

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





COVID-19 Impact Survey:

Introduction

This survey polled the lead contact at 245 EDA wholesalers, asking them to report on business performance for August 2020. The response rate is 24% and the survey responses are anonymous.

There has been growth in the Construction sector every month since the nadir of April 2020 (-40.2%). According to the Office for National Statistics the GDP monthly estimate shows the Construction sector is -10.6% down in the 3 months May – July 2020.

Highlights

Wholesalers reported their top 3 most pressing business challenges as:

1. **Concerns about product availability from suppliers**, with cable and wiring accessories, outdoor and weatherproof fittings, and lighting being the areas cited most.
2. **General uncertainty over forecasting**
3. **General concerns over Brexit**, which tied for 3rd place alongside **Establishing an ecommerce operation.**

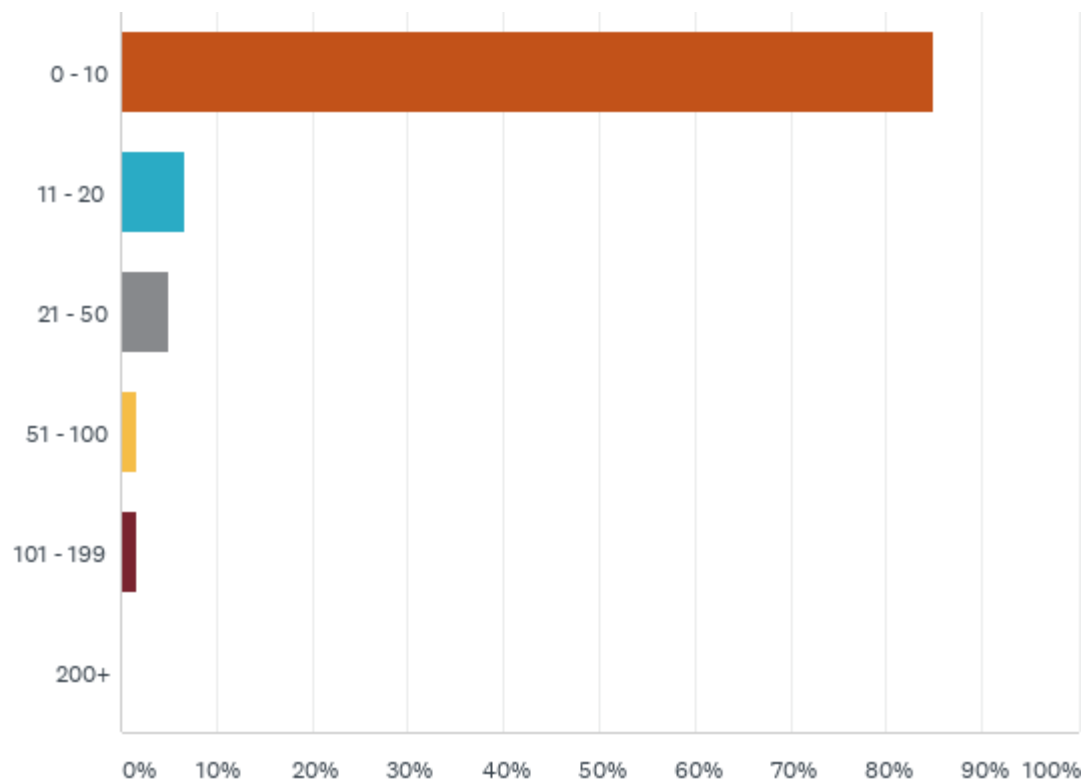
64% of responders said they had brought staff back from furlough during August.

Wholesalers were also asked about their ecommerce operations. Of those who did not currently offer an online channel to supplement their trade counter service, over 60% said they did not have the right expertise in-house to run such a project.

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Q1: How many branches do you have?

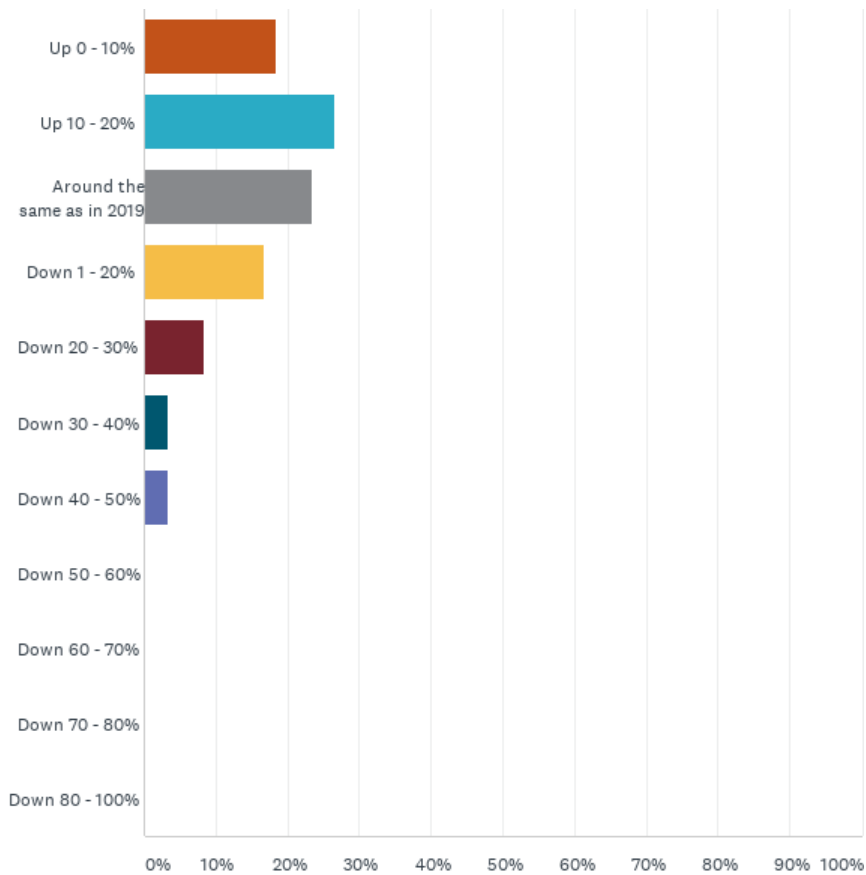


ANSWER CHOICES	RESPONSES
0 - 10	85.00% 51
11 - 20	6.67% 4
21 - 50	5.00% 3
51 - 100	1.67% 1
101 - 199	1.67% 1
200+	0.00% 0
TOTAL	60

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



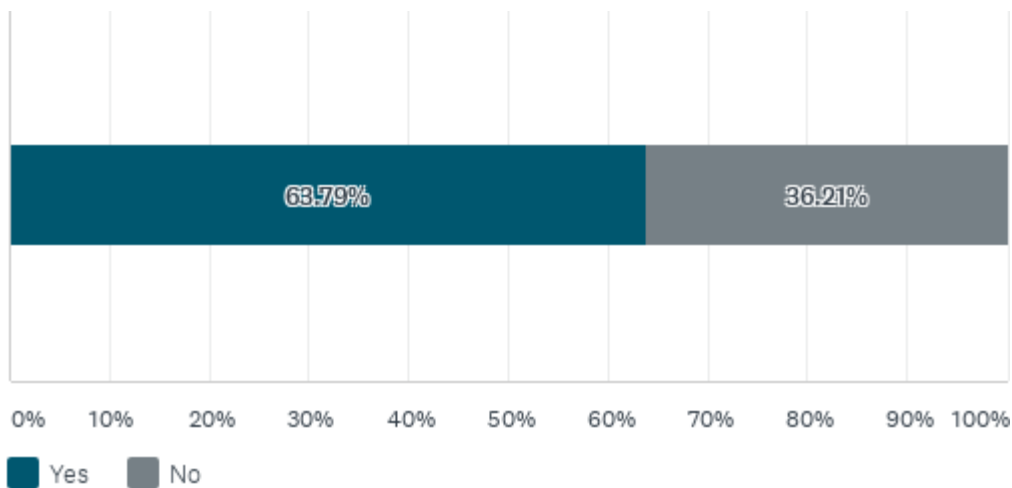
ANSWER CHOICES	RESPONSES	
Up 0 - 10%	18.33%	11
Up 10 - 20%	26.67%	16
Around the same as in 2019	23.33%	14
Down 1 - 20%	16.67%	10
Down 20 - 30%	8.33%	5
Down 30 - 40%	3.33%	2
Down 40 - 50%	3.33%	2
Down 50 - 60%	0.00%	0
Down 60 - 70%	0.00%	0
Down 70 - 80%	0.00%	0
Down 80 - 100%	0.00%	0
TOTAL		60

Comment:
68% reported that August's turnover had increased or was a match for the same month in 2019. The figure in our previous survey (comparing turnover in July 2020 with that of 2019) was 47%.

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

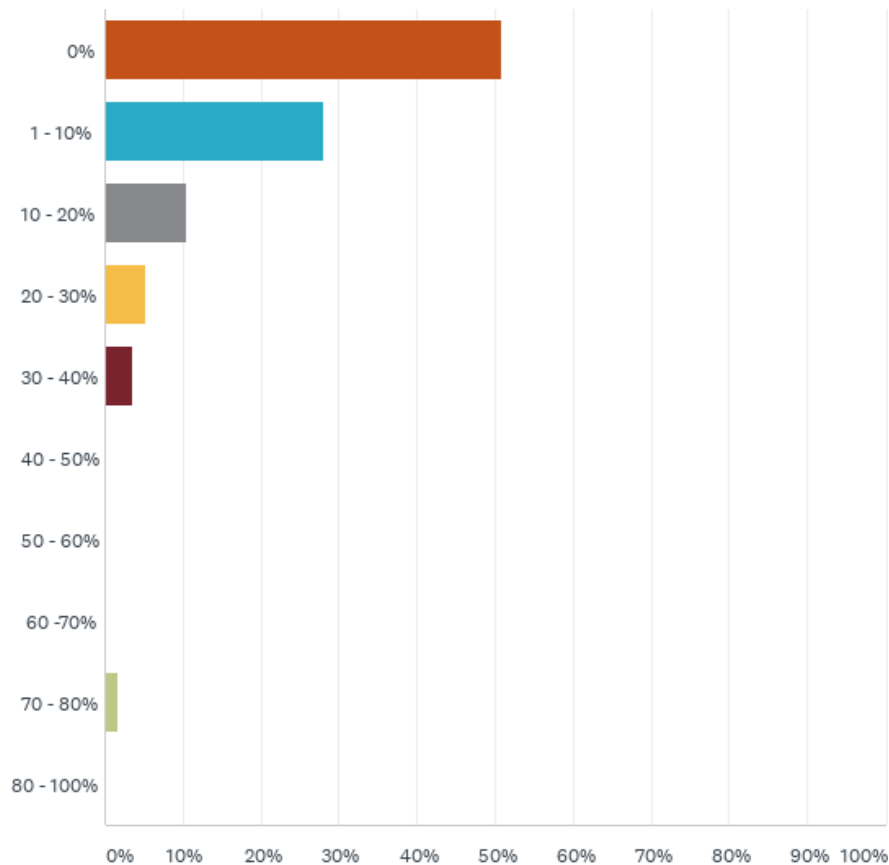


ANSWER CHOICES	RESPONSES	
Yes	63.79%	37
No	36.21%	21
TOTAL		58

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Q4: What percentage of your team is still on furlough?

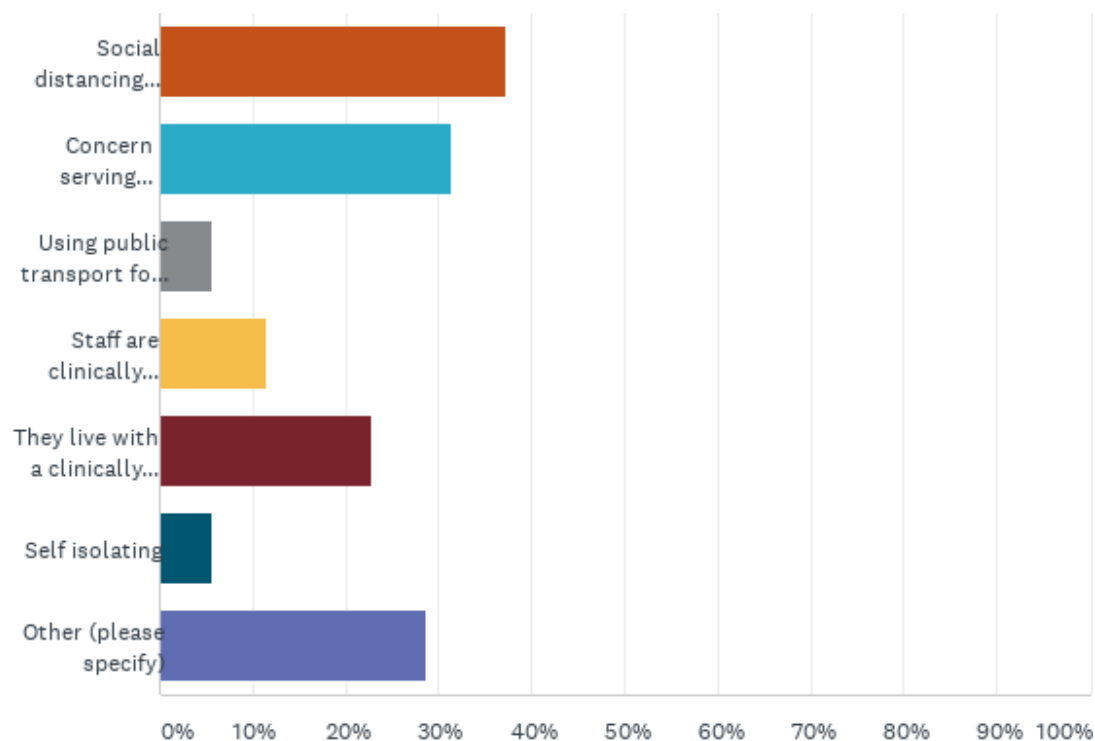


ANSWER CHOICES	RESPONSES	
0%	50.88%	29
1 - 10%	28.07%	16
10 - 20%	10.53%	6
20 - 30%	5.26%	3
30 - 40%	3.51%	2
40 - 50%	0.00%	0
50 - 60%	0.00%	0
60 - 70%	0.00%	0
70 - 80%	1.75%	1
80 - 100%	0.00%	0
TOTAL		57

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Q5: 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	37.14% 13
Concern serving customers, in regards to social distancing	31.43% 11
Using public transport for travel to and from place of work	5.71% 2
Staff are clinically vulnerable or extremely clinically vulnerable	11.43% 4
They live with a clinically vulnerable or extremely clinically vulnerable person	22.86% 8
Self isolating	5.71% 2
Other	28.57% 10
TOTAL	35

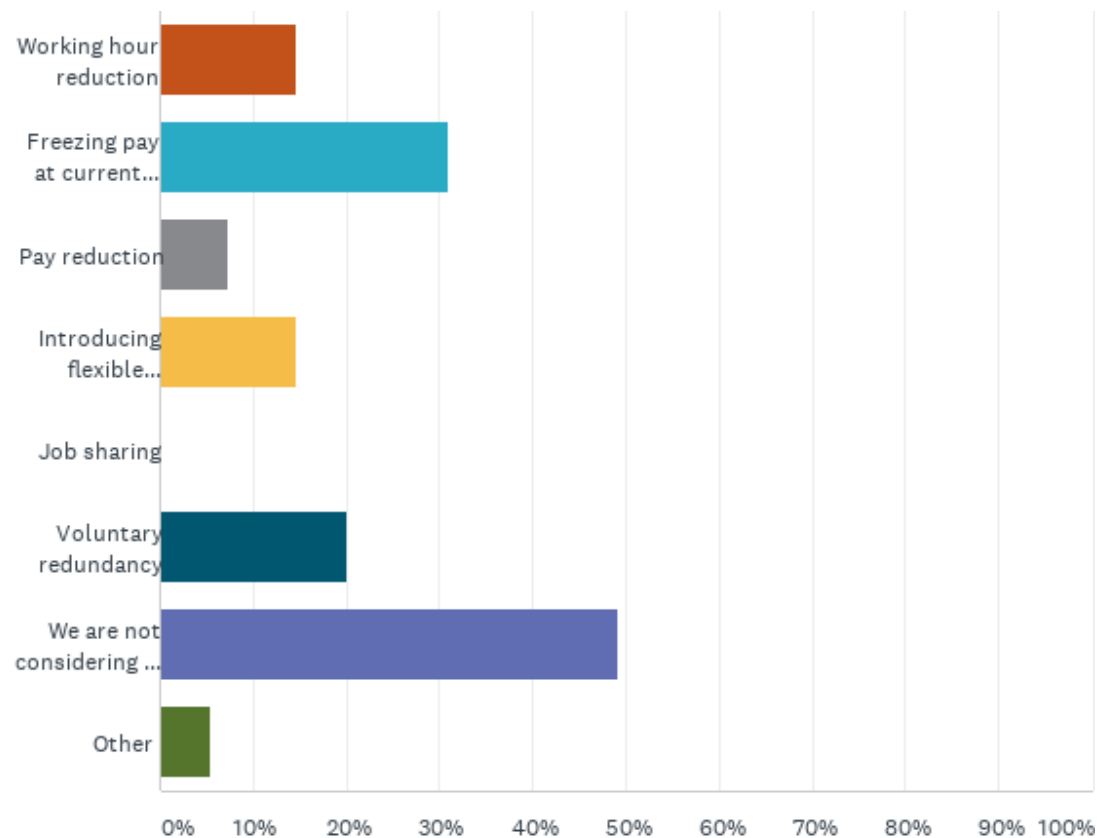
Additional Respondents' Comments:

- No concerns.
- No one has shown any concerns.
- None of my staff have complained about returning.
- Partners are key workers so there has been no child care while the schools are closed.
- Not been in contact.
- They haven't had any issues.

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Q6: 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
Working hour reduction	14.55% 8
Freezing pay at current levels	30.91% 17
Pay reduction	7.27% 4
Introducing flexible working arrangements	14.55% 8
Job sharing	0.00% 0
Voluntary redundancy	20.00% 11
We are not considering any of the above	49.09% 27
Other	5.45% 3
TOTAL	55

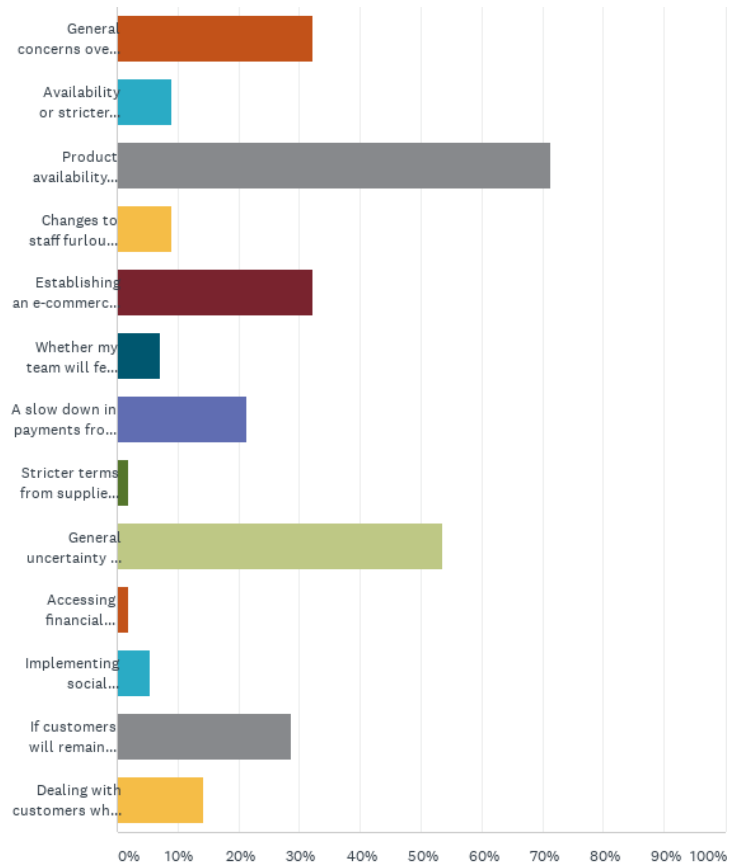
Additional Respondent Comments

- Restructure of Positions and changing job descriptions.
- Involuntary Redundancy.
- Redundancies.

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Q7: Which three business challenges are your most pressing at this time?



ANSWER CHOICES	RESPONSES	
General concerns over Brexit	32.14%	18
Availability or stricter terms of Trade Credit Insurance	8.93%	5
Product availability from suppliers	71.43%	40
Changes to staff furlough rules, including the Scheme ending on 31 October 2020	8.93%	5
Establishing an e-commerce operation to meet changing customer demands	32.14%	18
Whether my team will feel safe returning to work	7.14%	4
A slow down in payments from customers causing cash flow challenges	21.43%	12
Stricter terms from suppliers causing cash flow challenges	1.79%	1
General uncertainty and challenges over forecasting	53.57%	30
Accessing financial support through the Government's schemes	1.79%	1
Implementing social distancing changes to enable us to trade	5.36%	3
If customers will remain viable and return	28.57%	16
Dealing with customers who don't respect our social distancing measures	14.29%	8
TOTAL		56

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Q8: Which product areas are you experiencing supply problems?

A Sample of the respondent's answers

- To many to list!! But generally the traditional manufacturers.
- Consumer units, switch gear, cable and lighting.
- Circuit protection.
- Wiring accessories and booklet cables.
- Consumer units and wiring accessories.
- Lighting and metal conduit fittings.
- Waterproof sockets & switches, Cables and gland packs.
- Wiring accessories & distribution
- Cable has been a bit tricky at times.
- Because suppliers are not purchasing and are reducing their stock holding, we anticipate all areas being affected.
- Cable, lighting and some wiring accessories are worst affected.
- Lighting. Strong sales across the sector are leaving some suppliers without certain lines. This is most like because it would not have been possible to forecast the rate at which we have bounced back.
- Many different products; Cable, Breakers, Gland Packs. Products generally have longer lead times.
- Across the board lead times have been extended by some manufactures without communication as to the new lead time. Stock control, therefore, has been more difficult.
- Product areas that have seen the highest demand during COVID-19 (Outdoor sockets etc). Also cables seem to be struggling at the moment.

Statistics

14% of respondents have had difficulty obtaining Weatherproof and Outdoor wiring and accessories.

19% of respondents have come across difficulties in lighting supplies.

49% of respondents reported supply issues with cable and accessories.

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Q9: Comparing July 2020 to August 2020 have your customers been more or less willing to offer you face-to-face meetings?

Respondents said:

- Very few are avoiding face to face meetings. Most of our challenges are from bigger customers where there are restrictions in place within their own premises.
- We have not asked to have any face to face meetings
- No real change
- We found August we had a slight increase over July, but September has taken a step backward due to the increase in local infections!
- No change. Still very few face to face meetings.
- No change. Most are OK with meeting
- About the Same.
- All our customers are very helpful.
- Not enough change to notice
- More customers are wearing facemasks.
- Our customers are slightly less willing.

Statistics

24% of respondents found their customers were less willing to have face to face meetings.

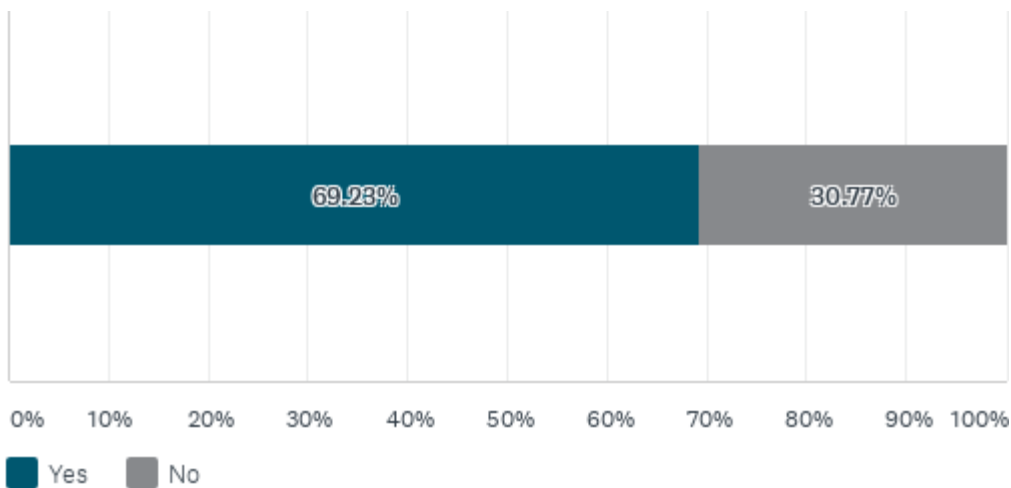
27% of the answers show that customers were more willing to have face to face meetings with wholesalers.

31% said that they had not seen any change in customer meeting patterns.

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Q10: Have you noticed any recent change - positive or negative - in service levels from your suppliers?

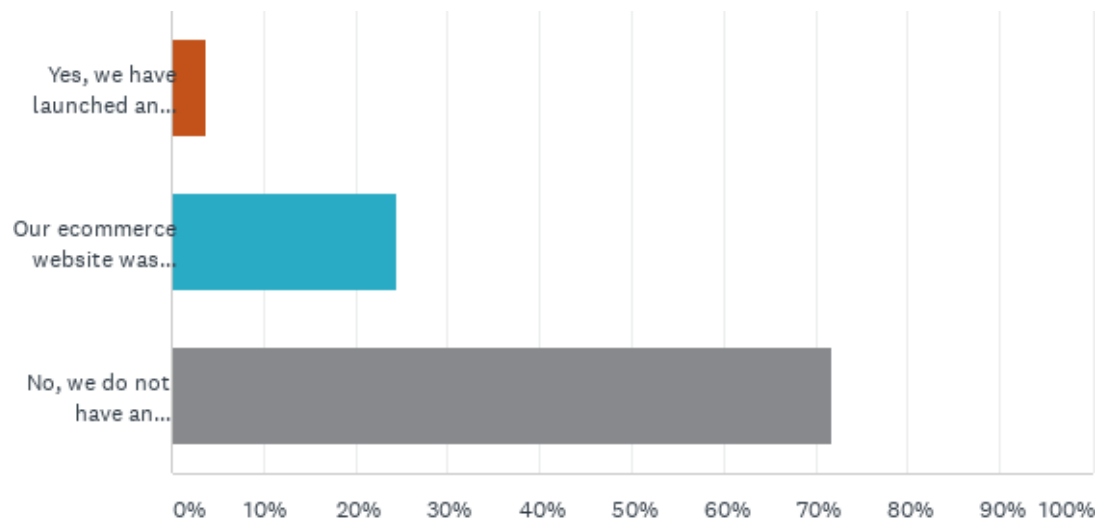


ANSWER CHOICES	RESPONSES	
Yes	69.23%	36
No	30.77%	16
TOTAL		52

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Q11: Since the start of March's pandemic, have you added an ecommerce website to supplement your trade counter offer?

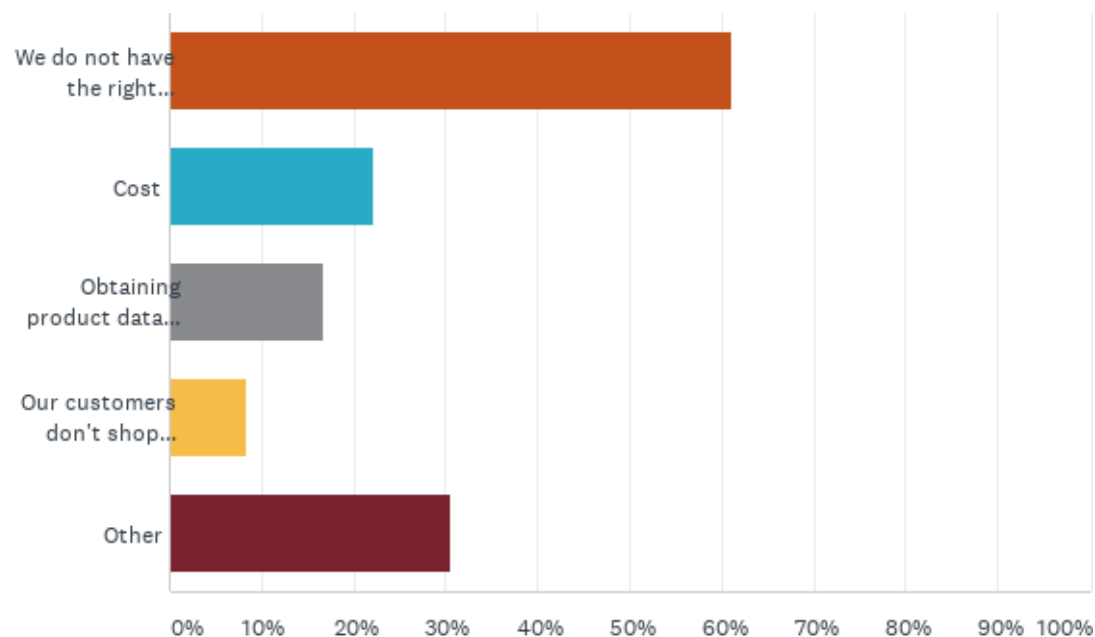


ANSWER CHOICES	RESPONSES
Yes, we have launched an ecommerce website since March 2020	3.77% 2
Our ecommerce website was available before March 2020	24.53% 13
No, we do not have an ecommerce website	71.70% 38
TOTAL	53

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Q12: What are the main barriers to your business introducing an ecommerce offer to supplement your trade counter service?



ANSWER CHOICES	RESPONSES	
We do not have the right expertise in house to run the project	61.11%	22
Cost	22.22%	8
Obtaining product data from manufacturers to display on the website	16.67%	6
Our customers don't shop online	8.33%	3
Other	30.56%	11
TOTAL		36

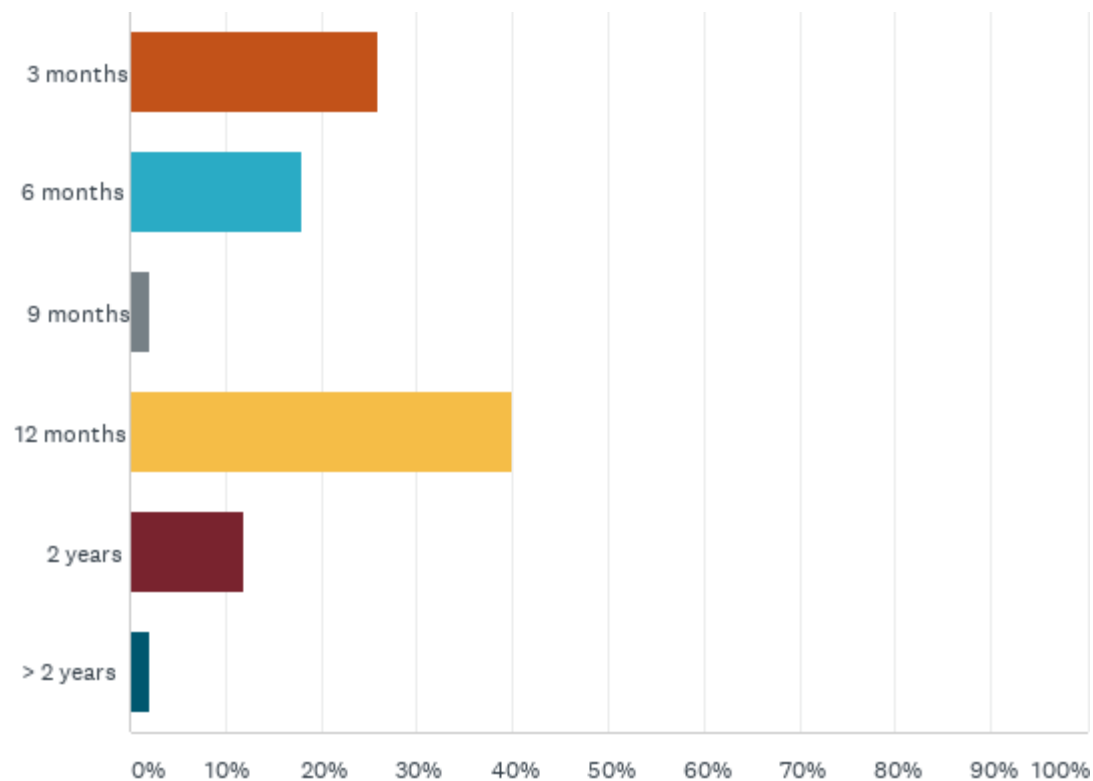
Additional Respondents' Comments:

- The ship has sailed; we don't want to enter "the race to the bottom price" - let alone win it.
- Pricing and Payment.
- We've been working on the introduction of a site for our existing customer base since late 2019. Go live date planned for the coming months.
- Not enough resources.
- We are currently training and testing a new system. We will have e-commerce by March 2021.
- Knowing that software supplier can offer ecommerce capability in an efficient and cost effective way.
- Website will be available in 2021.
- No barriers - it's under construction for launch Jan 2021

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Q13: How long do you estimate that it will take until the sector reaches pre-COVID-19 turnover levels?



ANSWER CHOICES	RESPONSES	
3 months	26.00	13
6 months	18.00%	9
9 months	2.00%	1
12 months	40.00%	20
2 years	12.00%	6
> 2 Years	2.00%	1
TOTAL		

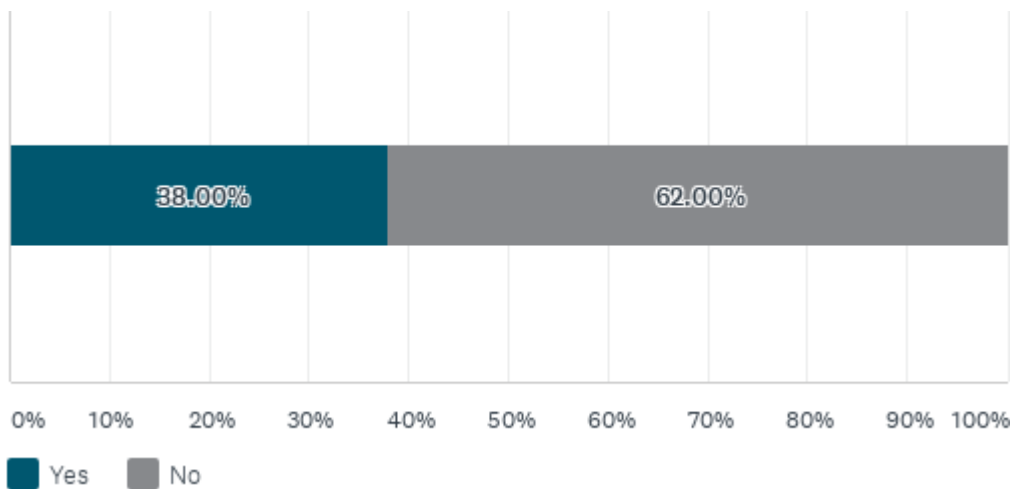
Comments:

Over the last three surveys, around 40-45% of wholesaler respondents have suggested it will take 12 month for the sector to recover. This has not varied greatly from 36% in May believing that it will take 12 months.

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Q16: Do you feel more optimistic now than you did last month?



ANSWER CHOICES	RESPONSES	
Yes	38.00%	19
No	62.00%	31
TOTAL		50

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