

## COVID-19 Affiliate Impact Survey: August 2020 Looking at July 2020

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# COVID-19 Affiliate Impact Survey: July 2020

## Introduction

This survey is the second in a series carried out by the EDA among its affiliates during the COVID-19 crisis and took place during August 2020, reflecting on July. The questionnaire was sent to the Principal Contact of the 86 EDA manufacturer affiliate companies.

Taking a look at the wider picture: Equity markets were broadly flat with the continued economic stimulus from domestic central banks supporting the underlying companies' balance sheets; this was further underpinned by the promise of low interest rates over the short to medium term, leading to sustained low costs of borrowing.

In July, the UK Government proposed its Eat Out to Help Out Scheme which began at the start of August, as a way to stimulate the economy and encourage demand within retail and hospitality businesses which have been badly damaged by the pandemic. Sterling performed well on the month rising around 4.5% on the Dollar which may have put pressure on UK markets among other factors, particularly the FTSE100 which draws c. 60% of its earnings from overseas business.

In the three months leading to May 2020, construction was listed as one of the three industries showing the largest decrease in job vacancies now falling by 54%.

Looking at a breakdown of GDP in construction, April saw a fall of 40.2% but by June there was an increase of 23.6% and July saw a continuation of this increase at 17.6%.

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## Highlights

Significant reduction in suspended business operations with only 16% of respondents now reduced to 40-80% capacity in July. None of the respondents showed less than 40% of functioning operations in July.

In July, we see a further decrease in furlough. All respondents noted that less 50% of staff were furloughed and almost 80% had less than 10% of staff on furlough.

There was an improvement in turnover figures with over 30% reporting that they had an increase on last year and 20% fewer respondents than last month saying turnover was down.

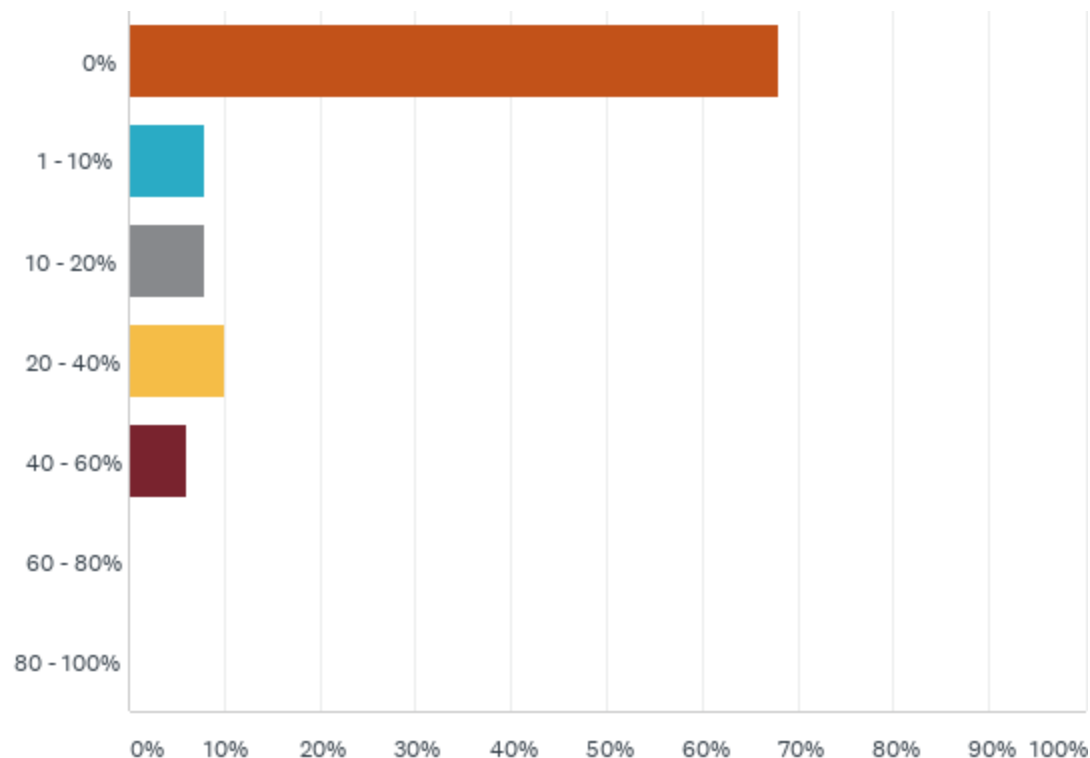
Respondents' greatest concerns in July:

- Difficulties securing face-to-face appointments with wholesaler customers. This concern prompted a response by the EDA to issue a [survey](#) to wholesalers regarding potential meeting concerns.
- Managing manufacturing output when it is difficult to predict demand; these concerns have been discussed with wholesalers at the EDA's monthly Affiliate Zoom meetings.
- Uncertainty and challenges over forecasting; the unpredictability of the pandemic and the guidelines pertaining to it have been a key concern across the board. The EDA have supported communication across the supply chain.

The majority of respondents are aware of the more recent governments support schemes, including the green home grant and the Kickstart scheme. More information about these can be found at the EDA's [COVID-19 Hub](#).



## Q1: Proportion of business operations that are suspended as a result of COVID-19 during July.



ANSWER CHOICES	RESPONSES
0%	68.00% 34
1 - 10%	8.00% 4
10 - 20%	8.00% 4
20 - 40%	10.00% 5
40 - 60%	6.00% 3
60 - 80%	0.00% 0
80 - 100%	0.00% 0
<b>TOTAL</b>	<b>50</b>

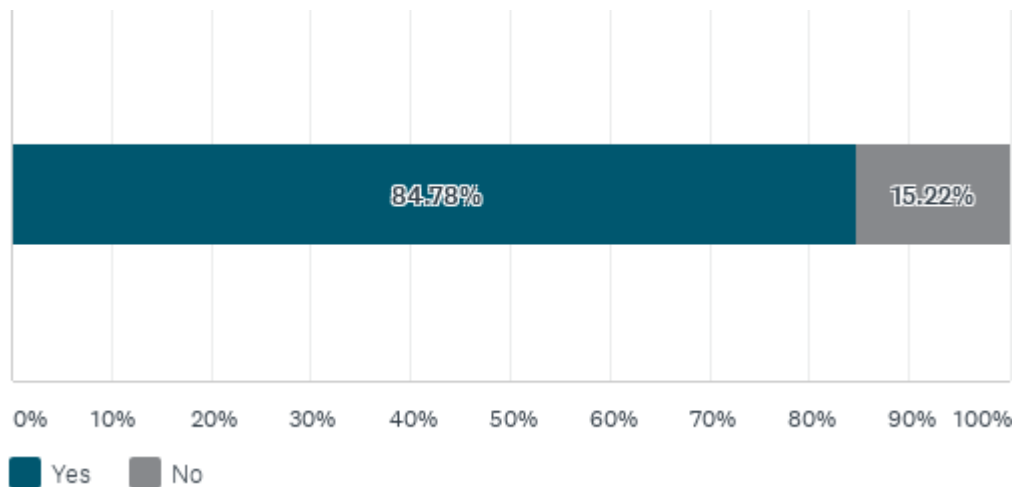
### Comments

There has been a significant reduction in suspended business operations; 35% of manufacturers had suspended 20-80% of business operations in June, in comparison to only 16% of respondents in July with 20-60% of operations paused. None of the respondents in July had higher than 60% suspended.

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## Q2: Have you brought furloughed staff back into your business during July?

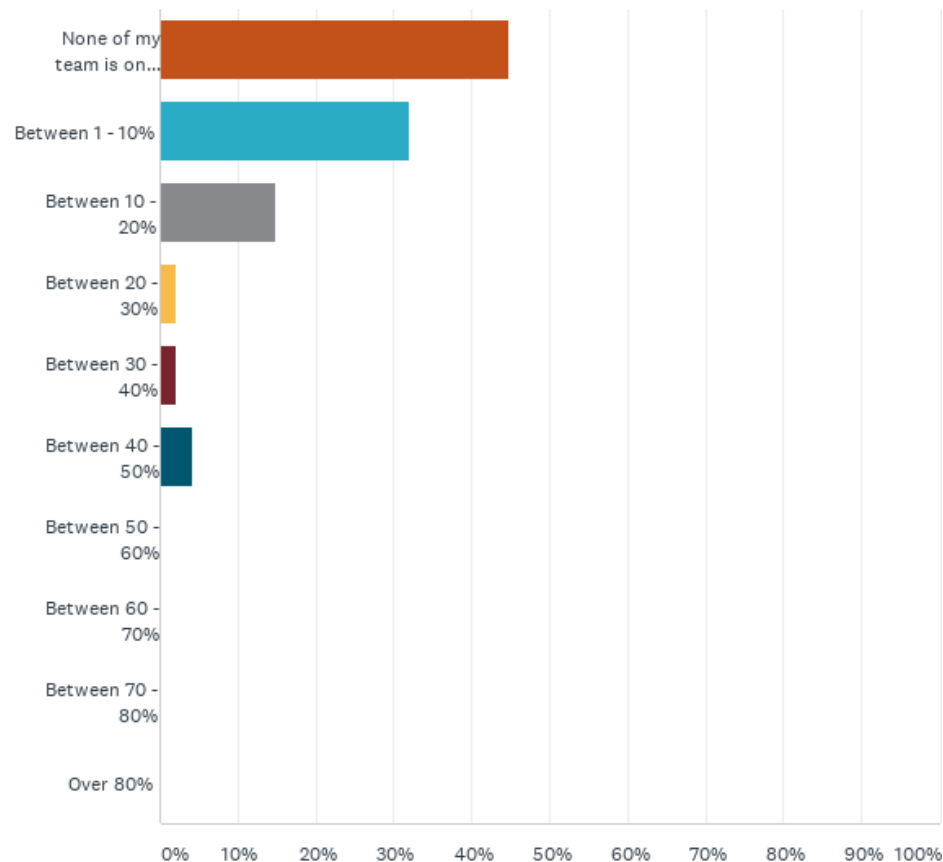


ANSWER CHOICES	RESPONSES
Yes	84.78% 39
No	15.22% 7
<b>TOTAL</b>	<b>48</b>

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### Q3: What percentage of your team are still on furlough?



ANSWER CHOICES	RESPONSES
None of my team is on furlough now	44.68% 21
Between 1 - 10%	31.91% 15
Between 10 - 20%	14.89% 7
Between 20 - 30%	2.13% 1
Between 30 - 40%	2.13% 1
Between 40 - 50%	4.26% 2
Between 50 - 60%	0.00% 0
Between 60 - 70%	0.00% 0
Between 70 - 80%	0.00% 0
Over 80%	0.00% 0
<b>TOTAL</b>	<b>47</b>

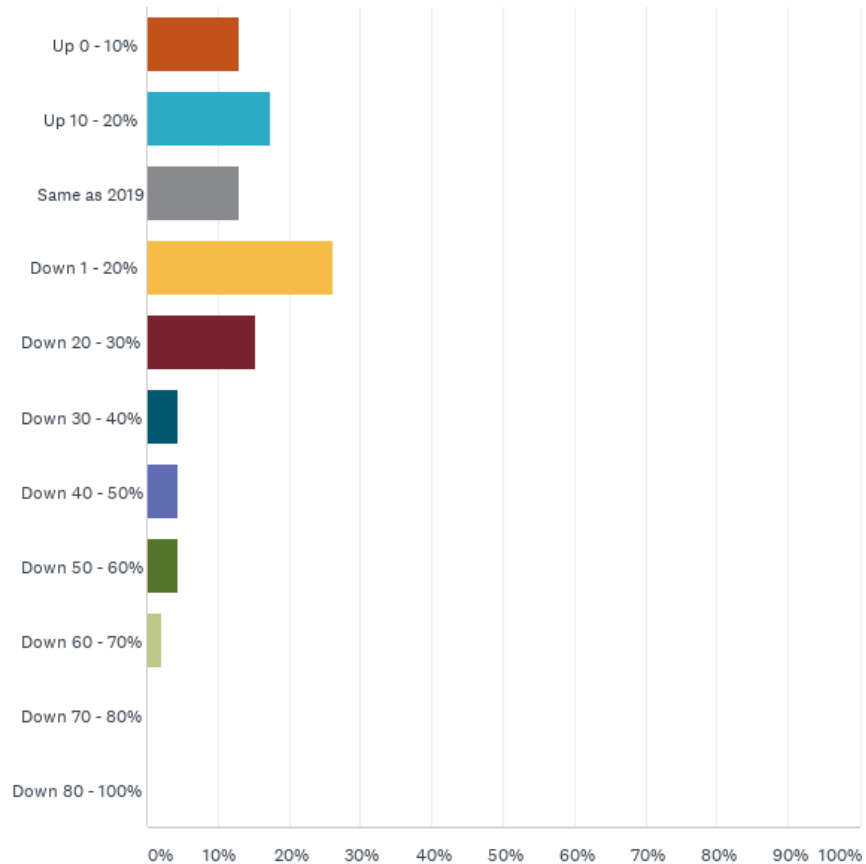
**Comments**

July shows further decrease in furloughed staff; all respondents noted that less 50% of staff were furloughed and almost 80% had less than 10% of staff on furlough, in comparison to June where nearly 50% of respondents had more than 10% furloughed.

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## Q4: To what extent has your turnover has been affected when comparing July 2020 to July 2019?



ANSWER CHOICES	RESPONSES	
Up 0 - 10%	13.04%	6
Up 10 - 20%	17.39%	8
Same 2019 as	13.04%	6
Down 1 - 20%	26.09%	12
Down 20 - 30%	15.22%	7
Down 30 - 40%	4.35%	2
Down 40 - 50%	4.35%	2
Down 50 - 60%	4.35%	2
Down 60 - 70%	2.17%	1
Down 70 - 80%	0.00%	0
Down 80 - 100%	0.00%	0
<b>TOTAL</b>		<b>46</b>

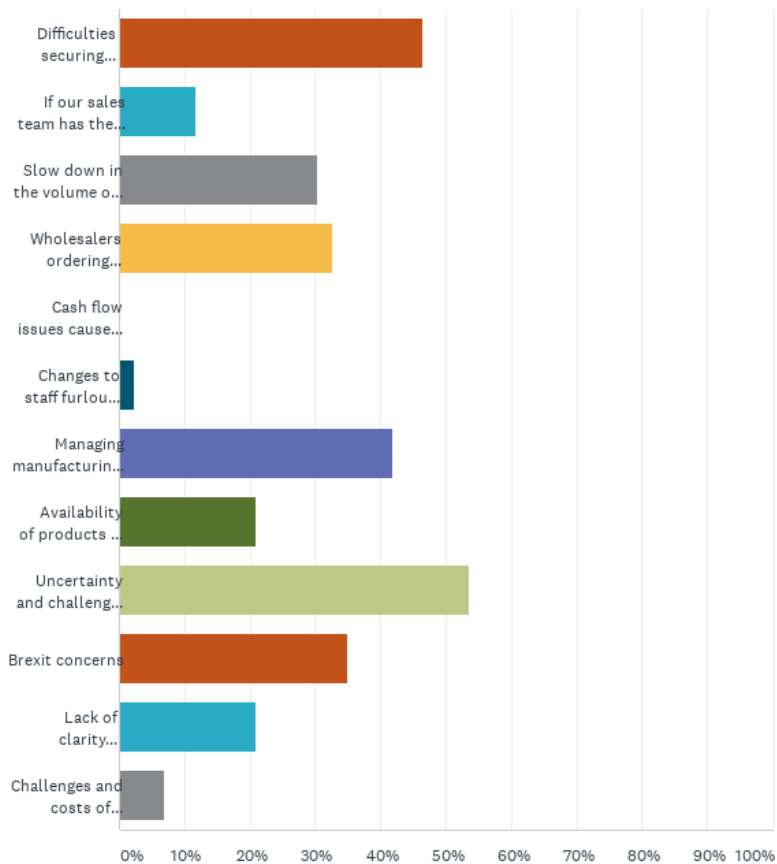
### Comments

Generally turnover figures appear to be on the rise, with over 30% reporting that they had seen growth on last year and 20% fewer respondents, than last month, saying turnover was down.

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## Q5: What are the three greatest challenges your business is facing at this time?



### ANSWER CHOICES

ANSWER CHOICES	RESPONSES
Difficulties securing face-to-face appointments with wholesaler customers	46.51% 20
If our sales team has the skills to sell virtually	11.63% 5
Slow down in the volume of orders from the wholesale channel	30.23% 13
Wholesalers ordering smaller volumes of product in each order	32.56% 14
Cash flow issues caused by a slow down in payment from wholesalers	0.00% 0
Changes to staff furlough rules, including the Scheme ending on 31 October 2020	2.33% 1
Managing manufacturing output when it is difficult to predict demand	41.86% 18
Availability of products and materials from overseas which will impact on our ability to supply	20.93% 9
Uncertainty and challenges over forecasting	53.49% 23
Brexit concerns	34.88% 15
Lack of clarity regarding the move from CE to UKCA marking	20.93% 9
Challenges and costs of acquiring new customers	6.98% 3
<b>TOTAL</b>	<b>43</b>

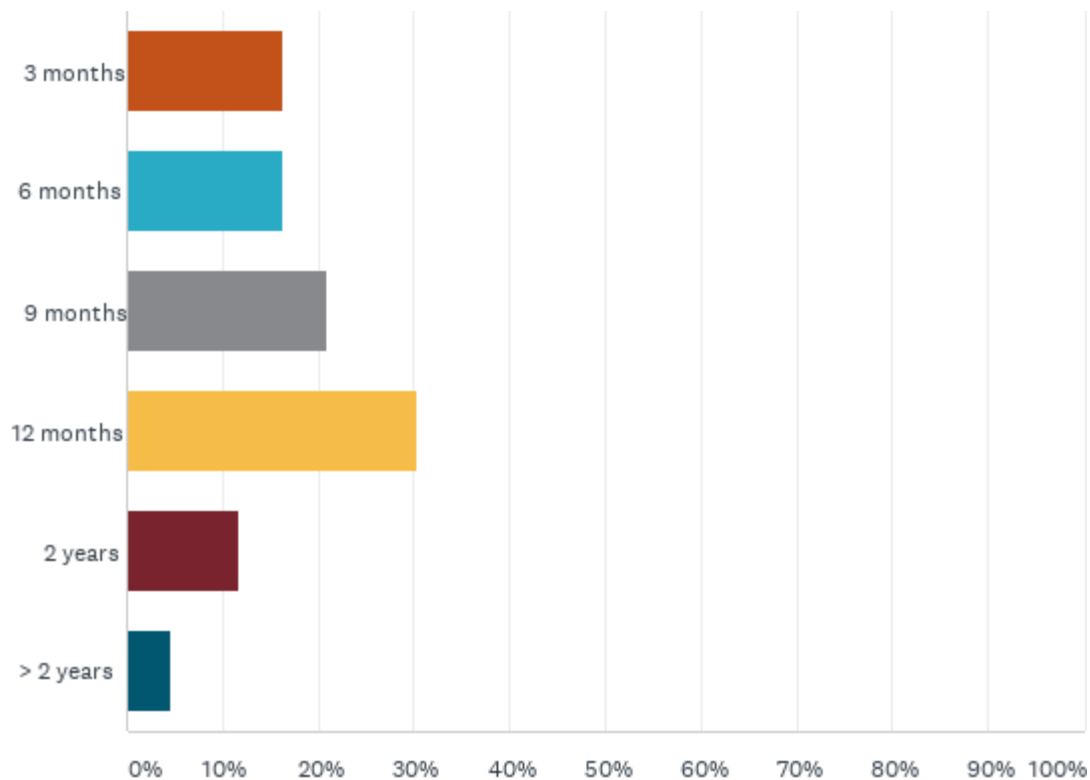
### Comments

Two of July's greatest concerns were: difficulties securing face-to-face appointments with wholesaler customers, and uncertainty and challenges over forecasting, these have not changed from the June. However, respondents were more concerned about managing manufacturing output in July, as they have found it difficult to predict demand.

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## Q12: How long do you estimate that it will take until the sector reaches pre COVID-19 turnover levels?



ANSWER CHOICES	RESPONSES
3 months	16.28% 7
6 months	16.28% 7
9 months	20.93% 9
12 months	30.23% 13
2 years	11.63% 5
> 2 years	4.65% 2
<b>TOTAL</b>	<b>43</b>

### Comments

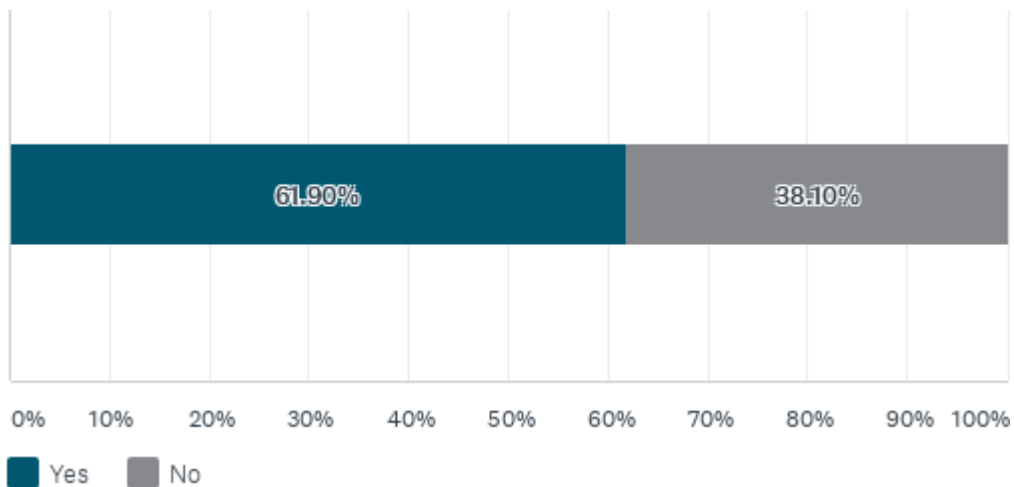
Respondent's views remain largely unchanged from June, the primary difference may reflect the gap between the surveys taken, with an 8% increase of those suggesting it will take 6 months instead of 9 months as in June.

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## Q13: Do you feel more optimistic now than you did last month?



ANSWER CHOICES	RESPONSES	
Yes	61.90%	26
No	38.10%	16
<b>TOTAL</b>		<b>42</b>

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## Q13: Do you feel more optimistic now than you did last month? Further Comments

### General Uncertainty

- The Furlough Scheme is now working against UK enterprise, by making it easier for employers to avoid returning to normal working conditions. European organisations on the mainland that have not been supported to the same level as UK Organisations seem to be back to work and returning to Pre Covid conditions.
- Uncertainty concerning how end user businesses will return is significant. Projects are still on hold.
- We are in an artificial recovery bubble. When Furlough ends in September, millions will lose their jobs and we will be hit with a recession. By November, the second wave will hit in some capacity and then to top it off at the end of December, Brexit will come with all its uncertainty and likely no deal.
- More interactive and positive conversations are happening externally.

### Vaccine and infection

- Until there is a vaccine widely available I cannot see how things will substantially change
- Rise in infection rates in the UK and a dramatic increase in cases and mortality across Europe; the UK seems to be following the same trajectory as we tend to be 3 weeks behind. Additionally, Brexit trade discussions are a way off conclusion; this could greatly affect supply throughout the industry and our customers may struggle financially if we have another lockdown scenario.

### Brexit

- Covid is one issue, but uncertainties over the outcome of Brexit are prevailing.
- Brexit is looming.



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## Q13: Do you feel more optimistic now than you did last month? Further Comments

### Pause in recovery

- The upturn from May to July has not continued into August.
- We are hearing that a lot of offices not going back until January 2021. The specification market is busy but not with new projects. What happens after Furlough?
- Business hasn't been as strong as July (year on year) but this could be due to holidays.
- I don't believe the mkt conditions have changed materially since last month.

### Recovery

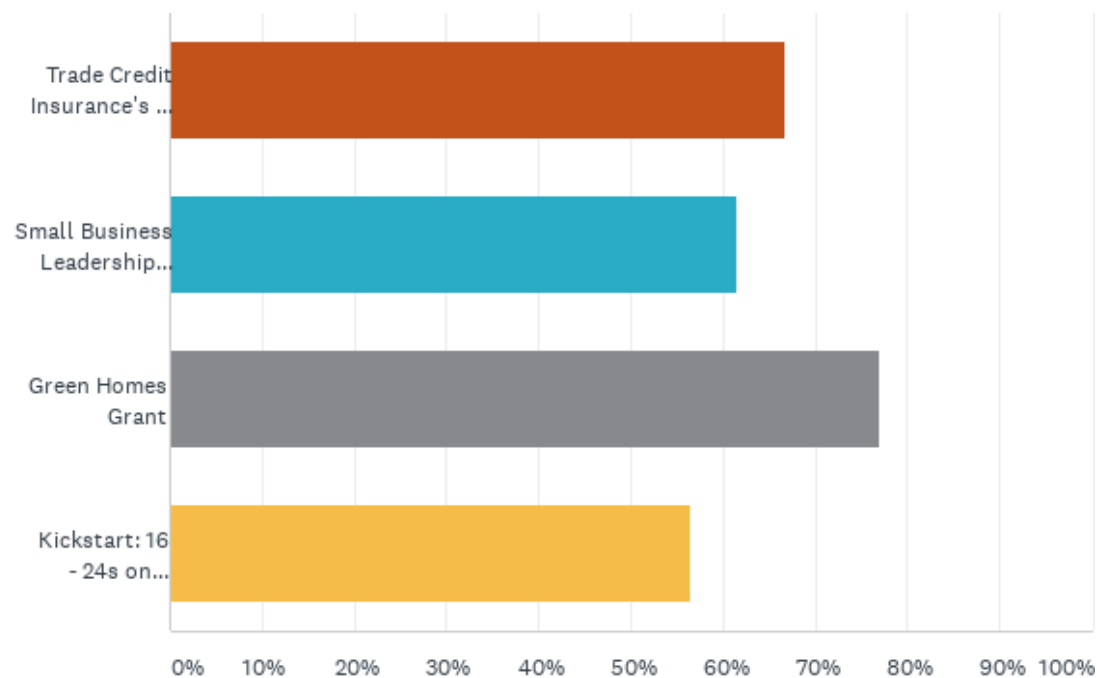
- Recovery of orders has continued for a second month, so the July increase was not a one-off.
- Volumes are continuing to increase in August and we are now on a par with last year's performance.
- July and August results will be way ahead of last year and wholesalers appear to be bouncing back.
- Increase in enquiries.
- We have used the time to plan and study the market and to acquire new customers.
- Increased activity levels, more staff coming off furlough in September with end users and wholesalers.
- We saw a significant increase in orders placed in July and this has continued.
- Last month was good and this month remains strong, if not quite as strong there are lots of leads to follow.



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## Q14: Which of these Government initiatives are you are aware of?



ANSWER CHOICES	RESPONSES
Trade Credit Insurance's £10 billion reinsurance scheme	66.67% 26
Small Business Leadership Programme - free training for leaders of SMEs	61.54% 24
Green Homes Grant	76.92% 30
Kickstart: 16 - 24s on Universal Credit are offered positions in a business with the government paying their wage	56.41 22
<b>TOTAL</b>	<b>39</b>

### Comments

At the EDA we have been working to keep you updated with all of the latest industry news; our CEO Margaret Fitzsimons has attended Construction Leadership Council meetings throughout the pandemic ensuring the Electrotechnical Sector's interests are represented. For more information regarding the Government Initiatives, please visit the EDA's [COVID-19 Hub](#).