

COVID-19 Affiliate Impact Survey: September 2020 (looking back at August)





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Introduction

This survey is the third in a series carried out by the EDA among its affiliated manufacturers who are predominantly manufacturers and suppliers of electrotechnical products to UK electrical wholesalers. It took place in September 2020, reflecting on August 2020 and in some cases making comparisons with August 2019.

The questionnaire was sent to the Principal Contact of the 86 EDA manufacturer affiliate companies and achieved 40 responses – a **response rate of 46.5%**.

In order to view a trend, several of the questions were the same as those in previous months. Responses to the previous months' surveys can be found at <https://www.eda.org.uk/eda-covid-19-hub/surveys/>

Following the Government's imposed lockdown on 24th March, the construction sector declined dramatically in April by 40.2% which, so far, has been the nadir of the crisis. It has grown strongly every month since due to pent up demand and completion of projects, government support for major infrastructure projects and investment in DIY projects over the summer months.

Highlights

The principal concern of EDA affiliated manufactures in August is 'General concerns over Brexit' which has moved into No 1 position taking the place of 'General uncertainty and challenges over forecasting'. The latter has been their number 1 concern for the past two months.

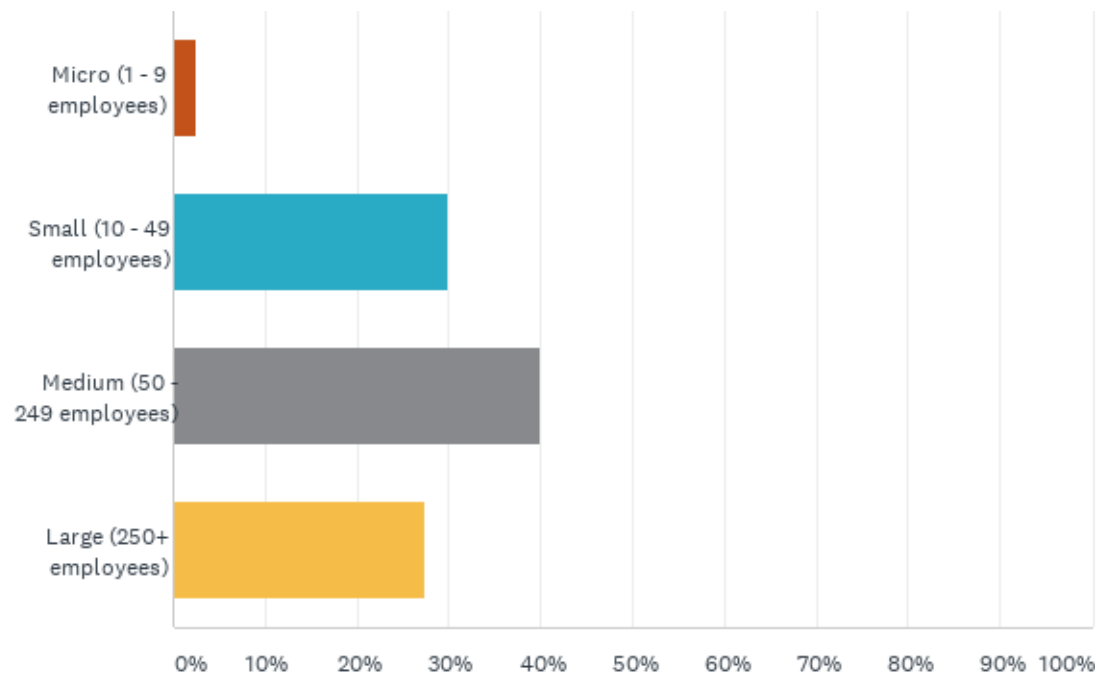
Their third major concern relates to difficulties getting face to face appointments with wholesalers. With many of their sales forces on furlough, the affiliates face difficult decisions about how to keep their external sales forces engaged if they cannot have face-to-face meetings with their wholesaler customers. Question 7 shows the many steps businesses are considering to retain staff.

There appears to be a growing trend of pessimism about how long the Covid-19 crisis will last with an increasing % thinking it will take up to 2 years.

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Q1: Business Size

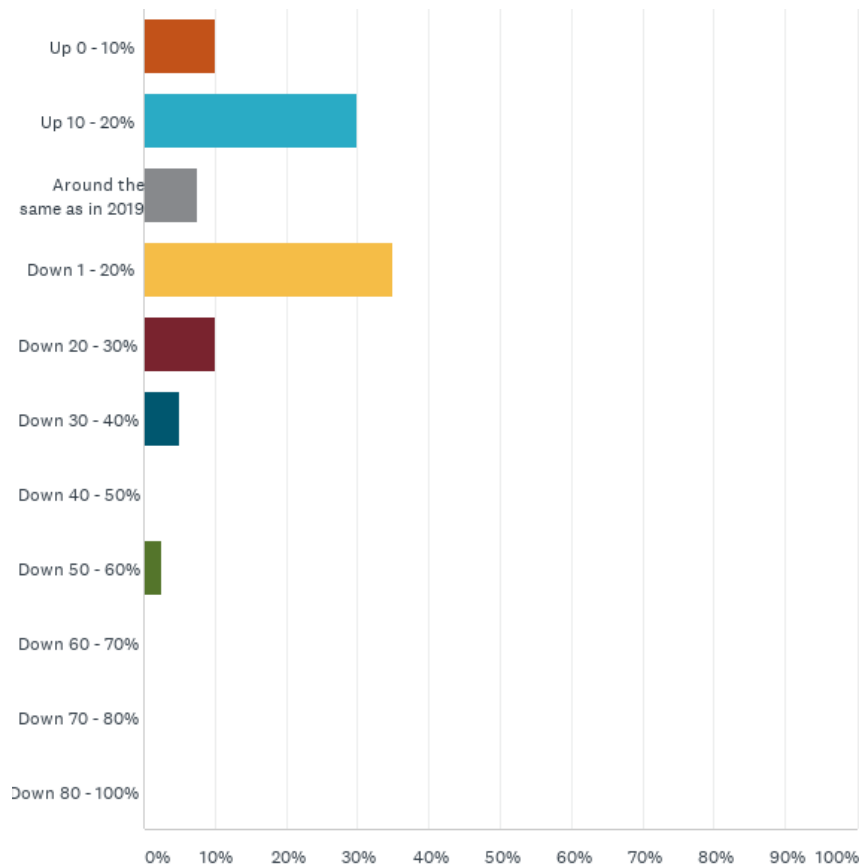


ANSWER CHOICES	RESPONSES	
Micro (1 - 9 employees)	2.50%	1
Small (10 - 49 employees)	30.00%	12
Medium (50 - 249 employees)	40.00%	16
Large (250+ employees)	27.50%	11
TOTAL		40

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Q2: To what extent has your turnover has been affected when comparing August 2020 to August 2019?



ANSWER CHOICES	RESPONSES	
Up 0 - 10%	10.00%	4
Up 10 - 20%	30.00%	12
Around the same as in 2019	7.50%	3
Down 1 - 20%	35.00%	14
Down 20 - 30%	10.00%	4
Down 30 - 40%	5.00%	2
Down 40 - 50%	0.00%	0
Down 50 - 60%	2.50%	1
Down 60 - 70%	0.00%	0
Down 70 - 80%	0.00%	0
Down 80 - 100%	0.00%	0
TOTAL		40

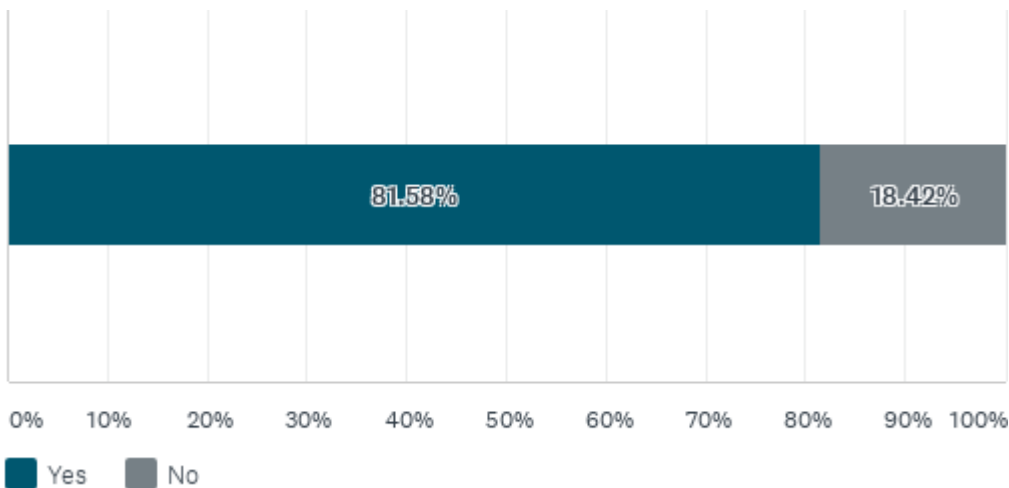
Comments

In August only 17.5% of respondents saw a decrease of more than 20% in their turnover compared to 54.72% that reported to be down 20-60% in June.

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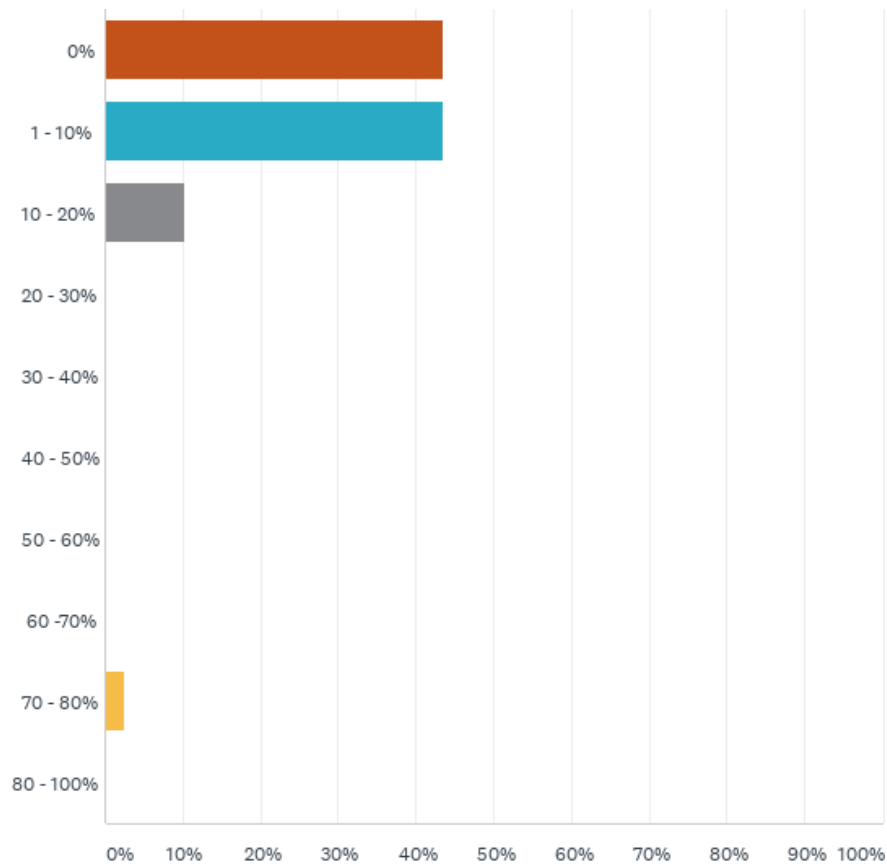
Q3: Have you brought furloughed staff back into your business during August 2020?



ANSWER CHOICES	RESPONSES	
Yes	81.58%	31
No	18.42%	7
TOTAL		38



Q4: What percentage of your overall business is still on furlough?

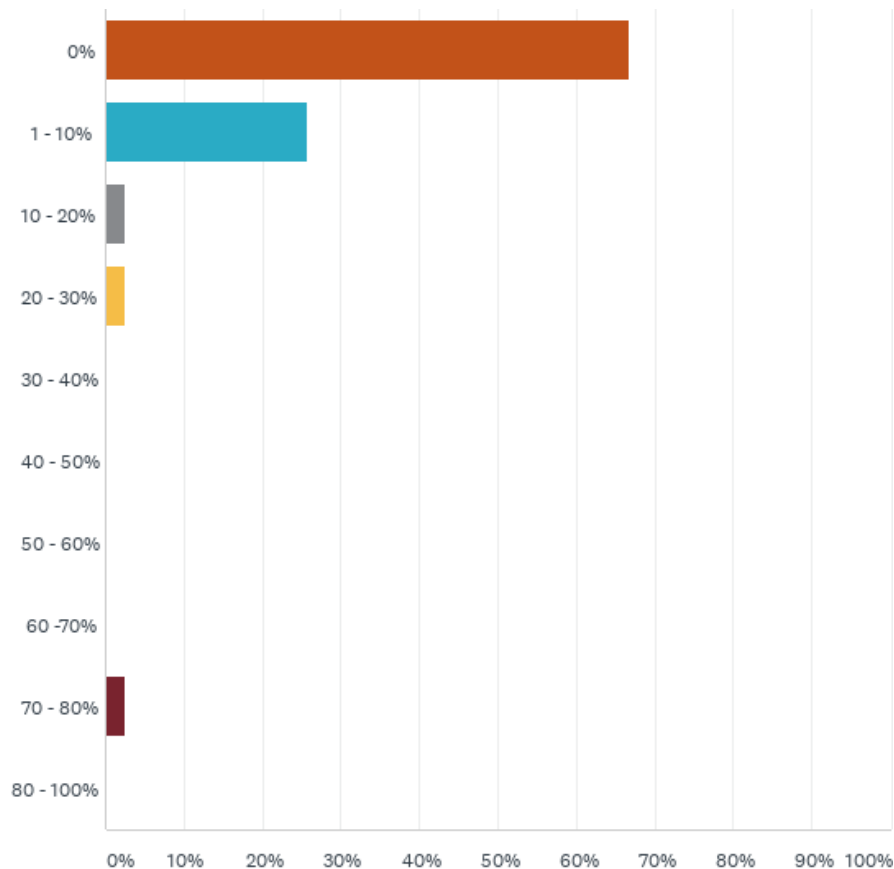


ANSWER CHOICES	RESPONSES
0%	43.59% 17
1 - 10%	43.59% 17
10 - 20%	10.26% 4
20 - 30%	0.00% 0
30 - 40%	0.00% 0
40 - 50%	0.00% 0
50 - 60%	0.00% 0
60 - 70%	0.00% 0
70 - 80%	2.56% 1
80 - 100%	0.00% 0
TOTAL	39

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Q5: What proportion of your sales and customer service team that supports the wholesaler is still on furlough?



ANSWER CHOICES	RESPONSES	
0%	66.67%	26
1 - 10%	25.64%	10
10 - 20%	2.56%	1
20 - 30%	2.56%	1
30 - 40%	0.00%	0
40 - 50%	0.00%	0
50 - 60%	0.00%	0
60 - 70%	0.00%	0
70 - 80%	2.56%	1
80 - 100%	0.00%	0
TOTAL		39

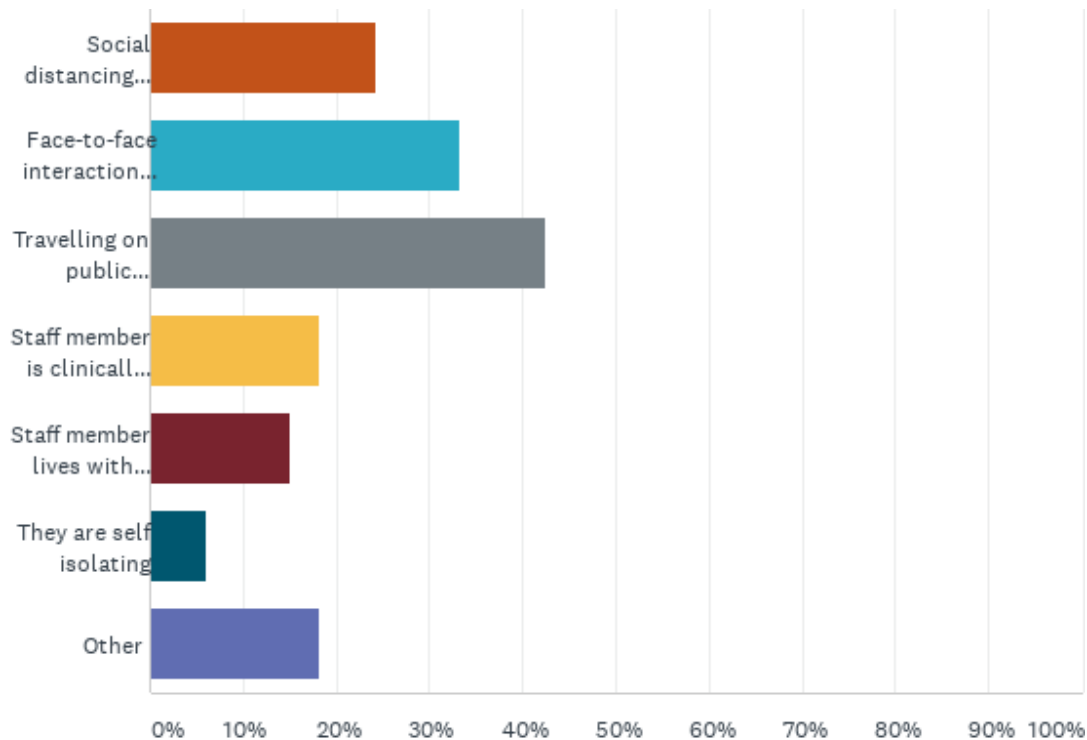
Comments

Prompted by concerns from wholesaler members about lower levels of customer support we tried to identify if, in fact, customers services teams might be particularly affected by the crisis. The responses would appear to suggest that this is no longer the case.

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Q6: If your teams have raised concerns over returning to work, which of the following reasons have your team cited?



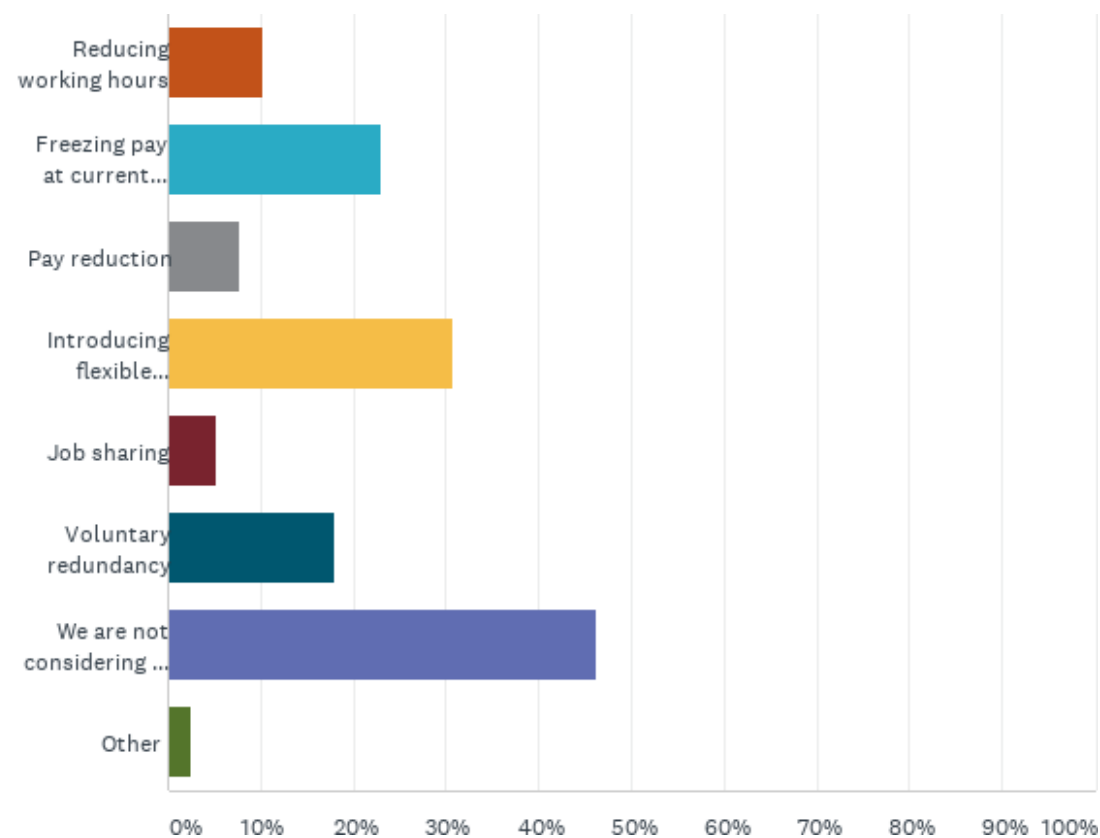
ANSWER CHOICES	RESPONSES
Social distancing concerns between members of staff	24.24% 8
Face-to-face interaction with customers	33.33% 11
Travelling on public transport to and from place of work	42.42% 14
Staff member is clinically vulnerable or extremely clinically vulnerable	18.18% 6
Staff member lives with someone who is clinically vulnerable or extremely clinically vulnerable	15.15% 5
They are self isolating	6.06% 2
Other	18.18% 6
TOTAL	33

Additional Respondents' Comments

- We have not received any concerns from staff.
- No current concerns from staff.
- Our people are glad to return to work.



Q7: Your people are your most important asset but some businesses are facing difficult decisions. Is your business considering any of the following?



ANSWER CHOICES	RESPONSES
Reducing working hours	10.26% 4
Freezing pay at current levels	23.08% 9
Pay reduction	7.69% 3
Introducing flexible working arrangements	30.77% 12
Job sharing	5.13% 2
Voluntary redundancy	17.95% 7
We are not considering any of the above	46.15% 18
Other	2.56% 1
TOTAL	39

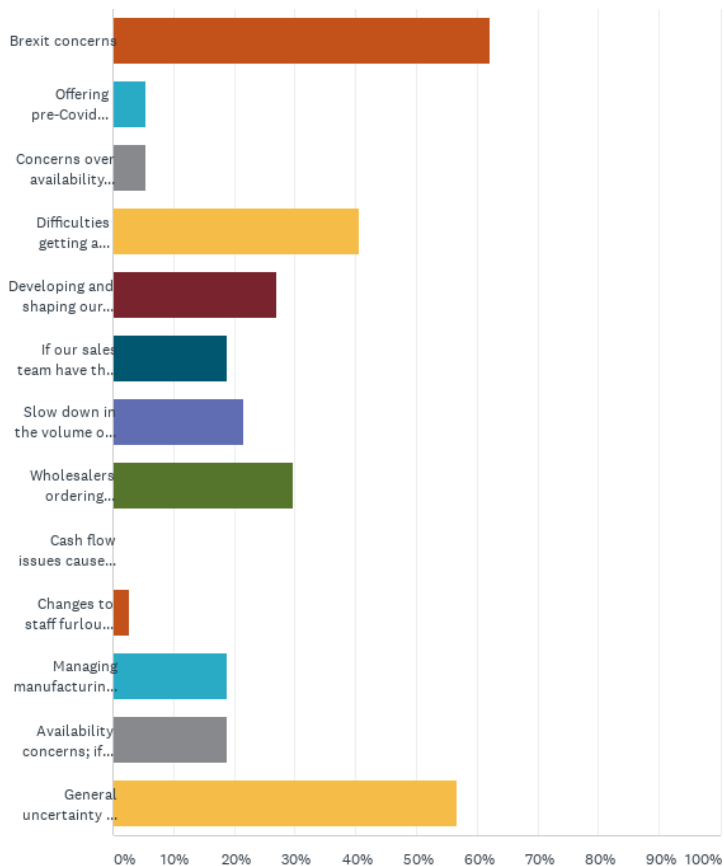
Additional Respondents Comments

- Forced Redundancy

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Q8: What are the three greatest challenges your business is facing at this time?



ANSWER CHOICES	RESPONSES
Brexit concerns	62.16% 23
Offering pre-Covid levels of customer service to deal with trade enquiries	5.41% 2
Concerns over availability or stricter terms of Trade Credit Insurance	5.41% 2
Difficulties getting a face-to-face appointment to meet our wholesaler customers	40.54% 15
Developing and shaping our sales teams to best service the wholesale channel	27.03% 10
If our sales team have the skills to sell virtually	18.92% 7
Slow down in the volume of orders from the wholesale channel	21.62% 8
Wholesalers ordering smaller volumes of product in each order	29.73% 11
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	2.70% 1
Managing manufacturing output when it is difficult to predict demand	18.92% 7
Availability concerns; if products and materials from overseas which will impact on our ability to supply	18.92% 7
General uncertainty and challenges over forecasting	56.76% 21
TOTAL	37

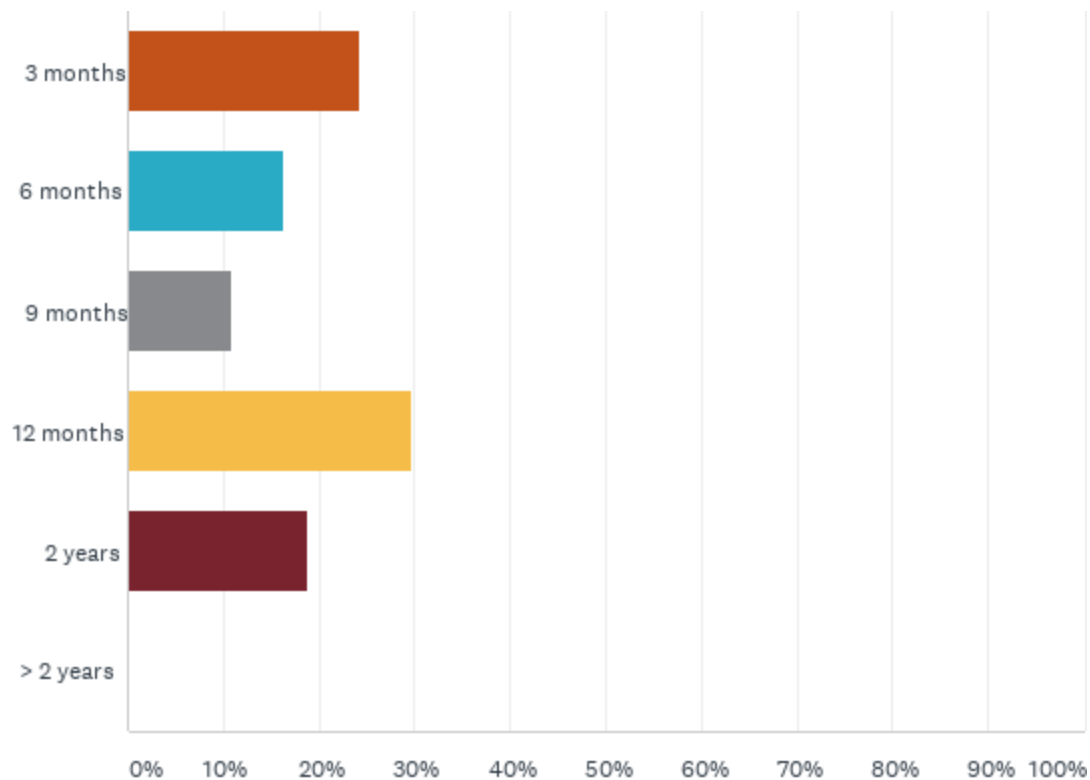
Additional Respondents' Comments

- Large infrastructure project work being postponed indefinitely

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Q9: How long do you think it will be before our sector reaches pre COVID-19 turnover levels?



ANSWER CHOICES	RESPONSES	
3 months	24.32%	9
6 months	16.22%	6
9 months	10.81%	4
12 months	29.73%	11
2 years	18.92%	7
> 2 years	0.00%	0
TOTAL		37

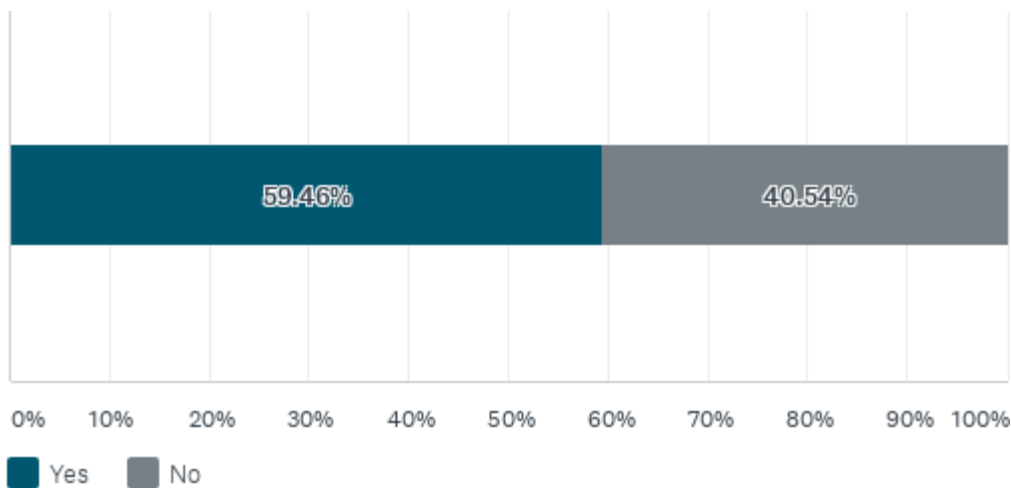
Comments

In June over 75% of respondent believed that it would take 9 months or more for the sector to recover. We can see that although nearly 60% of respondents still believe that it will take 9 months to two years, almost ¼ believe the sector may recover in 3 months.

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Q10: Do you feel more optimistic now than you did last month?



ANSWER CHOICES	RESPONSES	
Yes	59.46%	22
No	40.54%	15
TOTAL		37



Q10: Do you feel more optimistic now than you did last month? Additional Respondents' Comments.

Revenue and Enquiries

- Revenues are recovering slowly and the impact of sales people returning to work will increase exposure. However, the CAPEX spend remains limited and under pressure so a primary concern is long term profitability and how that can be sustained without major cost reduction investment.
- Since sales team have returned we have seen a significant increase in enquiries, including project enquiries.
- Sales volumes and value are returning to near pre-COVID levels and the future pipeline looks stronger than the prior month.
- Demand continues to increase. Brexit and the lack of Governmental decision making are the looming concerns.

Customer Staff

- We fear our customers will be making furloughed staff redundant, and that there will be a continued recession because of a possible "second wave".
- The general problem we have is that the larger electrical wholesalers are not committing to bring their staff back in to develop business.



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Q10: Do you feel more optimistic now than you did last month? Additional Respondents' Comments.

BREXIT

- It feels like Brexit and a potential second form of lock down will hit the industry hard.
- We are in a bubble recovery created by our wonderful government. As soon as furlough ends this month, there will be hundreds of thousands if not millions of jobs lost, which will cause a bigger recession. The second wave will hit in late November causing lockdown and then we have a no-deal Brexit to look forward to.
- As uncertainties over COVID become more manageable, Brexit mismanagement becomes the next big hurdle.

Positive

- Fairly optimistic still, as last month, but expect that there will be some peaks and troughs.

