

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

---





# COVID-19 Impact Survey: July 2020

## Introduction

This survey is part of a series carried out by the EDA among its members during the COVID-19 crisis and took place during August 2020, reflecting on July. The questionnaire was sent to the Principal Contact of the 244 EDA wholesaler member 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%.

## **SURVEY** COVID-19 Impact Survey: July 2020

## Highlights

July shows a increase in operations; almost 80% have fully reopened their businesses with a further 18% of wholesalers answering that less than 20% of their operations were on hold in July.

Over 65% of respondents have brought most of their staff back from furlough with less than 10% of their team not currently in the business.

Many have seen an increase in turnover, even on July 2019, with more than 45% of respondents reporting that their turnover has either grown from July last year or has levelled out; none of the respondents reported their turnovers to be down 50% or higher.

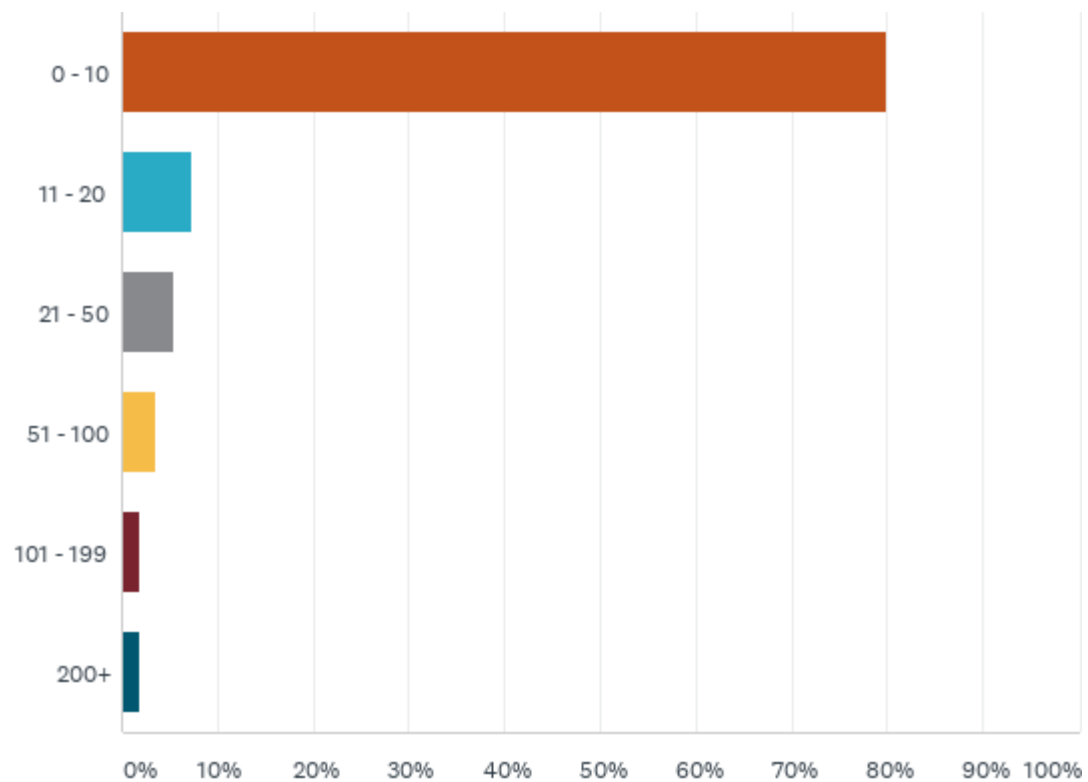
Most have stood firm in their beliefs with the majority thinking the sector will return to pre COVID-19 turnover levels in 12 months; there was not much variance from the May survey, but a slight increase, in those expecting a three month return and a reduction in those believing it will be two years, can be seen on p9.

General comments for July focused primarily on the impact that the end of the furlough scheme will bring; several respondents believe that business will not remain sustainable after the furlough scheme ends, some companies will not be able to remain afloat.

The second wave seems to be a prevalent concern with fears fuelled by an inevitable rise in cases after schools return. In addition to this, one respondent highlighted the changeability of government measures causing a general lack of clarity, in turn effecting company sales.



## Q1: How many branches do you have?

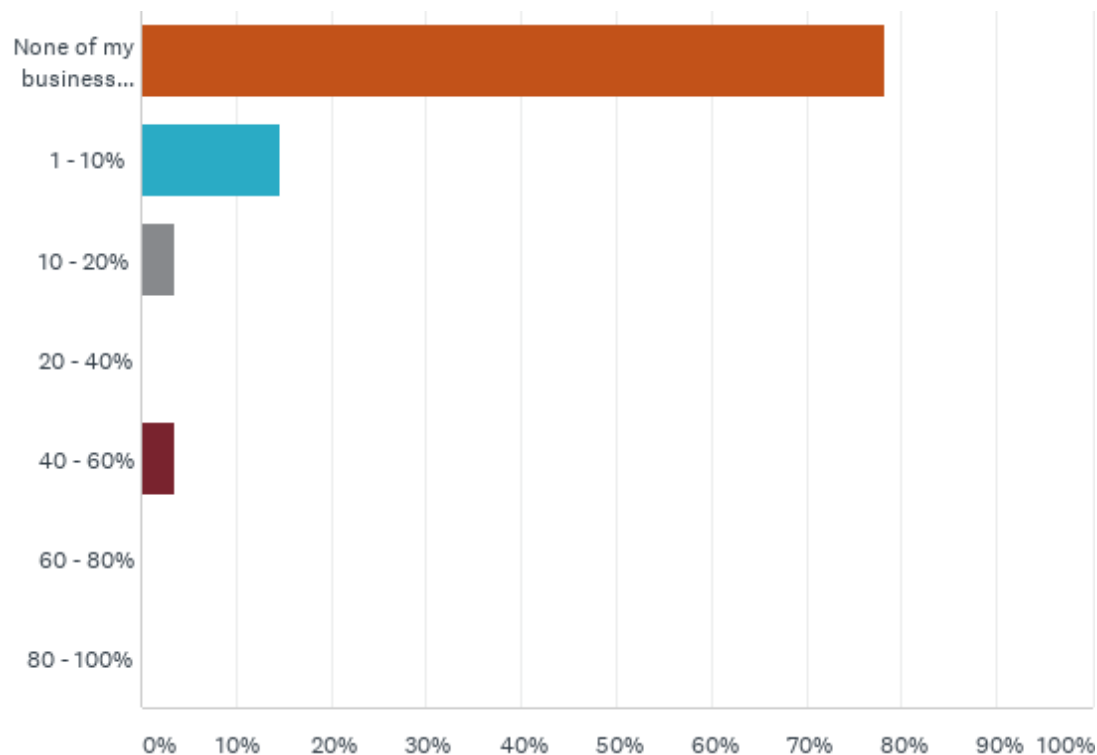


ANSWER CHOICES	RESPONSES
0 - 10	80.00% 44
11 - 20	7.27% 4
21 - 50	5.45% 3
51 - 100	3.64% 2
101 - 199	1.82% 1
200+	1.82% 1
<b>TOTAL</b>	<b>55</b>

### SURVEY COVID-19 Impact Survey: July 2020



## Q2: Proportion of business operations that are suspended as a result of COVID-19 during July.



ANSWER CHOICES	RESPONSES
None of my business operations is suspended	78.18% 43
1 - 10%	14.55% 8
10 - 20%	3.64% 2
20 - 40%	0.00% 0
40 - 60%	3.64% 2
60 - 80%	0.00% 0
80 - 100%	0.00% 0
<b>TOTAL</b>	<b>55</b>

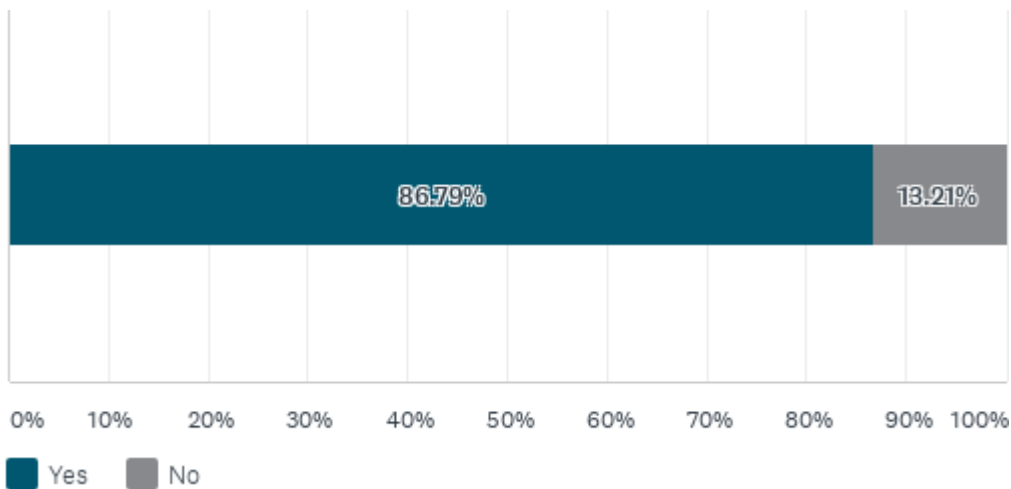
### Comments:

In comparison to the survey taken in May we can see a significant decline in suspended business operation. In May, over 55% of respondents reported that 40-100% of their businesses were suspended due to COVID-19. July shows an increase in operations; almost 80% have fully reopened their businesses with a further 18% of wholesalers answering that less than 20% of their operations were on hold in July.

### SURVEY COVID-19 Impact Survey: July 2020



### Q3: Have you brought furloughed staff back into your business during July?

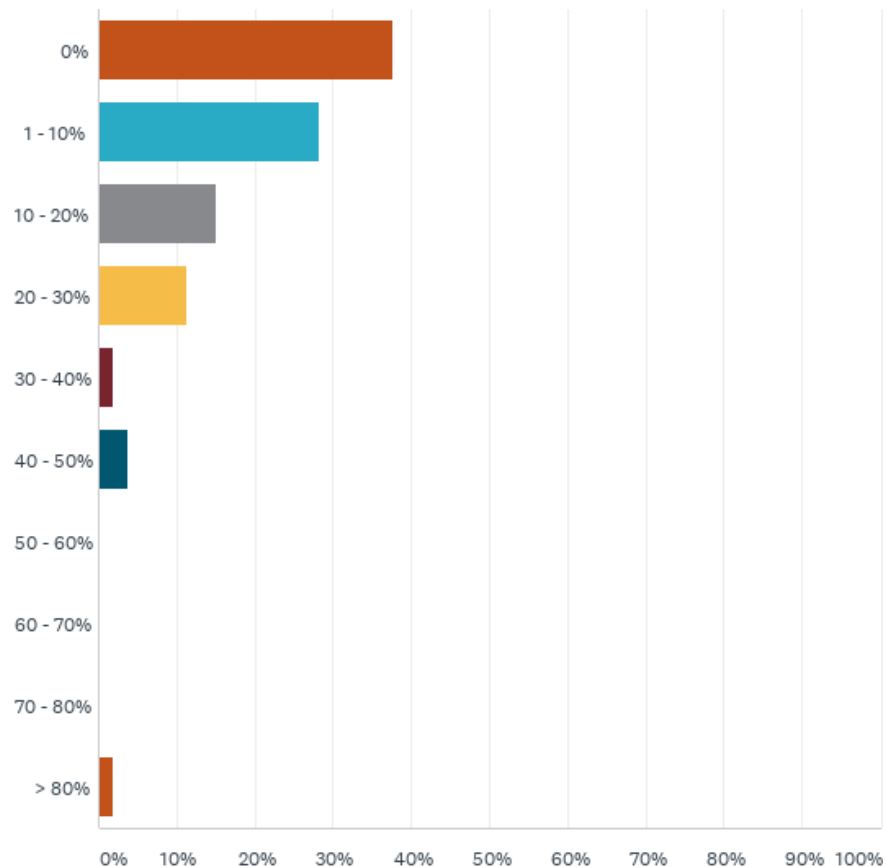


ANSWER CHOICES	RESPONSES	
Yes	86.79%	46
No	13.21%	7
<b>TOTAL</b>		<b>53</b>

#### SURVEY COVID-19 Impact Survey: July 2020



## Q4: What percentage of your team are still on furlough?



ANSWER CHOICES	RESPONSES	
0%	37.74%	20
1 - 10%	28.30%	15
10 - 20%	15.09%	8
20 - 30%	11.32%	6
30 - 40%	1.89%	1
40 - 50%	3.77%	2
50 - 60%	0.00%	0
60 - 70%	0.00%	0
70 - 80%	0.00%	0
> 80%	1.89%	1
<b>TOTAL</b>		<b>53</b>

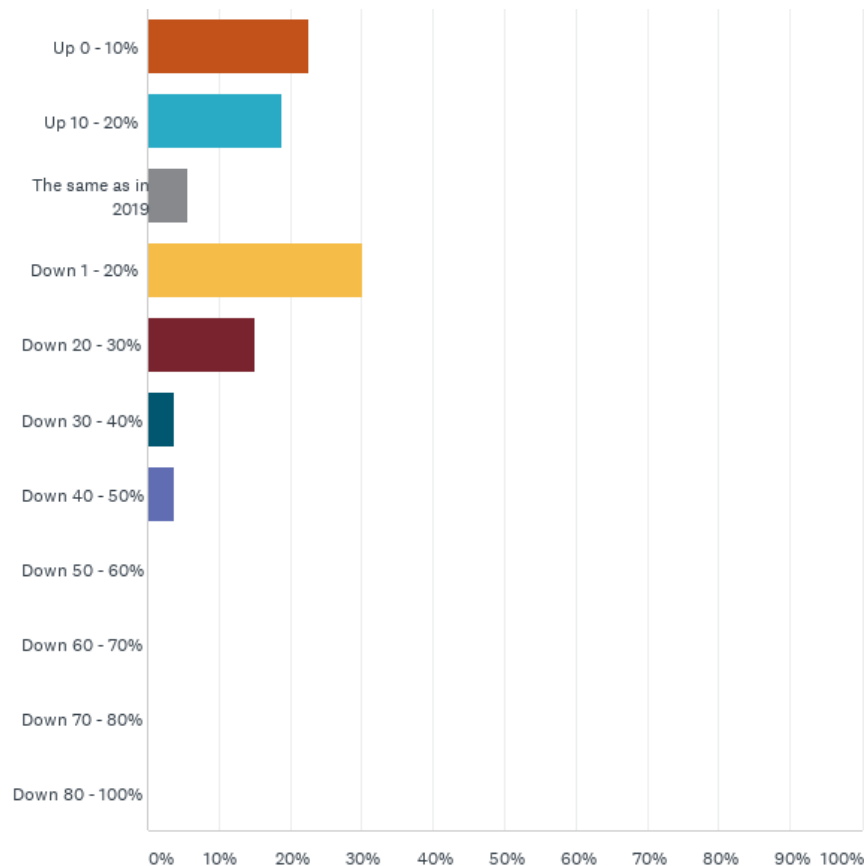
### Comments:

As can be seen above 2/3 of respondents have brought the majority of their staff back from furlough, with less than 10% of their team not currently in the business.

### SURVEY COVID-19 Impact Survey: July 2020



## Q5: To what extent has your turnover has been affected when comparing July 2020 to July 2019?



ANSWER CHOICES	RESPONSES
Up 0 - 10%	22.64% 12
Up 10 - 20%	18.87% 10
The same as in 2019	5.66% 3
Down 1 - 20%	30.19% 16
Down 20 - 30%	15.09% 8
Down 30 - 40%	3.77% 2
Down 40 - 50%	3.77% 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
<b>TOTAL</b>	<b>53</b>

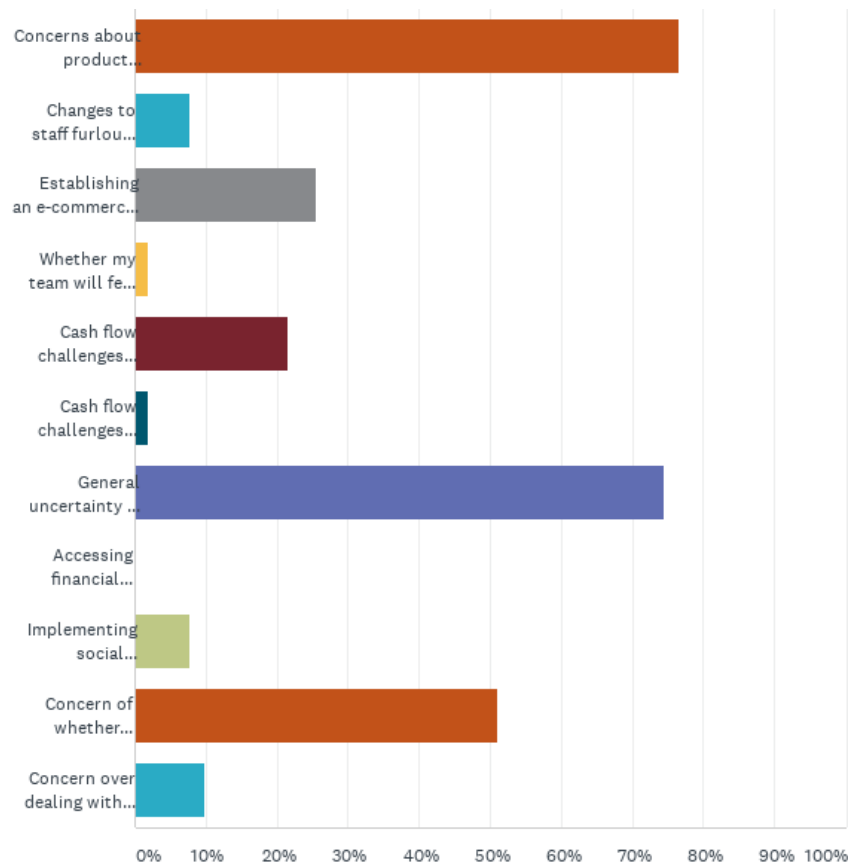
### Comments:

Over 45% of respondents answered that their turnover has either grown from July last year or has levelled out. In July, none of the respondents reported their turnovers to be down 50% or higher – a significant contrast to 60% answering their turnovers were down 40-100% in May.

### SURVEY COVID-19 Impact Survey: July 2020



## Q6: What are the three greatest challenges your business is facing at this time?



ANSWER CHOICES	RESPONSES
Concerns about product availability from suppliers	76.47% 39
Changes to staff furlough rules, including the Scheme ending on 31 October 2020	7.84% 4
Establishing an e-commerce operation to meet changing customer demands	25.49% 13
Whether my team will feel safe returning to work	1.96% 1
Cash flow challenges caused by a slow down in payments from customers	21.57% 11
Cash flow challenges caused by stricter terms from suppliers	1.96% 1
General uncertainty and challenges over forecasting	74.51% 38
Accessing financial support through the Government's schemes	0.00% 0
Implementing social distancing changes to enable us to trade	7.84% 4
Concern of whether customers will remain viable and return	50.98% 26
Concern over dealing with customers who don't respect our social distancing measures	9.80% 5
<b>TOTAL</b>	<b>51</b>

### Additional respondent's comments:

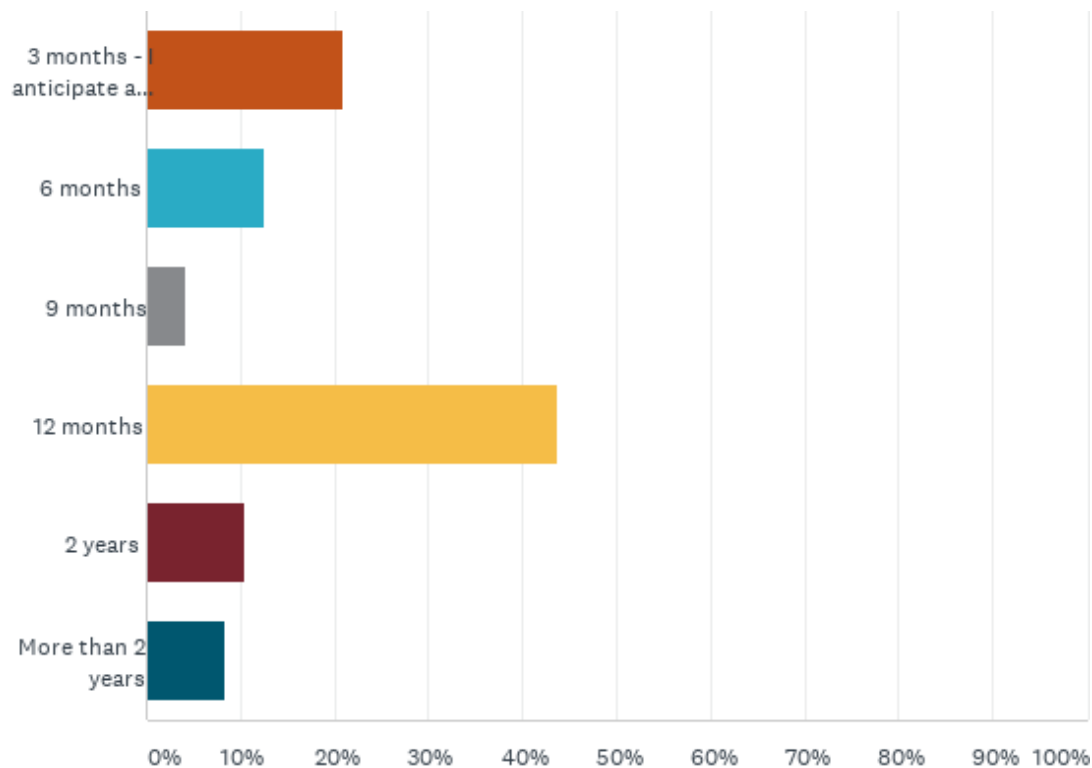
- Concerns over planning for local lockdowns and potential recession.

## SURVEY COVID-19 Impact Survey: July 2020





## Q13: In your opinion, how long do you think it will be before our sector reaches pre COVID-19 turnover levels?



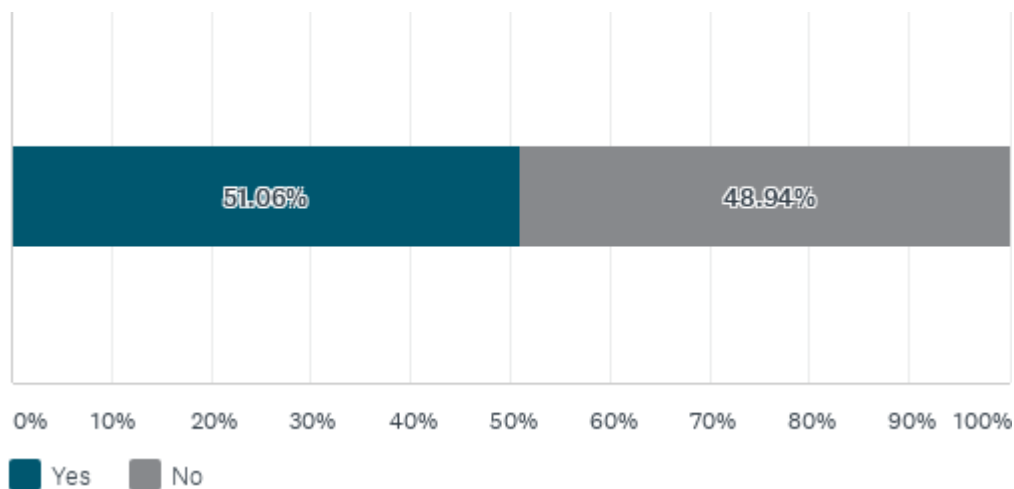
ANSWER CHOICES	RESPONSES	
3 months - I anticipate a quick bounce-back	20.83	10
6 months	12.50	6
9 months	4.17%	2
12 months	43.75%	21
2 years	10.42%	5
More than 2 years	8.33%	4
<b>TOTAL</b>		<b>48</b>

### Comments:

Interestingly, there has not been a vast change in opinion since May as to when our sector will reach pre COVID-19 turnover levels. However, the mood is slightly more positive with an increased number in those expecting a three month return and a reduction in those believing it will be two years.



## Q14: Do you feel more optimistic now than you did last month?



ANSWER CHOICES	RESPONSES	
Yes	51.06%	24
No	48.94%	23
<b>TOTAL</b>		<b>47</b>

### SURVEY COVID-19 Impact Survey: July 2020



## Q14: Do you feel more optimistic now than you did last month? Additional Respondents' Comments

### Finance

- I think lack of investment will catch companies out in these times, we have made large capital investments and we plan to enforce our financial commitments by taking our service quality to the next level.
- Lack of supplier support in terms of stock and credit limit is having a major impact on productivity within branches
- Business confidence has dropped again, and as a result, investment decisions are being delayed.

### Increased Business

- I have concerns that our current levels of business will not be sustainable. We are all playing catchup and bounce back but for how long?
- Amazing figures in July. Busy in August. Still worry that it may be a false dawn!

### COVID-19 cases

- To many holiday makers in our area
- I don't feel less optimistic but I am concerned about the economy once Furlough stops and also if there's an increase in cases when the schools return. On the other hand I'm cautiously optimistic that if there's little effect once the schools have returned, confidence will grow.
- Although the winter second wave and localised lockdown's are now increasing in likelihood, but will not affect business as drastically as April.



## SURVEY COVID-19 Impact Survey: July 2020



## Q14: Do you feel more optimistic now than you did last month? Additional Respondents' Comments

### Governmental Decisions

- I am optimistic but not overly so. It is hard to make predictions with the threat of a second wave hitting us. The government showed excellent leadership early in the pandemic but now cannot seem to make a decision on anything without altering it 24 hours later. This is not good for the stability of the economy and our sector. We will be hurt by the downturn in the "fit-out" business; office renewals and refurbishments; airports; retail and hospitality sectors will all be doing less to improve their premises. It is also impossible to know how many struggling businesses are going to make it through this.

### Turnover

- June was good. July and August have not been so good.
- August turnover is up on August 2019 and I think will rise further once schools re-open

### Furlough

- Many of our customers still on furlough and seem in no rush to start working again.
- Still wary, full picture will not become apparent until the furlough scheme has finished.

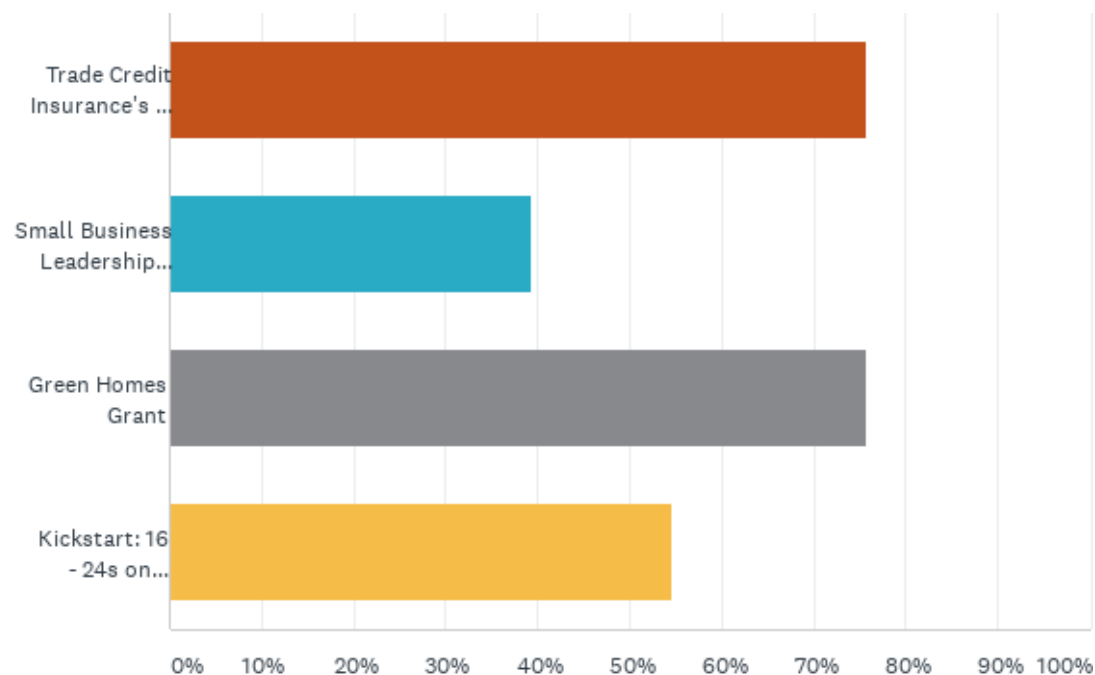
### No Change in Optimism

- Feel about the same as last month - a lot more optimistic than in May but no massive change in levels of optimism since last time.





## Q15: Which of these Government initiatives are you are aware of?



ANSWER CHOICES	RESPONSES
Trade Credit Insurance's £10 billion reinsurance scheme	75.76% 25
Small Business Leadership Programme - free training for leaders of SMEs	39.39% 13
Green Homes Grant	75.76% 25
Kickstart: 16 - 24s on Universal Credit are offered positions in a business with the government paying their wage	54.55% 18
<b>TOTAL</b>	<b>33</b>

### Additional respondents' comments:

- Missed information regards Small Business Leadership Programme
- Apart from the loss of turnover highlighted above, I think credit insurance will be another big challenge. Getting customers insured has already become almost impossible. I also think the insurers will take this opportunity to move away from our sector. I can see how the downturn in business will effect our bottom line and hence, our credit rating and the ability of our suppliers to get us insured. More risk to all involved and having to accept more goodwill as the way forward.