

# Members' Business Issues

Research conducted in May & June 2016  
for the Electrical Distributors' Association

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# I. Management Summary

A total of 209 individual members and affiliates responded to the EDA survey, representing 58 wholesaler organisations and 30 manufacturers. 67% were wholesalers and 33% manufacturers. The majority of responses were via an online survey.

28 wholesalers and 15 manufacturers were interviewed by phone, this was to ensure a good representation of the membership.

36% held senior management roles, 39% were branch managers, the remainder had a range of commercial roles.

In general, the concerns and opportunities identified by wholesalers and manufacturers were very similar. Although this was not the case when initially asked an unprompted question regarding their greatest concerns. For wholesalers this was growth of online sales and for manufacturers the changes in exchange rate.

## Respondents:

**209** Individual members and affiliates responded to the EDA survey.



**36%** Senior Management

**39%** Branch Managers

**58** Wholesalers and **30** manufacturers represented

## Concerns and issues:

In general, concerns and opportunities identified by wholesalers and manufacturers were very similar.



Greatest concerns (unprompted):

Wholesalers:  
growth of online sales



Manufacturers:  
changes in exchange rate





# Management Summary

## Technology of Selling:

The biggest perceived opportunity by wholesalers was access to software for online sales to electrical contractors, with 73% seeing it as an opportunity.

73% of manufacturers also considered the growth of online sales by wholesalers to be an opportunity. Automated order processing such as EDI was also perceived as an opportunity by both wholesalers (69%) and manufacturers (66%).

For wholesalers, the greatest perceived threats were growth of online sales by third parties; either Amazon, Screwfix or new entrants. With 85% identifying this as a threat.

Manufacturers (80%) also saw growth of online sales by new entrants as the greatest threat, although they were less concerned by activity from Amazon or Screwfix.

## Technology of Selling:

Access to software for online sales to electrical contractors was perceived as the biggest opportunity



**73%** Of wholesalers identified access to software for online sales to electrical contractors as an opportunity

**73%** Of manufacturers considered the growth of online sales by wholesalers to be an opportunity



EDI was also perceived as an opportunity by both wholesalers (69%) and manufacturers (66%).



Wholesalers and manufacturers greatest perceived threat: growth of online sales by third parties

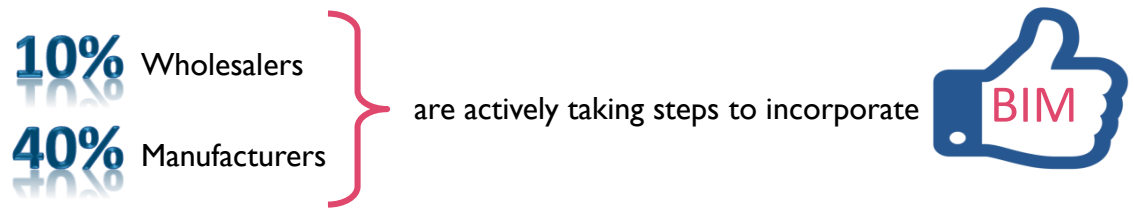
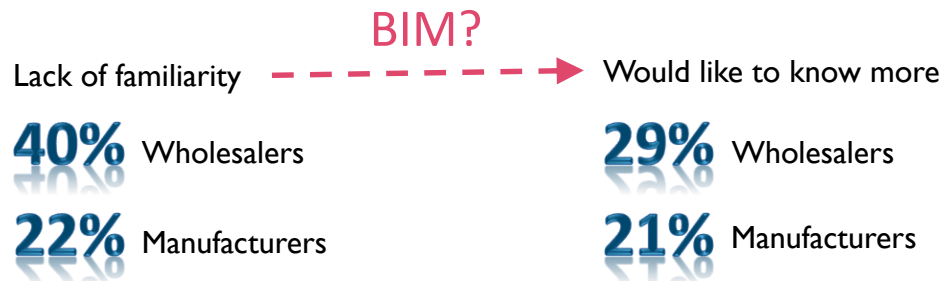


# Management Summary

## Technology of Selling cont.:

**Technology of Selling cont.:**  
 Manufacturers are ahead of wholesalers when it comes to BIM, but there is still a lack of familiarity with 40% of wholesalers and 22% of manufacturers unfamiliar with BIM.

10% of wholesalers and 40% of manufacturers are actively taking steps to incorporate BIM and 29% of wholesalers and 21% of manufacturers would like to know more.



# Management Summary

## Supply Side cont.

Largest perceived threat was availability of low-cost foreign imports:

**64%** By wholesalers

**79%** By manufacturers



**62%** Of wholesalers would not purchase a cheaper alternative product

### Supply Side cont.:

For manufacturers the largest perceived threat was availability of low-cost foreign imports which was listed as a threat by 79% of manufacturers.

This was also seen as a significant threat by wholesalers with 64% identifying it as such. But 62% of wholesalers said they would not purchase a cheaper alternative product.

# Management Summary

## Sales Side:

The biggest sales side opportunity was the requirement for wholesalers to demonstrate lifetime value of products, with 64% of wholesalers and 67% of manufacturers seeing this as an opportunity. Increasing use of mobile devices by contractors to place orders and the need for contractors to better understand products were also seen as an opportunity by the majority.

Greatest threats were the contractors' increased focus on lowest cost (seen as a threat by 76% of wholesalers and 85% of manufacturers) and contractors' lack of awareness when dealing with unregulated suppliers (seen as a threat by 80% of wholesalers and 91% of manufacturers).

## Sales Side:

Biggest sales side opportunity was the requirement for wholesalers to demonstrate lifetime value of product:



64%

Wholesalers identified lifetime value of product as an opportunity

67%

Manufacturers identified lifetime value of product as an opportunity

Other significant opportunities were:

- Use of mobile devices by contractors to place orders
- Need for contractors to better understand products



Greatest threats were the contractors increased focus on lowest cost and contractors' lack of awareness when dealing with unregulated suppliers.



# Management Summary

## Sales Staff:

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

## Sales Staff:

One of the greatest opportunities is the need to explain product performance characteristics.



**74%** Wholesalers identified the need to explain product performance characteristics as an opportunity

**69%** Manufacturers identified the need to explain product performance characteristics as an opportunity

One of the greatest opportunities is training of staff on technical issues



**69%** Wholesalers identified training of staff on technical issues characteristics as an opportunity

**67%** Manufacturers identified training of staff on technical issues as an opportunity

# Management Summary

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## Benefits:

Most important benefits offered by wholesalers to manufacturers is the relationship with electrical contractors



## Benefits:

Wholesalers say the most important benefits they offer to manufacturers are the relationship with electrical contractors, followed by supplier loyalty. Manufacturers agreed with this view.

## 2. Objectives & Methodology

### 2.1 Objectives

The EDA wished to survey members and affiliates to identify the business issues keeping them awake at night so that this could feed into the business strategy.

### 2.2 Methodology

To identify some initial themes, 10 affiliate members were contacted by Margaret Fitzsimons and confidential views and opinions obtained. This then informed the development of a Member and Affiliate questionnaire. Questionnaires were posted online and tested by inviting Rexel branch managers to complete the survey.

Once tested final modifications were made and Members and Affiliates were emailed by the EDA and invited to complete the survey. The survey was available for 5 weeks, with three emails sent during that period to the full database of contacts. Telephone interviews were then used to contact some of the missing organisations and obtain a further 30 Member and 13 Affiliate responses. See Fig 2.1 to 2.5 for a full breakdown of the responses.

It should be noted that in the questionnaires respondents were asked to score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity. For clarity these have been changed in the charts to threats scored from -5 to 0 and opportunities from 0 to 5.

# 2. Objectives & Methodology

Fig 2.1: Mix of respondents  
Base: 209

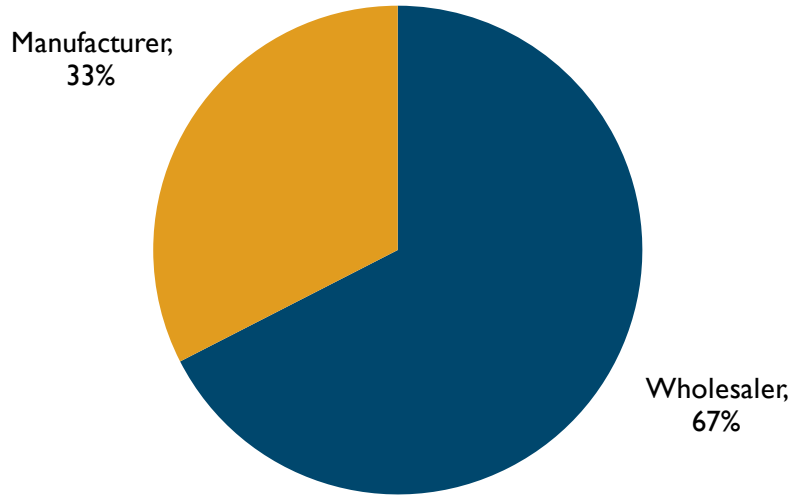
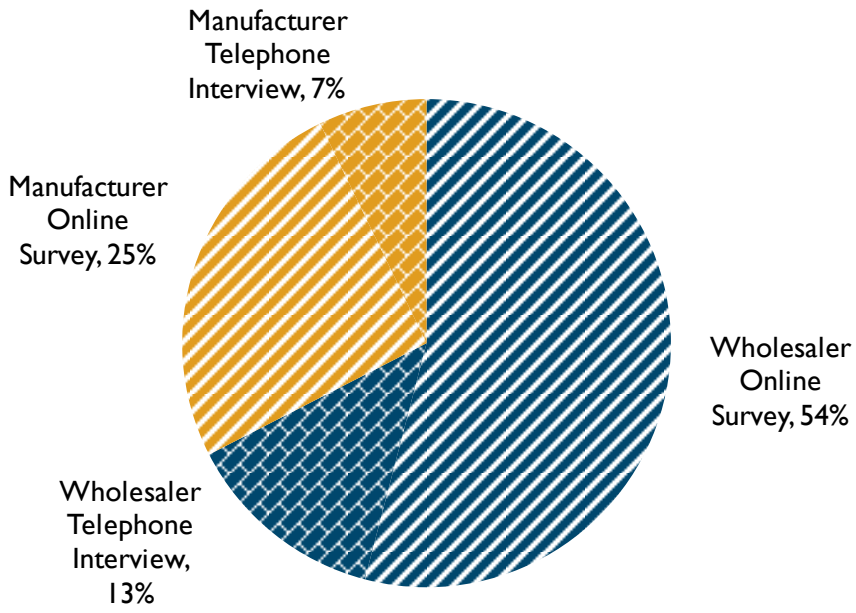


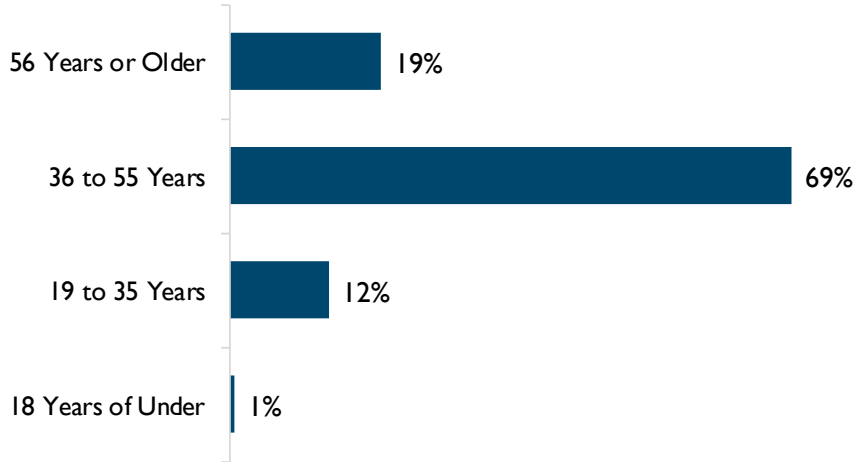
Fig 2.2: Mix of interview types  
Base: 209



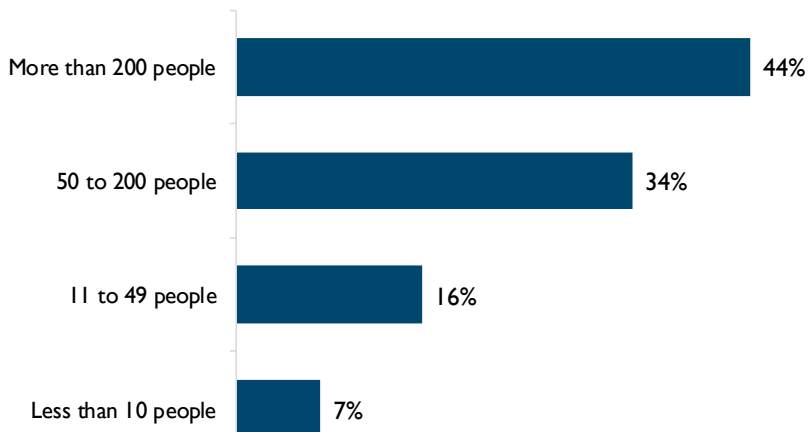


# 2. Objectives & Methodology

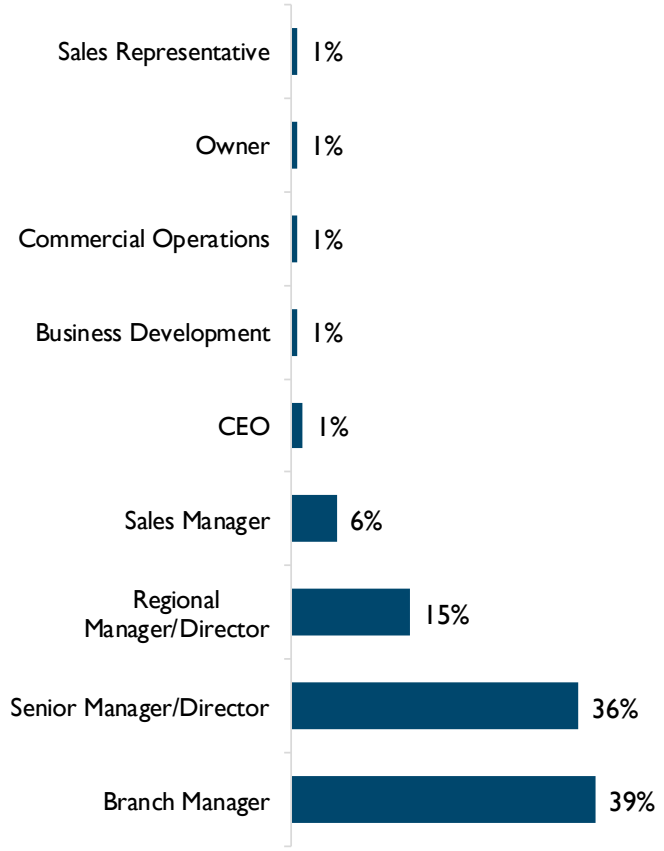
**Fig 2.3: What is your age?**  
Wholesaler age range  
Base: 140



**Fig 2.4: What is your organisation size?**  
Wholesaler organisation size  
Base: 140



**Fig 2.5: What is your job role?**  
Wholesaler job roles  
Base: 140



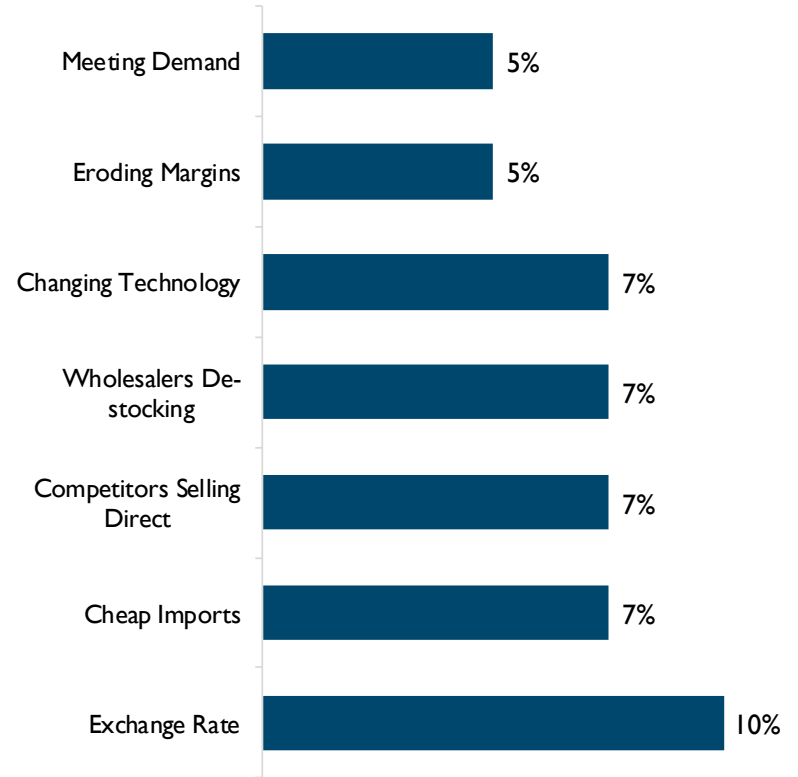
# 3. Members' Greatest Business Concerns

With regard to issues facing your business what is your greatest concern?

Fig 3.1: Summary of greatest business concerns – Wholesalers, unprompted  
Base: 114



Fig 3.2: Summary of greatest business concerns – Manufacturers, unprompted  
Base: 42



In addition, there were a large number of unique responses

# 3. Members' Greatest Business Concerns

Table 3.3: Greatest business concerns – Wholesalers, unprompted

## GROWTH OF ONLINE SALES

- Growth of competition from on-line sales and erosion of margin
- Growth of online sales platforms
- Internet
- Internet + unrealistic pricing e.g. extremely low margin sales
- Internet pricing
- Internet Purchasing, DIY Stores targeting Trade
- Internet Sales
- Internet selling via Amazon etc.
- Internet Trade and more Suppliers going direct to the End Users
- Internet traders
- Online competition
- Online pricing and online proliferation
- Online sales platforms growth like Amazon
- Online sales platforms like Amazon. They are threat to every business in the UK. They don't pay tax and allow drop shipping
- Payment and online pricing
- New Web Based business coming to market
- My greatest concern is not having a online sales channel
- The rise of unrecognised internet retailers
- Threat from internet retailers/sheds
- New competitors, ecommerce and non-electrical delivery methods

## QUALITY OF STAFF

- Attracting the correct calibre of staff
- Availability of quality staff
- Employing quality people
- Having decent people that want to work
- Having staff that are capable and have initiative
- Lack of new talent in the business
- Staff
- Recruiting and retaining great people
- Recruitment and return of the recession
- Recruitment of quality staff
- Not enough growth/staff coming through the business

## BAD DEBT AND ONGOING BUSINESS CONCERNS

- Bad debt and maintaining margins
- Bad debts
- Bad debts and maintaining sales
- Cash flow and bad debt
- Incurring bad debts
- Payment from customers
- Credit risk
- Customers mailing payments
- Customers not paying
- Landlords and rent
- Price of oil
- Keeping turnover steady
- Not enough accounts spending
- Sales Growth
- Sales Volume

## SUPPLIER LOYALTY

- Manufacturer support / online trading
- Manufacturers more directly dealing direct
- Manufacturers taking business direct
- Manufacturing direct selling out with the wholesale supply chain
- Lack of good products and training
- Lack of support and representation from suppliers

# 3. Members' Greatest Business Concerns

Table 3.3: Greatest business concerns – Wholesalers, unprompted Cont.

## TECHNOLOGY

- Concerned with how fast paced the industry is and it is challenging to keep up in terms of increased product technical information staff need to know and the changed in way we sell things, e.g. introduction of technology, selling platforms etc.
- Fast paced industry, new products and technology being introduced and can be hard to keep up with
- keeping pace with product and technology innovations
- More technical products

## BREXIT

- Brexit
- Upcoming EU vote

## FOREIGN IMPORTS AND PRODUCT QUALITY

- Cheap foreign imports
- Cheap LED products
- Chinese imports
- Import of cheap non standard products
- Quality products in the marketplace

## COMPETITION

- Competition from new companies such as Screwfix / Amazon
- Competitors not understanding the worth of what they do
- Unfair competition for unspecified product
- World markets
- Market Saturation
- Marketing for new business
- Merchants looking to develop their electrical supply solution
- More & more competitors in the market

## ECONOMY

- Down turn in the economy
- Economic climate, internet threats with untested products
- Economy
- The strength of the economy
- Recession
- Reduced government spending in key public areas

## PRICING/MARGIN

- Competition - pressure on margin
- Under pricing
- Price volatility/indiscipline
- Prices in market place
- Pricing on the internet
- Price deflation
- Low prices
- Margin retention
- Margins of profit
- Pressure on the margin

## CUSTOMERS/CONTRACTORS

- Contractors compromising on quality
- Direct sales
- The speed of response required and the blame game
- Staying relevant to our industry and change in customer generation
- Fall of enquiries
- Financial risk
- Future income
- How the demands of the market will change

# 3. Members' Greatest Business Concerns

Table 3.4: Greatest business concerns – Manufacturers, unprompted

## FOREIGN IMPORTS/PRODUCT QUALITY

- Cheap imports
- Cheaper foreign alternatives
- Competition from cheaper poorer quality competitors and new distribution entrants
- Threat from counterfeiting, non compliant product proliferating the UK market, is the EDA doing enough to help tackle this?
- Traditional Wholesalers Eroding Margin & supporting Unbranded manufacturers

## MANUFACTURERS

- Competitors selling direct and the value of manufacturers that are not being given enough credit
- Direct business

## CONTRACTORS

- Contractors with direct accounts to our supply chain
- Meeting demand of contractors
- Meeting demand of customer
- Brand loyalty and service into contractors

## BREXIT

- The EU election. Leaving the EU would cause me great concern in term of my business
- Leaving the EU

## GROWTH OF ONLINE SALES

- Internet
- Management of online retailers to avoid channel conflict
- So much choice

## EXCHANGE RATE

- Strength of Dollar
- Exchange rates
- Dollar exchange rate
- Currency movement

## CHANGING TECHNOLOGY

- Not keeping up with current technology
- Fast paced technology, and education weakness
- Late to engage with technology products other than following consumer electronic products

## WAREHOUSING

- Stock availability within the UK
- Stock level being lowered
- Electrical Wholesalers increasingly reducing stock levels and placing small back to back orders on the manufacturer
- Inconsistent ordering focusing on state of month/end of month orders putting peak demand on warehouses
- Material availability from broad supply base
- Lack of lead times and forward products requirements
- Obsolescence
- Continuity of supply & distribution

## ONGOING BUSINESS CONCERNS

- Cash flow
- Constant downward pressure on value proposition
- Distributors increasingly focused on quoting but not on selling
- Hidden costs and red tape
- Internal ability
- Reliance too much on central NDC
- Supporting the distributors with the correct inventory
- Volatility of commodity raw material pricing mainly determined by demand (or otherwise) from China
- Volatility of raw material costs

# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.1: Technology of selling summary scores – Wholesalers

Base: 140

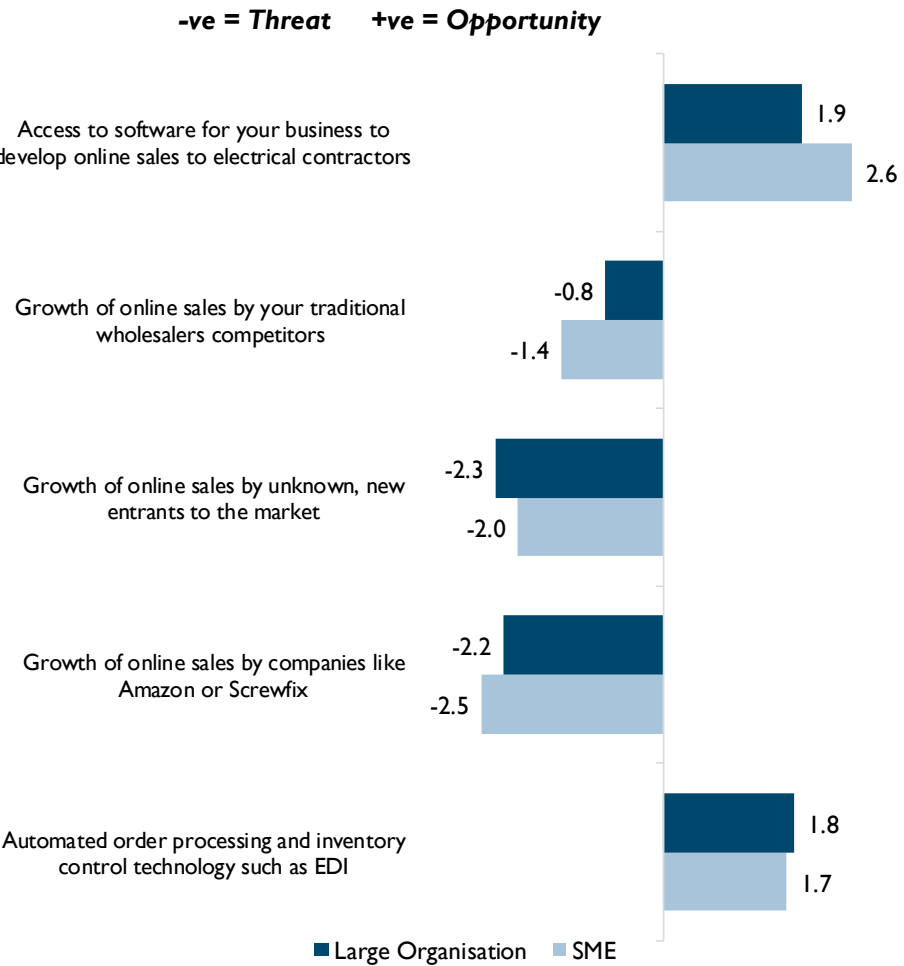
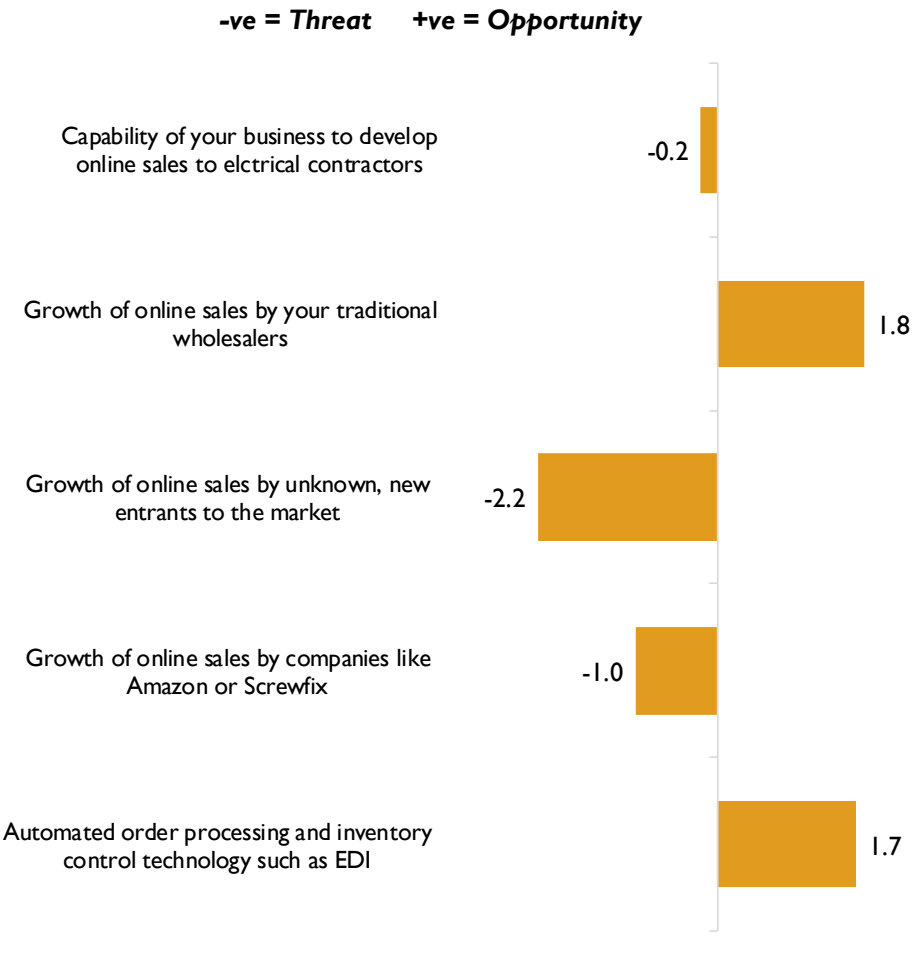


Fig 4.2: Technology of selling summary scores – Manufacturers

Base: 67



# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.3: Access to software for your business to develop online sales to electrical contractors – Wholesalers  
Base: 135  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.9,  
SME 2.6

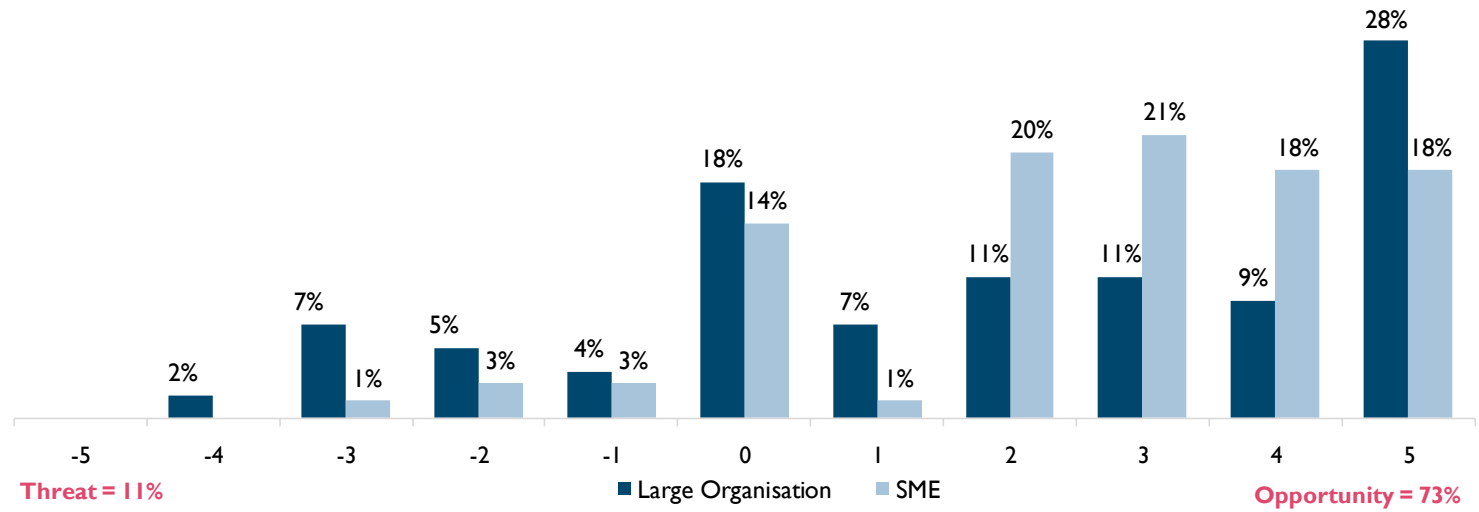
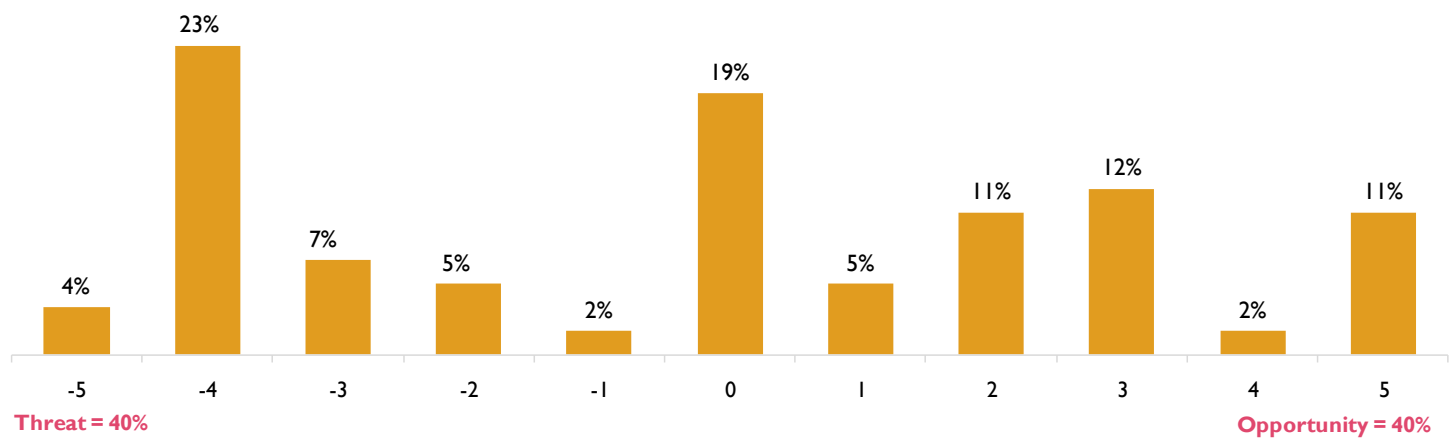


Fig 4.4: Capability of your business to develop online sales to electrical contractors – Manufacturers  
Base: 57  
-ve = Threat +ve = Opportunity

Average: -0.2



# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.5: Growth of online sales by your traditional wholesalers competitors – Wholesalers  
Base: 137  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -0.8,  
SME -1.4

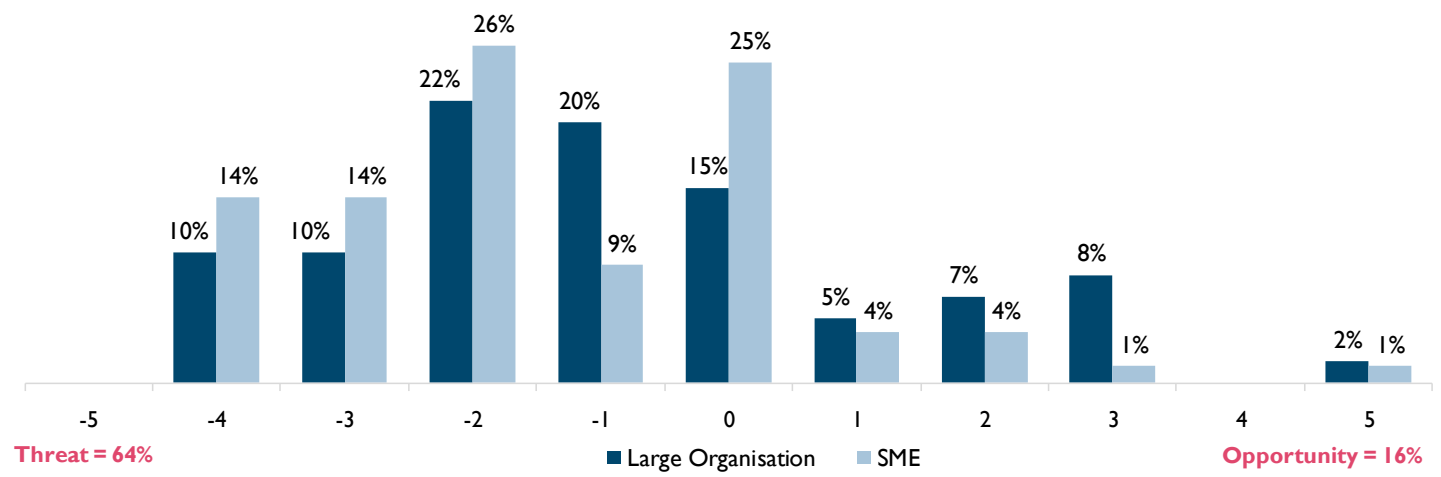
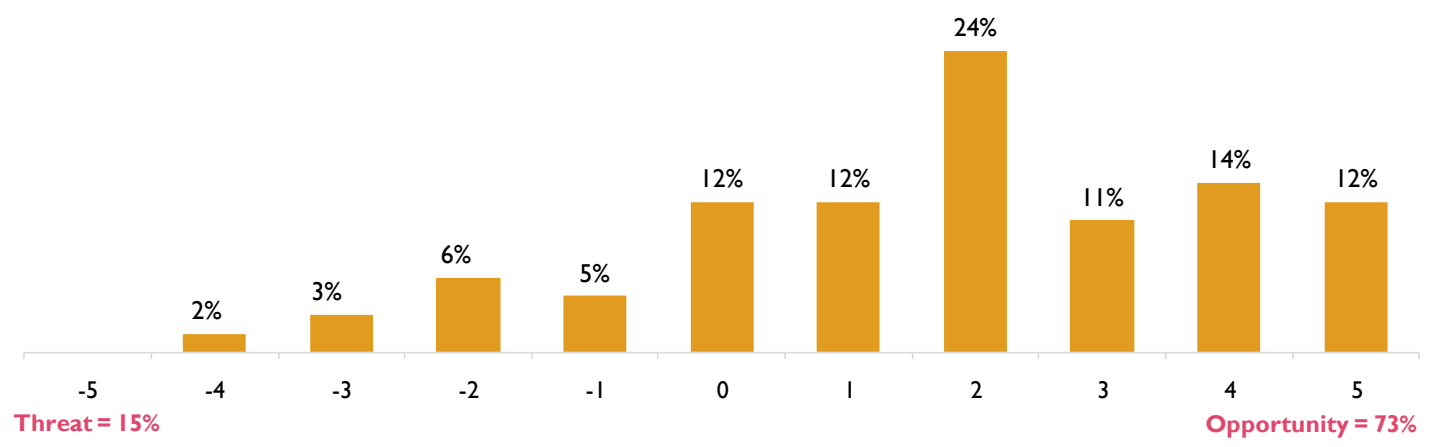


Fig 4.6: Growth of online sales by your traditional wholesalers – Manufacturers  
Base: 66  
-ve = Threat +ve = Opportunity

Average: 1.8





# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.7: Growth of online sales by unknown, new entrants to the market – Wholesalers  
Base: 137  
**-ve = Threat +ve = Opportunity**

Average:  
Large organisation -2.3,  
SME -2.0

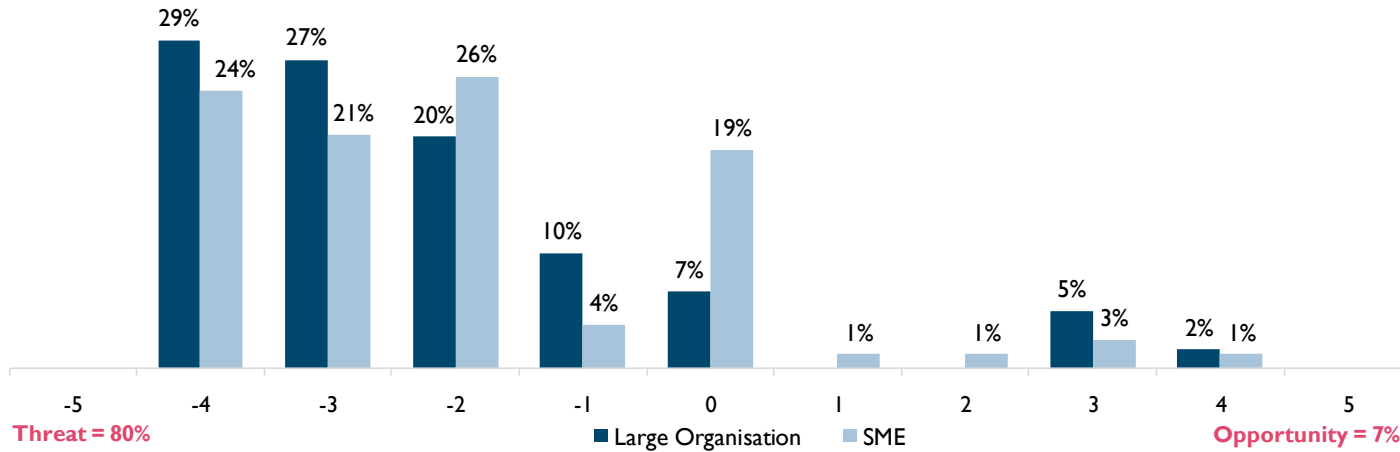
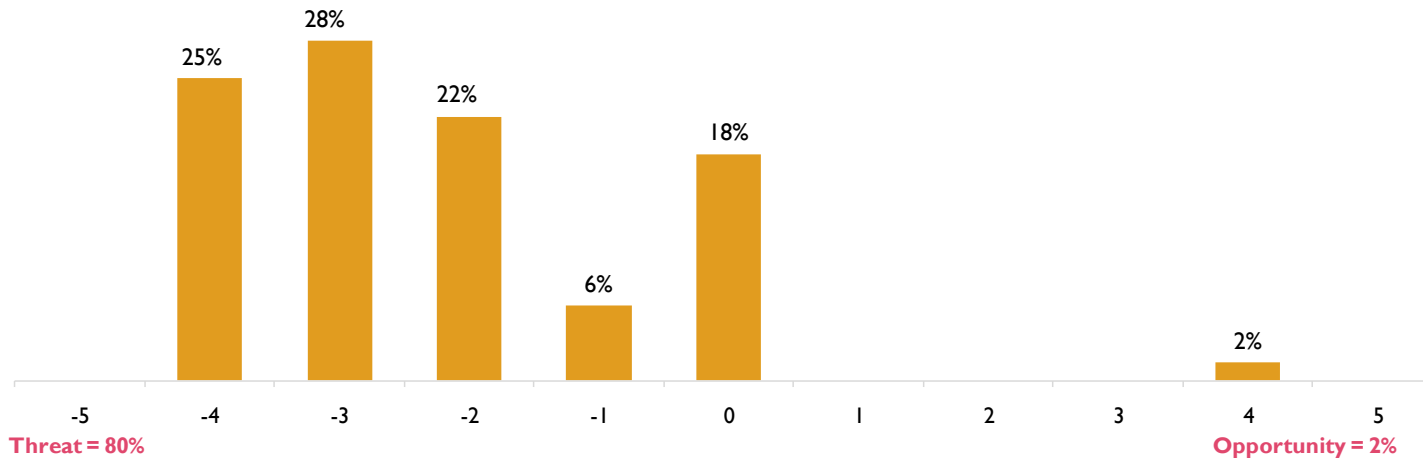


Fig 4.8: Growth of online sales by unknown, new entrants to the market – Manufacturers  
Base: 65  
**-ve = Threat +ve = Opportunity**

Average: -2.2





Est. 1914

# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.9: Growth of online sales by companies like Amazon or Screwfix – Wholesalers

Base: 140

-ve = Threat +ve = Opportunity

Average:  
Large organisation -2.2,  
SME -2.5

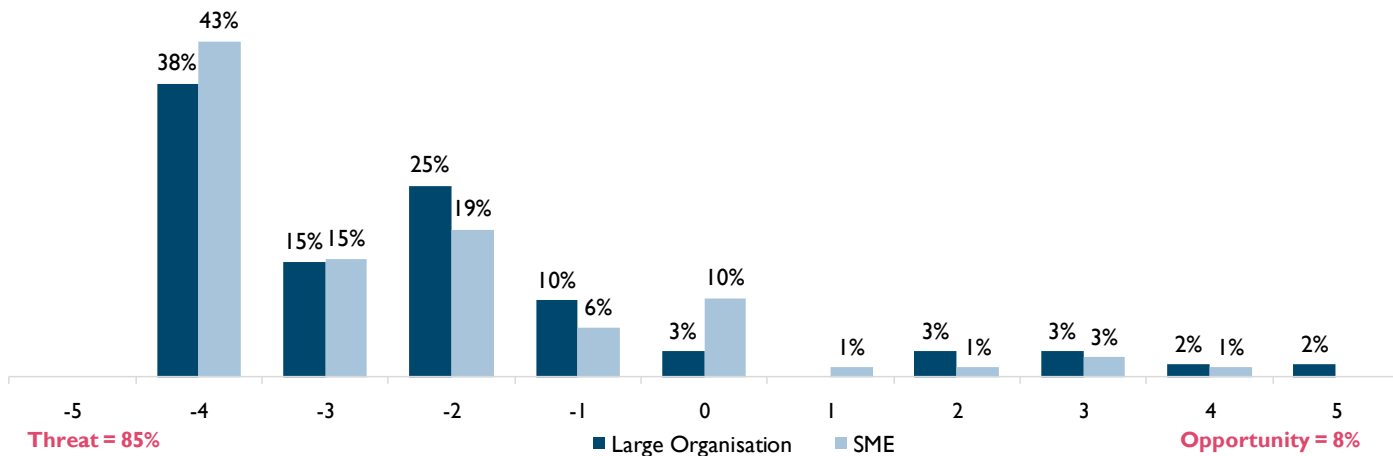
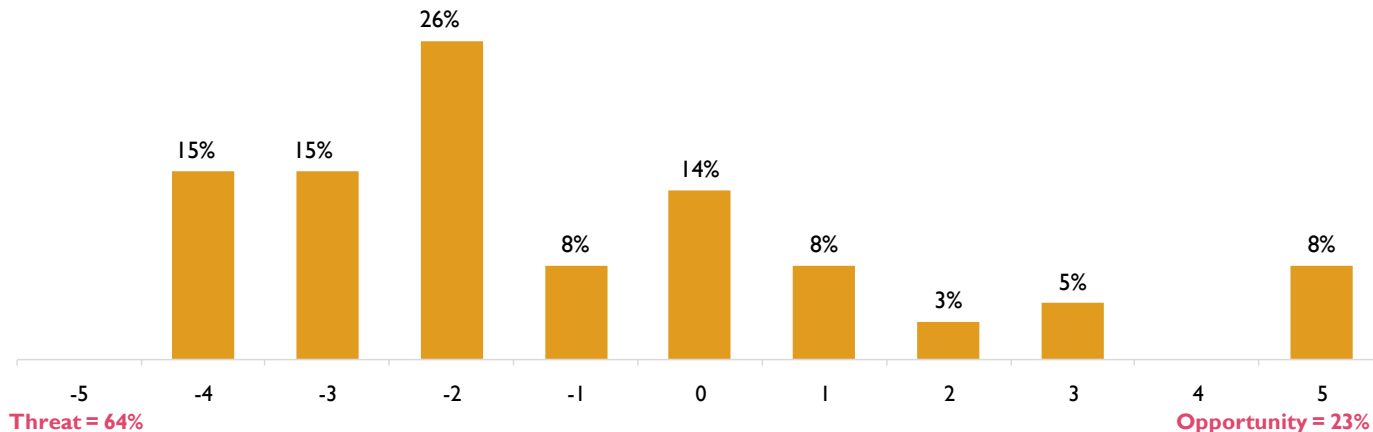


Fig 4.10: Growth of online sales by companies like Amazon or Screwfix – Manufacturers

Base: 66

-ve = Threat +ve = Opportunity

Average: -1.0



# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.11: Automated order processing and inventory control technology such as EDI – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.8,  
SME 1.7

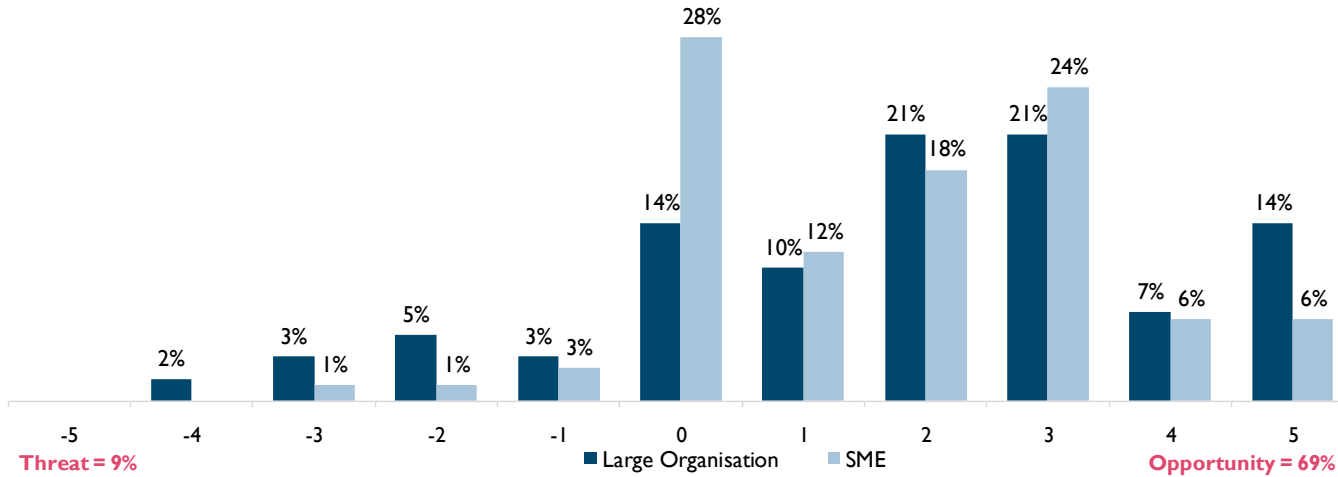
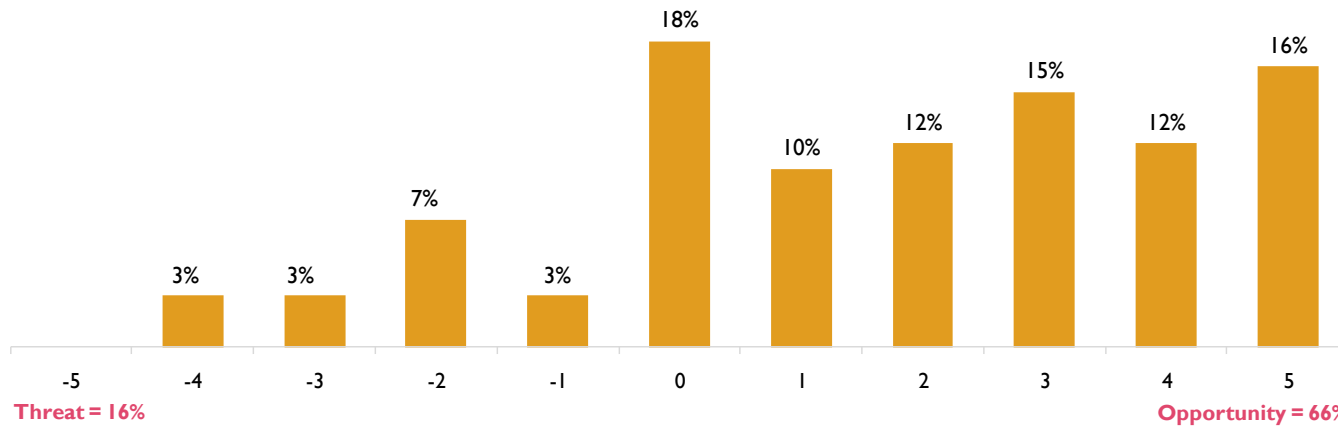


Fig 4.12: Automated order processing and inventory control technology such as EDI – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: 1.7



# 4. Technology of Selling

Do you have any further comments on these issues?

Table 4.13: Technology of selling other comments/issues – Wholesalers, unprompted

**GROWTH OF ONLINE SALES**

- We have no online sales activity
- Although Online sales can be seen as a threat, I believe with the planned Digital ability it will be our best opportunity to develop sustainable business
- I don't see companies like Screwfix as much of a threat as we can compete with them, they are still using catalogues as a way to sell so they aren't as specialised when it comes to online sales unlike Amazon who are by far a greater threat
- Lack an online presence, need one in near future

**COMPETITION**

- Contractors seem to compare Internet pricing and expect that they can have the benefits of an electrical wholesaler such as Rebates, extended payment terms and that we match prices available online
- We have to be ahead of the game
- More challenging and competitive market
- National companies should be putting pressure on suppliers who supply sheds etc.

**CUSTOMER RELATIONSHIP**

- We still find 'face to face' our best solution to win orders
- Our customer base still values personal relationship

**DIGITISATION**

- You have to embrace Technology and move with the times
- We've tried and tested the online market - it's difficult!
- Our industry needs to modernise and move with the time

**FOREIGN IMPORTS PRODUCT QUALITY**

- The fact that any person can buy and supply goods direct from China potentially without proper testing means the market can be flooded with Rubbish
- Why do manufacturers continue to support them?

Table 4.14: Technology of selling other comments/issues – Manufacturers, unprompted

**CUSTOMER/CONTRACTOR**

- Do not sell direct to electrical contractors
- We are the only specialist supplier of our category that does not sell direct or online to cut out our customers
- Electric contractors and w/sales are not up to date with sales via internet, tables or Facebook etc. Very poor
- We are 100% through distribution so we have no intention to sell to the contractors directly
- Wouldn't sell direct to contractors
- Wouldn't develop or business to offer online sales direct to contractors

**GROWTH OF ONLINE SALES**

- Online sales do not offer comprehensive advice and a greater percentage of returned product
- We are all lagging behind on ecommerce - not the ability to sell online but the ability to reach those customers that we do not know of and who only wish to source their requirement

**EDUCATION**

- If the distributor is educated in the technology of my products I believe it creates most opportunity, be they new entrants or traditional wholesalers. The threat is entirely based upon ignorance because the face of lighting and controls has and is changing rapidly The threat continues to hit the UK with what appears to be new entrants on a daily basis that are not subjected to an equal legislative playing field. Little appears to be being done to protect UK manufacturers
- As a manufacturer we need expertise of product bought by experts not the homeowner

**COMPETITION**

- Smaller wholesalers are losing out to the likes of Screwfix etc. because they haven't addressed market changes

# 4. Technology of Selling

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 4.15: Importance of the requirement to provide digital BIM content for projects – All Respondents combined  
Base: 203

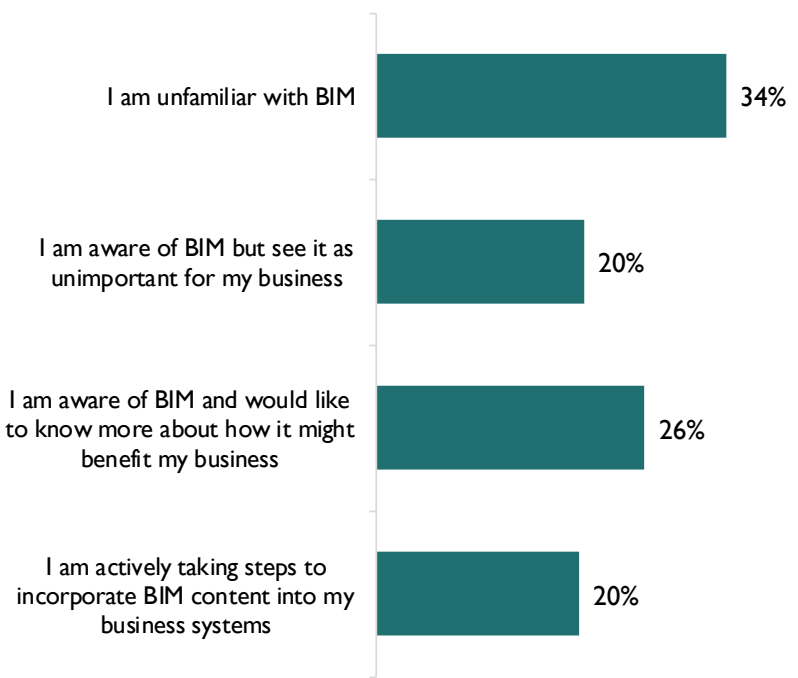
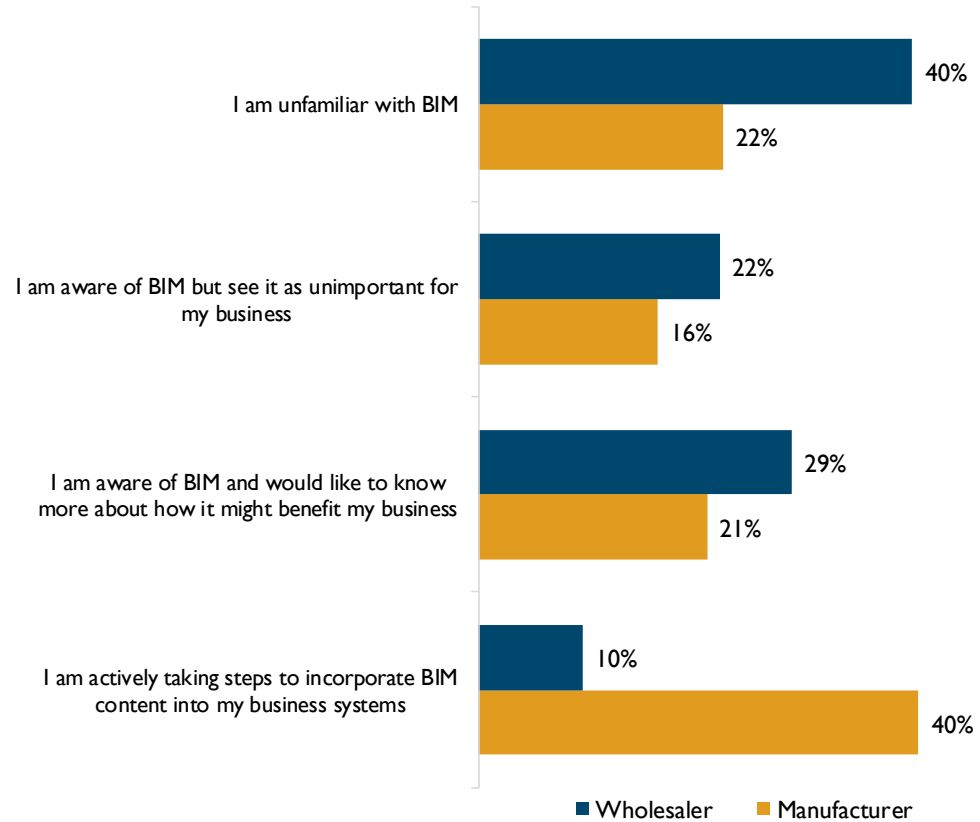


Fig 4.16: Importance of the requirement to provide digital BIM content for projects  
Base: 203



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.1: Supply side topics #1 summary scores – Wholesalers  
Base: 140

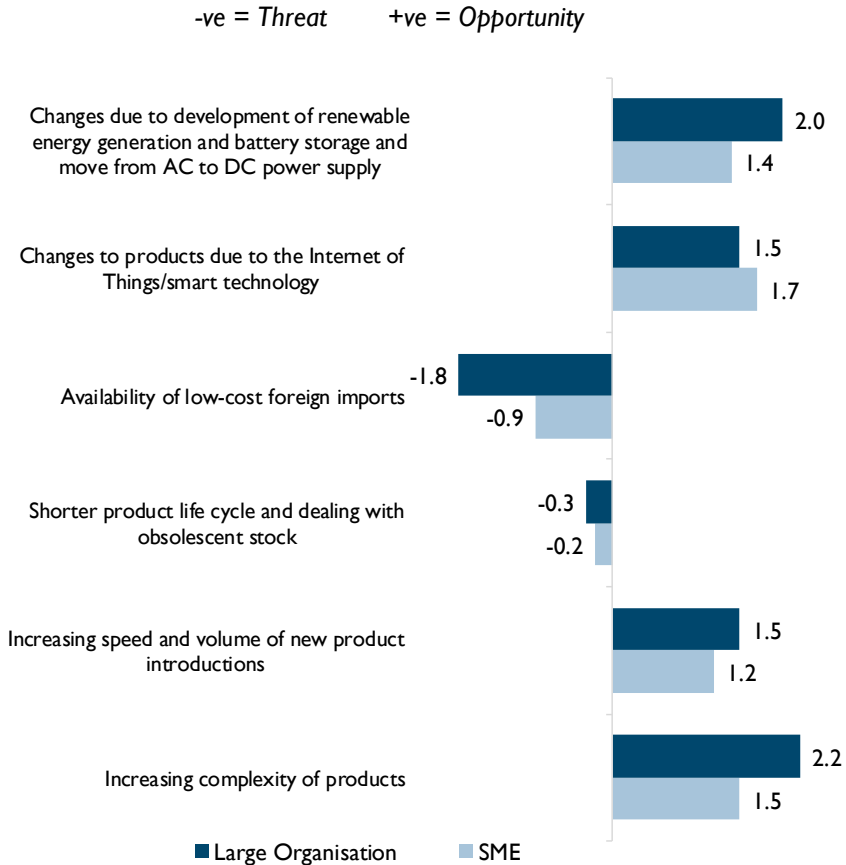
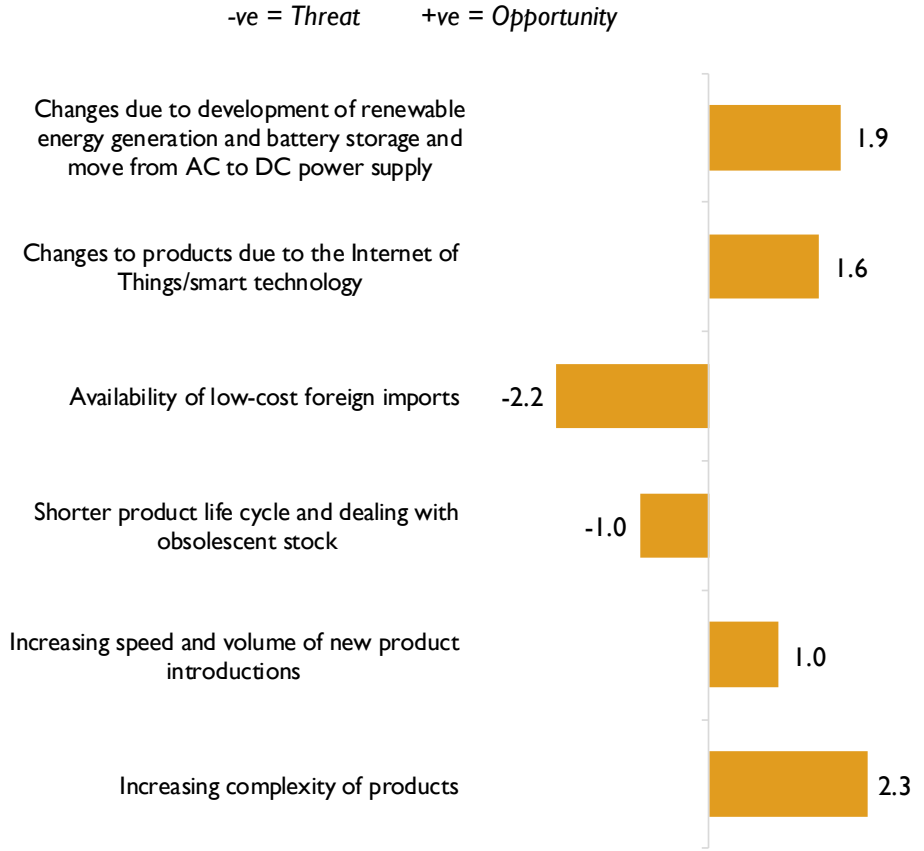


Fig 5.2: Supply side topics #1 summary scores – Manufacturers  
Base: 67



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.3: Changes due to development of renewable energy generation and battery storage and move from AC to DC power supply – Wholesalers  
Base: 137

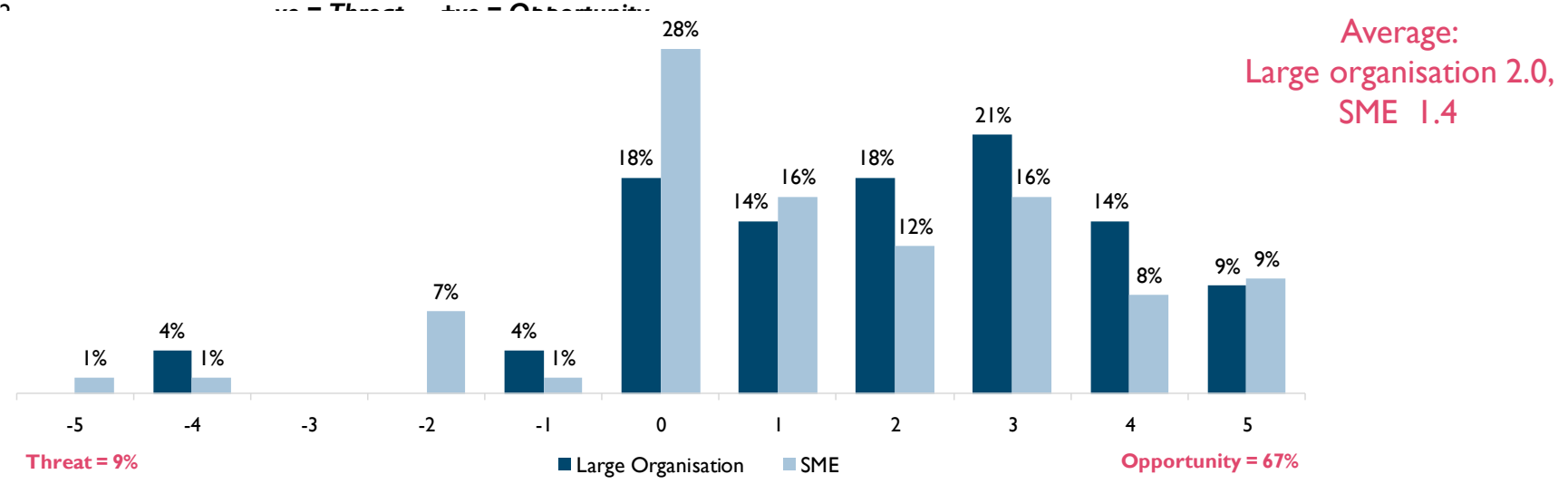
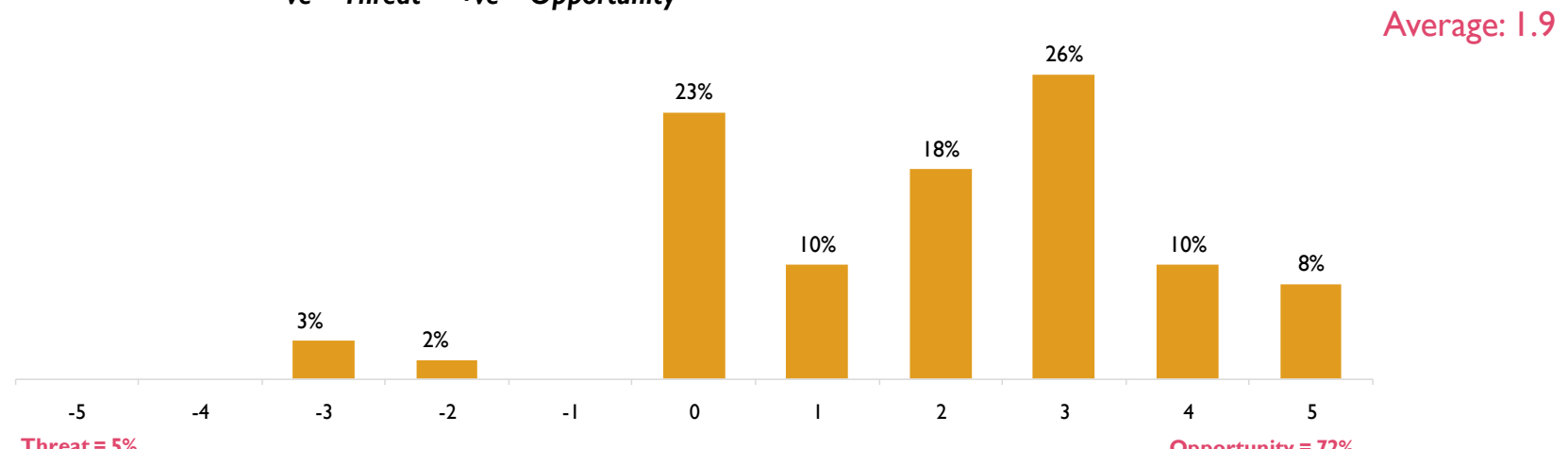


Fig 5.4: Changes due to development of renewable energy generation and battery storage and move from AC to DC power supply – Manufacturers  
Base: 61



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.5: Changes to products due to the Internet of Things/smart technology – Wholesalers  
Base: 135  
**-ve = Threat +ve = Opportunity**

Average:  
Large organisation 1.5,  
SME 1.7

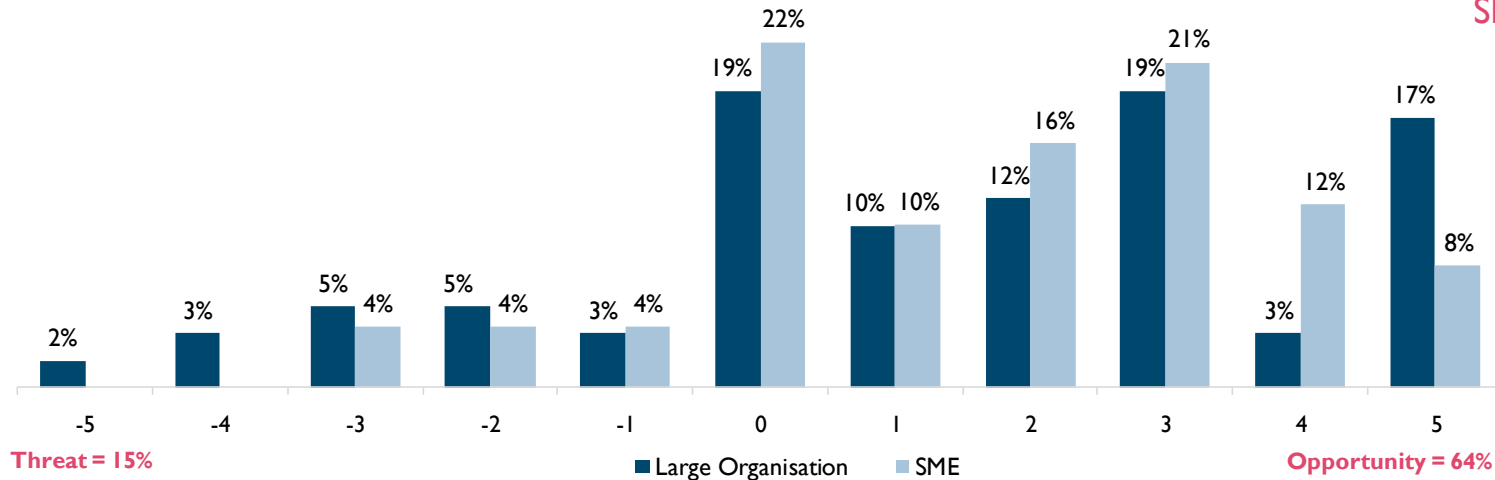
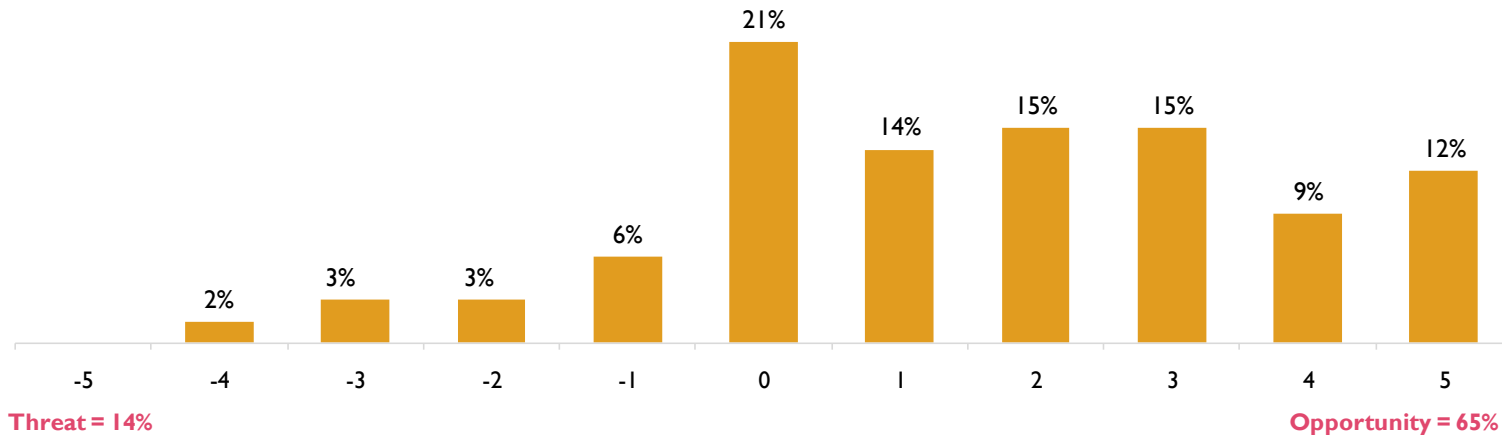


Fig 5.6: Changes to products due to the Internet of Things/smart technology – Manufacturers  
Base: 66  
**-ve = Threat +ve = Opportunity**

Average: 1.6





# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.7: Availability of low cost foreign imports – Wholesalers  
Base: 139  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -1.8,  
SME -0.9

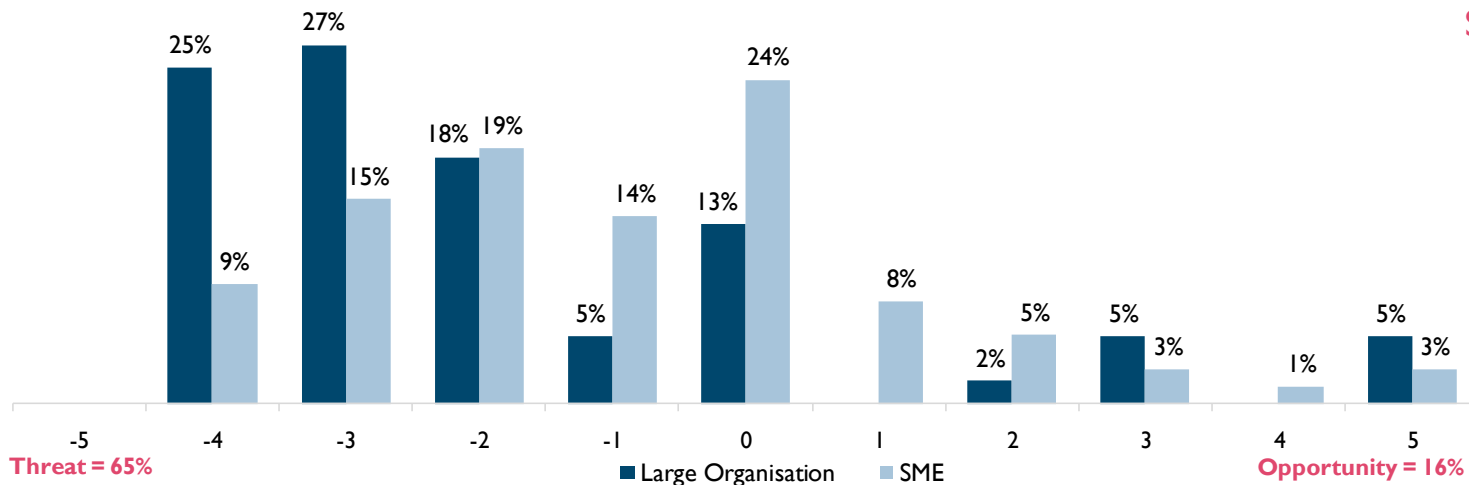
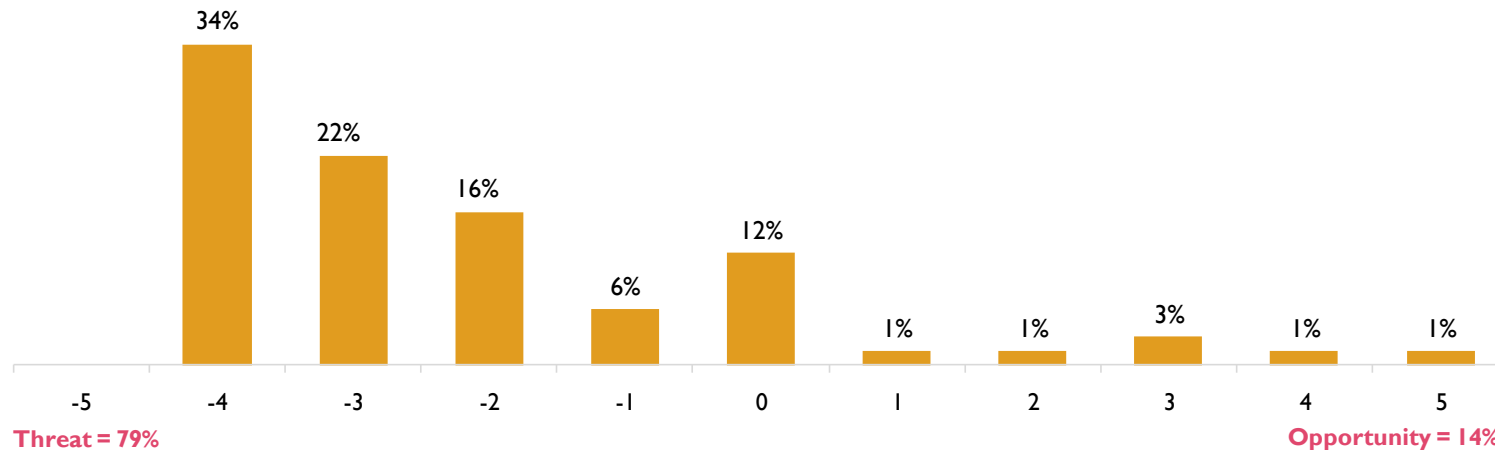


Fig 5.8: Availability of low cost foreign imports – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: -1.0



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.9 Shorter product life cycle and dealing with obsolescent stock – Wholesalers  
Base: 132  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -0.3,  
SME -0.2

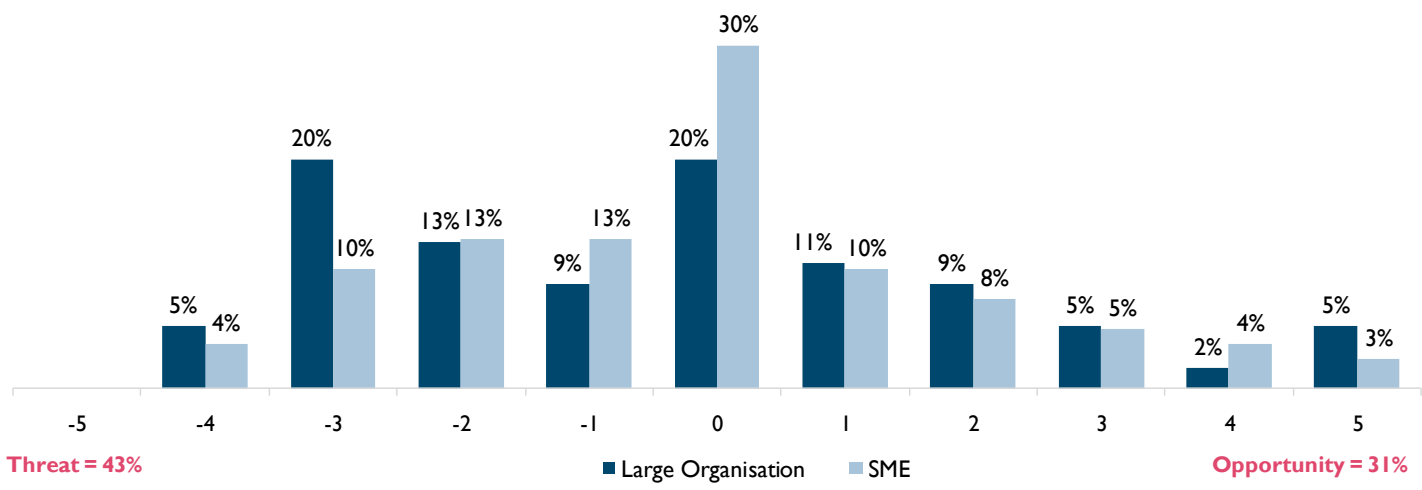
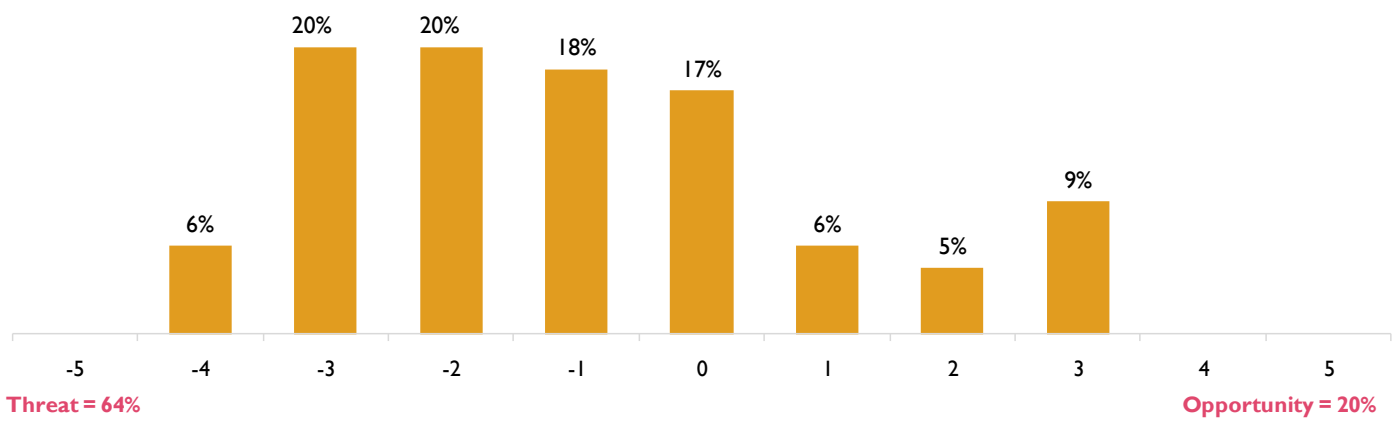


Fig 5.10: Shorter product life cycle and dealing with obsolescent stock – Manufacturers  
Base: 66  
-ve = Threat +ve = Opportunity

Average: -1.0



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.11: Increasing speed and volume of new product introductions – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.5,  
SME 1.2

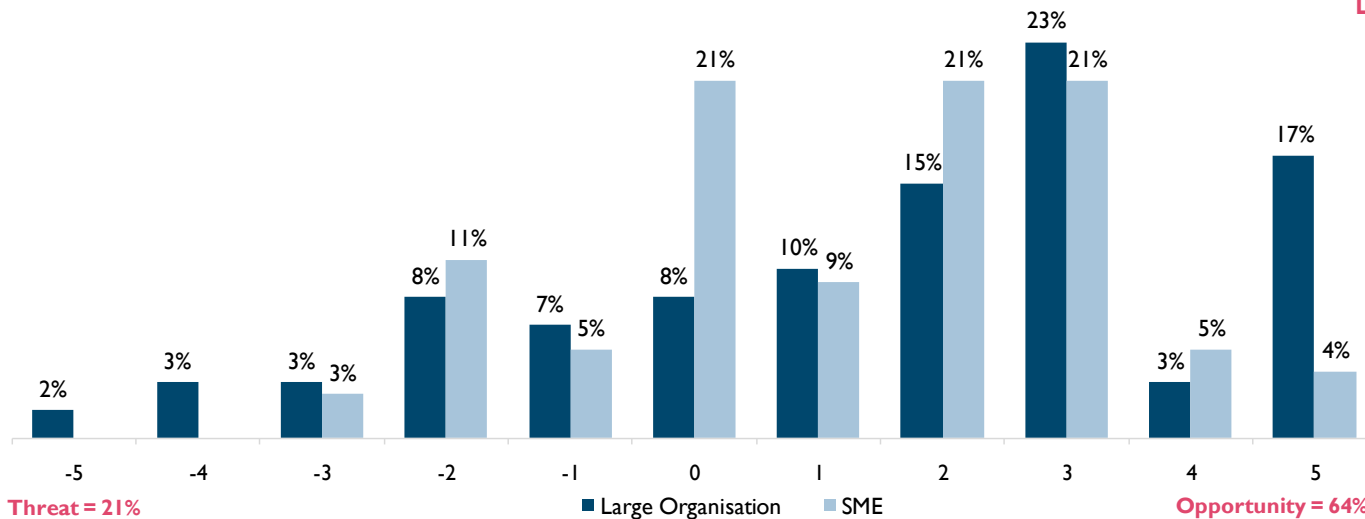
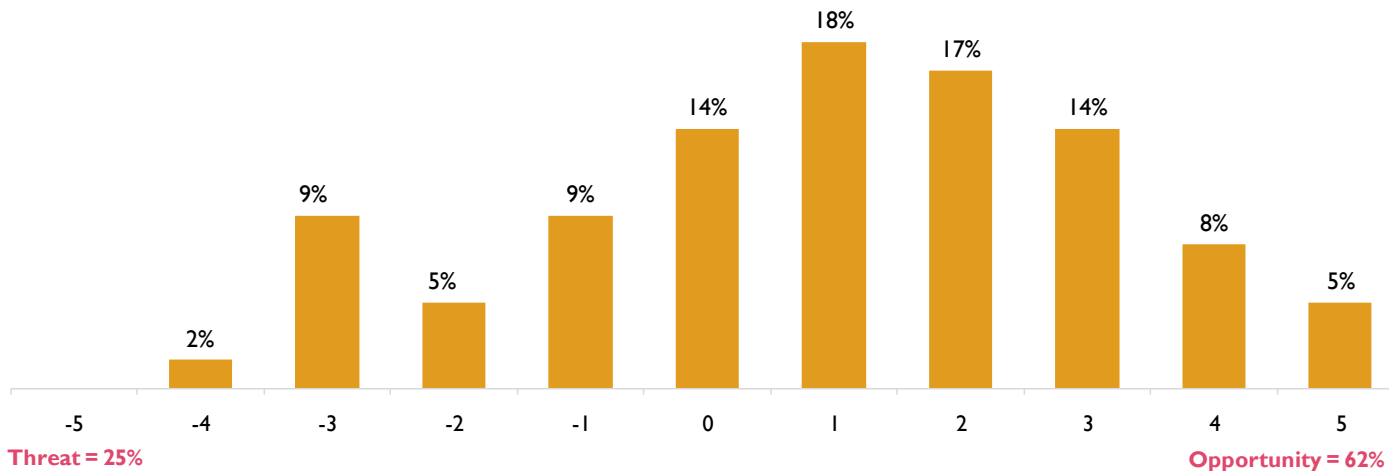


Fig 5.12: Increasing speed and volume of new product introductions – Manufacturers  
Base: 65  
-ve = Threat +ve = Opportunity

Average: 1.0



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.13: Increasing complexity of products – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 2.2,  
SME 1.5

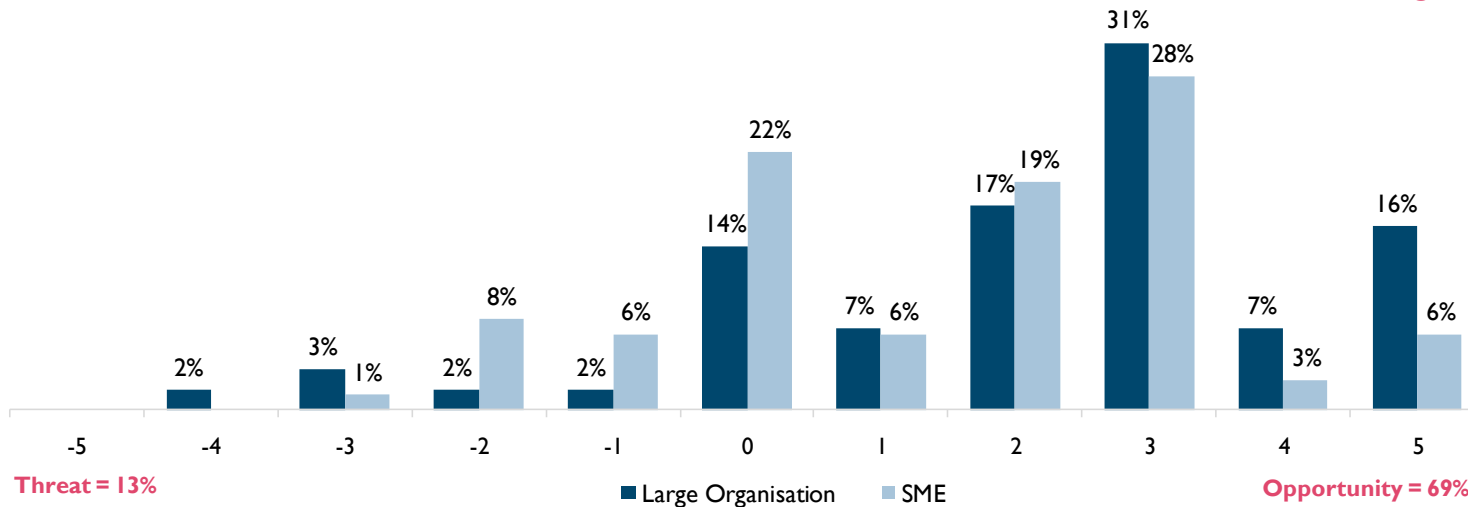
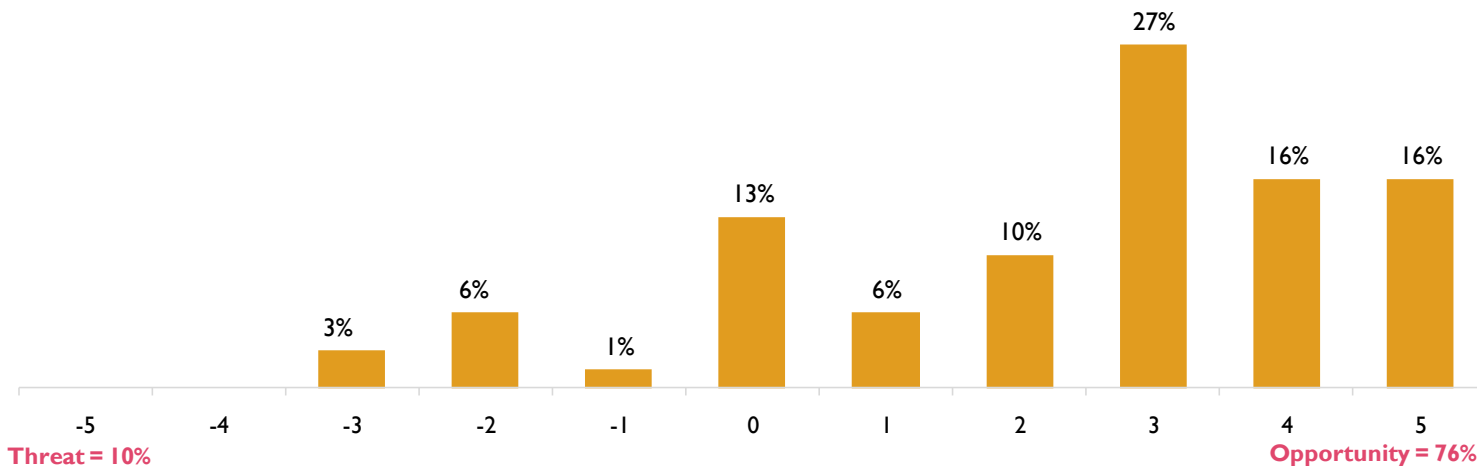


Fig 5.14: Increasing complexity of product – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: -2.3



# 5. Supply Side Issues

Do you have any further comments on these issues?

Table 5.15: Supply side topics #1 other comments/issues – Wholesalers, unprompted

- Cheap foreign imports often pay lip service to standards requires
- Shorter product life cycle has been the Achilles heel of the industry from the start
- I think if your business keeps up with the changes and speed of the industry and products and you get it right it can be a great opportunity but if you get it wrong it would be a massive threat
- In the Lighting Industry / LED is a excellent growth area, it does reduce further replacement business for up to 5 x years
- Our peoples expertise and knowledge should be the differentiator
- Product and Technology changes are fine, its just the speed/pace of change which is difficult to manage
- PV is no longer a viable market
- Todays electrical contractors are not skilled enough to take advantage of new products
- You have to keep in touch with this market to maximise opportunity

Table 5.16: Supply side topics #1 other comments/issues – Manufacturers, unprompted

- BEAMA initiative on dealing with obsolescent stock was rejected by the EDA
- Keeping pace with technology is important and should be seen as an opportunity for new products
- New technology is the lifeblood of the industry. Obsolescence is a major factor, and the biggest enemy
- One man's threat is another man's opportunity
- There is always a threat from low cost imports but it's all about “a level playing field” of standards and specifications
- Uptake of products contributing to development of renewable energy sector is very slow in UK

# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.17: Supply side topics #2 summary scores – Wholesalers  
Base: 138

-ve = Threat +ve = Opportunity

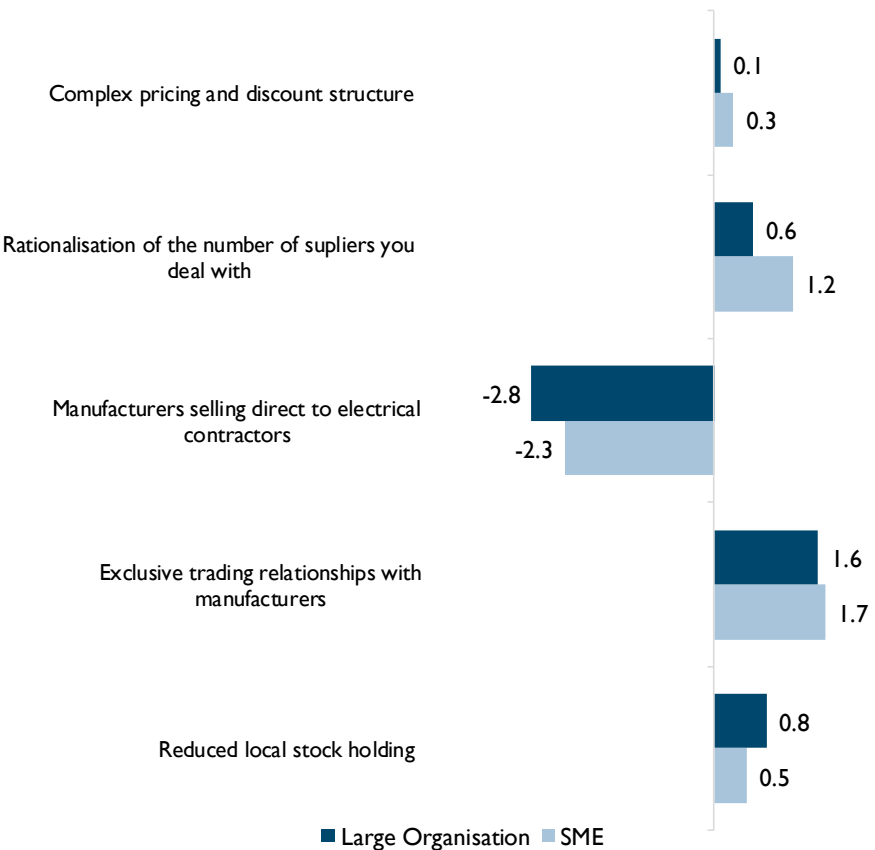
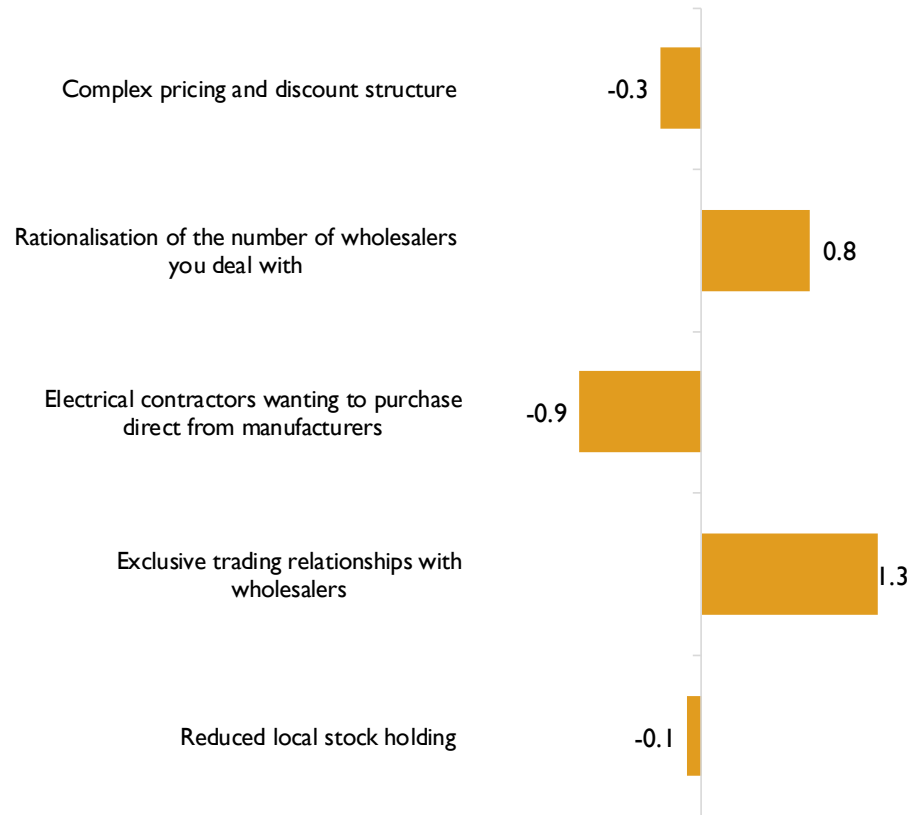


Fig 5.18: Supply side topics #2 summary scores – Manufacturers  
Base: 67

-ve = Threat +ve = Opportunity



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.19: Complex pricing and discount structure – Wholesalers  
Base: 137  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 0.1,  
SME 0.3

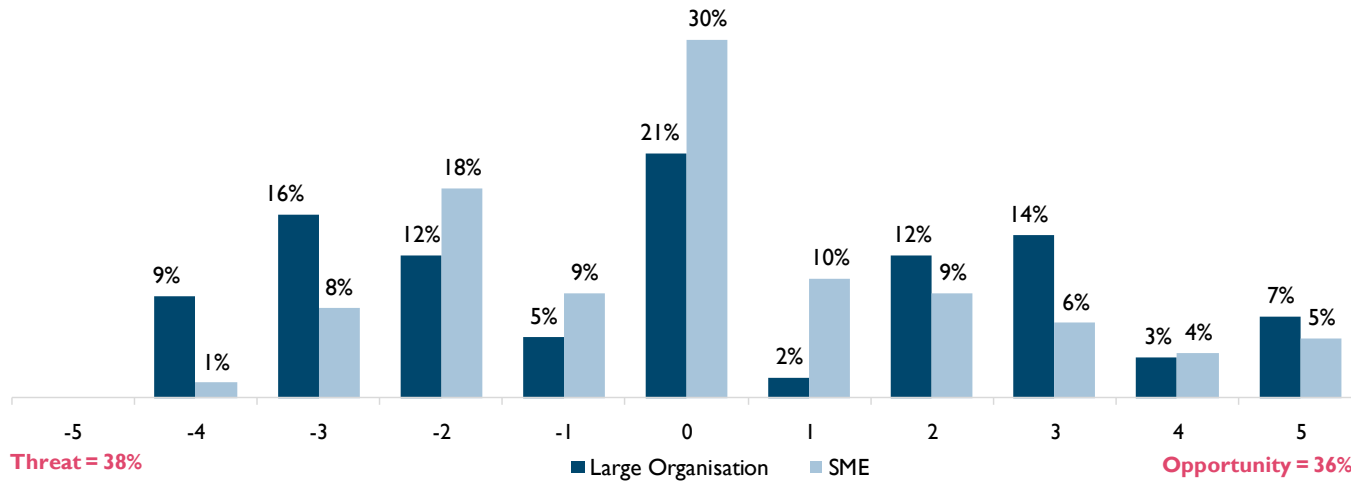
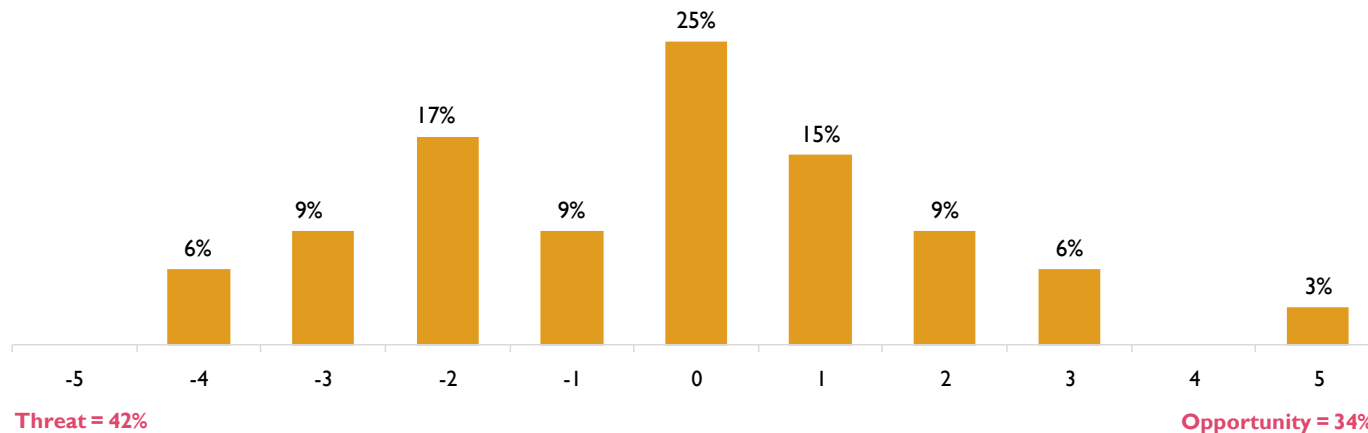


Fig 5.20: Complex pricing and discount structure – Manufacturers  
Base: 65  
-ve = Threat +ve = Opportunity

Average: -0.3



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.21: Rationalisation of the number of suppliers you deal with – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 0.6,  
SME 1.2

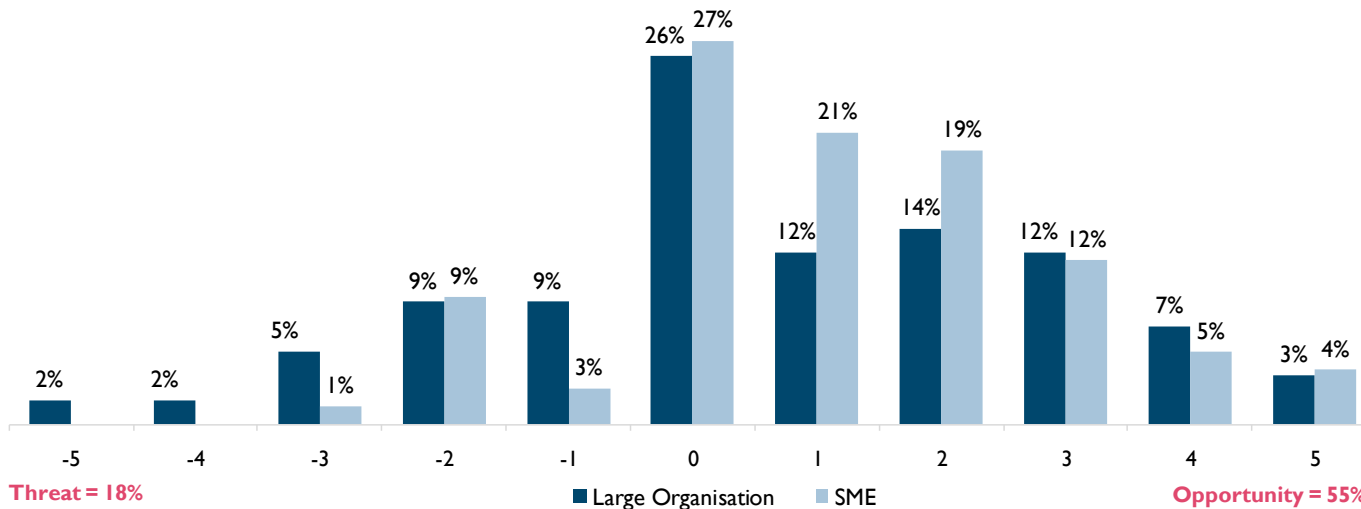
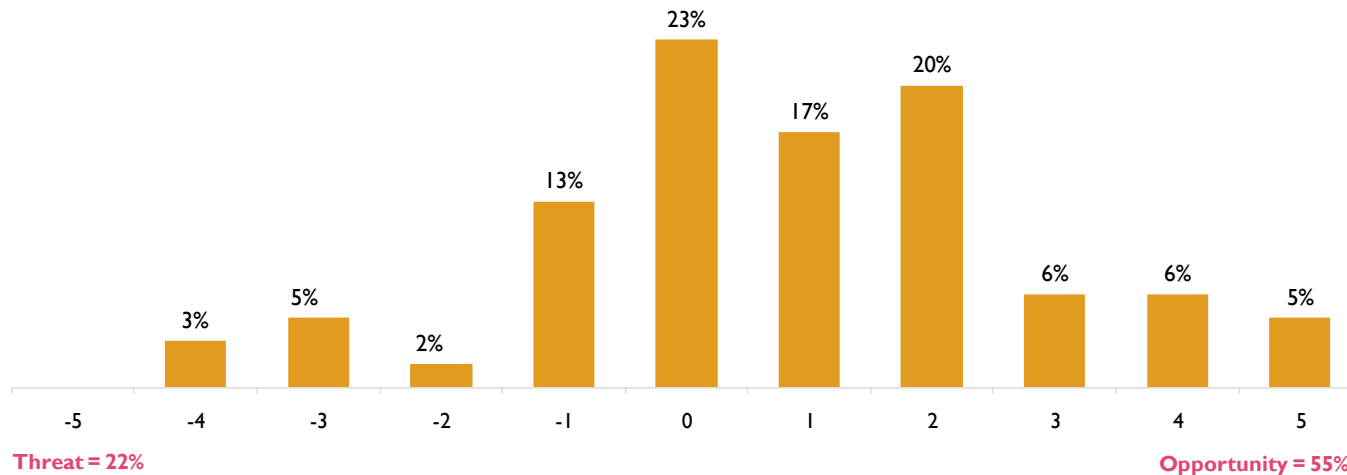


Fig 5.22: Rationalisation of the number of wholesalers you deal with – Manufacturers  
Base: 64  
-ve = Threat +ve = Opportunity

Average: 0.8





# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.23: Manufacturers selling direct to electrical contractors – Wholesalers  
Base: 137  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -2.8,  
SME -2.3

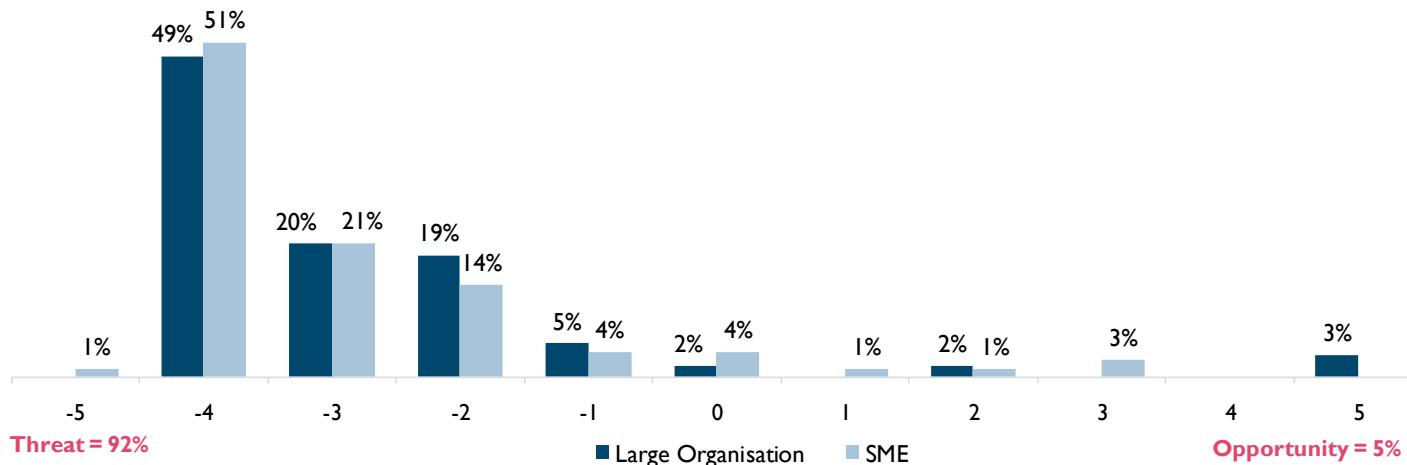
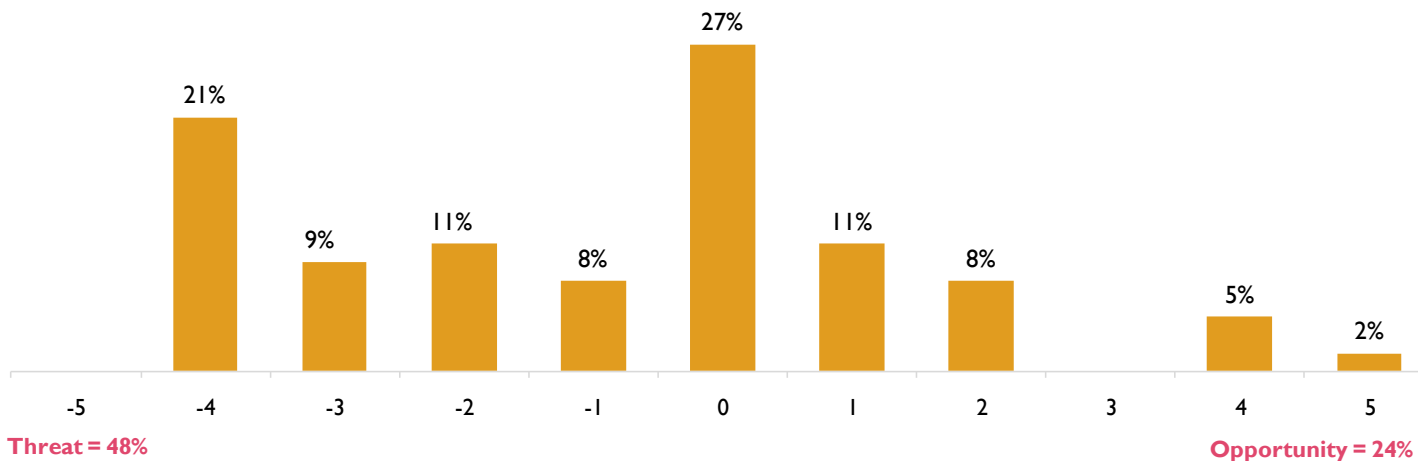


Fig 5.24: Electrical contractors wanting to purchase direct from manufacturers – Manufacturers  
Base: 66  
-ve = Threat +ve = Opportunity

Average: -0.9



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.25: Exclusive trading relationships with manufacturers – Wholesalers  
Base: 135  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.6,  
SME 1.7

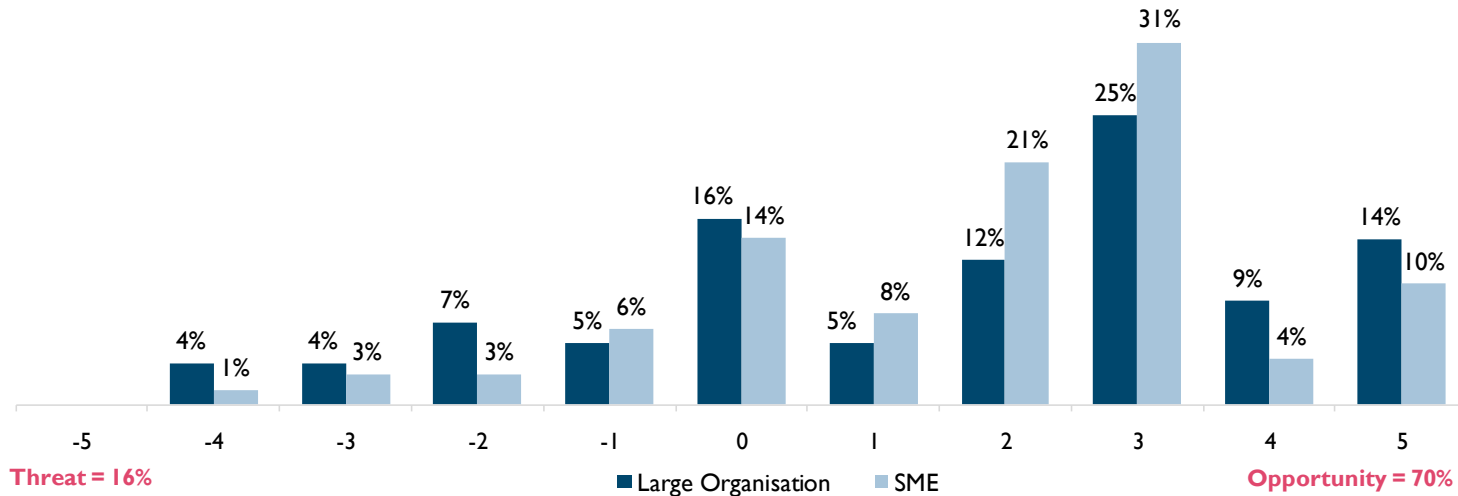
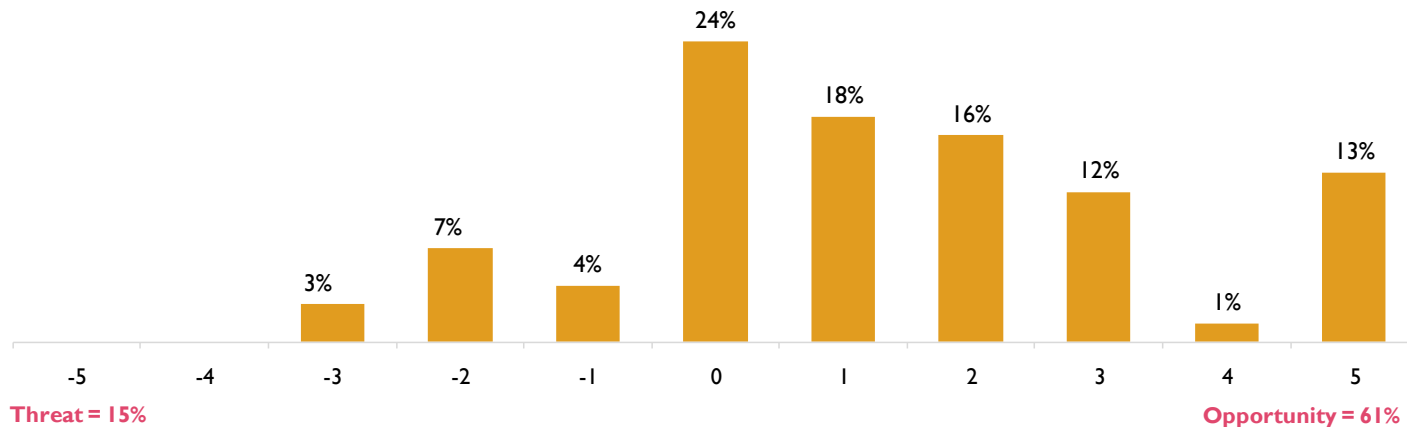


Fig 5.26: Exclusive trading relationships with wholesalers – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: 1.3



# 5. Supply Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 5.27: Reduced local stock holding – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 0.8,  
SME 0.5

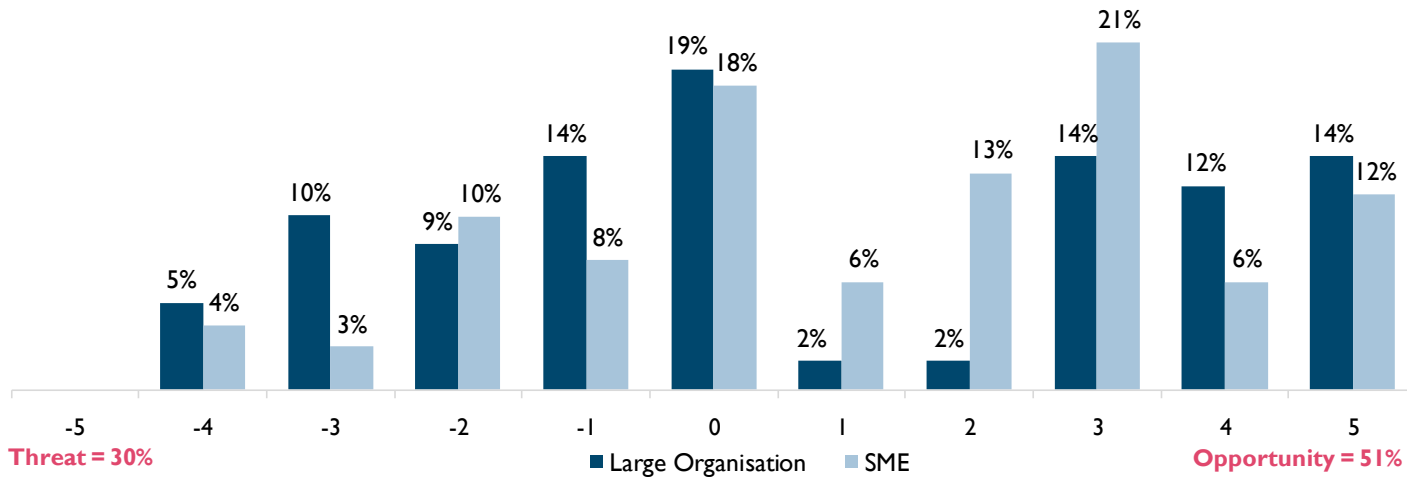
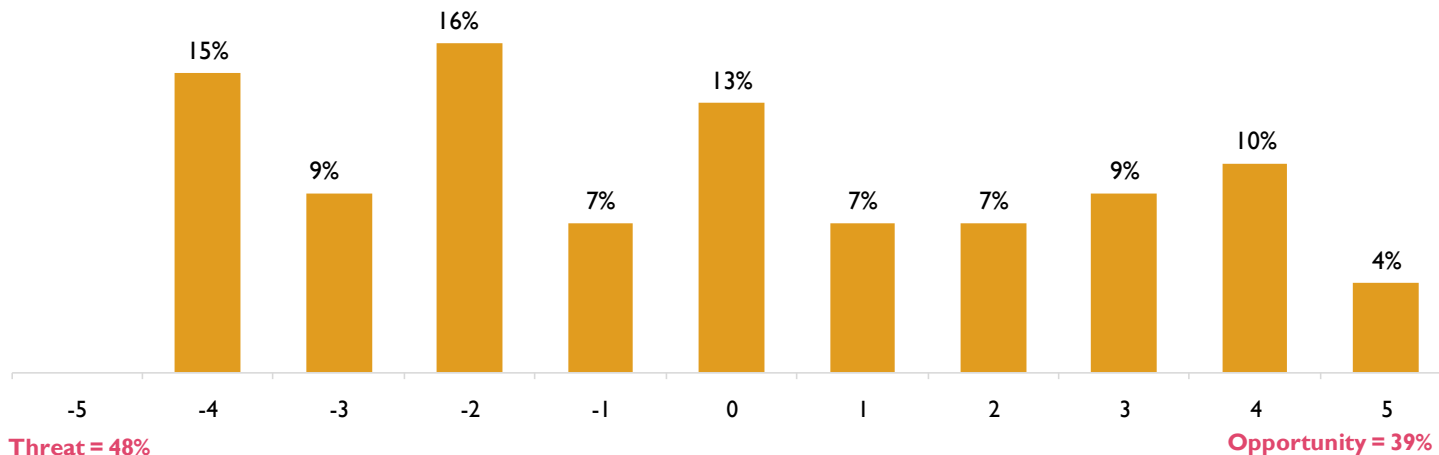


Fig 5.28: Reduced local stock holding – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: -0.1



# 5. Supply Side Issues

Do you have any further comments on these issues?

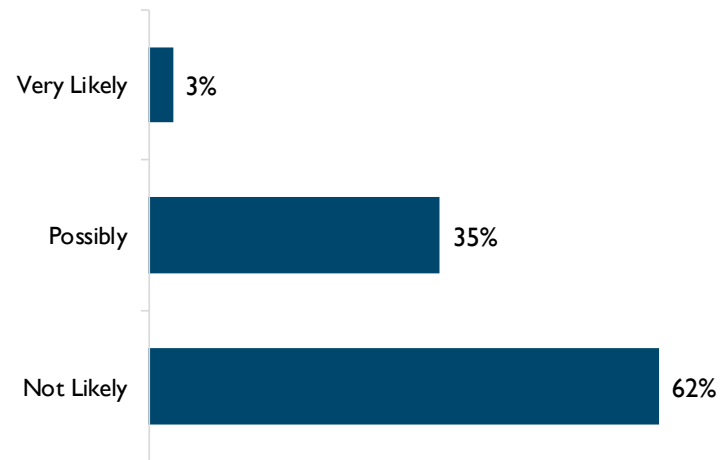
Table 5.29: Supply side topics #2 other comments/issues – Wholesalers, unprompted

- Consistency in pricing from a single IT Platform is an excellent opportunity to grow business
- Exclusive agreements are as much a threat as opportunity depending on if they are exclusive to us
- Generally speaking I would trust a manufacturer to adhere to "Exclusive" relationships, and currently there seems to be more willingness to do a deal with a Contractor and leave a small cover discount for the wholesaler, limiting and reducing our ability to retain profitability
- I see Suppliers going direct being a major problem
- Industry standard pricing and discount structure would be a god send
- Manufacturers should never sell direct to contractors
- Manufacturers supply chains are based in the countries that offer the cheapest labour rates, to many American purchases of British companies
- Manufacturers who use the wholesaler to provide a credit line when they don't want to take the risk
- Suppliers/manufacturers need to make themselves easier to deal with and remove complex pricing models
- We are in danger of losing the skills that are held by good distributors

Table 5.30: Supply side topics #2 other comments/issues – Manufacturers, unprompted

- Many contractors have been attracted to Screwfix & online because of simplistic pricing models
- As a manufacturer we hold large stocks and try and deliver next day service wherever possible. This works against us where distributors no longer bother or take the risk of stocking but would rather 'back to back' orders from their customers
- National wholesalers want complex pricing models with multiple discounts to create confusion at the contractor, improved training for trade counter sales and moving from a cost plus basis would improve the overall market

Fig 5.31: Likeliness to purchase lower priced product when faced with the choice between a product from a manufacturer and a cheaper alternative  
Base: 136



# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
 Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.1: Sales side topics summary scores – Wholesalers  
 Base: 139

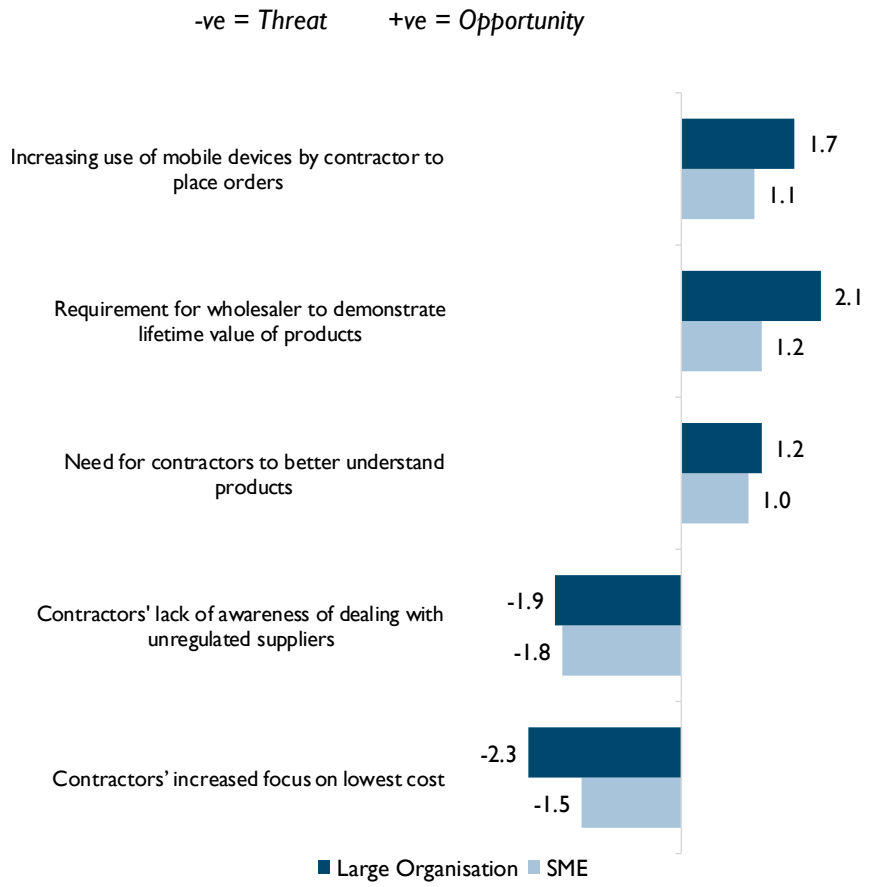
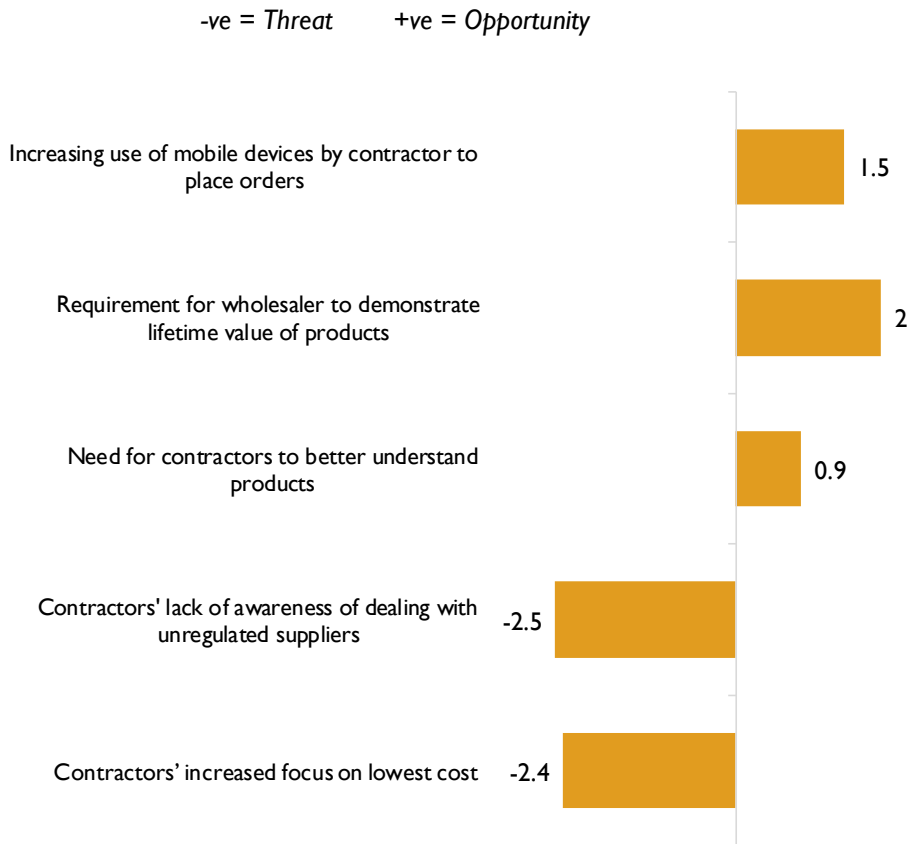


Fig 6.2: Sales side topics summary scores – Manufacturers  
 Base: 67



# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.3: Increasing use of mobile devices by contractor to place orders – Wholesalers  
Base: 134  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.7,  
SME 1.1

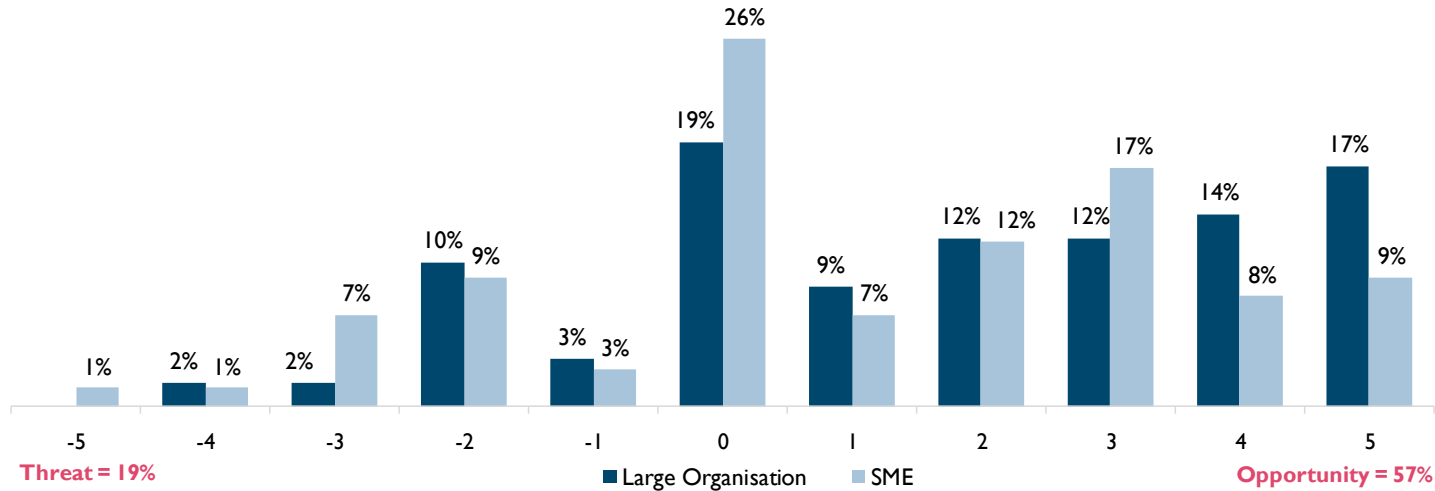
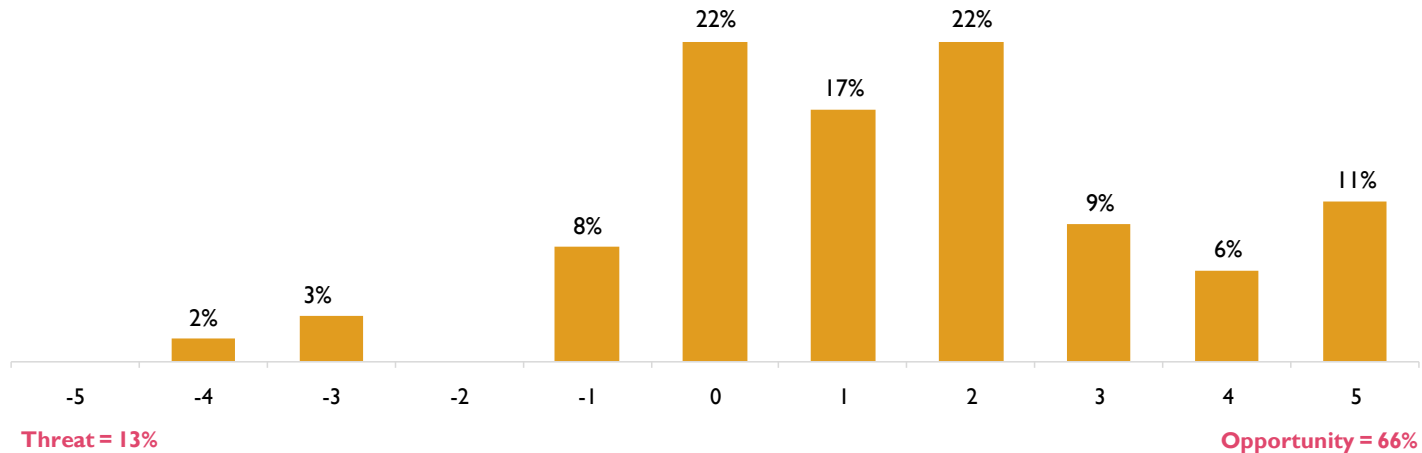


Fig 6.4: Increasing use of mobile devices by contractor to place orders – Manufacturers  
Base: 64  
-ve = Threat +ve = Opportunity

Average: 1.5



# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.5: Requirement for wholesaler to demonstrate lifetime value of products – Wholesalers  
Base: 135  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 2.1,  
SME 1.2

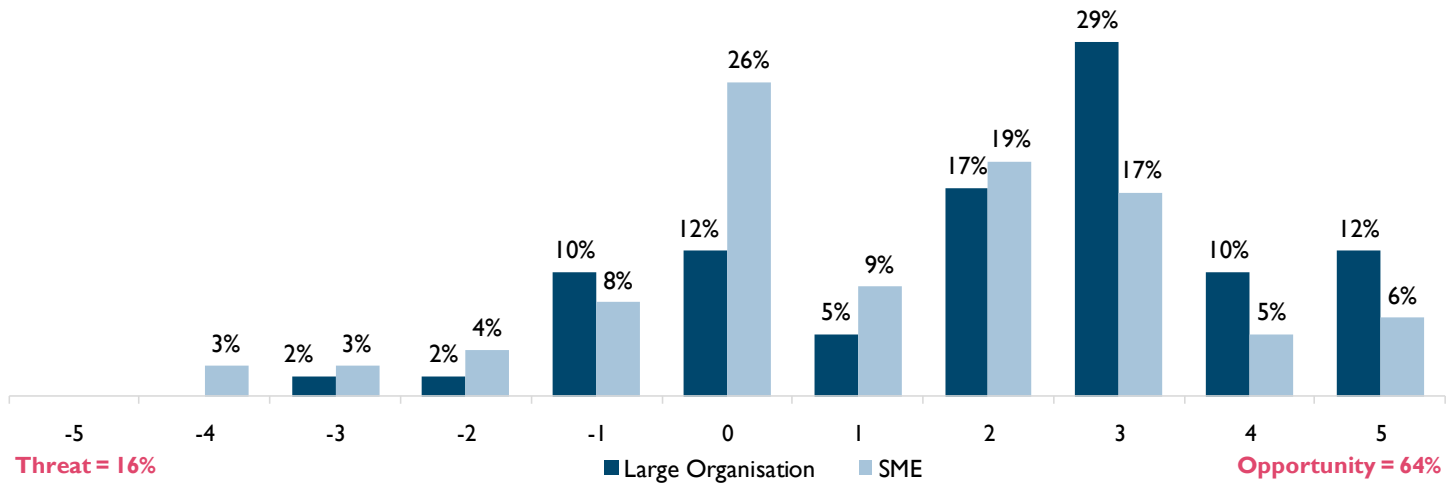
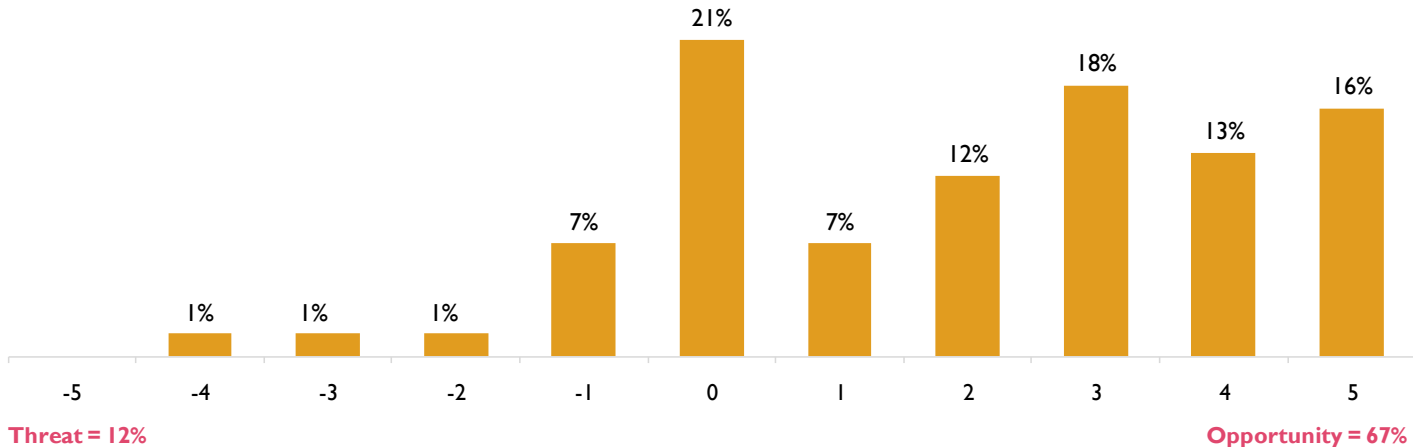


Fig 6.6: Requirement for wholesaler to demonstrate lifetime value of products – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: 2.0



# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.7: Need for contractors to better understand products – Wholesalers  
Base: 136  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.2,  
SME 1.0

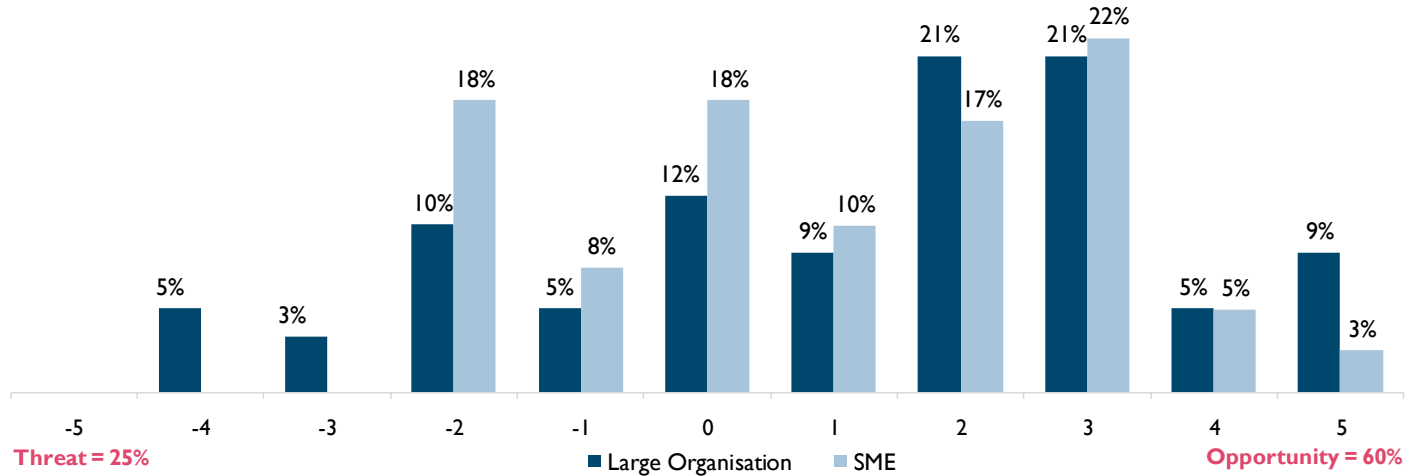
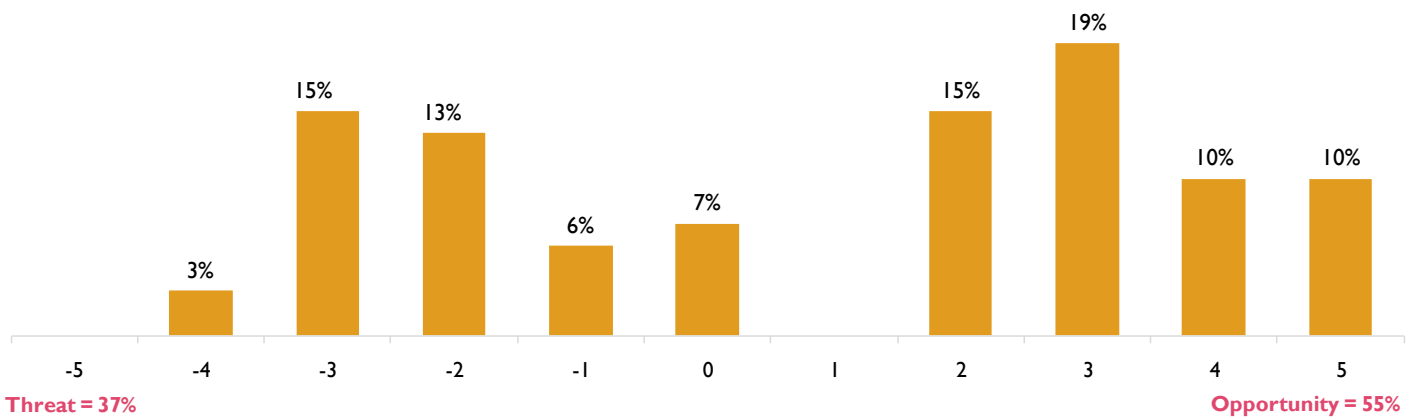


Fig 6.8: Need for contractors to better understand products – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: 0.9





# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.9: Contractors' lack of awareness of dealing with unregulated suppliers – Wholesalers  
Base: 129  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -1.9,  
SME -1.8

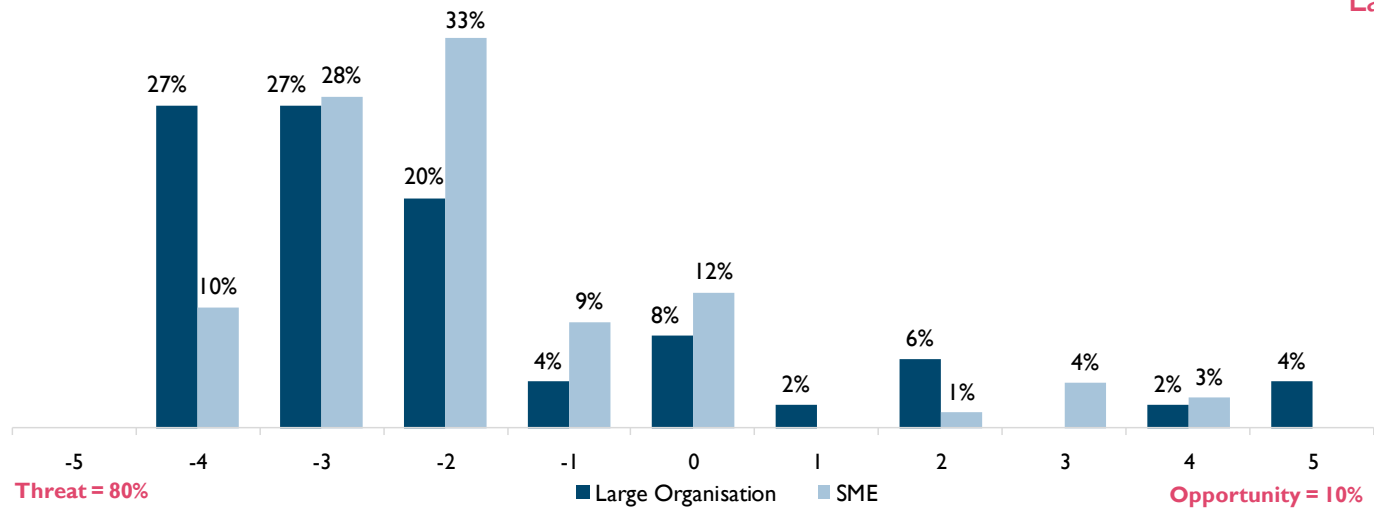
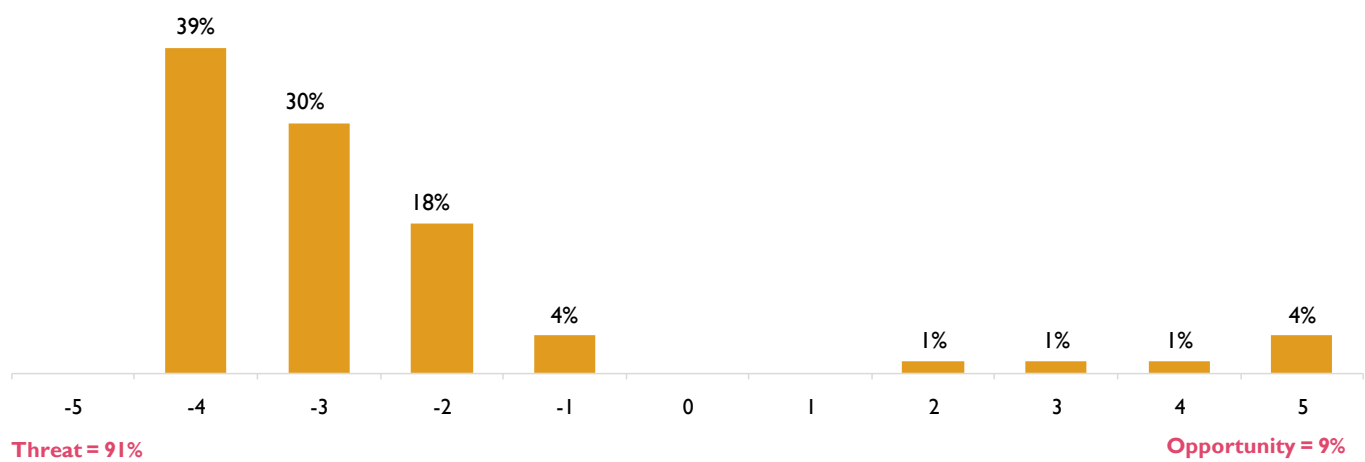


Fig 6.10: Contractors' lack of awareness of dealing with unregulated suppliers – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: -2.5



# 6. Sales Side Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 6.11: Contractors' increased focus on lowest cost – Wholesalers  
Base: 139  
-ve = Threat +ve = Opportunity

Average:  
Large organisation -2.3,  
SME -1.5

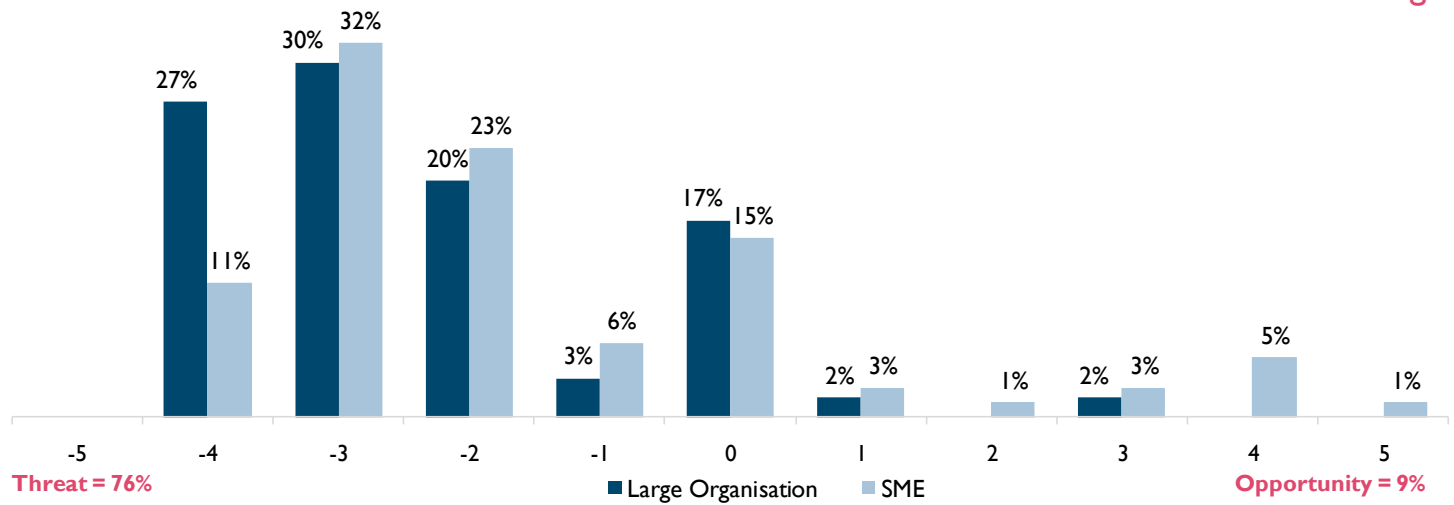
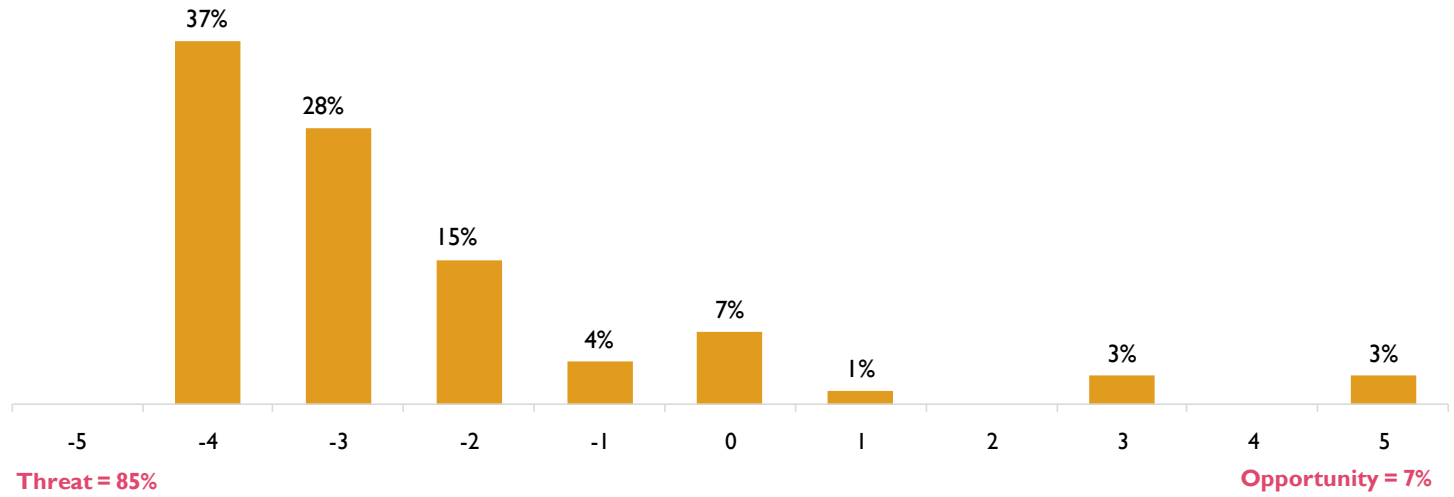


Fig 6.12: Contractors' increased focus on lowest cost – Manufacturers  
Base: 67  
-ve = Threat +ve = Opportunity

Average: -2.4



## 6. Sales Side Issues

### Do you have any further comments on these issues?

Table 6.13: Sales side topics other comments/issues – Wholesalers, unprompted

- Cost is far too important to the contractor, as an industry we need to combat this but the art of selling is dying
- Hard to keep up and adapt your business to meet the changing buying habits of customers
- Innovation with products and Tri-partite arrangements is a good opportunity to continue growth
- Knowing our products and market enhances our value to our clients regardless of cost
- Lowest cost seems to be the only focus amongst medium to national contractors, smaller customers have more profit potential however they are closing the margin gap very quickly and are becoming more astute and price aware than ever before
- Mobile okay in towns, try living in a rural area smoke signals are faster

Table 6.14: Sales side topics other comments/issues – Manufacturers, unprompted

- Access to mobile pricing is been used by contractors to drive down prices
- Contractors on certain jobs are constantly trying to get round specifications to reduce costs without assessing the risks
- Going back to ecommerce it is important that distributors enable their customers to purchase in the easiest way for the customer - this may be via an app and must be embraced
- Lowest pricing is the issue not lowest cost
- Non compliant products are of significant concern in the UK market
- Training for contractors & wholesalers to better understand whole life costs and benefits over price alone are key strategies for major manufacturers to implement

# 7. Sales Staff Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 7.1: Sales staff summary scores – Wholesalers  
Base: 138

-ve = Threat      +ve = Opportunity

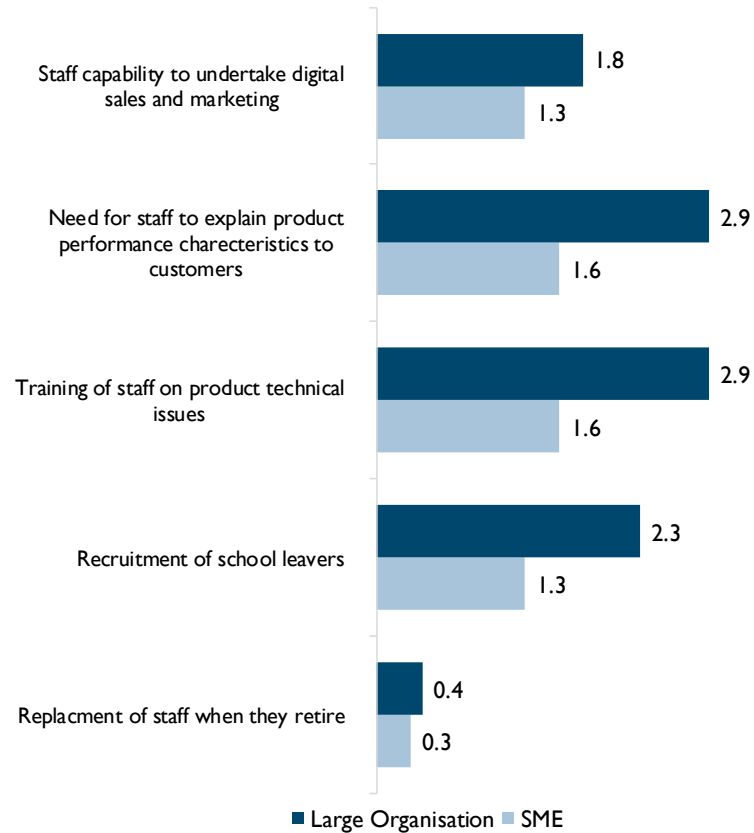
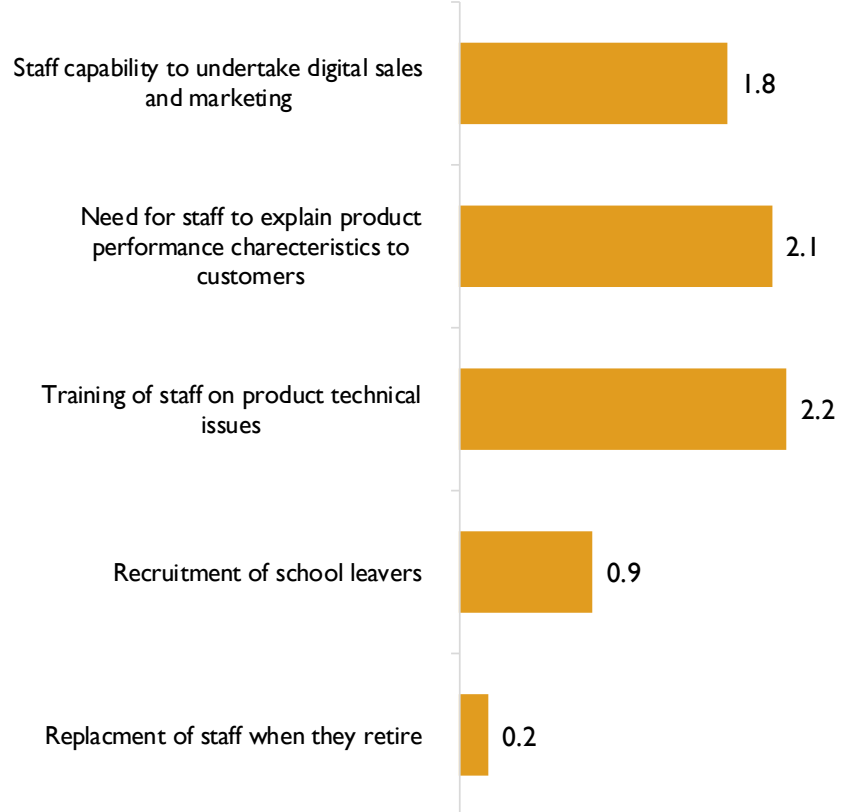


Fig 7.2: Sales staff summary scores – Manufacturers  
Base: 60

-ve = Threat      +ve = Opportunity



# 7. Sales Staff Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 7.3: Staff capability to undertake digital sales and marketing – Wholesalers  
Base: 130  
-ve = Threat +ve = Opportunity

Average:  
Large organisation 1.8,  
SME 1.3

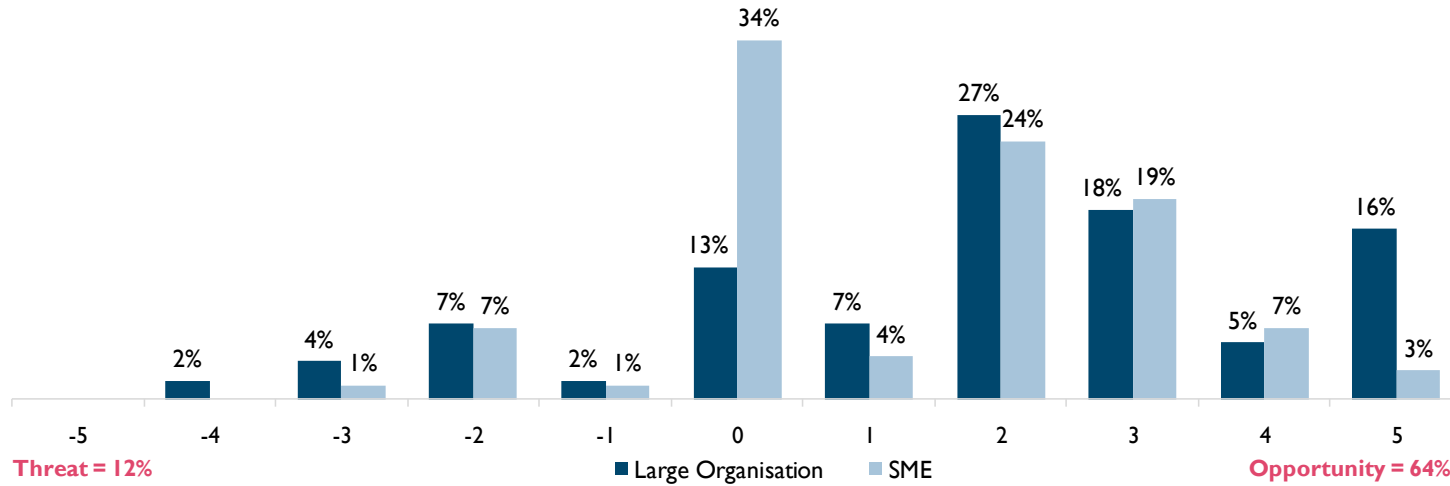
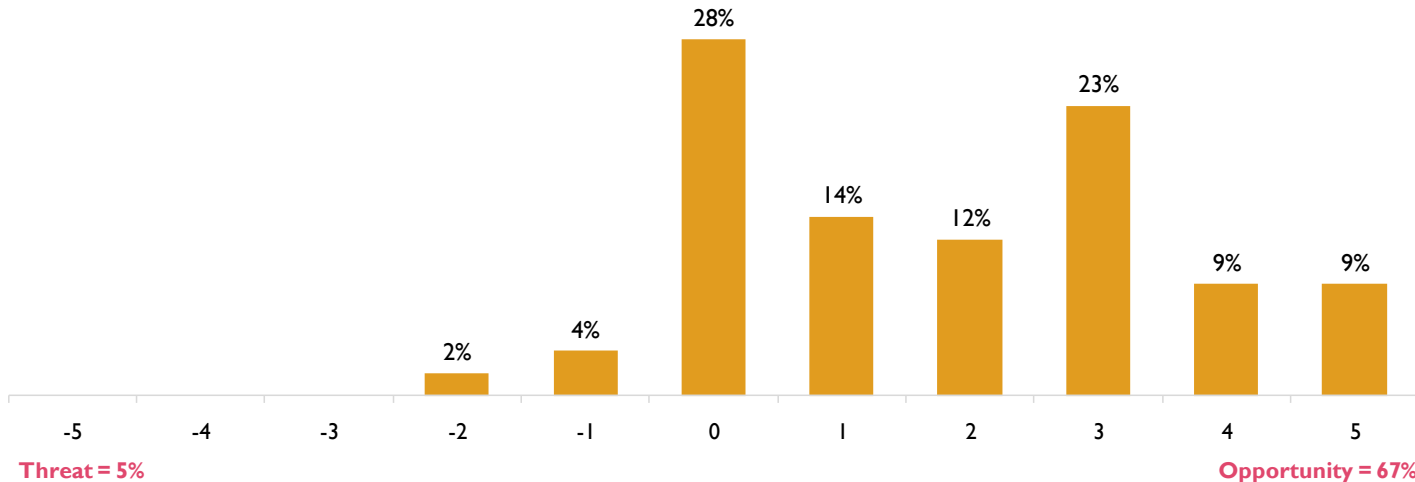


Fig 7.4: Staff capability to undertake digital sales and marketing – Manufacturers  
Base: 57  
-ve = Threat +ve = Opportunity

Average: 1.8



# 7. Sales Staff Issues

Please indicate how much of a threat or opportunity the following issues represent to your business.  
 Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Average:  
 Large organisation 2.9,  
 SME 1.6

Fig 7.5: Need for staff to explain product performance characteristics to customers – Wholesalers  
 Base: 137

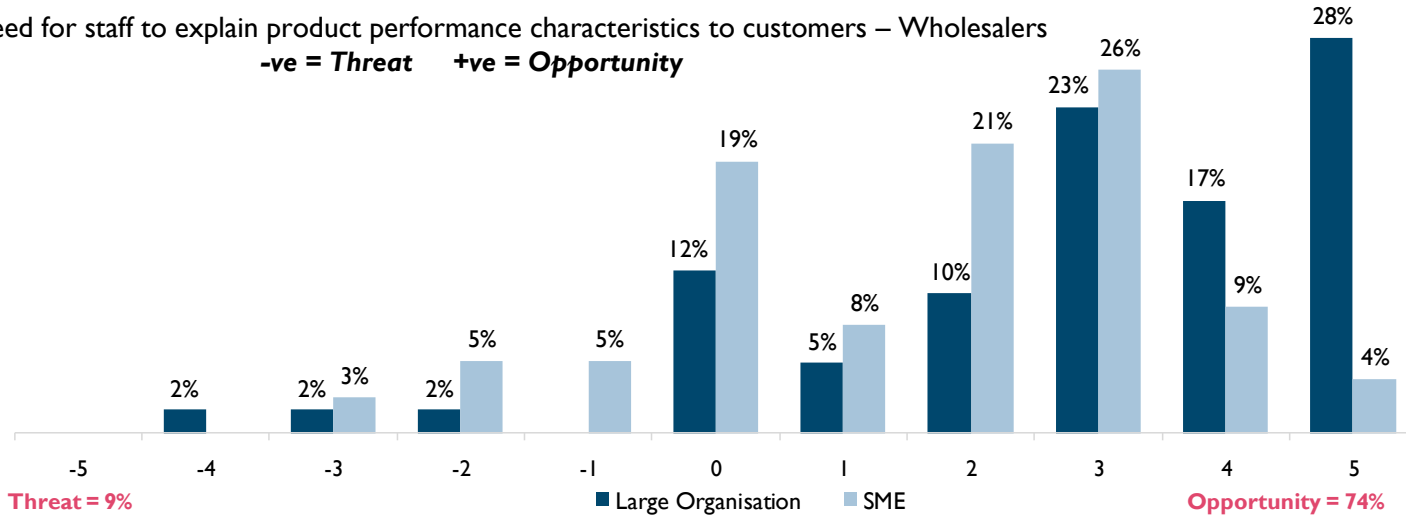
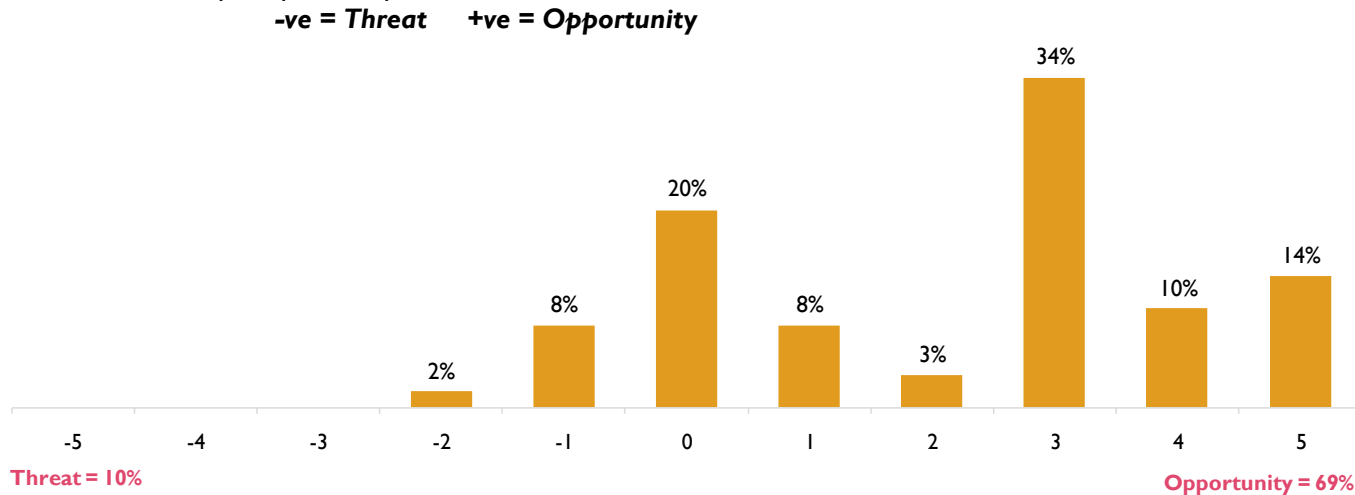


Fig 7.6: Need for staff to explain product performance characteristics to customers – Manufacturers  
 Base: 59

Average: 2.1



# 7. Sales Staff Issues

Fig 7.7: Training of staff on product technical issues – Wholesalers

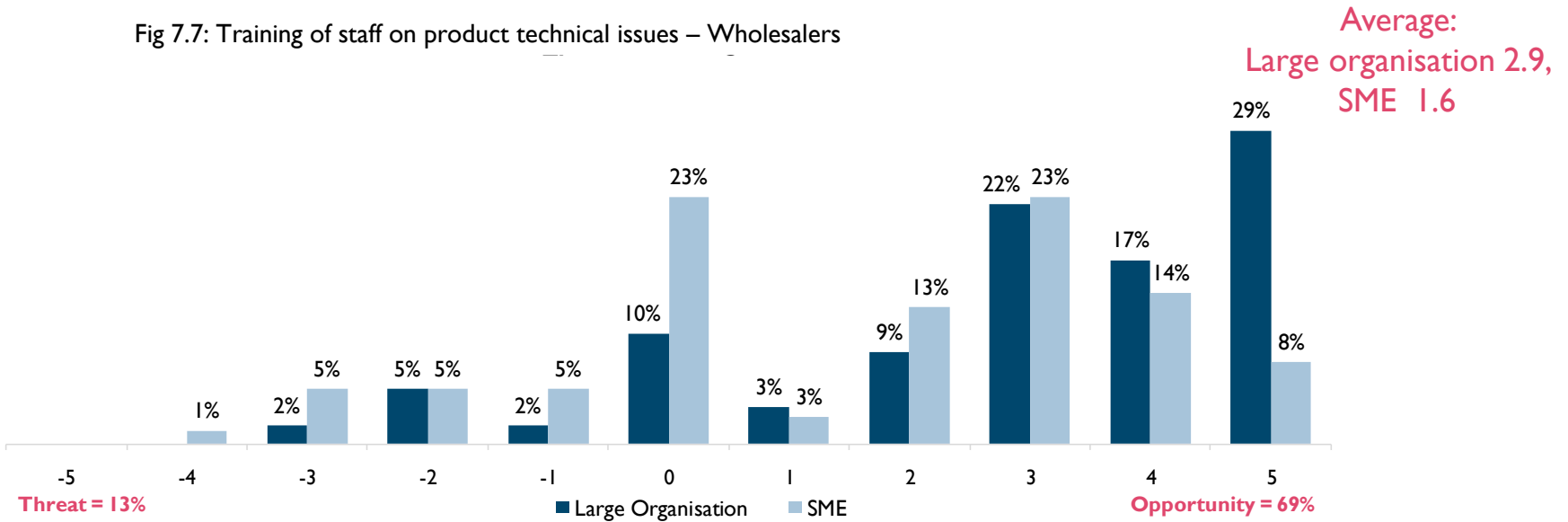
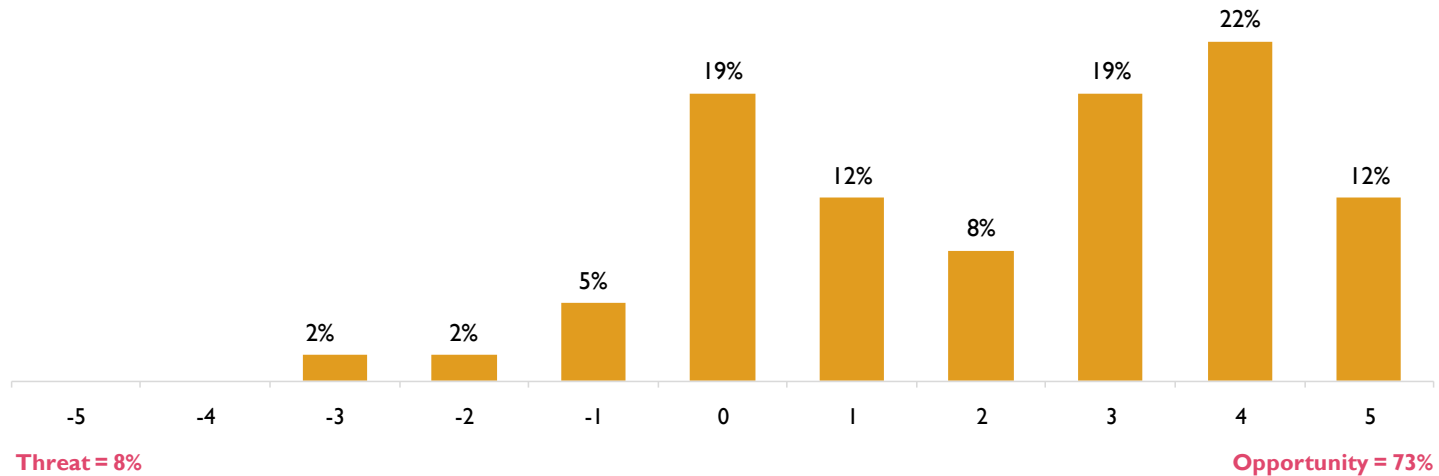


Fig 7.8: Training of staff on product technical issues– Manufacturers  
Base: 59  
-ve = Threat    +ve = Opportunity

Average: 2.2



## 7. Staff Side Issues –

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 7.9: Recruitment of school leavers – Wholesalers

Base: 135

-ve = Threat +ve = Opportunity

Average:  
Large organisation 2.3,  
SME 1.3

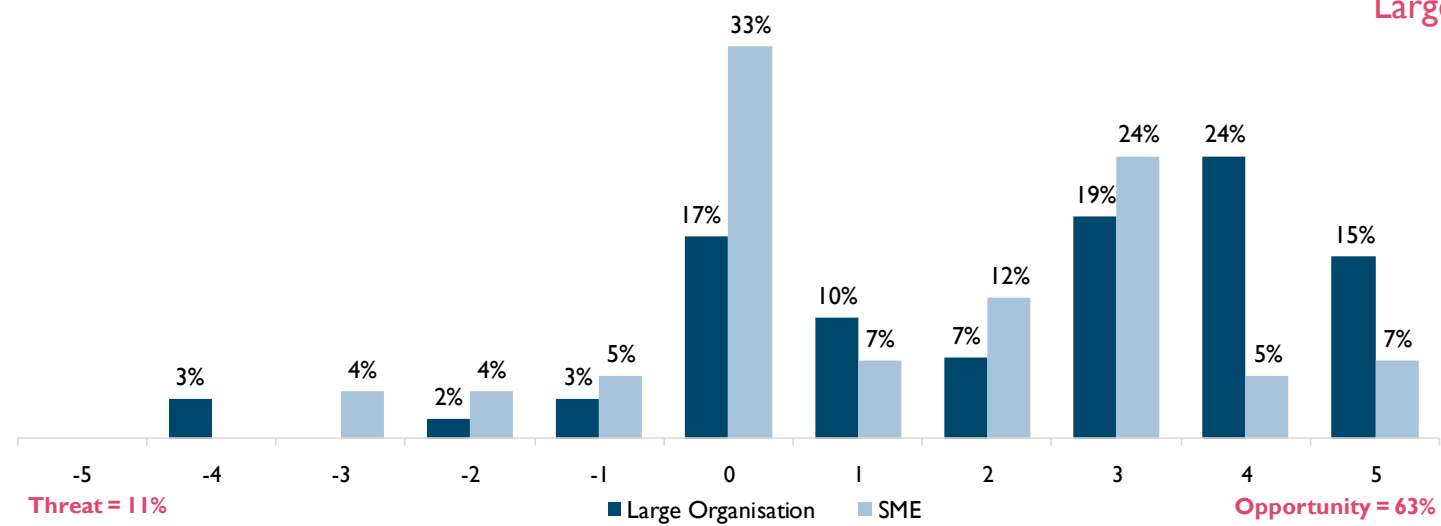
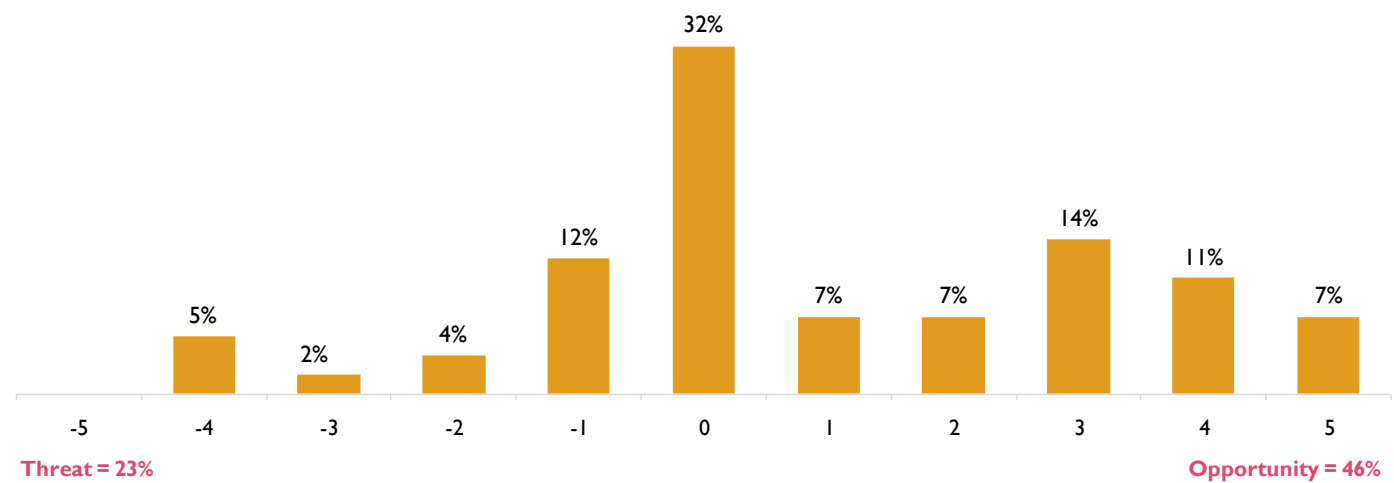


Fig 7.10: Recruitment of school leavers – Manufacturers

Base: 57

-ve = Threat +ve = Opportunity

Average:  
0.9





## 7. Staff Side Issues –

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 7.11: Replacement of staff when they retire – Wholesalers

Base: 137

-ve = Threat +ve = Opportunity

Average:  
Large organisation 0.4,  
SME 0.3

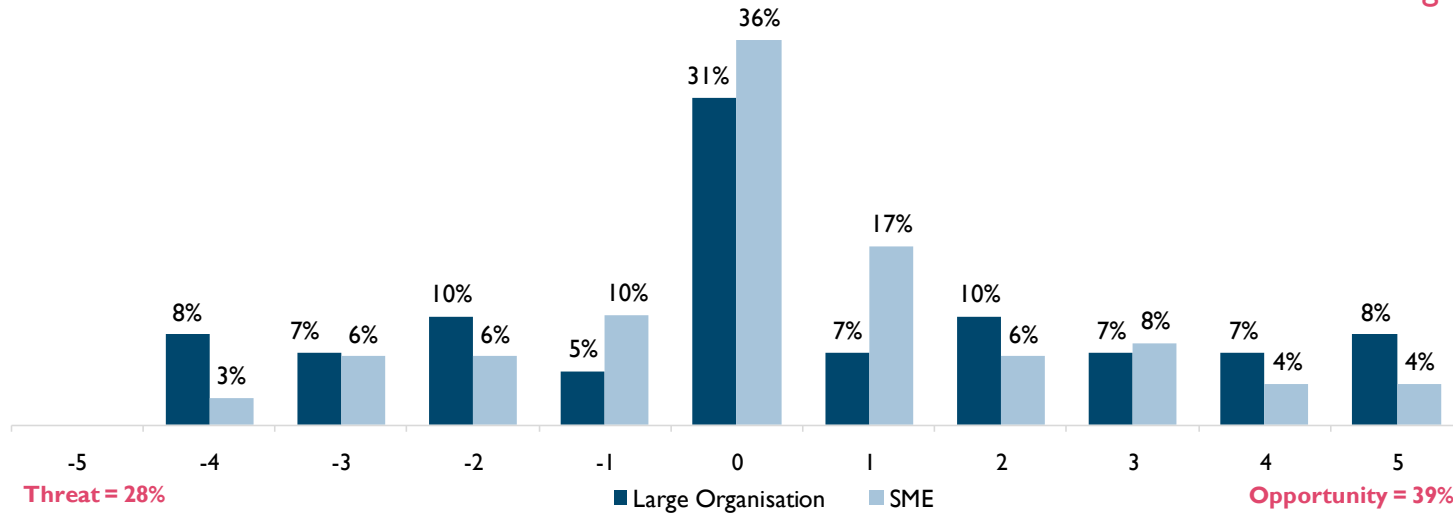
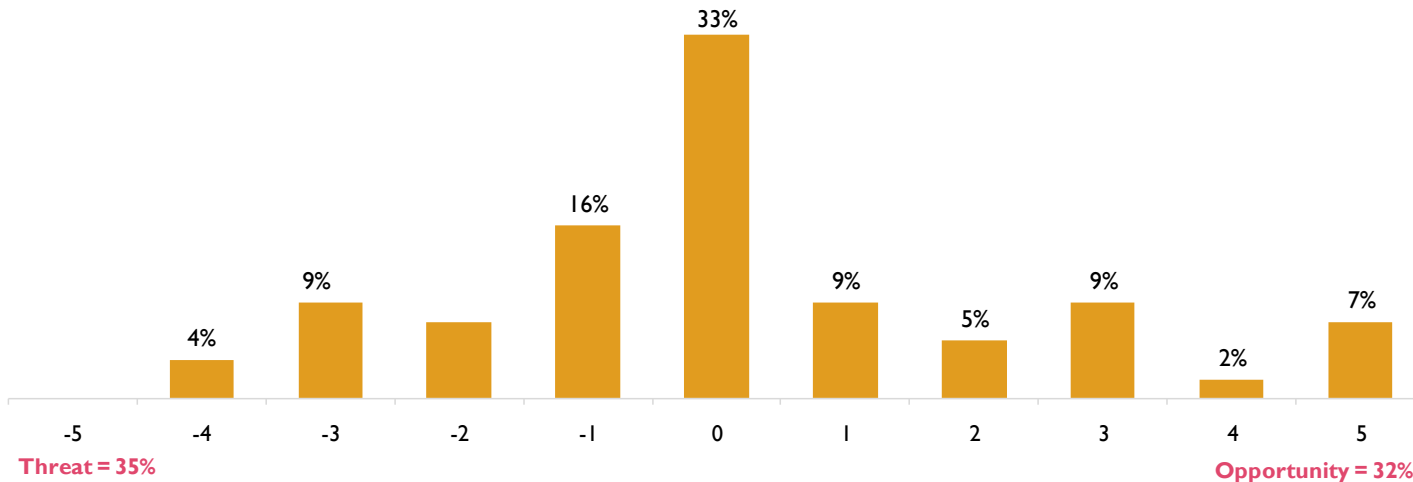


Fig 7.12: Replacement of staff when they retire – Manufacturers

Base: 57

-ve = Threat +ve = Opportunity

Average: 0.2



## 7. Sales Staff Issues

### Do you have any further comments on these issues?

Table 7.13: Sales staff comments/issues – Wholesalers, unprompted

- Lack of adoption to digital age will kill the industry
- Must have clear training opportunities to develop the expertise of our staff
- Staff need to be more technically informed and with the constant product changes it's harder and more time consuming keeping staff up to date with everything
- Staff who have good product knowledge differentiate us from others in the market, at times our perceived expertise costs us, as we decide to sell cheaper based on our expectation of value, new staff with less knowledge of the product but a keen ability to Sell service and features and benefits could counteract our erosion of margin from within
- The bright young ones in our industry leave after being trained, older staff over 65 loyal

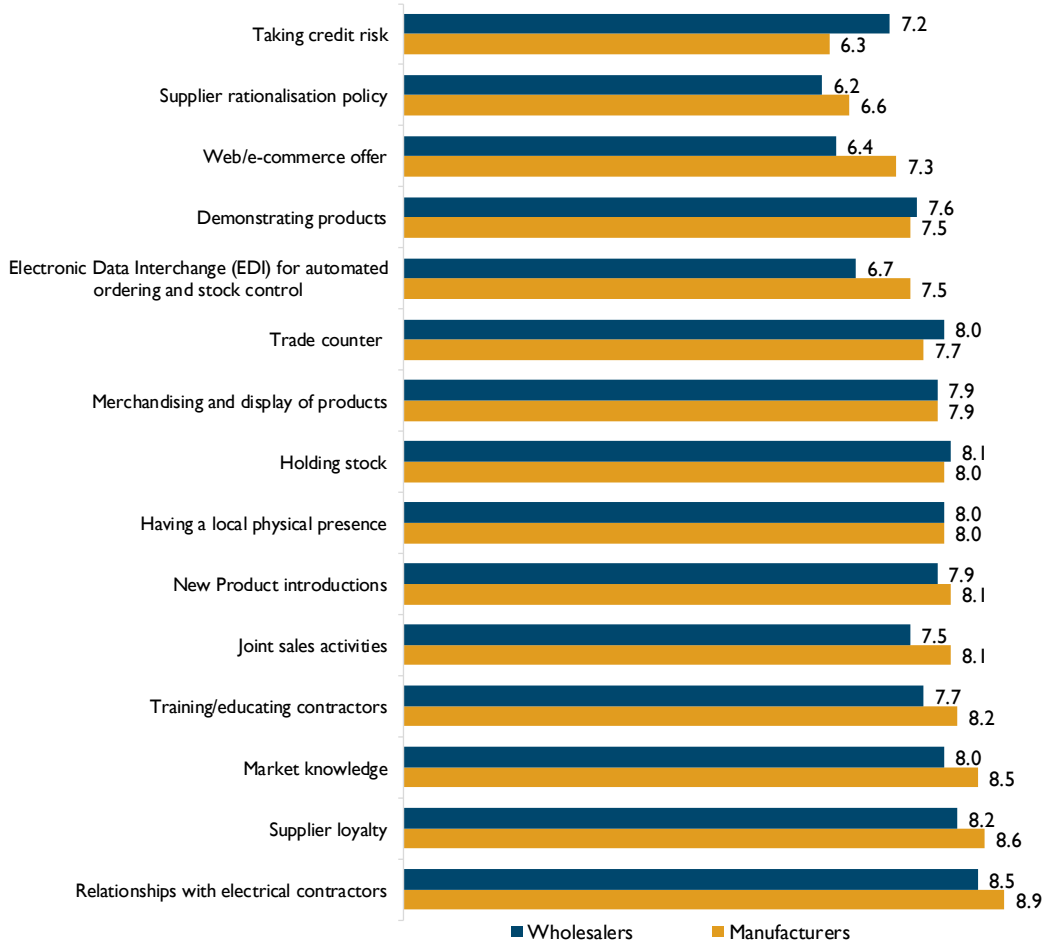
Table 7.14: Sales staff comments/issues – Manufacturers, unprompted

- Pricing too low and eroding the market price is a huge issue that hurts us all
- Wholesaler staff should be relied upon to have in depth technical knowledge. That is a skilled area and should be addressed by the manufacturer, designer or installer
- The success of a manufacturer developing a viable and sustainable relationship with a Distributor is wholly dependant upon the quality of staff that you are dealing with - many branches have apathetic staff with no drive or inclination to develop or grow business - in many instances the manufacturer is expected to run their business for them
- It is harder to train up school leavers on technical issues

# 8. Distributor/Manufacturer Benefits

Please indicate how much of a threat or opportunity the following issues represent to your business.  
Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Fig 8.1: Importance of benefits offered to manufacturers – Wholesalers  
Base: 205  
**1 = No Importance**                      **10 = Very Important**



## 8. Distributor/Manufacturer Benefits

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Table 8.2: Other advantages for a manufacturer working with wholesalers – Wholesalers, unprompted

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Access to customer base, we stock what we want to stock</li> <li>• Association and credibility</li> <li>• Association with quality company</li> <li>• BM makes decisions on stock orders</li> <li>• Buying group support</li> <li>• Develop personal contact with branch staff</li> <li>• Developing business for mutual benefit, clear acknowledgement to local sales engineers for sales sold via branches not purchased</li> <li>• EDI is ok when followed through this does not always happen</li> <li>• End user relationship and feedback on products, greater trust, greater profitability</li> <li>• Feedback on opportunities in the branch locations</li> <li>• Flexibility</li> <li>• Growth</li> <li>• Guaranteed credit worthiness</li> <li>• Increased exposure to the market</li> <li>• Increased Sales</li> <li>• Loyalty</li> <li>• Loyalty &amp; commitment</li> <li>• Market intelligence, quick decisions, national sales force, long term viability</li> <li>• National coverage</li> <li>• Nationwide presence &amp; market leader</li> <li>• Promotion of their product in front of others</li> <li>• Prompt payment &amp; credit worthiness</li> <li>• Recognition when associated with a key distributor in the Industry</li> </ul> | <ul style="list-style-type: none"> <li>• Relationship building</li> <li>• Relationship, long term supply, stock and service</li> <li>• Sales</li> <li>• Shelf space</li> <li>• Targeted sales of their products and stockholding</li> <li>• The fact we are very forward thinking and adapt well</li> <li>• The length of time we have been successful in business</li> <li>• They will enjoy it!</li> <li>• We cannot rely on most manufacturers. In order for us to provide the level of service our customers expect, we generally have to carry out extra tasks and keep extra stock to cover manufacturers weaknesses</li> </ul> |
|---|---|

## 8. Distributor/Manufacturer Benefits

Please indicate how much of a threat or opportunity the following issues represent to your business.

Please score threats from 1 to 5, where 1 is a very serious threat and score opportunities from 6 to 10 where 10 is a great opportunity

Table 8.3: Other advantages for a manufacturer working with wholesalers – Manufacturers, unprompted

- Adding value through mutual exchange of market information: projects and competitors
- As a manufacturer we need the relationships that Distributors gain in their localised markets - people are too busy to see a sales rep from a manufacturer but there are opportunities where joint call can be made using the distributor's established contacts
- Better trust between both parties
- Bringing project awareness to compete with non wholesale aligned manufacturers.
- Building loyalty and a relationship
- Consistent relationships
- Extra sales team
- Focus on selling and not purely on quoting
- Increased margin for both parties using wholesalers knowledge of pricing to the contractor and manufacturers understanding the best product offering a tailor-made solution
- Increased sales
- Increased workforce if wholesaler is proactive and sees benefit
- Logistics & relationship (trust)
- Magnification of brand and sales reach
- Product feedback in order to improve product or innovate
- Some EDA members are too quick to move to suppliers who have no track record in the industry
- To understand the market from both sides and work together for the common goal
- Working as partners

# About Competitive Advantage

Competitive Advantage specialises in market research, sales & marketing training, strategy development and implementation specific to the construction industry.

As well as our range of standard reports, that can be purchased online, we provide bespoke construction market evaluation, mystery shopper, customer satisfaction and perception surveys.

- Email: [talk@cadvantage.co.uk](mailto:talk@cadvantage.co.uk)
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## Barbour ABI

We use Barbour ABI, an expert provider of construction market insights and intelligence, to identify respondents currently involved in relevant projects

