

Hardware Merchants Seeing Strong Growth

Munster hardware merchants are seeing a stronger growth in business activity but the growth is below the national average.

In a survey of Hardware Association Ireland (HAI) members carried out by Behaviour & Attitudes (B&A), hardware merchants across the country reported seeing an improvement in business activity for the first time since the onset of the recession.

But the difference in the regions is striking.

In Munster, 46 per cent of merchants reported an improvement as against 68 per cent in Dublin, 57 per cent in the rest of Leinster and 43 per cent in Connaught/Ulster. the overall national average is 52 per cent.

Munster is also below the national average in terms of the growth in employment with 15 per cent of merchants reporting more active recruiting.

The national average is 19 per cent but the difference in regions is quite stark. Dublin hardware merchants (41 per cent) reported higher staff levels in the past year. this is against 22 per cent in the rest of Leinster and just eight per cent in Connaught/ulster.

Overall, HAI members are more positive about the year ahead than they were in 2013, with 56 per cent expecting business will be higher in the next 12 months, against 30 per cent this time last year.

There are also fewer hardware merchants seeking financial support from lending institutions and fewer receiving the required support.

Just 13 per cent applied to lending institutions for funding over the past 12 months with 60 per cent being successful. A year earlier, 21 per cent sought financial support and 75 per cent were successful.

Both short-term and long-term finance provided the rationale for application, with funding for short-term loan (55 per cent), long-term loan (45 per cent) and overdraft (30 per cent) topping the list.

Commenting on the survey, HAI President Patrick Kelly said: "While it is encouraging to see the first signs of an uplift in activity in our sector, it is from a low level due to the harsh trading conditions that have existed since around 2008. And there is a clear need to rebalance economic activity with a greater focus on rural Ireland."

"While there is a need to stimulate consumer spending nationally, there is also an imperative to energise rural economic conditions with the inevitable benefit of increasing employment."

"In terms of the future, we are seeing a level of measured optimism evident across the sector. Hardware businesses are more positive about the year ahead than they were in 2013, with 56 per cent expecting business will be higher in the next 12 months, against 30 per cent who expressed that view 12 months ago. But there is a marked difference in confidence between Dublin/Rest of Leinster (68 per cent) and the rest of the country (46 per cent)."

“The fact that fewer hardware merchants sought banking support suggests that banking finance is not easily available and more merchants are relying on increased business to fund working capital and growth.”