

## COVID-19 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 Member Wholesalers.

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, product availability, contingency plans if a team member tests positive requiring other team members to self-isolate, service levels from manufacturers. EDA Wholesaler members reported that they have been put on allocation by their suppliers.

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 the two greatest areas of product shortage.

In comparison to Manufacturer respondents, wholesalers were divided as to whether the extension of the furlough scheme would make much difference to their businesses, many believing that whilst they may not need to use it, due to increased sales, at the moment, it is a good safety net should sales decrease over the winter.

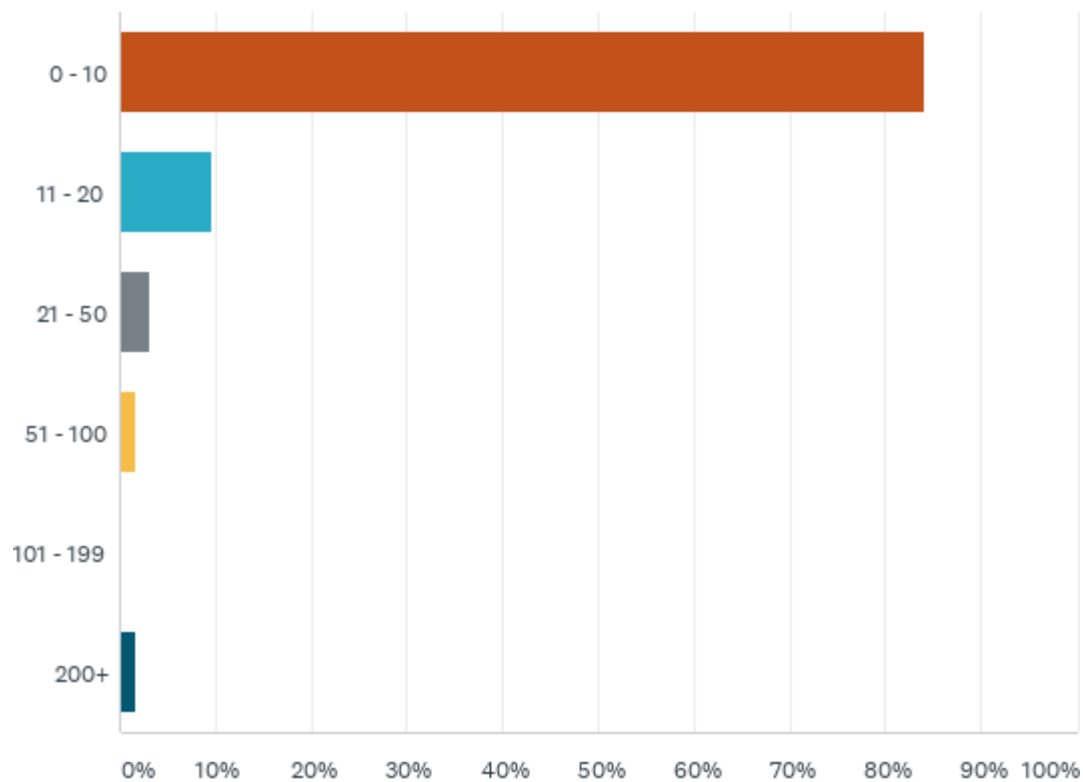
Responses from wholesaler staff members mirrored those of manufacturers with Social distancing between staff members, childcare as a result of children being sent home from school and social distancing whilst serving customers as their greatest concerns in returning to work.

EDA Members have not seen any vast changes in the buying habits of their customers, but have noticed an increase in domestic purchase sales.

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## Q1: How many branches do you have?

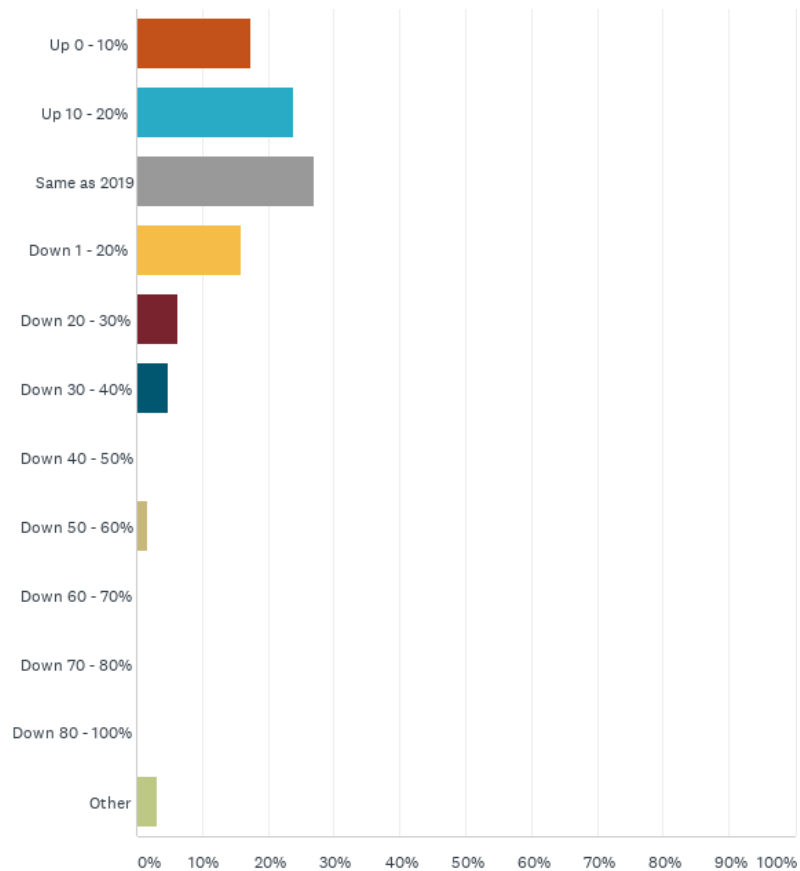


ANSWER CHOICES	RESPONSES	
0 - 10	84.13%	53
11 - 20	9.52%	6
21 - 50	3.17%	2
51 - 100	1.59%	1
101 - 199	0.0%	0
200+	1.59%	1
<b>TOTAL</b>		<b>63</b>

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

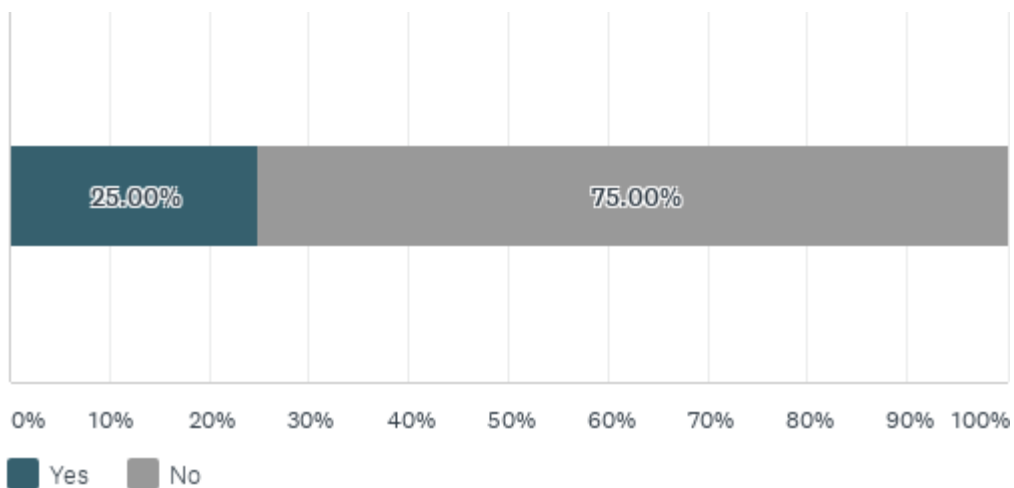


ANSWER CHOICES	RESPONSES
Up 0 - 10%	17.46% 11
Up 10 - 20%	23.81% 15
Around the same as in 2019	26.98% 17
Down 1 - 20%	15.87% 10
Down 20 - 30%	6.35% 4
Down 30 - 40%	4.76% 3
Down 40 - 50%	0.0% 0
Down 50 - 60%	1.59% 1
Down 60 - 70%	0.0% 0
Down 70 - 80%	0.0% 0
Down 80 - 100%	0.0% 0
Other	3.17% 2
<b>TOTAL</b>	<b>63</b>

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

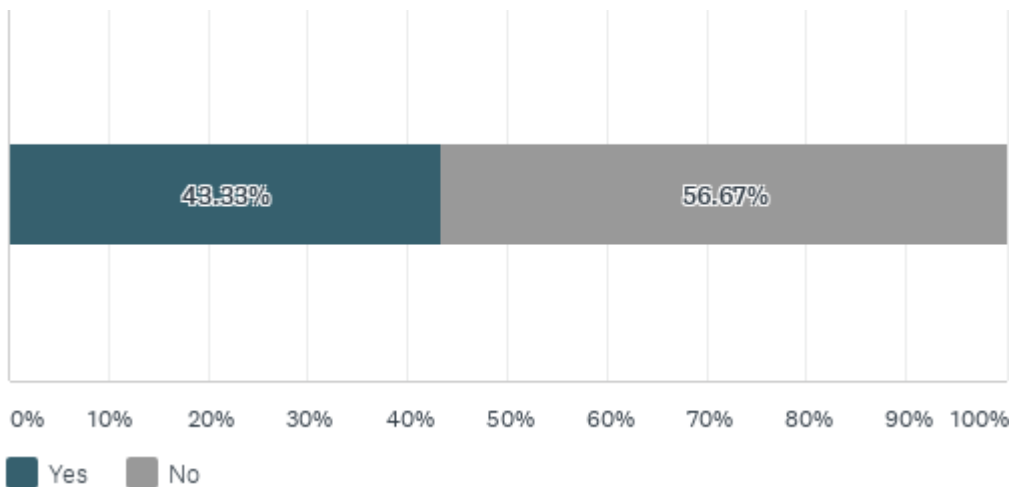


ANSWER CHOICES	RESPONSES	
Yes	25.0%	16
No	75.0%	48
<b>TOTAL</b>		<b>64</b>

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## Q4: Have you brought furloughed staff back into your business during October 2020?

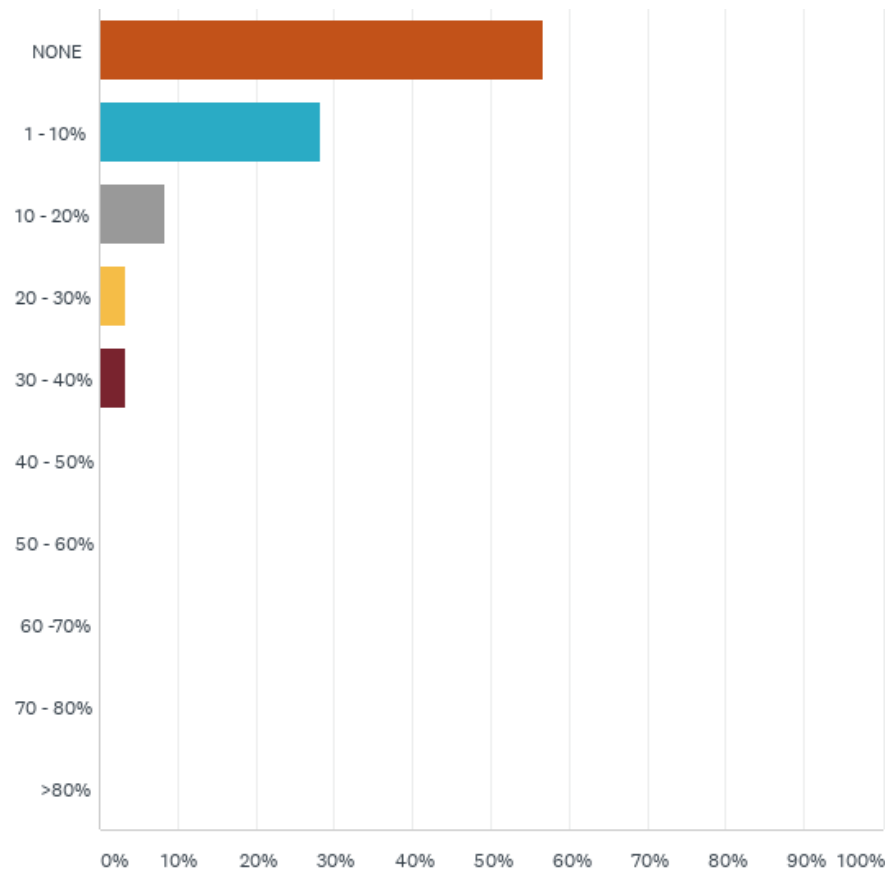


ANSWER CHOICES	RESPONSES	
Yes	43.33%	26
No	56.67%	34
<b>TOTAL</b>		<b>60</b>

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## Q5: What percentage of your team is still on furlough?



ANSWER CHOICES	RESPONSES	
0%	56.67%	34
1 - 10%	28.33%	17
10 - 20%	8.33%	5
20 - 30%	3.33%	2
30 - 40%	3.33%	2
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>60</b>

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## Q6: What impact will the extension of the Coronavirus Job Retention (furlough) Scheme have on your business?

### Selection of responses:

- Extra support, gratefully received. Cash preservation.
- It gives us greater flexibility if an extended lockdown brings issues.
- We will continue to furlough staff as required, so this save us making redundancies.
- A positive one, it will help us to plan forward by reassuring ourselves and customers that there's some financial support available.
- It will help, we have Furloughed staff as business is quieter due to Lockdown and customers have had to isolate.
- Not planning on furloughing; business is busier than ever.
- Looking after good staff is paramount and this will enable us to do that.
- It will make the path easier if business takes another downward turn
- gives us the security to shut down if required and put staff on furlough.
- It will allow us to manage staff levels depending on level of business achieved.
- Will review and probably keep some staff on Furlough until we are back up to full speed. Especially in December.
- Will extend the period currently furloughed staff are off
- It gives us the ability to retain staff if lockdown effects turnover and business activity.
- It offers a security net if there is a downturn in business
- Minimal, but reassuring
- It's a welcome safety net to protect jobs in the short term should we see a reduction in business because of lockdowns.
- Unsure yet, see how lockdown 2 develops
- Greater flexibility, we can also furlough staff that haven't been furloughed before.
- Very minimal impact. We have re-furloughed a small number of staff but will continue to review the situation each month based on business levels.
- None we have already made decisions on staff retention
- Financial support for the next few months for those unable to work

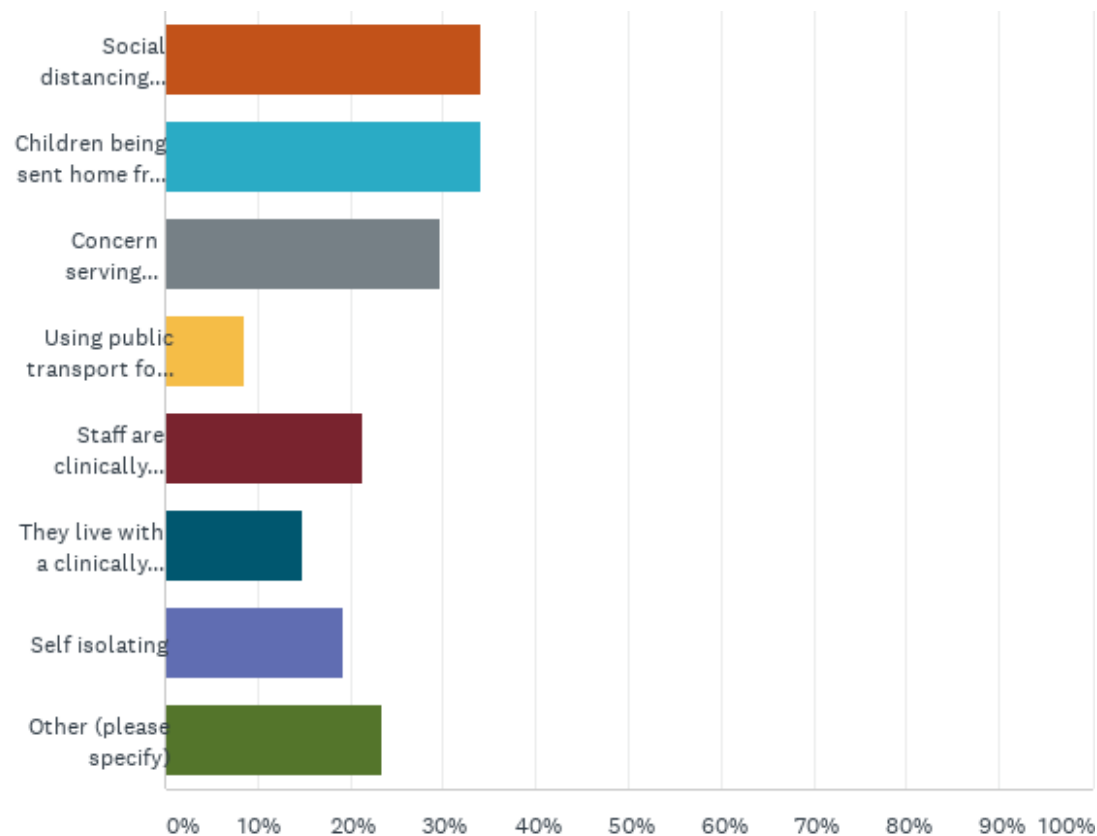
**53%** of respondents  
reported that the extension will  
have no effect on their business.

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## Q7: 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	34.04% 16
Children being sent home from school resulting in parents taking time away from work to look after them.	34.04% 16
Concern serving customers, in regards to social distancing	29.79% 14
Using public transport for travel to and from place of work	8.51% 4
Staff are clinically vulnerable or extremely clinically vulnerable	21.28% 10
They live with a clinically vulnerable or extremely clinically vulnerable person	14.89% 7
Self isolating	19.15% 9
Other	23.4% 11
<b>TOTAL</b>	<b>47</b>

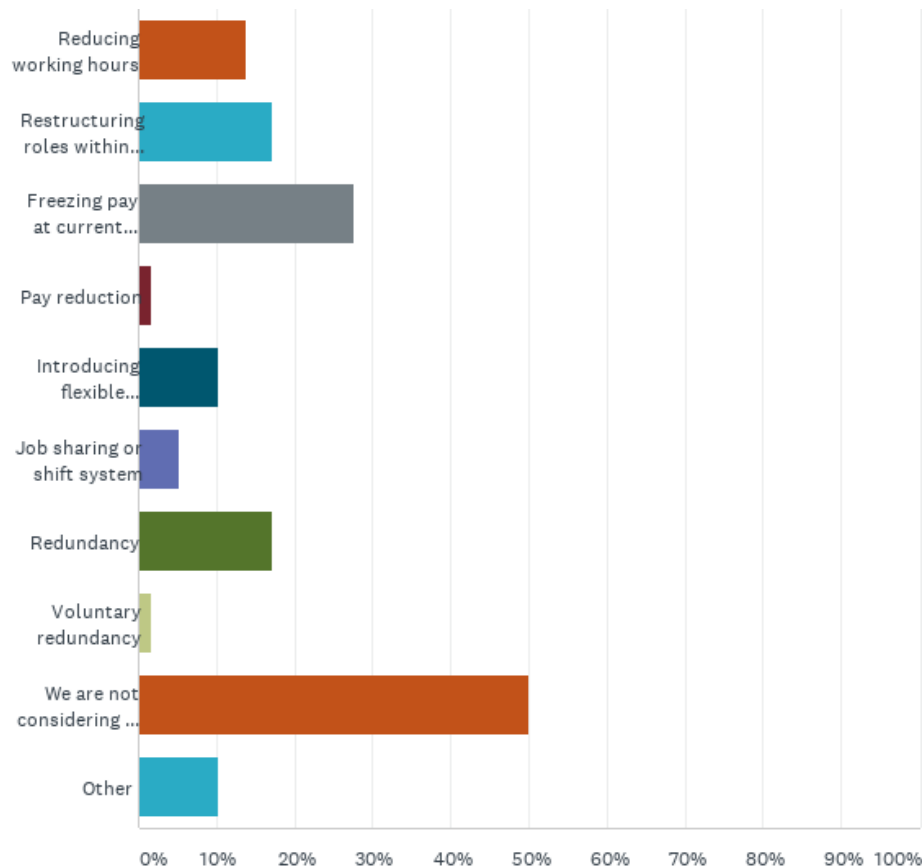
### Other:

- We have taken all necessary precautions to protect our staff, at the moment they have no issues that I am aware of.
- Waiting for test results.
- One employee's partner is pregnant
- The business is following all guidelines and the staff feel adequate measures have been taken and are coming to terms with the new normal situation.

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## Q8: 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	13.79%	8
Restructuring roles within the business	17.24%	10
Freezing pay at current levels	27.59%	16
Pay reduction	1.72%	1
Introducing flexible working arrangements	10.34%	6
Job sharing	5.17%	3
Redundancy	17.24%	10
Voluntary redundancy	1.72%	1
We are not considering any of the above	50.0%	29
Other	10.34%	6
<b>TOTAL</b>		<b>58</b>

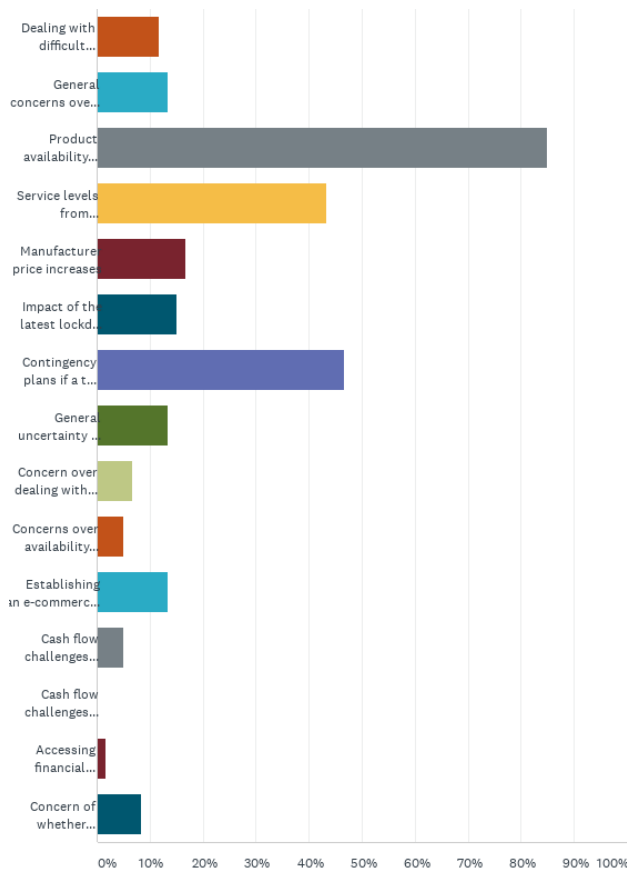
### Comments:

- We had already made the changes previously
- We adopted flexible working from late March
- Took pay cuts last lockdown
- Forced holidays/extra week at Christmas
- We are currently enjoying considerable growth and have shelved the above. We have just announced an salary increase & will keep monitoring the situation
- Have made redundancies previously but no more currently

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## Q9: Which three business challenges are your most pressing at this time?

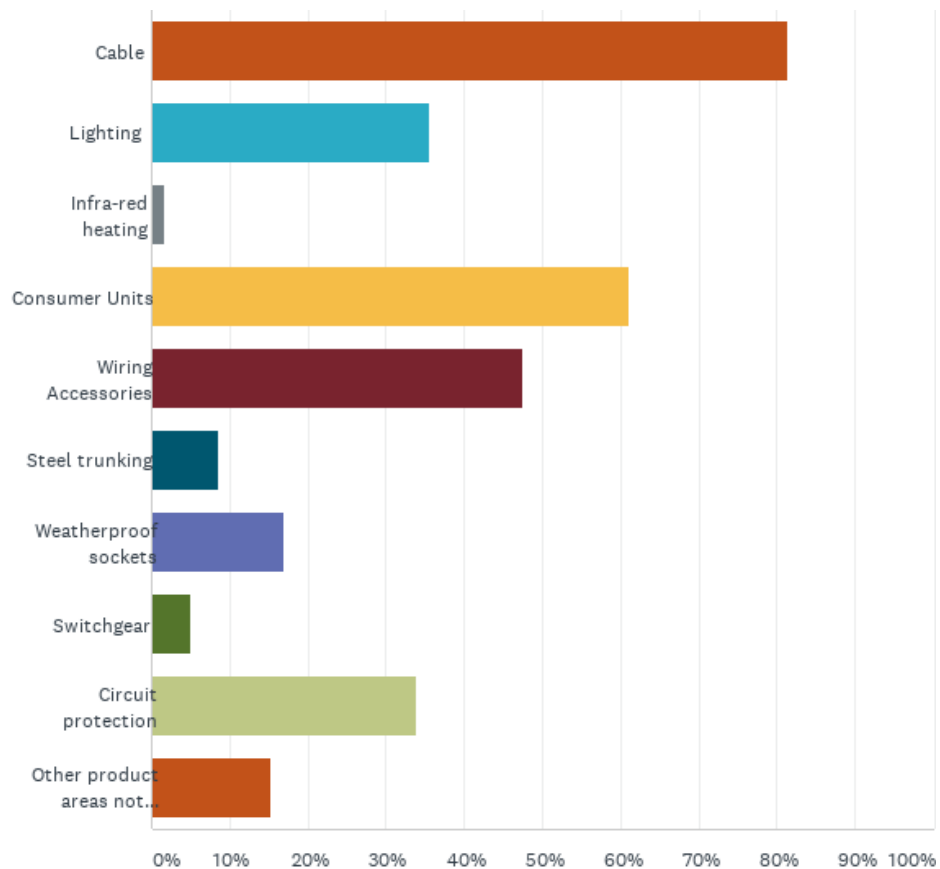


Answer Choices	Responses	Count
Dealing with customers who do not respect social distancing rules	11.67%	7
General Concerns over Brexit	13.33%	8
Product availability issues	85.0%	51
Service levels from manufacturers	43.33%	26
Manufacturer price increases	16.67%	10
Impact of the latest lockdown (Thurs 5 November to 2 December 2020)	15.0%	9
Contingency plans if a team member tests positive for COVID, and other team members have to self isolate	46.67%	28
General uncertainty and challenges over forecasting	13.33%	8
Concern over dealing with customers who don't respect social distancing measures or wear face coverings	6.67%	4
Concerns over availability or stricter terms of Trade Credit Insurance	5.0%	3
Establishing an e-commerce operation to meet changing customer demands	13.33%	8
Cash flow challenges caused by a slow down in payments from customers	5.0%	3
Cash flow challenges caused by stricter terms from suppliers	0.0%	0
Accessing financial support through the Government's schemes	1.67%	1
Concern of whether customers will remain viable and return	8.33%	5
<b>TOTAL</b>		<b>63</b>

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## Q10: The three product areas where you are experiencing the most difficulty?



Answer Choices	Responses	Count
Cable	81.36%	48
Lighting	35.59%	21
Infra-red heating	1.69%	1
Consumer Units	61.02%	36
Wiring Accessories	47.46%	28
Steel trunking	8.47%	5
Weatherproof sockets	16.95%	10
Switchgear	5.08%	3
Circuit protection	33.9%	20
Other product areas not listed above:	15.25%	9
<b>TOTAL</b>		<b>59</b>

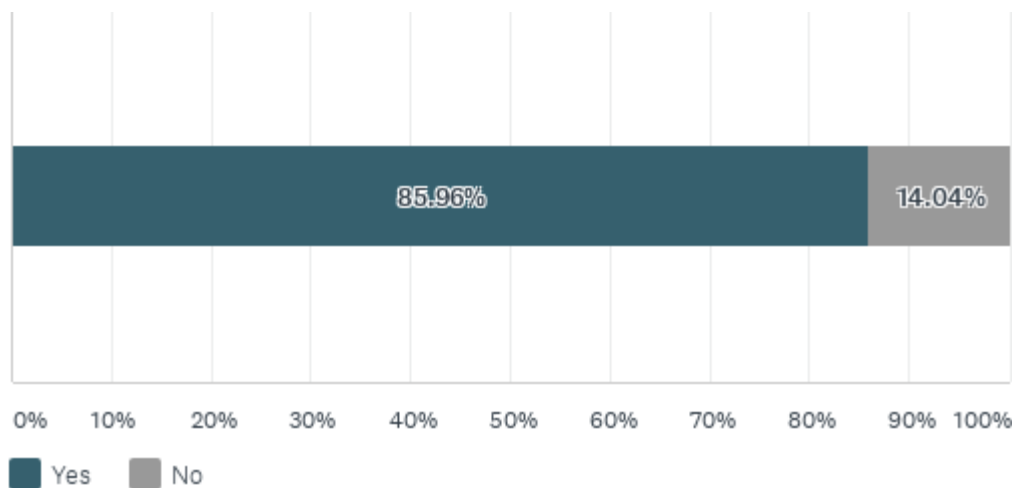
### Other Product Areas:

- PVC containment
- Cable clips!
- Trunking
- Storage heaters, panel heaters, water heating and
- Ventilation products
- Small low cost items have been very hard to obtain
- Standard electric heating (not infrared specifically)
- Appliances
- PVC conduits and mini trunking
- Univolt

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## Q11: Are you on allocation or experiencing extended lead times from any suppliers?



ANSWER CHOICES	RESPONSES	
Yes	85.96%	49
No	14.04%	8
<b>TOTAL</b>		<b>57</b>

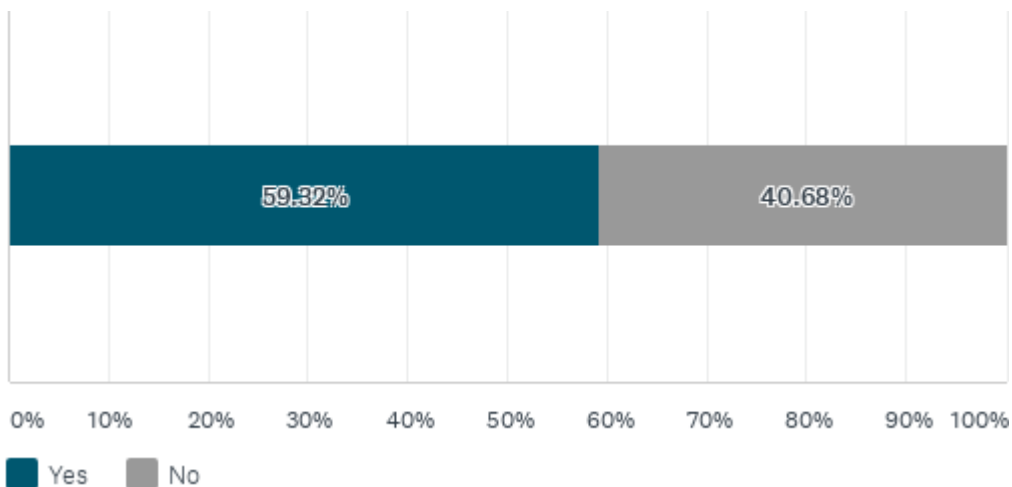
### Allocated Product Areas:

- Consumer Units
- Various.
- Cables
- Wiring accessories
- Downlights
- Garage units
- Cable Clips
- Weatherproof Sockets
- Panel Heaters
- Steel channel
- Floodlights
- Armoured gland kits
- Too many to list
- Too many to report
- I would say it almost across the board with manufacturers being unable to supply full orders in previously expected lead times

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## Q12: Are you building up stock levels in advance of the end of the Brexit transition period on 31 December 2020?

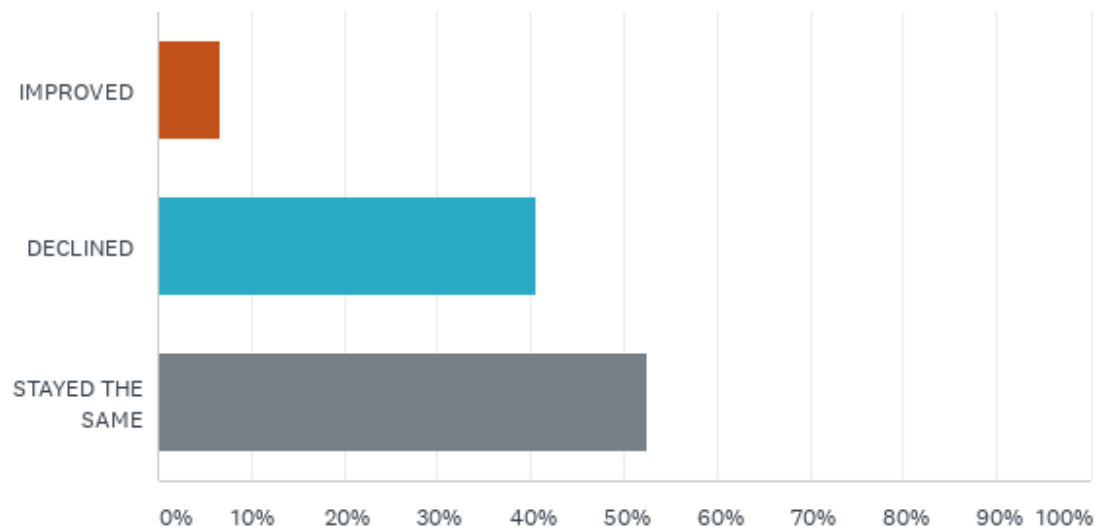


ANSWER CHOICES	RESPONSES	
Yes	59.32%	35
No	40.68%	24
<b>TOTAL</b>		<b>59</b>

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## Q13: In September wholesalers gave supplier service levels an average of 6/10. Has there been any change in October compared to September?



ANSWER CHOICES	RESPONSES	
Supplier service levels have improved during October	6.78%	4
Supplier service levels have declined during October	40.68%	24
Supplier service levels have remained the same during October	52.54%	31
<b>TOTAL</b>		<b>61</b>

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## Q14: Have you noticed any changes in purchasing behaviour from your customers?

- Large increase in domestic purchase sales.
- Large increase in trade counter collections.
- More frequent ordering
- No one has been stock piling; carefully buying as they go.
- More orders being left to the last minute.
- Web orders are increasing 40-60%
- No, contractors believe that wholesalers are to blame for issues regarding stock, wholesalers think it is the importer/manufacturers' fault and suppliers blame the ports.
- more online orders bigger volumes as well ordered online
- More bulk purchases on items where supply had been an issue
- No, purchasing is consistent with growth of turnover.
- Not in October, though so far November has seen less frequent purchases
- Continually receive incorrect orders and customers want to return them.
- No recent changes

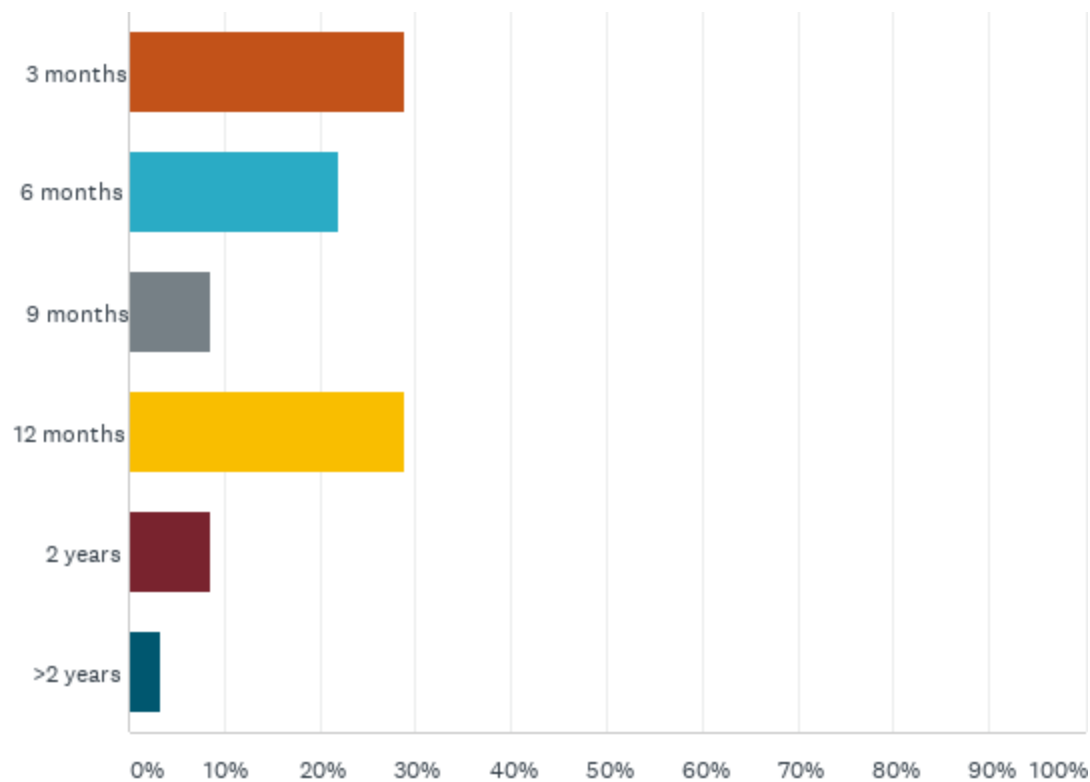


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## Q15: How long do you think it will be before our sector reaches pre COVID-19 turnover levels?

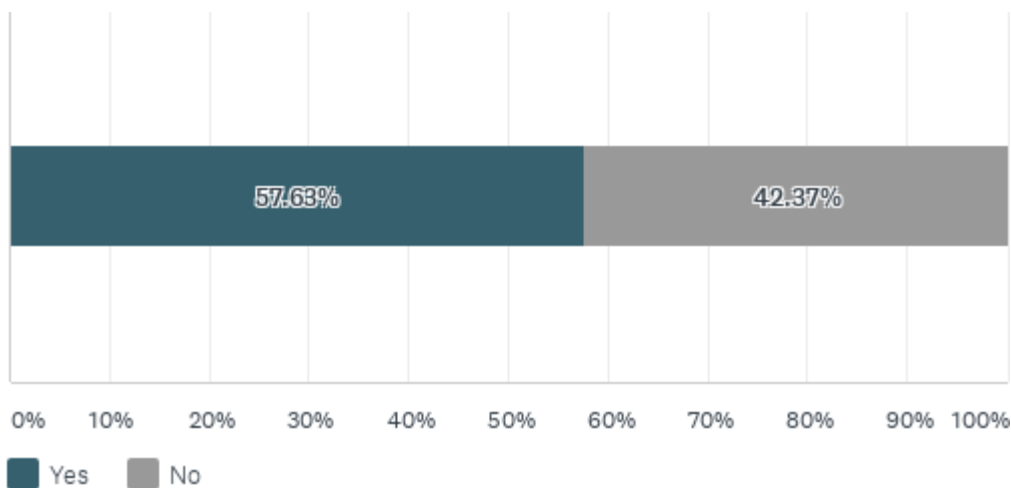


Answer Choices	Responses
3 months	28.81% 17
6 months	22.03% 13
9 months	8.47% 5
12 months	28.81% 17
2 years	8.47% 5
> 2 years	3.39% 2
<b>TOTAL</b>	<b>59</b>

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



ANSWER CHOICES	RESPONSES	
Yes	57.63%	34
No	42.37%	25
<b>TOTAL</b>		<b>59</b>

### Comments:

- No, the new lock down will not work
- We've invested in e-comm
- Initial recovery in the market was strong but availability issues and second lockdown are starting to impact
- Yes - because of vaccine No - because of lockdown!
- Whilst we are doing well I do not believe that the UK economy is going to maintain current levels and I expect a sharp downturn.
- Too much uncertainty about how long the lockdown will last.
- I have been optimistic since July.
- Sales are back to pre-covid levels
- We are busy, electricians are busy.
- This lockdown isn't as severe as the last one

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

- We have continued to be busy, mainly due to people spending their holiday money on home improvements. Once the airways open up again we could see a dip in sales.
- Product supply is of real concern and we are seeing an increase in staff members testing positive or having to self isolate
- The "home owner" boom shows no sign of slowing down. We've seen a 20% rise in turnover since June alongside a 30% increase in transactions. Commercial work has slowed down but the domestic market has more than made up for this downturn.
- The expected decline with the second lockdown has failed to impact our business.
- The news of a COVID19 Vaccine becoming available brings a huge amount of reassurance and positivity.
- Increased competition from Screwfix and Amazon, manufacturers are now using Amazon to distribute their products, it is the thin end of the wedge.
- Turnover is up on last year and we continue to work hard for market share.
- We deal mostly with domestic electricians and 90% of them have more work than usual.
- Record September month (in 33 years) and a further increase still in October
- Its a mess. Covid, then brexit, then Chinese new year. We won't get stock back to normal for at least 3/4 months at best. That is the most basic issue. The only way around it is to stock up, which depletes stock levels now.
- With construction continuing to grow and staying open through out lockdowns our business should stable out.
- More optimistic with the vaccine being announced. However, forecasting is problematic and this will not change until well into next year.



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## Any Other Comments

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- I really feel the Credit insurers need to be challenged. Even though the government have underwritten credit insurers they have done nothing but reduce and remove cover pushing the risk back to ourselves that we have paid them for years to cover.
- We will continue to offer support to our customers especially the one man bands who are relying on us to support them by staying open safely.
- Thank you to the EDA for continuing to offer excellent support to our sector
- 2021 is going to be a very challenging year
- We are purchasing stock as we are cash rich
- Suppliers are taking too long to supply standard stock items



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