

State of the Sector Survey Wholesaler Feedback: January 2022





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Introduction

This is the first of our quarterly EDA State of the Sector Surveys for 2022: in 2021 they were bimonthly and in 2020 monthly. The survey opened on Tuesday 4 January (the same day as the UK registered its highest positive covid tests in the current wave), and closed on Monday 17 January 2022. This survey represents the feedback of EDA wholesaler businesses (members). There is a separate survey for EDA manufacturers (affiliates).

With 116 responses, this survey achieved the highest response rate to date at 45% since our first survey opened in March 2020. This represents around 1000 of the 1850 EDA member branches. As at 1 January 2022 the EDA has 251 wholesaler members, plus the head offices of the 4 buying groups.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Zoom Dialogues Tuesday 25 & Thursday 27 Jan 2022.

State of the Sector Member Survey: January 2022

Highlights

Turnover is healthy: we asked wholesalers to compare annual turnover in 2021 with 2020 and with 2019. A significant majority of respondents reported increases in turnover with much small numbers of respondents reporting a decrease – [use this link to see the detail.](#)

Product availability continues to claim the top spot for operational business concerns, and has done so since July 2020. Strategically, wholesalers are concerned about adapting their business for a digitalised world. It's why EDA Data Services is here to help. Attracting and retaining staff continues to be a challenge.

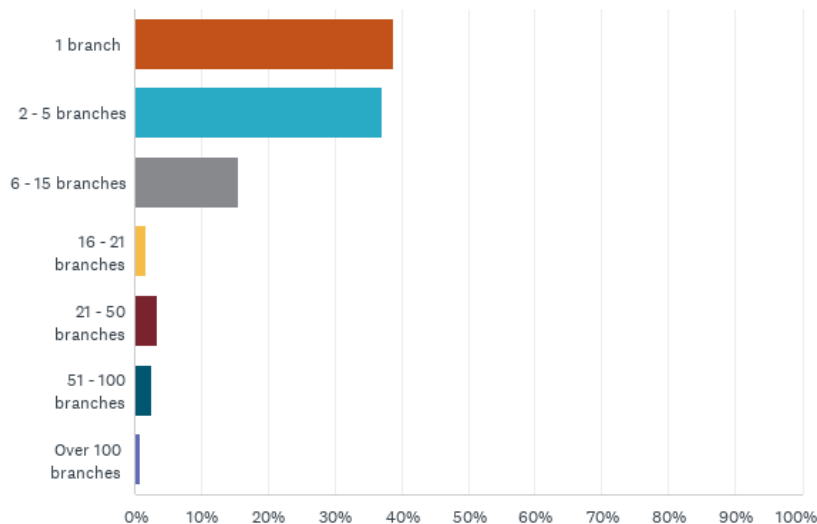
Find out if wholesaler business were [impacted by the latest Omicron wave.](#)

The UK's inflation is at the highest rates since 1982, at 5.4% in December 2021. [Rising costs](#) across all business areas are a concern: in April 2022 we are due a [hike in the energy cap](#) and increases in National Minimum Wage and National Insurance contributions.

Against this backdrop just [how optimistic is the wholesaler about 2022 compared with last year?](#)



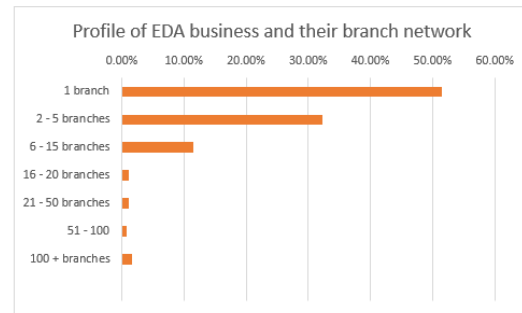
Q1: Business Size



Respondents represent c. 1,000 branches across the UK

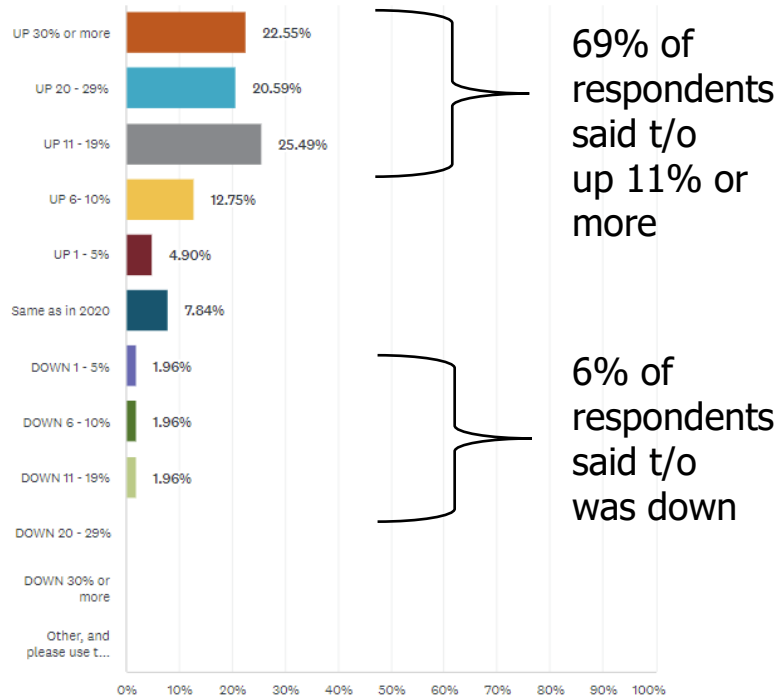
ANSWER CHOICES	RESPONSES	
1 branch	38.79%	45
2 - 5 branches	37.07%	43
6 - 15 branches	15.52%	18
16 - 21 branches	1.72%	2
21 - 50 branches	3.45%	4
51 - 100 branches	2.59%	3
Over 100 branches	0.86%	1
TOTAL		116

On the right is a breakdown of EDA member wholesalers by volume of branches





Q2: How does your 2021 turnover in compare with your turnover in 2020?

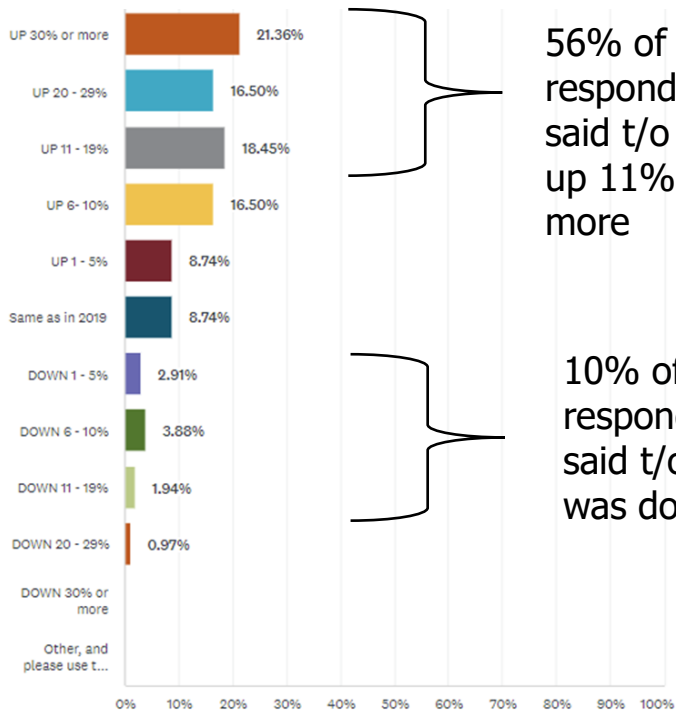


ANSWER CHOICES	RESPONSES	
Turnover is UP 30% or more	22.55%	23
Turnover is UP 20 - 29%	20.59%	21
Turnover is UP between 11 - 19%	25.49%	26
Turnover is UP between 6 - 10%	12.75%	13
Turnover is UP between 1 - 5%	4.90%	5
Turnover is about the same as in 2020	7.84%	8
Turnover is DOWN between 1 - 5%	1.96%	2
Turnover is DOWN between 6 - 10%	1.96%	2
Turnover is DOWN between 11 - 19%	1.96%	2
Turnover is DOWN 20 - 29%	0.00%	0
Turnover is DOWN 30% or more	0.00%	0
Other, and please use the space below for your feedback:	0.00%	0
TOTAL		102

State of the Sector Member Survey: January 2022



Q3: How does your 2021 turnover in compare with your turnover in 2019?



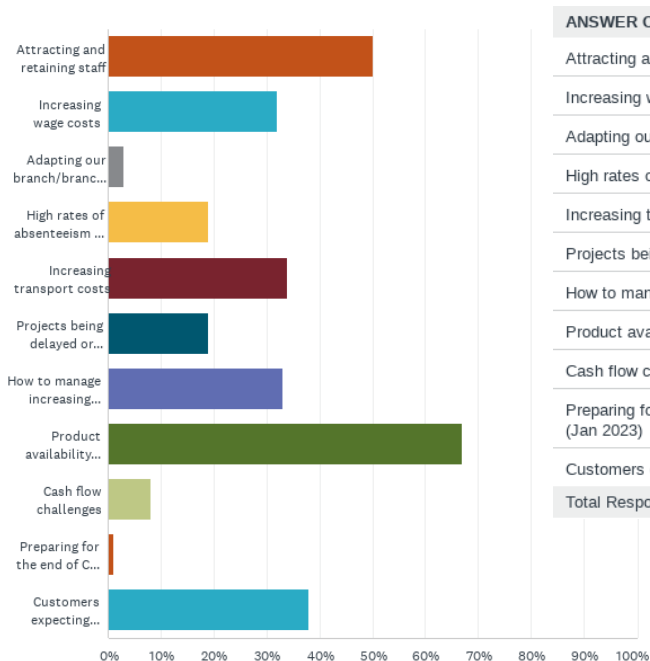
56% of respondents said t/o up 11% or more

10% of respondents said t/o was down

ANSWER CHOICES	RESPONSES	
Turnover is UP 30% or more	21.36%	22
Turnover is UP 20 - 29%	16.50%	17
Turnover is UP between 11 - 19%	18.45%	19
Turnover is UP between 6- 10%	16.50%	17
Turnover is UP between 1 - 5%	8.74%	9
Turnover is about the same as in 2019	8.74%	9
Turnover is DOWN between 1 - 5%	2.91%	3
Turnover is DOWN between 6 - 10%	3.88%	4
Turnover is DOWN between 11 - 19%	1.94%	2
Turnover is DOWN 20 - 29%	0.97%	1
Turnover is DOWN 30% or more	0.00%	0
Other, and please use the space below for your feedback:	0.00%	0
TOTAL		103



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



ANSWER CHOICES	RESPONSES
Attracting and retaining staff	50.00% 50
Increasing wage costs	32.00% 32
Adapting our branch/branches to make them Covid safe	3.00% 3
High rates of absenteeism due to the Omicron variant	19.00% 19
Increasing transport costs	34.00% 34
Projects being delayed or cancelled due to shortage of building materials	19.00% 19
How to manage increasing costs across all areas of the business	33.00% 33
Product availability issues	67.00% 67
Cash flow challenges	8.00% 8
Preparing for the end of CE marking and the introduction of new UKCA marking (Jan 2023)	1.00% 1
Customers expecting products to be available from stock and at short lead times	38.00% 38
Total Respondents: 100	

Wholesalers said:

"Energy costs exponentially rising within the business is a massive concern on profitability."

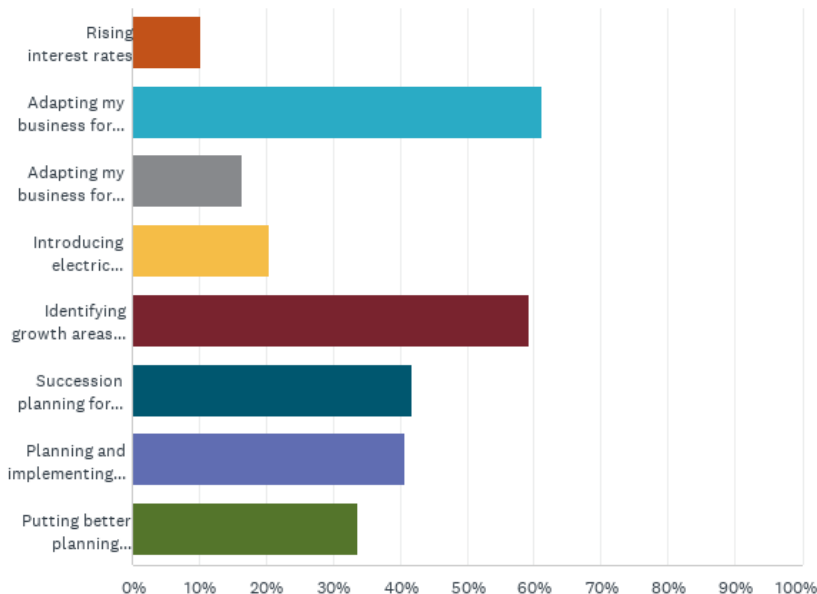
"Product price increases."

Product availability has been in the top slot of wholesaler concerns since our July 2020 survey. We also asked wholesalers see the issue improving in 2022. [View the findings.](#)

State of the Sector Member Survey: January 2022



Q5: Which three strategic challenges are your most pressing at this time?



ANSWER CHOICES	RESPONSES	
Rising interest rates	10.20%	10
Adapting my business for a more digitalised world	61.22%	60
Adapting my business for a green future	16.33%	16
Introducing electric vehicles for both deliveries and representatives	20.41%	20
Identifying growth areas for my business	59.18%	58
Succession planning for my business	41.84%	41
Planning and implementing a programme of staff development and training	40.82%	40
Putting better planning structures in place to deal with uncertainty	33.67%	33
Total Respondents: 98		

You said
"Not being able to plan at all!"

For guidance on embracing digitalisation and what it means for your business call EDA Data Services on 020 3141 7350.

State of the Sector Member Survey: January 2022



Q6: Are there any other challenges your business may face in 2022 which we have not mentioned above?

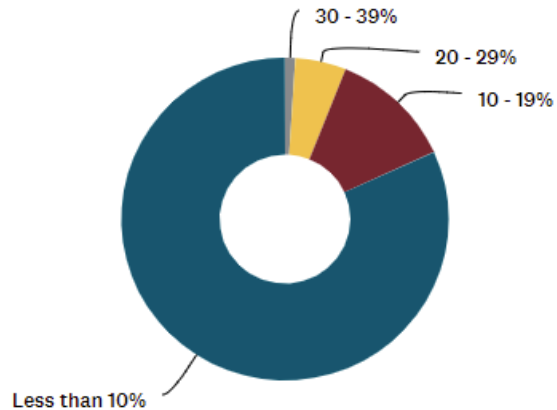
You said (verbatim comments)

- “Retaining customers, [although also concerned about two other issues] competition buying work through panic, and customers going bust”
- “Manufacturers selling direct”
- “Continued monopolisation of businesses”
- “Staff, staff, staff”
- “I imagine insolvency of some of our customers and the bad debt created”





Q7: What percentage of your workforce is currently absent due to the Omicron variant?



ANSWER CHOICES	RESPONSES
50% or more	0.00% 0
40- 49%	0.00% 0
30 - 39%	1.01% 1
20 - 29%	5.05% 5
10 - 19%	12.12% 12
Less than 10%	81.82% 81
TOTAL	99

Q8: Which of your services, if any, have you cut back on as a result of staff absence due to Omicron?

Most responders said "none" but others mentioned "counter service" and "deliveries"

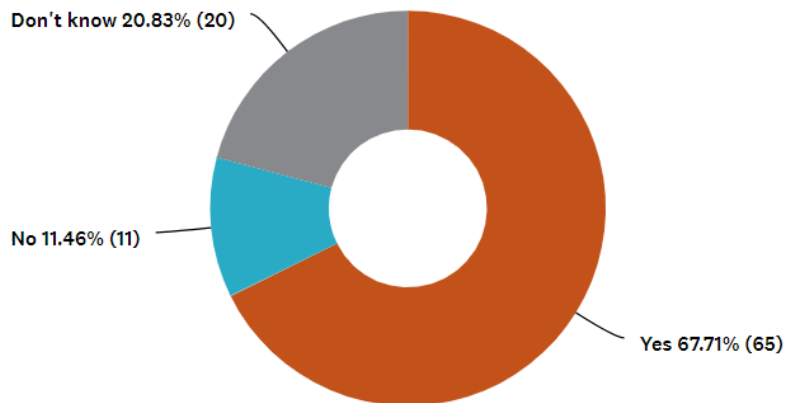
On Tuesday 4 January 2022 (the day we opened this survey) the UK recorded its highest number of new covid cases in a single day during the current wave: 218,724.

Total for 7 days: 1,269,878, up 51% on the week before.

State of the Sector Member Survey: January 2022



Q9: Would a shortening of the Covid isolation period from the current 7 days to 5 days help your business?



You said:

"Not if the person is still infectious"
 "However it is only 5 days with a negative covid test so could drag on to 7 days anyway"
 "No as its frankly stupid we are continuing with this charade"

Covid isolation date summary

England:

22 December 2021: isolation period cut from 10 to 7 days.

From Monday 17 Jan 2022: isolation cut to 5 full days, with negative test on days 5 & 6

Wed 26 January 2022: Plan B measures expire

Scotland:

From 6 January 2022: end isolation on day 6 with negative test

Wales:

31 December 2021: isolation period cut from 10 to 7 days.

Northern Ireland:

21 January 2022: isolation period cut from 7 days to 5.



Q10 - 13: Wholesalers were asked to rank the potential impact on their business for 4 key cost indicators

Ranking scale

1: not harmful at all

5: somewhat harmful

10: very harmful

- **Interest Rates: Average Score 4**
- **Rises in the cost of energy: Average Score 5**
- **Increases in salary costs, including National Minimum Wage rises: Average Score 5**
- **Rising fuel costs, affecting deliveries and sales personnel: Average Score 6**

Background: UK inflation rate now highest since 1982: 5.4% in December 2021, from 5.1% in November.

State of the Sector Member Survey: January 2022



Background into rising staff costs

National Living Wage and National Minimum Wage rates from 1 April 2022

	Rate from April 2022	Current rate (April 2021 to March 2022)	Increase
National Living Wage	£9.50	£8.91	6.6%
21-22 Year Old Rate	£9.18	£8.36	9.8%
18-20 Year Old Rate	£6.83	£6.56	4.1%
16-17 Year Old Rate	£4.81	£4.62	4.1%
Apprentice Rate	£4.81	£4.30	11.9%

April 2022

1.25% increase in national insurance to be met by employers and their staff



Fuel and energy costs

UK pump and wholesale fuel prices over time

Latest start-of-month prices in pence per litre for **unleaded petrol** and diesel

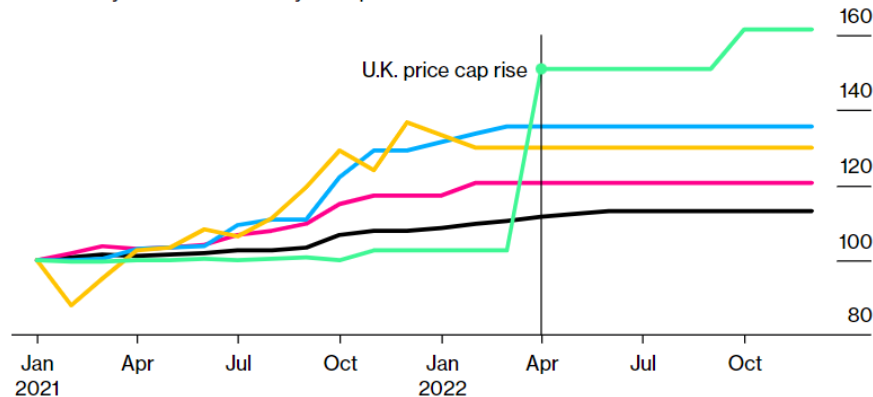


Errors and omissions excepted
Source: RAC Fuel Watch - Embed

Powering Up

A steep price-cap rise in April will send U.K. energy inflation soaring

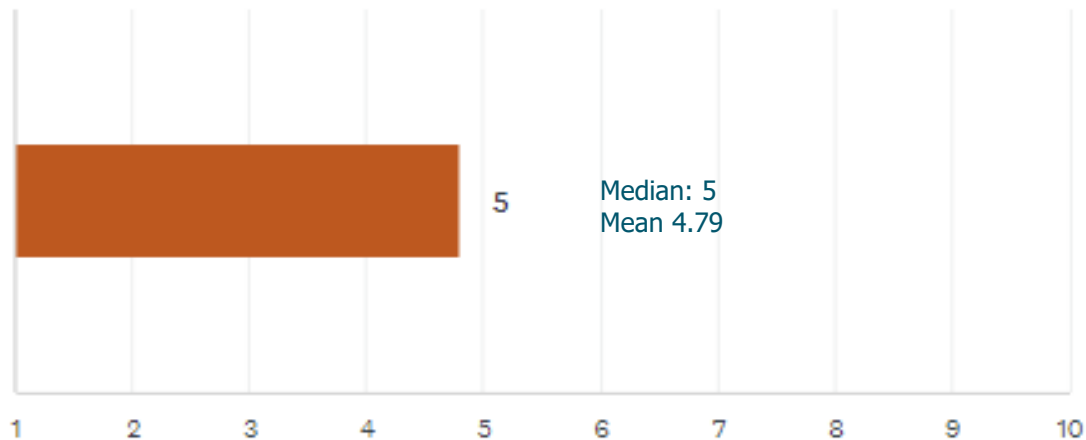
Germany France Italy Spain U.K.



Source: Office for National Statistics, Eurostat, Bloomberg Economics forecasts
Household energy costs in the consumer price index (January 2021 = 100)



Q14: On a scale of 1 to 10 (where 1 is not concerned, and 10 is extremely concerned) please tell us how concerned you are that your customers' businesses will not remain viable during 2022?



Not concerned

Extremely concerned

State of the Sector Member Survey: January 2022



Q15: Please share your thoughts on the biggest threats to your bottom line in 2022?

Open-ended comments grouped into themes:

Bad Debt

- Bad debts (there were several mentions)
- Unpredictable customer debt
- Risk of bad debt will also increase in tandem with drop off in end user demand
- Although bad debts and increased costs across the business are a concern, our business appears to be thriving at present, with many new customers and high than expected sales, so overall we are optimistic about the 2022/3 net profit.

Online selling

- Online sales
- Competition from the large online players in the marketplace
- Manufactures supporting e-commerce that is not traditional wholesale business. Question is are they gaining more business or simply moving it to another sector away from the businesses that helped them grow.
- not having ecommerce solution ready.
- Reduced margins on products due to online pricing and reduced pricing from competitors who are desperate and try to sell on price alone.

Increasing costs

- Wage increases / rising staff costs
- Rising process
- Increase in costs across the board
- Shipping, deliveries, vehicle
- General increase in overheads - product costs etc, competitors not increasing prices immediately. Fuel and salary costs continue to rise - difficult to increase sell prices
- Increase costs of materials
- Increasing costs of products and transportation and general availability of goods is making satisfying the customer's requirement's much more difficult.
- competition buying work through panic. Margin erosion by hidden cost my customers accept me to pass on

State of the Sector Member Survey: January 2022



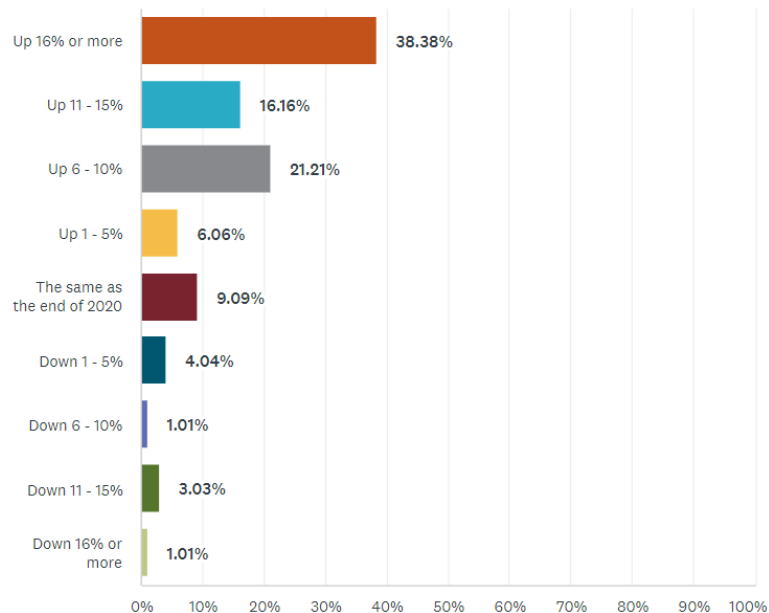
Q15: Please share your thoughts on the biggest threats to your bottom line in 2022?

Perfect storm of challenges: stock availability, inflation, fluctuating demand

- It's not one thing but the compound effect of a number of things that is the greatest threat a "perfect storm" if you like, of threats.
- Margin erosion due to national wholesalers and others driving prices down.
- Stock availability is key, if you can't get it you can't sell it
- Competition
- Rise in cost of living impacts on end user demand and has consequential impact on sales.

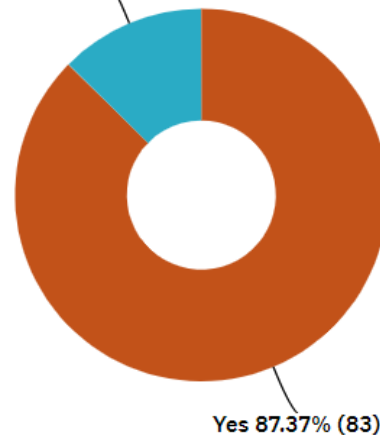


Q16: How does your stock value at the end of 2021 compare to its value at the end of 2020?



Q17: Have you increased your stock levels during 2021 in anticipation of manufacturer shortages?

No 12.63% (12)



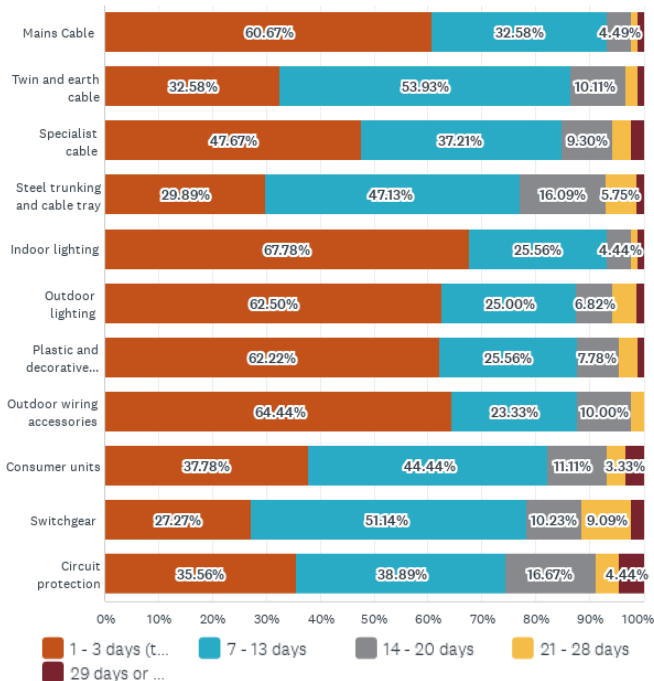
A manufacturer asked "How can we understand more about stock held by wholesalers?"

State of the Sector Member Survey: January 2022





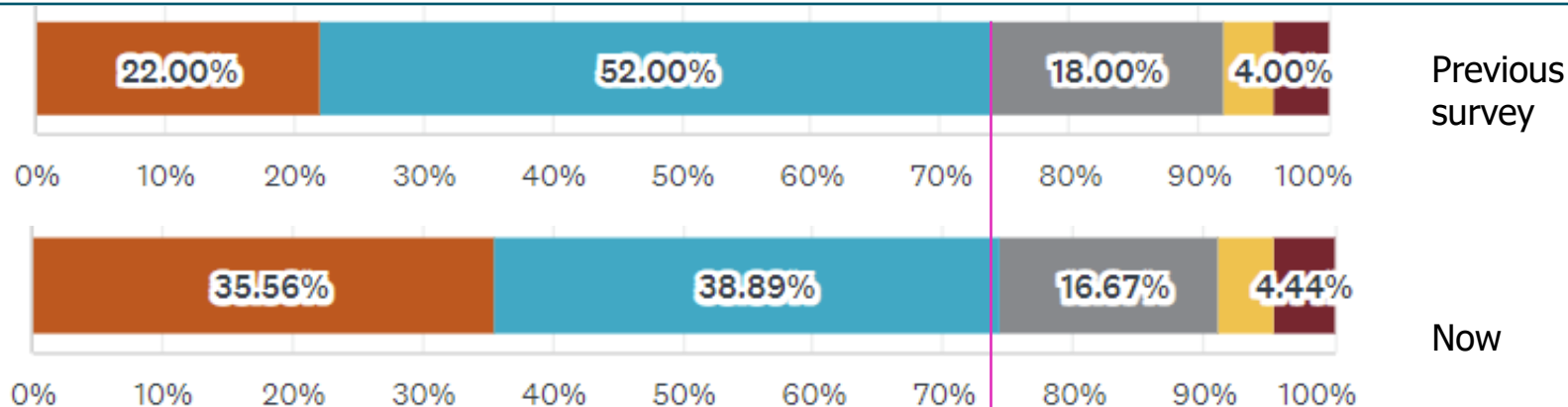
Q18: Over the last 8 weeks what has been the lead time from your suppliers, on average, for the following products?



	1 - 3 DAYS (TYPICAL LEAD TIME)	7 - 13 DAYS	14 - 20 DAYS	21 - 28 DAYS	29 DAYS OR MORE	TOTAL	WEIGHTED AVERAGE
Mains Cable	60.67% 54	32.58% 29	4.49% 4	1.12% 1	1.12% 1	89	1.49
Twin and earth cable	32.58% 29	53.93% 48	10.11% 9	2.25% 2	1.12% 1	89	1.85
Specialist cable	47.67% 41	37.21% 32	9.30% 8	3.49% 3	2.33% 2	86	1.76
Steel trunking and cable tray	29.89% 26	47.13% 41	16.09% 14	5.75% 5	1.15% 1	87	2.01
Indoor lighting	67.78% 61	25.56% 23	4.44% 4	1.11% 1	1.11% 1	90	1.42
Outdoor lighting	62.50% 55	25.00% 22	6.82% 6	4.55% 4	1.14% 1	88	1.57
Plastic and decorative wiring accessories	62.22% 56	25.56% 23	7.78% 7	3.33% 3	1.11% 1	90	1.56
Outdoor wiring accessories	64.44% 58	23.33% 21	10.00% 9	2.22% 2	0.00% 0	90	1.50
Consumer units	37.78% 34	44.44% 40	11.11% 10	3.33% 3	3.33% 3	90	1.90
Switchgear	27.27% 24	51.14% 45	10.23% 9	9.09% 8	2.27% 2	88	2.08
Circuit protection	35.56% 32	38.89% 35	16.67% 15	4.44% 4	4.44% 4	90	2.03

State of the Sector Member Survey: January 2022

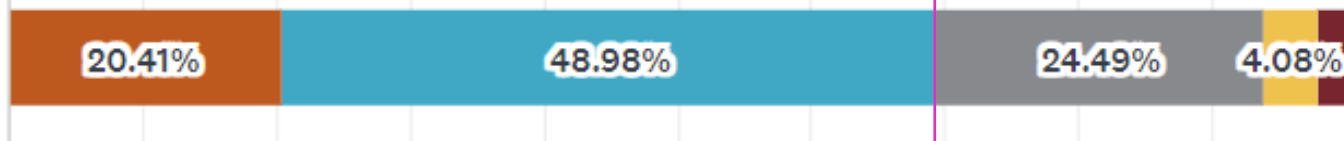
Product lead times: Comparison with previous survey results



- 1 – 3 days (typical lead time)
- 7 – 13 days
- 14 – 20 days
- 21 – 28 days
- 29 days or more

Product lead times: Comparison with previous survey results

Steel trunking and cable tray

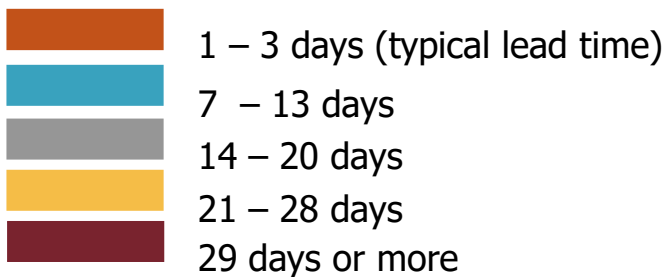


Previous survey

Steel trunking and cable tray



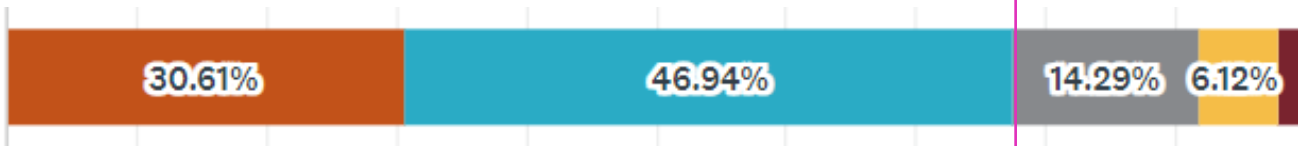
Now



Product lead times: Comparison with previous survey results



Switchgear

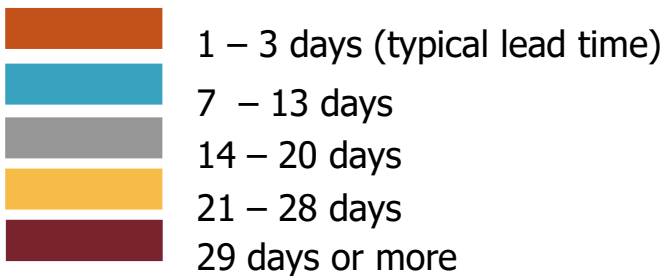


Previous survey

Switchgear



Now





Q19: Please use the space below to tell us of any other product areas, not listed above, where you are experiencing delays in supply?

Other product areas mentioned:

- Specified lighting
- Smoke alarms
- Ventilation
- Heat Recovery Ventilation
- Decorative Lighting
- Europe based stocks
- Conduit

Wholesalers said

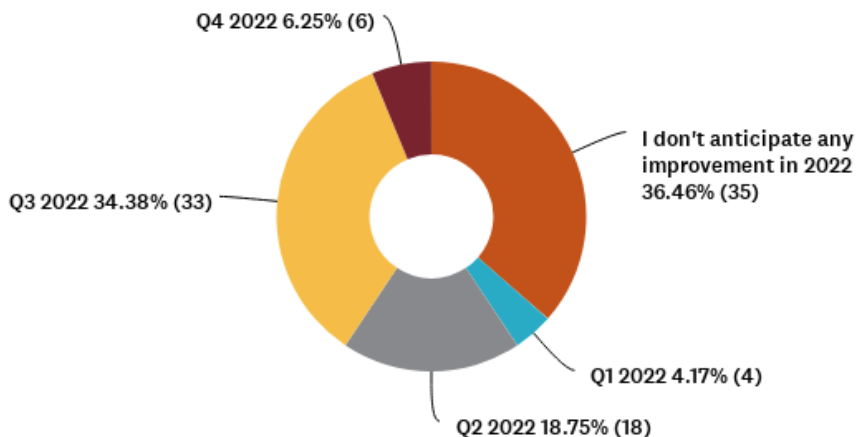
“Roughly 90% of products come through as normal, with certain standard products taking up to 6-8 weeks to come through.”

“Much better than it was.”



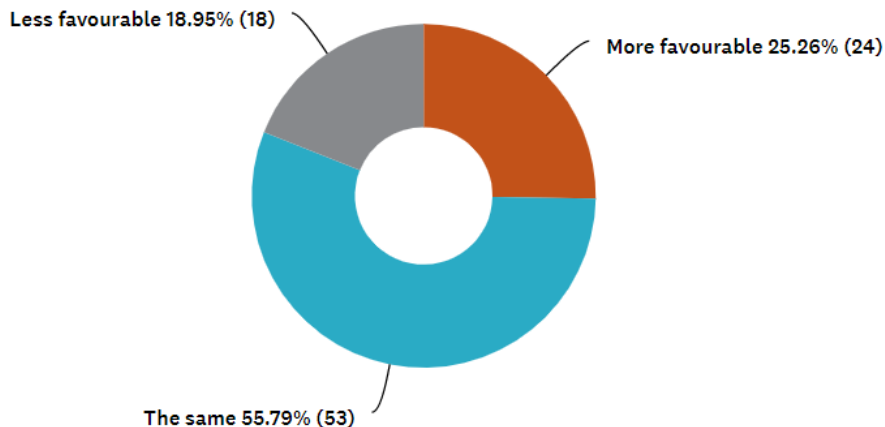


Q20: When in 2022 do you see product supply issues improving?





Q21: How optimistic do you feel about market conditions in 2022 compared to 2021?



You said

"Lots of uncertainty, but learning from 2021 will definitely be a help ... Be Positive !!"

"It's going to be tough and very very challenging"

"With the huge increase in sales in 2021, my concern is that this is not sustainable for 2022 with our current branches. We are looking to grow with additional branches and hoping that this year will be the start, but mindful of the uncertainty that remains around us!"

"Future business is looking very prosperous."

"As we get back to some sort of normality and things settle down finically, our sector will continue to recover and keep growing."

"2022 will still be challenging especially with the continuous rise in costs and overheads, supply will also be an issue in Q1 and Q2."