

In summer 2016, the Electrical Distributors' Association asked research company Competitive Advantage to survey its Members and Affiliates to find out which business issues keep them awake at night. The results of the survey will inform the EDA's business strategy

What keeps you awake at night?

EDA MEMBERS' SURVEY 2016

Following its Strategy Day in December 2015, the EDA Board commissioned a member survey to ensure that its strategy for the future is aligned with the needs of its members. This four-page summary, which appeared for the first time in the October issue of *Taking Stock* newsletter, can only give a flavour of the findings of the report which runs to more than 60 pages.

The first live presentation of the results took place at the EDA's Regional Business Forum in September at the new LIA lab in Telford where delegates were invited to ask questions and share views. The EDA is planning a full publicity campaign to promote the survey and to get members thinking, talking and acting on the results.

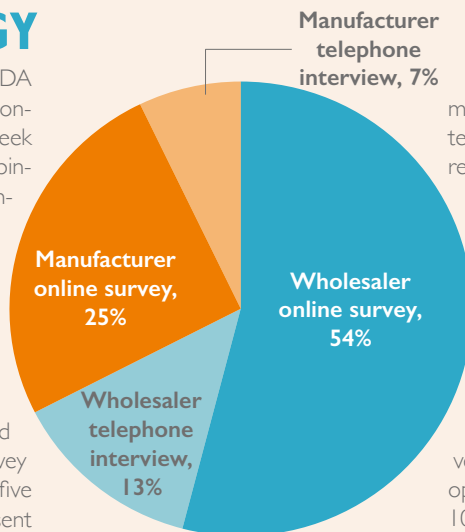
● For more information, contact margaret.fitzsimons@eda.org.uk

METHODOLOGY

To identify some initial themes, EDA Director Margaret Fitzsimons contacted 10 affiliate members to seek their confidential views and opinions. Research company Competitive Advantage used these responses to develop a Member and Affiliate questionnaire.

Questionnaires were posted online and tested by a few Rexel branch managers. After final modifications, Members and Affiliates were emailed and invited to complete the survey online. It was available online for five weeks, and three emails were sent during that period to the full database of contacts.

A total of 209 individual members and affiliates responded to the survey, representing 58



A further 28 wholesalers and 15 manufacturers were interviewed by telephone to ensure a good representation of the membership.

Thirty-six per cent of respondents held senior management roles, 39 per cent were branch managers and the remainder had a range of commercial roles.

Please note that in the questionnaires respondents were asked to score threats on a scale from 1 to 5, where 1 is a very serious threat, and to score opportunities on a scale from 6 to 10 where 10 is a great opportunity.

For clarity these have been changed in the charts. Threats are scored from -5 to 0 and opportunities from 0 to 5.

wholesaler organisations and 30 manufacturers. Sixty-seven per cent were wholesalers and 33 per cent manufacturers.

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GREATEST BUSINESS CONCERNS

In general, wholesalers and manufacturers identified similar concerns and opportunities. However, their initial, unprompted replies were slightly different.

For wholesalers, the greatest concern was the growth of online sales. Manufacturers were less concerned about this than they were about fluctuations in exchange rates.

73%

of wholesalers identified access to software for online sales to electrical contractors as an opportunity

■ Wholesalers ■ Manufacturers

Foreign imports	3%
Maintaining sales	3%
Pricing/margin	5%
Manufacturers selling direct	5%
Changing industry	7%
Bad debt	8%
Reduction in margin	9%
Economic climate	11%
Competition	11%
Quality of staff	11%
Growth of online	22%

Meeting demand	5%
Eroding margins	5%
Changing technology	7%
Wholesalers destocking	7%
Competitors selling direct	7%
Cheap imports	7%
Exchange rates	10%

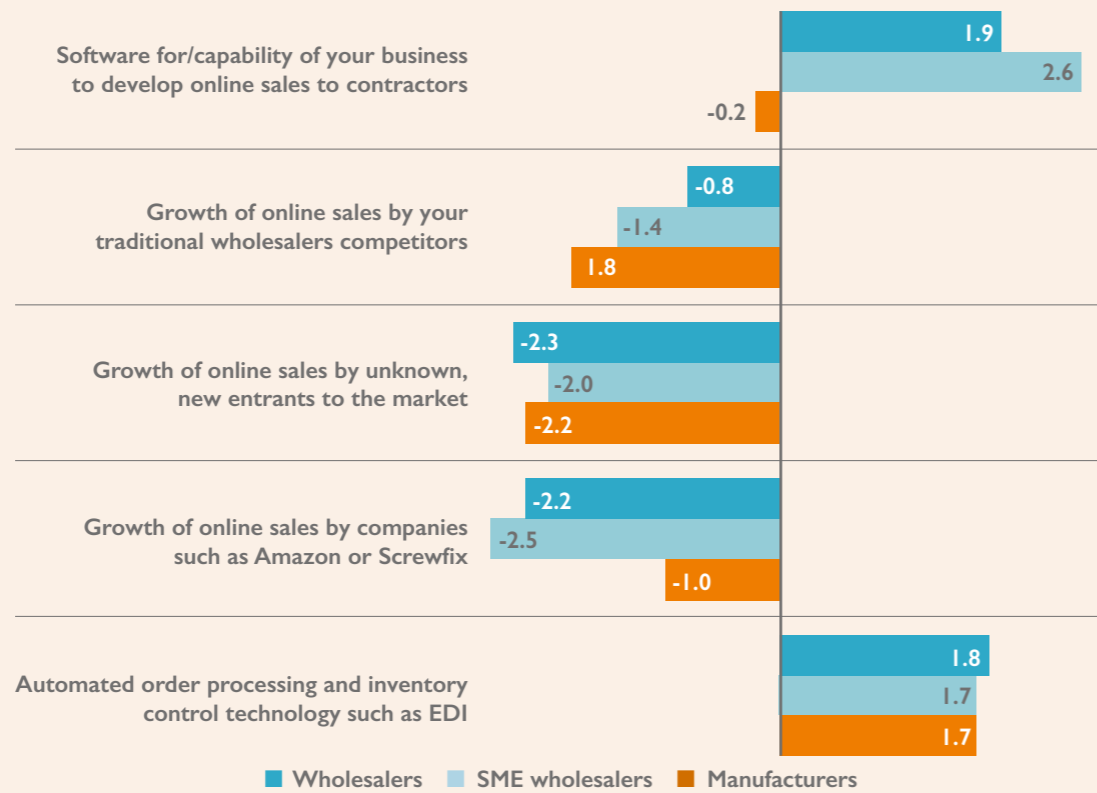
TECHNOLOGY OF SELLING

Nearly three-quarters – 73 per cent – of wholesalers said access to software for online sales to contractors was their biggest opportunity.

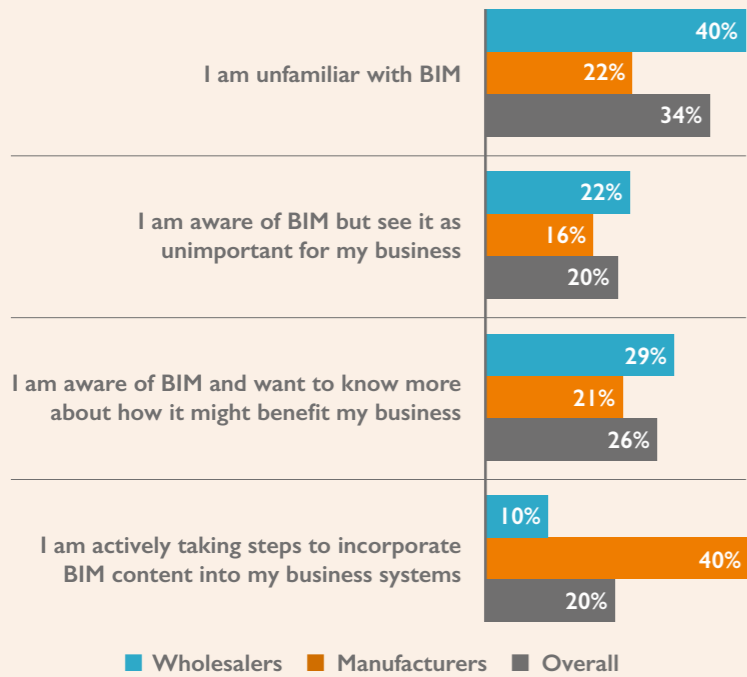
Coincidentally, exactly the same proportion of manufacturers considered the growth of online sales by wholesalers an opportunity. Automated order processing such as EDI was also perceived as an opportunity by both wholesalers (69 per cent) and manufacturers (66 per cent).

Of course, other organisations sell products online, and 85 per cent of wholesalers said the growth of online sales by third parties such as either Amazon, Screwfix and new entrants to the market was a threat. For 80 per cent of manufacturers, the growth of online sales by new entrants was a particular threat, but they were less concerned by Amazon or Screwfix.

In the graph, right, negative values represent a threat, positive ones an opportunity.



BIM



Manufacturers are ahead of wholesalers when it comes to building information modelling (BIM), but both groups share a familiarity with the technology. Some 40 per cent of wholesalers and 22 per cent of manufacturers say they are unfamiliar with BIM.

There is at least enthusiasm for BIM: 10 per cent of wholesalers and 40 per cent of manufacturers are actively taking steps to incorporate BIM into their businesses, and 29 per cent of wholesalers and 21 per cent of manufacturers would like to know more about it.

22%

of manufacturers say they are unfamiliar with BIM

29%

of wholesalers want to know more about BIM

“Most one-man bands pay less for their products than NG Bailey because they are not educated and buy purely on price”

Manufacturer feedback

SUPPLY-SIDE ISSUES

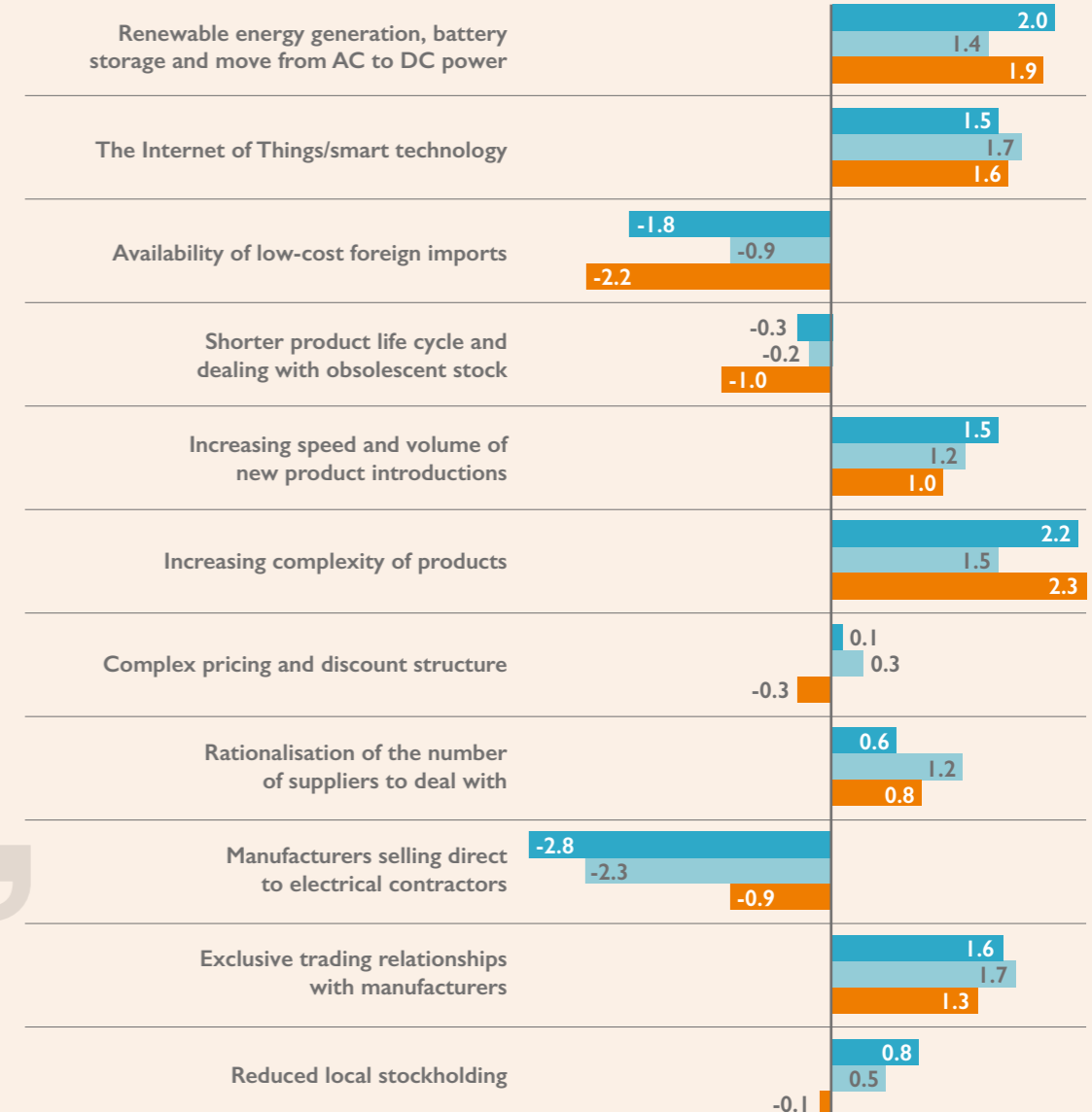
On the supply side, the survey revealed that manufacturers are most concerned about the availability of low-cost foreign imports. It was cited by 79 per cent of manufacturer respondents.

Wholesalers too worry about imports, but not so many. It was identified as a significant threat by 64 per cent. Sixty-two per cent of wholesalers said they would not purchase a cheaper alternative product.

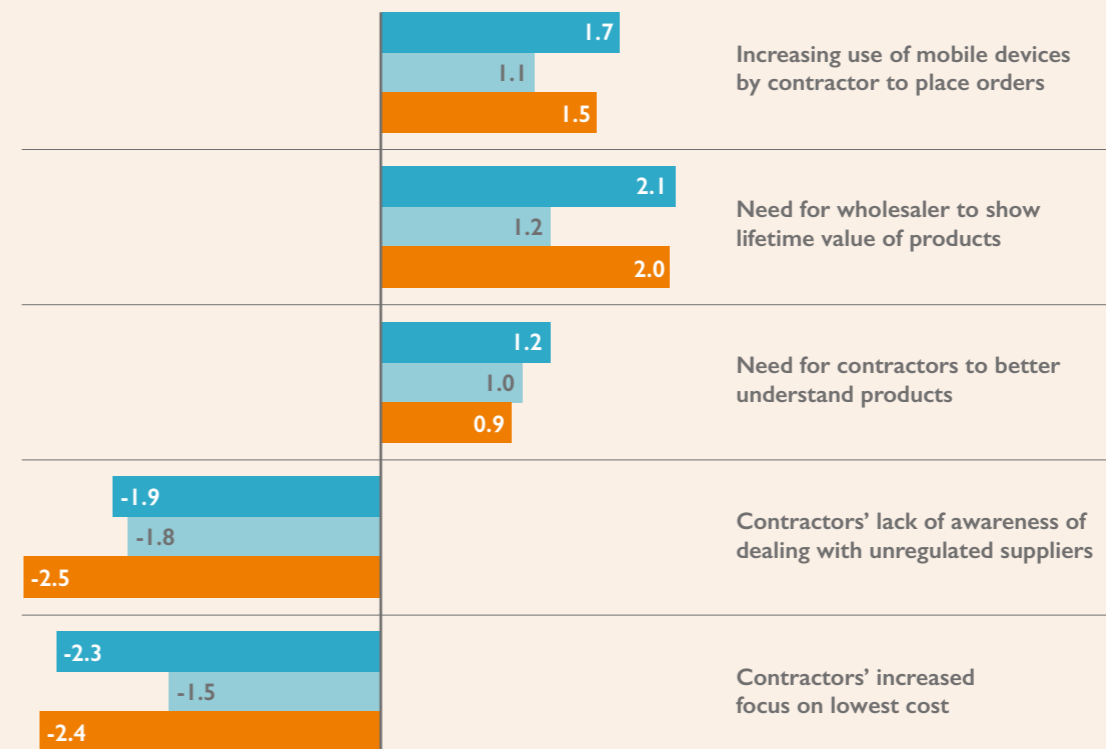
“If we have threats coming we should work together. Let’s be better than them. Got to come out fighting”

Manufacturer feedback

Wholesalers
SME wholesalers
Manufacturers



SALES-SIDE ISSUES



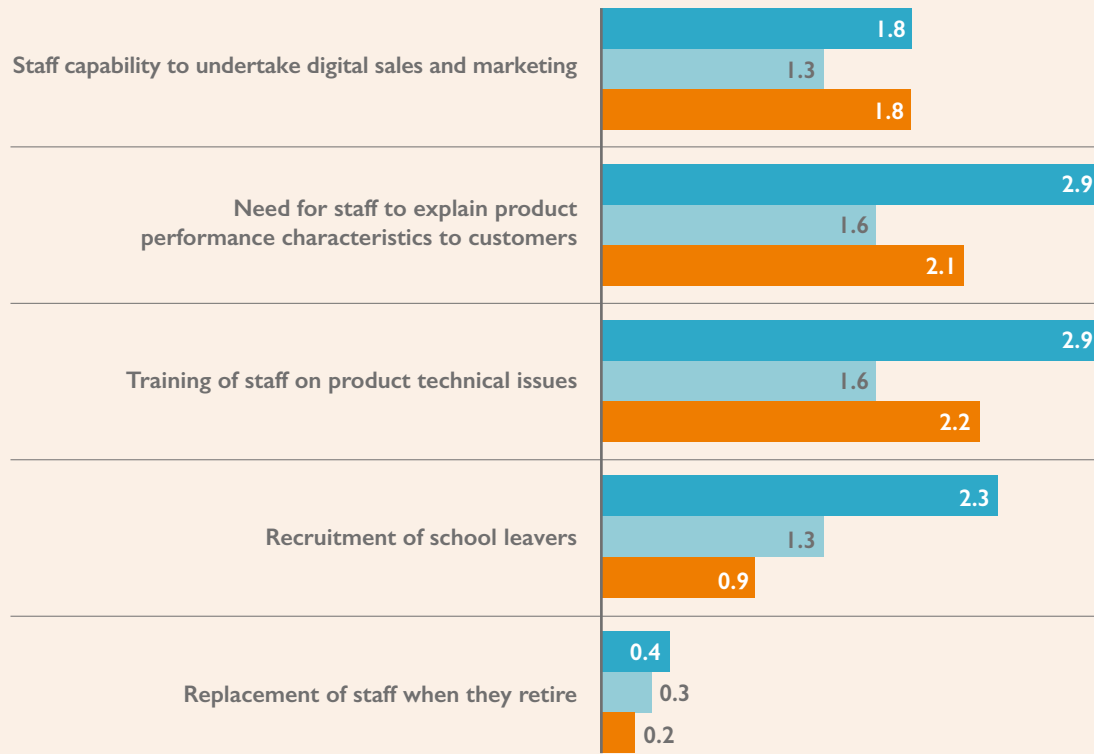
The biggest sales-side opportunity, according to survey respondents, was the need for wholesalers to demonstrate lifetime value of products; 64 per cent of wholesalers and 67 per cent of manufacturers mentioned this.

Most also thought the increasing use of mobile devices by contractors to place orders, and the need for contractors to better understand products, were opportunities.

The greatest threats were contractors’ increased focus on lowest cost (cited by 76 per cent of wholesalers and 85 per cent of manufacturers) and contractors’ lack of awareness when dealing with unregulated suppliers (80 per cent of wholesalers and 91 per cent of manufacturers).

Wholesalers
SME wholesalers
Manufacturers

SALES STAFF ISSUES



In this category all the issues identified are considered an opportunity by most respondents.

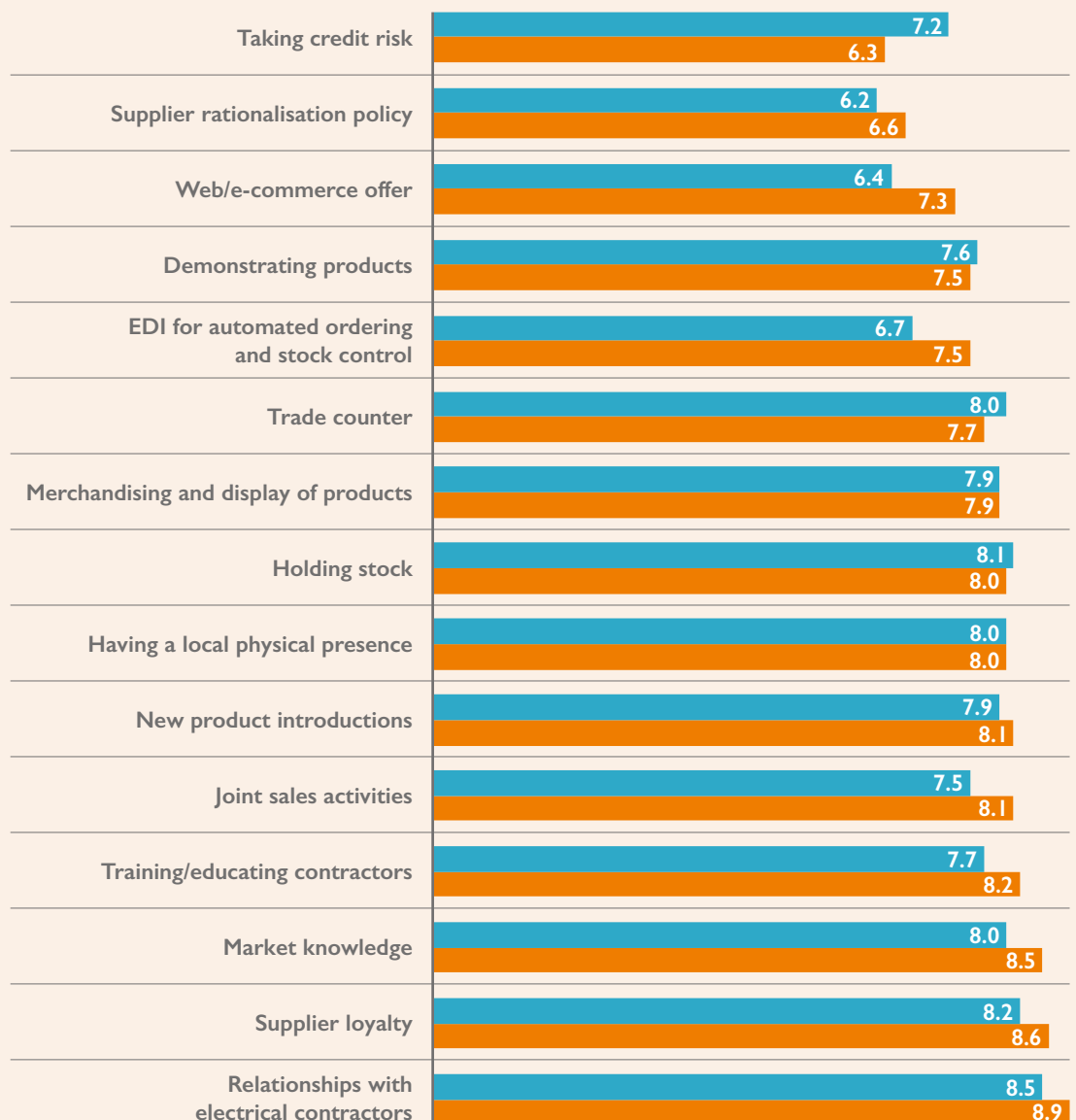
The greatest opportunities are the need to explain product performance characteristics (mentioned by 74 per cent of wholesalers and 69 per cent of manufacturers) and training of staff on technical issues (seen as an opportunity for 69 per cent of wholesalers and 67 per cent of manufacturers).

■ Wholesalers
■ SME wholesalers
■ Manufacturers

DISTRIBUTOR/MANUFACTURER BENEFITS

All respondents were asked to think about a list of benefits that wholesalers offer to manufacturers, rating their importance from 1 to 10, where 1 is of no importance and 10 is very important.

The relationship with electrical contractors scored highest, followed by supplier loyalty. Manufacturers agreed with this view, and there was broad agreement on almost all of the benefits.



8.5

wholesalers' score out of 10 for the importance of their ability to offer manufacturers a relationship with contractors

■ Wholesalers
■ Manufacturers