

COVID-19 Impact Survey: May 2020 (looking back at April)





COVID-19 Impact Survey: May 2020

Introduction

This survey is the second in the series carried out by the EDA among its members during the COVID-19 crisis. It took place in the first two weeks in May 2020 and looks back at performance and issues in the previous month.

The questionnaire was sent to the Principal Contact of the 240 EDA wholesaler member companies and achieved over 70 responses.

The quantitative results of the survey are presented as graphs and bar charts on pages 3 –10.

Responses to open-ended or free-text questions are presented on pages 11,12 and 13.

Highlights of the May Survey

Of major significance is the high number of people on furlough - above 60% in most cases - with branches operating on skeleton staff. The major loss of turnover in the month of April came as no surprise but we believe that April was the low point in the crisis.

Question 5 gives an indication of the top business concerns of members. These relate to staff attitudes to returning to work safely, overdue invoices from contractor customers and future loss of custom.

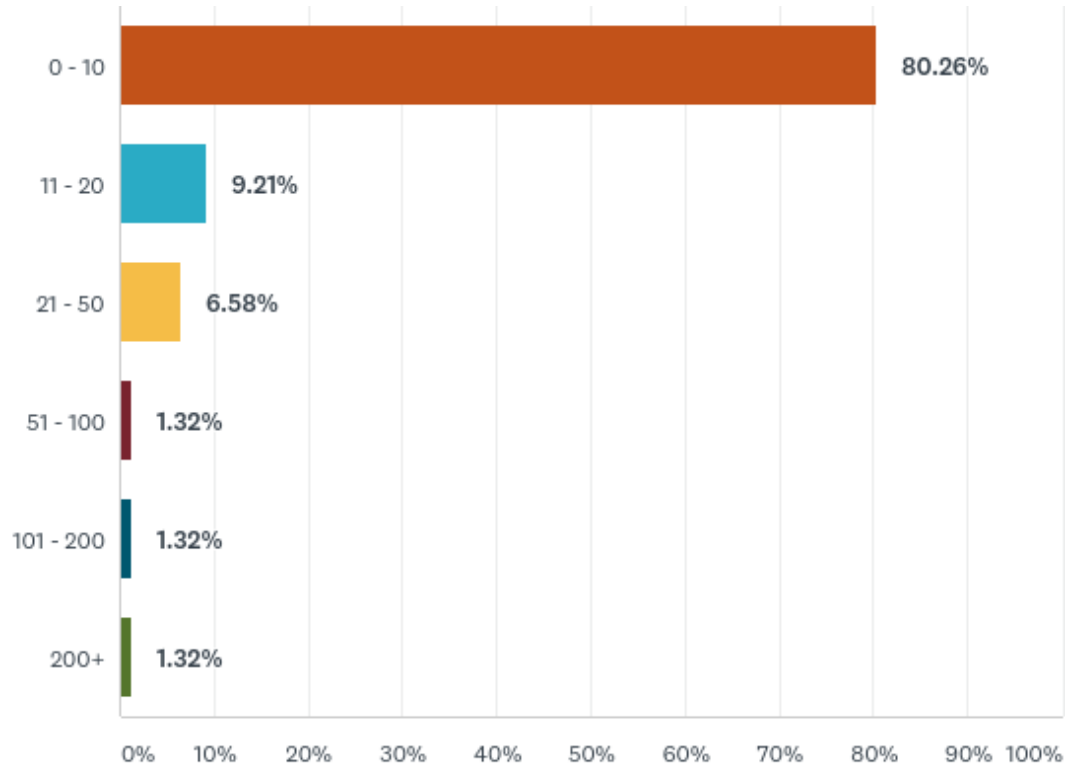
The Government introduced many support schemes to help businesses and the electrical wholesaler but the schemes that were most used were deferral of income tax and grant funding. The Bounce Bank Loan was only made available in late April/early May so didn't feature highly in this survey although we expect to see a big increase in its use in the future.

Wholesalers are anticipating a slow return of business to pre-COVID times with two-thirds anticipating that it will take one to two years.

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Q1: How many branches do you have?

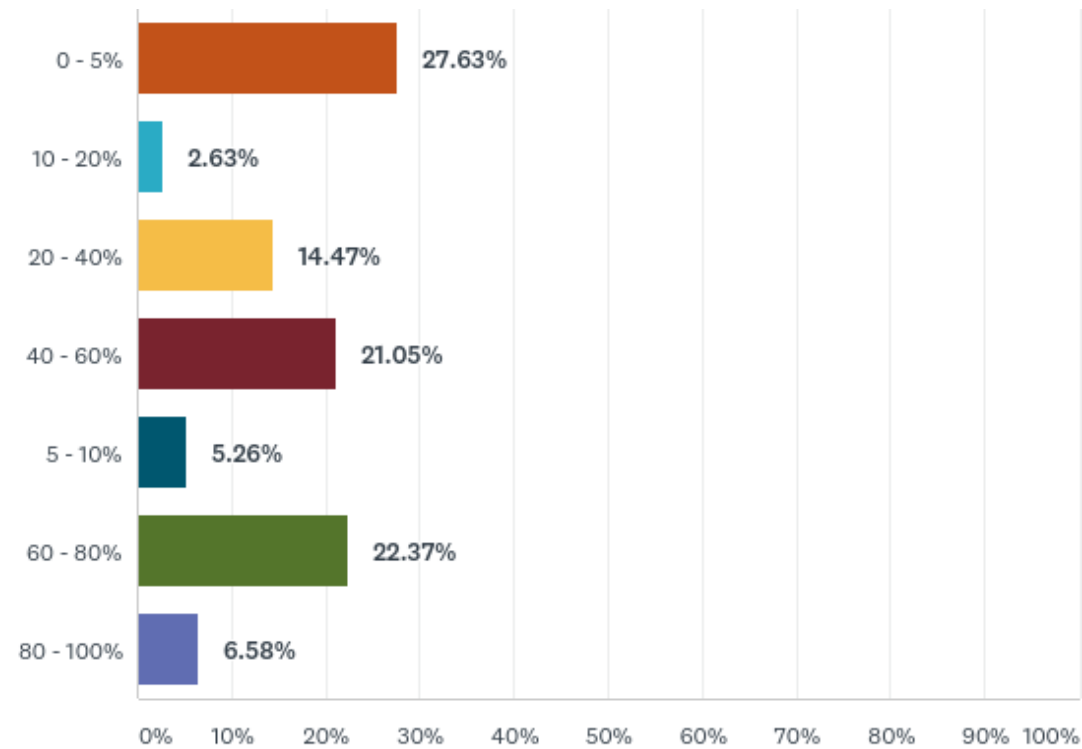


| ANSWER CHOICES | RESPONSES | |
|----------------|-----------|-----------|
| 0 - 10 | 80.26% | 61 |
| 11 - 20 | 9.21% | 7 |
| 21 - 50 | 6.58% | 5 |
| 51 - 100 | 1.32% | 1 |
| 101 - 200 | 1.32% | 1 |
| 200+ | 1.32% | 1 |
| TOTAL | | 76 |

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Q2: Approximate proportion of business operations that are suspended as a result of COVID-19 during April.

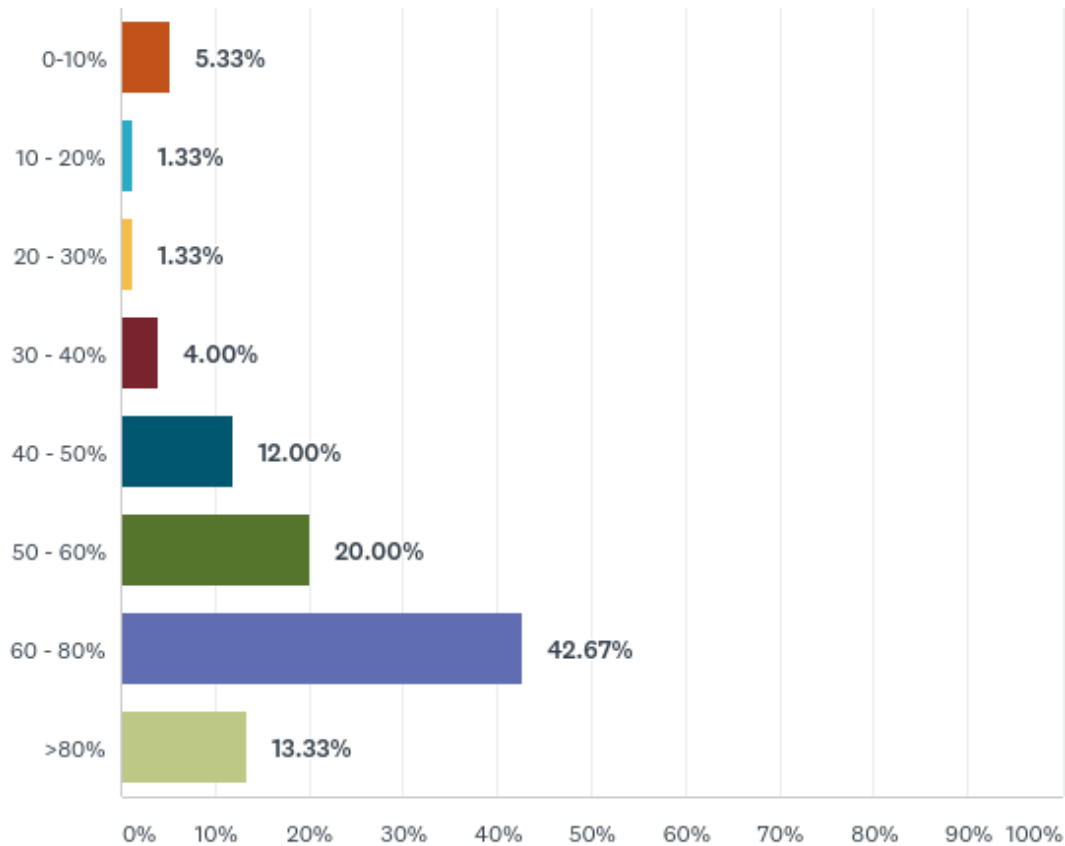


| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| 0 - 5% | 27.63% 21 |
| 10 - 20% | 2.63% 2 |
| 20 - 40% | 14.47% 11 |
| 40 - 60% | 21.05% 16 |
| 5 - 10% | 5.26% 4 |
| 60 - 80% | 22.37% 17 |
| 80-100% | 6.58% 5 |
| TOTAL | 76 |

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Q3: What percentage of your team are on furlough?

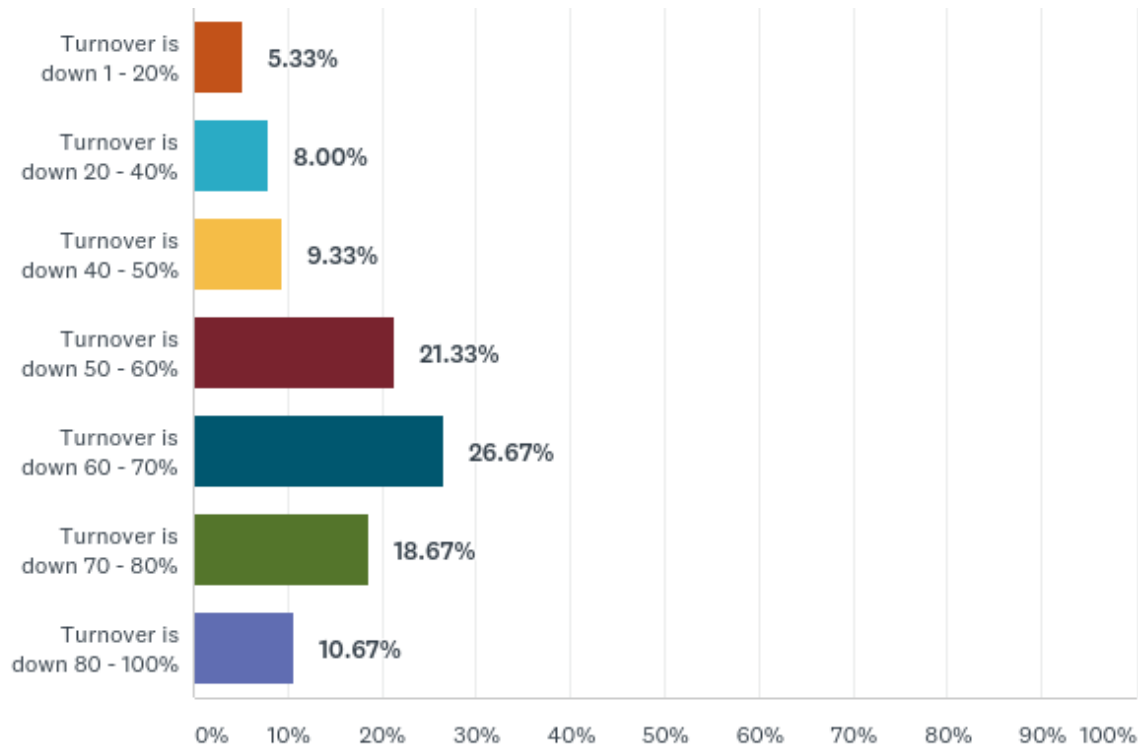


| ANSWER CHOICES | RESPONSES | |
|----------------|-----------|-----------|
| 0-10% | 5.33% | 4 |
| 10 - 20% | 1.33% | 1 |
| 20 - 30% | 1.33% | 1 |
| 30 - 40% | 4.00% | 3 |
| 40 - 50% | 12.00% | 9 |
| 50 - 60% | 20.00% | 15 |
| 60 - 80% | 42.67% | 32 |
| >80% | 13.33% | 10 |
| Total | | 75 |

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Q4: To what extent has your turnover has been affected when Comparing April 2020 to April 2019?

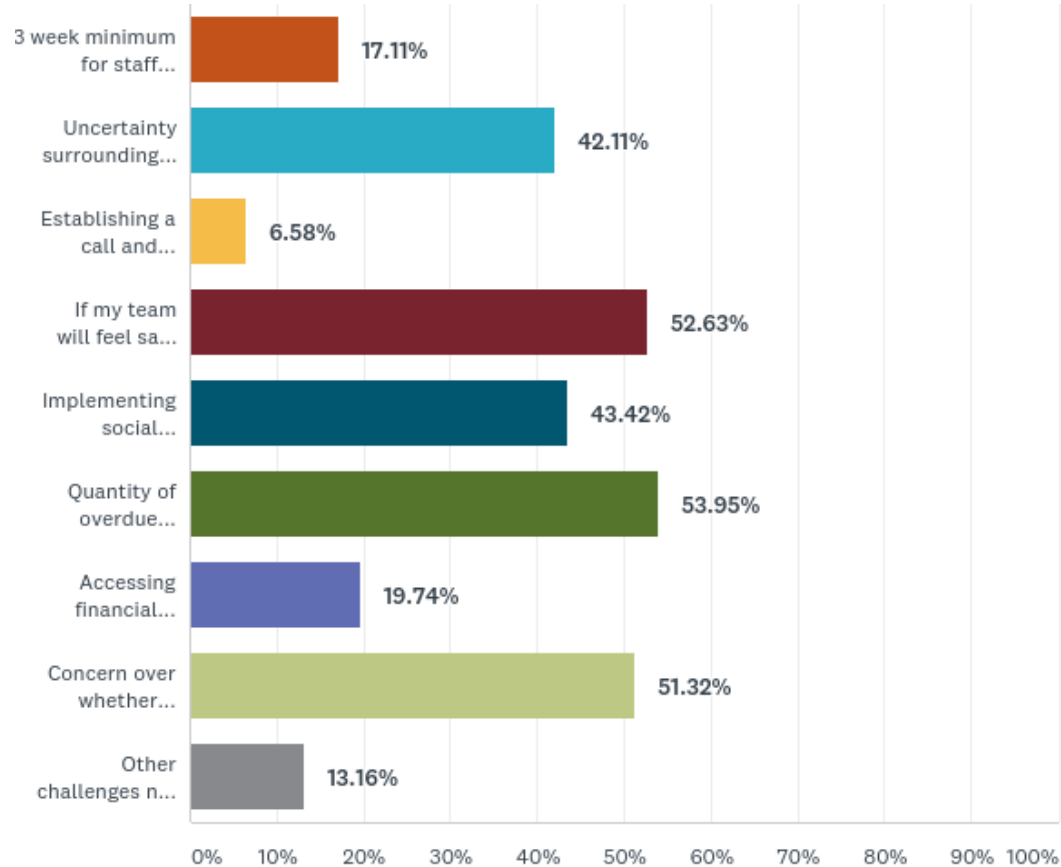


| ANSWER CHOICES | RESPONSES | |
|----------------------------|-----------|-----------|
| Turnover is down 1 - 20% | 5.33% | 4 |
| Turnover is down 20 - 40% | 8.00% | 6 |
| Turnover is down 40 - 50% | 9.33% | 7 |
| Turnover is down 50 - 60% | 21.33% | 16 |
| Turnover is down 60 - 70% | 26.67% | 20 |
| Turnover is down 70 - 80% | 18.67% | 14 |
| Turnover is down 80 - 100% | 10.67% | 8 |
| Total | | 75 |

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



| ANSWER CHOICES | RESPONSES | |
|---|-----------|-----------|
| 3 week minimum for staff furlough | 17.11% | 13 |
| Uncertainty surrounding construction sites reopening | 42.11% | 32 |
| Establishing a call and collect service | 6.58% | 5 |
| If my team will feel safe returning to work | 52.63% | 40 |
| Implementing social distancing measures to enable us to trade | 43.42% | 33 |
| Quantity of overdue invoices from contractor customers | 53.95% | 41 |
| Accessing financial support through the Government's schemes | 19.74% | 15 |
| Concern over whether customers will return after the crisis | 51.32% | 39 |
| Other challenges not listed above: | 13.16% | 10 |
| TOTAL | | 76 |

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Q5: Continued – Other Challenges

PPE

- The volume of uncertified PPE currently flooding the market.
- Influx of overpriced, inefficient, uncertified PPE.
- Access to PPE equipment and materials to ensure our workspaces are compliant environments.

Finance

- Forecasting future business and adjusting costs to reflect this.
- The inability to predict turnover levels impacts the decision to retract furloughed staff. As a small business we are unable to pay staff without our turnover. It is a catch 22 we cannot generate higher levels of turnover without staff return but without our turnover we are unable to pay our staff.
- Cashflow.

Staff

- Staff cannot return due to caring for Children that cannot attend school.

Uncertainty

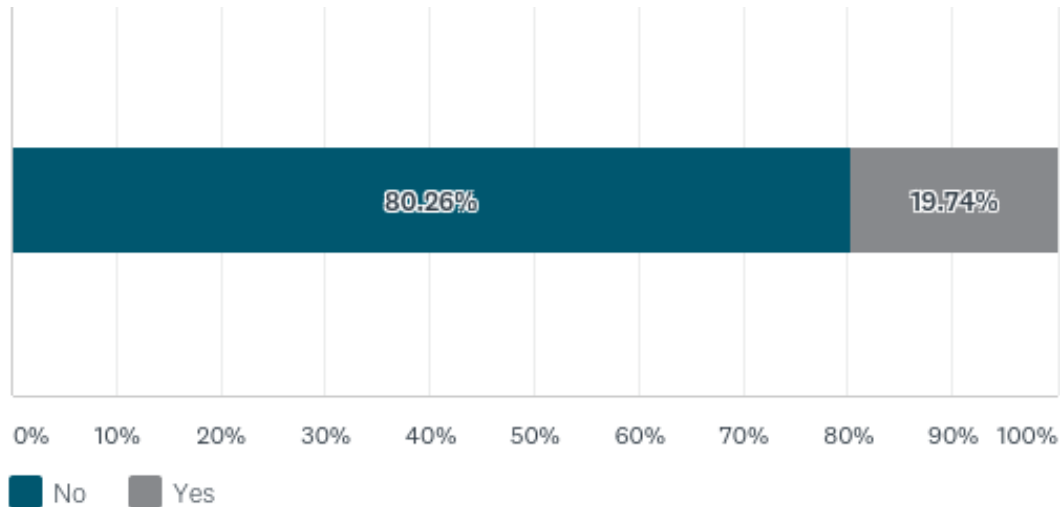
- Uncertainty in the current climate.
- Participation in Meetings and Events.
- Unhappy with the method of lockdown. It could have been more beneficial to adopt used in Sweden.



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Q6: Are you experiencing any financial supply chain issues?



| ANSWER CHOICES | RESPONSES | |
|----------------|-----------|----|
| No | 80.26% | 61 |
| Yes | 19.74 | 15 |
| TOTAL | | 76 |

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Q6: Continued - If yes, please expand

Finance

- Payments from smaller contractors have slowed down but our suppliers have been excellent.
- We have had difficulties with cash flow. Suppliers require payment but our customers are not paying us.
- Suppliers have kept business deals consistent despite our loss of 80% of our business. It will take months not days to re-adjust. Our rent agency was chasing for a payment that only 1 week overdue.
- Payments have slowed down.
- There has been cash disruption throughout the supply chain: Main Contractors fail to pay Sub-Contractors, etc. Cash is the most important thing at present for most businesses.
- Cashflow has reduced.
- Customers are reluctant to pay.
- We have delayed payments to some suppliers pending government funding but are now up to date.

Insurance

- Euler Hermes has withdrawn Insurance against our company, despite accounts not being due.

Business Processes

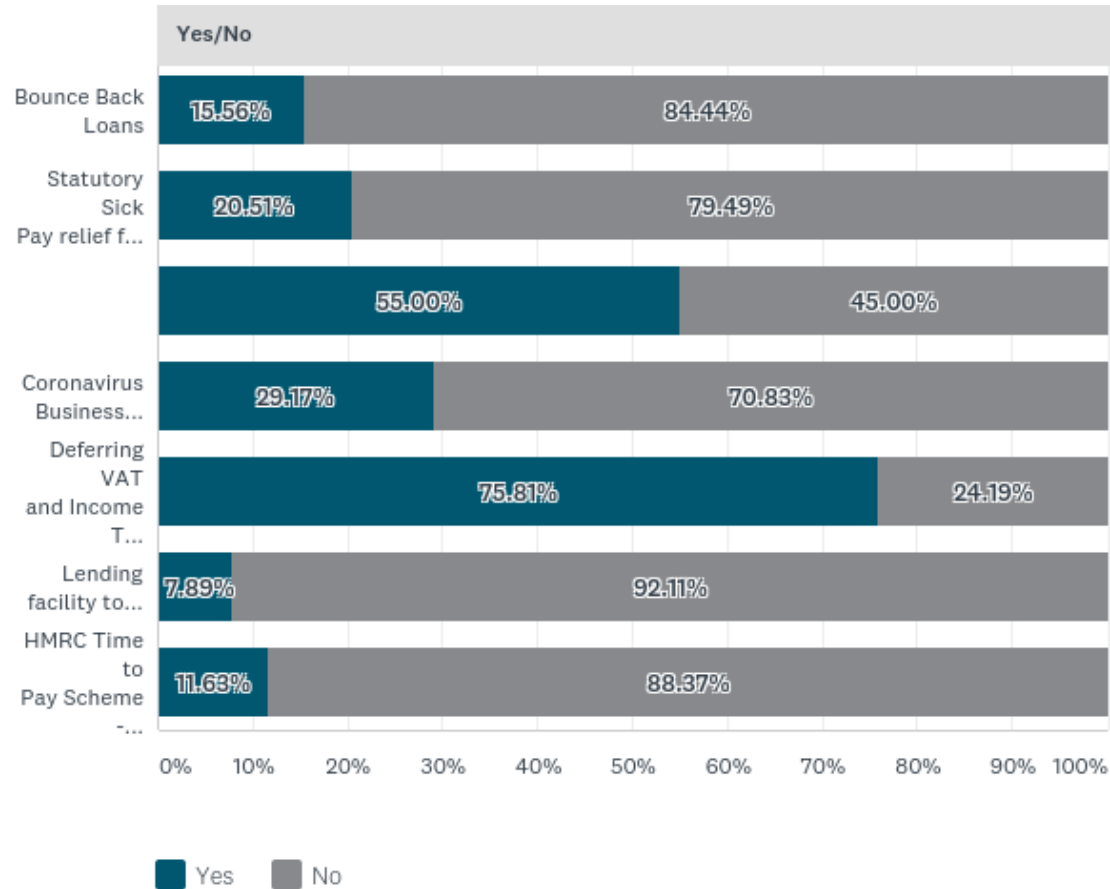
- Response time and quality of responses have been impacted due to staff being furloughed.



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Q7: Which of the following financial support packages have you used?

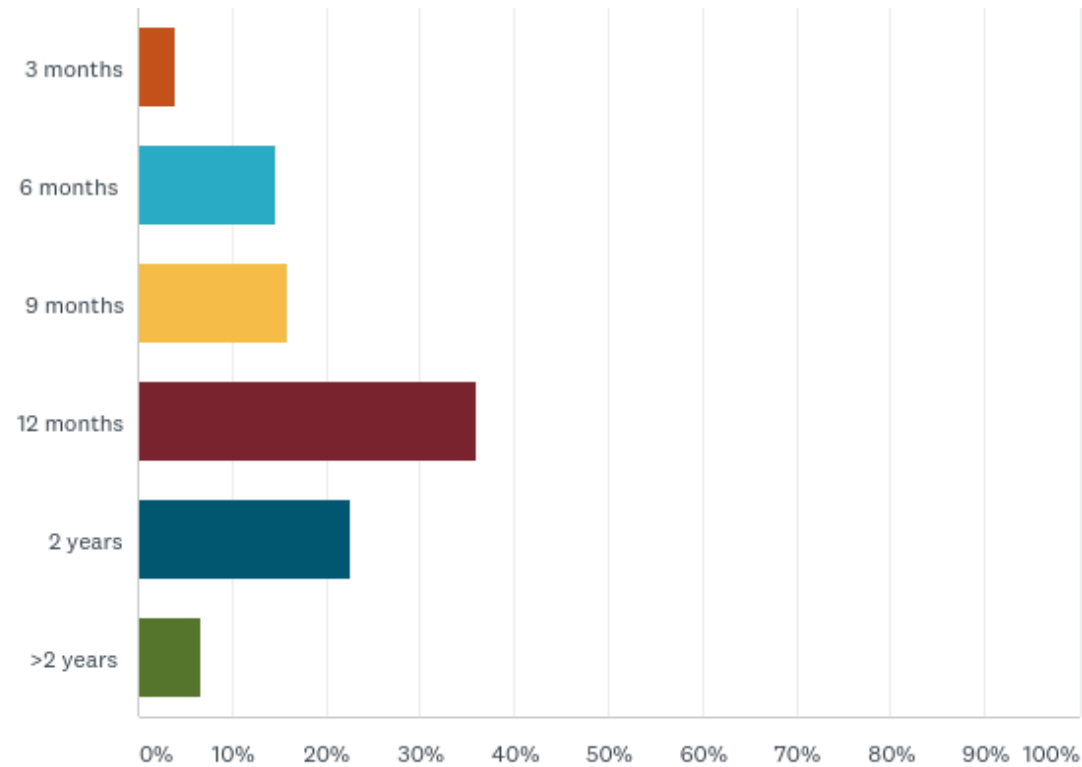


| | YES | NO | TOTAL |
|---|--------------|--------------|-------|
| Bounce Back Loans | 15.56% 7 | 84.44% 38 | 45 |
| Statutory Sick Pay relief for SMEs | 20.51% 8 | 79.49% 31 | 39 |
| Small business grant funding of up to £10,000 | 55.00% 33 | 45.00% 27 | 60 |
| Coronavirus Business Interruption Loan Scheme (CBIL) offering loans up to £5 million for SMEs | 29.17% 14 | 70.83% 34 | 48 |
| Deferring VAT and Income Tax Payments for 3 months | 75.81% 47 | 24.19% 15 | 62 |
| Lending facility to help support liquidity among larger firms | 7.89% 3 | 92.11% 35 | 38 |
| HMRC Time to Pay Scheme - support for businesses in immediate financial distress | 11.63% 5 | 88.37% 38 | 43 |

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Q8: How long do you estimate that it will take until the sector reaches pre COVID-19 turnover levels?



| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| 3 months | 4.00% 3 |
| 6 months | 14.67% 11 |
| 9 months | 16.00% 12 |
| 12 months | 36.00% 27 |
| 2 years | 22.67% 17 |
| >2 years | 6.67% 5 |
| TOTAL | 75 |

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Q9: Is there anything else that you'd like to share with the EDA at this time?

Finance

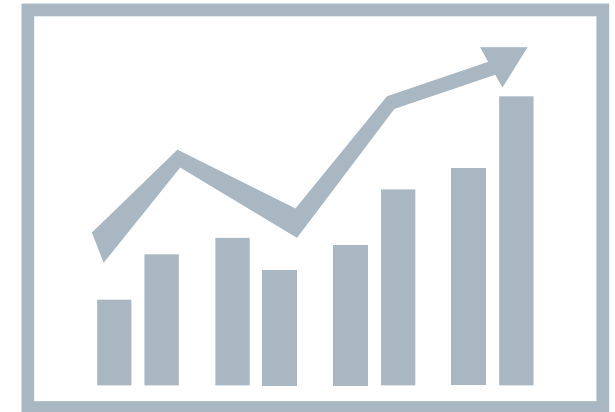
- Our sales are up by 40% despite lockdown.
- We should receive a Government Grant as they are classed retailers.
- The financial Markets are displaying a two-month slump; it will take two years to get back to same levels. This could see a faster move to online sales.
- It would be beneficial if suppliers can reduce/stop the minimum order charges. Most companies do not want to buying more stock than required now. Also, asking customers to order more than required in a time of financial difficulty may mean they do not receive payment.
- We have received a £25,000 loan from the government as we have a retail element attached to premises.
- We should be able to get Business rate relief, it is Government policy that has removed our customers and reduced our income.

Return to Business as usual

- The electrical supply chain appears to be operational, but there have been difficulties with supply in other areas of the construction sector. We need children to go back to school and to retract summer holidays in order to get back to business.
- The furlough scheme must be tapered asap, to enable a return to work in May, with shorter hours, rather than redundancy.

Support

- Our company have been very supportive, focusing on mental health and stress management.
- Thank you so much to the EDA for your support during this difficult time.
- You're doing an amazing job supporting us. Thank you.



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