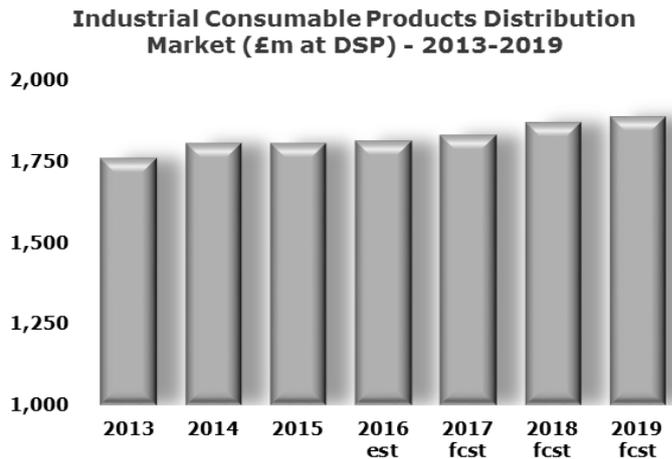




PRESS RELEASE

UK industrial consumable products distribution market worth £1.8bn

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The distribution of 'industrial consumable products' is fragmented and difficult to define. AMA Research have recently published a new report on this complex market in the UK which, as defined by AMA, is estimated to be worth over £1.8 billion in 2016. This is a mature market which has experienced relatively stable conditions in recent years, and estimates indicate the sector was relatively flat during 2015/16.

The key product sectors of the 'industrial consumable products' market according to AMA's definition are power & hand tools, health & safety, engineering & metalworking, fluid & air control, workshop & maintenance, storage, security, access, site equipment & handling equipment, with fasteners, janitorial and abrasives products each accounting for smaller shares of between 2-4%.

In recent years, the market has benefited from a growing focus on health & safety, energy efficiency and environmental issues, which have largely been legislation-driven. In addition, the development of value added services, such as VMI (vendor managed inventory), continues to represent a growth area, as customers look for a wider level of support from the major distributors.

Key external factors impacting the market include the state of the economy and the relative performance of key customer sectors. Also impacting on the market are general levels of maintenance & repair, legislation, costs of fuel, energy & raw materials, and the volatility of Sterling. The sector has an extremely fragmented customer base operating in a diverse range of end-use applications, which tend to experience varying performance levels. Some sectors of the market are relatively stable (such as utilities and food & drink) whilst other sectors are more volatile and/or cyclical, such as automotive.

Distribution is diverse with a mix of some distributors operating in all product sectors, while others focus on a narrower range underpinned by their history and expertise in key markets. One-stop sourcing remains important for customers, which is particularly applicable to commodity type products. This trend is underpinned assisted by a growing focus on e-commerce as company websites can display more products than shown in catalogues, though predictions of the death of the catalogue have not been borne out to date.

"The impact of Brexit on the industrial sector and thereby the industrial distributors market is extremely difficult to forecast and its implications are likely to become clearer as the UK begins the process of negotiating trade agreements in order to leave the EU" said Andrew Hartley, Director of AMA Research. "With a recent study indicating that many manufacturers are likely to hold back their investment in plant and machinery, maintenance and repair will

continue to be important, providing opportunities that will help to underpin the market, which is forecast to experience modest growth of 1-2% per annum to 2021."

As indicated earlier, the future performance of the market is closely linked to the overall state of the economy and general conditions in sectors such as manufacturing, engineering, transportation, utilities, public sector and construction. Increasing levels of health & safety, environmental and energy legislation are driving product demand, with value added opportunities. The future performance of individual distributors will primarily depend on their product and customer profile, together with regional strengths, pricing and stockholding strategy. In addition, those that are taking advantage of the opportunities offered by value added services such as VMI are likely to benefit.

The '**General Industrial Products Distribution Market Report – UK 2017-2021 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience within the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

If you would like to receive more information on the report, or would like to speak to the author, then please contact Anna Eriksson or Andrew Hartley on 01242 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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