

State of the Sector Affiliate Survey: November 2021 (looking back at October 2021)





State of the Sector Manufacturer Survey: November 2021 (looking back at October 2021)

Introduction

These are the results of the 6th and final survey of 2021. EDA State of the Sector Surveys were issued in January, March, May, July, September and November 2021. As always there is a separate survey for EDA wholesalers and for EDA manufacturers.

50 (out of 85) EDA manufacturers responded to this survey: a 59% response rate. The next page provides a breakdown in the profile of the size of these businesses.

Highlights from this Survey were presented at our Talking Shop Zoom Dialogues on Tuesday 23 November and Wed 24 November 2021.

Elsewhere:

In December 2021 the PM announced the triggering of 'plan B' of its Covid-19 winter response, asking people to work from home if they could from Monday 13 December 2021.

Highlights

This November survey invited responders to review business performance for October 2021. As you'll see on [page 6](#), manufacturers' cited their top 3 business challenges as:

1. increased cost of raw materials;
2. increased cost of shipping
3. how to manage increasing costs across all areas of business

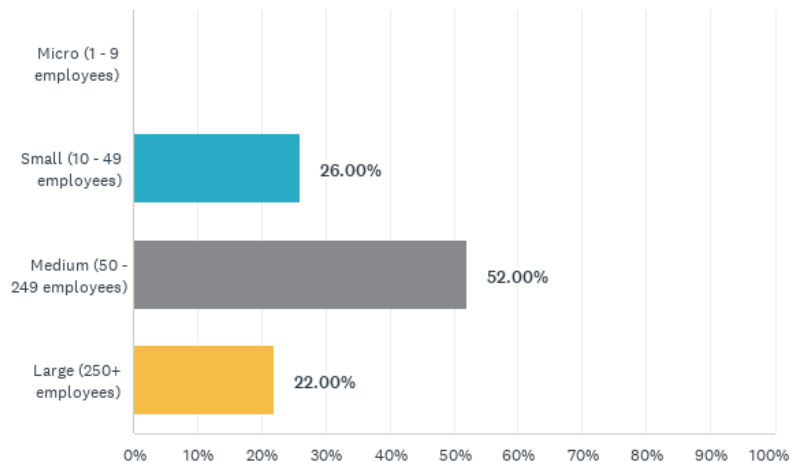
Attracting talented individuals remains a challenge across many sectors, including electrotechnical, as you'll see from [page 19 onwards](#).

Responders were asked to identify the factors likely to constrain their output for the year ahead, with themes emerging – [page 7](#). Manufacturers were also asked for their predictions for the 2022. Their answers on [page 25 onwards make interesting reading](#).

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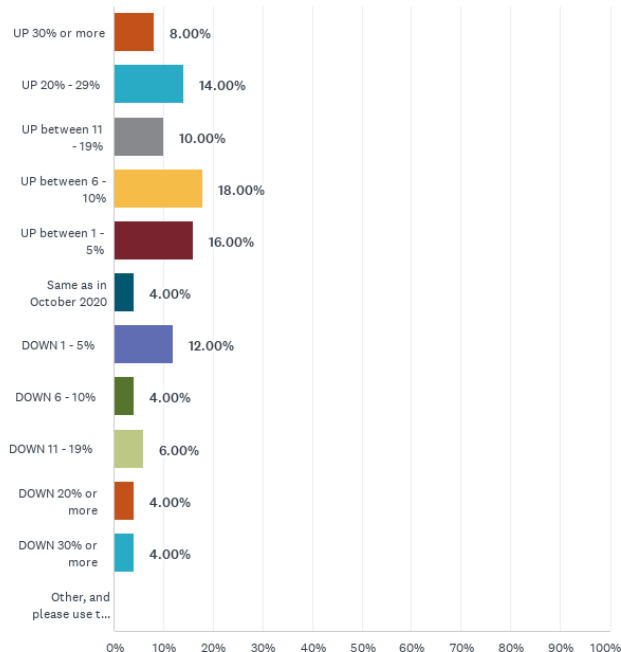
Q1: Business Size



ANSWER CHOICES	RESPONSES	
Micro (1 - 9 employees)	0.00%	0
Small (10 - 49 employees)	26.00%	13
Medium (50 - 249 employees)	52.00%	26
Large (250+ employees)	22.00%	11
TOTAL		50



Q2: Please tell us how your turnover in October 2021 compares with turnover in October 2020.



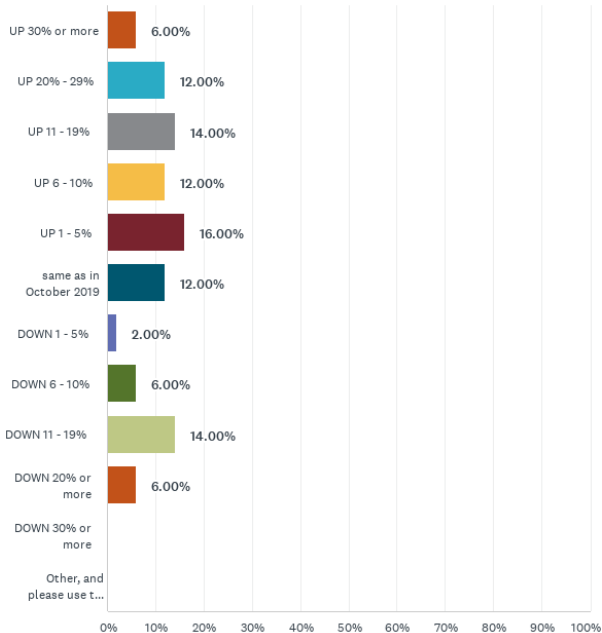
ANSWER CHOICES	RESPONSES
UP 30% or more	8.00% 4
UP 20% - 29%	14.00% 7
UP between 11 - 19%	10.00% 5
UP between 6 - 10%	18.00% 9
UP between 1 - 5%	16.00% 8
Same as in October 2020	4.00% 2
DOWN 1 - 5%	12.00% 6
DOWN 6 - 10%	4.00% 2
DOWN 11 - 19%	6.00% 3
DOWN 20% or more	4.00% 2
DOWN 30% or more	4.00% 2
Other, and please use the space below for your feedback:	0.00% 0
TOTAL	50

70% of respondents said turnover had equalled that of October 2020 or increased.

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Q3: Now, please tell us how your turnover in October 2021 compares with turnover in October 2019



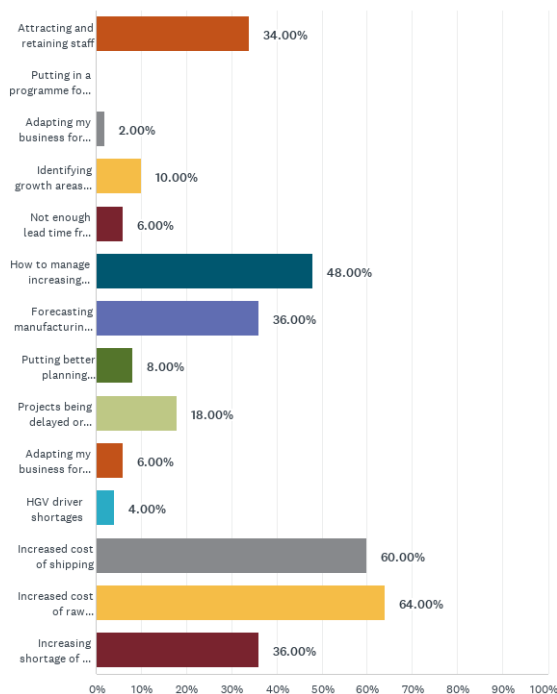
ANSWER CHOICES	RESPONSES
UP 30% or more	6.00% 3
UP 20% - 29%	12.00% 6
UP 11 - 19%	14.00% 7
UP 6 - 10%	12.00% 6
UP 1 - 5%	16.00% 8
same as in October 2019	12.00% 6
DOWN 1 - 5%	2.00% 1
DOWN 6 - 10%	6.00% 3
DOWN 11 - 19%	14.00% 7
DOWN 20% or more	6.00% 3
DOWN 30% or more	0.00% 0
Other, and please use the space below for your feedback:	0.00% 0
TOTAL	50

72% of responders said turnover had equalled that of October 2019 or increased.

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Q4: Which three business challenges are your most pressing at this time?



Top business challenges:

1. Increased cost of raw materials;

2. increased cost of shipping

3. how to manage increasing costs across all areas of business

ANSWER CHOICES	RESPONSES
Attracting and retaining staff	34.00% 17
Putting in a programme for staff development and training	0.00% 0
Adapting my business for a green future	2.00% 1
Identifying growth areas for my business	10.00% 5
Not enough lead time from wholesalers	6.00% 3
How to manage increasing costs across all areas of the business	48.00% 24
Forecasting manufacturing output, stock levels and managing allocation	36.00% 18
Putting better planning structures in place to deal with uncertainty	8.00% 4
Projects being delayed or cancelled due to a shortage of building materials	18.00% 9
Adapting my business for a more digitalised world	6.00% 3
HGV driver shortages	4.00% 2
Increased cost of shipping	60.00% 30
Increased cost of raw materials	64.00% 32
Increasing shortage of raw materials	36.00% 18
Total Respondents: 50	

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Q5: What is MOST LIKELY to constrain your output over the next year?

Key themes (in no particular order) :

- Increase in costs
- Lack of market demand and uncertainty
- Delay/cancellation of projects
- Extended lead times from the factory, particularly delivery times from the far east
- All things logistics: freight times, HGV driver availability, price of containers
- Staff retention and lack of skilled labour
- Continued issues with raw material availability and prices increases
- General product availability, and availability of finished goods
- Issues with component availability
- Brexit
- Covid
- New product development
- Wholesalers over stocking this year

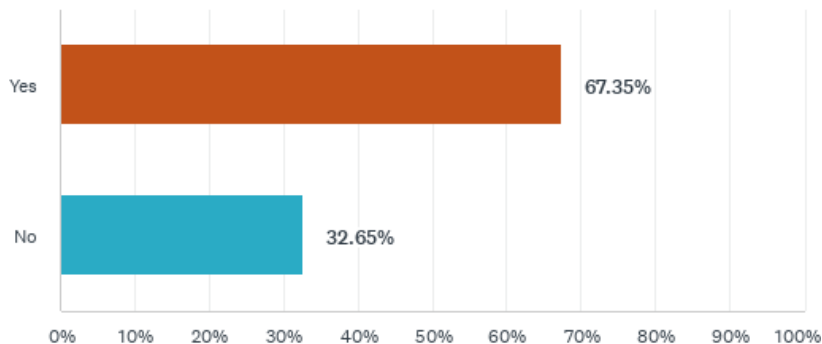


This was an open-ended question, inviting comments: these key themes emerged.

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Q6: Does your business have insurance against cyber crime including ransomware, hacks, data breaches, lost income etc?



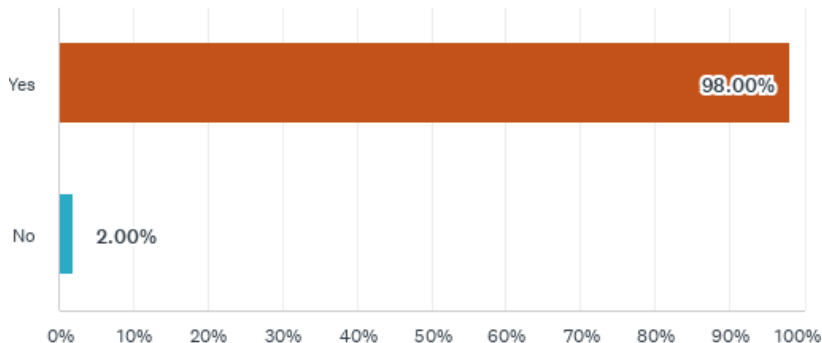
ANSWER CHOICES	RESPONSES	
Yes	67.35%	33
No	32.65%	16
TOTAL		49

According to [government official statistics](#) (March 2021) Four in ten businesses (39%) and a quarter of charities (26%) report having cyber security breaches or attacks in the last 12 months. Like previous years, this is higher among medium businesses (65%), large businesses (64%) and high-income charities (51%).

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Q7: Does your business have access to IT professionals (internal or external) who could support you in the event of cyber crime?



ANSWER CHOICES	RESPONSES	
Yes	98.00%	49
No	2.00%	1
TOTAL		50



Q8: Please tell us what else the EDA could do to help you protect your business from cyber crime?

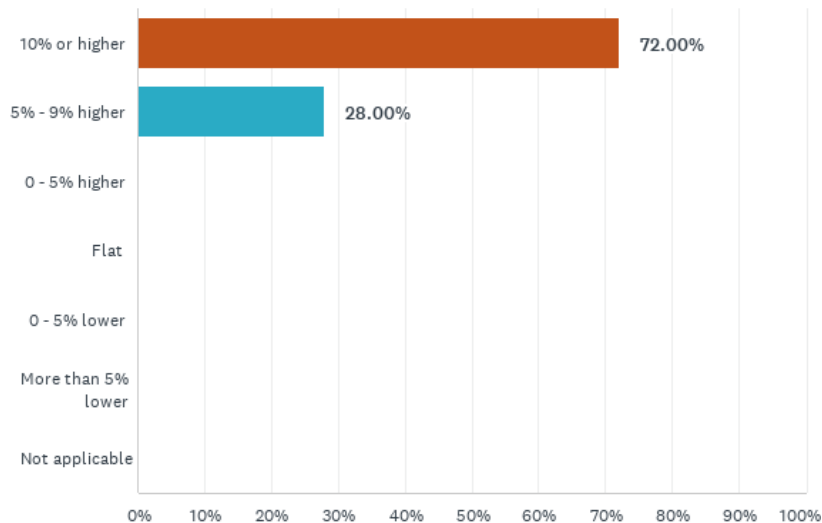
- Further sessions in forums
- Notification/Regular bulletins on sharing warnings of phishing mails/scams etc.
- Support
- All covered through both the UK and Group levels, don't see we would have a need for additional

The [EDA website](#) has a dedicated page offering [National Cyber Security Centre resources \(NCSC\)](#). A representative from the NCSC presented at our Daventry Regional Business Forum in November 2021 – [download the presentation here](#).





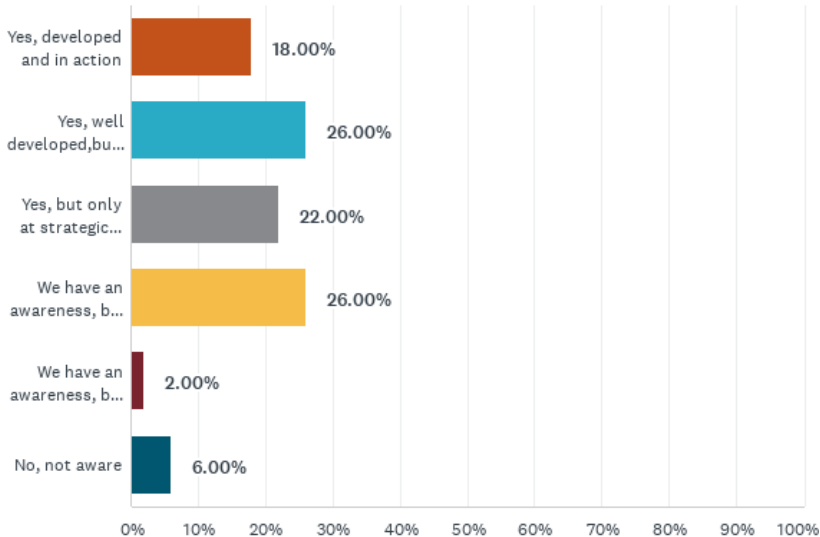
Q9: How much have your raw material costs increased in the last 6 months?



ANSWER CHOICES	RESPONSES	
10% or higher	72.00%	36
5% - 9% higher	28.00%	14
0 - 5% higher	0.00%	0
Flat	0.00%	0
0 - 5% lower	0.00%	0
More than 5% lower	0.00%	0
Not applicable	0.00%	0
TOTAL		50

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Q10: The Circular Economy is all about keeping products in use for as long as possible, thereby reducing both raw material extraction and waste. This is done by making products more durable, reusable, repairable (on site) or capable of being reengineered at a service point or at the manufacturers. Have you a plan for how your business could engage with the Circular Economy?

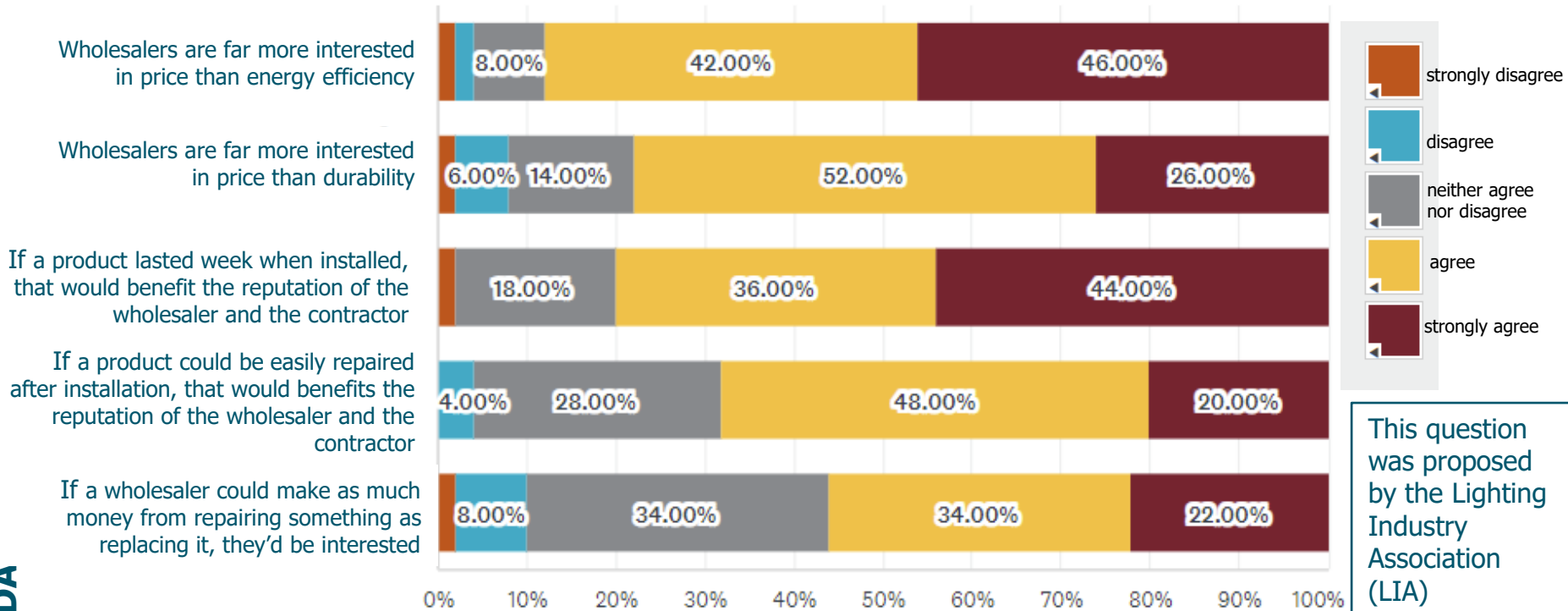


ANSWER CHOICES	RESPONSES
Yes, developed and in action	18.00% 9
Yes, well developed, but not fully rolled out	26.00% 13
Yes, but only at strategic level	22.00% 11
We have an awareness, but no plan	26.00% 13
We have an awareness, but we don't think it helps our business	2.00% 1
No, not aware	6.00% 3
TOTAL	50

This question was proposed by the Lighting Industry Association (LIA)

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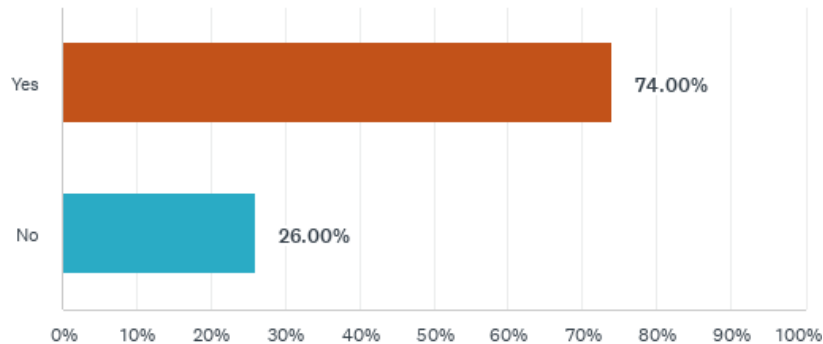
Q11: With global warming, disrupted supply chains, raised material costs and higher energy costs all being in the media lately, it looks like the future in terms of sustainability may have arrived 5 years early. How do you consider the following options in terms of your business being able to profit from them? 1 is strongly disagree and 5 is strongly agree.



This question was proposed by the Lighting Industry Association (LIA)



Q12: Do you use EDI (Electronic Data Interchange) to invoice, or receive orders from, your wholesaler customers?

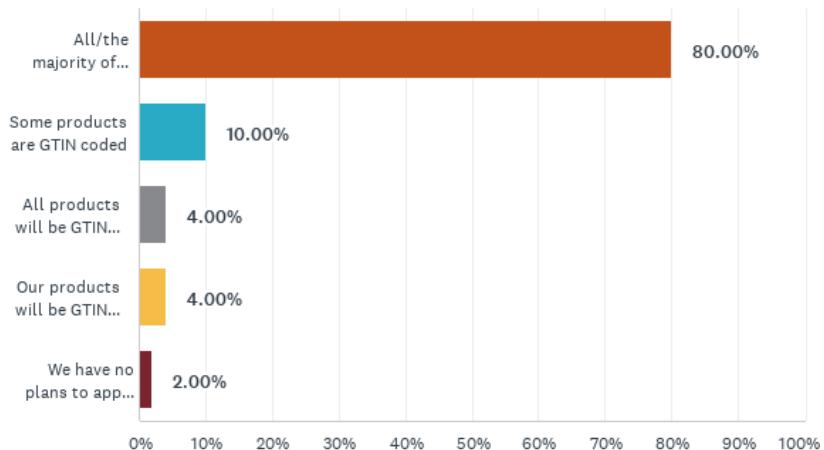


ANSWER CHOICES	RESPONSES	
Yes	74.00%	37
No	26.00%	13
TOTAL		50

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Q13: Are your products GTIN coded (you may know GTIN codes as EAN codes or bar code numbers)?



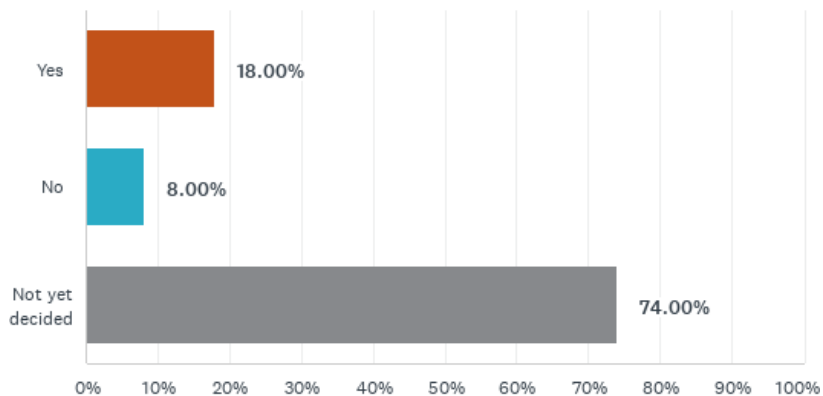
ANSWER CHOICES	RESPONSES
All/the majority of products are GTIN coded	80.00% 40
Some products are GTIN coded	10.00% 5
All products will be GTIN coded in 12 mths	4.00% 2
Our products will be GTIN coded in 12-24 months	4.00% 2
We have no plans to apply GTIN codes	2.00% 1
TOTAL	50

GTIN – or Global Trade Item Number – is the number under a barcode. It is also known as the European Article Number (EAN) or Universal Product Code (UPC). The EDA is working with GS1 in the UK, the only authorised provider of GTINs to adopt the code as the unique identifier for the electrotechnical sector.

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Q14: Do you intend to apply for CCPI (Code for Construction Product Information) accreditation?



ANSWER CHOICES	RESPONSES	
Yes	18.00%	9
No	8.00%	4
Not yet decided	74.00%	37
TOTAL		50

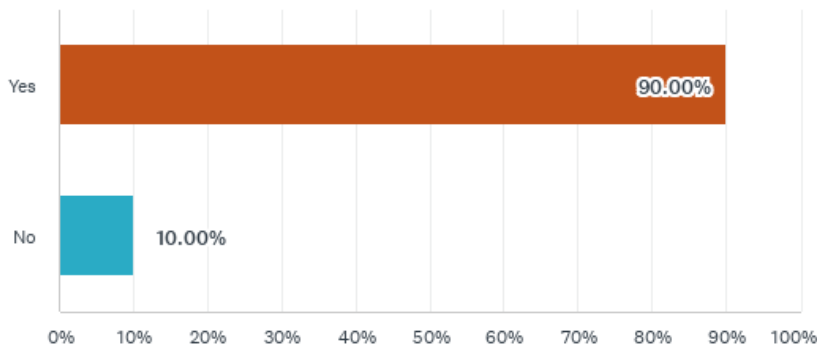


[Link for more on the manufacturer's code.](#)
 There is a distributor version of the Code which is available out for consultation in early 2022. For more information on these Codes please call Richard Appleton at the EDA on 020 3141 7350.

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Q15: Are you aware that product data from EDATA (the EDA's industry data pool) can be used to support your EDI activities?

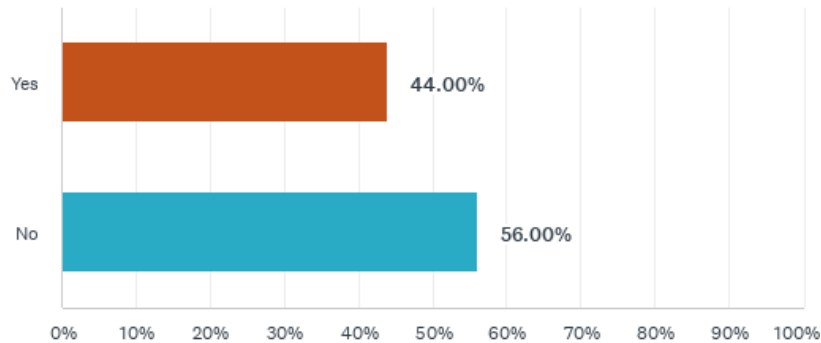


ANSWER CHOICES	RESPONSES	
Yes	90.00%	45
No	10.00%	5
TOTAL		50

To find out which businesses are using EDATA, the 'by the industry for the industry' data pool visit the [EDA website](#).



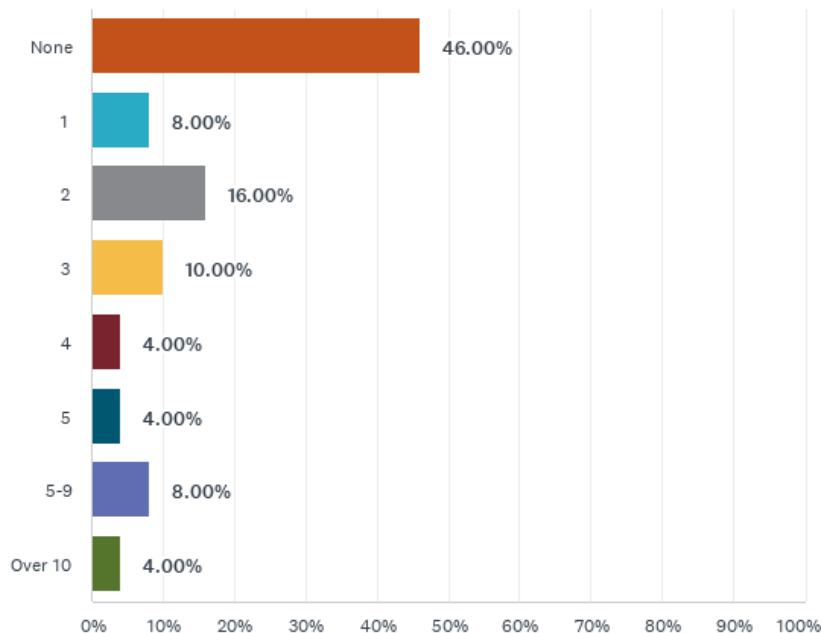
Q16: During October 2021, has your team been affected by Test & Trace?



ANSWER CHOICES	RESPONSES	
Yes	44.00%	22
No	56.00%	28
TOTAL		50



Q17: How many apprentices do you currently employ?

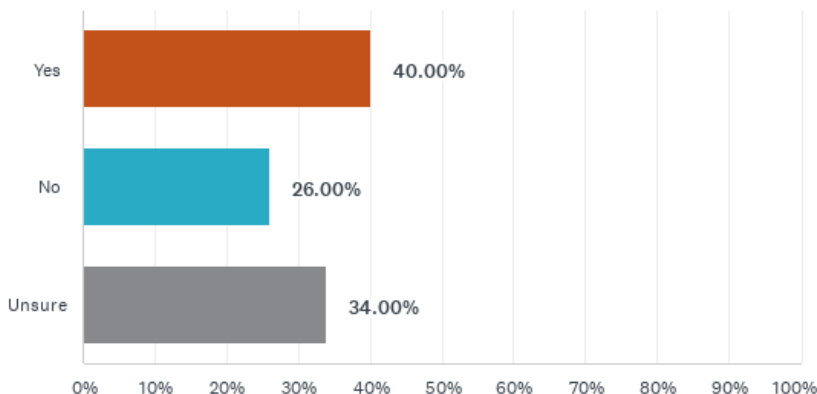


ANSWER CHOICES	RESPONSES	
None	46.00%	23
1	8.00%	4
2	16.00%	8
3	10.00%	5
4	4.00%	2
5	4.00%	2
5-9	8.00%	4
Over 10	4.00%	2
TOTAL		50

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Q18: Do you have plans to increase the number of apprentices in your business in 2022?

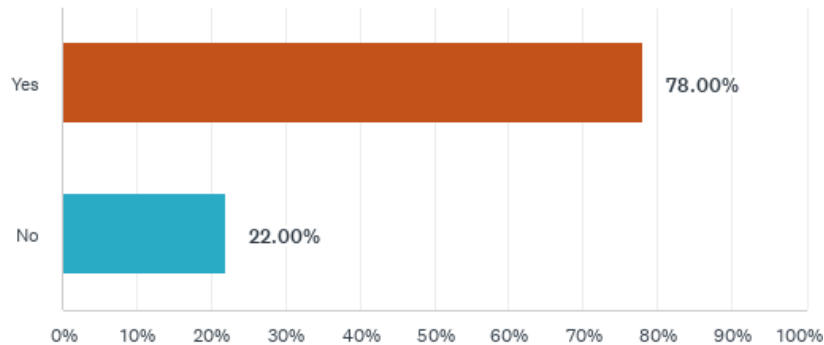


ANSWER CHOICES	RESPONSES	
Yes	40.00%	20
No	26.00%	13
Unsure	34.00%	17
TOTAL		50

For more on EDA's Apprenticeship Service
[visit our website](#) or call Tracy Hewett on 020
 3141 7358.



Q19: Have you been actively recruiting (excluding apprentices) during October 2021?

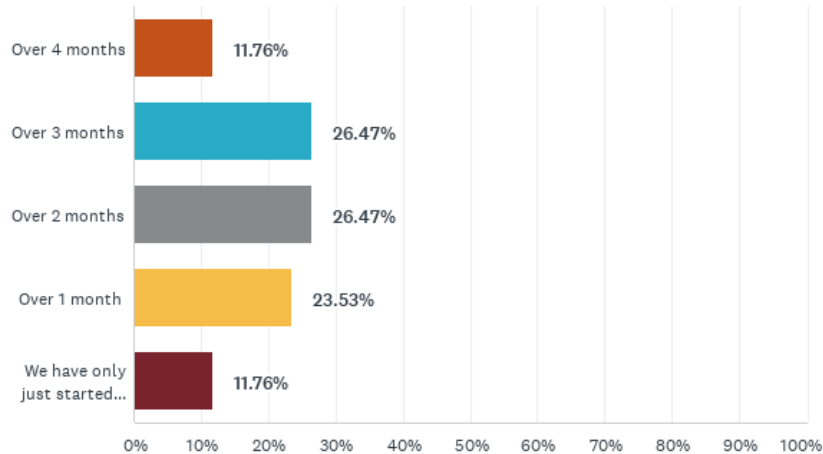


ANSWER CHOICES	RESPONSES	
Yes	78.00%	39
No	22.00%	11
TOTAL		50

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Q20: On average, how long have your vacancies been open?

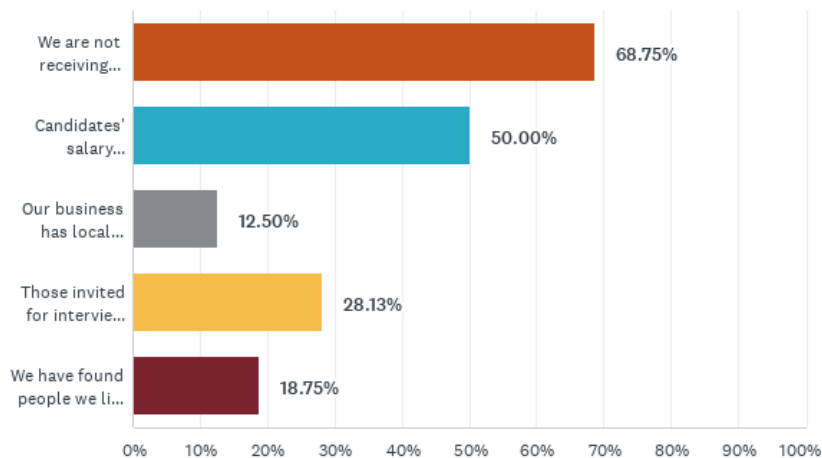


ANSWER CHOICES	RESPONSES
Over 4 months	11.76% 4
Over 3 months	26.47% 9
Over 2 months	26.47% 9
Over 1 month	23.53% 8
We have only just started recruiting	11.76% 4
TOTAL	34

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Q21: If your business has been recruiting for some time, what do you think are the main reasons you have not been able to fill the roles? Please tick all that apply

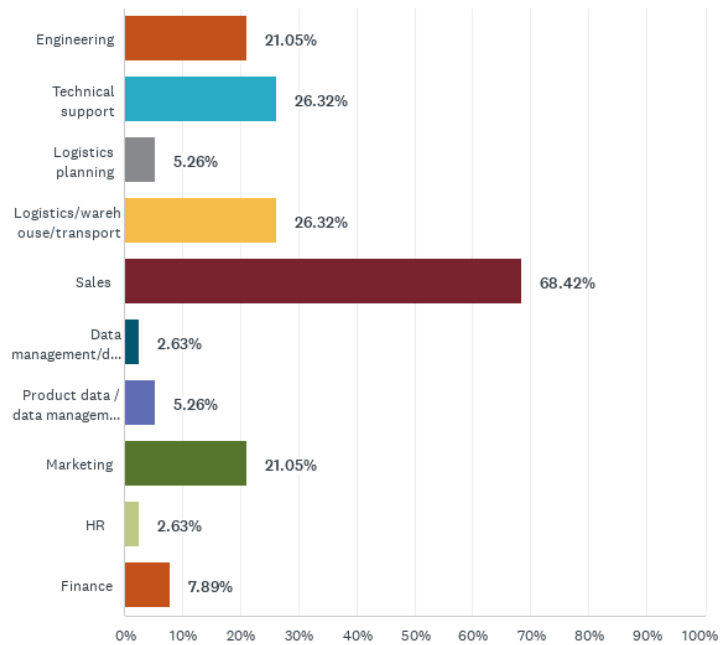


ANSWER CHOICES	RESPONSES
We are not receiving applications from suitably qualified people	68.75% 22
Candidates' salary expectations exceed our budget	50.00% 16
Our business has local competition from multinationals with deeper pockets	12.50% 4
Those invited for interview do not turn up	28.13% 9
We have found people we like but they have turned the job down	18.75% 6
Total Respondents: 32	

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Q22: Which job roles are your most challenging to fill (please tick your top three)?



ANSWER CHOICES	RESPONSES
Engineering	21.05% 8
Technical support	26.32% 10
Logistics planning	5.26% 2
Logistics/warehouse/transport	26.32% 10
Sales	68.42% 26
Data management/data analysis	2.63% 1
Product data / data management / data analysis	5.26% 2
Marketing	21.05% 8
HR	2.63% 1
Finance	7.89% 3
Total Respondents: 38	

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Q23: Please share your views on the outlook for the UK's electrotechnical sector for 2022.

Comments from manufacturers to this open-ended question are shown below and on the following page:

- Flat at best given delays in material and labour and site delays down stream
- I believe that it will be plagued with shortages, long lead times, and significant cost inflation
- Uncertain times ahead
- Rising costs and uncertain supply chain in Q1 and Q2 with some recovery in the second half of 2022
- Difficult period as the market begins to drop and raw materials become more of an issue as well as prices
- Likely to be £ note growth due to inflation however, I expect unit sales to remain flat
- Believe the demand is there for another strong year, but delays in the supply chain may delay projects and result in not achieving our collective potential.
- Strong growth
- Still in a state of flux-demand seems to be picking up but material shortages means problems in be able to satisfy.
- Looking very strong, unless rising costs creates wholesale cancellation of projects
- Hopefully we will continue to grow, if import cost settle down I see no reason this wouldn't happen.
- Challenging
- Encouraging with a positive pipeline, however with the prospect of disruption owing to delayed projects.
- First half of 2022 will be a challenge based on product and component shortages



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Q23: Please share your views on the outlook for the UK's electrotechnical sector for 2022. *Continued*

- Another difficult year with the challenges of supply and project uncertainty but growth is there.
- The construction market seems to remain buoyant, provided that shortages of all kinds do not continue to disrupt the execution of projects.
- We believe that the sector will continue to grow, with diversification to more renewable energy technologies
- Requires more thought leaders and a combined strategic approach to how we can address current issues
- I believe we will have major stock issues until at least may after the Chinese New Year. Shipping rates will remain high with no sign of decline until q4 2022
- Stock will remain increasingly important with ongoing component shortages leading to continued finished goods shortages
- Very challenging due to logistic issues and the delay in project work. No one is going to start a new project until there is confidence in the supply of materials.
- I think this sector is full of challenges with lead times / availability and cash flow. Stock and cash are king in this market place and the frequency of price increases is not allowing stability in the market. Suppliers are unable to guarantee pricing which means project budgets are under pressure and decisions about the products are being made potentially at the loss of quality which will mean longer term costs
- Difficult but we expect an increase of around 10% on units and 10% due to price increases
- Good growth available but with big supply issues



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