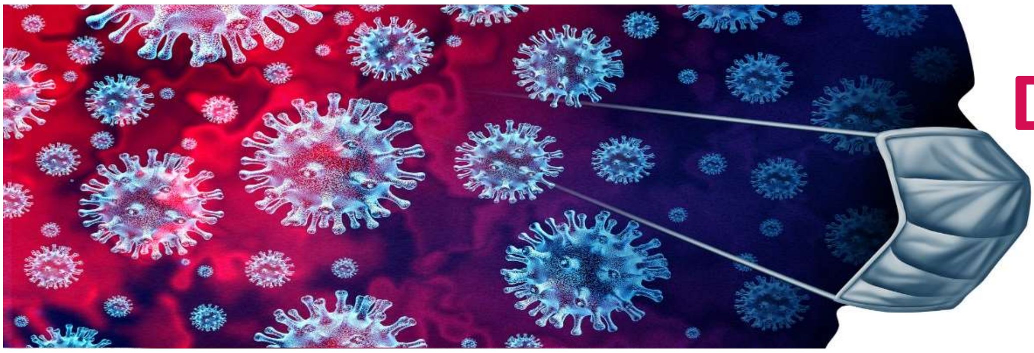
		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	842	*509*	*328*	*229*	*243*	*134*	*160*
Self Employed Income Support Scheme	35%	56%	3%	44%	49%	32%	8%
Job Retention Scheme (e.g. Furlough PAYE employees)	29%	10%	58%	5%	19%	40%	71%
Business Interruption Loan Scheme (CBILS)	19%	13%	29%	7%	16%	23%	44%
VAT deferral/ holiday	18%	10%	30%	2%	9%	30%	48%
Mortgage payment holidays	17%	17%	18%	17%	18%	22%	17%
Self Assessment Tax deferral/ holiday	10%	12%	7%	8%	9%	13%	11%
Universal Credit	8%	9%	6%	11%	8%	10%	2%
Statutory Sick Pay (SSP)	4%	2%	6%	1%	1%	2%	11%
Financial Support from Merchants (e.g. Repayment plans)	2%	2%	4%	1%	1%	3%	4%
None of these	25%	28%	22%	37%	21%	19%	12%

Q20. Thinking about the future of your business, how confident or nervous are you regarding its position in 6 to 12 months time? Use the scale of 1 to 10, where 1 is very confident and 10 is very nervous.

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	866	*535*	*326*	*229*	*243*	*134*	*160*
1 - Very confident about the future of my business	13%	11%	15%	10%	10%	15%	19%
2	8%	6%	10%	6%	7%	8%	13%
3	16%	14%	18%	11%	15%	19%	21%
4	9%	10%	7%	9%	11%	9%	6%
5	20%	21%	18%	21%	23%	21%	12%
6	8%	9%	6%	7%	9%	5%	9%
7	9%	9%	10%	11%	7%	9%	8%
8	9%	9%	8%	11%	9%	10%	6%
9	3%	3%	3%	3%	3%	1%	3%
10 - Very nervous about the future of my business	7%	8%	4%	10%	6%	3%	4%
Median	5	5	4	5	5	4	3
Mean	4.85	5.05	4.5	5.34	4.94	4.43	4.11

Q21. What support would you like to see from manufacturers and merchants to help you now and in the near future?

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	863	*534*	*324*	*229*	*243*	*134*	*160*
Generating business/ providing work leads through recommended installer programmes	44%	38%	53%	40%	42%	50%	54%
Updating Technical Plumbing & Heating skills (e.g. online courses)	43%	45%	40%	51%	40%	39%	38%
Retraining in renewables / low carbon technologies	30%	29%	31%	30%	32%	29%	29%
Finding better value services (e.g. insurances)	30%	29%	31%	35%	28%	27%	28%
Social media effectiveness/ training (e.g. Twitter, LinkedIn, Instagram, Facebook)	23%	21%	27%	24%	20%	22%	31%
Visual branding support (e.g. professional ‘look’ of company)	23%	19%	29%	21%	23%	22%	29%
Website development	20%	20%	21%	19%	20%	20%	25%
Becoming better at 'up-selling' (e.g. encouraging homeowners to invest in Underfloor Heating or luxury wetrooms for example)	15%	12%	20%	14%	14%	18%	21%
Other (please tell us below)	4%	3%	4%	3%	4%	1%	4%
None of these	17%	18%	17%	17%	19%	16%	17%



Data tables

Q22a. Increase the number of outlets used for purchasing products

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	819	*497*	*317*	*222*	*243*	*130*	*160*
1 - Agree	21%	21%	21%	21%	21%	23%	18%
2	17%	18%	16%	21%	16%	17%	15%
3	23%	23%	24%	24%	25%	22%	20%
4	14%	14%	13%	13%	14%	15%	13%
5 - Disagree	25%	24%	26%	21%	25%	22%	34%
Agree	38%	39%	37%	42%	37%	40%	33%
Disagree	39%	38%	39%	34%	38%	38%	48%
Median	3	3	3	3	3	3	3
Mean	3.05	3.02	3.07	2.93	3.05	2.97	3.32

Q22b. Use more local independent outlets (rather than nationals)

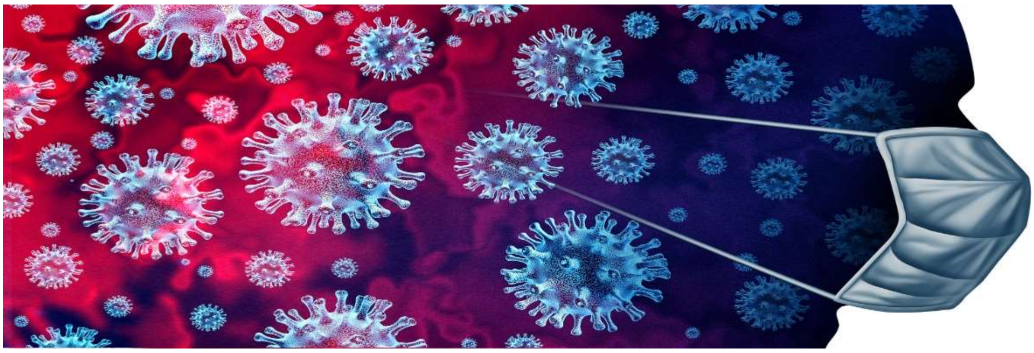
		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	817	*497*	*315*	*223*	*242*	*129*	*159*
1 - Agree	30%	33%	26%	29%	31%	30%	28%
2	20%	20%	20%	21%	23%	16%	19%
3	24%	23%	27%	24%	26%	25%	22%
4	10%	10%	10%	12%	9%	9%	13%
5 - Disagree	15%	14%	17%	14%	12%	20%	19%
Agree	50%	53%	46%	50%	54%	47%	47%
Disagree	25%	25%	27%	26%	21%	29%	31%
Median	2	2	3	2	2	3	3
Mean	2.6	2.53	2.72	2.61	2.48	2.72	2.76

Q22c. Purchase more products/ materials online (avoiding physical visits)

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	814	*492*	*317*	*221*	*241*	*129*	*159*
1 - Agree	27%	28%	26%	26%	30%	26%	23%
2	22%	24%	19%	27%	20%	22%	20%
3	21%	19%	24%	20%	19%	29%	20%
4	11%	11%	11%	10%	10%	10%	16%
5 - Disagree	18%	18%	20%	17%	21%	12%	21%
Agree	49%	52%	45%	53%	50%	48%	43%
Disagree	30%	29%	31%	27%	31%	22%	36%
Median	3	2	3	2	3	3	3
Mean	2.71	2.66	2.8	2.64	2.72	2.6	2.91

Q22d. Use alternative options to win work (e.g. BOXT, Checkatrade)

		Sole Trader	Private Ltd	Less than £50,000	£50,000 to £99,999	£100,000 to £199,999	£200,000 or more
	802	*481*	*316*	*216*	*237*	*127*	*159*
1 - Agree	7%	7%	8%	6%	8%	6%	9%
2	6%	6%	7%	8%	5%	5%	8%
3	14%	14%	13%	16%	13%	12%	13%
4	16%	15%	16%	17%	15%	15%	14%
5 - Disagree	57%	58%	56%	54%	59%	62%	57%
Agree	13%	13%	15%	13%	14%	11%	16%
Disagree	73%	74%	72%	71%	74%	77%	71%
Median	5	5	5	5	5	5	5
Mean	4.1	4.12	4.06	4.06	4.11	4.22	4.03



Technical notes

Note A

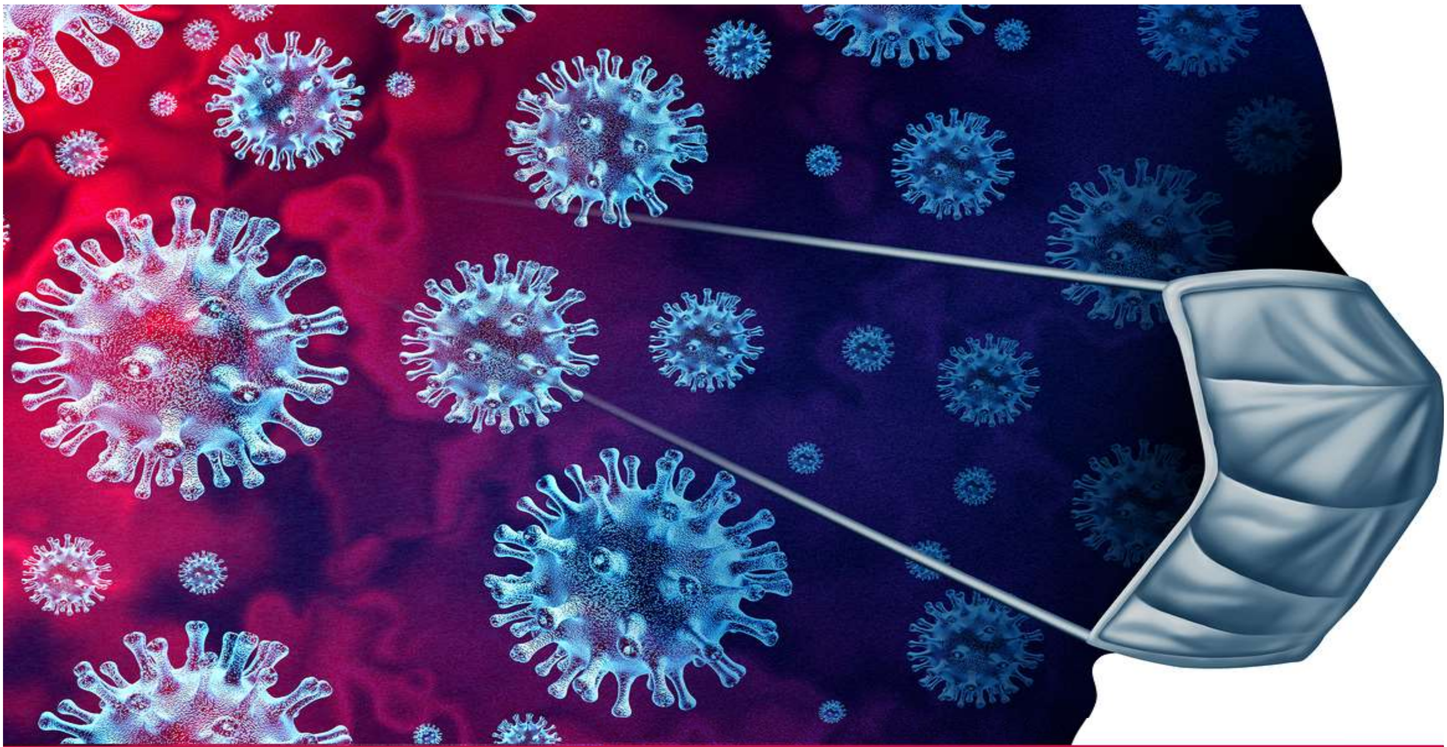
The most detailed measure of businesses in the UK is the Inter Departmental Business Register (IDBR). These official statistics go down to a detailed level (4 digit SIC code system) but only capture business registered for VAT or PAYE. The ONS state that three quarters of all UK private sector businesses are non-employers, and the majority of these are not registered for either VAT or PAYE. An alternative measure which also includes non registered businesses is also published by the Dept of Business, Energy and Industrial Strategy (BEIS) but does not go down to a micro sector level.

IDBR code 4322 : Plumbing; heat and air-conditioning installation: 37,360 enterprises
BIS SIC code 43 : Specialised construction activities: 583,310 businesses / 112,795 employers
IDBR code 43 : 210,430 enterprises (equates to 36% of BIS estimate) – this tallies approximately with the Eureka! 2017 survey which found that 42% of respondents were VAT registered
Therefore, IDBR code 4322 : Plumbing; heat and air-conditioning installation: 37,360 enterprises, is actually 103,778 businesses total
Est. sub sector splits: 63% are plumbing, 32% are heating and 5% are ventilation, air conditioning and refrigeration (HVAC) only companies (assumptions based on SummitSkills 2018 estimates)
Therefore, grand total of 65,380 pure plumbing businesses in UK and a further 33,209 are heating related organisations with a strong plumbing focus also (98,589 total)
Please note that population estimates here do not include any workers in other SIC codes e.g. general builders (SIC 4120), some of which may also purchase plumbing related product in the course of their work. Above figures are dated and taken on 10 March 2018

Richard & Dave (Directors and founders of **Eureka! Research**) and are one of the few market research agencies who focus on the UK plumbing and heating sector.

We've worked with sanitaryware brands, those focused on brassware, shower suppliers, plus heavyweight national merchants, providing us with an enviable knowledge base.



Whether its commercial or residential, architects, M&E's, plumbers, merchants or consumers we've recruited, moderated, interviewed, shopped and drawn valuable insight from all of them.

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