

COVID-19 Impact Survey: July 2020 (looking back at June)





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 July 2020, reflecting on June. The questionnaire was sent to the Principal Contact of the 244 EDA wholesaler member companies and was completed by almost a third of the members.

Taking a look at the wider picture: June marked the end of a strong second quarter for global equity markets, following the economic instability seen at the end of the first quarter.

Domestic governments retain a balanced view on the full re-opening of the economy at this stage of the pandemic, with Leicester being an example of their willingness to re-impose lockdown restrictions without hesitation, should there be a significant spike in coronavirus cases. From the perspective of the general market, companies are beginning to have greater clarity and resuming projection patterns again.

Turning to the UK economy, it is likely that the government will continue to face pressures from businesses not only on lockdown measures, but due to Brexit concerns, particularly from those companies which are reliant upon cross-border trade. However, at this stage, their priority appears to be re-opening the economy in a safe and innovative way, to enable businesses to continue operating in what will certainly be a different environment to the pre-COVID-19 conditions. It is in both parties interests to get a Brexit deal done but the time frame is short with an agreement needed by the end of October to allow ratification by the year end.

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Highlights

As can be seen later in the survey, businesses are making the decisive move to bring back furloughed staff members into their businesses. Only around ¼ of respondents reported having 30-60% of staff still furloughed, with none of the companies having above 60% of their staff out of their business.

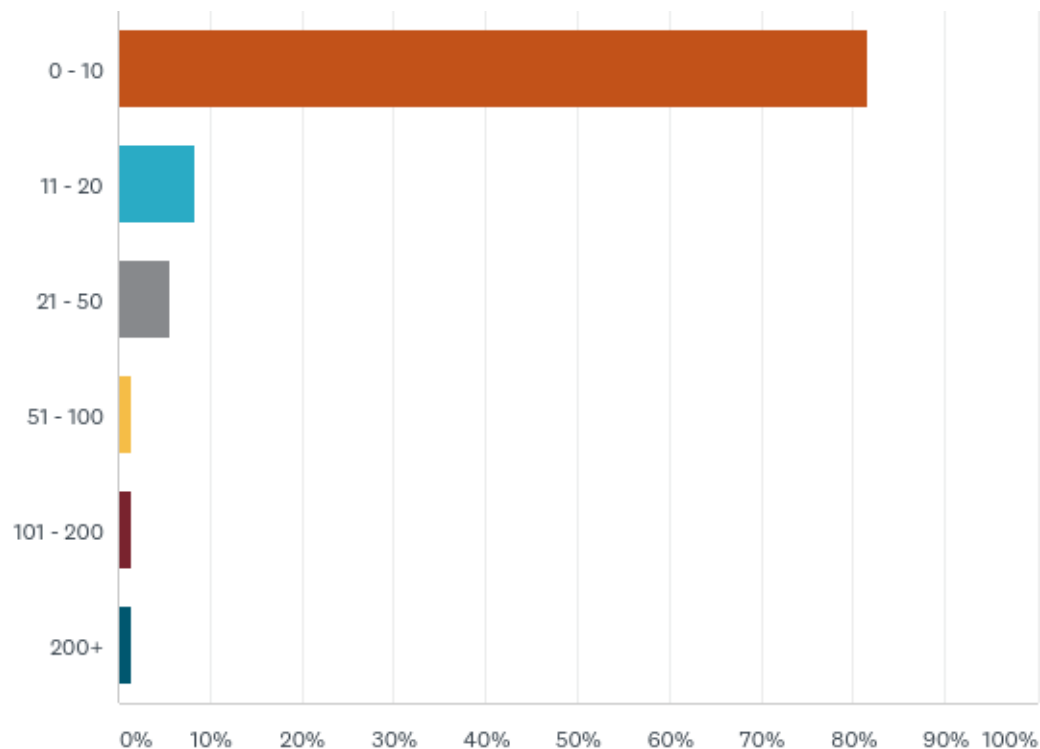
Reflecting on May almost 1/3 of respondents found their turnover was affected 50-100% but a turn around in this month's responses shows that only 1 respondent believed their turnover to be affected 50-60% and none of the respondents have seen any reductions greater than 60%. Business appears to be picking up again.

The greatest concerns appear to be the challenges over forecasting, general uncertainty and the concern that customers may no longer be viable.

Finally, an increased sense of positivity can be seen in the responses to the estimated time it will take the Sector to reach pre COVID-19 levels. Only around 3% believe it will take over two years, down from almost 10% last month, and just over 1/3 believe it will take 3-6 months, compared to almost 20% looking at May.



Q1: How many branches do you have?

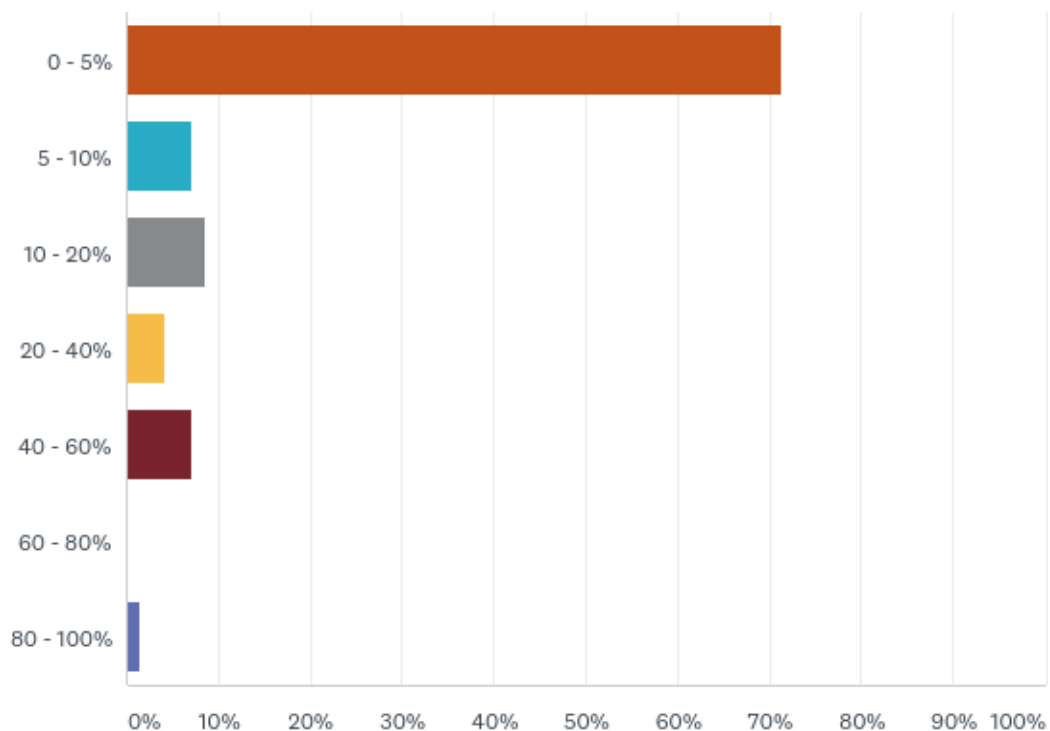


ANSWER CHOICES	RESPONSES
0 - 10	81.69% 58
11 - 20	8.45% 6
21 - 50	5.63% 4
51 - 100	1.41% 1
101 - 200	1.41% 1
200+	1.41% 1
TOTAL	71

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



ANSWER CHOICES	RESPONSES
0 - 5%	71.43% 50
5 - 10%	7.14% 5
10 - 20%	8.57% 6
20 - 40%	4.29% 3
40 - 60%	7.14% 5
60 - 80%	0.00% 0
80 - 100%	1.43% 1
TOTAL	70

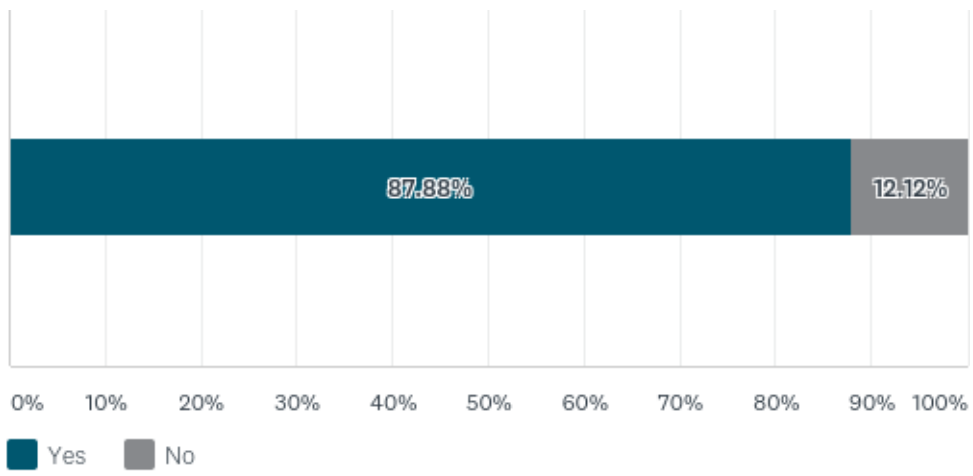
Comments:

In comparison to the survey taken in May we can see a significant decline in suspended business operation. Over 55% of May respondents, reported that 40-100% of their businesses were suspended due to COVID-19. As we can see here June, displayed an overwhelming turnaround as almost 80% of wholesalers had less than 10% of their operations on hold.

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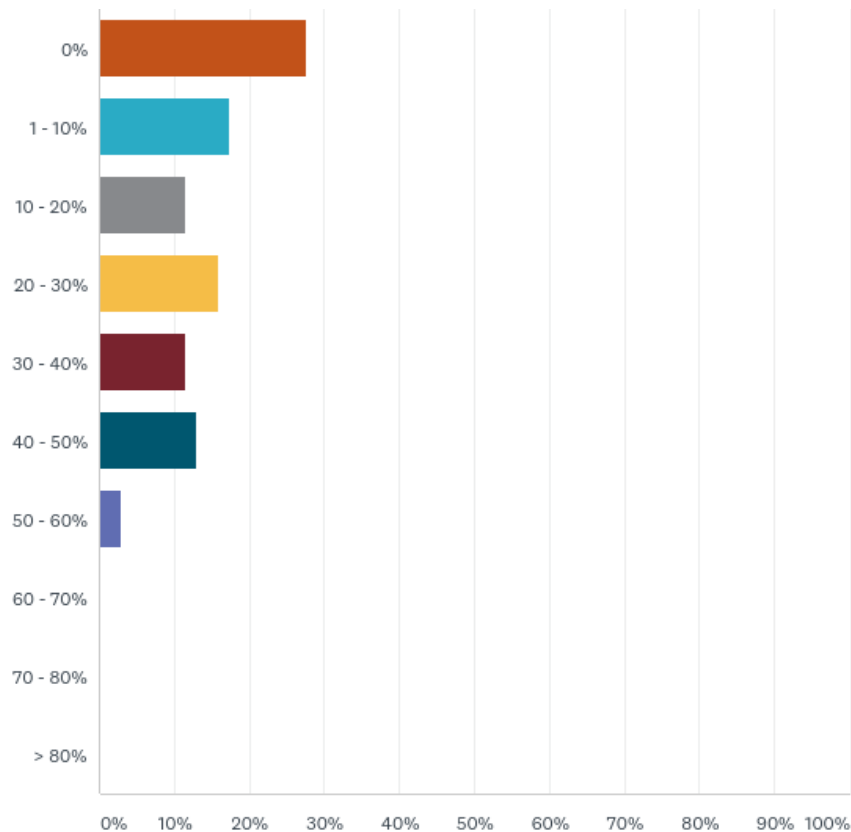
Q3: Have you brought furloughed staff back into your business during June?



ANSWER CHOICES	RESPONSES	
Yes	87.88%	58
No	12.12%	8
TOTAL		66



Q4: What percentage of your team are on furlough?



ANSWER CHOICES	RESPONSES	
0%	27.54%	19
1 - 10%	17.39%	12
10 - 20%	11.59%	8
20 - 30%	15.94%	11
30 - 40%	11.59%	8
40 - 50%	13.04%	9
50 - 60%	2.90%	2
60 - 70%	0.00%	0
70 - 80%	0.00%	0
> 80%	0.00%	0
TOTAL		69

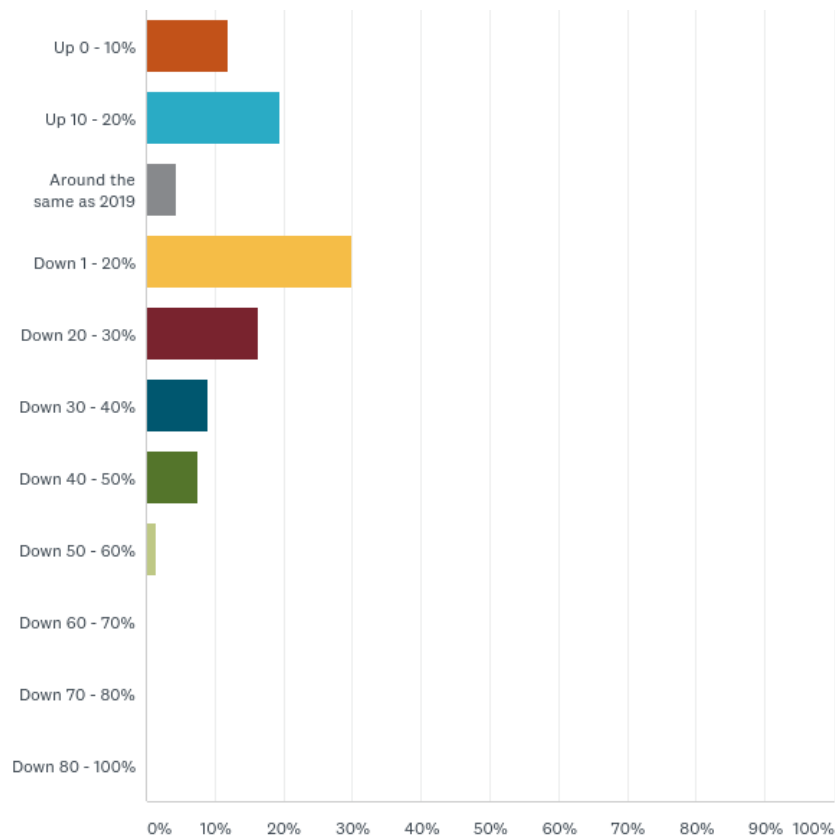
Comments:

The most dramatic change visible in this month's survey, is the reversal of furlough trends. The statistics have almost entirely been reversed with nearly half of the businesses expressing a furlough rate of less than 10% in June. Compared with May's results, which showed that over 55% of respondents had over 50-100% of staff still furloughed.

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



ANSWER CHOICES	RESPONSES	
Up 0 - 10%	11.94%	8
Up 10 - 20%	19.40%	13
Around the same as 2019	4.48%	3
Down 1 - 20%	29.85%	20
Down 20 - 30%	16.42%	11
Down 30 - 40%	8.96%	6
Down 40 - 50%	7.46%	5
Down 50 - 60%	1.49%	1
Down 60 - 70%	0.00%	0
Down 70 - 80%	0.00%	0
Down 80-100%	0.00%	0
TOTAL		67

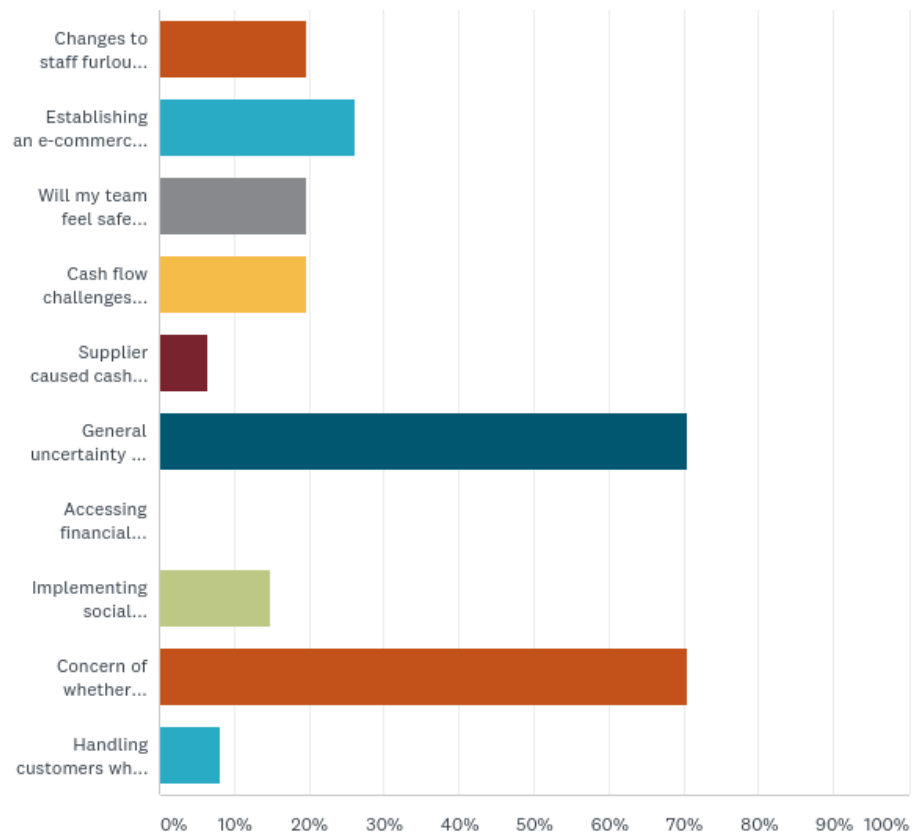
Comments:

Reflecting the changes we have seen in the furlough patterns, wholesalers have now gone from over 60% reporting in May a decline in turnover of 40-100%. But in June we can see a positive increase in turnover from over 20% of respondents and a return to previous levels from 5%.

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



ANSWER CHOICES	RESPONSES
Changes to staff furlough rules, including the Scheme ending on 31 October 2020	19.67% 12
Establishing an e-commerce operation to meet changing customer demands	26.23% 16
Will my team feel safe returning to work?	19.67% 12
Cash flow challenges caused by slower customer payments	19.67% 12
Supplier caused cash flow challenges due to stricter terms	6.56% 4
General uncertainty and challenges over forecasting	70.49% 43
Accessing financial support through the Government's schemes	0.00% 0
Implementing social distancing changes to enable us to trade	14.75% 9
Concern of whether customers will remain viable and return	70.49% 43
Handling customers who don't respect social distancing measures	8.20% 5
TOTAL	61

Comments:

The three greatest business concerns have remained relatively consistent with the attitudes in May, but there is now an increased awareness of the need to escalate e-commerce platforms to meet customer demands. Wholesalers seem reassured that their staff will feel comfortable returning to work as this figure is down over 10% this month.

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

Further Comments

Supply

- Supply shortages. There have been a lack of supplier and manufacturer staff that are available to deal with queries, late deliveries and general supply problems.
- Supplier delivery lead times stretching out.
- Supply issues.

Turnover

- Regrowing the turnover and the uncertainty as to when growth will reappear.

Unconcerned

- No concerns.

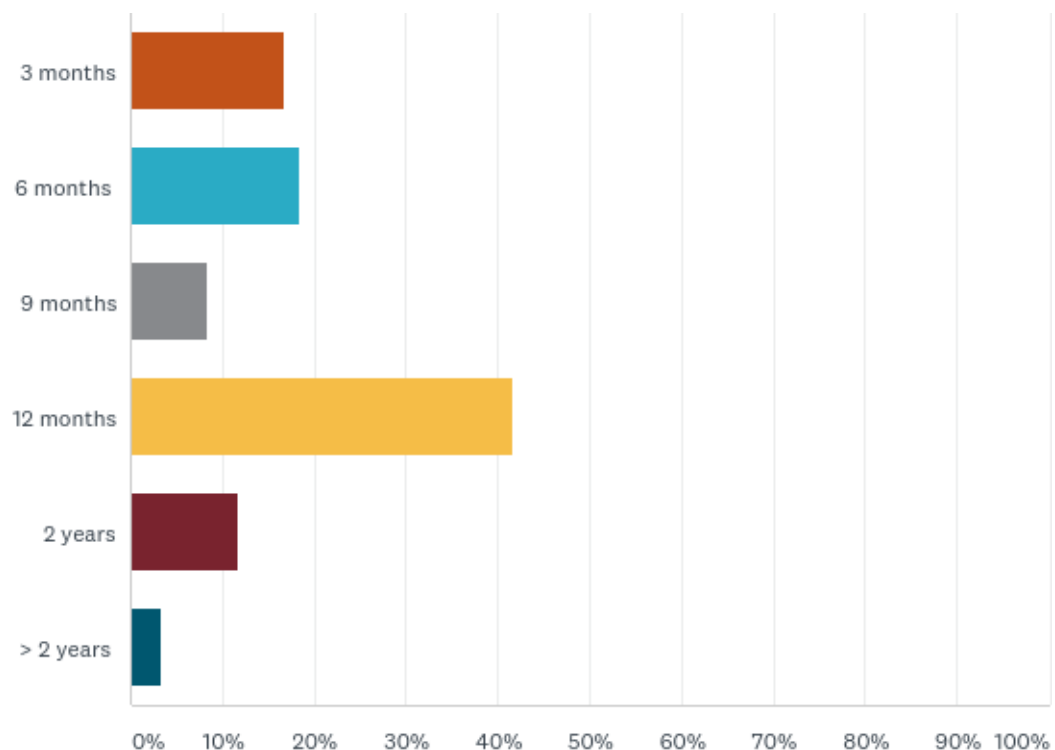
COVID-19

- Someone in close contact with a branch contracting Covid-19, causing that branch to close for a period under quarantine.





Q7: How long do you estimate that it will take until the sector reaches pre-COVID-19 turnover levels?



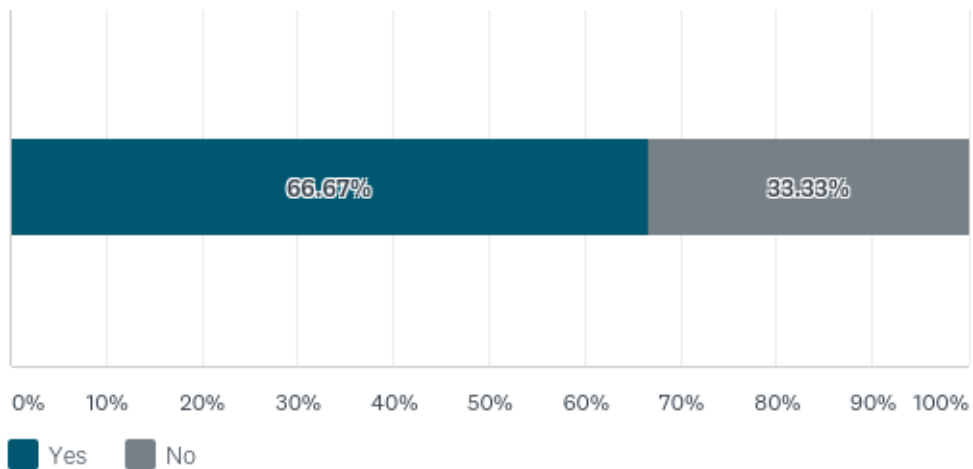
ANSWER CHOICES	RESPONSES	
3 months	16.67%	10
6 months	18.33%	11
9 months	8.33%	5
12 months	41.67%	25
2 years	11.67%	7
> 2 years	3.33%	2
TOTAL		60

Comments:

Again, these figures are relatively consistent with last months responses, with the majority of the wholesalers believing that it will be around 12 months before the sector returns to pre-COVID-19 levels. However there has been a 10% increase in those believing it will take 6 months or less and an almost 10% decrease in those that believe it will take over 2 years or over.



Q8: Do you feel more optimistic now than you did last month?



ANSWER CHOICES	RESPONSES	
Yes	66.67%	40
No	33.33%	20
TOTAL		60



Q8: Do you feel more optimistic now than you did last month?

Further Comments

Government Support

- We will get back to normal when the furlough scheme ends.
- When the government removes its support we will then see what the real situation is.
- I feel the same as I did last month. There's going to be peaks and troughs for at least 12 months but the worst is to come when the Furlough scheme ends in October.

Sales

- Sales are more positive but accessing stock could be a factor in why our sales are starting to slow down. Many of our suppliers are experiencing stock problems.
- The initial sales bounce back has tailed off.
- Trade customers appear to be busy and case sales are very good.
- I am still concerned that the bounce back we are experiencing is short lived and that the moneys the government have put in has just delayed business failures.
- Whilst June showed an increase in demand July has dropped back month to date to nearer May level.
- I am concerned that the bounce back may be short lived and that Q4 will be the most challenging.
- End of month sales close strongly in June and we have seen a strong start to July.
- A very good June figure and a good start to July.



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Q8: Do you feel more optimistic now than you did last month?

Further Comments

Reopening

- More construction sites are opening up, more contractors returning to work.
- More of our customers are returning to work.
- Construction is starting.
- Easing of restrictions and a good June turnover.
- Businesses seem to be working more and asking for more materials. Fingers crossed for the next few months.

Future

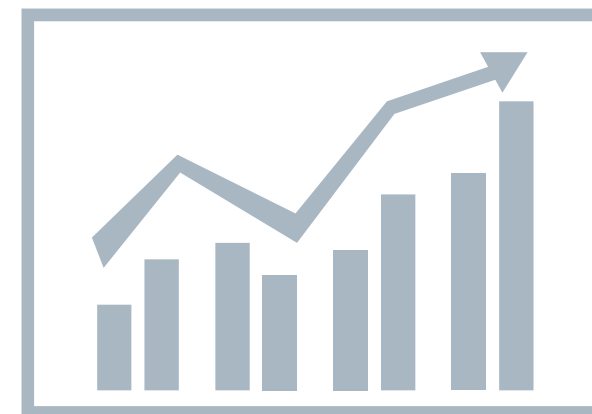
- We believe the future is very bright.

Uncertainty

- Concerned that the ending of the Job Retention scheme and any further COVID-19 outbreaks will result in additional market uncertainty and economic pressures.

Return to normal

- Quicker return to normal than originally estimated.
- I was quite optimistic last month.



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Further Comments

Furlough

- We will get back to normal when the furlough scheme ends.

Change

- Whilst there maybe changes many of these are for the better.

Economy

- We need to start opening the large Building Sites and getting Councils to start releasing projects to help people back to work and get the economy kick started.

