

COVID-19 Impact Survey: January 2021 (looking back at December)





COVID-19 Impact Survey:

Introduction

This survey was taken in January, reflecting on business in Q4 2020, and represents the responses of EDA Members.

In 2020, the COVID Pandemic brought unexpected changes to the UK Market and Global trade, with most of the world limiting free movement by closing borders and introducing national lockdowns.

As we have seen towards the end of 2020 and the start of 2021, UK ports are backed up and the price of shipping containers has soared, reducing the availability of many product areas dramatically and in some cases increasing product prices.

Construction has displayed a quicker recovery in comparison to many other industries, this is likely due to the continuation of trade throughout the second and third lockdowns with many of our businesses classed as essential. The largest falls in output for 2021 are anticipated in public & private housing, industrial and commercial, whilst output in infrastructure & public non-housing is expected to suffer the least.

Housing demand continues to be strong with many house builders confident about Q1 & Q2, despite the stamp duty holiday ending on 31 March and the change in the Help To Buy Schemes. Private housing, RM&I and DIY activity, appear to remain healthy and the Infrastructure demand remains strong for major projects such as HS2.

Highlights

The primary business concerns cited for December were listed as concerns over Product availability, Service levels from manufacturers and Manufacturer price increases.

This month we can see a further reduction in the number of staff furloughed but many businesses have said that they will consider refurloughing staff should there be a decrease in business activity during this lockdown.

Members reported an decrease in effect of test and trace on their businesses, but there appeared to be frustration from the respondents at the forced reduction in staff members.

When asked to compare their full year turnover in 2020 to 2019, the largest number of respondents reported that business was down 1-20% however over 45% said their turnover was the same or had increased.

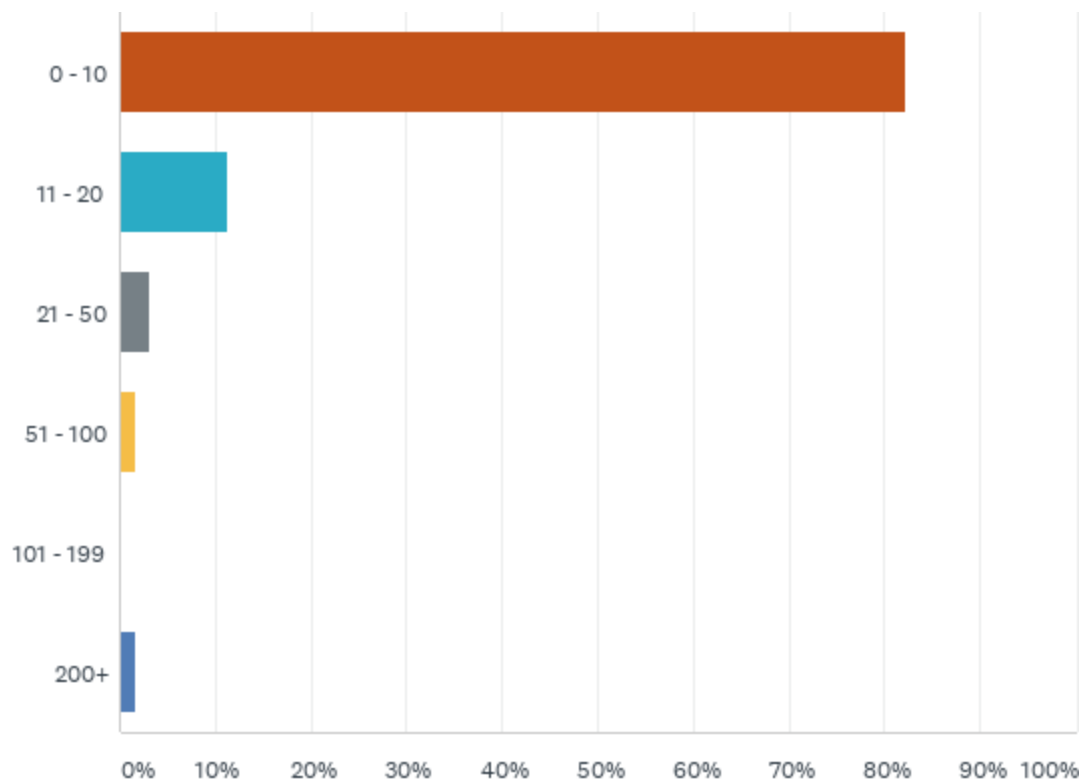
Over 82% of respondents are confident that activity & sales will increase in 2021 but their has been a rise in the number of respondents reporting that they are putting wholesalers on allocation.

Nearly half of the wholesaler respondents reported that their customers were giving shorter lead times but still expecting products to be available from stock, despite hold ups at the ports.

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Q1: How many branches do you have?

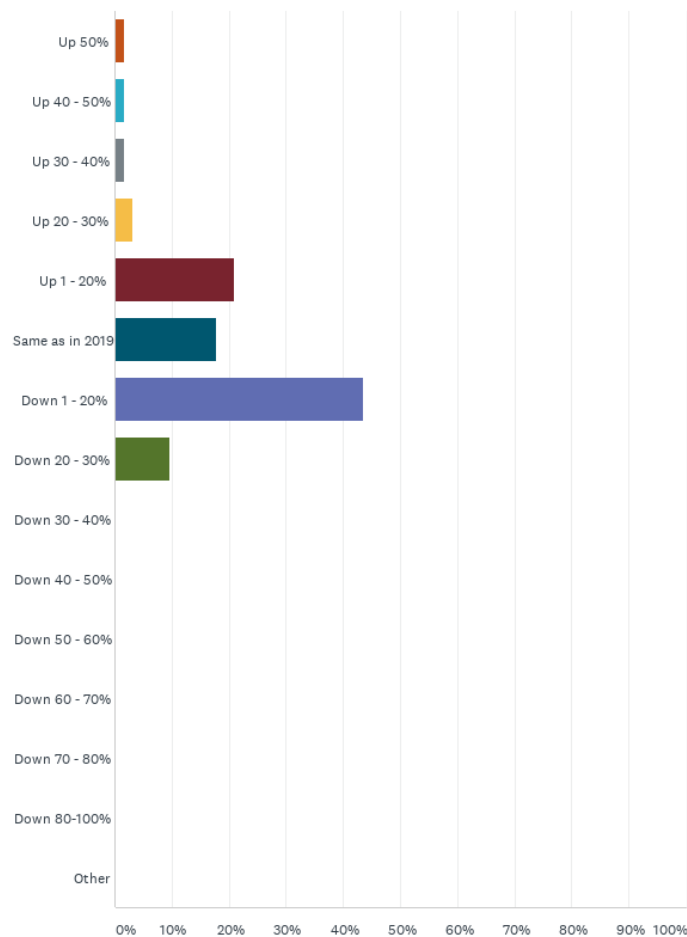


ANSWER CHOICES	RESPONSES
0 - 10	82.26% 51
11 - 20	11.29% 7
21 - 50	3.23% 2
51 - 100	1.61% 1
101 - 199	0.0% 0
200+	1.61% 1
TOTAL	62

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Q2: Comparing 2020 to 2019, to what extent do you estimate your full year turnover has been affected?

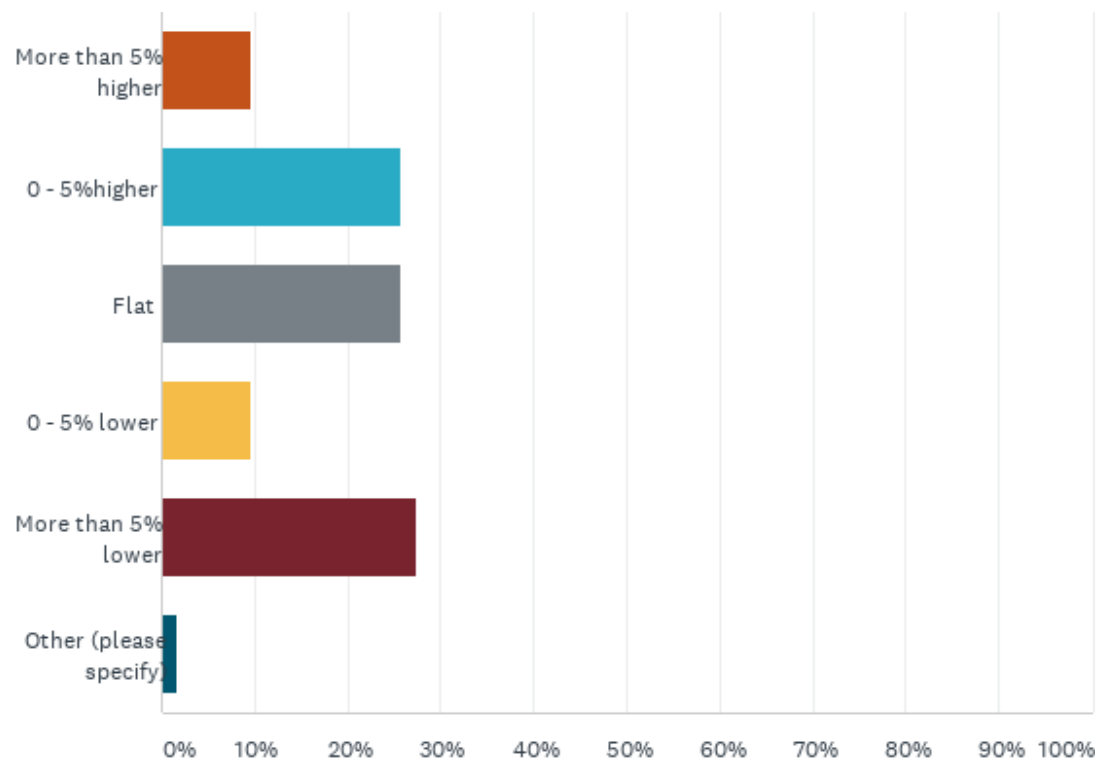


ANSWER CHOICES	PERCENTAGE	RESPONSES
Up over 50%	1.61%	1
Up 40 - 50%	1.61%	1
Up 30 - 40%	3.23%	2
Up 20 - 30%	20.97%	13
Up 1 - 20%	17.74%	11
Around the same as in 2019	43.55%	27
Down 1 - 20%	9.68%	6
Down 20 - 30%	0.0%	0
Down 30 - 40%	0.0%	0
Down 40 - 50%	0.0%	0
Down 50 - 60%	0.0%	0
Down 60 - 70%	0.0%	0
Down 70 - 80%	0.0%	0
Down 80 - 100%	0.0%	0
Other	1.61%	1
TOTAL		62

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Q3: Comparing your running costs for December 2020 with December 2019?



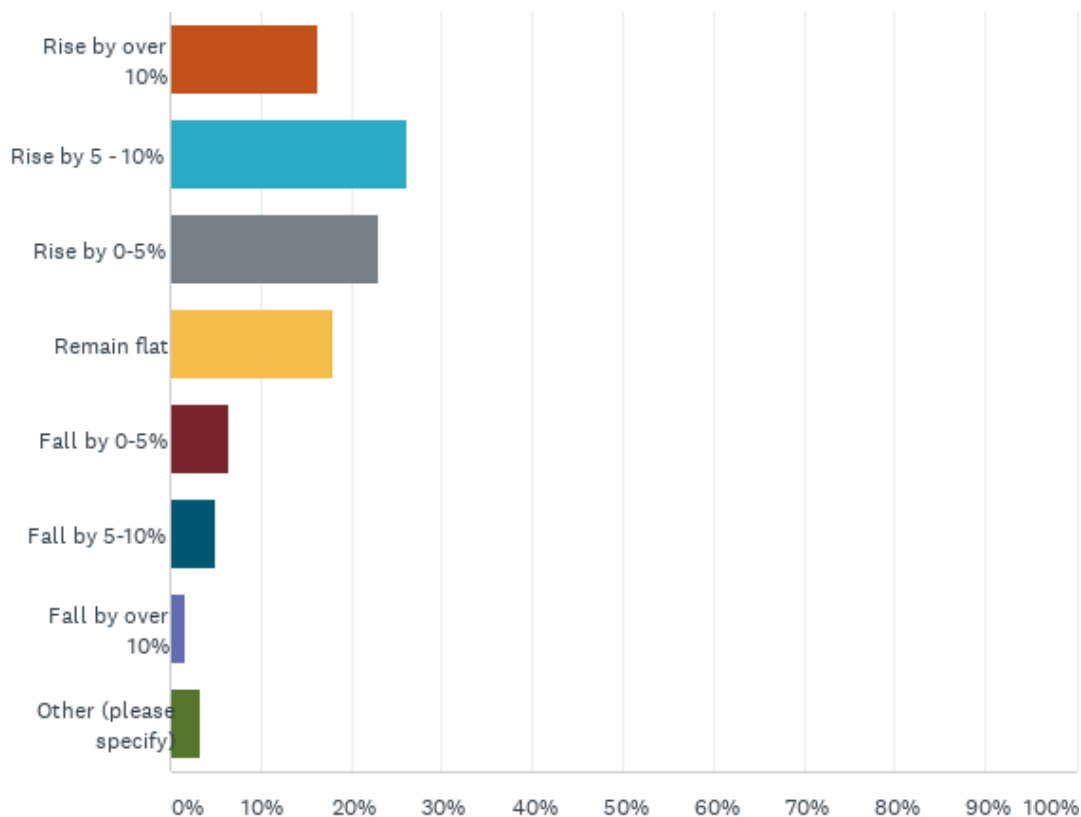
ANSWER CHOICES	RESPONSES
More than 5% higher	9.68% 6
0 - 5% higher	25.81% 16
Flat	25.81% 16
0 - 5% lower	9.68% 6
More than 5% lower	27.42% 17
Other	1.61% 1
TOTAL	62

Comments
One respondent reported running costs to be 27% lower.

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Q4: How do you anticipate activity/sales will change in 2021 compared with 2020 overall?



ANSWER CHOICES	RESPONSES
Rise by over 10%	16.39% 10
Rise by 5 - 10%	26.23% 16
Rise by 0-5%	22.95% 14
Remain flat	18.03% 11
Fall by 0-5%	6.56% 4
Fall by 5-10%	4.92% 3
Fall by over 10%	1.64% 1
Other (please specify)	3.28% 2
TOTAL	61

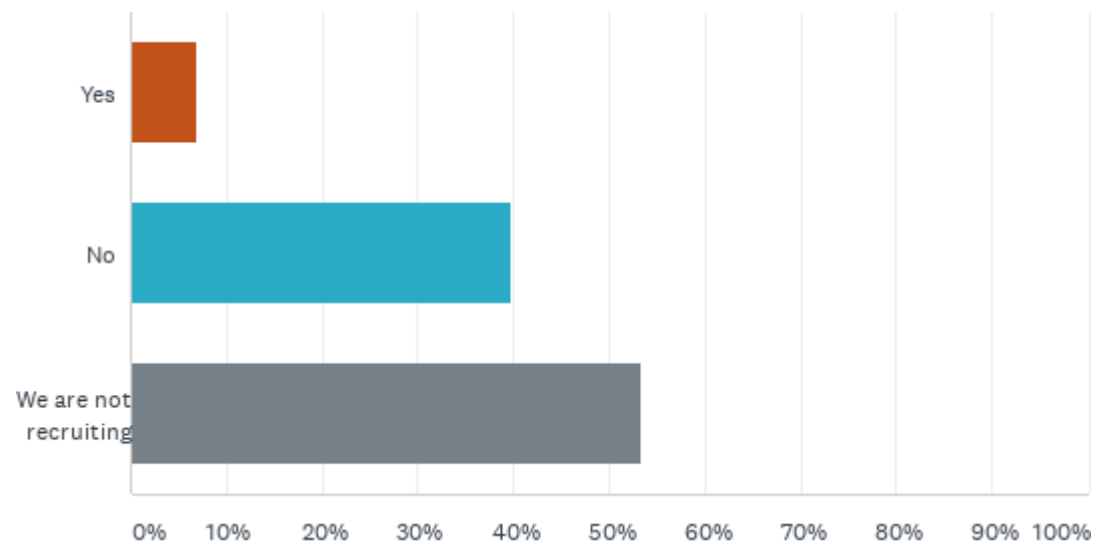
Comments

- This is very difficult to measure, I don't think anyone can put a number on this or shouldn't
- It is almost impossible to guess that figure.. we are simply working day to day. Considering the world and his wife spent holiday cash on home improvements this year, we are expecting a downturn (if you can get abroad!).

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Q5: Did your firm have difficulty recruiting workers in December 2020?



ANSWER CHOICES	RESPONSES	
Yes	6.9%	4
No	39.66%	23
We are not recruiting	53.45%	31
TOTAL		58

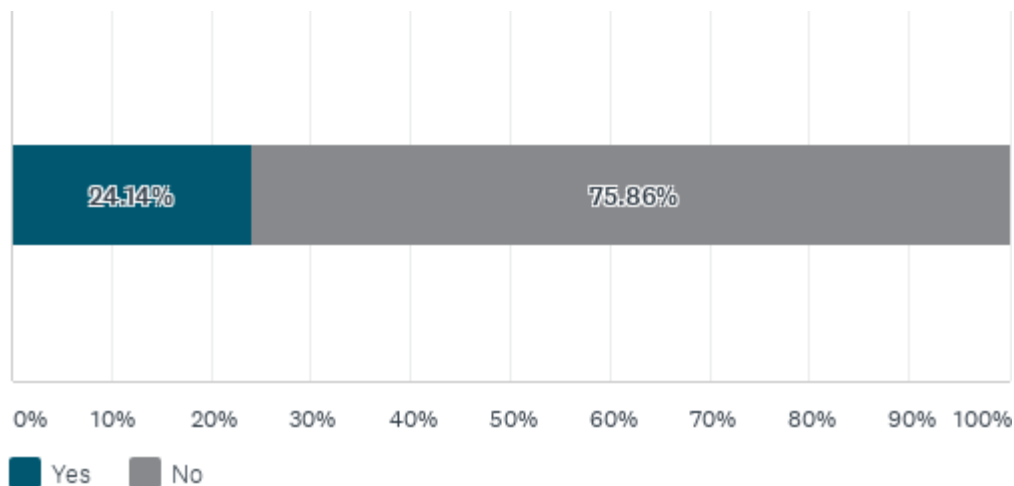
Comments

- We found it very difficult recruiting the last 6 months of 2020.
- We are advertising for a Kickstarter in January to start in February
- We took on 4 new staff members
- We have had difficulty recruiting for 25 years its always been our biggest challenge and it has nothing to do with money people just don't want to work

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Q6: Has your business been affected by Test and Trace?



ANSWER CHOICES	RESPONSES	
Yes	24.14%	14
No	75.86%	44
TOTAL		58

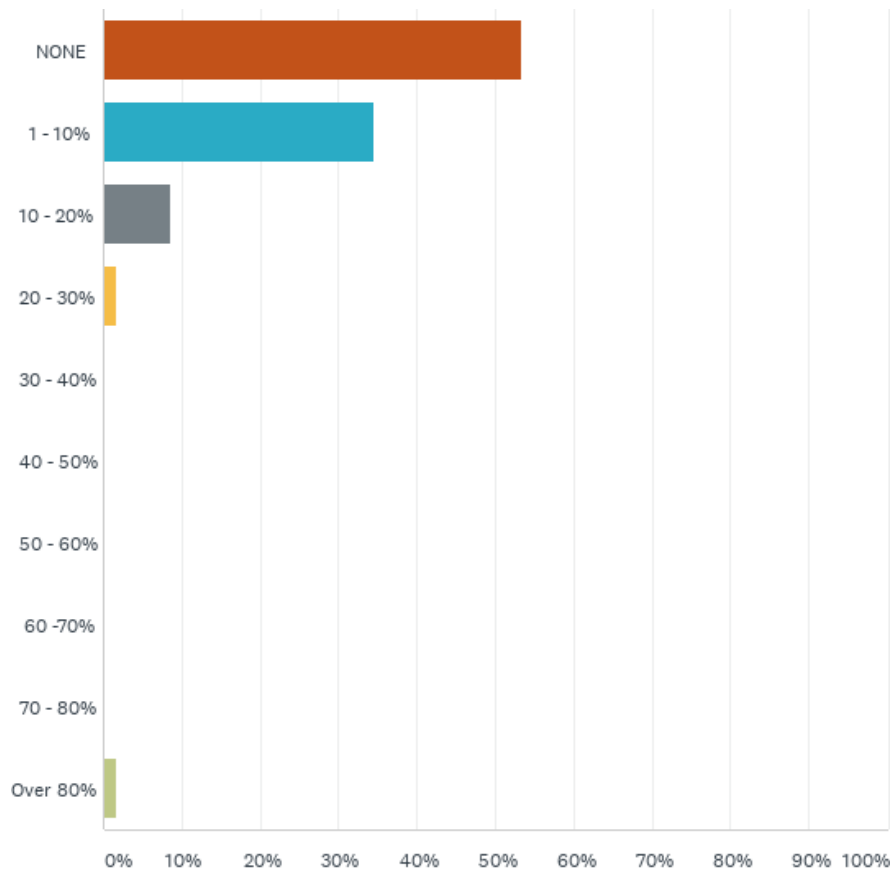
Comments

- Staff isolating
- Staff shortages due to people having to self isolate
- Staff members having to isolate whilst the await the results of their tests, which is a worthwhile
- Inconvenience but means that we loose them for the length of time that they are waiting.
- Several members of staff contacted and had to self isolate.
- Lost resource
- 2 staff members off just before Christmas / 4 staff members off on return after Christmas
- A small number of individuals from our branches have been told to self isolate after being
- Informed that they were in the vicinity of a person (outside of work) that had received a positive test result.
- Staff contacted by app in one branch 3 people were contacted on the same day out of a team of 5.

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Q7: What percentage of your team is still on furlough as at Monday 4 January 2021?



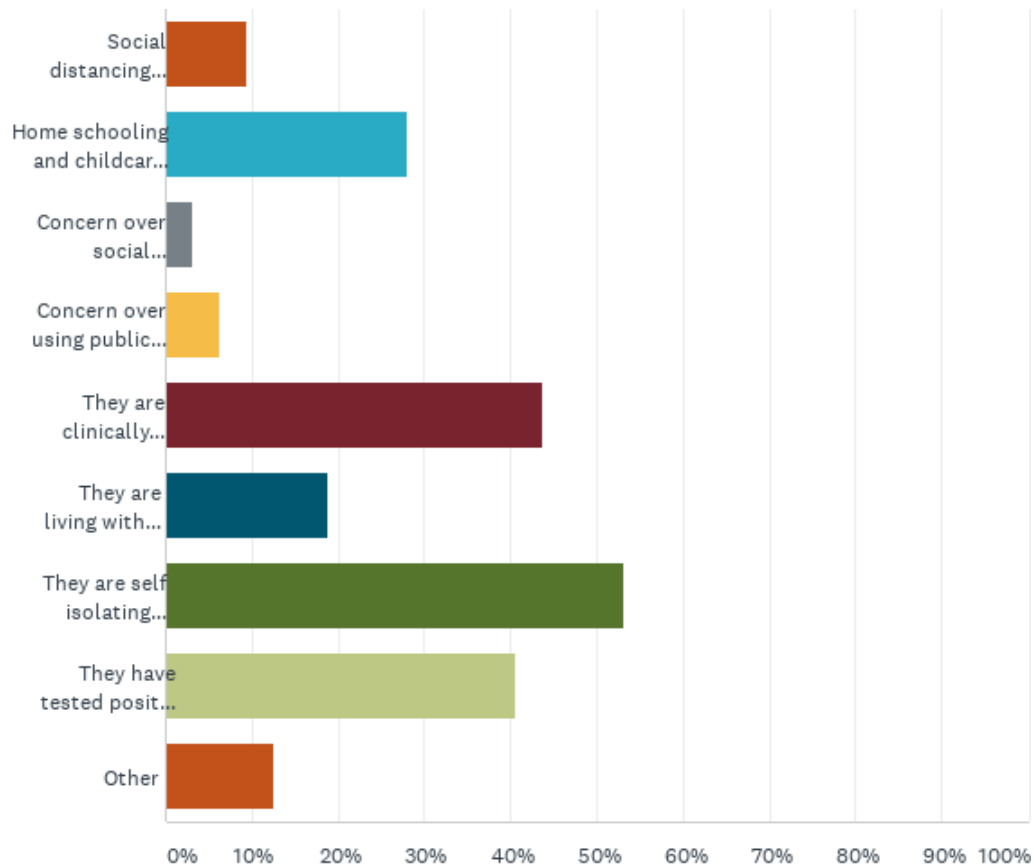
ANSWER CHOICES	RESPONSES
None of my team is on furlough	53.45% 31
Between 1 - 10%	34.48% 20
Between 10 - 20%	8.62% 5
Between 20 - 30%	1.72% 1
Between 30 - 40%	0.0% 0
Between 40 - 50%	0.0% 0
Between 50 - 60%	0.0% 0
Between 60 - 70%	0.0% 0
Between 70 - 80%	0.0% 0
Over 80%	1.72% 1
TOTAL	58

9.3% of respondents workforce is absent at the moment, excluding furloughed team members

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Q8: What are the reasons for absence from work?



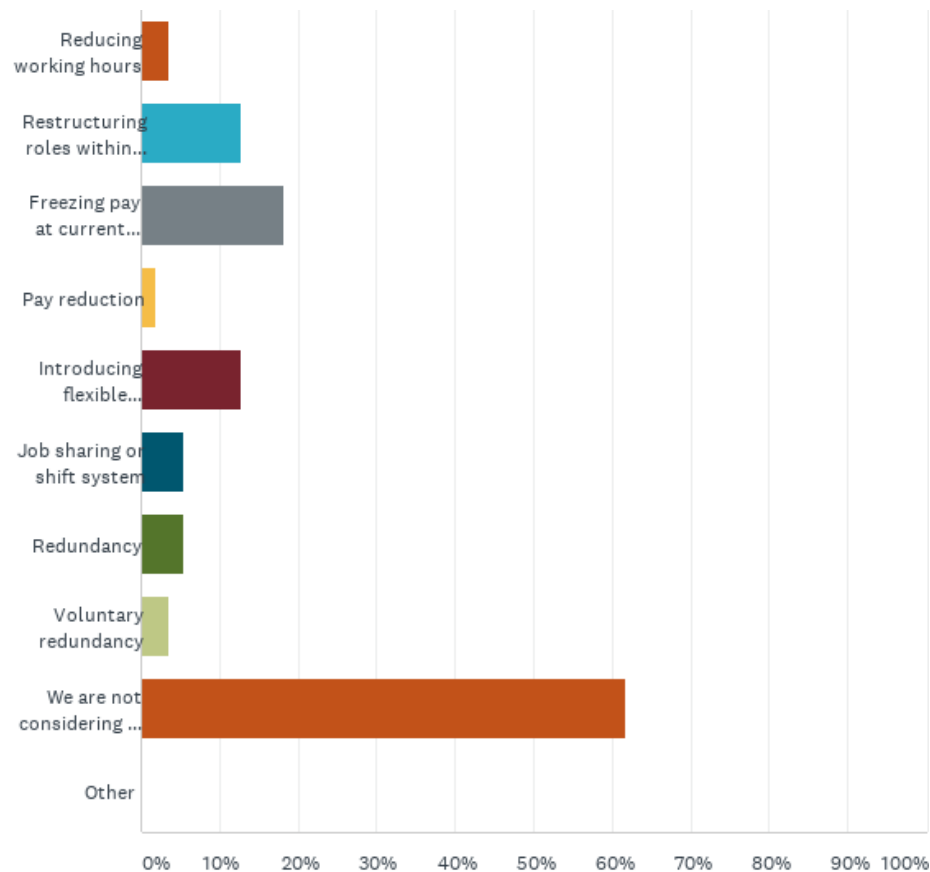
ANSWER CHOICES	RESPONSES
Social distancing concerns between members of staff	9.38% 3
Home schooling and childcare responsibilities	28.13% 9
Concern serving customers, in regards to social distancing	3.13% 1
Using public transport for travel to and from place of work	6.25% 2
Staff are clinically vulnerable or extremely clinically vulnerable so are isolating	43.75% 14
They live with a clinically vulnerable or extremely clinically vulnerable person	18.75% 6
They are self isolating because they have been in contact with someone who has tested positive	53.13% 17
They have tested positive for Covid-19	40.63% 13
Other	12.5% 4
TOTAL	32

Other comments from respondents cited non-COVID related illnesses.

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Q9: Your people are your most important asset but some businesses are facing difficult decisions. Is your business considering any of the following?

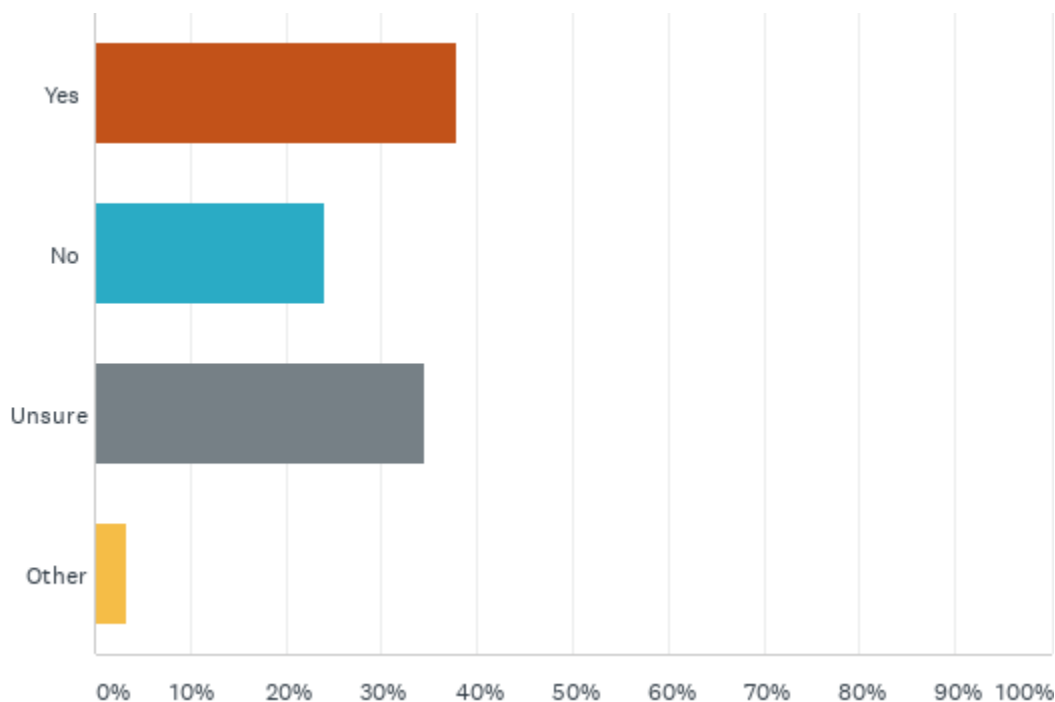


ANSWER CHOICES	RESPONSES
Working hour reduction	3.64% 2
Restructuring roles within the business	12.73% 7
Freezing pay at current levels	18.18% 10
Pay reduction	1.82% 1
Introducing flexible working arrangements	12.73% 7
Job sharing or shift system	5.45% 3
Redundancy	5.45% 3
Voluntary redundancy	3.64% 2
We are not considering any of the above	61.82% 34
Other	0.0% 0
TOTAL	55

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Q10: Given the new lockdown decision on Monday 4 January 2021 are you likely to refurlough members of your team?



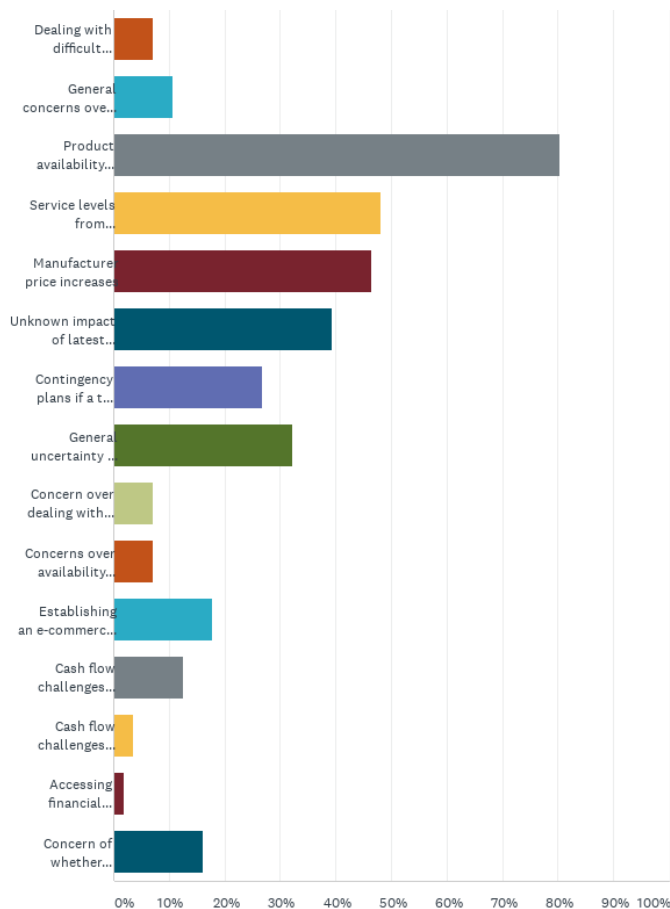
ANSWER CHOICES	RESPONSES	
Yes	37.93%	22
No	24.14%	14
Unsure	34.48%	20
Other (please specify)	3.45%	2
TOTAL		58

Comments:

- Part time furlough for all staff seems likely.
- We are closely monitoring the situation and as of this week are starting to notice a slight downturn in business and will be furloughing if this trend continues.



Q11: Which three business challenges are your most pressing at this time?



Answer Choices	Responses
Dealing with customers who do not respect social distancing rules	7.14% 4
General Concerns over Brexit	10.71% 6
Product availability issues	80.36% 45
Service levels from manufacturers	48.21% 27
Manufacturer price increases	46.43% 26
Unknown impact of the latest lockdown	39.29% 22
Contingency plans if a team member tests positive for COVID, and other team members have to self isolate	26.79% 15
General uncertainty and challenges over forecasting	32.14% 18
Concern over dealing with customers who don't respect social distancing measures or wear face coverings	7.14% 4
Concerns over availability or stricter terms of Trade Credit Insurance	7.14% 4
Establishing an e-commerce operation to meet changing customer demands	17.86% 10
Cash flow challenges caused by a slow down in payments from customers	12.5% 7
Cash flow challenges caused by stricter terms from suppliers	3.57% 2
Accessing financial support through the Government's schemes	1.79% 1
Concern of whether customers will remain viable and return	16.07% 9
Other	2
TOTAL	56

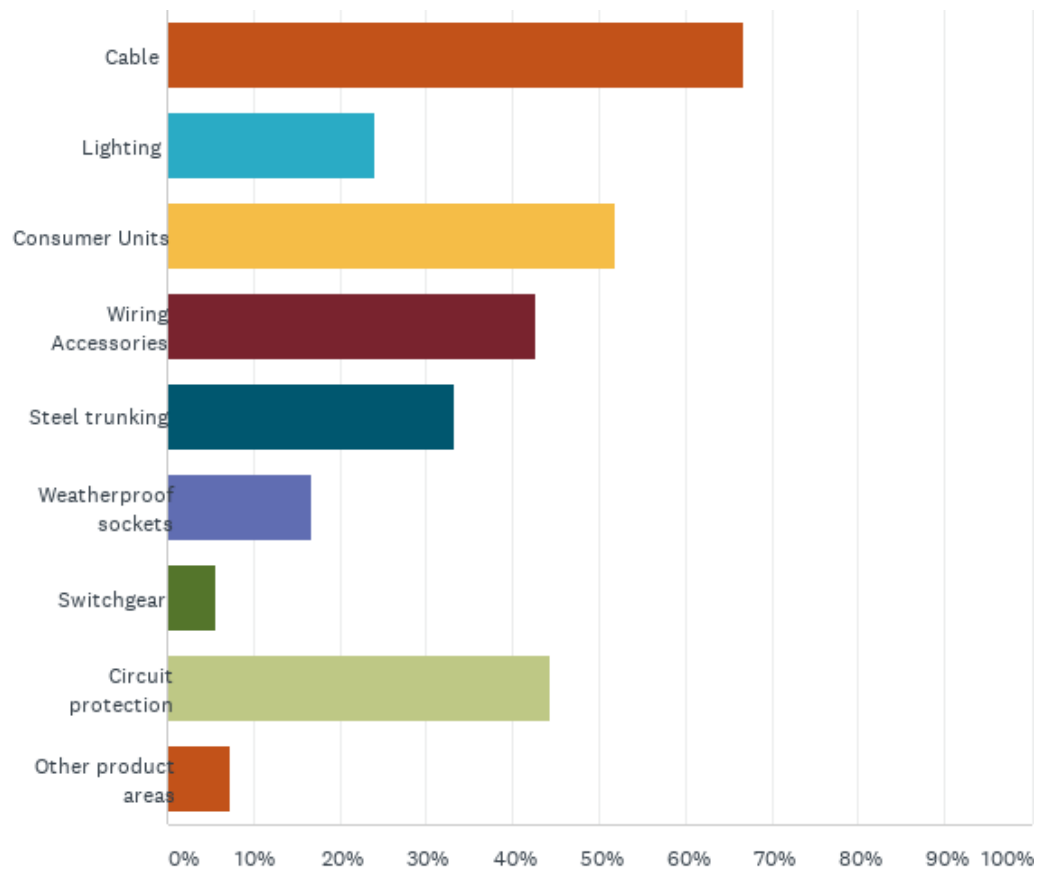
Comments:

- Brexit is the biggest Challenge facing Cable and Accessories at the moment with the Irish sea border and reluctance of some GB suppliers to service our needsBasically a mess

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Q12: Which three product areas where you are experiencing the most difficulty in availability?



Answer Choices	Responses	Count
Cable	66.67%	36
Lighting	24.07%	13
Consumer Units	51.85%	28
Wiring Accessories	42.59%	23
Steel trunking	33.33%	18
Weatherproof sockets	16.67%	9
Switchgear	5.56%	3
Circuit protection	44.44%	24
Other product areas	7.41%	4
TOTAL		59

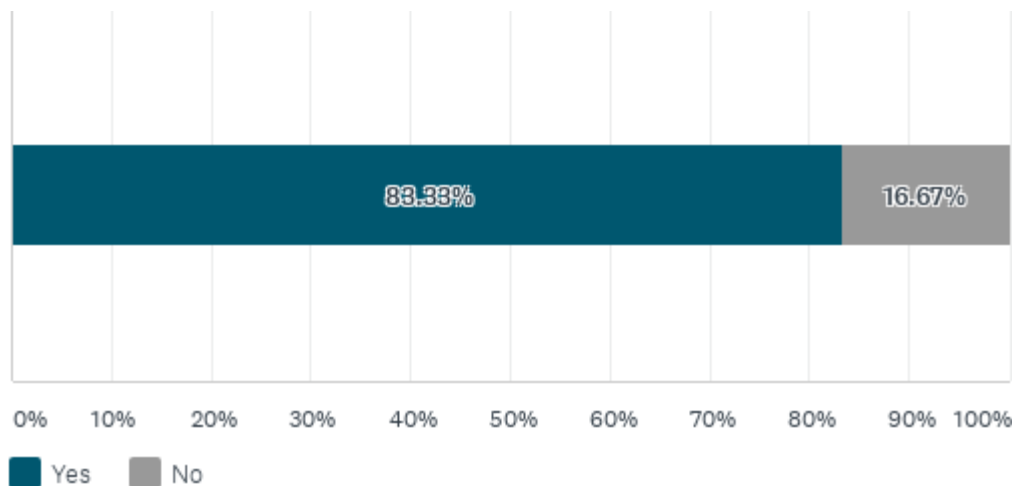
Other Product Areas:

- PVC trunking and accessories
- PVC Containment
- Home security some companies are slapping a 60% increase on to profiteer from lack of competition.
- No problems

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Q13: Are you on allocation or experiencing extended lead times from any suppliers?



ANSWER CHOICES	RESPONSES	
Yes	83.33%	45
No	16.67%	9
TOTAL		54

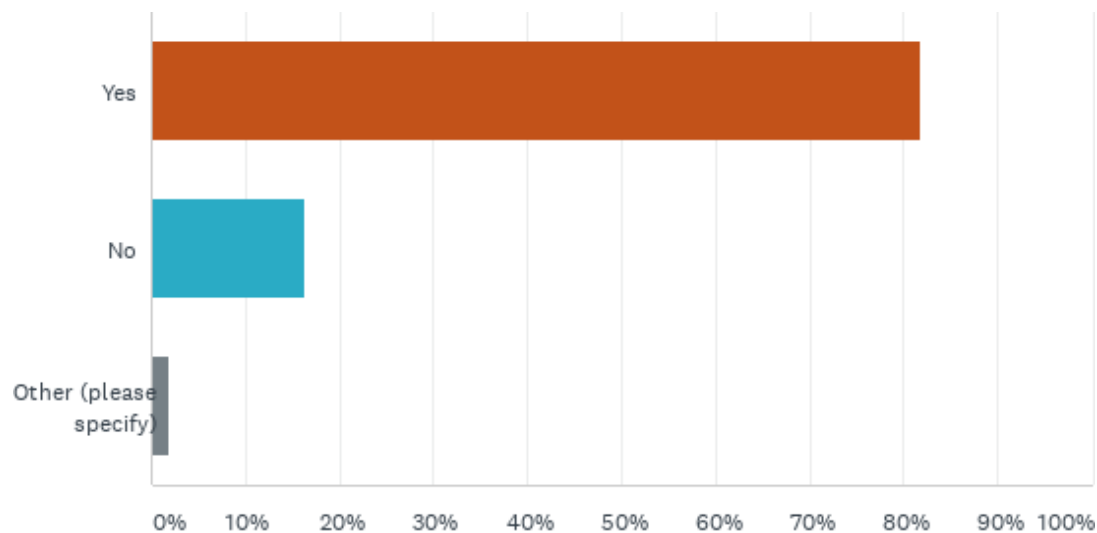
Allocated Product Areas:

- Wiring accessories and cable
 - Cable, consumer units & Accessories
 - See above
 - To many to mention
 - Cable/consumer units
 - Too many to name
 - Cable
 - Steel, cable
 - Circuit protection Cable
 - Cable
 - Circuit Protection
 - Everything. honestly, more or less any
- popular item is regularly out of stock at
 - Distributor/importer level.
 - Booklet Cable, Heating, Circuit Protection
 - Cable, downlighting and consumer units.
 - Consumer units and devices LED Lighting
 - All
 - Consumer Units and Wiring Accessories
 - We are just experiencing extended lead times - no orders on allocation at this time
 - Cable, Heating, Consumer Units, Breakers

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Q14: Did you build up stock levels in anticipation of the end of the Brexit transition period on 31 December 2020 and Chinese New Year 2021?

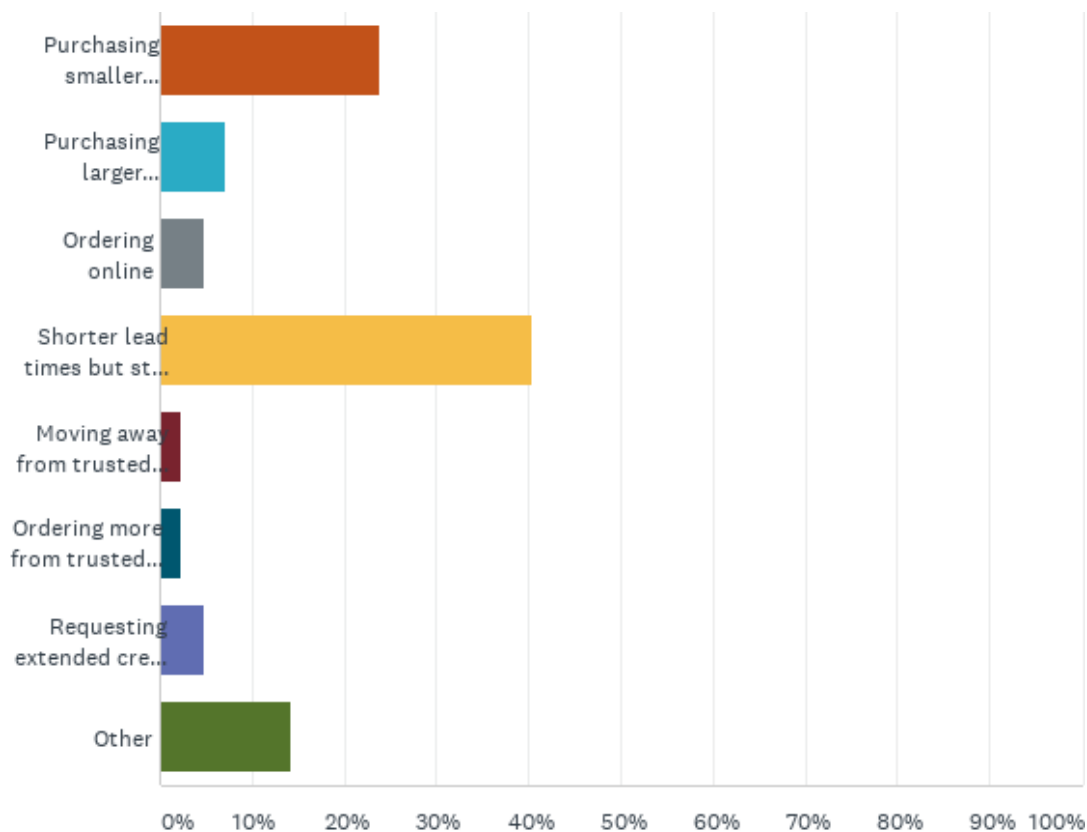


ANSWER CHOICES	RESPONSES	
Yes	81.82%	45
No	16.36%	9
Other	1.82%	1
TOTAL		55

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Q15: Have you noticed any changes in purchasing behaviour from your customers?



Answer Choices	Responses
Purchasing smaller quantities	23.81% 10
Purchasing larger quantities	7.14% 3
Ordering online	4.76% 2
Shorter lead times but still expecting products to be available from stock	40.48% 17
Moving away from trusted brands	2.38% 1
Ordering more from trusted brands	2.38% 1
Requesting extended credit terms	4.76% 2
Other	14.29% 6
TOTAL	42

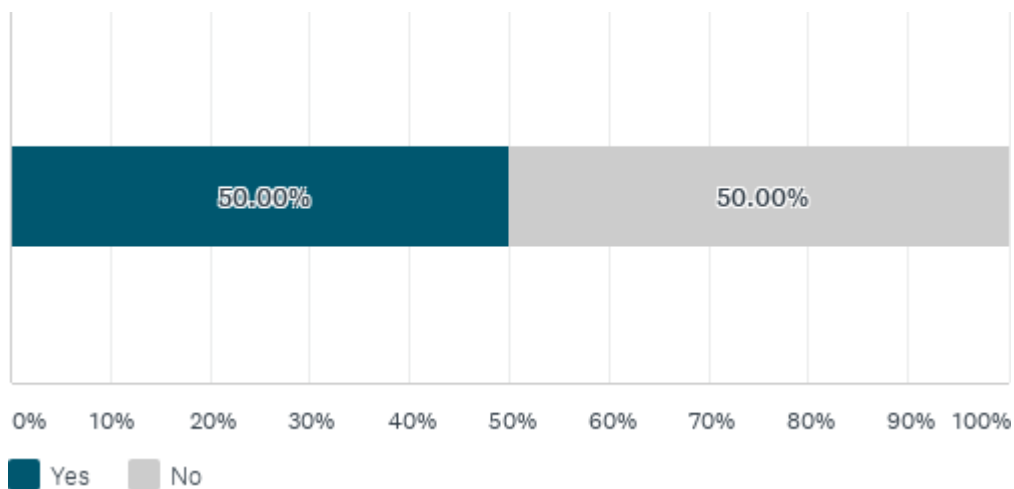
Other Product Areas:

- Customers are now going to the sheds, unfortunately they are becoming more competitive open longer hours and not implementing price increases. Screwfix and Toolstation are a particular threat to our industry.
- None of above
- Sporadic purchasing - it feels like they are now responding to shorter lead times from their
- Clients, and therefore requiring us to respond to very quick timescales too.
- Using Screwfix/Toolstation for cable... cheaper than wholesalers can purchase. Huge volume of cable being sold that way.
- No
- Don't know

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Q16: Do you feel more optimistic now than you did in Q4 2020?



ANSWER CHOICES	RESPONSES	
Yes	50.0%	27
No	50.0%	27
TOTAL		54

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

- With tighter lockdown restrictions in place and new strains of coronavirus the optimism in Q4 has been slowly ebbing away.
- Now the vaccine is in sight we are more hopefully things will come back to normal sooner rather than later.
- Introduction and roll out of vaccines, Brexit decision and tougher rules to reduce transmission.
- rates have provided a little more hope
- A reasonable order book & a vaccine now coming through.
- Unable to ascertain the long term business effect of the current lockdown, children not being allowed back to school is having a marked impact on the ability of employees to carry out their work roles, impact from Brexit on the supply chain
- The vaccine is going well, and the property market is buoyant
- I feel that the constant lockdowns and uncertainty have now taken their toll on everybody's mental health, everyone is exhausted and feeling negative.
- The state of the economy when the whole thing unravels is unknown so is a big worry
- Difficult to be optimistic or pessimistic when there is so much uncertainty
- It feels as if this could go either way but at the moment things are looking particularly flat
- The real impact is starting to show with the slowing and postponement of large projects.
- Lock down 3 has caused smaller contractors to go quiet
- Our customers have a better feel for their business for the first quarter 2021.
- Vaccine Roll out!
- With vaccine roll out and the current lockdown ending gives me great hope for the rest of 2021.



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

- My optimism hasn't changed, I believe there is a huge amount of work coming through the system however with the recent lock down it appears many project start dates have been delayed or put on hold which unfortunately provides an unclear & uncertain outlook. The government appears to remain in support of using the construction industry to fuel the economy and therefore I'm positive busy times are ahead, its just a case of when.
- Still feel like we have a number of challenges ahead that will make trading extremely difficult.
- I believe that the UK economy is entering a period of prolonged recession that I cannot see an end to.
- You can't plan. We are very secure, but not confident of improving.
- I see substantial recovery on top of a reasonable year.
- P.M.A alwaysmy cup is half full always and has always been that way all my life.
- The UK government have handled the current Health crisis and Brexit appallingly with no coordinated plan to get businesses back and society back to normal .I know business will rise to the challenge but with the current administration its going to very difficultAn episode of Fr Ted comes to mind, when they had a crisis and the best they could come up with was to have mass ,sound familiar !! Sorry rant over
- Lockdown 3 and mixed messages on 'return to normal'
- We had a great Q4 of 2020 and the 2021 lockdown has reintroduced more uncertainty.
- We recovered extremely well during the second half of the year, to the extent of a record sales month in November, but finished 6% down on sales. However with the latest uncertainty and increase in Covid -19, i believe we may now start seeing a slow down and the real effect of this pandemic.
- As long as the construction industry remains open I don't see an issue. However, with the new variant of Covid-19 being more transmissible I'm concerned about a number of my team having to self isolate.



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

- No, we felt very positive in q4 of 2020. The lockdown is concerning but too early to tell what the implications will be.
- I think sales will be really good if we can get stock which is already a problem.
- Too early to understand the implications both financially and health-wise of the latest lockdown and new COVID virus.
- Uncertainty over supply of imported goods and the continuing last minute strategy of the government to react to the pandemic makes the start to 2021 continue to be difficult and hard to forecast.
- Brexit deal approved so UK based foreign companies know where they stand and should stay in UK (hopefully)
- Hopefully Vaccine will see the back of this virus
- Q4 was reasonably strong in sales volumes however it remains difficult to accurately forecast with the continuing issues caused by the restrictions and lockdowns as they are introduced.
- With latest National Lockdown concern over how this will affect trade



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