

## COVID-19 Impact Survey: Affiliates March 2021 (looking back at February)

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### Introduction

This survey was carried out in H1 of March 2021, reflecting on business in February 2021. It was circulated to the principal contacts of 82 affiliated manufacturer members of EDA. There were 43 responses representing a 50% response rate.

### Highlights

#### Strong Sales

Distributor Sales in the first two months of the year were strong; over 60% of Manufacturer respondents reported higher turnover than February last year.

#### Increases in raw material prices

Nearly 60% reported an increase of over 5% in the cost of raw materials, compared to around 30% of respondents in December.

#### Test & Trace continues to have an impact on absenteeism

Test & Trace had a lower impact on absenteeism in February, compared to December, however, nearly 60% of work absences are reported to be due to Test & Trace.

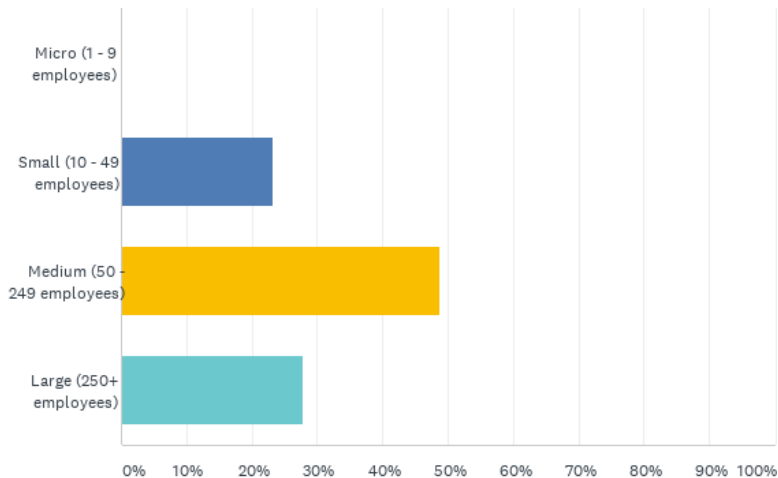
#### High levels of Mental Health support

The Manufacturer Affiliates were asked if they offer mental health support, with over 80% stating that they provide support either internally or via a third party.

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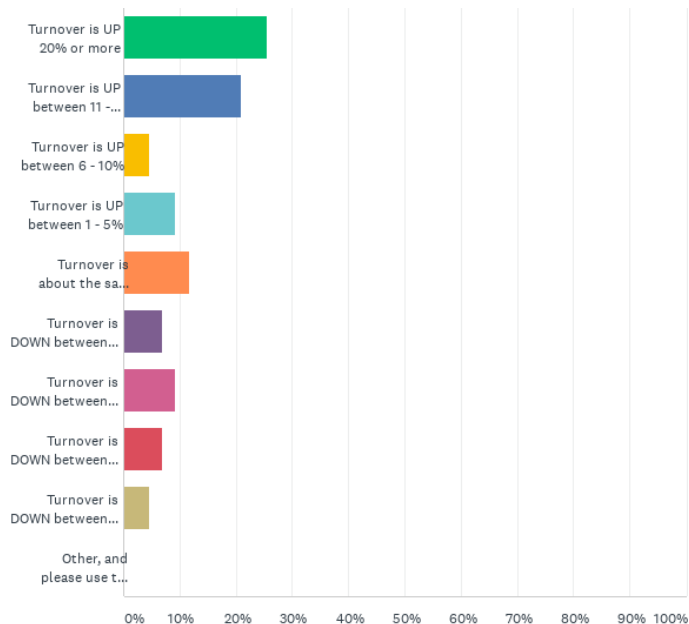
## Q1: Business Size



ANSWER CHOICES	RESPONSES	
Micro (1 - 9 employees)	0.00%	0
Small (10 - 49 employees)	23.26%	10
Medium (50 - 249 employees)	48.84%	21
Large (250+ employees)	27.91%	12
<b>TOTAL</b>		<b>43</b>



## Q2: Comparing February 2021 to February 2020, to what extent do you estimate your turnover has been affected?



ANSWER CHOICES	RESPONSES
Turnover is UP 20% or more	25.58% 11
Turnover is UP between 11 - 19%	20.93% 9
Turnover is UP between 6 - 10%	4.65% 2
Turnover is UP between 1 - 5%	9.30% 4
Turnover is about the same as in 2020	11.63% 5
Turnover is DOWN between 1 - 5%	6.98% 3
Turnover is DOWN between 6 - 10%	9.30% 4
Turnover is DOWN between 11 - 19%	6.98% 3
Turnover is DOWN between 20% or more	4.65% 2
Other, and please use the space below for your feedback:	0.00% 0
<b>TOTAL</b>	<b>43</b>

### Comments

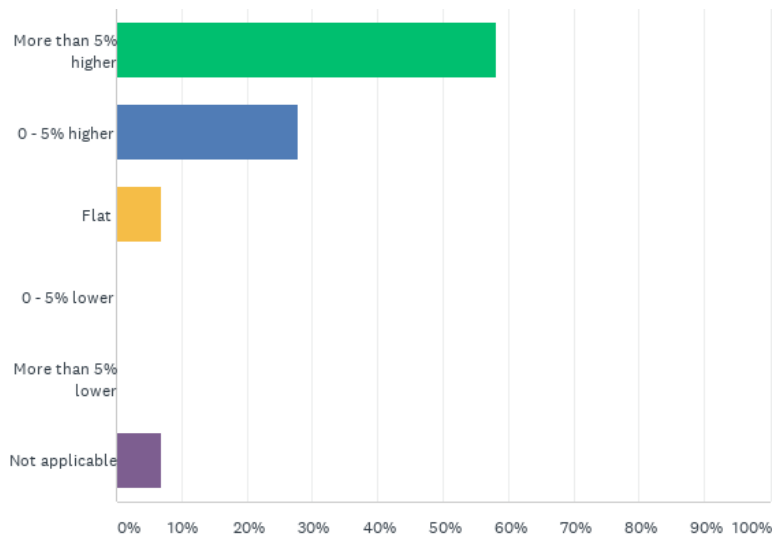
In this month's survey, we have broken down the change in turnover into smaller bands. Only 28% respondents reported a decrease in turnover on the same period last year. This is similar to response in January looking back at November.

Encouragingly, 60% respondents reported an improvement on Feb 2020.

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### Q3: Comparing the cost of raw materials in February 2021 with January 2021, were they



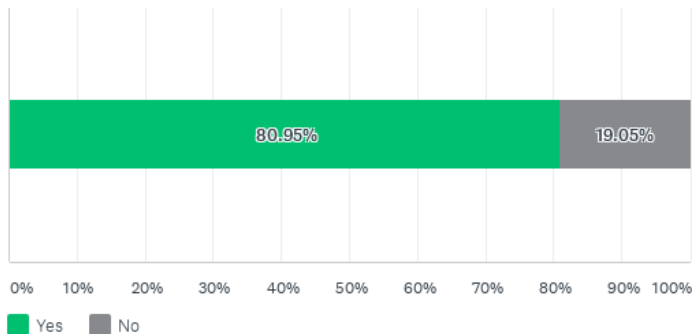
ANSWER CHOICES	RESPONSES	
More than 5% higher	58.14%	25
0 - 5% higher	27.91%	12
Flat	6.98%	3
0 - 5% lower	0.00%	0
More than 5% lower	0.00%	0
Not applicable	6.98%	3
<b>TOTAL</b>		<b>43</b>

#### Comments

- In January, around 50% of respondents saw an increase of 0-5% in the cost of raw materials in December.
- In February, nearly 60% of respondents saw an increase of over 5%.



## Q4: Does your company have a policy or procedures for supporting members of your team who could be experiencing mental health issues?



ANSWER CHOICES	RESPONSES
Yes	80.95% 34
No	19.05% 8
TOTAL	42



## Q4: Does your company have a policy or procedures for supporting members of your team who could be experiencing mental health issues? Comments

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### **EIC Support**

- We use the EIC to offer support
- Mental Health First Aiders in conjunction with the EIC
- We have attended the EIC training, we have had several issues over the last year.

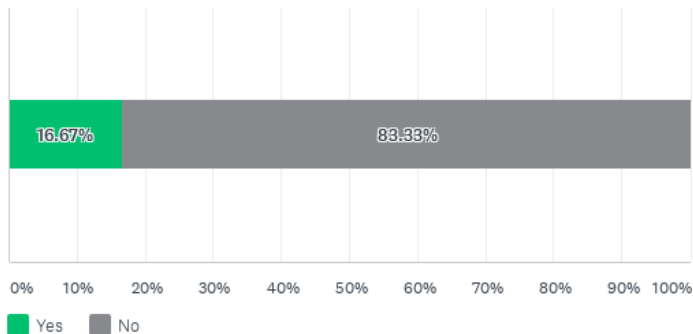
### **Internal & Third Party Support**

- We have a comprehensive support network with all managers trained on identifying and offering first level support. HR have a documented procedure as well.
- Our HR manager owns this, we have had external course held for the management team
- Thorough re-boarding and HR protocols with practical elements supported by a third party
- Private healthcare and internal counselling and education are offered
- We have mental 3 x health first aiders and have external pro active support through Expressions Partnership
- We have a special service for employees to contact
- We have a third party confidential helpline for all employees and provide financial support for counselling

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## Q5: Has your business been affected by Test and Trace in February 2021?



ANSWER CHOICES	RESPONSES	
Yes	16.67%	7
No	83.33%	35
TOTAL		42

### Comments

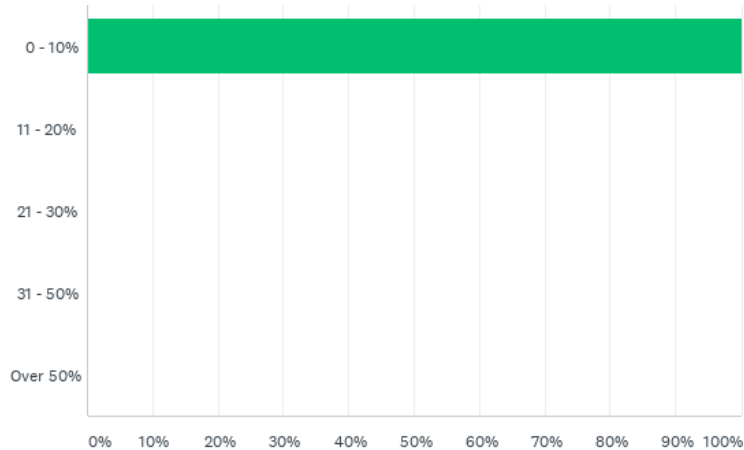
- Test and Trace has had a lower impact on absenteeism in February compared to December 2020.

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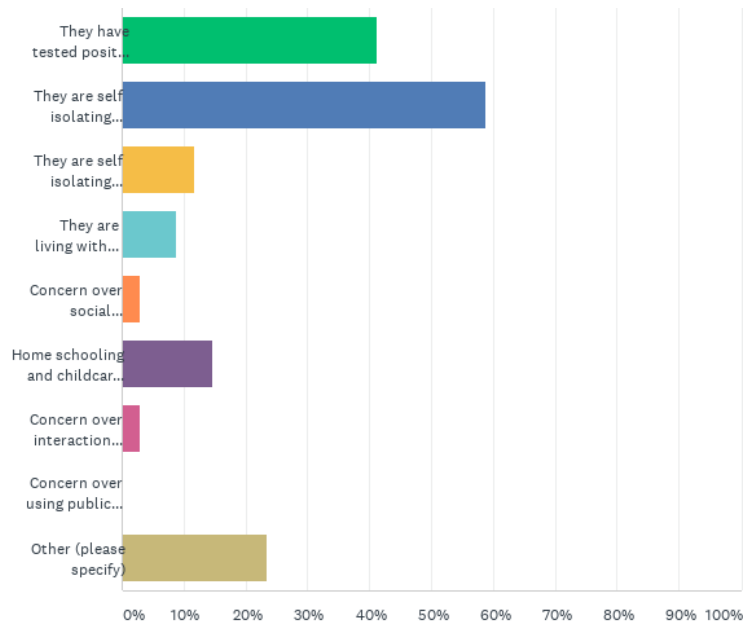
## Q6: What percentage of your workforce was absent during February 2021, excluding furloughed team members?



ANSWER CHOICES	RESPONSES
0 - 10%	100.00% 42
11 - 20%	0.00% 0
21 - 30%	0.00% 0
31 - 50%	0.00% 0
Over 50%	0.00% 0
TOTAL	42



## Q7: What are the reasons for absence from work?



ANSWER CHOICES	RESPONSES	
They have tested positive for Covid-19	41.18%	14
They are self isolating because they have been in contact with someone who has tested positive	58.82%	20
They are self isolating because they are clinically vulnerable or extremely clinically vulnerable	11.76%	4
They are living with someone who is clinically vulnerable or extremely clinically vulnerable	8.82%	3
Concern over social distancing between members of staff	2.94%	1
Home schooling and childcare responsibilities	14.71%	5
Concern over interaction with customers	2.94%	1
Concern over using public transport for travel to and from place of work	0.00%	0
Other (please specify)	23.53%	8
Total Respondents: 34		

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## Q7: What are the reasons for absence from work? **Comments**

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### **Remote Working**

- The flexibility of remote working has reduced absence from work.
- Anyone who has been self isolating or tested positive has still been able to work from home, (their own decision and we have supported them with whatever they require).

### **No Absences**

- Everyone working, minimal impact

### **Normal Absence rates**

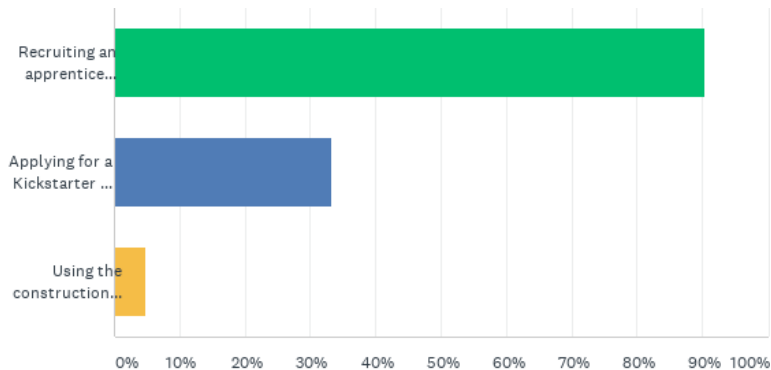
- Health, recovering from cancer treatment
- General sickness
- General absence only
- Absence rate has been normal



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## Q8: Which of the following recruitment options have you considered or used?

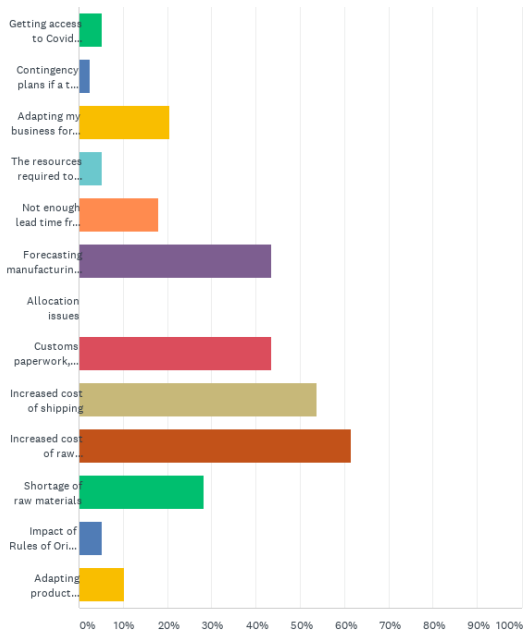


ANSWER CHOICES	RESPONSES
Recruiting an apprentice either yourself or through the EDA's Apprenticeship Service	90.48% 19
Applying for a Kickstarter via the EDA's Kickstarter Scheme*	33.33% 7
Using the construction sector's Talent Retention Scheme**	4.76% 1
Total Respondents: 21	

You can find more information about the [talent retention scheme](#) and the [Kickstarter scheme](#) on the [EDA Website](#) or by calling the EDA on 020 3141 7350.



## Q9: Most Pressing business challenges.



ANSWER CHOICES	RESPONSES
Getting access to Covid testing for my team	5.13% 2
Contingency plans if a team member tests positive for COVID, and other team members have to self isolate	2.56% 1
Adapting my business for a more digitalised world	20.51% 8
The resources required to digitalise our product data	5.13% 2
Not enough lead time from wholesalers	17.95% 7
Forecasting manufacturing output	43.59% 17
Allocation issues	0.00% 0
Customs paperwork, customs delays and red tape relating to Brexit	43.59% 17
Increased cost of shipping	53.85% 21
Increased cost of raw materials	61.54% 24
Shortage of raw materials	28.21% 11
Impact of Rules of Origin on tariffs	5.13% 2
Adapting product labelling to meet post-Brexit requirements	10.26% 4
Total Respondents: 39	

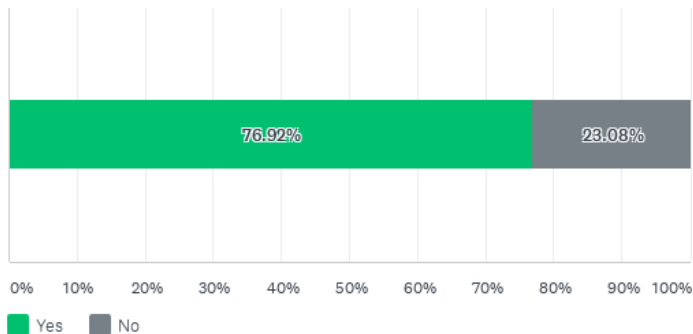
### Any Further Challenges:

- Getting products in from Europe

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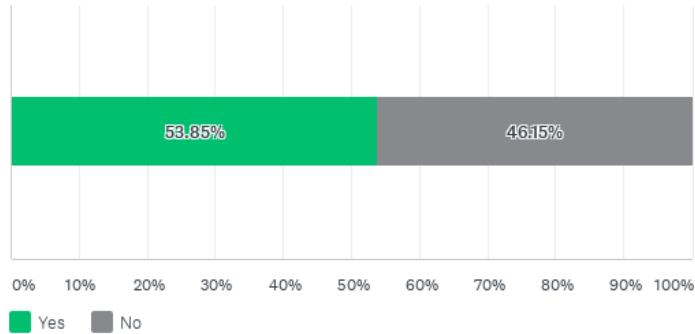
Q10: The issue of price increases is affecting the whole supply chain. Would an industry statement explaining the background to the price increases, which you could use to communicate with your customers, be helpful?



ANSWER CHOICES	RESPONSES
Yes	76.92% 30
No	23.08% 9
TOTAL	39



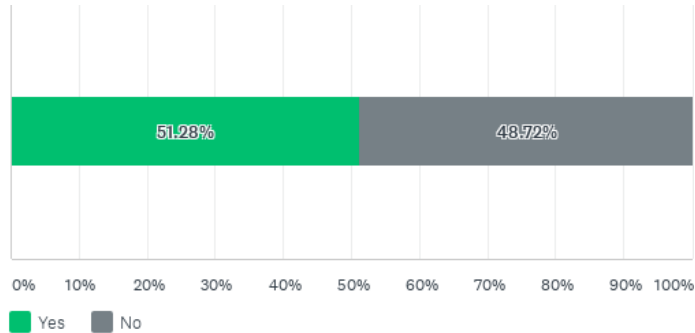
## Q11: Are you familiar with the Construction Product Association's (CPA) initiative, The Code for Construction Product Information (CCPI)?



ANSWER CHOICES	RESPONSES
Yes	53.85% 21
No	46.15% 18
TOTAL	39



## Q12: Will you be responding to the CCPI consultation by the deadline of 31 March 2021?

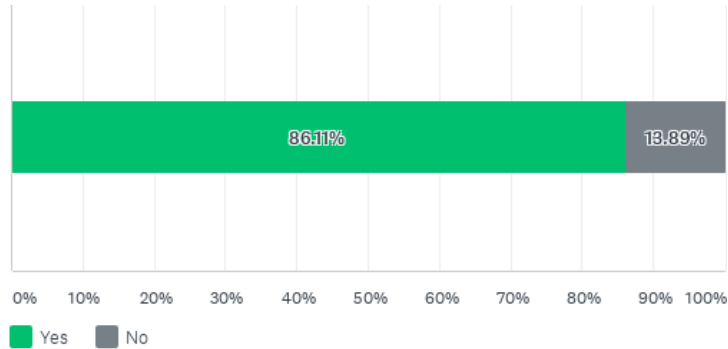


ANSWER CHOICES	RESPONSES	
Yes	51.28%	20
No	48.72%	19
<b>TOTAL</b>		<b>39</b>





## Q13: Overall do you think that the recent budget is good for the electrotechnical supply chain?



ANSWER CHOICES	RESPONSES
Yes	86.11% 31
No	13.89% 5
TOTAL	36



## Q13: Overall do you think that the recent budget is good for the electrotechnical supply chain?

### Comments

#### Construction & Housebuilding

- Positives for construction industry
- Infrastructure and Housing investment, stamp duty holiday extension, electric vehicle investment (will drive electric infrastructure)
- Support for housebuilding and construction
- House building will be encouraged by the holiday on the stamp duty

#### Furlough & Business Loans

- Furlough extension and small business support should help free investment into projects.
- Further support for both furlough and business loans to stimulate recovery

#### Tax

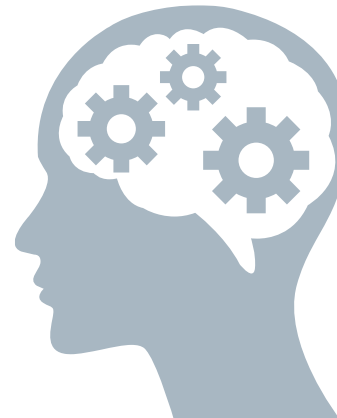
- Corporation tax increase
- Rise in Corporation Tax - but what else could they do

#### Other

- Continued return to work should bring increased demand

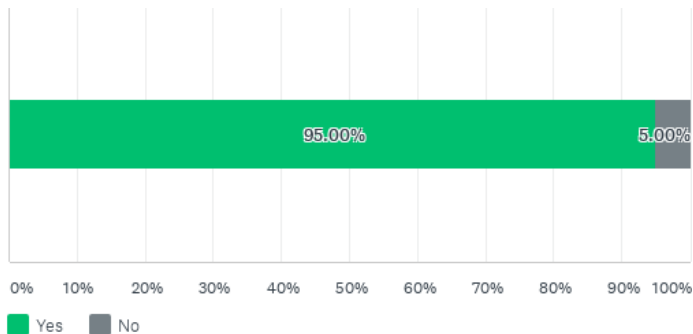
#### Unsure at the moment

- Not sure
- Not sure as yet





## Q14: Do you supply products to customers in Northern Ireland?



ANSWER CHOICES	RESPONSES	
Yes	95.00%	38
No	5.00%	2
TOTAL		40



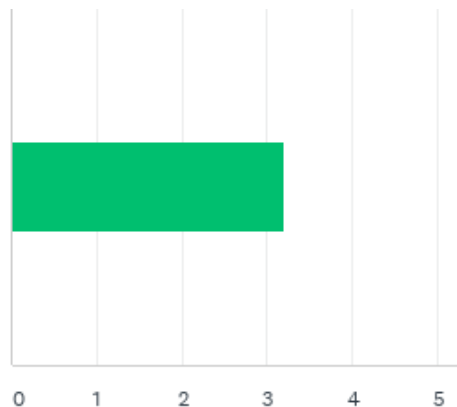
Q15-17: On a scale of 1 to 5, 5 being very negative, how would you gauge the negative impact of:

changes to customs paperwork on your business?

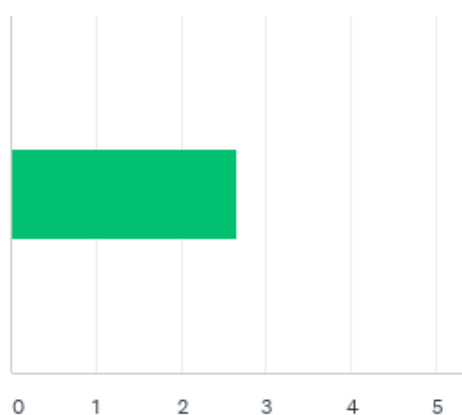
Rules of Origin on your business?

the availability of customers intermediaries to work through on your business?

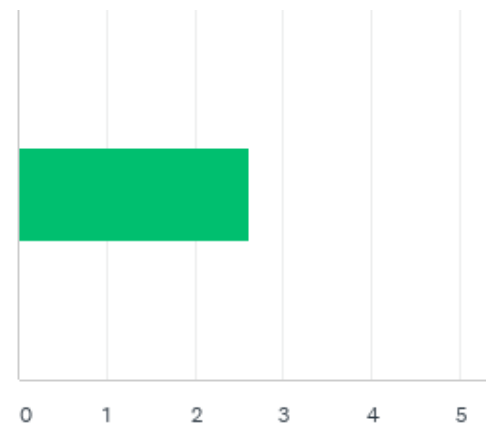
Responses: 35



Responses: 34



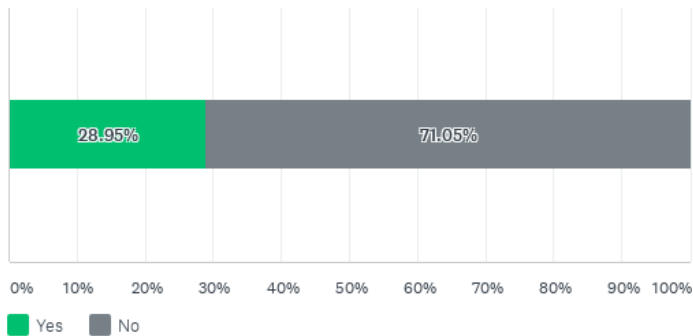
Responses: 31



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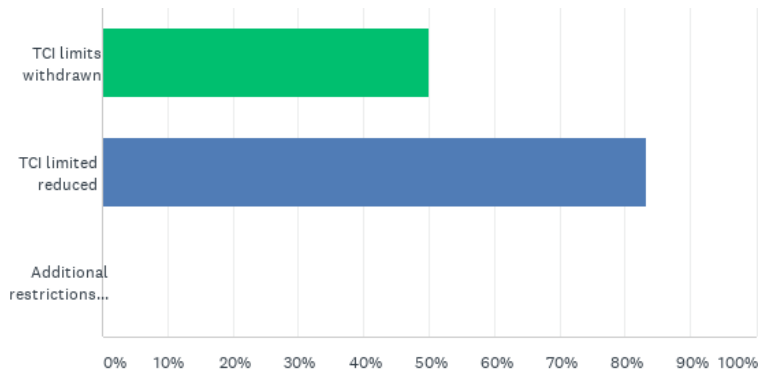
## Q18: Does your business regularly use Trade Credit Insurance?



ANSWER CHOICES	RESPONSES	
Yes	28.95%	11
No	71.05%	27
TOTAL		38



## Q19: Are you experiencing any or all of the following?



ANSWER CHOICES	RESPONSES	
TCI limits withdrawn	50.00%	3
TCI limited reduced	83.33%	5
Additional restrictions have been introduced	0.00%	0
Total Respondents: 6		



## Q20: Are you facing challenges with product supply and keeping the wholesaler fully stocked?

### Deliveries and supply

- Expected delivery dates have been extended up to 10 days due to pinch points at the ports, overall however stock is very high as our supply programme is outweighing demand
- Brexit issues delaying deliveries
- Unpredictable delivery forecasting
- Everyone is affected by global supply chain issues at the moment from raw materials to finished products
- Container shortages and delays at port
- Supply issues and forecasting

### Raw Materials

- Difficulty in obtaining raw materials
- Delivery of raw materials from suppliers - additional custom delays etc.
- Short supply of raw materials
- Container shortages raw material shortages

### Lead Times

- Variable lead times from logistics providers

### Forecasting

- Lack of forecasting





## Q20: Are you facing challenges with product supply and keeping the wholesaler fully stocked? Continued

### Resource and technological difficulties

- Difficulties in production capacity in Far East following Chinese New Year, exorbitant freight cost increases and delays at UK ports (Felixstowe)
- Reduced labour at assembling factories
- The problem is machine capacity and unforeseen breakdowns of machinery

### Port & Shipping Delays

- Delays to shipping days
- Increased docking and freight forwarding delays
- Extended shipping times from China
- Delays with shipments from Europe, some transport companies not shipping to UK and global demand is picking up

### Other

- Increased demand.
- Some materials availability challenging lead times
- Small multiple orders rather than larger consolidation orders
- Stock cleansing!

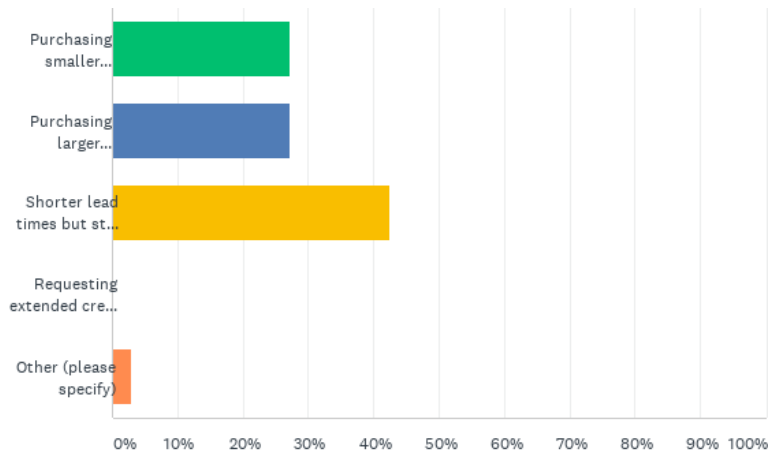


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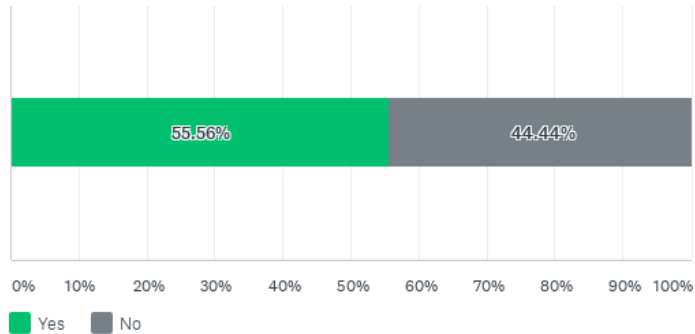
## Q21: Have you noticed any changes in purchasing behaviour from your customers?



ANSWER CHOICES	PERCENTAGE	RESPONSES
Purchasing smaller quantities	27.27%	9
Purchasing larger quantities	27.27%	9
Shorter lead times but still expected products to be available from stock	42.42%	14
Requesting extended credit terms	0.00%	0
Other (please specify)	3.03%	1
<b>TOTAL</b>		<b>33</b>



## Q22: Do you have systems in place to enable your customer, the wholesaler, to order online?



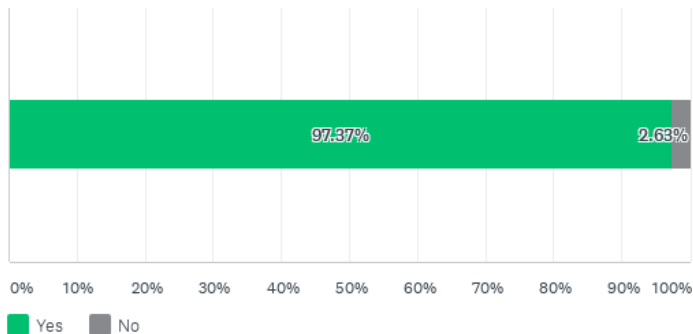
ANSWER CHOICES	RESPONSES
Yes	55.56% 20
No	44.44% 16
TOTAL	36

### Any Further Comments:

1. On its way for Q2
2. Will have very soon
3. Will be in place shortly



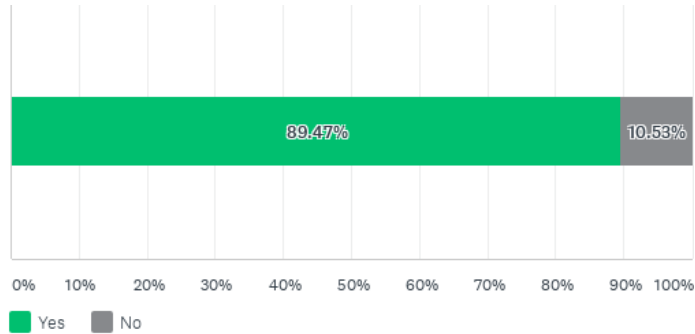
## Q23: Do you have a stock management system in place?



ANSWER CHOICES	RESPONSES
Yes	97.37% 37
No	2.63% 1
TOTAL	38



## Q24: Do you feel more optimistic now than you did in Q4 2020?



ANSWER CHOICES	RESPONSES
Yes	89.47% 34
No	10.53% 4
TOTAL	38



## Q24: Do you feel more optimistic now than you did in Q4 2020? **Comments**

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### Negative

- Looking at the beginning of March, February and 2020 many areas are quiet. We are concerned about the potential supply chain issues due to long lead time of drivers, that prices are increasing around 10% in raw materials, and the possibility of inflation in the future as a result of the pandemic.

### Mixed

- We are not that far off where we should be, however our external sales team are only working 2 days a week as wholesalers have been closing their doors. We need to get our external sales team back asap and start approaching the wholesalers that are receiving visits with COVID protocols in place.





## Q24: Do you feel more optimistic now than you did in Q4 2020? **Continued**

### Positive

- The government's timeline to ending lockdown (as a result of distribution of the COVID-19 vaccine), pent up demand, and data that suggests both private equity and UK government investments should be greater than initially forecasted is leading to increased optimism.
- We were already very positive about the long term future so no change
- Vaccine rollout and lockdown easing = economy restarting
- We have dates now, businesses can start moving ahead with projects
- Strong Q4, strong Q1 so far, vaccine roll, OEM's back on stream, all positive
- whilst the performance YTD is strong, we have concerns that the inflation in both raw materials and freight will defer projects until prices return to a more normal level
- Order book growing and infrastructure projects being discussed
- We have set ourselves goals which are achievable
- We know that capital expenditure within public sector will not resume in earnest until the new financial year and we are closer to that now. RMI trade remains extremely positive too despite all the current restrictions and in the main we think that Electrical Wholesalers are doing a fantastic job in operating through this.



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## Any final comments?

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- We are still concerned about the UKCA marking



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