European Contractor Monitor H1-2021

Purchase Channels

July-2021

USP Marketing Consultancy

USP

About European Contractor Monitor

THE GOAL

To get a picture of the economic situation in the construction market among contractors on a European scale and to get insights on the type of purchase channels that are being used and preferred by the contractors. This research is done bi-annually, with registered contractors divided over the 8 major European markets.

THE RESEARCH TOPICS

Recurring topic: Economic developments of construction companies in Europe (order book and turnover development)

Bi-annual theme topics in 2020:

H1: Purchase Channels

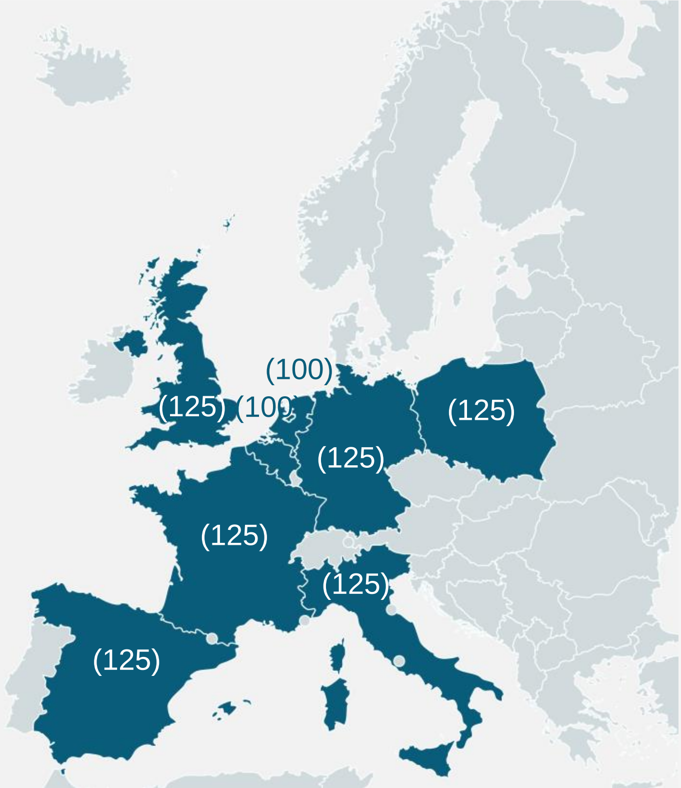
H2: Media orientation

THE TIMELINE

COUNTRY SCOPE

(number of interviews conducted)

Background characteristics of the interviewed respondents can be found in the country-specific profiling the contractor chapter.



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About target group & methodology

Surveying construction companies…

Interviewed **mid-sized** (5 to 15 employees) and **large** (more than 15 employees) building contractors who are active both in residential and non-residential segments. Most interviews are conducted with owners/ directors or with purchasers of these companies.

… selected from a country-representative database

USP possesses an **international database of construction companies**, which is constantly updated. Therefore, respondents are not part of a fixed panel; the sample varies from wave to wave.

… through phone interviews, by native-speaking agents

Phone surveys are the best approach for obtaining a sufficient sample in order to provide insights which can be relied upon. These phone calls are made **by fixed fieldwork partners, located in the respective countries.**

… centralised and continuous quality control

Results in each country are monitored by the USP project team throughout the fieldwork period. We implement our extensive experience in order to **make sure the answers are of high quality and provide the insights that meet the goal of the project.**

European Contractor Monitor H1-2021

Business development

Recovery from pandemic is apparent in the XXX…

In 2020, a major drop was experienced by many of the main contractors in Europe due to the pandemic which hit the world economy hard in general. In H2 2020, European contractors' experiences were already better than their expectations in the first half of the year. This positive experience also brought a positive outlook for the first half of 2021. In the results of this wave it is apparent that, XXX.

Even though in most countries, H1 2021 ended in an even better place than expected, contractors' experiences of turnover development in H1 2021 reveal some differences between countries. XXX has the largest share of contractors who experienced more positive turnover development compared to the last year. This did not come as a surprise since XXX got hit by the pandemic XXX, and now the recovery is most apparent compared to other countries. Contractors in XXX were also hit very hard by the pandemic. Even though their experiences are not as XXX as in H2 2020, the XXX impact of COVID is still apparent in their turnover development experience in H1 2021.

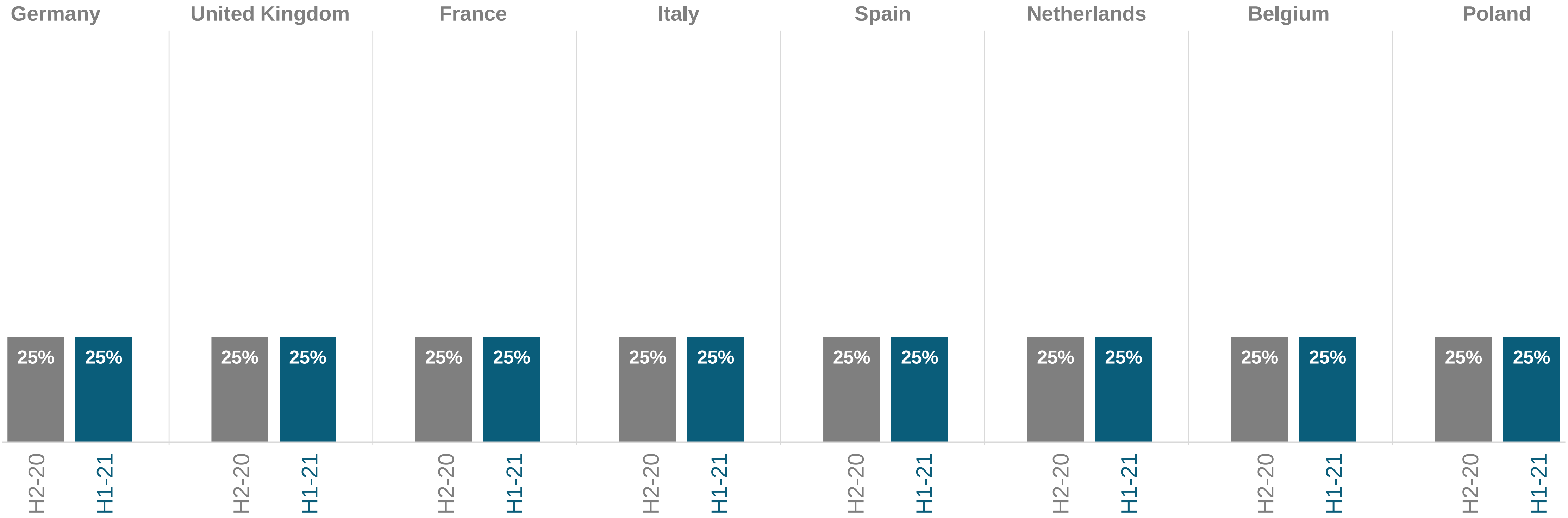
…as well as in the H2 outlook of the European countries

All countries are XXX with very XXX expectations for the second half of the year. In all countries the share of contractors with XXX expectations is higher than those with XXX expectations, except in XXX. The slow recovery of XXX, a country that strongly relies on XXX, was expected due to the pandemic's major hit on XXX.

Dummy data has been used on the following slides, this means no real data of this edition is shown.

Expectations of a negative impact of COVID-19 are diminishing across Europe, which is most apparent in XXX

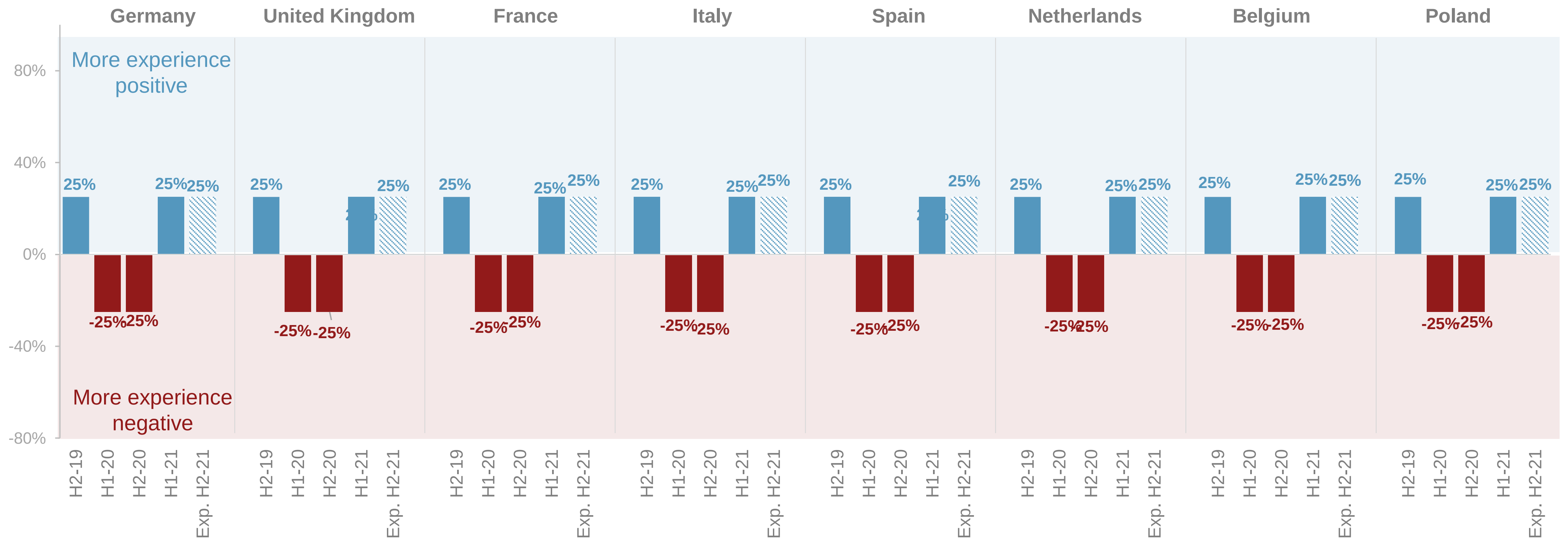
Share of respondents expecting a negative impact of COVID-19 on their turnover
Do you expect that COVID-19 will impact your turnover in the next 6 months?
(% of companies expecting negative impact)



XXX recovering with very XXX expectations for the second half of the year

Net share of contractors' experience regarding turnover
*If you compare your turnover of **H1-21** to **H1-20**, how did your turnover develop?*

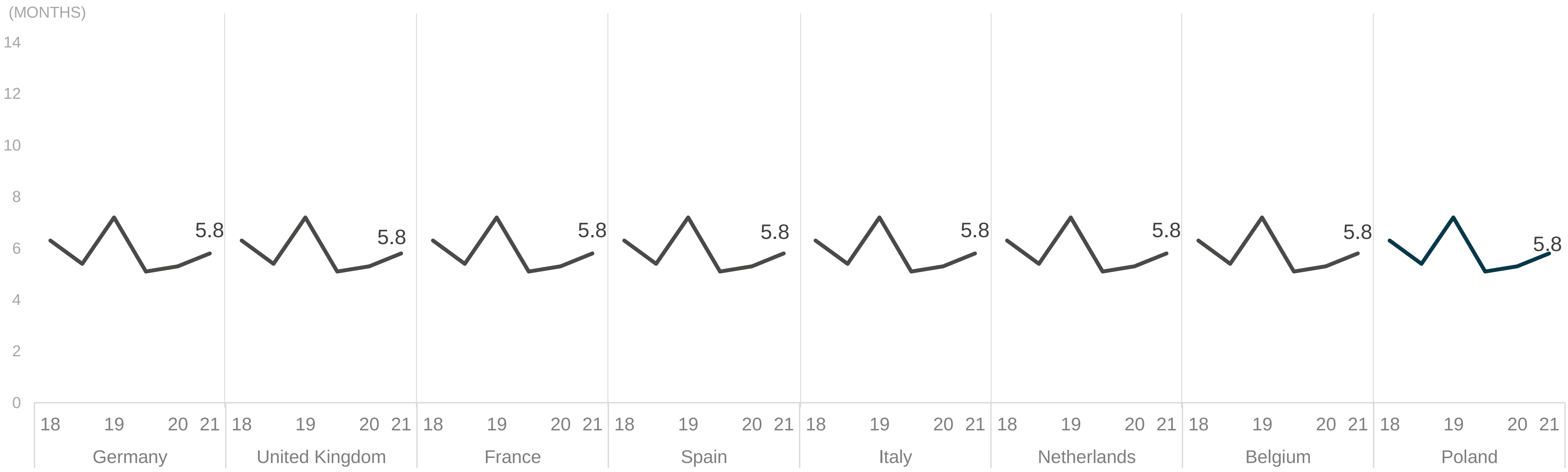
(Share of contractors reporting INCREASE minus the share of contractors reporting DECREASE in their turnover)



Orderbook portfolios are also XXX after a XXX trend since XXX

Order book portfolio

Question: How big is your current order book portfolio? For how many months will you be able to keep your current staff working?



Purchase channels

COVID-19 XXX contractors’ purchase channels…

XXX. In all countries, XXX purchase channel counts for the highest share of wallet. Even a slight shift from the share of purchasing XXX to the share of XXX is observed since 2018. One may think that this shift is caused by the pandemic, which caused some issues in XXX’ production and delivery services. However, the majority of European contractors stated that the pandemic XXX influence their share of wallet division across purchase channels.

Note that XXX still cover an important share of contractors' purchases, especially of XXX. The main reason for purchasing from XXX is XXX. XXX that aim to increase their XXX to main contractors should invest in XXX, because that is a prominent reason for contractors to keep using XXX as a purchase channel.

…, but it XXX their way of ordering XXX

Whether from XXX or via XXX, XXX is the most common way of ordering. This has XXX during the pandemic for some of the contractors, especially when ordering XXX. A small share of contractors even stated XXX after the pandemic than before.

However, an even larger change in the way of ordering is seen in the XXX. A substantial share of contractors indicated that they XXX due to the pandemic, XXX.

Note that the experienced impact of COVID-19 on purchase channels or the way of ordering may not be a XXX. Even though contractors stated that they order XXX, we also observe an XXX trend in this way of ordering since 2018. It is important for XXX to differentiate between XXX trends and XXX in behaviour when building up marketing and sales strategies.

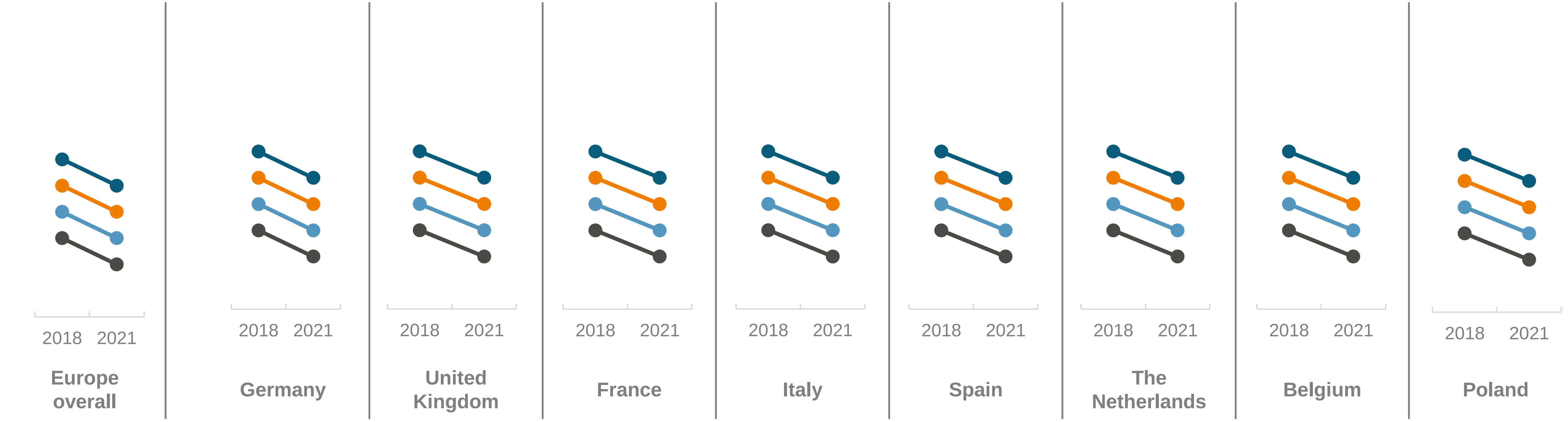
Cross country summary

XXX way of purchasing XXX continues to be XXX

The share of purchase from XXX has XXX in certain countries by taking the share from XXX.

Purchase channels usage (2018-2021 comparison)

Manufacturer | Wholesaler | DIY | Pure online



Base: asked to all contractors

Cross country summary

COVID-19 XXX contractors’ purchase behaviour

- **XXX companies** purchase more from XXX and less from XXX compared to XXX companies

Share of **wallet** and **effect of COVID-19**

How would you divide your purchases on building materials in general over the following channels?
Has situation with COVID-19 increase or decrease your purchasing or did not influence it?

	EU	GE	UK	FR	IT	SP	NL	BE	PO	
Wholesaler	50% (50% / 50%)	50%	50%	50%	50%	50%	50%	50%	50%	5%
Manufacturer	50% (50% / 50%)	50%	50%	50%	50%	50%	50%	50%	50%	5%
DIY Store	50% (50% / 50%)	50%	50%	50%	50%	50%	50%	50%	50%	-5%
Pure Online	50% (50% / 50%)	50%	50%	50%	50%	50%	50%	50%	50%	5%

(% purchase INCREASED minus % purchase DECREASED)

Share of **contractors buying**

Share of contractors are calculated based those who stated more than they spend more than 0% on the corresponding purchase channels

	EU	GE	UK	FR	IT	SP	NL	BE	PO
Wholesaler	50%	50%	50%	50%	50%	50%	50%	50%	50%
Manufacturer	50%	50%	50%	50%	50%	50%	50%	50%	50%
DIY Store	50%	50%	50%	50%	50%	50%	50%	50%	50%
Pure Online	50%	50%	50%	50%	50%	50%	50%	50%	50%

Base: n=951, asked to all contractors

Cross country summary

All 6 product groups are predominantly purchased from XXX

- On a European level, XXX and XXX have the highest share of direct purchasing from XXX

Purchase channels used for specific product

How would you divide your purchases on <product group> over the following channels?

	Overall EU		Germany		UK		France		Italy		Spain		Netherlands		Belgium		Poland	
	Wholesalers	Manufacturer																
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

Cross country summary

USP

When purchasing from wholesalers, XXX is as strong a driver as XXX

Main reasons for buying from wholesalers

What are your main reasons for purchasing directly from a manufacturer? [Spontaneous]

	Overall EU	Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
	n=557	n=74	n=77	n=79	n=76	n=71	n=67	n=52	n=61
XXX	60%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	58%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	35%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	31%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	25%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	18%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	14%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	10%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	8%	50%	50%	50%	50%	50%	50%	50%	50%

By country

Cross country summary

USP

Whereas XXX are the main driver for purchasing from manufacturers

Differently from the other European countries, XXX is the driver for the majority of the contractors in XXX

Main reasons for buying from manufacturer

What are your main reasons for purchasing directly from a manufacturer? [Spontaneous]

	Overall EU	By country							
		Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
	n=557	n=74	n=77	n=79	n=76	n=71	n=67	n=52	n=61
XXX	66%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	23%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	19%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	13%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	13%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	11%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	8%	50%	50%	50%	50%	50%	50%	50%	50%
XXX	5%	50%	50%	50%	50%	50%	50%	50%	50%

Cross country summary

XXX

- XXX

Wholesaler

Way of ordering from the wholesaler

How would you divide your purchases on building materials in general over the following channels?

Share of orders via

E-mail | Phone | Sales rep | Online

Effect of COVID-19 on orders*

Do you place an order more or less due, to the situation with COVID-19 than before or COVID-19 did not influence your way of ordering?

(Share of contractors said MORE) minus (share of contractors said LESS)

	GE	UK	FR	IT	SP	NL	BE	PO	EU	Effect of COVID-19 on orders*
E-mail	50%	50%	50%	50%	50%	50%	50%	50%	50%	5%
Phone	50%	50%	50%	50%	50%	50%	50%	50%	50%	5%
Sales rep	50%	50%	50%	50%	50%	50%	50%	50%	50%	5%
Online	50%	50%	50%	50%	50%	50%	50%	50%	50%	5%

Base: n=906, if purchasing at professional builders' merchants

*results shown for total EU

Cross country summary

XXX

- XXX

Manufacturer

Way of ordering from the manufacturer

How would you divide your purchases on building materials in general over the following channels?

Share of orders via

E-mail | Phone | Sales rep | Online

	GE	UK	FR	IT	SP	NL	BE	PO	EU
E-mail	50%	50%	50%	50%	50%	50%	50%	50%	50%
Phone	50%	50%	50%	50%	50%	50%	50%	50%	50%
Sales rep	50%	50%	50%	50%	50%	50%	50%	50%	50%
Online	50%	50%	50%	50%	50%	50%	50%	50%	50%

Base: n=557, if purchasing directly from the manufacturers

Effect of COVID-19 on orders*

Do you place an order more or less due, to the situation with COVID-19 than before or COVID-19 did not influence your way of ordering?

(Share of contractors said MORE) minus (share of contractors said LESS)

E-mail	-5%
Phone	-5%
Sales rep	-5%
Online	-5%

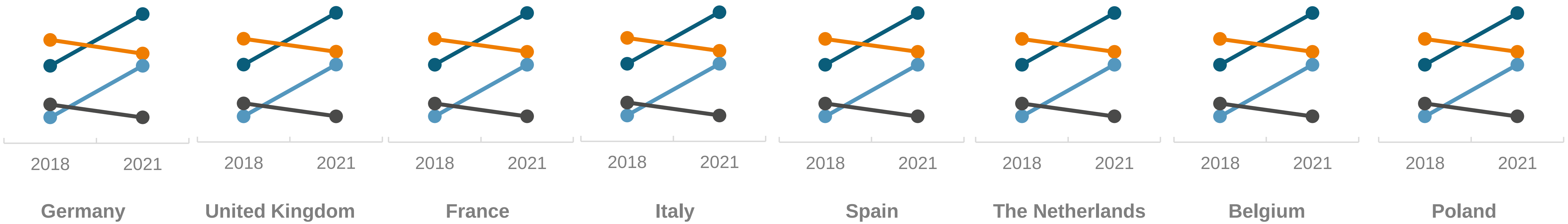
*results shown for total EU

Cross country summary

Looking at the 2-year trend, however, XXX trend across countries is the XXX

Way of ordering from **manufacturer** (2018-2021 comparison)

E-mail | **Phone** | **Sales rep** | **Online**



Base: All

Base: n=125, asked to all contractors

European Contractor Monitor H1-2021

Background characteristics

Company profile

*How many **full-time employees** does your company have?*

5-15 fte	≥16 fte
XXX%	XXX%

Project segmentation

*What percentage of your **turnover** do you get from … projects?*

	Residential	Non-residential
	50%	50%
5-15 fte	50%	50%
≥16 fte	50%	50%

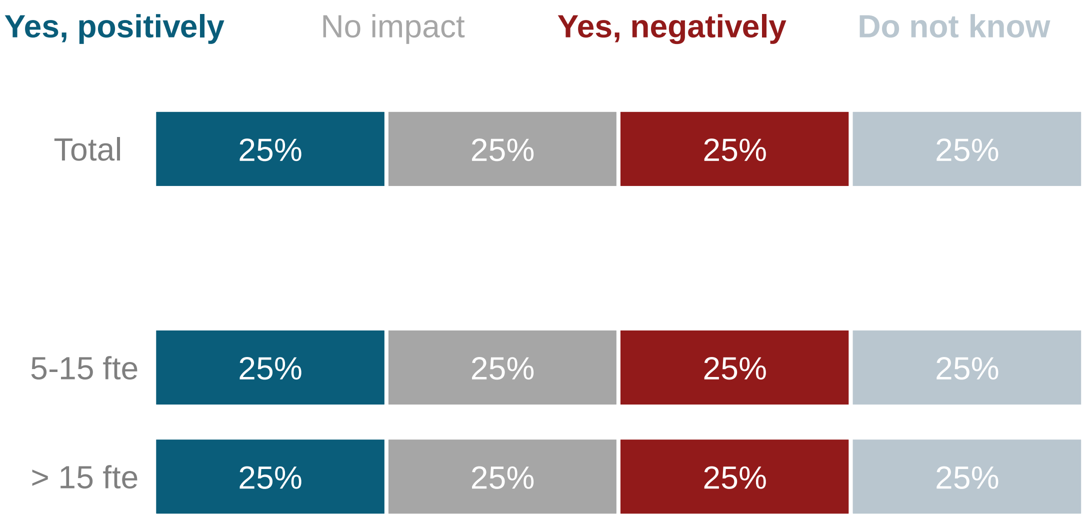
Base: n=125, asked to all contractors

USP

Most German contractors XXX impact of COVID-19 on their turnover

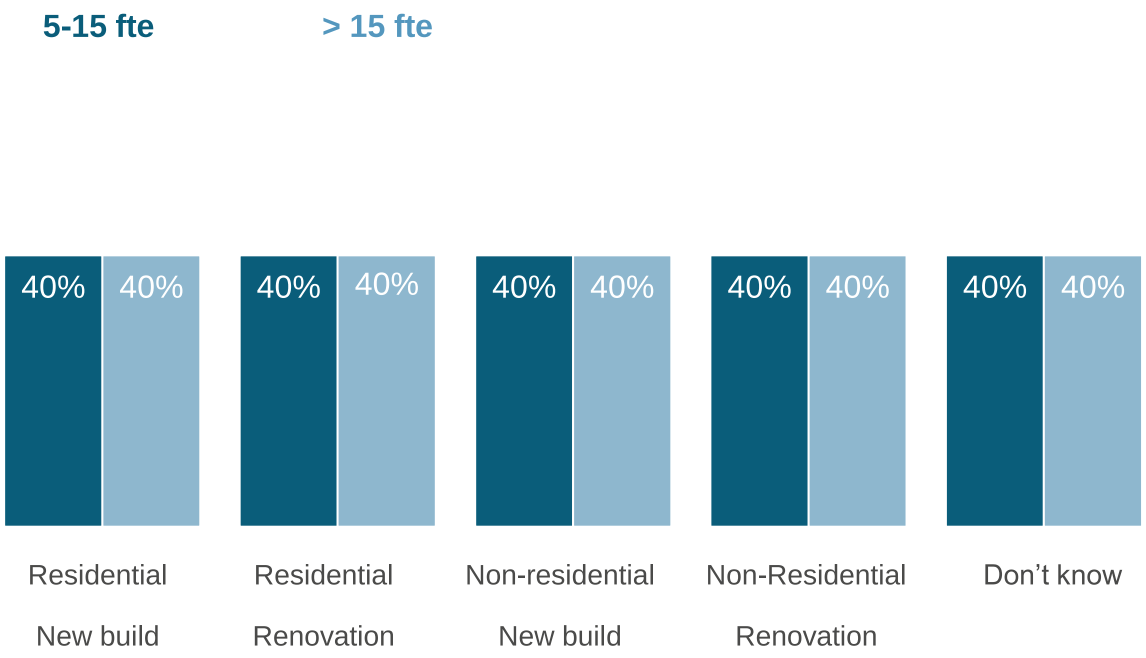
The effect of COVID-19 on the turnover

Do you expect corona virus will impact your turnover in the next 6 months?



Base: n=125, asked to all contractors

If yes, in which type of projects do you expect this impact? (prompted)

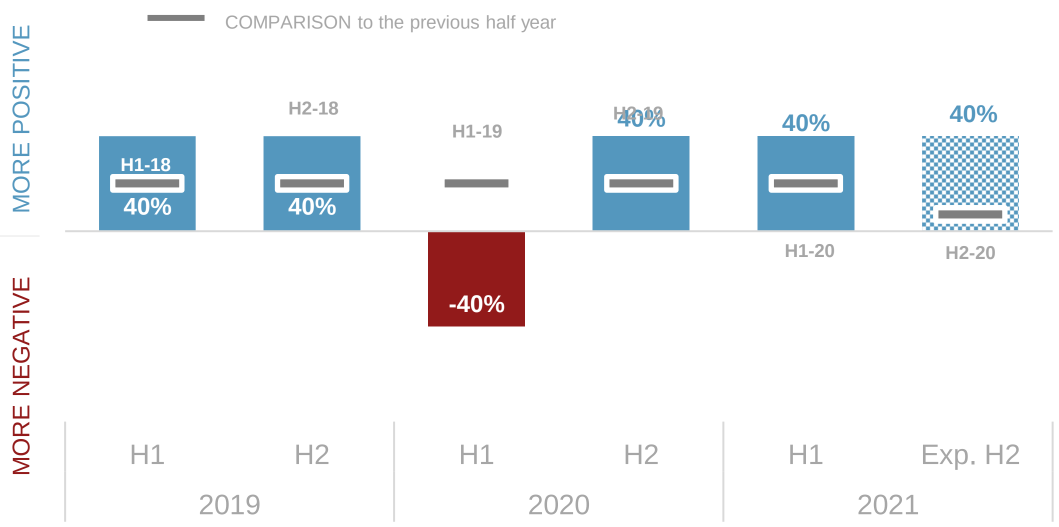


Base: n=37, asked to those who expect COVID impact

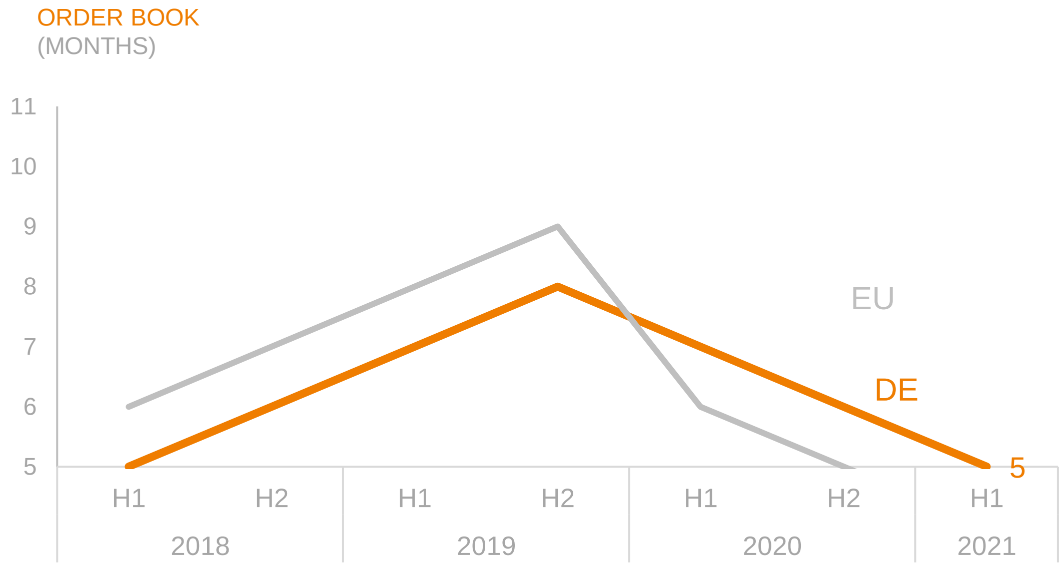
They also expect an XXX in their turnover for the next half of 2021

Net share of contractors' experience regarding turnover
*If you compare your turnover of **H1-21 to H1-20**, how did your turnover develop?*
*What are your **expectations** for the development in **H2-21**?*

(Share of contractors reporting INCREASE minus the share of contractors reporting DECREASE in their turnover)



*How big is your **current order book** portfolio?*
For how many months will you be able to keep your current staff working?



Base: n=125, asked to all contractors

European Contractor Monitor H1-2021

USP

Buying through XXX in Germany is…

Purchase Channels usage

	Share of contractor buying			Share of wallet			Future share of contractor buying (% will buy MORE minus % will buy LESS)	Effect of COVID-19 on purchasing behavior (% purchase INCREASED minus % purchase DECREASED)
	OVERALL			OVERALL				
Wholesaler	50%	50%	50%	50%	50%	50%	5%	-5%
Manufacturer	50%	50%	50%	50%	50%	50%	5%	-5%
DIY Store	50%	50%	50%	50%	50%	50%	5%	-5%
Pure Online	50%	50%	50%	50%	50%	50%	5%	-5%

Base: n=125, asked to all contractors

XXX the most used ways of ordering products from wholesalers, which are XXX by COVID-19

Wholesaler

Way of ordering from the wholesaler

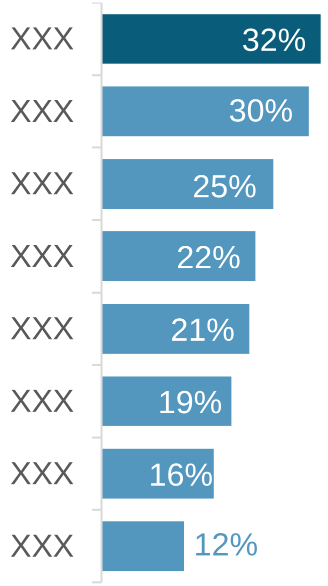
Share of orders

Effect of COVID-19 on orders

(% purchase INCREASED minus % purchase DECREASED)

	OVERALL			Effect of COVID-19 on orders
Phone	50%	50%	50%	5%
E-mail	50%	50%	50%	5%
Sales rep	50%	50%	50%	5%
Online	50%	50%	50%	5%

Main reasons for buying from wholesaler



Base: n=117, if purchasing at professional builders' merchants

USP

XXX most used when ordering from manufacturers, especially XXX

Manufacturer

Way of ordering from the manufacturer

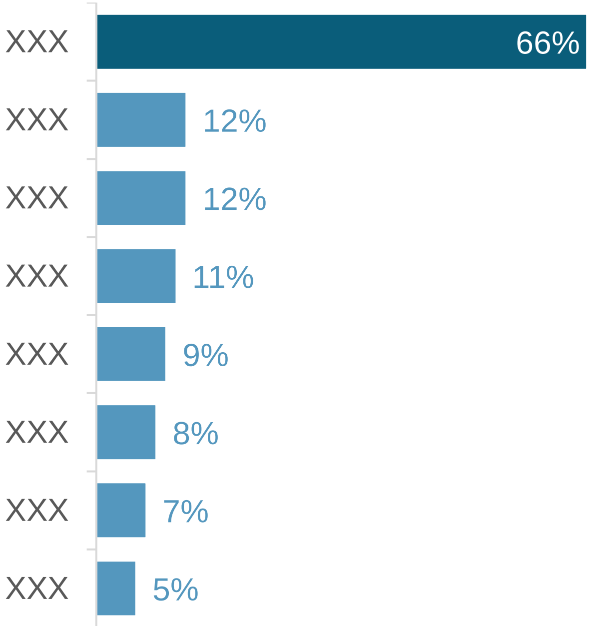
Share of orders

Effect of COVID-19 on orders

(% purchase INCREASED minus % purchase DECREASED)

	OVERALL			Effect of COVID-19 on orders
E-mail	50%	50%	50%	-5%
Phone	50%	50%	50%	-5%
Sales rep	50%	50%	50%	-5%
Online	50%	50%	50%	-5%

Main reasons for buying from manufacturer



Base: n=74, if purchasing directly from the manufacturers

USP

All six specific products are purchased dominantly from XXX, followed by XXX

Product specific purchases
How would you divide your purchases on <product group> over the following channels?

	Wholesalers	Manufacturer	DIY stores	Pure online shops
XXX	25%	25%	25%	25%
XXX	25%	25%	25%	25%
XXX	25%	25%	25%	25%
XXX	25%	25%	25%	25%
XXX	25%	25%	25%	25%
XXX	25%	25%	25%	25%

Base: n=125, asked to all contractors

USP in figures

USP Marketing Consultancy

Head office | **Subsidiary**

Rotterdam | Düsseldorf

Total
70
Research Analysts
Project managers
Consultants

- Market specialist installation, construction and DIY from the **start**
- Dedicated and **multi-client** research
- Active in the market for over **25 years**
- **220** dedicated market research projects in 2018

Revenue distribution

70%
turnover coming from international projects

90%
turnover coming from dedicated market research, **10%** from multi-client

70%
turnover coming from B2B, **30%** B2C

Research in
39
countries in 2018

82
focus groups

1.102
in-depth interviews

57.881
B2B CATI interviews

57.250
B2C online interviews

USPs of USP

Market specialist for the **construction, DIY** and **installation** market for over 25 years

Strong **network of partners** covering all major countries in the world

Ability to conduct **research in multiple countries** at the same time

Multi client reports covering installers, contractors, painters, consumers and architects

Dedicated market research both **B2B** and **B2C**

Ability to **target all** relevant **stakeholders** in the construction and DIY markets

Experienced in **qualitative** and **quantitative** market research

Dedication, honesty and **love** for the industry

Deep **knowledge** of the **industry**

Fact based consultancy

What we do – Dedicated market research

Examples

Segmentation

Customer journey

Branding

Concept/product research

Customer satisfaction

Trends

Distribution research

Market exploration

Pricing

Market size

Dedicated market research

- Tailor made
- Driven by your information needs
- Advice & consultancy based on facts and over 25 years of experience in the industry
- Worldwide coverage
- B2B, B2C, qualitative and quantitative research or a combination of both
- Within our market specialism, all types of researches can be conducted
- Targeting the right audience, with the right questions at the right time.

Country scope

Providing continuous information for our clients about their main target groups based on facts. Providing insights on key trends, turnover development, future building volumes, background characteristics of the target groups and much more.

Architects

European architectural Barometer

8 countries

reports quarterly

6,400 interviews by phone annually

Trends like **BIM, DMU, Media orientation** and **future building volumes**

Contractors

European contractors monitor

8 countries

reports bi-annually

2,200 interviews by phone annually

Trends like **BIM, DMU, Media orientation** and **branding**

HVAC installers

European mechanical installation monitor

6 countries

reports quarterly

4,800 interviews by phone annually

Trends like **Branding, purchase channels, Media orientation** and characteristics including turnover and order book developments

Electrical installers

European electrical installation monitor

7 countries

reports quarterly

4,800 interviews by phone annually

Trends like **Branding, purchase channels, Media orientation** and characteristics including turnover and order book developments

Painters

Painter insights

8 countries

reports yearly

2,000 interviews by phone annually

Trends like **mechanical application, labour shortage, purchase points and branding**

Consumers

European home improvement monitor

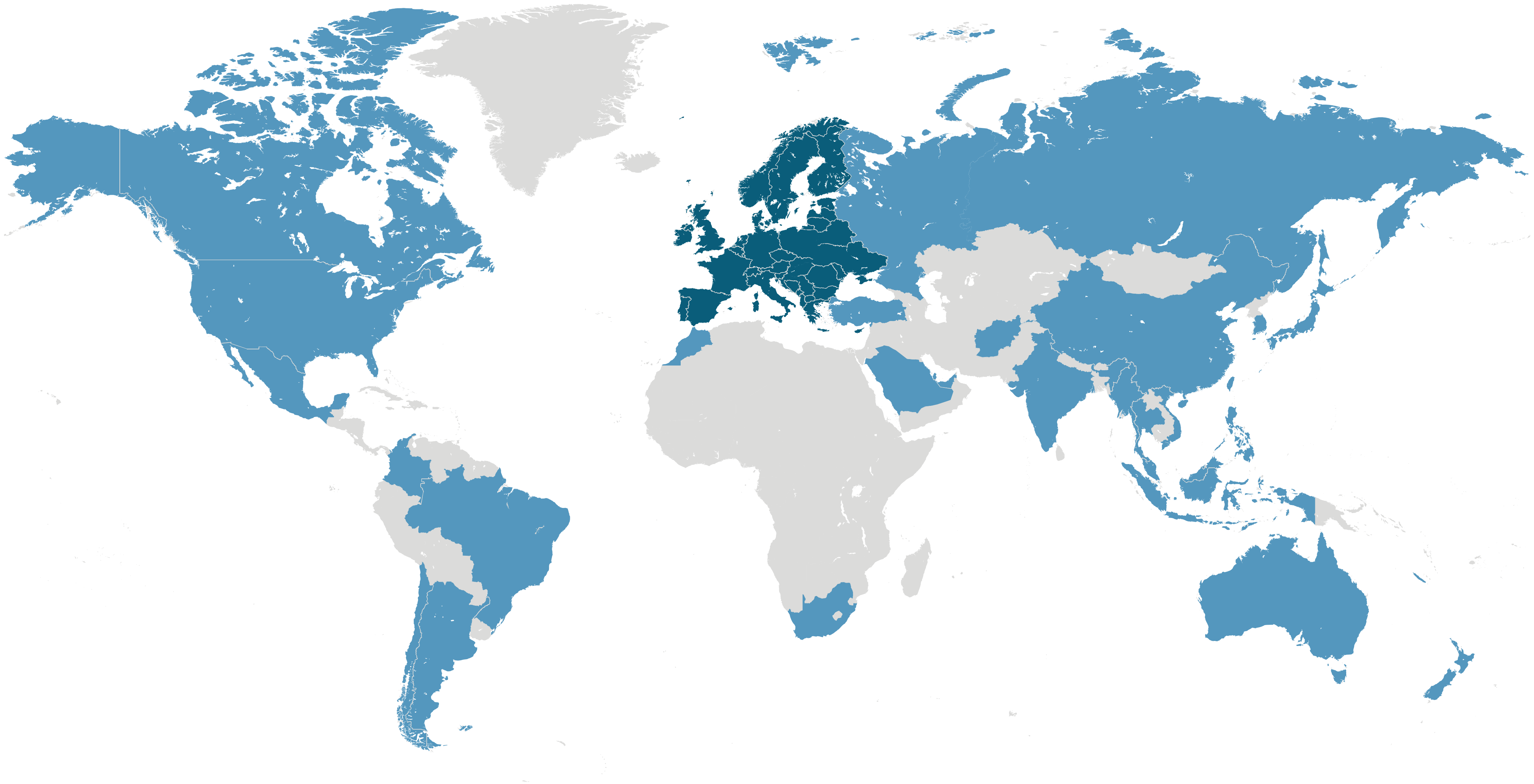
11 countries

reports quarterly

26,400 online interviews annually

Trends like **DIY vs DFM, online buying, branding** and information on a **product level**

What we do – Multi client research



Clients of USP

Construction

ASSA ABLOY
VELUX
PPG
icopal
MBI De Steenmeesters
SAINT-GOBAIN
KNAUF
Bostik smart adhesives
Villeroy & Boch 1748
AkzoNobel
DAW
Owens Corning
3M
FESTOOL

Installation

hager
reflex Thinking solutions.
GRUNDFOS
walraven
ABB
BOSCH
LG Life's Good
MITSUBISHI ELECTRIC
Panasonic
PHILIPS
Vaillant
wavin
VIESSMANN
KONE

DIY

BRIGGS & STRATTON
Royal Flora Holland
GROHE
cromology
hansgrohe
Ideal STANDARD
WAGNER
tesa
KOHLER
Yale
ShurTech Brands
fischer innovative solutions
ALLEGION
V33

Living & Real Estate

WOONZORG NEDERLAND
parteon
vidomes
aedes
TALIS
wonenCentraal
DEGOEDEWONING thuis in de buurt
Haag Wonen
VESTIA
NEVAP
Colliers INTERNATIONAL
bpd

Trends & Vision in the market

USP

- Building information modelling will become a license to operate
- Design, Build and maintain
- Smart homes / offices
- Ageing society in Europe
- Shifting decision making
- Prefab will become more widespread
- Going from gas heating towards electric
- Online buying of products by professionals
- Changing role of the wholesale
- Digitisation
- Qualitative & quantitative labour shortage Europe
- Increase influence engineers & contractors
- Building industry needs to become smarter, faster and cheaper
- Changing role of the DIY stores

For questions and more information

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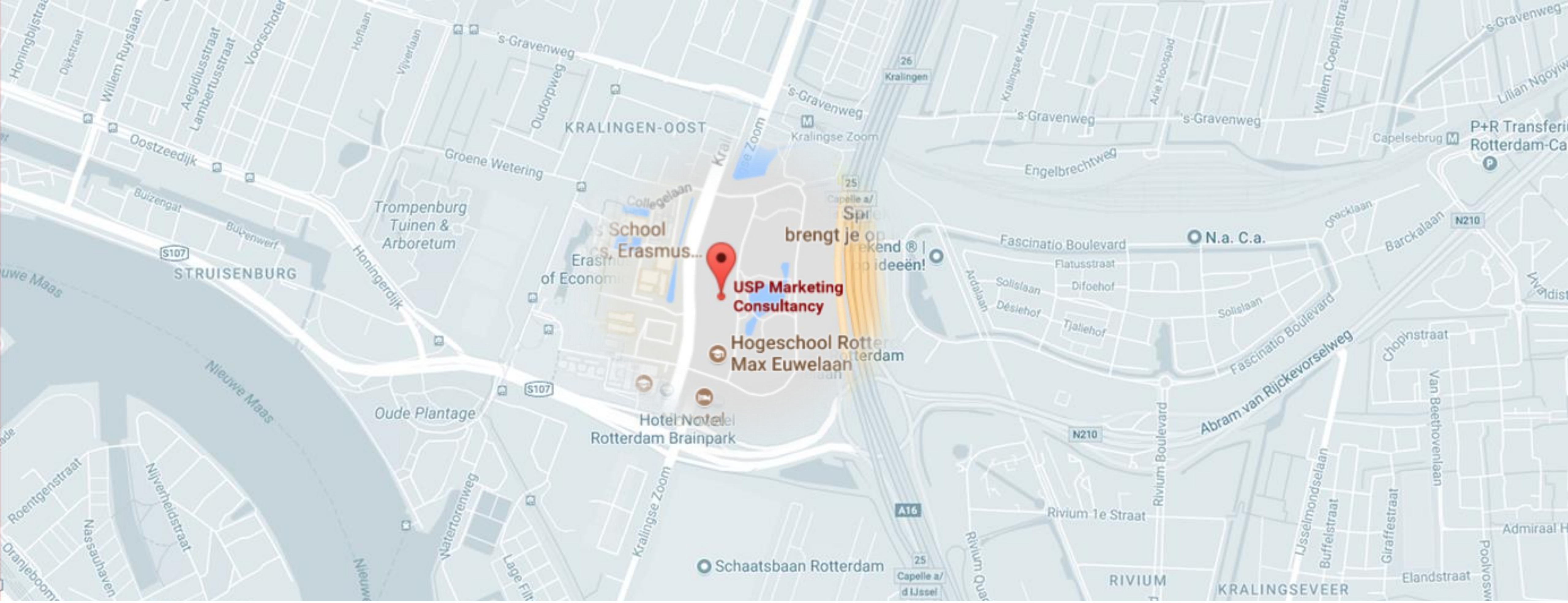

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