

## EDA State of the Sector Survey Manufacturer Feedback: Q1 2025 January

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### Introduction

These are the results of the Q1 2025 EDA State of the Sector Survey for Manufacturers.

There is a separate survey for EDA wholesalers.

This survey attracted 52 responses, a 46% response rate. On 1 February 2025 the EDA had 112 manufacturer affiliates.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Dialogue on Friday 7 February 2025.



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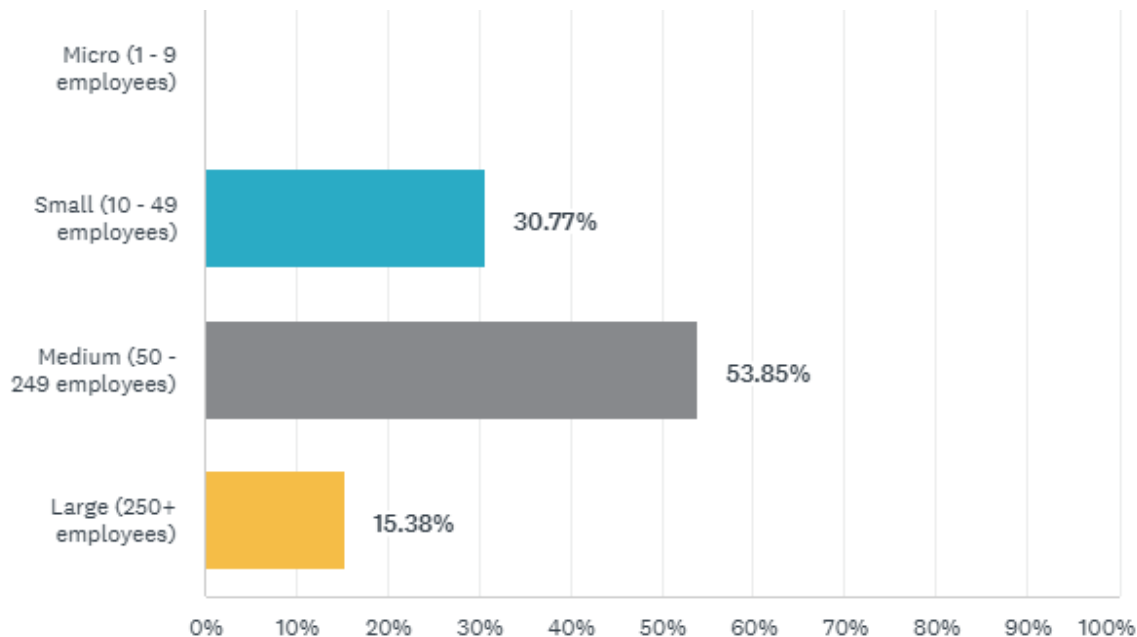
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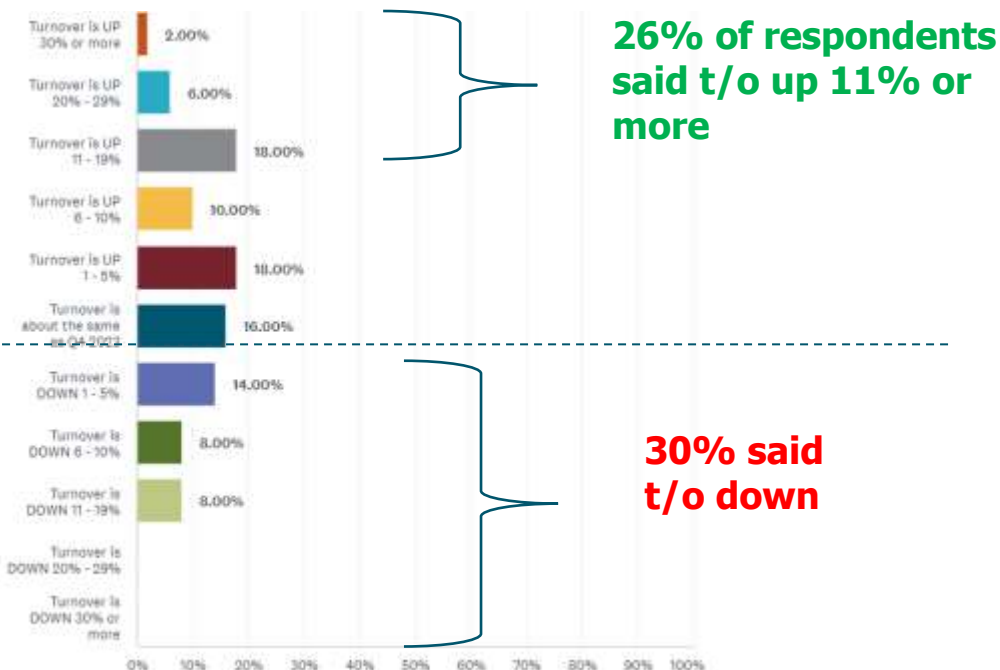
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## Q1: Please tell us the size of your business



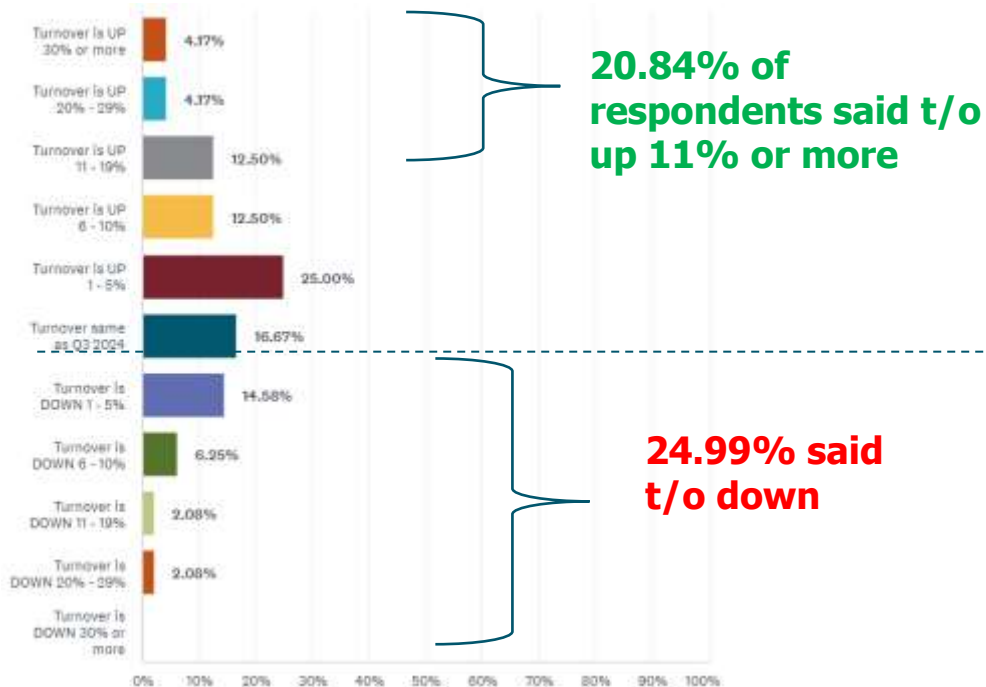
## Q2: Please tell us how your turnover in Q4 2024 compares with turnover in Q4 2023.



Comments:

“December 2024, was an all time record month for the business, both on orders for future shipments & revenue”

### Q3: Please tell us how your turnover in Q4 2024 compares with turnover in Q3 2024.

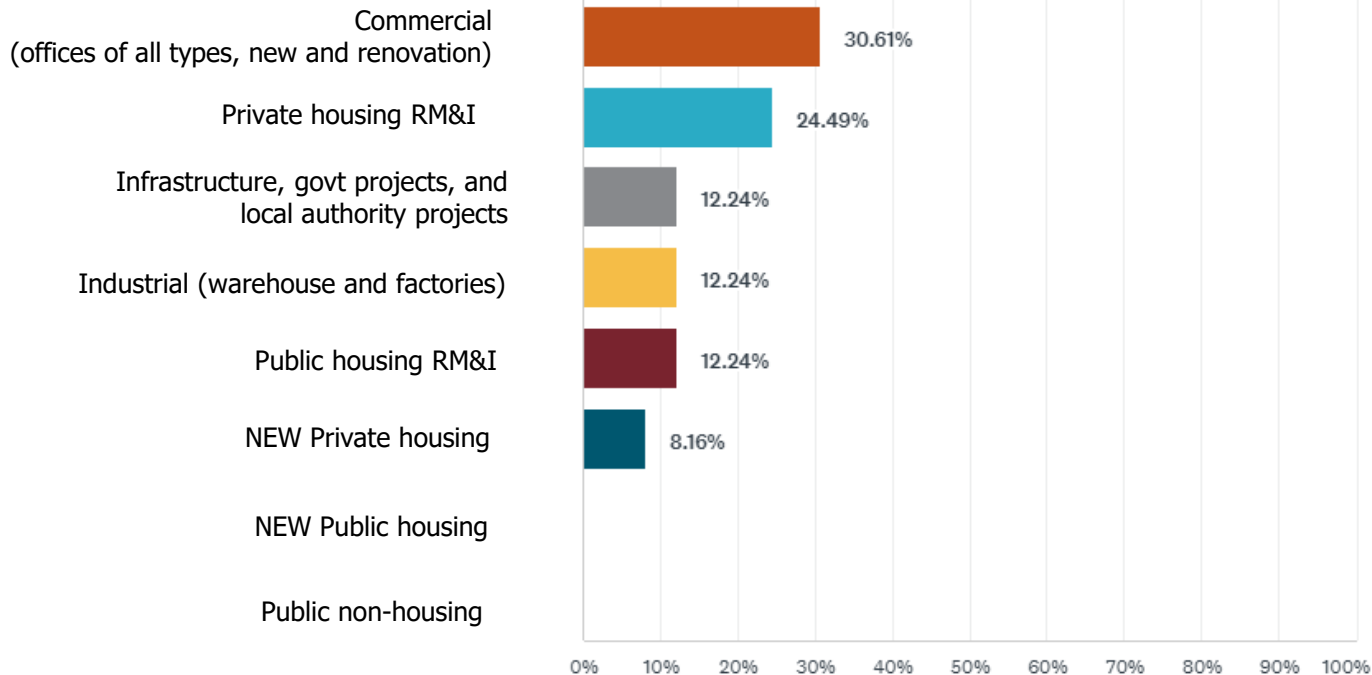


Comments:

"October was a positive month +19% but this was followed by NOV / DEC which were flat against 2023"

"December is always quiet!"

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



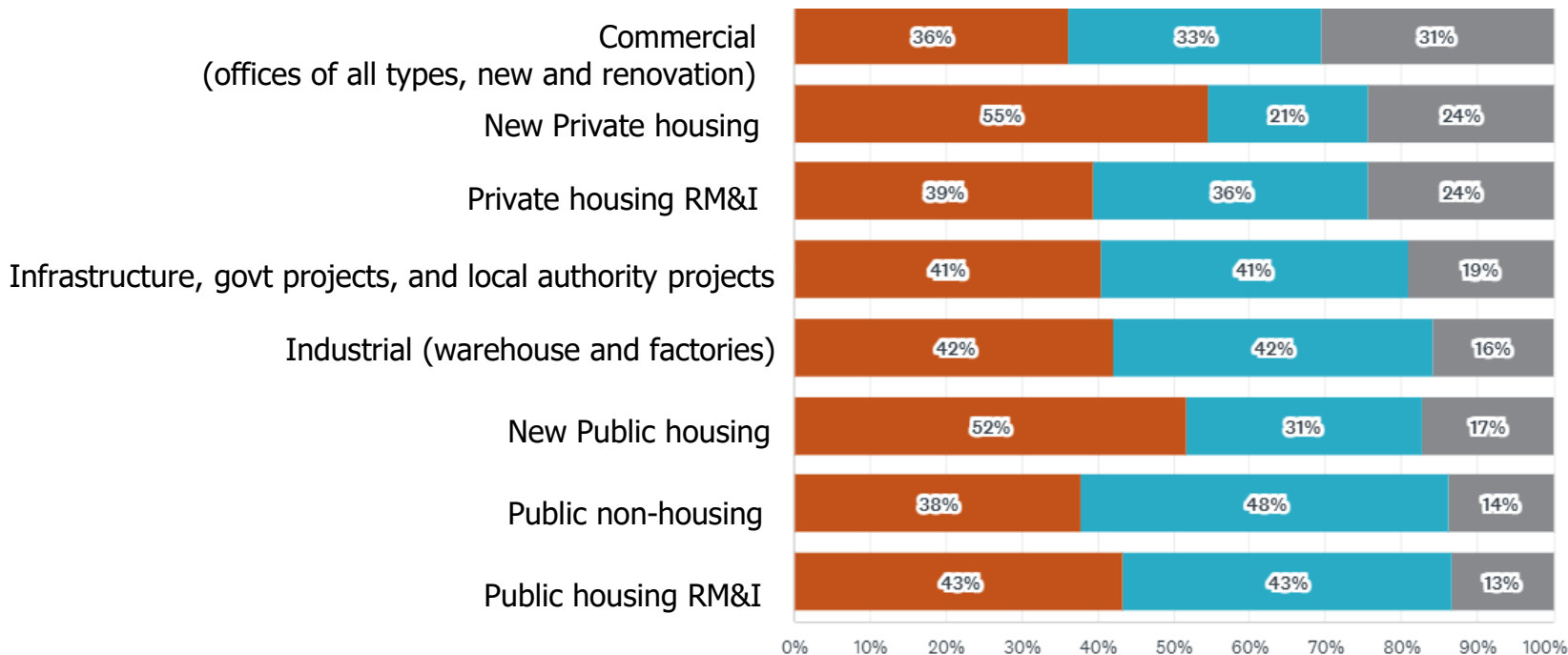
## Q4: Other sectors mentioned

- Commercial, Infrastructure, Industrial, New Public housing and New Private housing are all important sectors for our products as it depends on the product range.
- non-specific, i.e. all
- All sectors as we supply the lights for workers to use
- We sell to all of the above sectors equally
- Residential and Commercial construction and remodelling.
- Data Centres





## Q5: Have you experienced a change in turnover in Q4 2024 compared to Q3 2024 for the following sectors? Ranked by growth (grey band)





## Q5: Comments on particular areas of growth

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- Data Centres

## Q6: Your Operational Challenges: from a prompted list please tell us which 3 operational challenges are your most pressing at this time?



	January 2024	April 2024	July 2024	October 2024	January 2025
1	<b>Adapting to delays caused by piracy attacks in the Red Sea</b> + Attracting and retaining staff	A downturn in demand	A general downturn in demand	A general downturn in demand	Inflation in business overheads and passing these on to customers
2	A downturn in demand	Attracting and retaining staff	Increasing competition for work	Increasing competition for work	Upward pressure on all wages driven by the increases in National Living Wage and National Minimum Wage on my overall wage bill + A general downturn in demand
3	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	Product price deflation

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## Q6: Comments on operational challenges

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“Lack of price increases within the Lighting Industry... madness!”

“Market saturation and everyone offering every type of product.”

“FX rates and freight, very unpredictable.”



## Q7: What are your key strategic challenges as you go into 2025? (page 1 of 3)

### Cost increases

- Increase in Government NI
- Managing cost increases
- Increase in energy costs and lack of government support for UK manufacturing sector.
- Costs up - sales prices down
- Price increases and exchange rate changes
- Price Deflation and increases in overheads
- Inflationary pressures / Slow economic growth / Fall in Sterling / low market confidence
- Maintaining market position whilst managing cost increases from the Budget 2024

### Growing Sales

- The key challenge is to grow sales
- Driving new demand in the private housing sector
- Tracking build projects are kept to timeline and not further delayed
- Maintaining growth in adverse macro economic conditions - inflationary economy / reaction to Labour budget / interest rate FC
- Broadening our product spread in sales to stabilise profitability
- Getting stock onto wholesalers shelves. **More and more are buying back to back**

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## Q7: What are your key strategic challenges as you go into 2025? (p. 2 of 3)

- Legislation
- Inability of the national distribution grid to accept new connections leading to a delay in renewable, and other, projects.
- Project slowdown and increased demands by wholesalers
- Finding differentiation in a saturated market whilst retaining margin in a price fighting world
- Greater direct contact with the end user in an apathetic market.
- Adaptation: volume/demand Recruiting talents
- Improving productivity and efficiency
- At present the only way of achieving growth is by taking business from competitors and not because the market has grown, this creates price regression at a time when significant costs are being added to the business.
- **L&D strategy. NPD implementation of new products. Greater business efficiency through human & software resources**
- Competing with low quality, imported products.
- Sustainability, Change in US Government and global impact, shipping crisis and Red Sea issues, increased price pressure due to volume compression

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## Q7: What are your key strategic challenges as you go into 2025? (page 3 of 3)

- Economy downturn after Oct. fiscal statement, consumer confidence has [been] knocked down. **Pound £ is getting weaker, already dropped nearly 10% in the last month, is forecasting drop even further**
- Flat demand, selling price pressures, increasing operating overheads
- Gain back market shares
- getting our range across to customers.
- Maintaining growth Expanding range and footprint of products
- Additional costs within the business, NI, freight, **FX**
- Effectively introducing a broader range of products to sell into the electrical wholesale market





## Q7: Manufacturer Commentary on Foreign Exchange issues

“The impacts **for those importing from China are that all transactions are in US\$ so the landed cost increases**. If the dollar strengthening continues it could lead to price increases.

“This, coupled with inflation and the NI change, I believe will lead to price increases again, but likely at lower levels than previous experience (3-5%).

“Ways in which most businesses mitigate this is to forward buy \$ at a fixed (or more likely a min/max range) this can help short term fluctuations, in which case most business take the rough with the smooth:

- If the dollar weakens they take a cost benefit.
- If it strengthens they take the hit.
- When it becomes more prolonged or they can't get the same forward ordered rate they then revert to price increases.

“I think this may happen.”

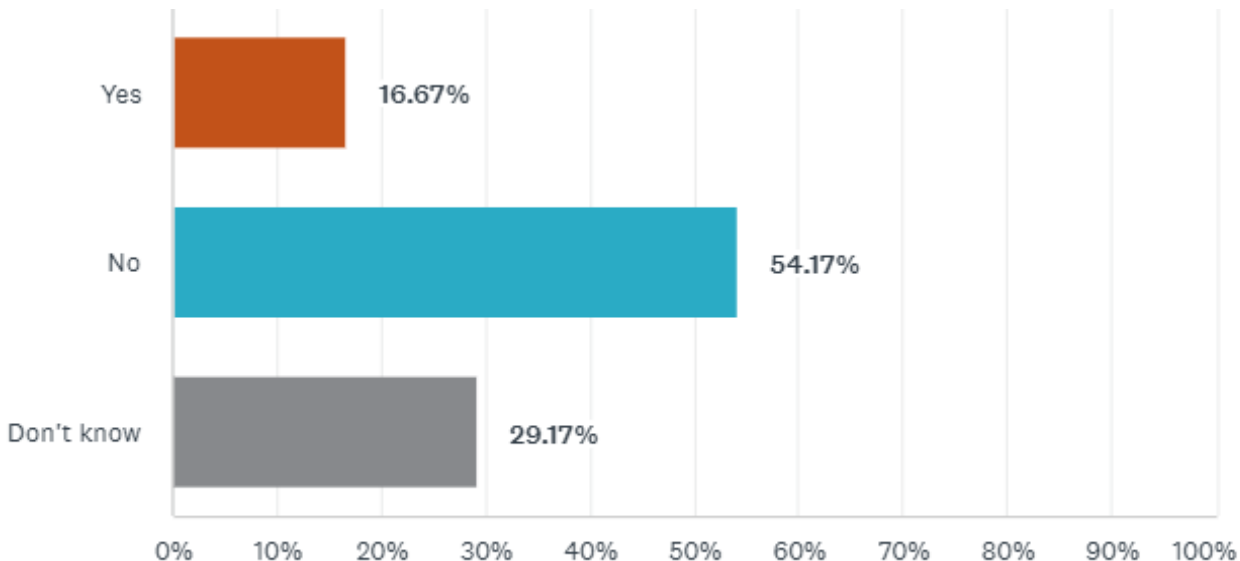
### Notes:

GBP (Sterling) tends to weaken during geopolitical unrest, while the US\$ increases

Sterling rally in Q3 2024 has been eradicated due to election and market confidence in Trump's ability to improve economic environment within their borders – penalising imports, and offering incentives for US manufacturing.



## Q8: Could the Autumn 2024 changes to Inheritance Tax and Business Property Relief adversely affect your business?

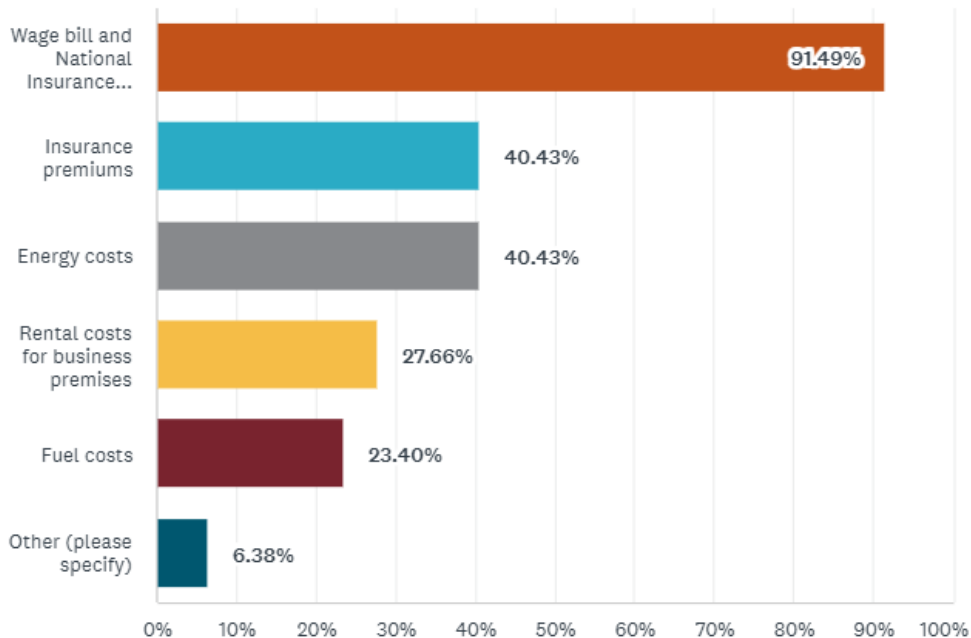


### Comment:

“Farmers have got all the publicity but this affects all medium sized family owned businesses, which is a strange group to go after as they are credited with the longer term view that allows business to grow sustainably.”



## Q9: In which areas of your business are you most concerned about inflation and rising costs?

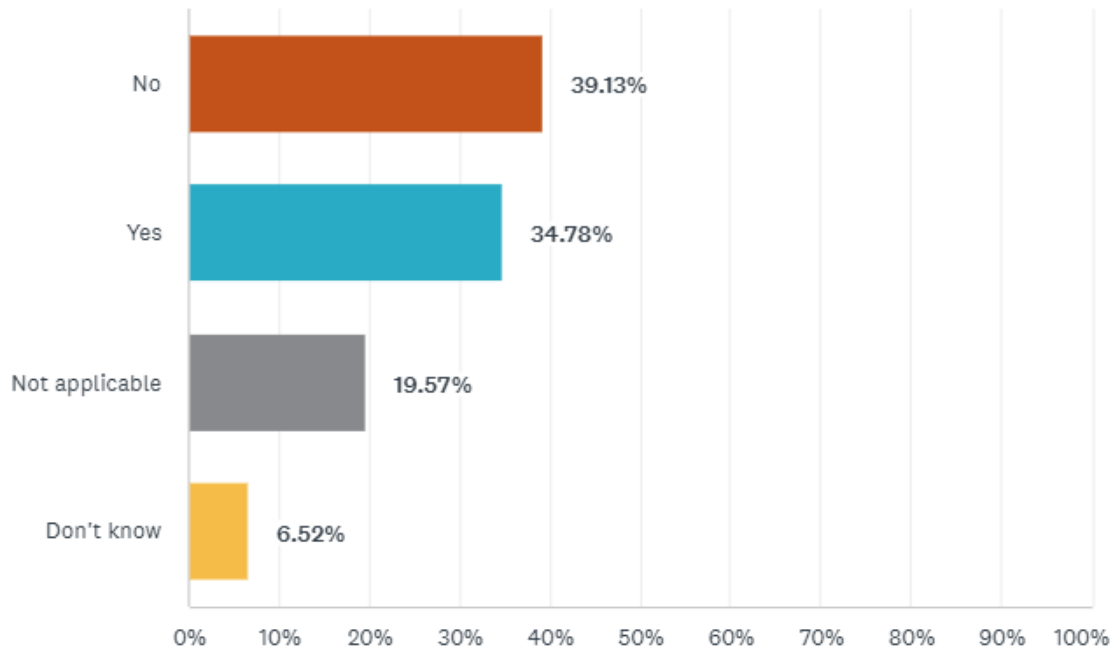


### Comment:

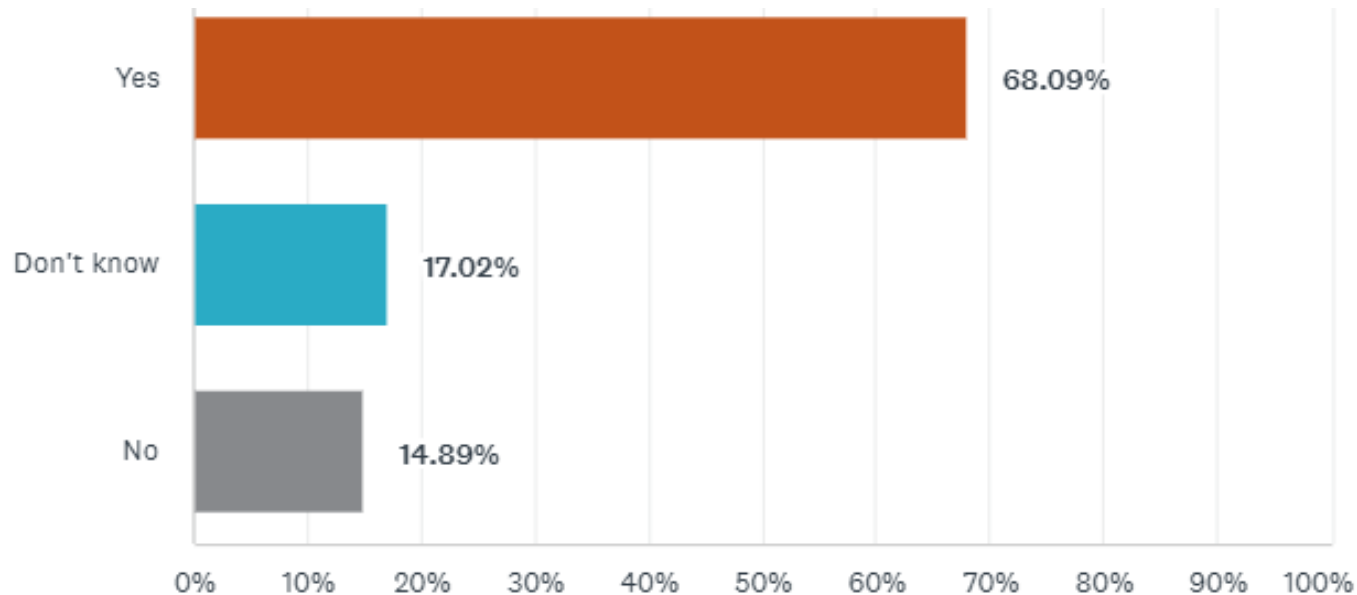
**Other costs mentioned:**  
shipping costs; IT services;  
Worsening exchange rates,  
container shipping costs



## Q10: Have you experienced an increase in rental costs for your premises?

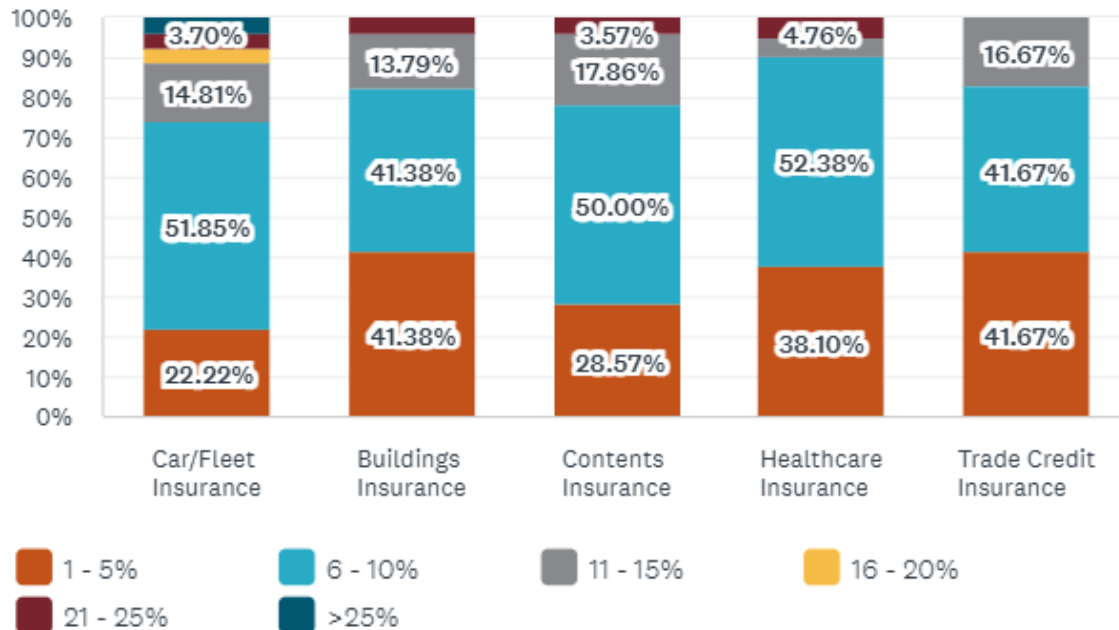


## Q11: Typically, are you experiencing a rise in premiums for business-related insurance?





## Q12: As you answered Yes to the previous question, please tell us which premiums have increased and by how much?



### Notes:

Ranked by **over 25% increase.**

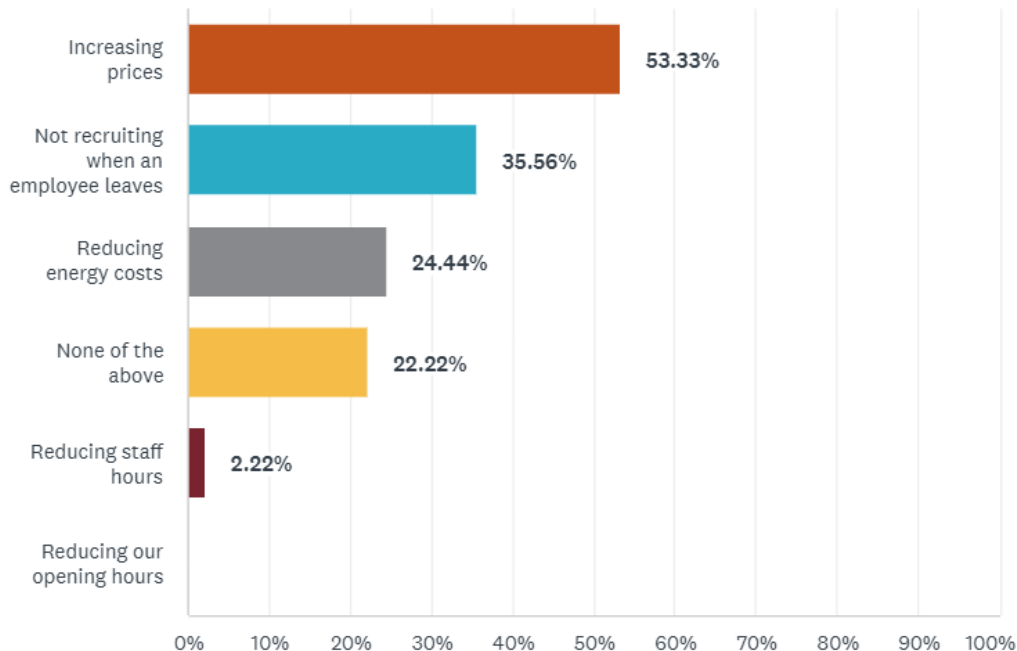
Have removed

“Not applicable” or

“No increase”



## Q13: Businesses are facing increased costs in a number of areas including National Insurance, National Living Wage, Insurance Premiums, fuel costs, energy costs etc.



What plans, if any, are you making to reduce the impact of these increases on your business? Please tick all that apply.



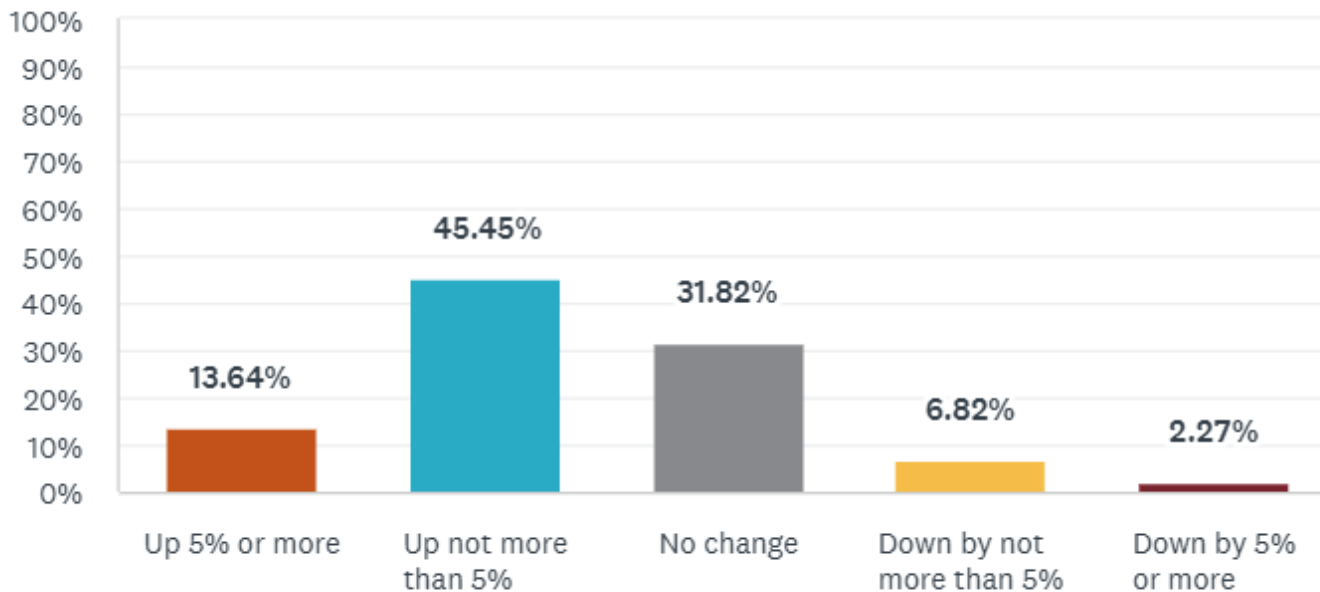
## Q13: Businesses are facing increased costs in a number of areas including National Insurance, National Living Wage, Insurance Premiums, fuel costs, energy costs etc.

What plans, if any, are you making to reduce the impact of these increases on your business?  
Additional comments....

- In relation to the staggering product and transport costs we dealt with in 2020, 21 and part of 22 these latest increases are small, energy costs are actually benign!
- Efficiency investments to overcome business costs in the mid term
- Holding back on taking on additional staff until we see the impact of NI and wage increases linked to market performance
- Increasing prices + decreasing costs (productivities of any kind) + Increasing revenue
- We are exploring other ways to drive efficiency without affecting headcount and service. Budget and overhead management are the priority and selective / considered spend is being carefully decided on.
- We pay above minimum wage - but to retain the differential we are faced with an increase that we cannot pass on to customers. The differential with middle management is also narrowing and will put pressure on staff retention.
- Looking at more automation and reducing headcount

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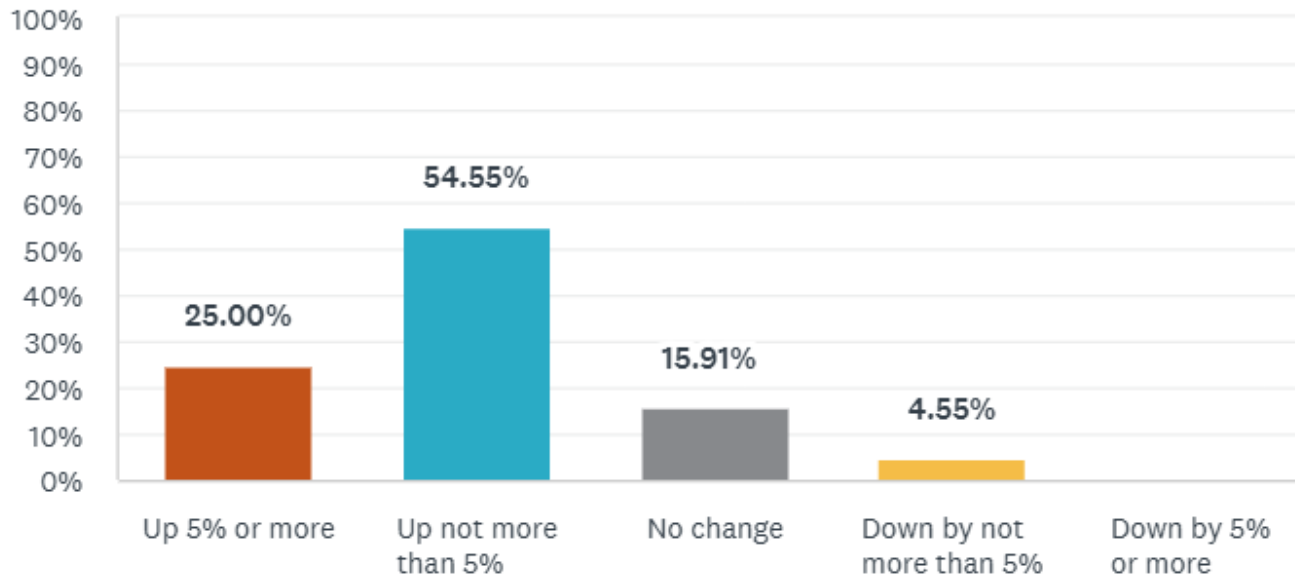
## Q14: How did unit costs change during Q4 2024 compared with Q3 2024?



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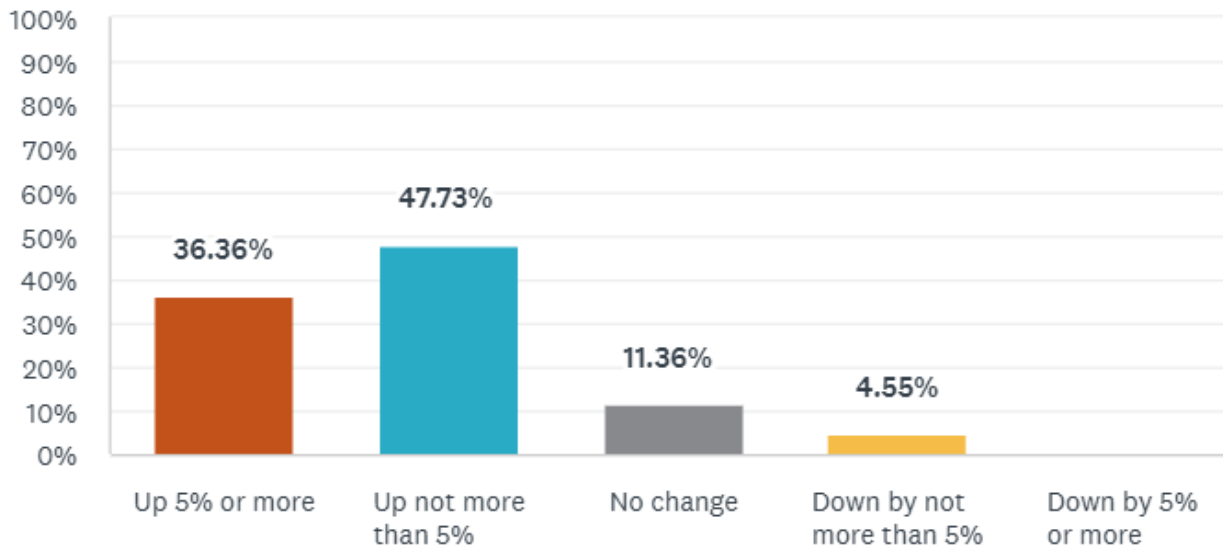
## Q15: How do you anticipate unit costs will change during Q1 2025



### State of the Sector Survey Manufacturer Feedback: Q1 2025 January



## Q16: How do you anticipate unit costs will change during the rest of 2025?

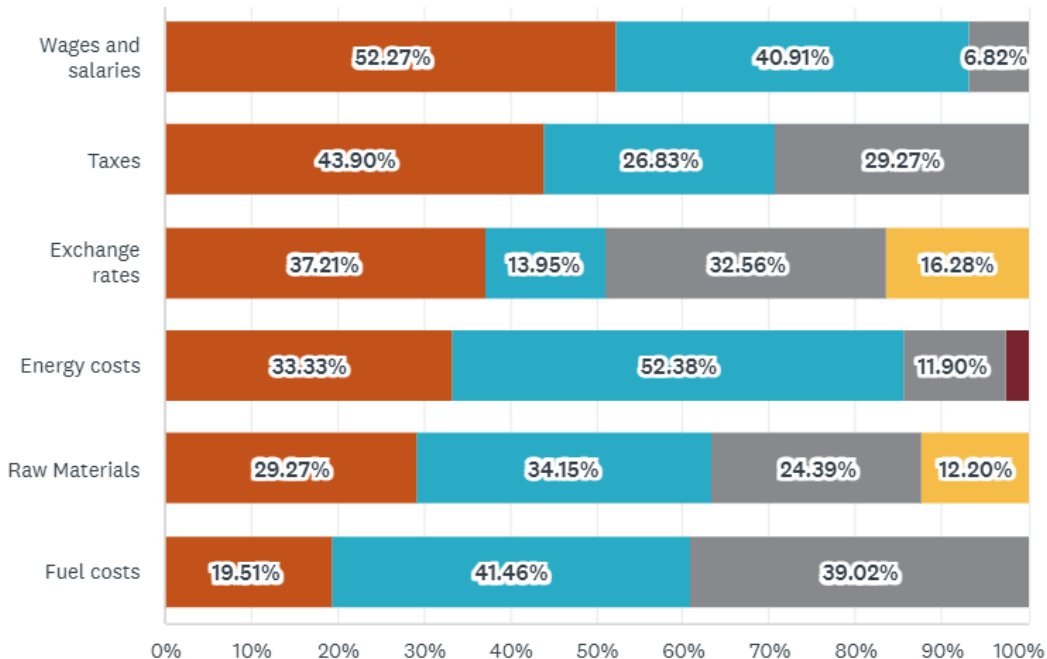


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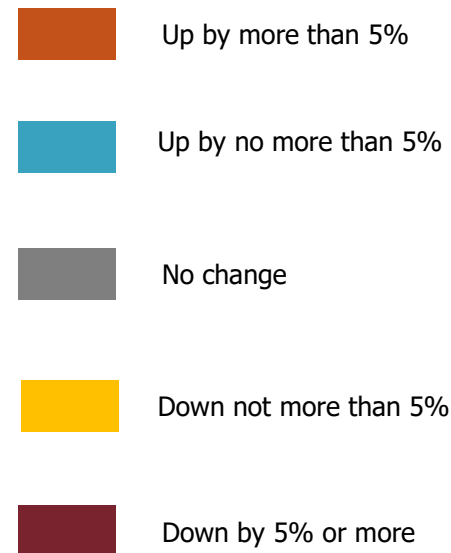




## Q17: How have the following factors impacted on unit costs over the past year? (Ranked by *Up by more than 5%*)



Costs have gone up across the board... but to what extent?





## Q18: Are you seeing any flickers of growth in the market as we start 2025?

Some  
Yes  
**NO**  
Not yet

- No the changes in NI/NMW have made the market less optimistic and negatively affected consumer confidence so their will be reduced disposal income and spending as we enter 2025. New build remains soft albeit there are some signs that developers are coming out of the ground which will stimulate **some second fix opportunities**.
- Start of the year has been positive but more due to growing our range. Indications are that the market will improve and we are seeing more enquiries, but it will take a few months for this to take effect.
- Yes in parts, but we didn't see a wholesale downturn either, many of our customers grew with us in 2024, just more didn't.
- Yes! projects pushed back from 2024 are taking place, and busy with enquiries for Q1/Q2 projects
- Continue to see small growth, January has been a slow start albeit Dec was busy right up until our close down

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## Q18: Are you seeing any flickers of growth in the market as we start 2025? Continued

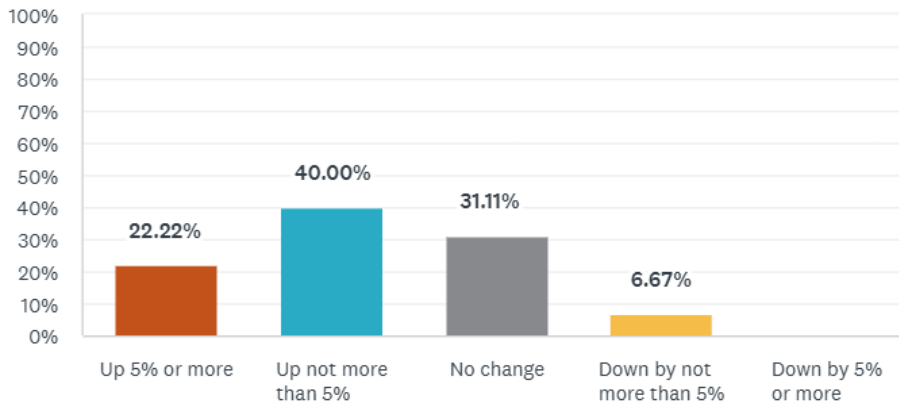
Some  
Yes  
**NO**  
Not yet

- In renewables and rail we are but have yet to see any signs in other construction such as housing
- Education sector seems to be picking up. New build volume down but product mix changing
- Certain areas of our business are seeing signs of growth particularly in terms of new opportunities and pipeline but conversion times are still very slow.
- Not at the start however we are hearing there is a possibility for growth Q2/Q3 based on scheduled project work.
- A little movement, but nothing tangible until H2
- Too early to say but we are cautiously optimistic for 2025



## Q19: How to you anticipate sales volumes (like for like sales) will change...

### During Q1 2025



### During 2025

