

EDA State of the Sector Survey Manufacturer Feedback: Q4 2024 October





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Introduction

These are the results of the Q4 2024 EDA State of the Sector Survey: the survey launched on Monday 7 October and closed on Wednesday 23 October 2024.

The survey represents the feedback from EDA manufacturer affiliates. There is a separate survey for EDA wholesalers.

This survey attracted 60 responses, a 52% response rate. In October 2024 the EDA had 116 manufacturer affiliates.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Dialogue on Tuesday 29 October 2024.

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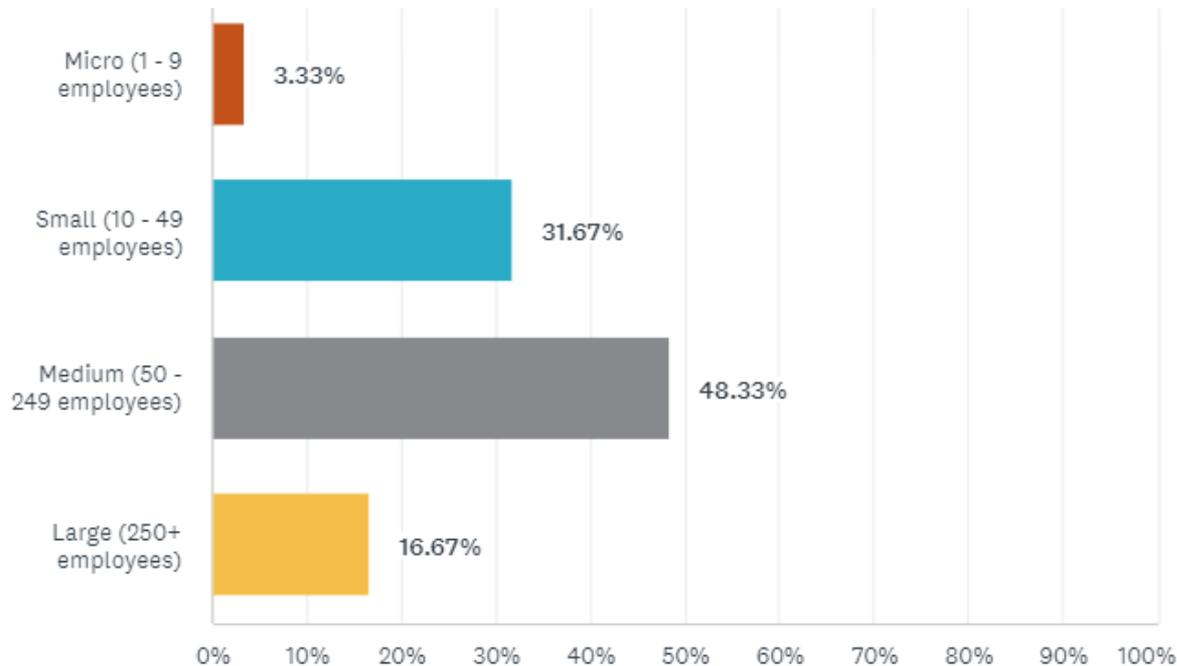
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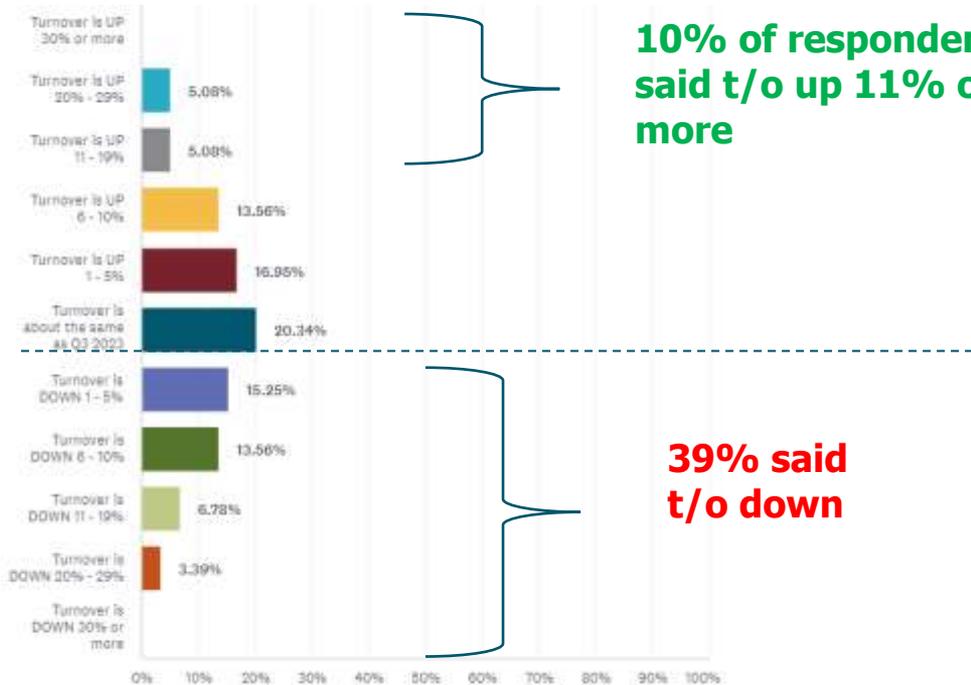
Q1: Please tell us the size of your business



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Q2: Please tell us how your turnover in Q3 2024 compares with turnover in Q3 2023.



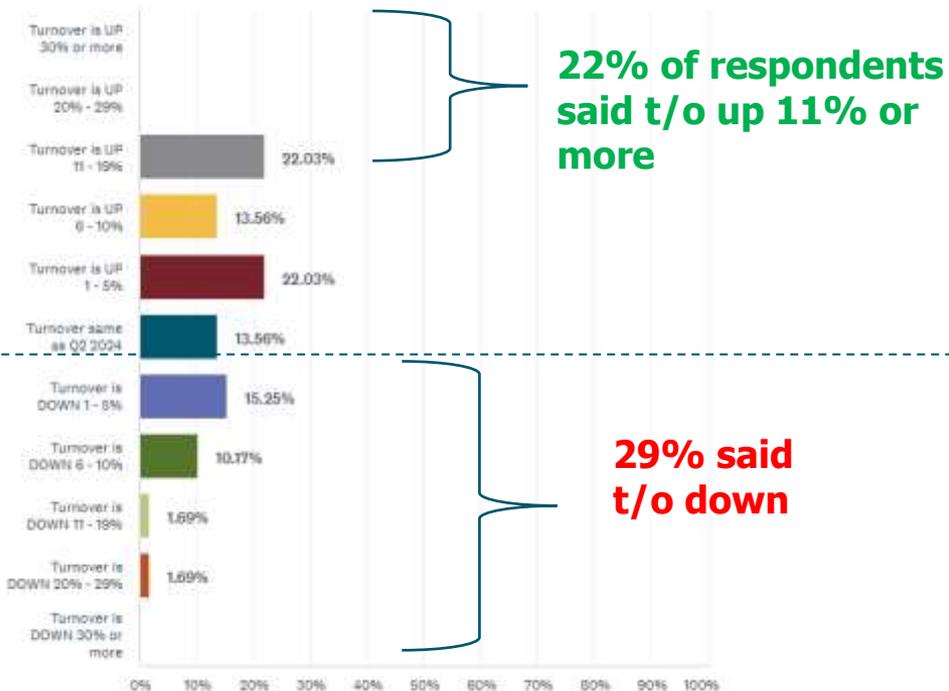
10% of respondents said t/o up 11% or more

Comments:

"We are at parity with 2023 for 2024 but increased in real terms due to a large project in 2023"

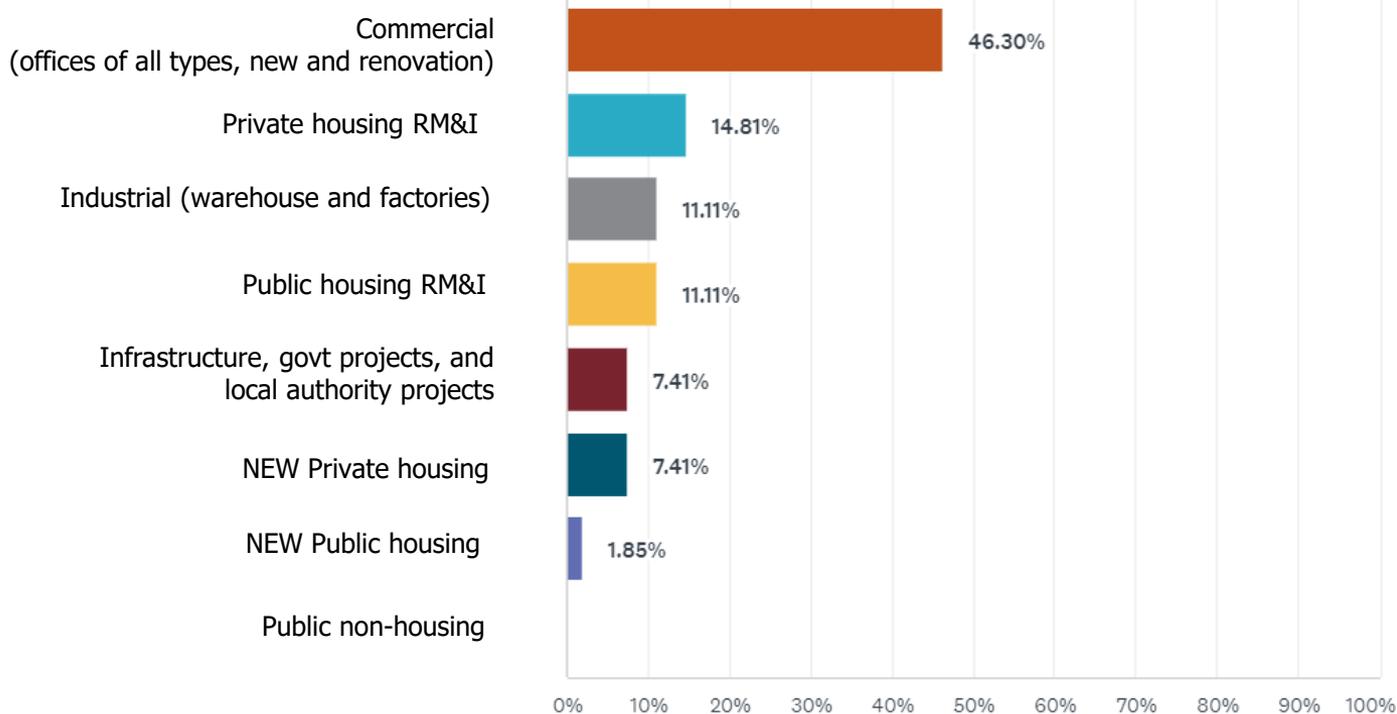
39% said t/o down

Q3: Please tell us how your turnover in Q3 2024 compares with turnover in Q2 2024.



"We finished around 6% lower but this is a traditional pattern for our business."

Q4: What is the most important construction sector for your products?





Q4: Other sectors mentioned

- Hospitality
- Rail
- Major projects infrastructure including Rail (HS2), Data Centres, Stadiums (Everton FC)
- Domestic both private and public. Light Commercial. Infrastructure.
- Mainly commercial, Industrial & Infrastructure but we also offer products that are exclusively installed in housing projects (New Build & RM&I).
- All of them
- We are working mainly in the retail and Hospitality sectors.
- Plus offshore windfarms

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Q5: Your Operational Challenges: from a prompted list please tell us which 3 operational challenges are your most pressing at this time?



	October 2023	January 2024	April 2024	July 2024	October 2024
1	Increases in salary bill	Adapting to delays caused by piracy attacks in the Red Sea + Attracting and retaining staff	A downturn in demand	A general downturn in demand	A general downturn in demand
2	Attracting and retaining staff	A downturn in demand	Attracting and retaining staff	Increasing competition for work	Increasing competition for work
3	A downturn in demand + Increased exposure to bad debt	Complexities around the different sustainability/carbon assessment schemes and information required by customers + Balancing staffing levels alongside rising wage bills	The impact of increases in National Living Wage and National Minimum Wage on my overall wage bill + Adapting to delays caused by piracy attacks in the Red Sea	High tendering levels but slow or low conversion levels + Difficulties attracting and retaining staff	Product price deflation

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Q5: Comments on operational challenges

“Container prices and shipping delays - 175% increase in container prices throughout periods of 2024 Continued volatility with shipping lead times due to Middle East conflict and Port congestion”

“Red Sea issues”

“Supply of goods delayed by shipping”

“Inconsistent and changing government policies towards rail”



Q6: Please tell us your most pressing **strategic** challenges.

	October 2023	January 2024	April 2024	July 2024	October 2024
1	Market and economic uncertainty	Market and economic uncertainty	Market and economic uncertainty	Market and economic uncertainty	Economic instability pending the budget announcement
2	Competition from cheaper imports to the UK	Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training	Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training	Succession planning + Improving my business systems and processes	Rising costs in all business areas + Differentiating our products and services, and identifying growth areas
3	Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training	Improving my business systems and processes	Improving my business systems and processes	Adapting my business for a more digitalised world + Identifying growth areas for my business	Deflation and the impact on our business

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Q6: Comments on other challenges

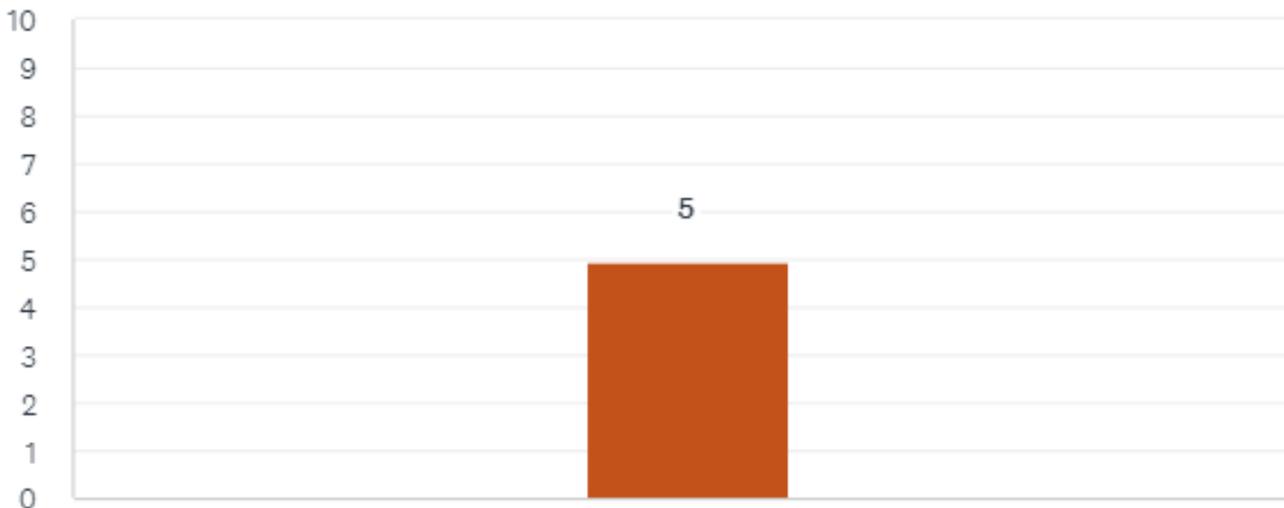
“Footprint rationalisation from legacy manufacturing of lamps”

“Dealing with the complexities of cross border business post Brexit, especially returns.”

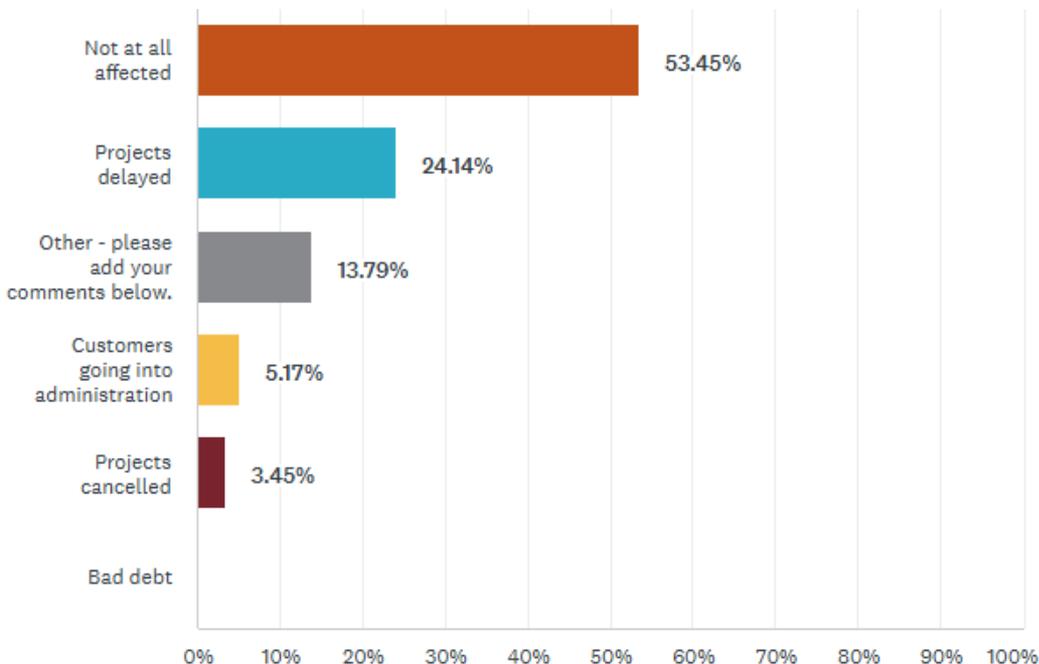
“Labour costs”



Q7: On a scale of 1 – 10 (where 1 is not at all concerned and 10 is extremely concerned) how concerned are you about ISG falling into administration?



Q8: How have you been impacted by the ISG collapse?



Comments:

"Not yet"

"Wider implications for other contractors and customers"

I believe the full effect of ISG will not be felt until 2025.

"Waiting for the inevitable fall out to sub contractors and wholesalers."

"Too early to tell."

"Not directly affected."

"Impacted by our customers being directly and indirectly affected."

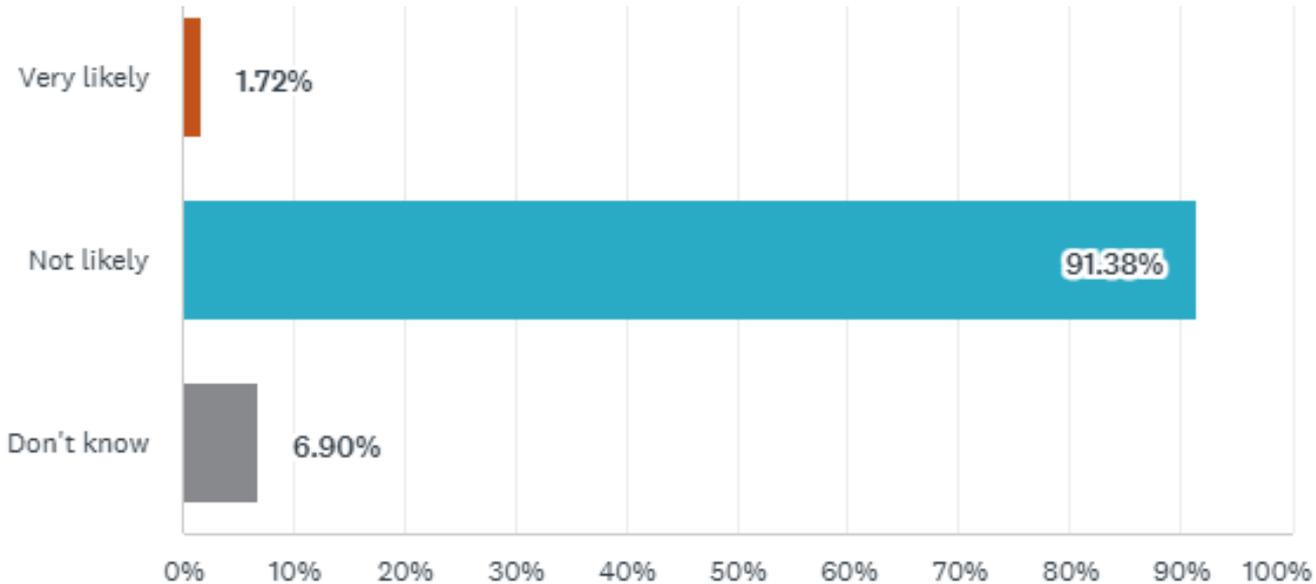
"The negative impact on business confidence in the sector."

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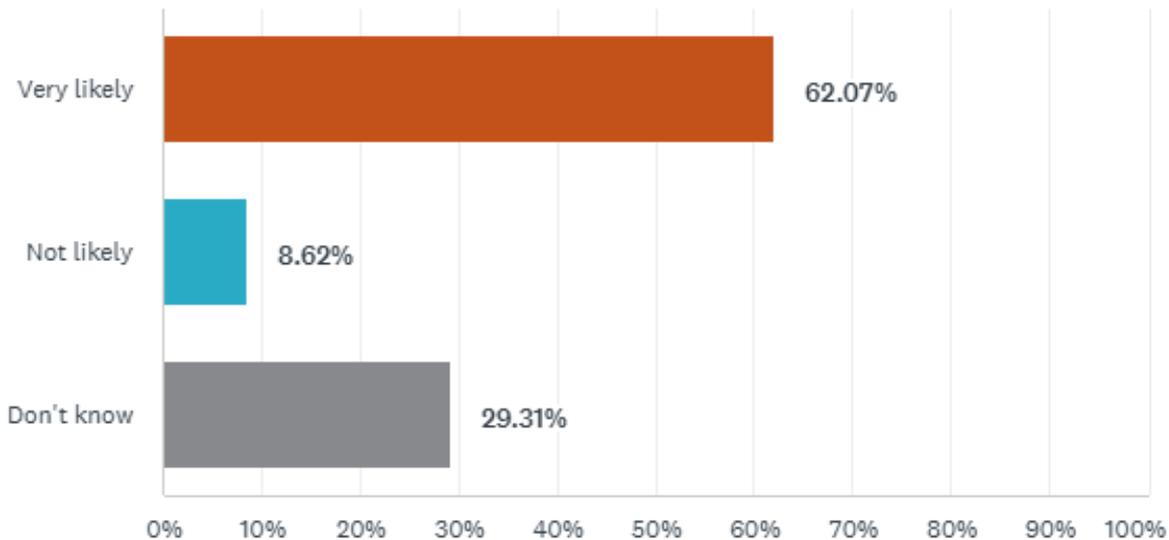
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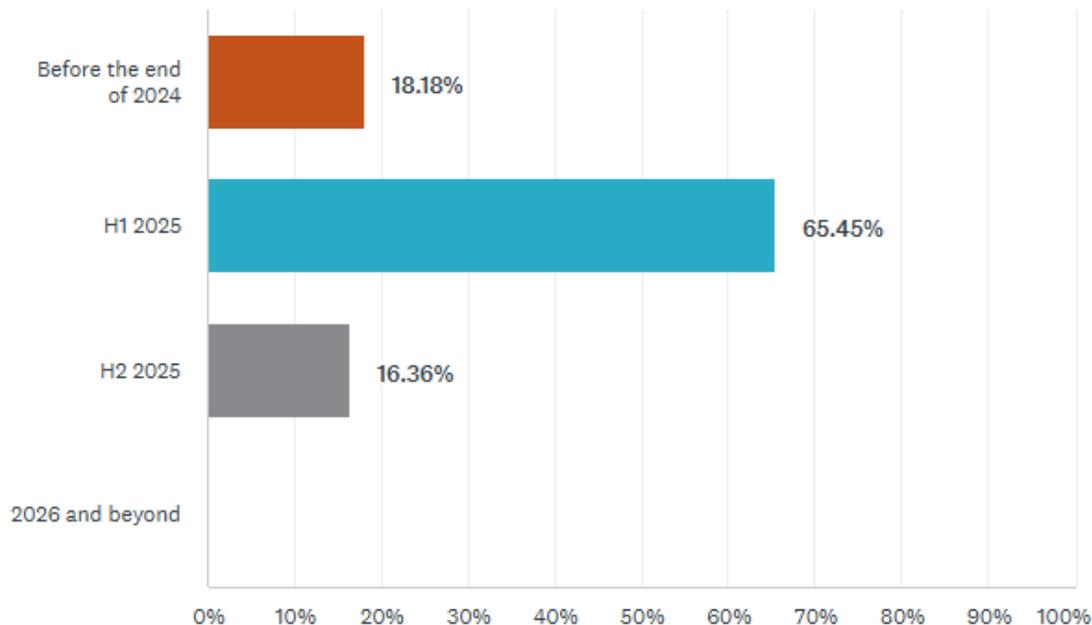




Q10: How likely is it that your customers will be on the ISG creditor list?



Q11: In your opinion, when will the worst impact of the ISG collapse be felt by the UK's electrotechnical sector?



Comments:

"Wouldn't know to be honest"

"Don't know"

"We are a step removed from ISG, it is likely that our customers' clients may have been affected but we are not directly affected."



Q11: Comments on ISG collapse

Comments:

“FFX collapse is of more concern”

“It feels like the knock on effects will be felt by contractors trying too hard to win new business and slashing margins, driving cost pressures.”

“The industry might look to insure against its biggest debtors more. Or the trade association may seek to insure on their behalf (builders merchants do this via NMBS' 'Payment Pledge').”

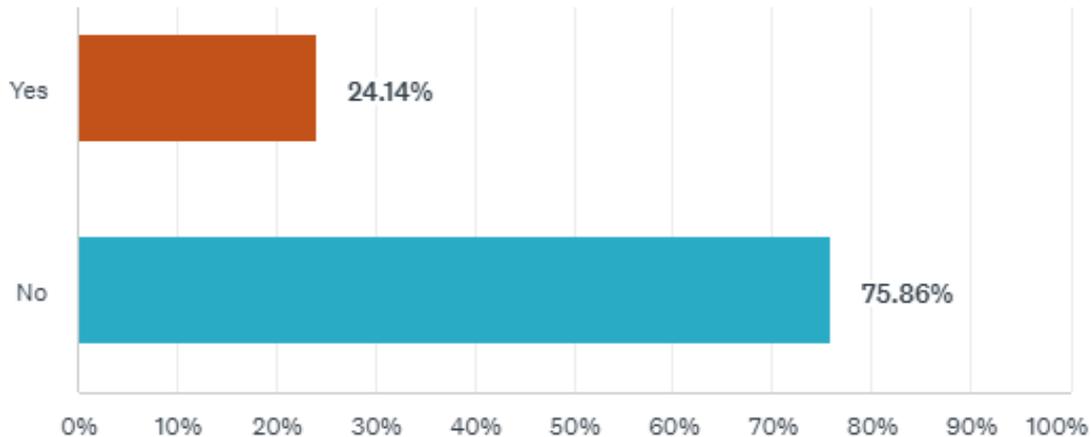
“Our customers will have customers who either contract for ISG or are affected by the bad debt. As such our fear is that we may see a decline in purchases from Nationals who tighten their belt, or some of our independent wholesalers may cease trading.”

Folkestone Fixings collapse: Sept 2024



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Q12: Have you been asked about product safety/quality in relation to the new Building Safety Regulatory Regime/Grenfell Tower Inquiry recommendations?



Comments:

"The whole industry should be asking questions about this and questioning/vetting their supply chain if they are compliant and can they prove this accordingly - CRP is a through the line accountability and should be governed both centrally through the OPSS as well as by the industry itself."

"Fire protection / NHBC"

"We supply HA contracts and as such we have initially had to supply full product certification to ensure our products actually meet the standards."

"CPR Ratings - CPR Cca / B2ca certified cables - an area that the Wholesale market is generally undertrained on."

Key

OPSS: Office for Product Safety and Standards

HA: Housing Association

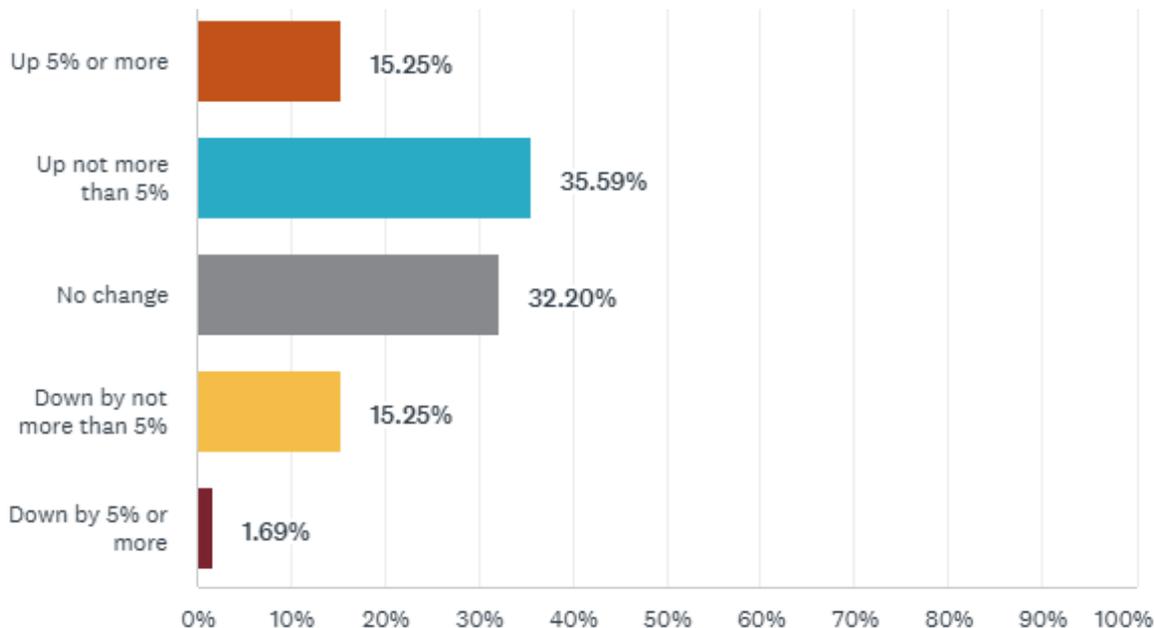
NHBC: warranty and insurance provider for new homes

CPR: Construction Products Regulation

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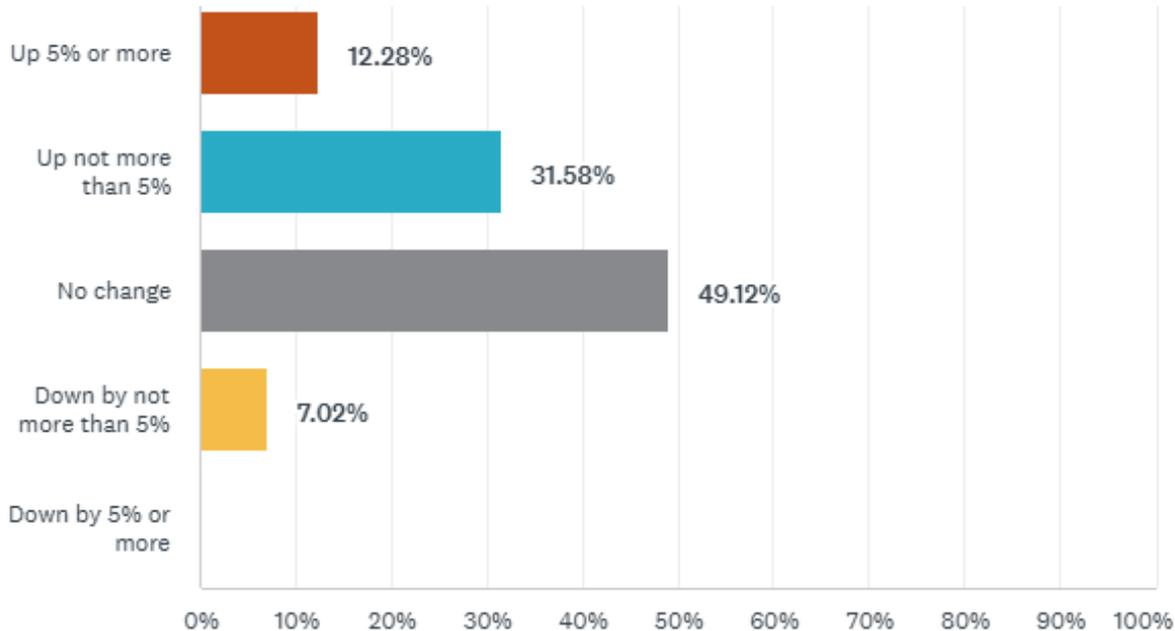
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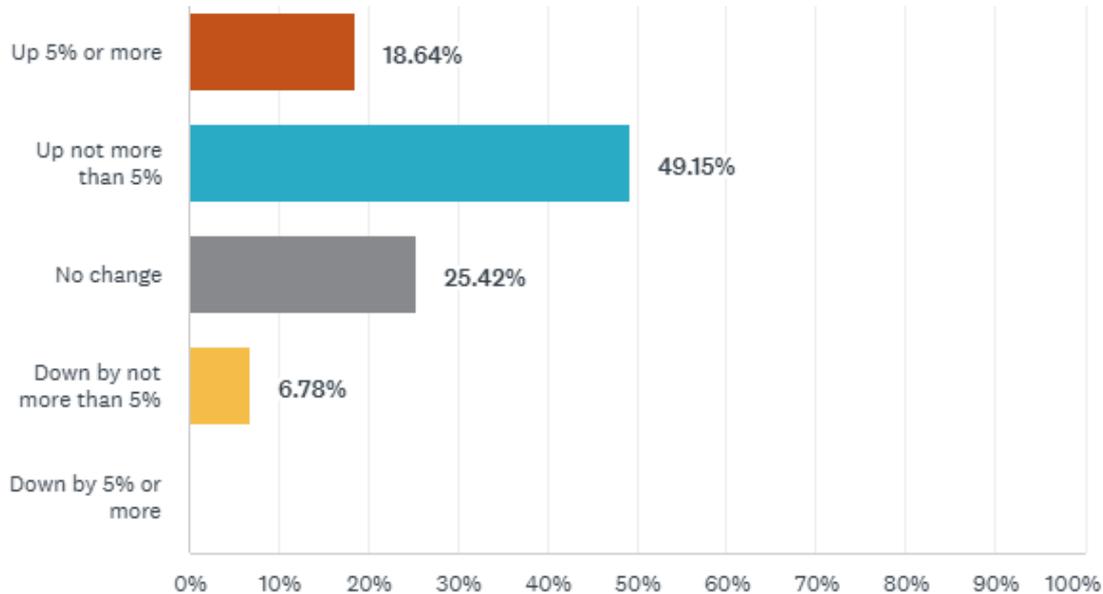
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Q14: How do you anticipate unit costs will change during Q4 2024?

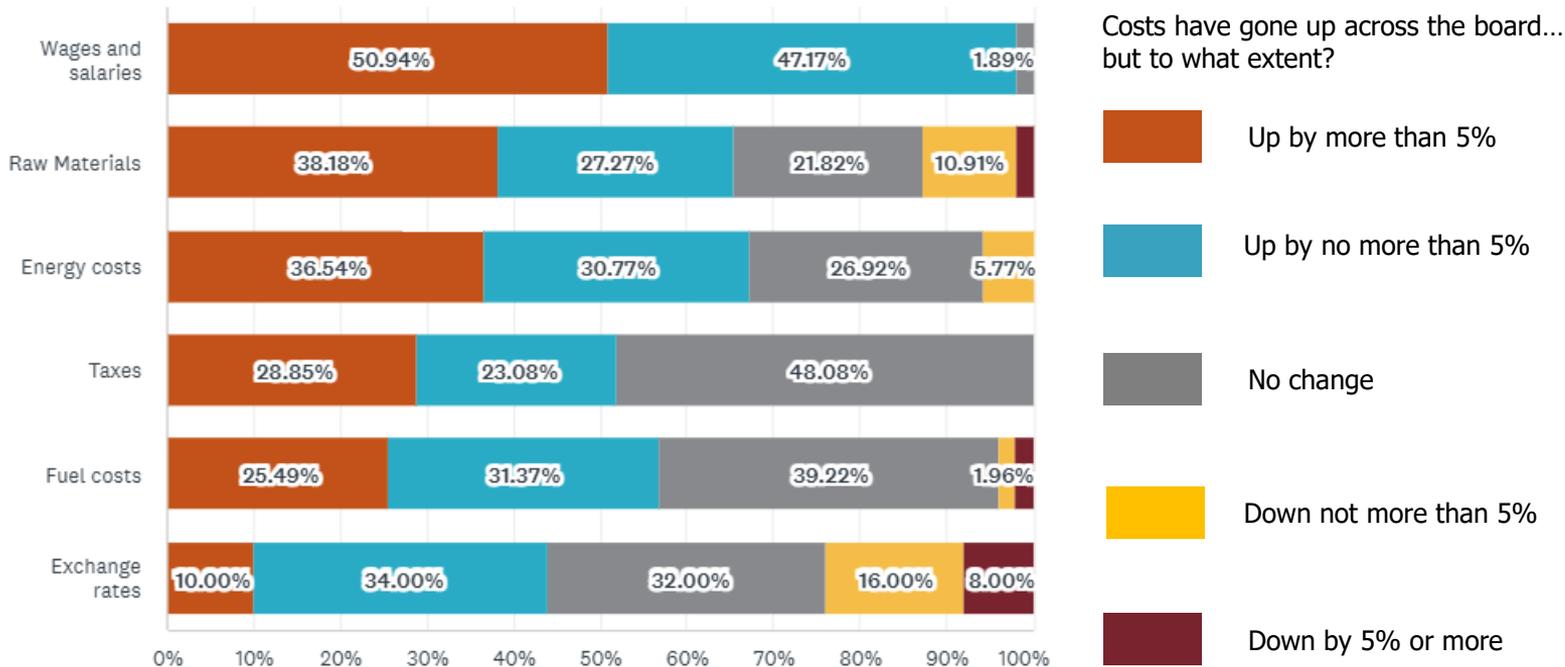


Q15: How do you anticipate unit costs will change during 2025?





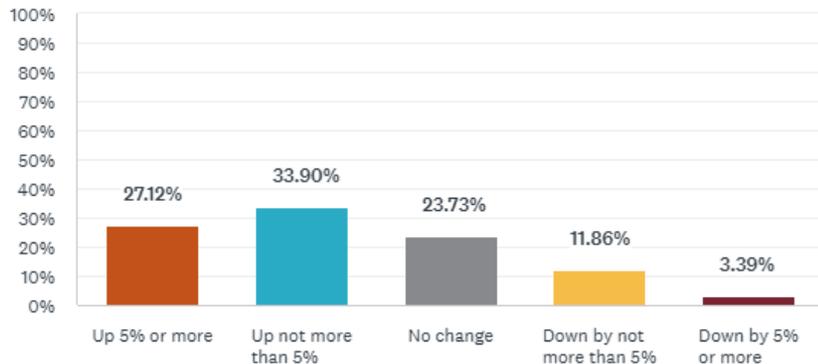
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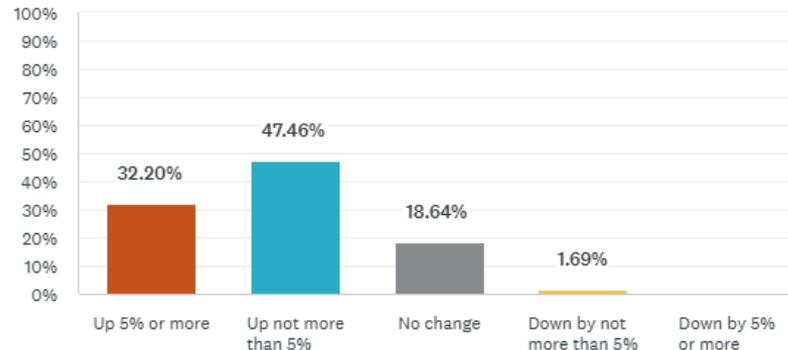


Q17: How to you anticipate sales volumes (like for like sales) will change...

During Q4 2024



During 2025





Q18: What are you hoping for from the Chancellor's budget Wed 30 October 2024?

There were many comments on this topic, and this is a representative sample grouped into themes for ease.

General

Business centric policies
 Lower taxes, lower energy costs, more support for business
 Clarity and consistency to aid business-making decisions on investment
 Changes to planning and development/legislation to expedite building growth

Renewables

Something to cut interest rates, more encouragement and incentives for renewables

Other sectors

More investment in rail and the national grid

Tax

Leave corporation tax alone
 Less tax for SME

Workforce

Investment in People and Skills, Learning and Development – including sensible tax considerations to support.

Not too much emphasis on changing workers' rights/flexible working etc

Investment in infrastructure and training for staff to do the work

Housing

Building more homes to take into consideration the moral as well as business case for increasing home availability for all

Bring incentives for first time buyers to support the new build housing market whilst interest rates are still high

Stability, incentive for new house builds, interest rate reductions

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Q18: What are you hoping for from the Chancellor's budget Wed 30 October 2024? Continued

"Tax incentives for investment and funding for infrastructure. Green initiatives to boost confidence and encourage growth would be very welcome."

"Support for industry, incentives and tariffs for sectors ie renewables and the housing market and tax relief to drive investment as well as infrastructure budget to stimulate economic growth and consumer confidence."

"That the budget initiates a period of stability in the financial markets to instil confidence in terms of UK investment."