

# COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)

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# COVID-19 Impact Survey:

## Introduction

This survey was taken in November, reflecting on business in October, and represents the responses of EDA Affiliated Manufacturers.

Despite the very strong recovery we are seeing in most sections of the industry including our own since July, if UK construction activity remains at September's level for the rest of the year, construction output in 2020 is predicted to be 16 % lower than in 2019.

However, house builders and SME contractors have reported that their activity levels are higher than the Office for National Statistics.

With regards to BREXIT, the CPA predict a 7% growth in 2021 if there is a deal, meaning the UK economy will return to December 2019 levels by December 2022. Forecasters believe there is an 80% chance of a "no deal BREXIT", but the CPA believes that a deal may be struck with details to be clarified over the coming years. They have suggested that a 'No Deal' may lead to a slowing of economic activity in Q4, but the largest impacts would be due to trade disruption from January; predicting GDP in 2021 Q1 may be 3.5% lower than in only recovering to pre-COVID-19 levels in mid-2023.

Since Q1 2019, UK wide employment figures for construction have fallen from 2.43 million to 2.17 million in Q3 2020. The construction workforce in London is predicted to comprise almost 260,000 workers in Q3 2020, of which 155,479 were from UK, 52,763 were from EU countries and 50,601 were non-EU workers, with figures showing that EU workers have declined by 54% since Q2 2018.

## Highlights

The primary business concerns cited for October were, general Brexit uncertainty, obtaining face to face wholesaler customer meetings, forecasting and product supply. In a discussion with EDA Member Wholesalers, Affiliate Manufacturers conveyed that product supply "problems" could be eased by more extensive forecasting from their wholesaler customers, as it would allow them to plan further in advance.

Port delays have caused further problems in product supply. With Felixstowe, a vital import point, running at over 40% slower than other ports worldwide the whole supply chain has felt the effect; with cable and consumer units being cited as two areas of product shortage.

The delays at ports such as Felixstowe have caused a ripple effect: all the while containers and ships are held up at ports, they are unable to return to their origin ports to restock, further delaying supply.

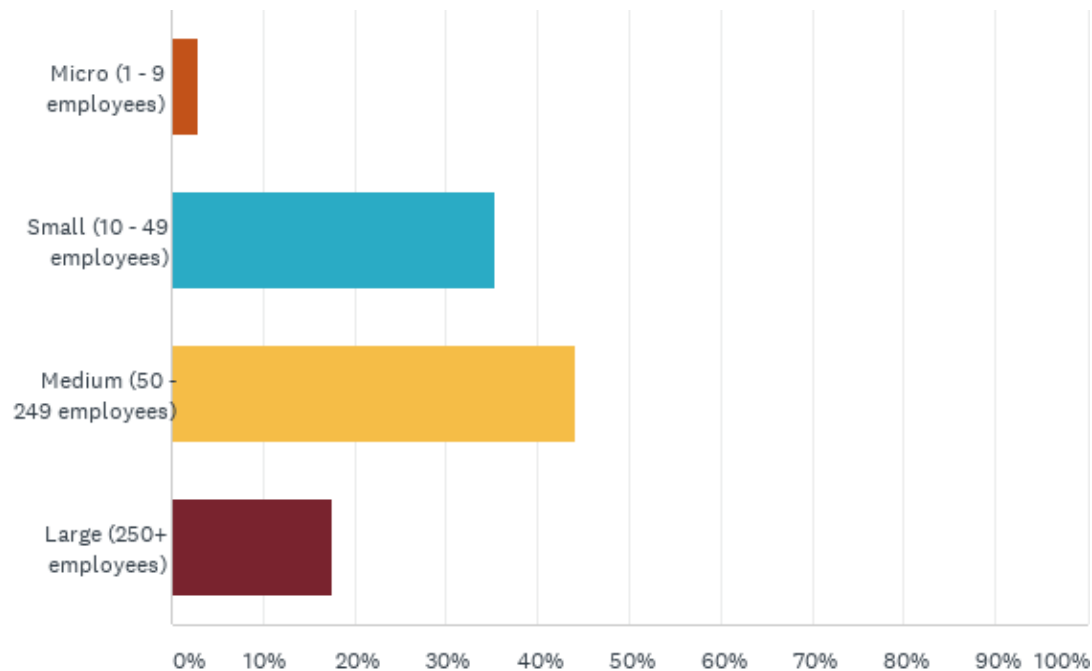
Manufacturer respondents, generally, did not feel that the extension of the furlough scheme would make much difference to their businesses as they have brought their staff back off furlough.

Affiliate staff members cited Social distancing between staff members as their greatest concern in returning to work, with childcare, as a result of children being sent home from school, as their second largest concern.

## **SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



## Q1. Business size

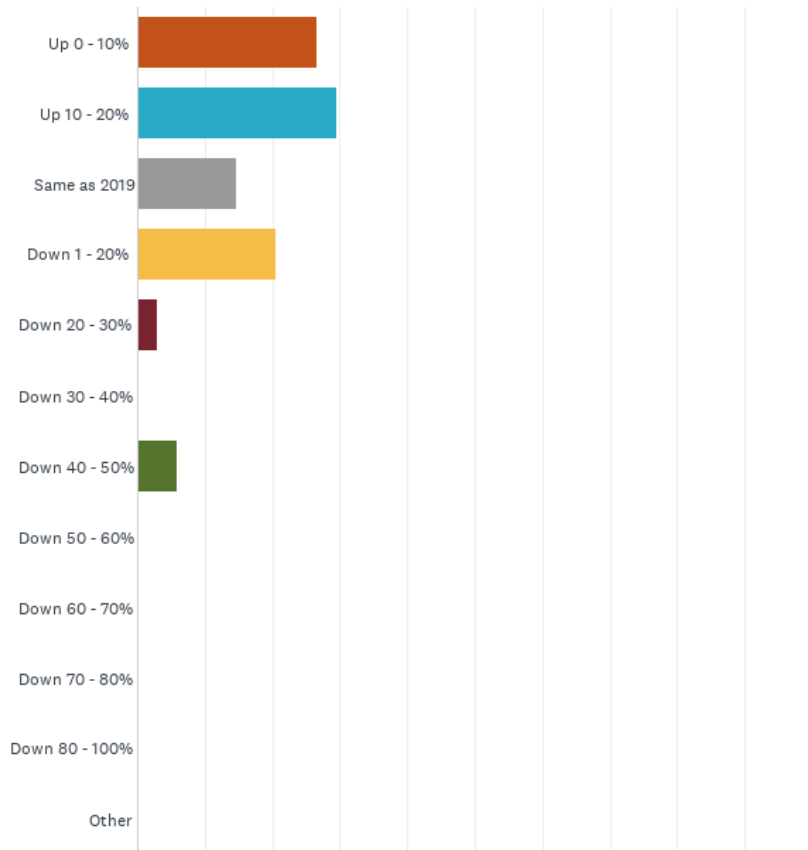


Answer Choices	Responses	Count
Micro (1 - 9 employees)	2.94%	1
Small (10 - 49 employees)	35.29%	12
Medium (50 - 249 employees)	44.12%	15
Large (250+ employees)	17.65%	6
<b>TOTAL</b>		<b>34</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



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



Answer Choices	Responses	Count
Up 0 - 10%	26.47%	9
Up 10 - 20%	29.41%	10
Around the same as in 2019	14.71%	5
Down 1 - 20%	20.59%	7
Down 20 - 30%	2.94%	1
Down 30 - 40%	0.0%	0
Down 40 - 50%	5.88%	2
Down 50 - 60%	0.0%	0
Down 60 - 70%	0.0%	0
Down 70 - 80%	0.0%	0
Down 80 - 100%	0.0%	0
Other	0.0%	0

### ANSWER CHOICES

34

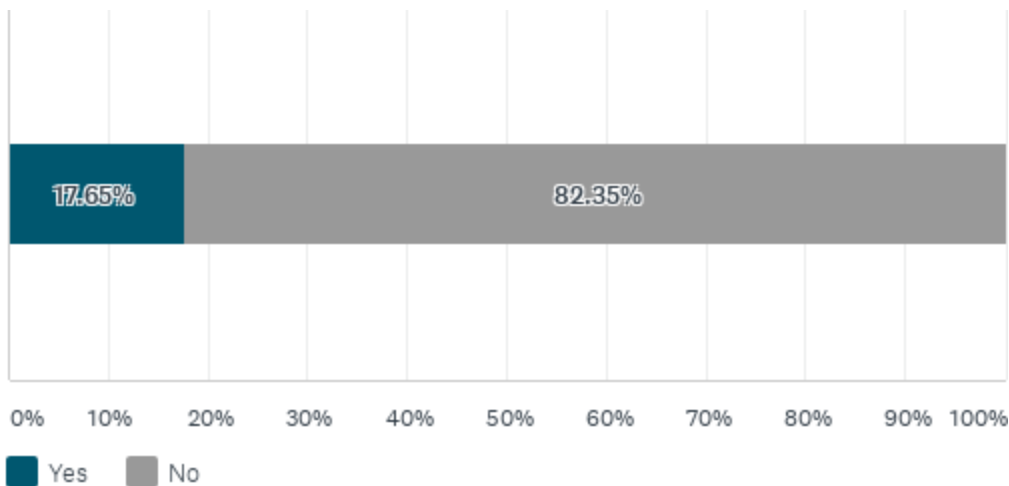
### Comments

In October, 55.88% of respondents reported an increase in turnover of 1-20%, 15.88% higher than August and only 29.41% 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.

## SURVEY COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



### Q3. Has your business been affected by Test and Trace?

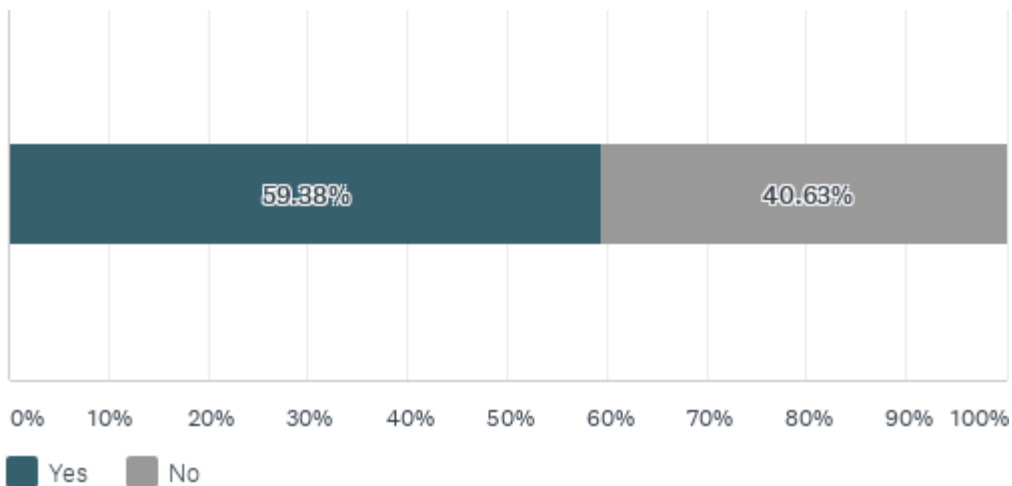


Answer Choices	Responses	
Yes	17.65%	6
No	82.35%	28
<b>TOTAL</b>		<b>34</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



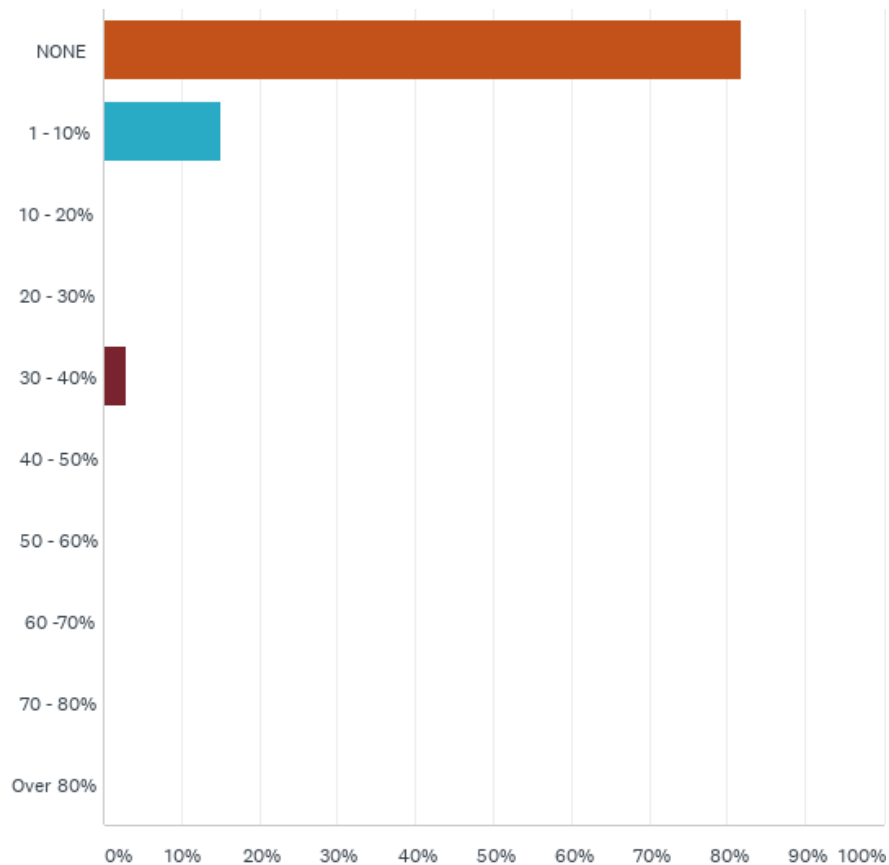
**Q4.** Have you brought furloughed staff back into your business during October 2020?



Answer Choices	Responses	Count
Yes	59.38%	19
No	40.63%	13
<b>TOTAL</b>		<b>32</b>



## Q5. What percentage of your overall business is still on furlough?

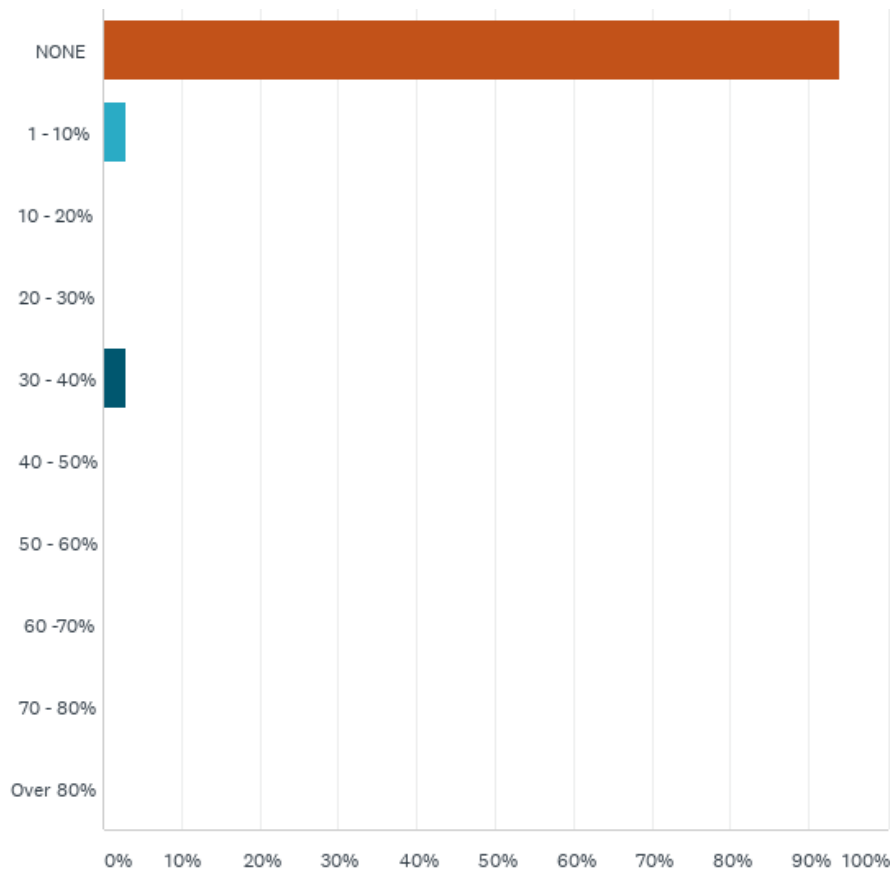


Answer Choices	Responses	
0%	58.97%	23
1 - 10%	38.46%	15
10 - 20%	2.56%	1
20 - 30%	0.0%	0
30 - 40%	0.0%	0
40 - 50%	0.0%	0
50 - 60%	0.0%	0
60 - 70%	0.0%	0
70 - 80%	0.0%	0
80 - 100%	0.0%	0
<b>TOTAL</b>		<b>39</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q6.** What proportion of your sales and customer service team that supports the wholesaler is still on furlough?



Answer Choices	Responses	
0%	84.62%	33
1 - 10%	7.69%	3
10 - 20%	5.13%	2
20 - 30%	2.56%	1
30 - 40%	0.0%	0
40 - 50%	0.0%	0
50 - 60%	0.0%	0
60 - 70%	0.0%	0
70 - 80%	0.0%	0
80 - 100%	0.0%	0
<b>TOTAL</b>		<b>39</b>

**Comments**

84.62% of respondents have brought all of their sales and customer service team supporting wholesaler business back off of

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)





## Q7. What impact will the extension of the Coronavirus Job Retention (furlough) Scheme have on your business?

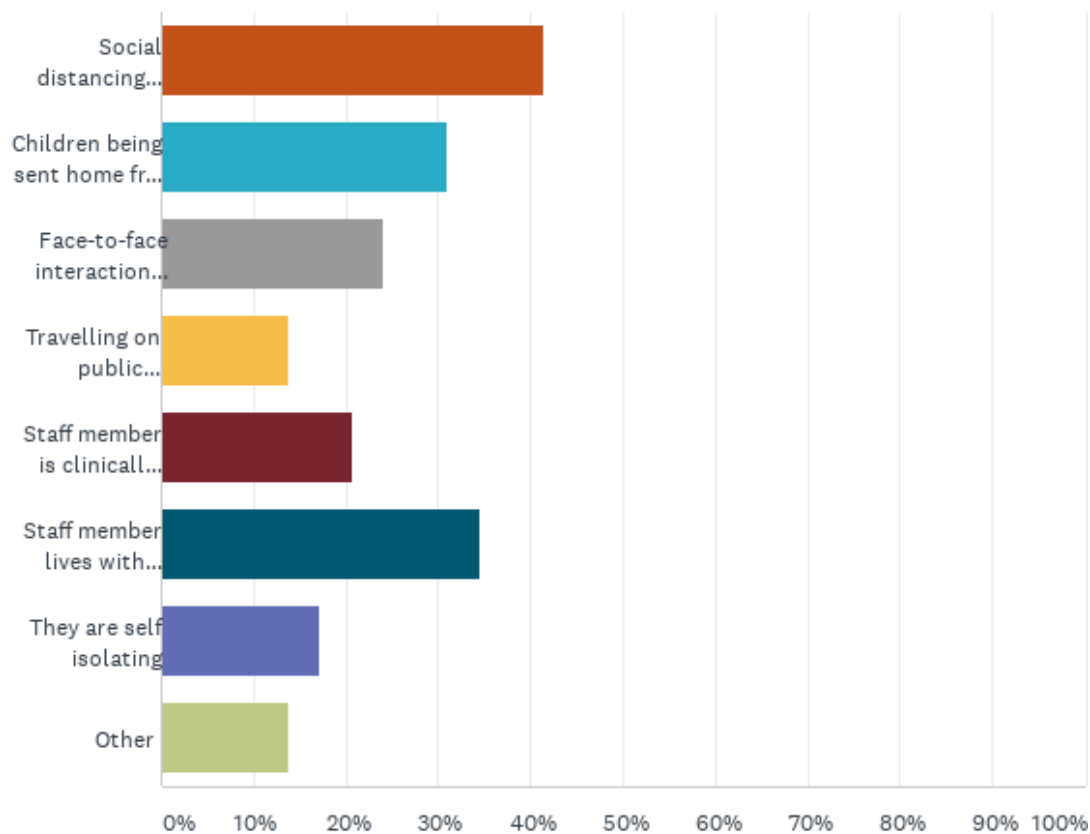
- Currently none but we're reviewing the situation on a week by week basis.
- None.
- It will allow us to furlough staff if they have to isolate, thus saving us money.
- We may use it.
- We have continued to furlough some individuals who are classified as high risk.
- The furlough scheme will be used for some staff in Nov, Dec, Jan. It is hugely beneficial when managing the business' cashflow.
- Hopefully we will be unaffected if construction remains open.
- We have furloughed 1-2 members of staff only and don't plan on that changing. Our customers very much require our services, therefore demand is high and we require a full complement of staff to service our customers needs.
- Don't intend to use it unless business decreases significantly or we go into a Lockdown as we did in April.
- We have no plans to furlough any staff.
- We have found that it makes it more difficult to employ
- None as long as sales don't slip back again.
- None, but if the government used furlough to support industries most effected, instead of all businesses, the scheme would be more beneficial.
- Could be useful if sales fall after December.

**67%** of respondents  
reported that the extension will  
have no effect on their business.

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q8:** If your teams have raised concerns over returning to work, which of the following reasons have your team cited?

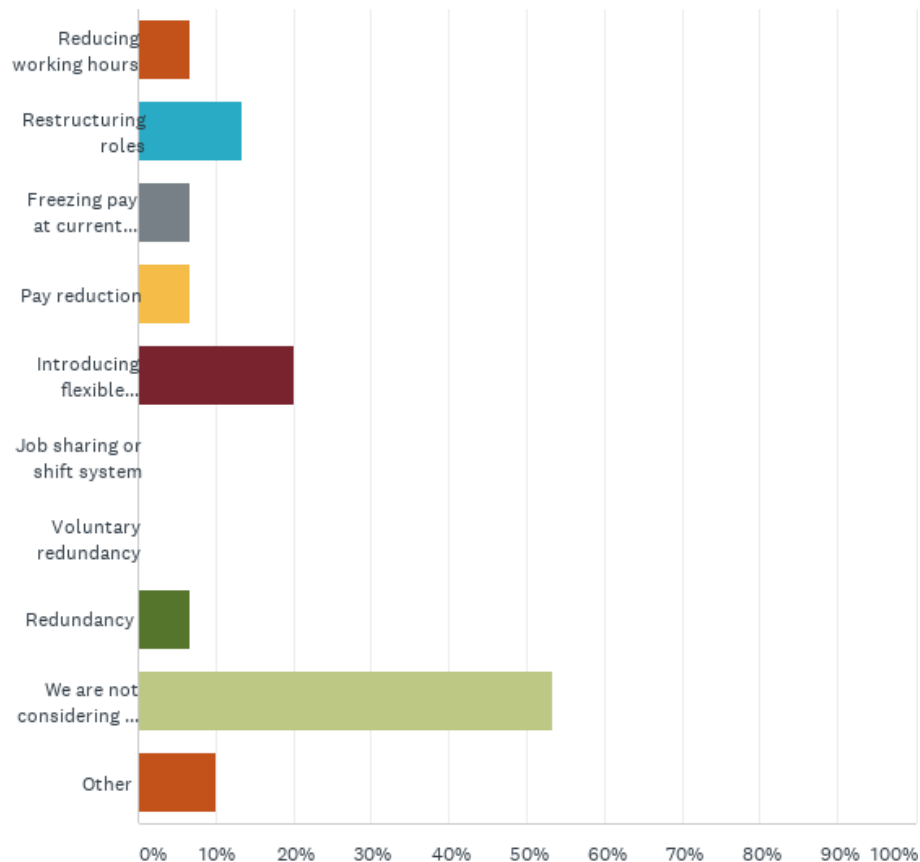


Answer Choices	Responses	Count
Social distancing concerns between members of staff	41.38%	12
Children being sent home from school resulting in parents taking time away from work to look after them	31.03%	9
Face-to-face interaction with customers	24.14%	7
Travelling on public transport to and from place of work	13.79%	4
Staff member is clinically vulnerable or extremely clinically vulnerable	20.69%	6
Staff member lives with someone who is clinically vulnerable or extremely clinically vulnerable	34.48%	10
They are self isolating	17.24%	5
Other	13.79%	4
<b>TOTAL</b>		<b>29</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q9:** 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	Count
Reducing working hours	6.67%	2
Restructuring roles	13.33%	4
Freezing pay at current levels	6.67%	2
Pay reduction	6.67%	2
Introducing flexible working arrangements	20.0%	6
Job sharing or shift system	0.0%	0
Voluntary redundancy	0.0%	0
Redundancy	6.67%	2
We are not considering any of the above	53.33%	16
Other (please specify)	10.0%	3
<b>TOTAL</b>		<b>30</b>

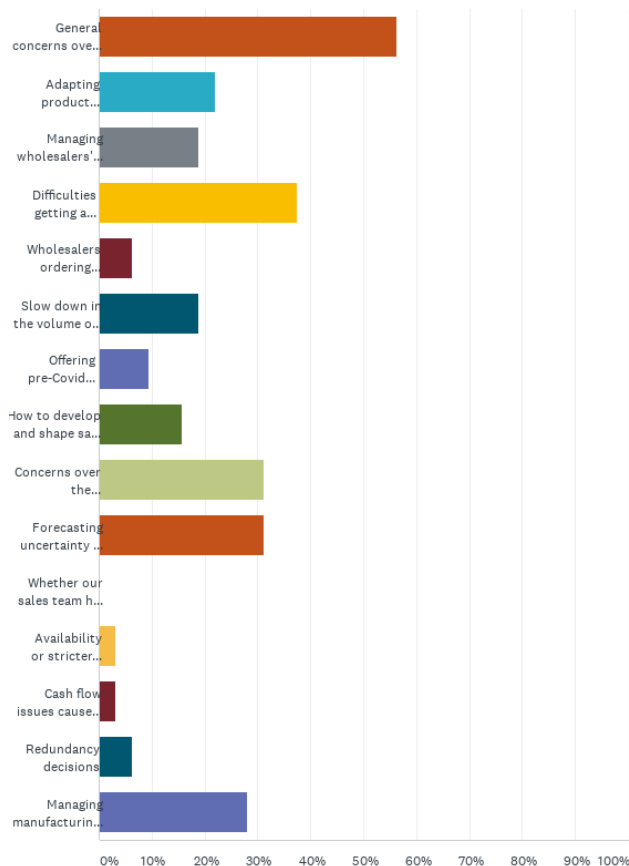
**Other comments**

- Pay reduction in place since lockdown 1 - if business is healthy at end of year staff will be compensated.
- We will be adding staff to both sales and warehouse.
- We have actioned some of the above prior to October.

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



## Q10: What are the three greatest challenges your business is facing at this time?



Answer Choices	Responses
General concerns over Brexit	56.25% 18
Adapting product labelling to meet post-Brexit requirements	21.88% 7
Managing wholesalers' expectations	18.75% 6
Difficulties getting a face-to-face appointment to meet our wholesaler customers	37.5% 12
Wholesalers ordering minimum quantities	6.25% 2
Slow down in the volume of orders from the wholesale channel	18.75% 6
Offering pre-Covid levels of customer service to deal with trade enquiries	9.38% 3
How we should be developing and shaping our sales teams to service the wholesale channel	15.63% 5
Concerns over the availability of products and materials from overseas which will impact on our ability to supply	31.25% 10
General uncertainty and challenges over forecasting	31.25% 10
Whether our sales team have the skills to sell virtually	0.0% 0
Concerns over availability or stricter terms of Trade Credit Insurance	3.13% 1
Cash flow issues caused by a slow down in payment from wholesalers	3.13% 1
Redundancy decisions	6.25% 2
General concerns over Brexit	56.25% 18
Other challenges not listed above:	2
<b>TOTAL</b>	<b>32</b>

### SURVEY COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



## Q11: Please share the reasons behind challenges with product supply and keeping the wholesaler fully stocked:

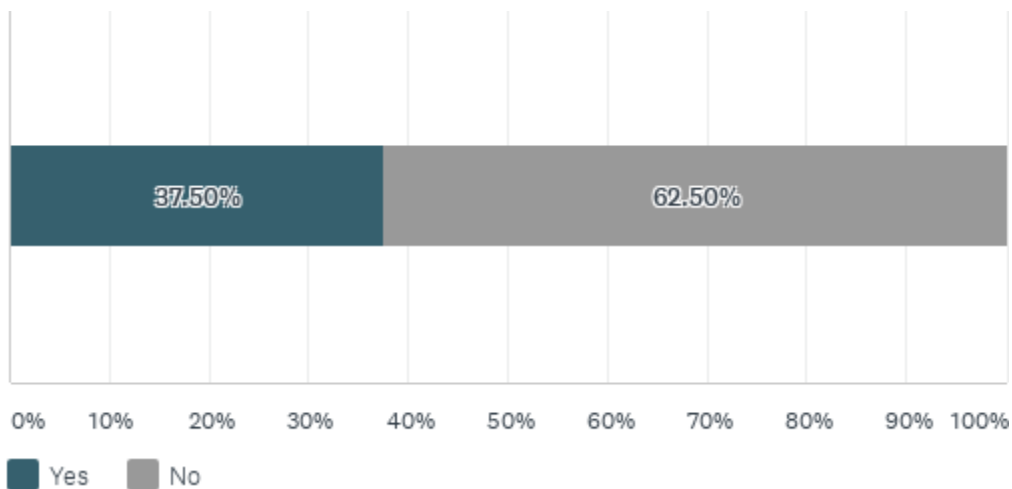
- Problems at UK ports creating huge delays.
- Wholesalers' failure to forecast followed by extremely angry calls to manufacturers for being unable to supply unpredicted demands – we need to be a Team.
- Buoyancy in demand was not expected. Shipping issues due to pandemic and political issues.
- Delays at port.
- Extreme and sudden fluctuations in demand over the last 6 months have caused havoc with forecasting, meaning that lead timescales are longer than the timescales for changes in demand; this compounded with logistical problems: delays at the factory due to Covid, delays in transport due to fewer ships, lack of containers, delays at port and shortage of drivers.
- Availability/Capacity of vessels from Asia, 500% increase in freight costs linked to current capacity, significant clearance delays at UK ports.
- Orders placed on factories during early stages of 1st lockdown are still playing catch up.
- Increased demand!
- Delays in shipments from China relating to customs in the UK and volume of shipping to the UK.
- Delays at Ports.
- Limited component supplies from the Far East, resource levels in factories in the Far East, UK 3rd parties prioritising other industries as they more profitable, port blockages due to Amazon, Argos taking major scheduling slots and European lorry drivers returning home pre Brexit.
- None
- UK ports are busy and stock is slow to clear.
- Port delays and Covid in India.
- Due to delay in customs clearance in UK ports, there are shortage of ships and containers for goods shipping out from the Far East because there are not enough ships and containers returning from the UK; in turn increasing the lead time in the supply chain.



### **SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q12:** Have you placed products on allocation for the wholesale channel?

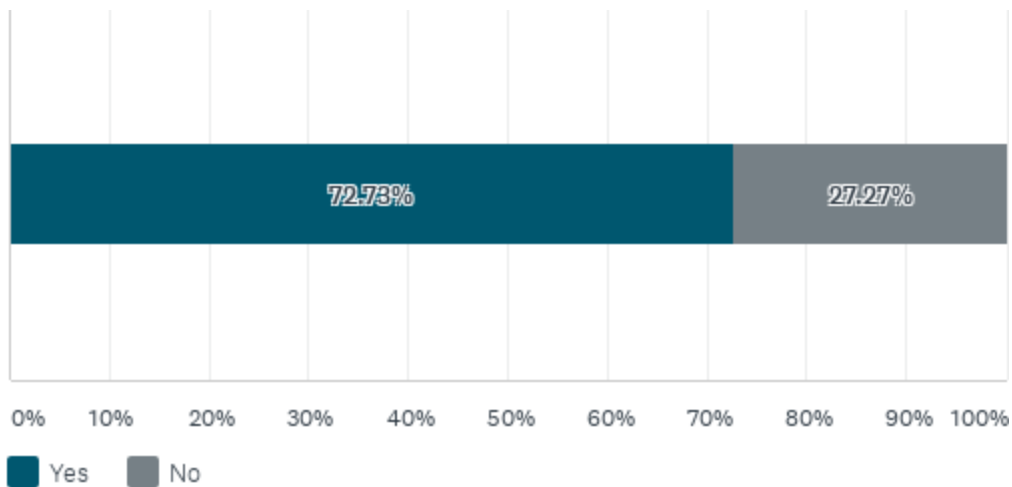


Answer Choices	Responses	
Yes	37.5%	12
No	62.5%	20
<b>TOTAL</b>		<b>32</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q13:** Are you building up stock levels in advance of the Brexit transition period on 31 December 2020?

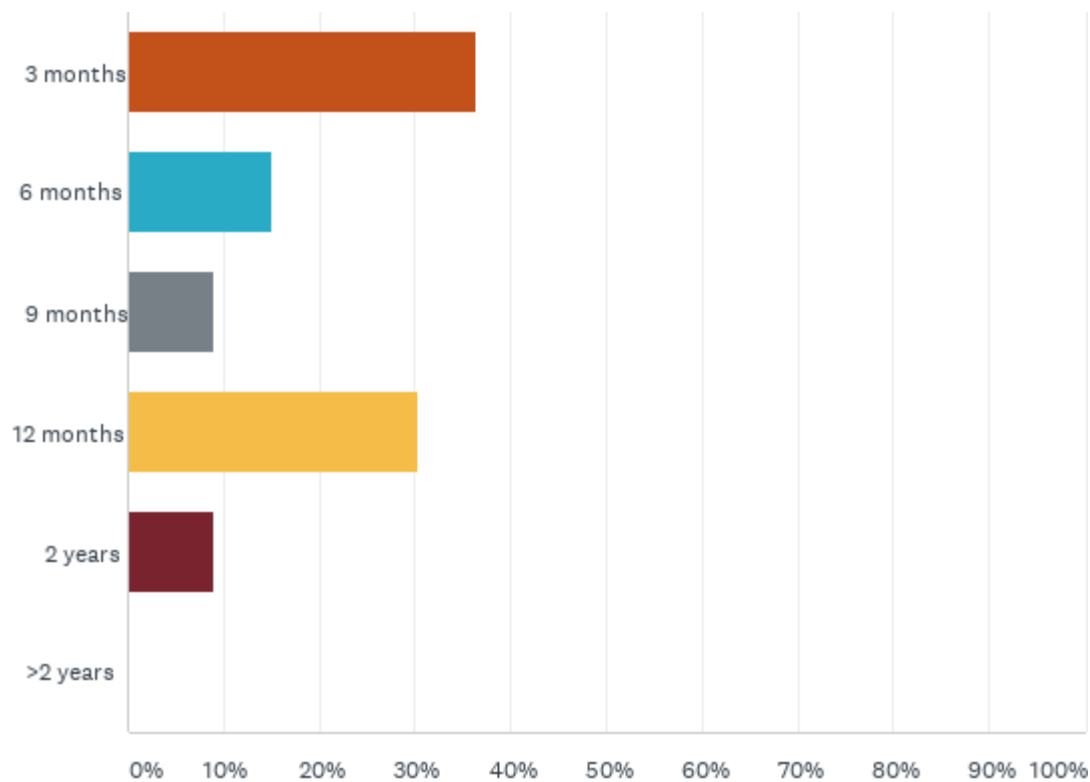


Answer Choices	Responses
Yes	72.73% 24
No	27.27% 9
<b>TOTAL</b>	<b>33</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



**Q14:** How long do you think it will be before our sector reaches pre COVID-19 turnover levels?



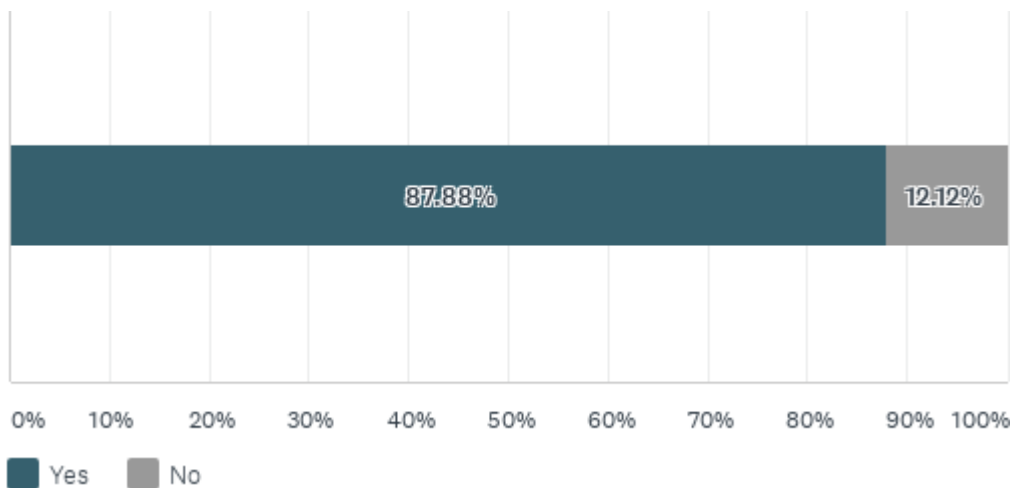
Answer Choices	Responses	
3 months	24.32%	9
6 months	13.51%	5
9 months	13.51%	5
12 months	29.73%	11
2 years	16.22%	6
> 2 years	2.7%	1
<b>TOTAL</b>		<b>37</b>

**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)





## Q15: Do you feel more optimistic now than you did last month?



Answer Choices	Responses	
Yes	87.88%	29
No	12.12%	4
<b>TOTAL</b>		<b>33</b>

- Ironically we were not expecting such a bounce back but think it can't last. Economic issues with paying back the recent borrowings, potential drop in sterling value with Brexit.
- Successful vaccine trials will have a huge impact on the economy.
- General uncertainty with forecasting for the next 6 months
- The impact of Brexit will cause serious disruption to our business and considerable extra cost, compounded by a slowdown in business next year as redundancies and business failures take effect.
- We continue to see growth and strong sales figures
- Viable vaccines are on the way which will lead to major increase in confidence.
- Not sure what Brexit/USA elections/new vaccine will bring, however hoping for a brighter future
- Project pipeline is building strongly and, if conversion is as expected, the outlook is more positive than 90 days ago.
- Been optimistic since June and not wavering.
- I think the last few months have surprised us all in how busy it has been. Next year is uncertain, especially when the furlough scheme ends and the adjustment of stamp duty in March.
- Whilst we have been seeing increase month on month, October was by far our busiest month ever.
- The level of enquiries and purchases we have seen has been a pleasant surprise!

### SURVEY COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)



## Additional Comments

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- With only a matter of 6 weeks to go, post Brexit regulations are still very unclear, this remains a major risk.
- As an exporting manufacturer, with less than 7 weeks before we leave the EU, our government have still not been able to agree a deal.
- Our business is up year on year and we have not noticed much of a difference in business levels of 2019



**SURVEY** COVID-19 Affiliate Impact Survey: November 2020 (looking back at October)